

**FRANKLIN TOWNSHIP
SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

JUNE 30, 2023

**Responsibility of the Management of
Franklin Township School District
Hunterdon County, New Jersey**



**FRANKLIN TOWNSHIP
SCHOOL DISTRICT**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2023

TABLE OF CONTENTS

	<u>Page</u>
Other Information - Part I	
Introduction Section	
Letter of Transmittal	1 - 5
Organizational Chart	6
Roster of Officials	7
Consultants and Advisors	8 - 9
 Financial Section	
Independent Auditors' Report	10 - 13
 Required Supplementary Information - Part I	
Management's Discussion and Analysis	14 - 21
 Basic Financial Statements	
A. District-Wide Financial Statements	
A-1 Statement of Net Position	22 - 23
A-2 Statement of Activities	24
 B. Fund Financial Statements	
Governmental Funds	
B-1 Balance Sheet	25 - 26
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	27 - 28
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	29 - 30
Proprietary Funds	
B-4 Statement of Net Position	31
B-5 Statement of Revenues, Expenses, and Changes in Net Position	32
B-6 Statement of Cash Flows	33
Fiduciary Funds	
B-7 Statement of Net Position	N/A
B-8 Statement of Changes in Net Position	N/A
 Notes to the Financial Statements	34 - 69

**FRANKLIN TOWNSHIP
SCHOOL DISTRICT**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2023

TABLE OF CONTENTS (continued)

	<u>Page</u>
Required Supplementary Information - Part II	
C. Budgetary Comparison Schedules	
C-1 General Fund - Budgetary Comparison Schedule	70 - 78
C-1a Combining Schedule of Program Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	N/A
C-1b Community Development Block Grant - Budget and Actual	N/A
C-2 Special Revenue Fund - Budgetary Comparison Schedule	79
Notes to the Required Supplementary Information - Part II	
C-3 Budget-to-GAAP Reconciliation	80
Required Supplementary Information - Part III	
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
L-1 Schedule of the District's Proportionate Share of the Net Pension Liability - Public Employees Retirement System	81
L-2 Schedule of District's Contributions - Public Employees Retirement System	82
L-3 Schedule of the District's Proportionate Share of the Net Pension Liability - Teacher's Pension and Annuity Fund	83
L-4 Schedule of District's Contributions - Teacher's Pension and Annuity Fund	84
M. Schedules Related to Accounting and Reporting for Other Postemployment Employee Benefits (GASB 75)	
M-1 Schedule of the District's Proportionate Share of the Net Other Postemployment Employee Benefits Liability	85
Notes to the Required Supplementary Information - Part III	86

**FRANKLIN TOWNSHIP
SCHOOL DISTRICT**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2023

TABLE OF CONTENTS (continued)

	<u>Page</u>
Other Information - Part II	
D. School Based Budget Schedules	N/A
Combining and Individual Non-Major Fund Financial Statements	
E. Special Revenue Fund	
E-1 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis	87 - 90
E-2 Schedule of Preschool Education Aid Expenditure	N/A
F. Capital Projects Fund	
F-1 Summary Schedule of Project Expenditures	N/A
F-2 Summary Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budgetary Basis	N/A
F-2a Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis	N/A
G. Proprietary Funds	
Enterprise Fund	
G-1 Statement of Net Position	N/A
G-2 Statement of Revenues, Expenses, and Changes in Net Position	N/A
G-3 Statement of Cash Flows	N/A
H. Fiduciary Funds	N/A
I. Long-Term Debt	
I-1 Schedule of Serial Bonds	91
I-2 Schedule of Obligations Under Leases	92
I-3 Debt Service Fund - Budgetary Comparison Schedule	93
Statistical Section	
J. Statistical Section	
J-1 Net Position by Component	94
J-2 Changes in Net Position	95 – 97
J-3 Fund Balances - Governmental Funds	98
J-4 Changes in Fund Balances - Governmental Funds	99 – 100
J-5 General Fund - Other Local Revenues by Source	101
J-6 Assessed Value and Actual Value of Taxable Property	102
J-7 Direct and Overlapping Property Tax Rates	103

**FRANKLIN TOWNSHIP
SCHOOL DISTRICT**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2023

TABLE OF CONTENTS (continued)

		<u>Page</u>
J.	Statistical Section (continued)	
	J-8 Principal Property Taxpayers	104
	J-9 Property Tax Levies and Collections	105
	J-10 Ratios of Outstanding Debt by Type	106
	J-11 Ratios of Net General Bonded Debt Outstanding	107
	J-12 Direct and Overlapping Governmental Activities Debt	108
	J-13 Legal Debt Margin Information	109
	J-14 Demographic and Economic Statistics	110
	J-15 Principal Employers	111
	J-16 Full Time Equivalent District Employees by Function/Program	112
	J-17 Operating Statistics	113
	J-18 School Building Information	114
	J-19 Schedule of Required Maintenance Expenditures by School Facility	115
	J-20 Insurance Schedule	116
	Single Audit Section	
K.	Single Audit Section	
	Other Reporting Required by Government Auditing Standards – Part I	
	K-1 Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	117 - 118
	K-2 Independent Auditors’ Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the New Jersey OMB Circular Letter 15-08	119 - 122
	Supplementary Information	
	K-3 Schedule of Expenditures of Federal Awards, Schedule A	123 - 124
	K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	125
	K-5 Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	126 - 127
	Other Reporting Required by Government Auditing Standards – Part II	
	K-6 Schedule of Findings and Questioned Costs	128 – 133
	K-7 Summary Schedule of Prior Year Audit Findings and Questioned Costs as Prepared by Management	134



FRANKLIN TOWNSHIP SCHOOL

226 Quakertown Rd., P.O. Box 368

Quakertown, NJ 08868

P:908.735.7929

F:908.735.0368

November 13, 2023

Honorable President and
Members of the Board of Education
Franklin Township School District
Hunterdon County
Quakertown, NJ 08868

Dear Board Members:

State law requires that school districts publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited by a firm of licensed certified public accountants in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Pursuant to that requirement, we hereby issue the Annual Comprehensive Financial Report of the Franklin Township School District for the fiscal year ended June 30, 2023.

Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the Management of the District. To the best of our knowledge and belief the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

GAAP requires that Management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's discussion and analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in connection with it. The District's MD&A can be found immediately following the report of the independent auditors.

The Annual Comprehensive Financial Report is presented in four sections:

- ◆ **The Introduction Section**: Introduces the reader to the report and includes this transmittal letter, a list of principal officials, the District's organizational charts, certificate of excellence in financial reporting, and a map of the District.

- ◆ **The Financial Section:** Consists of the independent auditor’s report, Management’s discussion and analysis, the basic financial statements, and combining and individual fund statements and schedules.
- ◆ **The Statistical Section:** Contains selected financial and demographic information, generally presented on a multi-year basis.
- ◆ **The Single Audit:** Includes the auditor’s report on the internal control structure, compliance with applicable laws and regulations and findings and recommendations.

The District is required to undergo an annual single audit in conformity with the provisions of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Treasury OMB Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. Information related to this single audit, including the auditor’s report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

REPORTING ENTITY AND ITS SERVICES

Franklin Township School District is an independent reporting entity within the criteria adopted by the GASB as established by Statement No. 14. All funds and account groups of the District are included in this report. The Franklin Township Board of Education and its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels preschool through grade eighth. These include regular programs as well as programs for students with special educational needs. The District completed the 2022-2023 Fiscal Year with an enrollment of 285 students. The following details the changes in the average daily student enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Average Daily Enrollment Student Enrollment</u>	<u>Percent Change</u>
2013-2014	294.9	3.91%
2014-2015	294.7	-0.07%
2015-2016	292.7	-0.68%
2016-2017	283.9	-3.01%
2017-2018	284.8	0.30%
2018-2019	278.2	-2.30%
2019-2020	282.0	1.35%
2020-2021	250.0	-11.34%
2021-2022	259.8	3.52%
2022-2023	276.1	6.70%

ECONOMIC CONDITION AND OUTLOOK

Franklin Township has a solid reputation and vision for farmland preservation. The Township vision for farmland preservation includes securing the agricultural land base, bolstering the industry of agriculture, and preventing sprawl to maintain the small town, rural lifestyle that characterizes an agricultural community. Of the Township's 14,831 acres of total land mass, 8,294 acres, or 56%, is devoted to agricultural use and assessed under farmland assessment. The Township ranks sixth in the total number of acres of land devoted to active agriculture among the 26 municipalities in Hunterdon County. Over the past decades, approximately 2,314 acres of farmland in Franklin are subject to permanent farmland preservation deed restriction. Franklin has established Open Space and Farmland Preservation components in its Master Plan. As per the September 2012 Comprehensive Farmland Preservation Plan, Franklin Township has identified and prioritized 19 farms/farmland tracts that currently meet the criteria for farmland preservation. The goal of the Township is to preserve approximately 200 acres a year of the targeted acreage over a ten-year period. The Townships allow for a minimum of three acres, five acres, or seven acre lots according to the current zoning requirements. The Franklin Township Planning Board and Land Use Boards are currently holding public meetings to update their Master Plan. Franklin Township currently has one shopping Plaza that includes a Walmart, Shop-Rite, Cracker Barrel Restaurant/Old Country Store, Hampton Inn, and several other retail and food establishments.

MAJOR INITIATIVES

The District is actively implementing a multi-year strategic plan designed to transform our educational methodologies. Key to this transformation are our revamped programs for gifted and talented learners, as well as a modernized science curriculum, both geared towards equipping our students for the demands of a rapidly evolving world. We have also established a strong framework of intervention specialists committed to delivering customized support for students requiring additional assistance.

Our partnership with Union Township Schools will not only continue but will also evolve as we investigate new pathways for mutual service provision, aiming to enhance operational efficiencies and broaden student opportunities. As part of our renewed focus, technology will serve as a cornerstone. The integration of advanced resources such as Chromebooks, iPads, and STEM-related materials will encourage innovative thinking and collaborative skills among our students.

Moreover, we are pleased to announce that the District has received over \$350,000 in Preschool Education Aid (PEA) for the upcoming 2023-2024 academic year. This supplemental funding from the state will enable us to offer no-cost preschool education to eligible 3 and 4-year-olds in our community. Moving forward, we are committed to strategizing for further expansion of our preschool offerings in subsequent years.

INTERNAL ACCOUNTING CONTROLS

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control

should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by Management.

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District Management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

BUDGETARY CONTROLS

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Annual appropriated budgets are adopted for the general fund and the special revenue fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial sections.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2023.

ACCOUNTING SYSTEM AND REPORTS

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in Notes to the Financial Statements.

FINANCIAL INFORMATION AT FISCAL YEAR-END

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet responsibility for sound financial management.

DEBT ADMINISTRATION

As a result of the successful passage of the bond referendum in December 2004, and a Bond Refunding in 2013, the District has \$1,220,000 of bonds outstanding. The final payment has a due date of February 15, 2025.

CASH MANAGEMENT

The investment policy of the District is guided in large part by state statute as detailed in Notes to the Financial Statements, Note 3. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect

Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

RISK MANAGEMENT

The Board carries various forms of insurance, including but not limited to general liability, hazard and theft insurance on property and contents, workers compensation and fidelity bonds. The District has joined with other qualified New Jersey Districts to form the School Alliance Insurance Fund. This joint insurance fund has saved the District an annual premium and provides more control through the involvement in management of the fund.

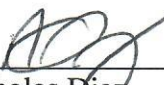
INDEPENDENT AUDIT

State statutes require an annual audit by independent Certified Public Accountants or Registered Municipal Accountants. BKC, CPAs, PC audited the District's financial statements for Fiscal Year 2023. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2023 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the District's financial statements for the fiscal year ended June 30, 2023 are fairly represented in conformity with GAAP. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular Letter 15-08.


ACKNOWLEDGMENTS

We would like to express our appreciation to the members of the Franklin Township School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation.

Respectfully submitted,

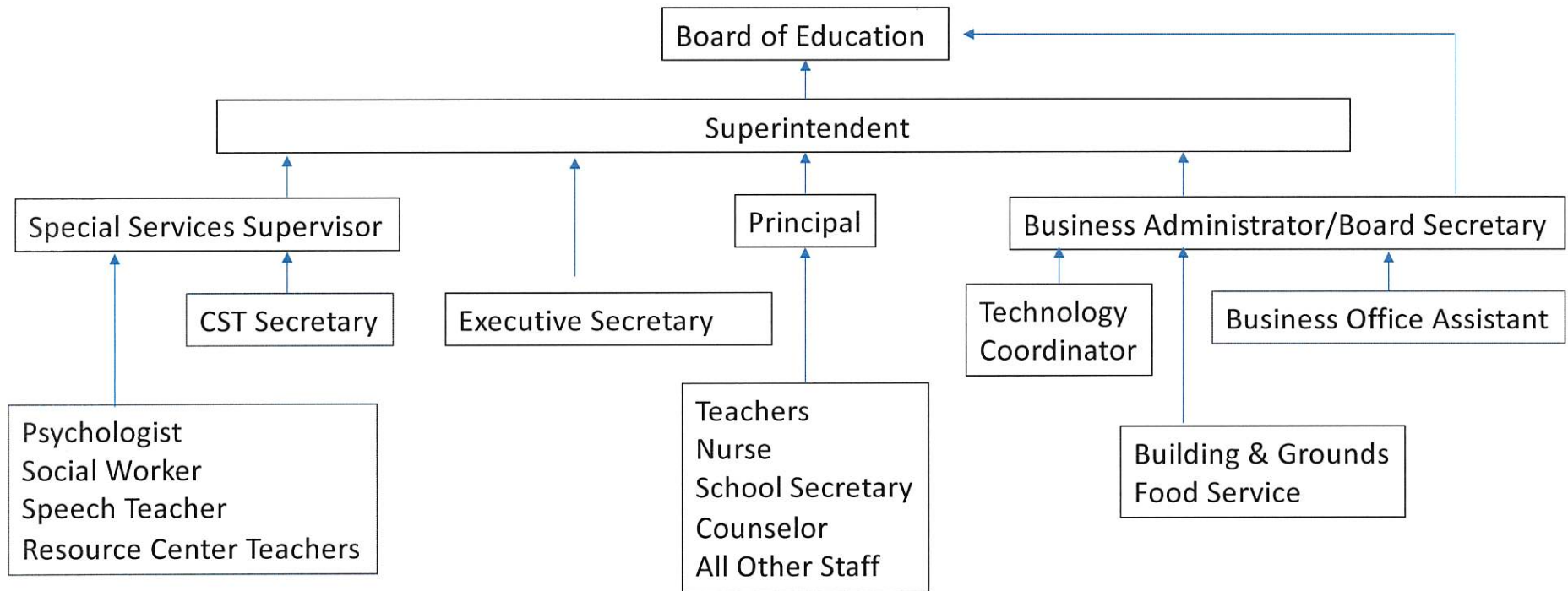


Nicholas Diaz
Superintendent of Schools



Mark Kramer
Interim School Business Administrator/
Board Secretary

Franklin Township School District
Organizational Chart



FRANKLIN TOWNSHIP SCHOOL DISTRICT
Roster of Officials
June 30, 2023

Members of the Board of Education	Title	Term Expires
Karen Sutton	President	2023
Allison Luciano	Vice President	2025
Ronald Falcon		2023
James. Giordano		2024
Erin Tomasini		2024
Shana Frondorf		2025
Caroline Licwinko		2025

Other Officials	Title
Nicholas Diaz	Superintendent of Schools
Lori Tirone	School Business Administrator/ Board Secretary
Matthew Herzer	School Treasurer

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Consultants and Advisors
June 30, 2023

ARCHITECT

H2M Architects & Engineers
119 Cherry Hill Road, Suite 110
Parsippany, NJ 07054

ATTORNEY

Isabel Machado
Machado Law Group
1 Cleveland Place
Springfield, NJ 07081

AUDIT FIRM

BKC, CPAs, PC
39 State Route 12, Ste 2
Flemington, NJ 08822

BOND COUNSEL

Wilentz, Goldman & Spitzer P.A.
90 Woodbridge Center Drive, Suite 900
Woodbridge, NJ 07095

FINANCIAL ADVISOR

Phoenix Advisors, LLC
625 Farnsworth Avenue
Bordentown, NJ 08505

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Consultants and Advisors
June 30, 2023

INSURANCE BROKER

Brown & Brown, Inc.
56 Livingston Avenue
Roseland, NJ 07068

OFFICIAL DEPOSITORY

Citizens Bank
Flemington, NJ 08822



Certified Public Accountants, PC
www.bkc-cpa.com

Independent Auditors' Report

Honorable President and
Members of the Board of Education
Franklin Township School District
Quakertown, New Jersey

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Franklin Township School District (the District) in the County of Hunterdon, as of and for the year ended June 30, 2023, and the related Notes to the Financial Statements, which collectively comprise the District's Basic Financial Statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by Management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules, Schedules Related to Accounting and Reporting for Pensions, and Schedules Related to Accounting and Reporting for Other Postemployment Employee Benefits listed in the Table of Contents be presented to supplement the Basic Financial Statements. Such information is the responsibility of Management and, although not a part of the Basic Financial Statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the Basic Financial Statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of Management about the methods of preparing the information and comparing the information for consistency with Management's responses to our inquiries, the Basic Financial Statements, and other knowledge we obtained during our audit of the Basic Financial Statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's Basic Financial Statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and Schedule of Expenditures of State Financial Assistance required by New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* are also presented for purposes of additional analysis not a required part of the Basic Financial Statements.

Such information is the responsibility of Management and were derived from and relates directly to the underlying accounting and other records used to prepare the Basic Financial Statements. The information has been subjected to the auditing procedures applied in the audit of the Basic Financial Statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the Basic Financial Statements or to the Basic Financial Statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Financial Assistance are fairly stated, in all material respects, in relation to the Basic Financial Statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory, Combining and Individual Non-Major Fund Financial Schedules and Statistical Sections but does not include the Basic Financial Statements and our auditor's report thereon. Our opinion on the Basic Financial Statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the Basic Financial Statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the Basic Financial Statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



BKC, CPAs, PC



Michael Holk, CPA, PSA
NO. 20CS00265600

November 13, 2023
Flemington, New Jersey

REQUIRED SUPPLEMENTARY INFORMATION - PART I

FRANKLIN TOWNSHIP SCHOOL DISTRICT
QUAKERTOWN, NEW JERSEY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

The discussion and analysis of the Franklin Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the transmittal letter, the basic financial statements and notes to enhance their understanding of the District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in Governmental Accounting Standards Board's (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis*, of comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2023 are as follows:

- In total, net position increased \$263,061 which is a 2.39% increase from fiscal year 2022.
- General revenue accounted for \$9,746,175 in revenue or 91.95% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$852,946 or 8.05% of the total revenue of \$10,599,021.
- The School District had \$10,335,960 in expenses; only \$852,846 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily the tax levy) of \$9,746,175 were adequate to provide for these programs.
- Among governmental funds, the general fund had \$8,908,949 in revenues and \$9,556,510 in expenditures. After factoring in other financing sources and uses, the general fund's balance decreased by \$647,561 from fiscal year 2022.

Using This Annual Comprehensive Financial Report (ACFR)

This annual report consists of a series of financial statements and notes to these statements. These statements are organized so the reader can understand Franklin Township School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities (changes in net position) provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a long-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. In the case of Franklin Township School District, the general fund is by far the most significant fund.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
QUAKERTOWN, NEW JERSEY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

Reporting the District as a Whole

Statement of Net Position and The Statement of Activities

While this document contains the various funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2023?" The Statement of Net Position and the Statement of Activities answers this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial positions of the School District have improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District reports governmental activities where most of the School District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund's financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and the Special Revenue Fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future years. These funds measure and report the operating results by measuring cash on hand and other assets that can be easily converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
QUAKERTOWN, NEW JERSEY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The School District as a Whole

The Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position on June 30, 2023 compared to June 30, 2022.

Table 1
Net Position

	06/30/23	06/30/22	Variance	
			Dollars	Percent
Assets				
Current & other assets	\$ 2,664,683	\$ 3,221,548	\$ (556,865)	-17.29%
Capital assets	11,378,513	11,384,773	(6,260)	-0.05%
Total assets	14,043,196	14,606,321	(563,125)	-3.86%
Deferred outflow of resources	504,040	697,741	(193,701)	-27.76%
Liabilities				
Long-term liabilities	2,579,398	3,356,273	(776,875)	-23.15%
Other liabilities	355,108	324,374	30,734	9.47%
Total liabilities	2,934,506	3,680,647	(746,141)	-20.27%
Deferred inflow of resources	328,934	602,680	(273,746)	-45.42%
Net position				
Net investment in capital assets	9,906,566	9,091,418	815,148	8.97%
Restricted	1,435,270	2,281,939	(846,669)	-37.10%
Unrestricted	(58,040)	(352,622)	294,582	83.54%
Total net position	\$ 11,283,796	\$ 11,020,735	\$ 263,061	2.39%

Total assets decreased \$563,125. Cash and cash equivalents decreased by \$617,163, receivables and inventory increased \$60,298 and capital assets decreased \$6,260. Unrestricted net position, the part of net position that can be used to finance day-to-day activities without constraints established by grants or legal requirements of the School District, increased \$294,582.

The negative balance in unrestricted net position is the result of reporting required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT
QUAKERTOWN, NEW JERSEY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited**

Table 2 shows the changes in net position for the fiscal year ended June 30, 2023 compared to June 30, 2022.

		Table 2 Changes in Net Position		Variance	
		06/30/23	06/30/22	Dollars	Percent
Revenues					
Program revenues					
Charges for services	\$	428,992	\$ 167,280	\$ 261,712	156.45%
Operating grants and contributions		423,854	288,111	135,743	47.11%
General revenues					
Property taxes		6,864,671	6,745,311	119,360	1.77%
Grants and entitlements		2,810,055	2,848,542	(38,487)	-1.35%
Other		71,449	58,937	12,512	21.23%
Total revenues		<u>10,599,021</u>	<u>10,108,181</u>	<u>490,840</u>	4.86%
Expenses					
Instruction					
Regular		3,939,404	3,952,667	(13,263)	-0.34%
Special		1,595,272	1,286,581	308,691	23.99%
Other		28,934	44,405	(15,471)	-34.84%
Support services					
Tuition		438,600	315,037	123,563	39.22%
Student & instructional related services		1,796,245	1,527,147	269,098	17.62%
General & business administration		564,436	555,761	8,675	1.56%
School administration		217,734	214,006	3,728	1.74%
Maintenance		1,017,739	963,697	54,042	5.61%
Transportation		563,310	451,158	112,152	24.86%
Food service		86,577	84,627	1,950	2.30%
Interest on long-term debt		87,709	107,773	(20,064)	-18.62%
Total expenses		<u>10,335,960</u>	<u>9,502,859</u>	<u>833,101</u>	8.77%
Change in net position	\$	<u>263,061</u>	\$ <u>605,322</u>	\$ <u>(342,261)</u>	-56.54%

Governmental Activities

Property taxes made up 65.58% of operating revenues for governmental activities for the Franklin Township School District for the fiscal year 2023.

Instruction comprises 53.83% of the District's expenses. Support services expenses make up 46.17% of the District's expenses.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT
QUAKERTOWN, NEW JERSEY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted state entitlements.

Table 3 provides a summary of the School District's costs of governmental services on June 30, 2023 compared to June 30, 2022.

**Table 3
Cost of Governmental Services**

	Total Cost of Services		Net Cost of Services	
	06/30/23	06/30/22	06/30/23	06/30/22
Instruction	\$ 5,563,610	\$ 5,283,653	\$ 5,036,831	\$ 5,088,008
Support services				
Tuition	438,600	315,037	351,671	257,037
Student & instruction related services	1,796,245	1,527,147	1,697,038	1,426,038
General & business administration	557,436	555,761	557,436	555,761
School administration	217,734	214,006	217,734	214,006
Plant operations & maintenance	1,017,739	963,697	1,009,168	962,847
Pupil transportation	563,310	451,158	563,310	451,158
Food services	86,577	84,627	(44,783)	(15,160)
Interest on long-term debt	87,709	107,773	87,709	107,773
Total expenses	<u>\$ 10,335,960</u>	<u>\$ 9,502,859</u>	<u>\$ 9,483,114</u>	<u>\$ 9,047,468</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student.

Students and instruction related services include the activities involved with assisting staff with the content and process of teaching to students.

General administration, school administration and business administration include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT
QUAKERTOWN, NEW JERSEY
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited**

General Fund Budgeting Highlights

The School District’s budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund.

During fiscal year 2023, the School District amended its general fund budget as needed. The School District uses program-based budgeting, and the budgeting systems are designed to tightly control program budgets but provide flexibility for program management.

For the general fund, budgetary basis revenues were \$7,581,049, \$368,834 above original budgeted estimates of \$7,212,215.

Capital Assets

At the end of the fiscal year 2023, the School District had \$11,378,513 invested in land, buildings, leased building improvements, furniture and equipment and construction in progress. Table 4 provides a summary of School District’s capital assets net of depreciation for June 30, 2023 compared to June 30, 2022.

**Table 4
Capital Assets at Year End (Net of Depreciation)**

	06/30/23	06/30/22	Variance	
			Dollars	Percent
Land	\$ 285,100	\$ 285,100	\$ -	0.00%
Construction in progress	616,711	1,127,953	(511,242)	-45.32%
Land improvements	93,222	89,624	3,598	4.01%
Buildings & improvements	10,147,647	9,388,516	759,131	8.09%
Leased building improvements	60,000	300,000	(240,000)	-80.00%
Furniture & equipment	175,833	193,580	(17,747)	-9.17%
	<u>\$ 11,378,513</u>	<u>\$ 11,384,773</u>	<u>\$ (6,260)</u>	<u>-0.05%</u>

**FRANKLIN TOWNSHIP SCHOOL DISTRICT
QUAKERTOWN, NEW JERSEY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited**

Long Term Liabilities

As of June 30, 2023, the District had \$2,579,398 of long-term liabilities. Table 5 shows June 30, 2023 balances compared to June 30, 2022.

**Table 5
Outstanding Debt at Year End**

	06/30/23	06/30/22	Variance	
			Dollars	Percent
2013 refunding bond issue	\$ 1,220,000	\$ 1,795,000	\$ (575,000)	-32.03%
Bond premium	93,798	131,316	(37,518)	-28.57%
Capital leases	251,947	498,355	(246,408)	-49.44%
Compensated absences	22,495	35,990	(13,495)	-37.50%
PERS net pension liability	991,158	895,612	95,546	10.67%
	<u>\$ 2,579,398</u>	<u>\$ 3,356,273</u>	<u>\$ (776,875)</u>	<u>-23.15%</u>

For the Future

The Franklin Township School District remains in a robust financial position, with a commitment to utilizing resources in a manner that maximizes both efficiency and effectiveness. This is in alignment with our ongoing, multi-year strategic plan aimed at transforming our educational approaches. Among our strategies for resource optimization is our continued collaboration with Union Township Schools, a partnership that has proven mutually beneficial. For the current academic year, both districts are sharing key administrative roles:

- Superintendent
- Director of Special Education
- Supervisor of Curriculum
- Child Study Team
- Buildings and Grounds Supervisor

Our focus on resource-sharing with Union Township Schools complements broader efforts outlined in our strategic plan, titled FTS Reimagined, which includes:

- Augmented professional development initiatives to bolster hybrid teaching methods
- Investment in additional Chromebooks and tablets to achieve a 1:1 technology ratio for students in grades 2-8
- Continuation of interventionist roles to provide targeted support for students, mirroring our district-wide emphasis on individualized student assistance
- Development of a wellness room to nurture the mental health and well-being of both students and staff.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT
QUAKERTOWN, NEW JERSEY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited**

- The District's strategic endeavors also encompass the recent receipt of over \$350,000 in Preschool Education Aid for the 2023-2024 academic year. This funding will enable us to expand our free preschool offerings for eligible families, thereby laying the groundwork for broader preschool availability in future years.
- Through these multifaceted efforts, we are committed to maintaining a forward-thinking educational environment, tailored to meet the unique needs and challenges of the 21st century.

Contacting the School District's Financial Management

The financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, contact Mark Kramer, Interim School Business Administrator/Board Secretary at Franklin Township School District, 226 Quakertown Rd., P.O. Box 368, Quakertown, NJ 08868.

DISTRICT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Statement of Net Position
June 30, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 555,463	\$ 74,439	\$ 629,902
Receivables, net	584,732	2,214	586,946
Inventory	-	6,065	6,065
Restricted assets			
Capital reserve account - cash	858,863	-	858,863
Maintenance reserve account - cash	207,807	-	207,807
Scholarships - cash	30,229	-	30,229
Student activities- cash	30,450	-	30,450
Unemployment claims - cash	314,421	-	314,421
Capital assets, net			
Land	285,100	-	285,100
Construction in progress	616,711	-	616,711
Other capital assets, net of depreciation and amortization	10,471,418	5,284	10,476,702
Total assets	13,955,194	88,002	14,043,196
Deferred outflows of resources			
Deferred amount on pension activity	427,134	-	427,134
Deferred amount on refunding bond issue	76,906	-	76,906
Total deferred outflows of resources	504,040	-	504,040
Liabilities			
Accounts payable	202,519	3,354	205,873
Accrued interest	26,655	-	26,655
Payroll deductions and withholdings payable	81,121	-	81,121
Unearned revenue	31,676	3,283	34,959
Unemployment compensation claims payable	6,500	-	6,500
Long-term liabilities			
Due within one year	889,465	-	889,465
Due beyond one year	1,689,933	-	1,689,933
Total liabilities	2,927,869	6,637	2,934,506
Deferred inflows of resources			
Deferred amount on pension liability	328,934	-	328,934

See accompanying notes to the financial statements.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Statement of Net Position (continued)
June 30, 2023

	Governmental Activities	Business-Type Activities	Total
Net position			
Net investment in capital assets	\$ 9,901,282	\$ 5,284	\$ 9,906,566
Restricted for			
Capital reserve	858,863	-	858,863
Maintenance reserve	207,807	-	207,807
Scholarships	30,229	-	30,229
Student activities	30,450	-	30,450
Unemployment claims	307,921	-	307,921
Unrestricted	(134,121)	76,081	(58,040)
Total net position	\$ 11,202,431	\$ 81,365	\$ 11,283,796

See accompanying notes to the financial statements.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2023

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Type Activities	Total
Governmental activities								
Instruction								
Regular	\$ 2,614,215	\$ 1,325,189	\$ 324,393	\$ 201,504	\$ -	\$ (3,413,507)	\$ -	\$ (3,413,507)
Special education	946,776	446,489	-	-	-	(1,393,265)	-	(1,393,265)
Other special education	119,485	82,522	-	882	-	(201,125)	-	(201,125)
Other instruction	25,950	2,984	-	-	-	(28,934)	-	(28,934)
Support services								
Tuition	438,600	-	-	86,929	-	(351,671)	-	(351,671)
Students & instruction related services	1,394,883	401,362	29,857	69,351	-	(1,697,037)	-	(1,697,037)
General & business administration services	439,978	125,263	-	-	-	(565,241)	-	(565,241)
School administration services	147,657	69,272	-	-	-	(216,929)	-	(216,929)
Plant operations & maintenance	986,362	31,377	-	8,570	-	(1,009,169)	-	(1,009,169)
Pupil transportation	557,312	5,998	-	-	-	(563,310)	-	(563,310)
Interest on long-term debt	87,709	-	-	-	-	(87,709)	-	(87,709)
Total governmental activities	<u>7,758,927</u>	<u>2,490,456</u>	<u>354,250</u>	<u>367,236</u>	<u>-</u>	<u>(9,527,897)</u>	<u>-</u>	<u>(9,527,897)</u>
Business-type activities								
Food service	86,577	-	74,742	56,618	-	-	44,783	44,783
Total business-type activities	<u>86,577</u>	<u>-</u>	<u>74,742</u>	<u>56,618</u>	<u>-</u>	<u>-</u>	<u>44,783</u>	<u>44,783</u>
Total primary government	<u>\$ 7,845,504</u>	<u>\$ 2,490,456</u>	<u>\$ 428,992</u>	<u>\$ 423,854</u>	<u>\$ -</u>	<u>(9,527,897)</u>	<u>44,783</u>	<u>(9,483,114)</u>
			General revenues, special items and transfers					
			Property taxes levied for general purposes			6,217,871	-	6,217,871
			Property taxes levied for debt service			646,800	-	646,800
			Federal and state aid not restricted			2,810,055	-	2,810,055
			Investment earnings			20,548	226	20,774
			Miscellaneous income			50,675	-	50,675
			Total general revenues and special items			<u>9,745,949</u>	<u>226</u>	<u>9,746,175</u>
			Change in net position			218,052	45,009	263,061
			Net position - beginning			10,984,379	36,356	11,020,735
			Net position - ending			<u>\$ 11,202,431</u>	<u>\$ 81,365</u>	<u>\$ 11,283,796</u>

See accompanying notes to the financial statements.

FUND FINANCIAL STATEMENTS

The individual fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Balance Sheet
June 30, 2023

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 555,463	\$ -	\$ -	\$ -	\$ 555,463
Due from other funds	44,830	-	-	-	44,830
Receivables from other governments					
State	484,571	-	-	-	484,571
Federal	-	75,621	-	-	75,621
Other accounts receivable	23,655	885	-	-	24,540
Restricted cash and cash equivalents	1,381,091	60,679	-	-	1,441,770
Total assets	\$ 2,489,610	\$ 137,185	\$ -	\$ -	\$ 2,626,795
Liabilities and fund balances					
Liabilities					
Due to other funds	\$ -	\$ 44,830	\$ -	\$ -	\$ 44,830
Accounts payable	202,519	-	-	-	202,519
Payroll deductions and withholdings payable	81,121	-	-	-	81,121
Unearned revenue	-	31,676	-	-	31,676
Unemployment compensation claims payable	6,500	-	-	-	6,500
Total liabilities	290,140	76,506	-	-	366,646

See accompanying notes to the financial statements.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Balance Sheet (continued)
June 30, 2023

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Liabilities and fund balances (cont'd)					
Fund balances					
Restricted fund balance					
Capital reserve	\$ 858,863	\$ -	\$ -	\$ -	\$ 858,863
Maintenance reserve	207,807	-	-	-	207,807
Scholarships	-	30,229	-	-	30,229
Student activities	-	30,450	-	-	30,450
Unemployment claims	307,921	-	-	-	307,921
Committed fund balance					
Encumbrances	124,711	-	-	-	124,711
Assigned fund balance					
Designated for subsequent year's expenditures	266,766	-	-	-	266,766
Unassigned fund balance	433,402	-	-	-	433,402
Total fund balances	2,199,470	60,679	-	-	2,260,149
 Total liabilities and fund balances	 \$ 2,489,610	 \$ 137,185	 \$ -	 \$ -	

Amounts reported for governmental activities in the Statement of Net Position (A-1) are different because:

Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of the assets are \$18,974,795 and the accumulated depreciation is \$7,601,566.	11,373,229
Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds.	175,106
Long-term liabilities, including bonds payable and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(2,579,398)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(26,655)
Total net position of governmental activities	\$ 11,202,431

See accompanying notes to the financial statements.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues					
Local sources					
Local tax levy	\$ 6,217,871	\$ -	\$ -	\$ 646,800	\$ 6,864,671
Tuition from individuals	112,757	-	-	-	112,757
Tuition from other LEAs	211,636	-	-	-	211,636
Interest on investments	20,548	-	-	-	20,548
Miscellaneous	50,675	35,977	-	-	86,652
Total local sources	6,613,487	35,977	-	646,800	7,296,264
State sources	2,273,409	6,016	-	-	2,279,425
Federal sources	22,053	355,100	-	-	377,153
Total revenues	8,908,949	397,093	-	646,800	9,952,842
Expenditures					
Current					
Instructional					
Regular instruction	2,412,711	201,504	-	-	2,614,215
Special education instruction	946,776	-	-	-	946,776
Other special instruction	118,603	882	-	-	119,485
Other instruction	25,950	-	-	-	25,950
Support service & undistributed costs					
Tuition	351,671	86,929	-	-	438,600
Student & instruction related services	1,295,720	99,163	-	-	1,394,883
General & business administrative services	439,978	-	-	-	439,978
School administrative services	147,657	-	-	-	147,657
Plant operations & maintenance	986,362	-	-	-	986,362
Pupil transportation	557,312	-	-	-	557,312
Unallocated benefits	1,347,201	-	-	-	1,347,201

See accompanying notes to the financial statements.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
For the Fiscal Year Ended June 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Expenditures (cont'd)					
Capital outlay	\$ 644,025	\$ 8,570	\$ -	\$ -	\$ 652,595
Debt service					
Principal	246,408	-	-	575,000	821,408
Interest & other charges	36,136	-	-	71,800	107,936
Total expenditures	<u>9,556,510</u>	<u>397,048</u>	<u>-</u>	<u>646,800</u>	<u>10,600,358</u>
Excess (deficiency) of revenues over (under) expenditures	(647,561)	45	-	-	(647,516)
Fund balances, July 1	<u>2,847,031</u>	<u>60,634</u>	<u>-</u>	<u>-</u>	<u>2,907,665</u>
Fund balances, June 30	<u><u>\$ 2,199,470</u></u>	<u><u>\$ 60,679</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,260,149</u></u>

See accompanying notes to the financial statements.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2023

Total net changes in fund balances - governmental fund (from B-2) \$ (647,516)

Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures.

However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses. This is the amount by which depreciation exceeds capital outlays in the period:

Capital outlays	\$ 652,595	
Depreciation and amortization expense	<u>(657,419)</u>	(4,824)

Repayment of debt principal and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and are not reported in the Statement of Activities:

Lease principal payment	246,408	
Debt principal payments	<u>575,000</u>	821,408

Governmental funds report the effect of bond issue premiums when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:

Amortization of bond premium		37,518
------------------------------	--	--------

Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

15,262

In the Statement of Activities, interest on the deferred outflow from a refunding issue is amortized to interest expense over the remaining life of the old or new debt, whichever is shorter.

(30,763)

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities (continued)
For the Fiscal Year Ended June 30, 2023

In the Statement of Activities, interest on long-term debt is accrued regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is a reconciling item. \$ 13,472

In the Statement of Activities, compensated absences and early retirement benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation. 13,495

Change in net position of governmental activities \$ 218,052

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Statement of Net Position
June 30, 2023

	<u>Food Service Fund</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 74,439
Receivables from other governments	
State	1,178
Federal	1,036
Inventory	6,065
Total current assets	<u>82,718</u>
Noncurrent assets	
Capital assets	18,077
Less: accumulated depreciation	<u>12,793</u>
Total noncurrent assets	<u>5,284</u>
Total assets	<u>88,002</u>
Liabilities	
Current liabilities	
Unearned revenues - commodities	1,841
Unearned revenues - prepaid sales	1,442
Accounts payable	<u>3,354</u>
Total liabilities	<u>6,637</u>
Net position	
Net investment in capital assets	5,284
Unrestricted	<u>76,081</u>
Total net position	<u><u>\$ 81,365</u></u>

See accompanying notes to the financial statements.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2023

	Food Service Fund
Operating revenues	
Charges for services	
Daily sales - reimbursable programs	\$ 40,242
Daily sales - non-reimbursable programs	34,500
Total operating revenues	74,742
Operating expenses	
Cost of sales - reimbursable programs	24,981
Cost of sales - non-reimbursable programs	14,297
Commodity food costs	6,679
Salaries	19,266
Support services - employee benefits	2,767
Purchased professional/technical services	1,869
Other purchased services	
Insurance	3,474
Management fee	8,099
Other purchased services	3,020
Supplies and materials	633
Depreciation	1,436
Miscellaneous	56
Total operating expenses	86,577
Operating income (loss)	(11,835)
Non-operating revenues (expenses)	
State sources	
State school lunch program	1,200
Federal sources	
National school lunch program	
Cash assistance	21,417
Non-cash assistance (commodities)	6,679
P-EBT administrative	1,108
Supply chain assistance	26,214
Other sources	
Interest earned on investments	226
Total non-operating revenues (expenses)	56,844
Net position, beginning	36,356
Net position, ending	\$ 81,365

See accompanying notes to the financial statements.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2023

	<u>Food Service Fund</u>
Cash flows from operating activities	
Receipts from customers (net)	\$ 74,340
Payments to Food Service Management Company	(74,931)
Payments to vendors and employees (net)	(3,232)
Net cash provided by (used for) operating activities	<u>(3,823)</u>
 Cash flows from non-capital financing activities	
State sources	132
Federal sources	52,523
Net interfund transactions	142
Net cash provided by (used for) non-capital financing activities	<u>52,797</u>
 Cash flows from investing activities	
Interest earned on investments	<u>226</u>
 Net increase (decrease) in cash and cash equivalents	49,200
 Cash and cash equivalents, beginning	<u>25,239</u>
 Cash and cash equivalents, ending	<u>\$ 74,439</u>
 Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	\$ (11,835)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Depreciation	1,436
Federal food donation program	6,679
(Increase) decrease in accounts payable	3,354
(Increase) decrease in inventory	(3,578)
Increase (decrease) in unearned revenue	121
Net cash provided by (used for) operating activities	<u>\$ (3,823)</u>

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies

The financial statements of the Franklin Township School District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local Governmental Units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

The basic financial statements include:

A Management's Discussion and Analysis (MD&A) providing an analysis of the Districts over-all financial position and results of operations.

Basic financial statements prepared using accrual accounting for all of the District's activities.

A. Reporting entity

The District is a Type II District located in the County of Hunterdon, State of New Jersey. As a Type II District, the school district functions independently through a Board of Education. The Board is comprised of nine members elected to three-year-terms. The purpose of the District is to educate students in Grades K-8. The District had an approximate enrollment at June 30, 2023 of 285 students.

The primary criterion for including activities within the District's reporting entity as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

1. The Organization is legally separate (can sue or be sued in their own name).
2. The District holds the corporate powers of the organization.
3. The District appoints a voting majority of the organization's Board.
4. The District is able to impose its will on the organization.
5. The Organization has the potential to impose a financial benefit/burden on the District.
6. There is a fiscal dependency by the organization on the District.

Based on the aforementioned criteria, the District has no component units.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The District has elected to treat all of its governmental funds as major funds and they are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, early retirement, arbitrage rebates, and post-employment healthcare benefits, are recorded only when payment is due.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Property taxes, tuition and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. As under New Jersey State Statute, a municipality is required to remit to its school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be accounts receivable. All other revenue items are considered to be measurable and available only when the District receives cash.

Amounts reported as program revenues include 1) charges to students for tuition, fees, rental, material, supplies, or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, and unrestricted state aids.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted, as they are needed.

The District reports the following major governmental funds:

General Fund - The general fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment, which are classified in the capital outlay sub-fund.

As required by the New Jersey State Department of Education, the District includes budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by Board Resolution.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

As a result of implementing GASB Statement No. 84, *Fiduciary Activities*, amounts maintained for unemployment claims and payroll withholdings for employee salary deductions are included in the general fund. Amounts maintained for unemployment claims are used to account for the portion of employee deductions for unemployment compensation required to be deposited and accumulated for future unemployment claims under the Benefit Reimbursement Method.

Special Revenue Fund - The District accounts for the proceeds of specific revenue sources from State and Federal Government (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes in the special revenue fund. As a result of implementing GASB Statement No. 84, *Fiduciary Activities*, amounts maintained for student activities and private purpose scholarships are included in the special revenue fund. The amounts are considered to be restricted and available to use for specific expenditures. Amounts maintained for student activities are derived from athletic events or other activities of pupil organizations and accumulated for payment of student group activities. Amounts maintained for private purpose scholarship accounts are utilized for scholarship awards to qualifying students.

Capital Projects Fund - The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

The District did not utilize the capital projects fund during the fiscal year.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

Additionally, the District reports the following fund types:

Proprietary fund types

Proprietary Fund - The focus of proprietary fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the District.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Proprietary fund types (continued)

Enterprise Fund - The enterprise fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's enterprise fund is comprised of the food service fund.

All proprietary funds are accounted for on a current financial resource's measurement focus. This means that all assets and liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (total net position) segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	12 years
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Fiduciary fund types

The District does not have funds that meet the criteria of a fiduciary fund as defined by GASB Statement No. 84, *Fiduciary Activities*.

D. Budgets/budgetary control

Annual appropriated budgets are prepared in the Spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County office and, if necessary, are voted upon at the annual school election in November. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line-item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum Chart of Accounts referenced in N.J.A.C. 6:23-16.2(f)1. All budget amendments must be approved by School Board Resolution.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

D. Budgets/budgetary control (continued)

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

E. Encumbrances

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as reservations of fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as unearned revenues at fiscal year-end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year-end.

F. Tuition receivable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

G. Tuition payable

Tuition charges for the fiscal year 2022-2023 are based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-term interfund receivable and payables

Short-term interfund receivables and payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

I. Inventories and prepaid items

Inventories and prepaid items, which benefit future periods, other than those recorded in the enterprise fund are recorded as expenditures during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as unearned revenue as title does not pass to the School District until the commodities are used. Prepaid items in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2023.

J. Capital assets

Capital assets, which include land, land improvements, buildings and improvements, vehicles and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All reported capital assets, except for land and construction in progress, of the District are depreciated using the straight-line method over the following estimated lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements & portable classroom	50
Land improvements	20
Furniture	20
Maintenance equipment	15
Musical instruments	10
Athletic equipment	10
Audio visual equipment	10
Office equipment	5 - 10
Computer equipment	5 - 10

K. Compensated absences

The District accounts for compensated absences (e.g., unused vacation and sick leave) as directed by GASB No. 16, *Accounting for Compensated Absences*. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

K. Compensated absences (continued)

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the Districts' agreements with the various employee unions.

The liability for compensated absences was accrued using the vesting method, whereby the liability is calculated by vesting balances as of the balance sheet date for which a payment is probable. Salary related payments for the employer's share of Social Security and Medicare taxes are included.

For the government-wide statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, in the fund financial statements, all of the compensated absences are considered long-term and therefore are not a fund liability. This represents a reconciling item between the fund and government-wide presentations.

L. Unearned revenue

Unearned revenue in the general fund and special revenue fund represents cash, which has been received but not yet earned. See Note 1 (E) regarding the special revenue fund.

Unearned revenue in the enterprise fund includes United States government commodity inventories at year-end. The aid revenue associated with this commodity inventory is deferred until it is used in the operations of the food service fund. Prepaid lunch debit card revenue balances at year end are also included in unearned revenue.

M. Long-term obligations

In the government-wide financial statements and in internal service fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

N. Net position

Net position represents the difference between the sum of assets and deferred outflows of resources, and the sum of liabilities and deferred inflows of resources. Net position is classified into the following three components:

- Net investment in capital assets - This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.
- Restricted - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the school district or through external restrictions imposed by credits, grantors, or laws or regulations of their governments.
- Unrestricted - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

The school district applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

O. Fund balances - governmental funds

In the fund financial statements, governmental funds report the following classifications of fund balance:

- Non-spendable - includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.
- Restricted - includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- Committed - includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision-making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.
- Assigned - includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

O. Fund balances - governmental funds (continued)

- Unassigned - includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the general fund. The District reports all amounts that meet the unrestricted general fund balance Policy described below as unassigned:

When expenditure is incurred for purposes in which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

P. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires Management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

Q. Allocation of indirect expenses

Certain expenses, which have not been charged to a specific function in the District's fund financial statements, have been allocated to the functions for the government-wide statements. Employee benefits, on-behalf TPAF Pension contributions, reimbursed TPAF Social Security contributions and compensated absences accruals have been allocated based on salaries by function. Depreciation expense which was not specifically identified by function has been allocated based on the current year expenses by function.

R. Deferred outflows/inflows of resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has two items that qualify for reporting in this category, deferred amount on pension activity and deferred amount on refunding bond issue. In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category, deferred amount on pension activity.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 2 - Tax assessments and property taxes

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners.

Upon the filing of certified adopted budgets by the municipality, the municipality's local school districts, and the County, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4 et. seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June. The taxes are due August 1 and November 1 respectively and are adjusted to reflect the current fiscal year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding fiscal year are based upon one-half of the current year's total tax.

School taxes are guaranteed, as to amount of collection, by the municipality (the collection agency) and are transmitted to the school district in accordance with the Schedule of Tax Installments as certified by the school district's Board of Education on an annual basis.

Note 3 - Deposits and cash equivalents and investments

Cash and cash equivalents include petty cash, change funds, and cash in banks. As of June 30, 2023, the District had no investments.

New Jersey Governmental Units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey Governmental Units. In addition, other state statutes permit investments in obligations issued by local authorities and other state agencies. The State of New Jersey does not place any limit on the amount that the District may invest with any one issuer.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of Governmental Units. The statute requires that no Governmental Unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks (both state and national banks) and saving banks the deposits of which are federally insured.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 3 - Deposits, cash equivalents, and investments (continued)

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District does not have a policy for custodial credit risk. New Jersey statutes require that cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds, employee salary withholdings, or funds that may pass to the District relative to the happening of a future condition.

As of June 30, 2023, the District's bank balances were exposed to custodial credit risk as follows:

Insured by the FDIC	\$ 250,000
Insured by GUDPA	1,919,976
Total bank balances	\$ 2,169,976

Deposits at June 30, 2023 appear in the financial statements as summarized below:

Cash		\$ 2,071,672
	<u>Ref.</u>	
Unrestricted cash		
Governmental funds, Balance Sheet	B-1	\$ 555,463
Enterprise funds, Statement of Net Position	B-4	74,439
Restricted cash		
Governmental funds, Balance Sheet	B-1	1,441,770
Total cash		\$ 2,071,672

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets

Capital asset activity for the fiscal year ended June 30, 2023 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 285,100	\$ -	\$ -	\$ 285,100
Construction in progress	1,127,953	518,952	1,030,194	616,711
Total	<u>1,413,053</u>	<u>518,952</u>	<u>1,030,194</u>	<u>901,811</u>
Capital assets, being depreciated				
Land improvements	260,049	13,317	-	273,366
Building & improvements	14,861,657	1,142,671	-	16,004,328
Leased building improvements (intangible asset)	1,200,000	-	-	1,200,000
Furniture & equipment	537,387	7,849	-	545,236
Vehicles	50,054	-	-	50,054
Total	<u>16,909,147</u>	<u>1,163,837</u>	<u>-</u>	<u>18,072,984</u>
Accumulated depreciation and accumulated amortization				
Land improvements	170,425	9,719	-	180,144
Building & improvements	5,473,141	383,540	-	5,856,681
Leased building improvements	900,000	240,000	-	1,140,000
Furniture & equipment	350,527	24,160	-	374,687
Vehicles	50,054	-	-	50,054
Total	<u>6,944,147</u>	<u>657,419</u>	<u>-</u>	<u>7,601,566</u>
Total capital assets, being depreciated, net	<u>9,965,000</u>	<u>506,418</u>	<u>-</u>	<u>10,471,418</u>
Transfer	-	(1,030,194)	(1,030,194)	-
Governmental activities capital assets, net	<u>\$ 11,378,053</u>	<u>\$ (4,824)</u>	<u>\$ -</u>	<u>\$ 11,373,229</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business type activities				
Furniture & equipment	\$ 18,077	\$ -	\$ -	\$ 18,077
Less: accumulated depreciation	<u>11,357</u>	<u>1,436</u>	<u>-</u>	<u>12,793</u>
Business type activities capital assets, net	<u>\$ 6,720</u>	<u>\$ (1,436)</u>	<u>\$ -</u>	<u>\$ 5,284</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets (continued)

Depreciation and amortization expense were charged to governmental functions in the current year as follows:

Instruction		
Regular	\$	301,365
Special education		108,865
Other special education		13,739
Other instruction		2,984
Support services		
Student & instruction		159,618
General & business administration		49,786
School administration		17,783
Plant maintenance		3,279
Total depreciation and amortization expense, governmental activities	\$	657,419

Note 5 - Long-term debt

Long-term liability activity for the fiscal year ended June 30, 2023 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds payable	\$ 1,795,000	\$ -	\$ 575,000	\$ 1,220,000	\$ 600,000
Bond premium	131,316	-	37,518	93,798	37,518
Capital leases payable	498,355	-	246,408	251,947	251,947
Compensated absences payable	35,990	-	13,495	22,495	-
PERS net pension liability	895,612	95,546	-	991,158	-
Total governmental activities long-term liabilities	\$ 3,356,273	\$ 95,546	\$ 872,421	\$ 2,579,398	\$ 889,465

Payments on the general obligation bonds are made in the debt service fund from property taxes and state aid. The other long-term debts are paid in the current expenditures budget of the District's general fund.

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2023, including interest payments are listed as follows:

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Long-term debt (continued)

Fiscal Year Ended June 30,	Principal	Interest	Total
2024	\$ 600,000	\$ 48,840	\$ 648,840
2025	620,000	24,800	644,800
Total	<u>\$ 1,220,000</u>	<u>\$ 73,640</u>	<u>\$ 1,293,640</u>

General Obligation Bonds - General obligation school building bonds payable at June 30, 2023, with their outstanding balances are comprised of the following individual issues:

\$5,380,000 - 2013 general obligation school building bonds, interest at 2.00% to 4.00% due in annual installments beginning Feb. 15, 2015 through Feb. 15, 2025.	<u>\$ 1,220,000</u>
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The general obligation bonded debt of the District is limited by state law to 3% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2023 is \$16,691,562. General obligation debt at June 30, 2023 is \$1,220,000, resulting in a legal debt margin of \$15,471,562.

Lease payable

Commencing November 7, 2018, the District entered into a \$1,200,000 capital lease financing contract with TD Equipment Finance, Inc. for capital projects involving all-purpose room and theater water infiltration repairs, roof replacement, security updates, masonry repairs and improvements. The financing is due in five annual installments of \$262,306, including interest at 3.175%, beginning August 15, 2019 through August 15, 2023.

The annual requirements for the capital lease payable as of June 30, 2023, including interest payments are listed as follows:

Year Ended June 30,	Principal	Interest	Total
2024	\$ 251,947	\$ 9,549	\$ 261,496
Total	<u>\$ 251,947</u>	<u>\$ 9,549</u>	<u>\$ 261,496</u>

Note 6 - Pension plans

Description of systems

Substantially all of the Board's employees participate in one of the following defined benefit public employee retirement systems which have been established by State statute: The Teachers' Pension and Annuity Fund (TPAF), Public Employees' Retirement System (PERS) and the Defined Contribution Retirement Program (DCRP). The PERS and TPAF systems are sponsored and administered by the State of New Jersey. The DCRP system is administered by Prudential Financial for the Division of Pensions and Benefits. The TPAF retirement system is considered a multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

Plan description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's annual financial statements which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service.

The following represents the membership tiers for PERS:

Tier	Member Eligibility
1	Enrolled prior to July 1, 2007
2	Enrolled on or after July 1, 2007 and prior to November 2, 2008
3	Enrolled on or after November 2, 2008 and prior to May 22, 2010
4	Enrolled on or after May 22, 2010 and prior to June 28, 2011
5	Enrolled on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective Tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25-years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective Tier.

A. Public employees' retirement systems (PERS)

Allocation methodology and reconciliation to financial statements

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the state and local groups of the Plan.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

A. Public employees' retirement systems (PERS) (continued)

Allocation methodology and reconciliation to financial statements (continued)

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and non-employer allocations are applied to amounts presented in the schedule of pension amounts by employer and nonemployer. The allocation percentages for each group as of June 30, 2022 measurement date are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2022 measurement date.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense. The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocations and applied to amounts presented in the schedule of pension amounts by employer and nonemployer are based on the ratio of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2021 through June 30, 2022. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences. Contributions from employers are recognized when due, based on statutory requirements.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For state fiscal year 2022, the State's pension contribution was less than the actuarial determined amount.

The employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, PL 2009 provided an option for employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009.

Such employers will be credited with full payment and any such amounts will not be included in their unfunded liability. The Actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

A. Public employees' retirement systems (PERS) (continued)

Contributions (continued)

The District's contractually required contribution rate for the year ended June 30, 2023 was 15.15% of the District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

The contribution rate was 7.50% of base salary effective July 1, 2018.

Special funding situation

Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

A. Public employees' retirement systems (PERS) (continued)

Collective net pension liability and actuarial information

The District's proportionate share of the net pension liability for PERS as of the measurement date of June 30, 2022:

Net pension liability	\$ 991,158
Proportionate share	0.0065677118%
 Plan fiduciary net position as a percentage of the total pension liability	 62.91%

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions:

Inflation rate	
Price	2.75%
Wage	3.25%
 Salary increases (based on years of service)	 2.75 – 6.55%
 Investment rate of return	 7.00%

Preretirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

A. Public employees' retirement systems (PERS) (continued)

Long-term expected rate of return

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2022 measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
U.S. equity	27.00%	8.09%
Non-U.S. developed markets equity	13.50%	8.71%
Emerging markets equity	5.50%	10.96%
Private equity	13.00%	11.30%
Real estate	8.00%	9.15%
Real assets	3.00%	7.40%
High yield	4.00%	3.75%
Private credit	8.00%	7.60%
Investment grade credit	7.00%	1.68%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	4.00%	0.95%
Risk mitigation strategies	3.00%	3.35%

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of actuarially determined contributions for the local employers. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments and the municipal bond rate was applied to all projected benefit payments to determine the total pension liability.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

A. Public employees' retirement systems (PERS) (continued)

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the District as of June 30, 2022 measurement date, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

District's Proportionate Share of the Net Pension Liability

At current discount rate (7.00%)	\$ 991,158
At a 1% lower rate (6.00%)	1,284,132
At a 1% higher rate (8.00%)	757,364

Collective deferred outflows of resources and deferred inflows of resources

At the June 30, 2022 measurement date, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,154	\$ 6,309
Changes of assumptions	3,071	148,416
Net difference between projected and actual earnings on pension plan investments	41,023	-
Changes in proportion and differences between District contributions and proportionate share of contributions	293,064	174,209
District contributions subsequent to the measurement date	82,822	-
Total	<u>\$ 427,134</u>	<u>\$ 328,934</u>

The amount reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e., for the school year ended June 30, 2023, the plan measurement date is June 30, 2022) of \$82,822 will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

A. Public employees' retirement systems (PERS) (continued)

Collective deferred outflows of resources and deferred inflows of resources

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the fiscal year ended June 30, 2022 measurement date:

	<u>Beginning Balance</u>	<u>Net change in Activity</u>	<u>Ending Balance</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 14,125	\$ (6,971)	\$ 7,154
Changes of assumptions	4,664	(1,593)	3,071
Differences between expected and actual experience	-	41,023	41,023
Deferred Inflows of Resources			
Differences between expected and actual experience	(6,412)	103	(6,309)
Changes of assumptions	(318,844)	170,428	(148,416)
Differences between projected and actual investment earnings on pension plan investments	(235,928)	235,928	-
Net of deferred outflows	<u>\$ (542,395)</u>	<u>\$ 438,918</u>	<u>\$ (103,477)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding employer specific amounts, deferrals from District contributions subsequent to the measurement date, and deferrals from change on proportion) will be recognized in pension expense (benefits) as follows:

Fiscal Year Ended June 30,

2023	\$ (85,021)
2024	(43,315)
2025	(21,124)
2026	46,085
2027	(102)
Total	<u>\$ (103,477)</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

A. Public employees' retirement systems (PERS) (continued)

Pension expense (benefit)

For the fiscal year ended June 30, 2023, the District recognized net pension expense (benefit) of \$67,561 which represents the District's proportionate share of allocable plan pension expense (benefit) of (\$71,780), plus the net amortization of deferred amounts from changes in proportion of \$133,625, and plus other adjustments to the net pension liability of \$5,716. The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the District for the fiscal year ended June 30, 2022 measurement date are as follows:

Service cost	\$	47,775
Interest on total pension liability		191,611
Benefit changes		556
Member contributions		(39,841)
Administrative expense		856
Expected investment return net of investment expense		(127,907)
Pension expense related to specific liabilities of individual employers		(686)
Recognition (amortization) of deferred inflows/outflows of resources		
Differences between projected and actual experience		2,268
Changes of assumptions		(143,231)
Difference between projected and actual investment earnings on pension plan investments		(3,181)
Pension expense (benefit)	\$	(71,780)

B. Teacher's pension and annuity fund (TPAF)

Plan description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's annual financial statements which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)
B. Teacher's pension and annuity fund (TPAF) (continued)
Plan description (continued)

The following represents the membership tiers for TPAF:

Tier	Member Eligibility
1	Enrolled prior to July 1, 2007
2	Enrolled on or after July 1, 2007 and prior to November 2, 2008
3	Enrolled on or after November 2, 2008 and prior to May 22, 2010
4	Enrolled on or after May 22, 2010 and prior to June 28, 2011
5	Enrolled on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 before age 65 with 30 years or more of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year 2022, the State's pension contribution was more than the actuarial determined amount.

Special funding situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute directly to the Plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the Notes to the Financial Statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

B. Teacher's pension and annuity fund (TPAF) (continued)

Special funding situation (continued)

During the State fiscal year ended June 30, 2022, the State of New Jersey contributed \$858,681 to the TPAF for normal pension benefits on behalf of the District.

The contribution rate was 7.50% of base salary effective July 1, 2018.

Collective net pension liability and actuarial information

The District's proportionate share of the net pension liability for TPAF for fiscal year ended June 30, 2022 measurement date is as follows:

District proportionate share of net pension liability	\$ 15,632,957
Less: State proportionate share of net pension liability	<u>5,047,417</u>
Net pension liability	<u><u>\$ 10,585,540</u></u>

Plan fiduciary net position as a percentage of the total pension liability	32.29%
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The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

<u>Inflation rate</u>	
Price	2.75%
Wage	3.25%
Salary increases (based on years of service)	2.75 – 5.65%
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

B. Teacher's pension and annuity fund (TPAF) (continued)

Actuarial assumptions

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Long-term expected rate of return

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2022 measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
U.S. equity	27.00%	8.09%
Non-U.S. developed markets equity	13.50%	8.71%
Emerging markets equity	5.50%	10.96%
Private equity	13.00%	11.30%
Real estate	8.00%	9.15%
Real assets	3.00%	7.40%
High yield	4.00%	3.75%
Private credit	8.00%	7.60%
Investment grade credit	7.00%	1.68%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	4.00%	0.95%
Risk mitigation strategies	3.00%	3.35%

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments after that date in determining the total pension liability.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

B. Teacher's pension and annuity fund (TPAF) (continued)

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the District as of June 30, 2022 measurement date, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

District's Proportionate Share of the Net Pension Liability

At current discount rate (7.00%)	\$ 10,585,540
At a 1% lower rate (6.00%)	12,411,770
At a 1% higher rate (8.00%)	9,047,170

Pension expense (benefit)

The components of allocable pension expense (benefit), which exclude pension expense (benefit) related to specific liabilities of individual employers, for the District for the year ended June 30, 2022 measurement date are as follows:

Service cost	\$ 244,795
Interest on total pension liability	1,054,315
Benefit changes	-
Member contributions	(185,859)
Administrative expense	2,588
Expected investment return net of investment expense	(406,233)
Pension expense related to specific liabilities of individual employers	(81)
Recognition (amortization) of deferred inflows/outflows of resources	
Differences between projected and actual experience	41,110
Changes of assumptions	(490,896)
Difference between projected and actual investment earnings on pension plan investments	25,147
Pension expense (benefit)	<u>\$ 284,886</u>

C. Defined contribution retirement program

The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch. 92, PL 2007 and expanded under the provisions of Ch. 89, PL 2008 and Ch. 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$9,000 in 2023) but who earn salary of at least \$5,000 annually are eligible to participate. The Program Administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: www.prudential.com/njdcrp.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

C. Defined contribution retirement program (continued)

Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. The District's net contribution to the DCRP for fiscal year ending 2023 was \$2,435.

D. Other pension plan information

During the fiscal year ended June 30, 2023, the State of New Jersey contributed \$237,029 to the TPAF for postretirement medical benefits, \$12,347 for non-contributory insurance premiums, \$536 for long-term disability insurance, and \$889,942 for normal costs and accrued liability costs on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$191,830 during the fiscal year ended June 30, 2023 for the employer's share of Social Security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB Statement 68.

Note 7 - Postretirement benefits

The State Health Benefit State Retired Employees Plan (State Retired OPEB Plan) is a single-employer defined benefit OPEB plan with a special funding situation. The State Retired OPEB Plan is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The State Retired OPEB Plan is treated as a cost-sharing multiple employer plan with a special funding situation for allocating the total OPEB liability and related OPEB amounts since each employer mentioned above is required to issue stand-alone financial statements. The State Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of the employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits. In fiscal year 2022, the State paid OPEB benefits for 161,238 State and local retirees.

In accordance with N.J.S.A. 52:14-17.32, the State is required to pay the premiums or periodic charges for health benefits of State employees who retire with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Judicial Retirement System (JRS), the State Police Retirement System (SPRS), the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen's Retirement System (PFRS), and the Alternate Benefit Program (ABP).

The employer contributions for the participating local education employers are legally required to be funded by the State in accordance with N.J.S.A. 52:14-17.32f. According to this law, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: TPAF, PERS, PFRS, or ABP.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

Pursuant to P.L.2011, c.78, future retirees eligible for postemployment medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level of coverage.

The State is legally required to pay for the OPEB benefit coverage for the participating local education employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity. The State, as a non-employer contributing entity, reported a fiscal year 2022 total OPEB liability of \$50,646,462,966 for this special funding situation.

Additional information on Pensions and OPEB can be accessed at <https://www.state.nj.us/treasury/taxation/payments-notices.shtml>.

Total OPEB liability

The State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District’s proportionate share percentage determined under Paragraphs 193 and 203 through 205 of GASB Statement No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State’s level and is not specific to the District.

Under a special funding situation, the State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Therefore, the following OPEB liability note information is reported at the State’s level and is not accrued by the District.

For purposes of reporting required GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District’s proportionate share of allocable OPEB liability and employer OPEB expense and related revenue as of June 30, 2022 measurement date is as follows:

State’s proportionate share of the OPEB liability	\$	50,646,462,966
District’s proportionate share of the State’s OPEB liability		10,602,301
Employer OPEB expense and related revenue		229,707
Allocable proportionate percentage		0.0209339416%

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)
Changes in the total OPEB liability

	<u>Total OPEB Liability</u>
Total OPEB liability at June 30, 2021	\$ 12,376,323
Service cost	468,832
Interest cost	280,973
Change of benefit terms	-
Differences between expected and actual experiences	589,719
Changes of assumptions	(2,844,162)
Member contributions	8,928
Gross benefit payments	(278,312)
Total OPEB liability at June 30, 2022	\$ 10,602,301

There were no changes of the benefit terms from June 30, 2021 to June 30, 2022.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.16% as of the June 30, 2021 plan measurement date to 3.54% as of the June 30, 2022 plan measurement date.

The total non-employer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>TPAF</u>	<u>PERS</u>
	(based on years of service)	(based on years of service)
Salary increases	2.75% - 4.25%	2.75% - 6.55%

Preretirement mortality rates were based on the Pub-2010 Healthy Teachers (TPAF/ABP) and General (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 General classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 General classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disabled retirees. Future disabled retirees were based on the Pub-2010 Safety (PFRS), General (PERS), and Teachers (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

Changes in the total OPEB liability (continued)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018 and July 1, 2013 - June 30, 2018 for TPAF and PERS, respectively.

Health care trend assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-65 PPO, the trend is initially (1.99%) in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially (3.54%) in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount rate

The discount rate for June 30, 2022 was 3.54%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total non-employer OPEB liability as of June 30, 2022 measurement date, using the District's allocable proportionate percentage, calculated using the discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

Total OPEB Liability (school retirees)

At current discount rate (3.54%)	\$ 10,602,301
At a 1% lower rate (2.54%)	12,461,890
At a 1% higher rate (4.54%)	9,111,934

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total non-employer OPEB liability, as well as what the total non-employer OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

Total OPEB Liability (school retirees)

Healthcare cost trend rate	\$ 10,602,301
At a 1% lower rate (1% decrease)	8,763,450
At a 1% higher rate (1% increase)	13,017,744

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the fiscal year ended June 30, 2023, the District recognized OPEB expense of \$229,707 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and in which there is a special funding situation.

In accordance with GASB Statement No. 75, the District's proportionate share of school retirees OPEB is zero. There is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources.

Note 8 - Deferred compensation

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The Plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The Plan Administrators are as follows:

- Siracusa Benefits
- Variable Annuity Life Insurance Co.
- AXA Equitable
- Lincoln Investment Planning

Note 9 - Interfund receivable and payables

	Receivable	Payable
General fund	\$ 44,830	\$ -
Special revenue fund	-	44,830
	\$ 44,830	\$ 44,830

As of June 30, 2023, the general fund has an interfund receivable for \$44,830 due from the special revenue fund for a loan as a result of cash flow issues relating to the delayed receipt of grant revenues.

Note 10 - Inventory

Inventory in the food service fund as of June 30, 2023 consisted of the following:

Food	\$ 3,394
Supplies	2,671
Total	\$ 6,065

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 11 - Contingent liabilities

Amounts received, or receivables, from grantor agencies could be subject to audit and adjusted by grantor agencies. Any disallowed claims, including amounts already collected, may result in a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the Grantor cannot be determined at this time, although the District expects such amount, if any, to be immaterial.

Note 12 - Risk management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, and student accident and surety bonds. There was no significant reduction in insurance coverage from coverage of the prior year. The District did not have any insurance settlements which exceeded insurance coverage for the past three years. A complete Schedule of Insurance Coverage can be found in the Statistical Section of the Annual Comprehensive Financial Report.

New Jersey Unemployment Compensation Insurance - The District has elected to fund its NJ Unemployment Compensation Insurance under the Benefit Reimbursement Method. Under this plan, the District is required to reimburse the NJ unemployment trust fund for benefits paid to its former employees and charged to its account with the state. The District is billed quarterly for amounts due to the state. The following is a summary of District contributions, and interest earnings, employee contributions, reimbursements to the state for benefits paid and the ending balance available for claims of the District's unemployment compensation insurance fund:

Fiscal Year	Board Contrib.	Interest Earnings	Employee Contrib.	Amount Reimbursed	Ending Balance Available For Claims
2022 - 2023	\$ -	\$ 2,260	\$ 7,522	\$ 10,571	\$ 314,421
2021 - 2022	-	83	6,256	-	315,210
2020 - 2021	50,000	66	5,132	1,839	308,871

Note 13 - Reserve accounts

A capital reserve account was established by the District for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 13 - Reserve accounts (continued)

Funds placed in the capital reserve account are restricted to capital projects in the District’s approved The Long-Range Facilities Plan (LRFP) and updated annually in the Quality Single Accountability Continuum (QSAC). Upon submission of the LRFP to the Department of Education, a District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A District may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:26-9.1(d)1, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Districts are allowed as per N.J.S.A. 18A:7F-41(a) & 41(b) to deposit to the reserves by Board resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this State statute, the District did not deposit funds to their reserves by Board resolution in June 2023 as summarized in the following schedule. The following schedule is a summarization of the reserve accounts for the current year:

Reserve Type	Beginning Balance	District Contrib.	Interest Earnings	Return Unused Withdrawal	Withdrawal	Ending Balance
Capital	\$ 1,607,837	\$ -	\$ 11,026	\$ -	\$ 760,000	\$ 858,863
Maintenance	307,807	-	-	-	100,000	207,807
Total	<u>\$ 1,915,644</u>	<u>\$ -</u>	<u>\$ 11,026</u>	<u>\$ -</u>	<u>\$ 860,000</u>	<u>\$ 1,066,670</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 14 - Fund balance

As described in Note 1 (O), fund balance may be restricted, committed or assigned. An analysis of the general fund balance on June 30, 2023 is as follows:

Restricted

Capital reserve account - Represents funds restricted to capital projects in the Districts long range facilities plan.	\$ 858,863
Maintenance reserve account - Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (N.J.S.A.18A:76-9).	207,807
Unemployment compensation - Represents funds accumulated for future unemployment claims.	307,921

Committed

Year-end encumbrance - Represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30.	124,711
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Assigned

Designated surplus - Designated for Subsequent Year's Expenditures - Represents amount appropriated in the succeeding year's budget to reduce tax requirements.	266,766
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Unassigned

Undesignated - Represents fund balance which has not been restricted or designated.	473,763
Total fund balance - Budgetary basis (Exhibit C-1)	2,239,831
Last state aid payments not recognized on GAAP basis	(40,361)
Total fund balance - GAAP basis (B-1)	\$ 2,199,470

Note 15 - Calculation of excess surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by PL 2004, Ch. 73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve general fund balance at the fiscal year-end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2023 is \$0.

Note 16 - Recent accounting pronouncements not yet effective

The following is of recent accounting pronouncements which are not yet effective as of the year-end date of this report.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. This statement is effective for reporting periods beginning after December 15, 2023. The District is evaluating the effect of the pronouncement on financial reporting.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 17 - Deficit balance in unrestricted net position

The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2023 of (\$134,121) on Schedule A-1, Statement of Net Position. The deficit balance is not a negative reflection on the District's financial condition but is the result of reporting required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the state.

Note 18 - Subsequent events

The District has evaluated subsequent events through November 13, 2023, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

FRANKLIN TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Local sources					
Local tax levy	\$ 6,217,871	\$ -	\$ 6,217,871	\$ 6,217,871	\$ -
Tuition from individuals	148,000	-	148,000	112,757	(35,243)
Tuition from other LEAs within the state	200,000	-	200,000	211,636	11,636
Unrestricted miscellaneous revenues	30,000	-	30,000	57,937	27,937
Interest earned on maintenance reserve	100	-	100	-	(100)
Interest earned on capital reserve funds	500	-	500	11,026	10,526
Other restricted miscellaneous revenues	-	-	-	2,260	2,260
Total	6,596,471	-	6,596,471	6,613,487	17,016
State sources					
School choice aid	82,315	-	82,315	82,315	-
Categorical transportation aid	88,830	-	88,830	88,830	-
Extraordinary aid	163,000	-	163,000	470,397	307,397
Categorical special education aid	255,944	-	255,944	255,944	-
Categorical security aid	21,598	-	21,598	21,598	-
Adjustment Aid	2,057	-	2,057	2,057	-
Other state aid	2,000	-	2,000	4,368	2,368
State reimbursements from Securing Our Children's					
Future Bond Act	-	-	-	20,000	20,000
TPAF Pension (on-behalf)	-	-	-	889,942	889,942
TPAF Non-contributory insurance	-	-	-	12,347	12,347
TPAF Social Security (reimbursed)	-	-	-	191,830	191,830
TPAF Postretirement benefits	-	-	-	237,029	237,029
TPAF Long-term disability insurance	-	-	-	536	536
Total	615,744	-	615,744	2,277,193	1,661,449
Federal Sources					
FEMA	-	-	-	22,053	22,053
Total	-	-	-	22,053	22,053
Total revenues	\$ 7,212,215	\$ -	\$ 7,212,215	\$ 8,912,733	\$ 1,700,518

See independent auditors' report.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures					
Current					
Instruction - regular program					
Salaries of teachers					
Preschool	\$ 66,449	\$ (3,987)	\$ 62,462	\$ 62,462	\$ -
Kindergarten	210,618	(48,007)	162,611	162,611	-
Grades 1-5	870,738	(31,438)	839,300	839,290	10
Grades 6-8	639,055	(29,301)	609,754	609,753	1
Home instruction					
Salaries of teacher	1,250	(25)	1,225	1,225	-
Purchased professional - educational services	1,250	(1,137)	113	113	-
Regular programs - undistributed instruction					
Other salaries for instruction	11,000	(6,500)	4,500	4,500	-
Purchased professional - educational services	62,646	(14,009)	48,637	48,637	-
Purchased technical services	28,075	21,795	49,870	49,870	-
Other purchased services	12,400	290	12,690	12,690	-
General supplies	77,455	26,481	103,936	102,740	1,196
Total	1,980,936	(85,838)	1,895,098	1,893,891	1,207
Special education					
Multiple disabilities					
Salaries of teachers	73,165	31,712	104,877	104,877	-
Other salaries for instruction	42,193	5,912	48,105	48,105	-
Purchased professional-educational services	242,789	(19,746)	223,043	223,043	-
General supplies	6,600	(1,053)	5,547	5,496	51
Total	364,747	16,825	381,572	381,521	51
Resource room/resource center					
Salaries of teachers	298,319	39,058	337,377	337,163	214
General supplies	5,274	(1,177)	4,097	4,097	-
Other objects	18,000	(16,446)	1,554	1,554	-
Total	321,593	21,435	343,028	342,814	214
Preschool disabilities - full-time					
Salaries of teachers	61,949	(2,136)	59,813	59,813	-
Purchased professional - educational services	40,119	17,881	58,000	57,980	20
General supplies	500	(455)	45	45	-
Other objects	500	(500)	-	-	-
Total	103,068	14,790	117,858	117,838	20
Total special education	789,408	53,050	842,458	842,173	285
Basic skills/remedial					
Salaries of teachers	98,303	20,033	118,336	118,156	180
General supplies	500	(53)	447	447	-
Total	98,803	19,980	118,783	118,603	180
School-sponsored co/extra curricular activities - instruction					
Salaries	11,654	(6,634)	5,020	5,020	-
Total	11,654	(6,634)	5,020	5,020	-

See independent auditors' report.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
School-sponsored athletics - instruction					
Salaries	\$ 23,384	\$ (11,077)	\$ 12,307	\$ 12,307	\$ -
Purchased services	12,000	(7,282)	4,718	4,718	-
Supplies and materials	-	3,905	3,905	3,905	-
Total	35,384	(14,454)	20,930	20,930	-
Total instruction regular	\$ 2,916,185	\$ (33,896)	\$ 2,882,289	\$ 2,880,617	\$ 1,672
Undistributed expenditures					
Undistributed expenditures - instruction					
Tuition to other LEAs within the state - special	\$ 109,700	\$ 67,435	\$ 177,135	\$ 176,775	\$ 360
Tuition to priv. school for the disabled w/i state	184,827	(9,931)	174,896	174,896	-
Total	294,527	57,504	352,031	351,671	360
Undistributed expenditures - attendance & social work					
Salaries	21,856	55	21,911	21,911	-
Total	21,856	55	21,911	21,911	-
Undistributed expenditures - health services					
Salaries	93,800	1,250	95,050	95,050	-
Purchased professional and technical services	2,643	(746)	1,897	1,897	-
Supplies and materials	3,700	36	3,736	3,635	101
Total	100,143	540	100,683	100,582	101
Undistributed expenditures - speech, ot, pt & related services					
Salaries	62,011	60,646	122,657	122,657	-
Purchased professional - educational services	126,007	(28,948)	97,059	97,059	-
Supplies and materials	750	(115)	635	635	-
Other objects	1,800	(1,377)	423	423	-
Total	190,568	30,206	220,774	220,774	-
Undistributed expenditures - other supp. service stds. - extra service					
Purchased professional - educational services	208,200	31,967	240,167	239,696	471
Total	208,200	31,967	240,167	239,696	471
Undistributed expenditures - guidance					
Salaries of other professional staff	66,665	-	66,665	66,665	-
Purchased professional - educational services	2,000	(950)	1,050	449	601
Supplies and materials	350	(190)	160	160	-
Total	69,015	(1,140)	67,875	67,274	601
Undistributed expenditures - child study teams					
Salaries of other professional staff	-	59,737	59,737	59,737	-
Salaries of secretarial and clerical assistants	-	36,940	36,940	36,940	-
Other salaries	5,000	(2,047)	2,953	2,953	-
Purchased professional - educational services	282,783	10,942	293,725	287,458	6,267
Other purchased services	17,319	(6,579)	10,740	9,990	750
Supplies and materials	6,244	(2,200)	4,044	4,044	-
Other objects	1,000	(1,000)	-	-	-
Total	312,346	95,793	408,139	401,122	7,017

See independent auditors' report.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Undistributed expenditures - improvement of inst. service					
Salaries of other professional staff	\$ 25,492	\$ (5,311)	\$ 20,181	\$ 20,181	\$ -
Purchased professional - educational services	72,513	(18,345)	54,168	54,168	-
Supplies and materials	540	(31)	509	509	-
Total	98,545	(23,687)	74,858	74,858	-
Undistributed expenditures - edu. media service/sch. library					
Salaries of technology coordinators	65,378	1,400	66,778	66,778	-
Purchased professional and technical services	5,500	(520)	4,980	4,980	-
Other purchased services	1,500	(625)	875	875	-
Supplies and materials	750	(119)	631	631	-
Other objects	13,840	(13,840)	-	-	-
Total	86,968	(13,704)	73,264	73,264	-
Undistributed expenditures - instructional staff training services					
Other purchased services	20,000	(1,892)	18,108	12,515	5,593
Supplies and materials	450	(450)	-	-	-
Other objects	-	328	328	328	-
Total	20,450	(2,014)	18,436	12,843	5,593
Undistributed expend. - support service - general admin.					
Salaries	78,394	(62,672)	15,722	15,722	-
Legal services	10,700	(2,339)	8,361	7,649	712
Audit fees	19,000	-	19,000	18,960	40
Architectural/engineering services	5,000	11,557	16,557	16,557	-
Other purchased professional services	106,305	34,066	140,371	140,371	-
Purchased technical services	5,000	(4,780)	220	220	-
Communications/telephone	4,500	4,973	9,473	9,473	-
BOE other purchased services	500	(500)	-	-	-
Miscellaneous purchased services	5,500	171	5,671	5,671	-
General supplies	500	(40)	460	460	-
Miscellaneous expenditures	250	250	500	500	-
BOE membership dues and fees	6,900	(3,241)	3,659	3,659	-
Total	242,549	(22,555)	219,994	219,242	752
Undistributed expend. - support service - school admin.					
Salaries of principals/assistant principals	101,965	8,405	110,370	110,370	-
Salaries of secretarial and clerical assistants	21,856	55	21,911	21,911	-
Supplies and materials	1,100	-	1,100	1,100	-
Other objects	250	(169)	81	81	-
Total	125,171	8,291	133,462	133,462	-
Undistributed expenditures - central services					
Salaries	103,594	20,841	124,435	124,435	-
Purchased professional services	18,150	2,789	20,939	20,577	362
Miscellaneous purchased services	700	(700)	-	-	-
Supplies and materials	1,000	(406)	594	594	-
Other objects	1,170	(1,153)	17	17	-
Total	124,614	21,371	145,985	145,623	362

See independent auditors' report.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Undistributed expend. - required maint. for school facilities					
Salaries	\$ 74,000	\$ -	\$ 74,000	\$ 72,474	\$ 1,526
Cleaning, repair, and maintenance services	174,039	4,965	179,004	168,217	10,787
Lead testing in water	9,194	(5,465)	3,729	2,926	803
General supplies	7,726	(225)	7,501	6,943	558
Other objects	500	550	1,050	1,050	-
Total	265,459	(175)	265,284	251,610	13,674
Undistributed expenditures - custodial services					
Salaries	208,243	(23,352)	184,891	176,669	8,222
Purchased professional and technical services	4,000	(70)	3,930	3,930	-
Cleaning, repair, and maintenance service	33,001	(10,000)	23,001	21,446	1,555
Rental of land & bldg. other than lease purch agreement	15,900	(287)	15,613	15,088	525
Insurance	72,098	(4,007)	68,091	68,091	-
Miscellaneous purchased services	250	-	250	194	56
General supplies	30,447	(5,000)	25,447	24,936	511
Energy (natural gas)	5,000	-	5,000	3,102	1,898
Energy (electricity)	115,618	(24,083)	91,535	90,391	1,144
Energy (oil)	60,000	45,440	105,440	105,440	-
Total	544,557	(21,359)	523,198	509,287	13,911
Undistributed expenditures - care and upkeep of grounds					
Salaries	21,888	3,602	25,490	25,490	-
Cleaning, repair, and maintenance service	36,500	11,355	47,855	46,926	929
Total	58,388	14,957	73,345	72,416	929
Undistributed expenditures - security					
Purchased professional and technical services	-	348	348	348	-
General supplies	1,600	939	2,539	2,538	1
Total	1,600	1,287	2,887	2,886	1
Undistributed expenditures - student transportation service					
Salaries of non-instructional aides	4,661	29,356	34,017	34,017	-
Salaries for pupil trans (between home & school) - reg.	31,094	(7,585)	23,509	20,130	3,379
Salaries for pupil trans. (between home & school) - sp. ed.	29,872	-	29,872	29,794	78
Management fee - ESC & CTSA trans. program	8,000	2,102	10,102	9,706	396
Other purchased professional and technical service	3,500	-	3,500	2,840	660
Cleaning, repair, & maint. services	2,200	-	2,200	1,828	372
Contract serv. - aid in lieu pymts - non-public schools	20,000	(6,738)	13,262	10,731	2,531
Contract serv. - aid in lieu pymts - choice school students	5,000	(1,000)	4,000	2,044	1,956
Contract serv. (oth. than between home & school) - vend.	20,200	(12,030)	8,170	8,050	120
Contract serv (sp ed stds) - joint agreements	78,000	31,977	109,977	109,822	155
Contract serv. (reg. students) - ESCs & CTSA	163,000	-	163,000	163,000	-
Contract serv. (spl. ed. students) - ESCs & CTSA	88,500	39,733	128,233	127,261	972
Transportation supplies	8,500	(5,000)	3,500	2,650	850
Total	462,527	70,815	533,342	521,873	11,469

See independent auditors' report.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Allocated benefits - employee benefits					
Regular programs - instruction					
Social Security contributions	\$ 25,000	\$ 4,303	\$ 29,303	\$ 29,303	\$ -
Other retirement contributions - PERS	1,000	14,695	15,695	15,695	-
Workmen's compensation	25,000	-	25,000	25,000	-
Health benefits	450,651	10,154	460,805	438,252	22,553
Tuition reimbursement	14,000	(7,481)	6,519	6,518	1
Other employee benefits	4,000	52	4,052	4,052	-
Total	<u>519,651</u>	<u>21,723</u>	<u>541,374</u>	<u>518,820</u>	<u>22,554</u>
Special programs - instruction					
Other retirement contributions - PERS	11,160	-	11,160	11,160	-
Health benefits	103,762	(11,219)	92,543	92,543	-
Other employee benefits	900	-	900	900	-
Total	<u>115,822</u>	<u>(11,219)</u>	<u>104,603</u>	<u>104,603</u>	<u>-</u>
Attendance and social work services					
Social Security contributions	3,000	-	3,000	3,000	-
Other retirement contributions - PERS	5,000	-	5,000	5,000	-
Workmen's compensation	375	-	375	375	-
Health benefits	1,500	(200)	1,300	1,300	-
Other employee benefits	100	-	100	100	-
Total	<u>9,975</u>	<u>(200)</u>	<u>9,775</u>	<u>9,775</u>	<u>-</u>
Health services					
Social Security contributions	2,000	(1,359)	641	641	-
Workmen's compensation	1,000	-	1,000	1,000	-
Health benefits	3,000	-	3,000	3,000	-
Other employee benefits	100	-	100	100	-
Total	<u>6,100</u>	<u>(1,359)</u>	<u>4,741</u>	<u>4,741</u>	<u>-</u>
Other supp services - guidance					
Workmen's compensation	1,000	-	1,000	1,000	-
Health benefits	9,979	-	9,979	9,979	-
Other employee benefits	100	-	100	100	-
Total	<u>11,079</u>	<u>-</u>	<u>11,079</u>	<u>11,079</u>	<u>-</u>
Other supp services - child study teams					
Social Security contributions	-	4,000	4,000	4,000	-
Total	<u>-</u>	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>	<u>-</u>
Improvement of instruction services					
Social Security contributions	250	-	250	250	-
Workmen's compensation	1,000	-	1,000	1,000	-
Health benefits	9,136	-	9,136	9,136	-
Total	<u>10,386</u>	<u>-</u>	<u>10,386</u>	<u>10,386</u>	<u>-</u>

See independent auditors' report.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Educational media services - sch. library					
Social Security contributions	\$ 5,500	\$ -	\$ 5,500	\$ 5,500	\$ -
Other retirement contributions - PERS	15,000	-	15,000	15,000	-
Health benefits	23,940	(1,400)	22,540	22,540	-
Other employee benefits	375	-	375	375	-
Total	44,815	(1,400)	43,415	43,415	-
Support Services - general administration					
Social Security contributions	5,900	-	5,900	5,900	-
Other retirement contributions - PERS	11,250	-	11,250	11,250	-
Workmen's compensation	500	-	500	500	-
Health benefits	23,006	-	23,006	23,006	-
Other employee benefits	400	-	400	400	-
Total	41,056	-	41,056	41,056	-
Support services - school administration					
Social Security contributions	2,500	713	3,213	3,213	-
Other retirement contributions - PERS	4,450	-	4,450	4,450	-
Workmen's compensation	500	-	500	500	-
Health benefits	1,500	(818)	682	682	-
Tuition reimbursement	5,000	-	5,000	5,000	-
Other employee benefits	350	-	350	350	-
Total	14,300	(105)	14,195	14,195	-
Support Services - central services					
Social Security contributions	2,500	-	2,500	2,500	-
Other retirement contributions - PERS	4,250	-	4,250	4,250	-
Workmen's compensation	1,750	-	1,750	1,750	-
Health benefits	24,557	-	24,557	24,557	-
Other employee benefits	1,000	-	1,000	1,000	-
Total	34,057	-	34,057	34,057	-
Required maintenance for school facilities					
Social Security contributions	5,500	-	5,500	4,917	583
Other retirement contributions - PERS	11,000	-	11,000	11,000	-
Workmen's compensation	1,000	-	1,000	1,000	-
Health benefits	28,556	(5,854)	22,702	22,702	-
Other employee benefits	350	-	350	350	-
Total	46,406	(5,854)	40,552	39,969	583
Custodial services					
Social Security contributions	17,000	-	17,000	12,133	4,867
Other retirement contributions - PERS	25,000	-	25,000	25,000	-
Health benefits	64,110	-	64,110	64,110	-
Other employee benefits	1,000	-	1,000	1,000	-
Total	107,110	-	107,110	102,243	4,867

See independent auditors' report.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Care and upkeep of grounds					
Social Security contributions	\$ 5,000	\$ (1,524)	\$ 3,476	\$ 3,476	\$ -
Other retirement contributions - PERS	3,225	-	3,225	3,225	-
Health benefits	750	-	750	750	-
Other employee benefits	500	-	500	500	-
Total	<u>9,475</u>	<u>(1,524)</u>	<u>7,951</u>	<u>7,951</u>	<u>-</u>
Student transportation services					
Social Security contributions	5,000	-	5,000	3,504	1,496
Other retirement contributions - PERS	4,500	-	4,500	4,500	-
Other retirement contributions - regular	2,000	435	2,435	2,435	-
Health benefits	12,210	(12,210)	-	-	-
Other employee benefits	25,000	-	25,000	25,000	-
Total	<u>48,710</u>	<u>(11,775)</u>	<u>36,935</u>	<u>35,439</u>	<u>1,496</u>
Total allocated benefits - employees	<u>\$ 1,018,942</u>	<u>\$ (7,713)</u>	<u>\$ 1,011,229</u>	<u>\$ 981,729</u>	<u>\$ 29,500</u>
Unallocated benefits - employee benefits					
Social security contributions	\$ -	\$ 15,517	\$ 15,517	\$ 15,517	\$ -
Total	<u>-</u>	<u>15,517</u>	<u>15,517</u>	<u>15,517</u>	<u>-</u>
On-behalf TPAF Pension contribution	-	-	-	889,942	(889,942)
On-behalf TPAF Pension contribution	-	-	-	12,347	(12,347)
On-behalf TPAF Postretirement medical benefits	-	-	-	237,029	(237,029)
On-behalf TPAF Long-term disability insurance	-	-	-	536	(536)
Reimbursed TPAF Social Security contribution	-	-	-	191,830	(191,830)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,331,684</u>	<u>(1,331,684)</u>
Total undistributed expenditures	<u>\$ 4,246,425</u>	<u>\$ 255,956</u>	<u>\$ 4,502,381</u>	<u>\$ 5,749,324</u>	<u>\$ (1,246,943)</u>
Total current	<u>\$ 7,162,610</u>	<u>\$ 222,060</u>	<u>\$ 7,384,670</u>	<u>\$ 8,629,941</u>	<u>\$ (1,245,271)</u>
Capital outlay					
Equipment					
Grades 1-5	\$ -	\$ 5,294	\$ 5,294	\$ 5,294	\$ -
Undistributed					
Undistributed expenditures - security	11,998	-	11,998	11,998	-
Total equipment	<u>11,998</u>	<u>5,294</u>	<u>17,292</u>	<u>17,292</u>	<u>-</u>
Facilities acquisition and construction service					
Architectural/engineering services	45,500	(34,061)	11,439	11,439	-
Construction services	714,500	25,477	739,977	615,294	124,683
Lease purchase agreements - principal	246,408	-	246,408	246,408	-
Assessment for debt service on SDA funding	36,136	36,136	72,272	36,136	36,136
Total facilities acquisition and construction service	<u>1,042,544</u>	<u>27,552</u>	<u>1,070,096</u>	<u>909,277</u>	<u>160,819</u>
Total capital outlay	<u>\$ 1,054,542</u>	<u>\$ 32,846</u>	<u>\$ 1,087,388</u>	<u>\$ 926,569</u>	<u>\$ 160,819</u>
Total expenditures	<u>\$ 8,217,152</u>	<u>\$ 254,906</u>	<u>\$ 8,472,058</u>	<u>\$ 9,556,510</u>	<u>\$ (1,084,452)</u>

See independent auditors' report.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Excess (deficiency) of revenues over (under) expenditures	\$ (1,004,937)	\$ (254,906)	\$ (1,259,843)	\$ (643,777)	\$ 616,066
Fund balances, July 1	2,883,608	-	2,883,608	2,883,608	-
Fund balances, June 30	<u>\$ 1,878,671</u>	<u>\$ (254,906)</u>	<u>\$ 1,623,765</u>	<u>\$ 2,239,831</u>	<u>\$ 616,066</u>
Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Adjustment for prior year encumbrances	\$ (40,798)	\$ -	\$ (40,798)	\$ (40,798)	\$ -
Increase in capital reserve	-	293,000	293,000	293,000	-
Interest deposit to capital reserve	500	-	500	11,026	10,526
Withdrawal from capital reserve	(760,000)	-	(760,000)	(760,000)	-
Interest earned on maintenance reserve	100	-	100	-	(100)
Withdrawal from maintenance reserve	(100,000)	-	(100,000)	(100,000)	-
Interest earned on unemployment compensation	-	-	-	2,260	2,260
Budgeted fund balance	<u>(104,739)</u>	<u>(547,906)</u>	<u>(652,645)</u>	<u>(49,265)</u>	<u>603,380</u>
Total	<u>\$ (1,004,937)</u>	<u>\$ (254,906)</u>	<u>\$ (1,259,843)</u>	<u>\$ (643,777)</u>	<u>\$ 616,066</u>
Recapitulation of fund balance					
Restricted fund balance					
Capital reserve				\$ 858,863	
Maintenance reserve				207,807	
Unemployment compensation				307,921	
Committed fund balance					
Year-end encumbrances				124,711	
Assigned fund balance					
Designated for subsequent year's expenditures				266,766	
Unassigned fund balance				<u>473,763</u>	
Fund balance per budgetary basis				2,239,831	
Reconciliation to governmental statements (GAAP)					
Last state aid payments not recognized on GAAP basis				<u>(40,361)</u>	
Fund balance per governmental funds (GAAP)				<u>\$ 2,199,470</u>	

See independent auditors' report.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Unaudited		Final Budget	Actual	Variance Final to Actual
	Original Budget	Budget Transfers			
Revenues					
Local sources	\$ -	\$ 30,075	\$ 30,075	\$ 43,151	\$ 13,076
State sources	-	-	-	6,600	6,600
Federal sources	546,775	12,972	559,747	408,951	(150,796)
Total revenues	\$ 546,775	\$ 43,047	\$ 589,822	\$ 458,702	\$ (131,120)
Expenditures					
Instruction					
Salaries	\$ 94,933	\$ -	\$ 94,933	\$ 64,933	\$ 30,000
Other purchased services	8,540	-	8,540	7,529	1,011
General supplies	143,640	37,144	180,784	142,114	38,670
Total	247,113	37,144	284,257	214,576	69,681
Support services					
Tuition	91,510	-	91,510	91,510	-
Salaries	18,000	-	18,000	-	18,000
Employee benefits	40,193	-	40,193	25,316	14,877
Purchased professional & technical services	13,160	33,780	46,940	38,446	8,494
General supplies	35,804	(20,764)	15,040	15,040	-
Student activities	-	30,030	30,030	30,030	-
Total	198,667	43,046	241,713	200,342	41,371
Capital outlay					
Building	2,596	(2,596)	-	-	-
Instructional equipment	98,399	(34,547)	63,852	43,739	20,113
Total	100,995	(37,143)	63,852	43,739	20,113
Total expenditures	\$ 546,775	\$ 43,047	\$ 589,822	\$ 458,657	\$ 131,165
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ 45	\$ 45
Fund balances, July 1	60,634	-	60,634	60,634	-
Fund balances, June 30	\$ 60,634	\$ -	\$ 60,634	\$ 60,679	\$ 45
Recapitulation of fund balance					
Restricted fund balance					
Scholarships				\$ 30,229	
Student activities				30,450	
Fund balance per budgetary basis				<u>\$ 60,679</u>	

See independent auditors' report.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Notes to Required Supplementary Information
Budget-to-GAAP Reconciliation
For the Fiscal Year Ended June 30, 2023

Explanation of Differences Between Budgetary Inflows and
Outflows and GAAP Revenues and Expenditures

	General Fund	Special Revenue Fund
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 8,912,733	\$ 458,702
Difference - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding encumbrances - prior year	-	6,121
Outstanding encumbrances - current year	-	(67,730)
Differences - Budget to GAAP		
The last state aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33):		
State aid receivable - prior year	36,577	-
State aid receivable - current year	(40,361)	-
Total revenues (GAAP basis)	\$ 8,908,949	\$ 397,093
Uses/Outflows of Resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 9,556,510	\$ 458,657
Differences - Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes:		
Outstanding encumbrances - prior year	-	6,121
Outstanding encumbrances - current year	-	(67,730)
Total expenditures (GAAP basis)	\$ 9,556,510	\$ 397,048

See independent auditors' report.

REQUIRED SUPPLEMENTARY INFORMATION - PART III

**SCHEDULES RELATED TO ACCOUNTING
AND REPORTING FOR PENSIONS (GASB 68)
(UNAUDITED)**

FRANKLIN TOWNSHIP SCHOOL DISTRICT (HUNTERDON COUNTY)
Schedule of the District's Proportionate Share of the Net Pension Liability
Public Employees Retirement System
Last Ten Fiscal Years

	District's proportion of the net pension liability (asset)		District's covered employee payroll	District's proportion of the net pension liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
	Percentage	Value			
2014	0.0079867967%	\$ 1,495,347	\$ 239,690	623.87%	52.08%
2015	0.0028656611%	643,283	256,430	250.86%	47.93%
2016	0.0037821410%	1,120,162	245,198	456.84%	40.14%
2017	0.0033631508%	782,888	269,526	290.47%	48.10%
2018	0.0040684600%	801,059	313,395	255.61%	53.60%
2019	0.0068237513%	1,229,536	467,754	262.86%	56.27%
2020	0.0065808336%	1,073,162	523,262	205.09%	58.32%
2021	0.0075601378%	895,612	469,651	190.70%	70.33%
2022	0.0065677118%	991,158	523,972	189.16%	62.91%
2023	N/A	N/A	546,800	N/A	N/A

N/A = Information not available

See independent auditors' report.

FRANKLIN TOWNSHIP SCHOOL DISTRICT (HUNTERDON COUNTY)
Schedule of District's Contributions
Public Employees Retirement System
Last Ten Fiscal Years

	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	District's covered employee payroll	Contributions as a percentage of covered employee payroll
2014	\$ 59,449	\$ (59,449)	\$ -	\$ 239,690	24.80%
2015	65,845	(65,845)	-	256,430	25.68%
2016	24,637	(24,637)	-	245,198	10.05%
2017	33,600	(33,600)	-	269,526	12.47%
2018	31,156	(31,156)	-	313,395	9.94%
2019	40,468	(40,468)	-	467,754	8.65%
2020	66,375	(66,375)	-	523,262	12.68%
2021	71,991	(71,991)	-	469,651	15.33%
2022	88,538	(88,538)	-	523,972	16.90%
2023	82,822	(82,822)	-	546,800	15.15%

N/A = Information not available

See independent auditors' report.

FRANKLIN TOWNSHIP SCHOOL DISTRICT (HUNTERDON COUNTY)
Schedule of the District's Proportionate Share of the Net Pension Liability
Teacher's Pension and Annuity Fund
Last Ten Fiscal Years

	Proportionate share of net pension liability (asset)			Total	District's covered employee payroll	District's proportion of the net pension liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as as a percentage of the total pension liability
	District's proportion		State's				
	Percentage	Value	proportion				
2014	0.00%	\$ -	\$ 10,200,574	\$ 10,200,574	\$ 2,267,805	0.00%	33.64%
2015	0.00%	-	12,689,567	12,689,567	2,286,558	0.00%	28.71%
2016	0.00%	-	17,984,152	17,984,152	2,447,015	0.00%	22.33%
2017	0.00%	-	15,497,015	15,497,015	2,506,048	0.00%	25.41%
2018	0.00%	-	16,217,588	16,217,588	2,270,414	0.00%	26.49%
2019	0.00%	-	14,912,668	14,912,668	2,376,730	0.00%	26.95%
2020	0.00%	-	14,089,258	14,089,258	2,289,101	0.00%	24.60%
2021	0.00%	-	10,339,802	10,339,802	2,271,362	0.00%	35.52%
2022	0.00%	-	10,585,540	10,585,540	2,411,948	0.00%	32.29%
2023	N/A	N/A	N/A	N/A	2,641,131	N/A	N/A

N/A = Information not available

See independent auditors' report.

FRANKLIN TOWNSHIP SCHOOL DISTRICT (HUNTERDON COUNTY)
Schedule of District's Contributions
Teacher's Pension and Annuity Fund
Last Ten Fiscal Years

	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	District's covered employee payroll	Contributions as a percentage of covered employee payroll
2014	\$ 80,740	\$ (80,740)	\$ -	\$ 2,267,805	3.56%
2015	108,544	(108,544)	-	2,286,558	4.75%
2016	183,036	(183,036)	-	2,447,015	7.48%
2017	258,531	(258,531)	-	2,506,048	10.32%
2018	384,520	(384,520)	-	2,270,414	16.94%
2019	385,353	(385,353)	-	2,376,730	16.21%
2020	488,571	(488,571)	-	2,289,101	21.34%
2021	484,848	(484,848)	-	2,271,362	21.35%
2022	630,282	(630,282)	-	2,411,948	26.13%
2023	858,681	(858,681)	-	2,641,131	32.51%

N/A = Information not available

See independent auditors' report.

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR
OTHER POSTEMPLOYMENT EMPLOYEE BENEFITS (GASB 75)
(UNAUDITED)**

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Other
Postemployment Employee Benefits Liability
Last Ten Fiscal Years

	Proportionate share of other postemployment employee benefits liability (asset)				District's covered employee payroll	District's proportion of the other postemployment employee liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total other postemployment employee benefits liability
	District's proportion		State's proportion	Total			
	Percentage	Value					
2014	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2017	0.00%	\$ -	\$ 11,232,661	\$ 11,232,661	\$ 2,775,574	N/A	0.00%
2018	0.00%	-	9,419,302	9,419,302	2,583,809	0.00%	0.00%
2019	0.00%	-	8,614,080	8,614,080	2,844,484	0.00%	0.00%
2020	0.00%	-	14,090,114	14,090,114	2,812,363	0.00%	0.00%
2021	0.00%	-	12,376,323	12,376,323	2,741,013	0.00%	0.00%
2022	0.00%	-	10,602,301	10,602,301	2,935,920	0.00%	0.00%
2023	N/A	N/A	N/A	N/A	N/A	N/A	N/A

N/A = Information not available

See independent auditors' report.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Notes to the Required Supplementary Information - Part III
(Unaudited)
June 30, 2023

- Note 1 - Special funding situation - TPAF and other postretirement benefits
The participating employer allocations included in the supplemental Schedule of Employer Special Funding Allocations and the supplemental Schedule of Special Funding Amounts by Employer for each local employer are provided as each local employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the pension expense and other postretirement benefits (OPEB) expense allocated to the State of New Jersey (the State) under the special-funding situation and include their proportionate share of the net pension liability and OPEB liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on actual contributions made to the Teachers' Pension and Annuity Fund and for OPEB allocated to employers based upon covered payroll and adjusted by expected State Early Retirement Incentive contributions for the respective fiscal year.
- Note 2 - Changes in assumptions - TPAF
The discount rate was 7.00% in State fiscal year 2021 and 7.00% in State fiscal year 2022. The inflation rate was 2.75% in State fiscal year 2021 and 2.75% in State fiscal year 2022.
- Note 3 - Changes in assumptions - PERS
The discount rate was 7.00% in State fiscal year 2021 and 7.00% in State fiscal year 2022. The inflation rate was 2.75% for State fiscal year 2021 and 2.75% for State fiscal year 2022.
- Note 4 - Changes in assumptions - other postretirement employee benefits
The other postretirement employee benefits discount rate increased from 2.16% in State fiscal year 2021 to 3.54% in State fiscal year 2022. The inflation rate was 2.50% for State fiscal year 2021 and 2022.
- Note 5 - Changes in healthcare trend assumptions - other postretirement employee benefits
For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-65 PPO, the trend is initially (1.99%) in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially (3.54%) in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

SPECIAL REVENUE FUND

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted expenditures for specific purposes.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues
and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2023

	Total Brought Forward	ESSA Title IIA	ESSA Title IV	IDEA Basic	IDEA Preschool	ESSA Title IA	Total
Revenues							
Local sources	\$ 43,151	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,151
State sources	6,600	-	-	-	-	-	6,600
Federal sources	303,388	4,529	8,642	86,929	4,581	882	408,951
Total revenues	\$ 353,139	\$ 4,529	\$ 8,642	\$ 86,929	\$ 4,581	\$ 882	\$ 458,702
Expenditures							
Instruction							
Salaries	\$ 64,933	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,933
Other purchase services	-	4,529	3,000	-	-	-	7,529
General supplies	135,590	-	5,642	-	-	882	142,114
Total	200,523	4,529	8,642	-	-	882	214,576
Support services							
Tuition	-	-	-	86,929	4,581	-	91,510
Employee benefits	25,316	-	-	-	-	-	25,316
Purchased professional & technical services	38,446	-	-	-	-	-	38,446
General supplies	15,040	-	-	-	-	-	15,040
Student activities	30,030	-	-	-	-	-	30,030
Total	108,832	-	-	86,929	4,581	-	200,342
Capital outlay							
Instructional equipment	43,739	-	-	-	-	-	43,739
Total expenditures	\$ 353,094	\$ 4,529	\$ 8,642	\$ 86,929	\$ 4,581	\$ 882	\$ 458,657
Excess (deficiency) of revenues over (under) expenditures	\$ 45	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45
Fund balances, July 1	60,634	-	-	-	-	-	60,634
Fund balances, June 30	\$ 60,679	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,679

See independent auditors' report.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues
and Expenditures - Budgetary Basis (continued)
For the Fiscal Year Ended June 30, 2023

	Total Brought Forward	CRRSA ESSER II	CRRSA Learning Acceleration	CRRSA Mental Health	ARP ESSER III	Total Carried Forward
Revenues						
Local sources	\$ 43,151	\$ -	\$ -	\$ -	\$ -	\$ 43,151
State sources	6,600	-	-	-	-	6,600
Federal sources	120,611	2,363	18,473	32,846	129,095	303,388
Total revenues	\$ 170,362	\$ 2,363	\$ 18,473	\$ 32,846	\$ 129,095	\$ 353,139
Expenditures						
Instruction						
Salaries	\$ 54,483	\$ -	\$ 10,450	\$ -	\$ -	\$ 64,933
Other purchase services	-	-	-	-	-	-
General supplies	45,611	399	4,224	-	85,356	135,590
Total	100,094	399	14,674	-	85,356	200,523
Support services						
Tuition	-	-	-	-	-	-
Employee benefits	24,517	-	799	-	-	25,316
Purchased professional & technical services	2,600	-	3,000	32,846	-	38,446
General supplies	13,076	1,964	-	-	-	15,040
Student activities	30,030	-	-	-	-	30,030
Total	70,223	1,964	3,799	32,846	-	108,832
Capital outlay						
Instructional equipment	-	-	-	-	43,739	43,739
Total expenditures	\$ 170,317	\$ 2,363	\$ 18,473	\$ 32,846	\$ 129,095	\$ 353,094
Excess (deficiency) of revenues over (under) expenditures	\$ 45	\$ -	\$ -	\$ -	\$ -	\$ 45
Fund balances, July 1	60,634	-	-	-	-	60,634
Fund balances, June 30	\$ 60,679	\$ -	\$ -	\$ -	\$ -	\$ 60,679

See independent auditors' report.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues
and Expenditures - Budgetary Basis (continued)
For the Fiscal Year Ended June 30, 2023

	Total Brought Forward	ESSER Beyond the School Day	ESSER Accelerated Learning	Small Rural School Achievement	School Climate Change Pilot	Total Carried Forward
Revenues						
Local sources	\$ 43,151	\$ -	\$ -	\$ -	\$ -	\$ 43,151
State sources	-	-	-	-	6,600	6,600
Federal sources	-	40,000	50,000	30,611	-	120,611
Total revenues	\$ 43,151	\$ 40,000	\$ 50,000	\$ 30,611	\$ 6,600	\$ 170,362
Expenditures						
Instruction						
Salaries	\$ -	\$ 20,000	\$ 34,483	\$ -	\$ -	\$ 54,483
Other purchase services	-	-	-	-	-	-
General supplies	-	11,000	-	30,611	4,000	45,611
Total	-	31,000	34,483	30,611	4,000	100,094
Support services						
Tuition	-	-	-	-	-	-
Employee benefits	-	9,000	15,517	-	-	24,517
Purchased professional & technical services	-	-	-	-	2,600	2,600
General supplies	13,076	-	-	-	-	13,076
Student activities	30,030	-	-	-	-	30,030
Total	43,106	9,000	15,517	-	2,600	70,223
Capital outlay						
Instructional equipment	-	-	-	-	-	-
Total expenditures	\$ 43,106	\$ 40,000	\$ 50,000	\$ 30,611	\$ 6,600	\$ 170,317
Excess (deficiency) of revenues over (under) expenditures	\$ 45	\$ -	\$ -	\$ -	\$ -	\$ 45
Fund balances, July 1	60,634	-	-	-	-	60,634
Fund balances, June 30	\$ 60,679	\$ -	\$ -	\$ -	\$ -	\$ 60,679

See independent auditors' report.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues
and Expenditures - Budgetary Basis (continued)
For the Fiscal Year Ended June 30, 2023

	Local Grants	Scholarships	Student Activities	Total Carried Forward
Revenues				
Local sources	\$ 13,076	\$ 218	\$ 29,857	\$ 43,151
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues	\$ 13,076	\$ 218	\$ 29,857	\$ 43,151
Expenditures				
Instruction				
Salaries	\$ -	\$ -	\$ -	\$ -
Other purchase services	-	-	-	-
General supplies	-	-	-	-
Total	-	-	-	-
Support services				
Tuition	-	-	-	-
Employee benefits	-	-	-	-
Purchased professional & technical services	-	-	-	-
General supplies	13,076	-	-	13,076
Student activities	-	-	30,030	30,030
Total	13,076	-	30,030	43,106
Capital outlay				
Instructional equipment	-	-	-	-
Total expenditures	\$ 13,076	\$ -	\$ 30,030	\$ 43,106
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 218	\$ (173)	\$ 45
Fund balances, July 1	-	30,011	30,623	60,634
	\$ -	\$ 30,229	\$ 30,450	\$ 60,679

See independent auditors' report.

LONG-TERM DEBT SCHEDULES

The Long-Term Debt Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the School District. This includes serial bonds outstanding, obligations under leases, and early retirement program.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Long-Term Debt
Schedule of Serial Bonds
For the Fiscal Year Ended June 30, 2023

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/22	Issued	Retired	Balance 06/30/23
			Date	Amount					
2012 Refunding issue of 2005 series	03/17/13	\$ 5,380,000	02/15/24	\$ 600,000	4.00%	\$ 1,795,000	\$ -	\$ 575,000	\$ 1,220,000
			02/15/25	620,000	4.00%	-	-	-	-
						<u>\$ 1,795,000</u>	<u>\$ -</u>	<u>\$ 575,000</u>	<u>\$ 1,220,000</u>

See independent auditors' report.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Long-Term Debt
Schedule of Obligations Under Leases
For the Fiscal Year Ended June 30, 2023

Description	Interest Rate	Amount of Original Issue	Balance 07/01/22	Issued	Retired	Balance 06/30/23
Security improvements, roofing replacement, exterior concrete stair replacement, and basement water infiltrations	3.175%	\$ 1,200,000	\$ 498,355	-	\$ 246,408	\$ 251,947
			<u>\$ 498,355</u>	<u>-</u>	<u>\$ 246,408</u>	<u>\$ 251,947</u>

See independent auditors' report.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Debt Service Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Unaudited		Actual	Variance Final to Actual
	Original Budget	Budget Transfers		
Revenues				
Local sources				
Local tax levy	\$ 646,800	\$ -	\$ 646,800	\$ -
Total revenues	<u>646,800</u>	<u>-</u>	<u>646,800</u>	<u>-</u>
Expenditures				
Regular debt service				
Redemption of principal	575,000	-	575,000	-
Interest on bonds	71,800	-	71,800	-
Total expenditures	<u>646,800</u>	<u>-</u>	<u>646,800</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Fund balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

STATISTICAL SECTION

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Net Position by Component
Last Ten Fiscal Years (Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Government activities										
Net investment in capital assets	\$ 6,667,919	\$ 6,709,605	\$ 6,963,838	\$ 7,155,687	\$ 7,343,926	\$ 7,361,529	\$ 7,535,789	\$ 8,194,027	\$ 9,084,698	\$ 9,901,282
Restricted	161,623	254,246	414,577	574,340	1,052,110	1,458,689	2,468,971	2,761,128	2,281,939	1,435,270
Unrestricted	(1,334,360)	(959,799)	(874,319)	(931,629)	(646,379)	(585,618)	(704,967)	(560,935)	(382,258)	(134,121)
Total governmental activities	<u>\$ 5,495,182</u>	<u>\$ 6,004,052</u>	<u>\$ 6,504,096</u>	<u>\$ 6,798,398</u>	<u>\$ 7,749,657</u>	<u>\$ 8,234,600</u>	<u>\$ 9,299,793</u>	<u>\$ 10,394,220</u>	<u>\$ 10,984,379</u>	<u>\$ 11,202,431</u>
Business-type activities										
Net investment in capital assets	\$ 9,407	\$ 8,273	\$ 7,139	\$ 13,188	\$ 11,402	\$ 11,026	\$ 9,591	\$ 8,156	\$ 6,720	\$ 5,284
Unrestricted	70,836	80,880	67,869	29,489	35,482	3,741	2,007	13,037	29,636	76,081
Total business-type activities	<u>\$ 80,243</u>	<u>\$ 89,153</u>	<u>\$ 75,008</u>	<u>\$ 42,677</u>	<u>\$ 46,884</u>	<u>\$ 14,767</u>	<u>\$ 11,598</u>	<u>\$ 21,193</u>	<u>\$ 36,356</u>	<u>\$ 81,365</u>
District-wide										
Net investment in capital assets	\$ 6,677,326	\$ 6,717,878	\$ 6,970,977	\$ 7,168,875	\$ 7,355,328	\$ 7,372,555	\$ 7,545,380	\$ 8,202,183	\$ 9,091,418	\$ 9,906,566
Restricted	161,623	254,246	414,577	574,340	1,052,110	1,458,689	2,468,971	2,761,128	2,281,939	1,435,270
Unrestricted	(1,263,524)	(878,919)	(806,450)	(902,140)	(610,897)	(581,877)	(702,960)	(547,898)	(352,622)	(58,040)
Total district-wide	<u>\$ 5,575,425</u>	<u>\$ 6,093,205</u>	<u>\$ 6,579,104</u>	<u>\$ 6,841,075</u>	<u>\$ 7,796,541</u>	<u>\$ 8,249,367</u>	<u>\$ 9,311,391</u>	<u>\$ 10,415,413</u>	<u>\$ 11,020,735</u>	<u>\$ 11,283,796</u>

*

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

* as restated

See independent auditors' report.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Changes in Net Position
Last Ten Fiscal Years (Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities										
Instruction										
Regular	\$ 2,861,410	\$ 3,089,186	\$ 3,989,038	\$ 4,153,428	\$ 4,464,813	\$ 4,530,474	\$ 3,759,052	\$ 4,241,238	\$ 3,952,667	\$ 3,939,404
Special education	881,283	898,844	657,463	837,329	437,254	688,953	711,896	866,785	1,090,679	1,393,265
Other special education	61,467	75,775	123,932	98,611	193,872	3,878	-	24,117	195,902	202,007
Other instruction	12,874	25,385	37,681	46,678	47,347	78,127	326,706	33,079	44,405	28,934
Support services										
Tuition	326,465	297,520	331,905	210,704	323,119	324,918	197,510	227,219	315,037	438,600
Student & instruction related services	717,766	757,493	798,516	995,930	1,123,937	1,234,490	1,459,329	1,438,343	1,527,147	1,796,245
General & business administrative services	595,459	627,610	643,343	712,448	661,909	634,784	632,463	615,780	555,761	558,241
School administration	82,020	109,434	91,214	138,232	86,456	89,842	73,689	237,725	214,006	223,929
Plant operations & maintenance	474,002	472,717	478,728	663,211	628,220	770,890	815,295	846,365	963,697	1,017,739
Pupil transportation	312,307	300,046	110,350	458,737	310,738	359,248	303,148	381,349	451,158	563,310
Interest on long-term debt	275,787	225,236	248,948	192,159	177,688	185,275	155,304	126,999	107,773	87,709
Total governmental activities expenses	<u>6,600,840</u>	<u>6,879,246</u>	<u>7,511,118</u>	<u>8,507,467</u>	<u>8,455,353</u>	<u>8,900,879</u>	<u>8,434,392</u>	<u>9,038,999</u>	<u>9,418,232</u>	<u>10,249,383</u>
Business-type activities										
Food services	66,830	62,861	67,225	71,754	73,548	71,519	57,500	42,656	84,627	86,577
Pre K & K wrap program	20,275	48,709	65,014	61,000	15,750	-	-	-	-	-
Total business-type activities	<u>87,105</u>	<u>111,570</u>	<u>132,239</u>	<u>132,754</u>	<u>89,298</u>	<u>71,519</u>	<u>57,500</u>	<u>42,656</u>	<u>84,627</u>	<u>86,577</u>
Total district expenses	<u>\$ 6,687,945</u>	<u>\$ 6,990,816</u>	<u>\$ 7,643,357</u>	<u>\$ 8,640,221</u>	<u>\$ 8,544,651</u>	<u>\$ 8,972,398</u>	<u>\$ 8,491,892</u>	<u>\$ 9,081,655</u>	<u>\$ 9,502,859</u>	<u>\$ 10,335,960</u>

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Changes in Net Position (continued)
Last Ten Fiscal Years (Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Program revenues										
Governmental activities										
Charges for services										
Instruction	\$ 1,147	\$ 11,511	\$ 16,672	\$ 11,314	\$ -	\$ 90,567	\$ 56,130	\$ 94,667	\$ 157,615	\$ 354,250
General & business administration services	-	-	-	13,750	31,400	-	-	-	-	-
Plant operations & maintenance	7,702	250	472	3,800	3,245	2,790	3,688	-	-	-
Pupil transportation	195	-	-	-	-	7,500	14,998	-	-	-
Operating grants & contributions	147,083	142,654	126,913	147,159	165,753	214,490	174,983	171,940	197,989	367,236
Total governmental activities	<u>156,127</u>	<u>154,415</u>	<u>144,057</u>	<u>176,023</u>	<u>200,398</u>	<u>315,347</u>	<u>249,799</u>	<u>266,607</u>	<u>355,604</u>	<u>721,486</u>
Business-type activities										
Charges for services										
Food service	54,649	49,919	55,939	50,332	57,260	53,395	39,452	449	9,665	74,742
Pre K & K wrap program	43,975	56,813	46,834	36,293	41,594	-	-	-	-	-
Operating grants & contributions	14,581	13,714	15,260	13,723	14,383	16,480	14,559	46,800	90,122	56,618
Total business - type activities	<u>113,205</u>	<u>120,446</u>	<u>118,033</u>	<u>100,348</u>	<u>113,237</u>	<u>69,875</u>	<u>54,011</u>	<u>47,249</u>	<u>99,787</u>	<u>131,360</u>
Total district-wide program revenues	<u>\$ 269,332</u>	<u>\$ 274,861</u>	<u>\$ 262,090</u>	<u>\$ 276,371</u>	<u>\$ 313,635</u>	<u>\$ 385,222</u>	<u>\$ 303,810</u>	<u>\$ 313,856</u>	<u>\$ 455,391</u>	<u>\$ 852,846</u>
Net (expense) revenues										
Governmental activities	\$ (6,444,713)	\$ (6,724,831)	\$ (7,367,061)	\$ (8,331,444)	\$ (8,254,955)	\$ (8,585,532)	\$ (8,184,593)	\$ (8,772,392)	\$ (9,062,628)	\$ (9,527,897)
Business-type activities	26,100	8,876	(14,206)	(32,406)	23,939	(1,644)	(3,489)	4,593	15,160	44,783
Total district-wide net expenses	<u>\$ (6,418,613)</u>	<u>\$ (6,715,955)</u>	<u>\$ (7,381,267)</u>	<u>\$ (8,363,850)</u>	<u>\$ (8,231,016)</u>	<u>\$ (8,587,176)</u>	<u>\$ (8,188,082)</u>	<u>\$ (8,767,799)</u>	<u>\$ (9,047,468)</u>	<u>\$ (9,483,114)</u>

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Changes in Net Position (continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General revenues & other changes in net position										
Governmental activities										
Property taxes levied for general purposes, net	\$ 5,128,102	\$ 5,230,664	\$ 5,335,277	\$ 5,439,982	\$ 5,548,782	\$ 5,659,758	\$ 5,859,583	\$ 5,976,775	\$ 6,096,311	\$ 6,217,871
Taxes levied for debt service	640,774	639,875	643,550	634,698	645,500	645,800	645,650	645,050	649,000	646,800
Unrestricted grants & contributions	737,015	1,349,588	1,805,503	2,502,994	2,941,300	2,676,545	2,380,757	3,196,463	2,848,542	2,810,055
Investment earnings	4,607	4,886	5,317	6,651	14,936	27,024	38,301	1,438	893	20,548
Miscellaneous income	64,755	8,688	77,458	41,424	35,696	29,771	64,309	52,093	58,041	50,675
Operating transfer	(96,306)	-	-	-	20,000	31,577	-	(5,000)	-	-
Gain (loss) on disposal of assets	-	-	-	-	-	-	(19,818)	-	-	-
Prior year adjustment	-	-	-	(3)	-	-	-	-	-	-
Total governmental activities	<u>6,478,947</u>	<u>7,233,701</u>	<u>7,867,105</u>	<u>8,625,746</u>	<u>9,206,214</u>	<u>9,070,475</u>	<u>8,968,782</u>	<u>9,866,819</u>	<u>9,652,787</u>	<u>9,745,949</u>
Business-type activities										
Investment earnings	23	34	61	75	58	74	69	2	3	226
Miscellaneous income	-	-	-	-	210	200	251	-	-	-
Gain on disposal of assets	-	-	-	-	-	830	-	-	-	-
Operating transfer	-	-	-	-	(20,000)	(31,577)	-	5,000	-	-
Total business-type activities	<u>23</u>	<u>34</u>	<u>61</u>	<u>75</u>	<u>(19,732)</u>	<u>(30,473)</u>	<u>320</u>	<u>5,002</u>	<u>3</u>	<u>226</u>
Total district-wide	<u>\$ 6,478,970</u>	<u>\$ 7,233,735</u>	<u>\$ 7,867,166</u>	<u>\$ 8,625,821</u>	<u>\$ 9,186,482</u>	<u>\$ 9,040,002</u>	<u>\$ 8,969,102</u>	<u>\$ 9,871,821</u>	<u>\$ 9,652,790</u>	<u>\$ 9,746,175</u>
Change in net position										
Governmental activities	\$ 34,234	\$ 508,870	\$ 500,044	\$ 294,302	\$ 951,259	\$ 484,943	\$ 784,189	\$ 1,094,427	\$ 590,159	\$ 218,052
Business-type activities	26,123	8,910	(14,145)	(32,331)	4,207	(32,117)	(3,169)	9,595	15,163	45,009
Total district	<u>\$ 60,357</u>	<u>\$ 517,780</u>	<u>\$ 485,899</u>	<u>\$ 261,971</u>	<u>\$ 955,466</u>	<u>\$ 452,826</u>	<u>\$ 781,020</u>	<u>\$ 1,104,022</u>	<u>\$ 605,322</u>	<u>\$ 263,061</u>

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General fund										
Restricted	\$ 223,702	\$ 289,261	\$ 500,143	\$ 704,023	\$ 1,121,260	\$ 1,465,344	\$ 2,471,525	\$ 2,704,249	\$ 2,221,305	\$ 1,374,591
Committed	106,423	329,387	393,057	99,877	234,210	115,086	172,760	101,129	40,798	124,711
Assigned	-	7,417	-	-	-	181,754	1,547	17,104	104,739	266,766
Unassigned	235,073	235,310	294,474	345,955	341,220	292,703	235,584	391,111	480,189	433,402
Total general fund	<u>\$ 565,198</u>	<u>\$ 861,375</u>	<u>\$ 1,187,674</u>	<u>\$ 1,149,855</u>	<u>\$ 1,696,690</u>	<u>\$ 2,054,887</u>	<u>\$ 2,881,416</u>	<u>\$ 3,213,593</u>	<u>\$ 2,847,031</u>	<u>\$ 2,199,470</u>
							*			
All other governmental funds										
Restricted, reported in										
Special revenue fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,492	\$ 56,879	\$ 60,634	\$ 60,679
Capital projects fund	3	6	-	-	-	-	-	-	-	-
Assigned, reported in										
Debt service fund	10,052	10,052	10,058	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 10,055</u>	<u>\$ 10,058</u>	<u>\$ 10,058</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,492</u>	<u>\$ 56,879</u>	<u>\$ 60,634</u>	<u>\$ 60,679</u>
							*			

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

* as restated

See independent auditors' report.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Tax levy	\$ 5,768,876	\$ 5,870,539	\$ 5,978,827	\$ 6,074,680	\$ 6,194,282	\$ 6,305,558	\$ 6,505,233	\$ 6,621,825	\$ 6,745,311	\$ 6,864,671
Tuition charges	-	11,511	16,672	11,314	-	90,567	56,130	87,155	133,292	324,393
Transportation fees	-	-	-	-	-	7,500	14,998	-	-	-
Rents and royalties	-	-	-	3,800	3,245	2,790	3,688	-	850	-
Interest earnings	4,607	4,886	5,317	6,651	14,936	27,024	38,301	1,438	893	20,548
Miscellaneous	27,963	8,938	40,412	55,540	67,096	31,759	65,229	94,307	81,522	86,652
State sources	764,613	830,410	1,048,292	1,179,856	1,325,422	1,462,048	1,396,118	1,673,871	2,019,005	2,279,425
Federal sources	118,759	112,945	109,312	118,672	131,813	170,676	128,015	137,238	197,981	377,153
Total revenues	6,684,818	6,839,229	7,198,832	7,450,513	7,736,794	8,097,922	8,207,712	8,615,834	9,178,854	9,952,842
Expenditures										
Instruction										
Regular instruction	2,019,154	1,900,067	2,471,583	2,159,749	2,025,138	2,139,465	1,898,142	1,842,656	1,908,783	1,893,891
Special education instruction	654,723	549,939	448,868	507,122	223,801	352,489	375,693	379,371	576,391	842,173
Other special instruction	49,567	49,313	79,251	90,570	91,691	-	-	-	96,322	118,603
Other instruction	10,504	23,360	31,878	42,872	43,529	46,176	39,266	27,431	39,377	25,950
Support services										
Tuition	242,446	222,436	255,220	148,673	257,033	250,383	157,510	169,219	257,037	351,671
Student & instr. related services	511,373	483,340	503,288	592,148	705,980	698,931	953,002	952,220	1,003,037	1,212,324
General administration	262,144	245,585	263,879	286,011	269,412	247,007	210,952	212,025	236,936	219,242
School administration services	56,249	68,111	64,257	71,273	79,842	71,947	41,549	108,305	115,753	133,462
Central services	155,364	158,052	167,526	170,175	173,241	177,728	187,645	135,757	116,464	145,623
Plant operations & maintenance	463,225	469,402	479,944	660,124	621,757	720,182	673,582	641,259	766,061	840,674
Pupil transportation	308,916	293,789	135,893	479,708	329,895	354,202	294,260	333,071	407,449	521,873
Employee benefits	726,017	740,667	664,802	661,874	624,106	780,267	801,674	854,686	915,044	992,771
On-behalf TPAF Pension & Social Security contribution	390,098	444,433	586,349	654,951	798,870	880,728	819,408	997,636	1,232,961	1,331,684
Capital outlay	130,887	52,430	61,256	120,089	68,275	1,255,371	70,669	508,132	728,380	644,025
Special revenue funds	147,083	142,654	126,913	147,159	165,753	214,490	174,983	148,068	217,707	397,048
Debt service										
Principal	450,000	440,000	460,000	475,000	490,000	505,000	752,066	765,756	793,823	821,408
Interest & other charges	230,242	236,011	219,686	205,886	191,636	176,936	161,786	146,186	130,136	107,936
Total expenditures	6,807,992	6,519,589	7,020,593	7,473,384	7,159,959	8,871,302	7,612,187	8,221,778	9,541,661	10,600,358

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Changes in Fund Balances - Governmental Funds (continued)
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Excess (deficiency) of revenues over (under) expenditures	\$ (123,174)	\$ 319,640	\$ 178,239	\$ (22,871)	\$ 576,835	\$ (773,380)	\$ 595,525	\$ 394,056	\$ (362,807)	\$ (284,145)
Other financing sources (uses)										
Leases (non-budgeted)	123,493	-	148,060	-	-	1,200,000	-	-	-	-
Transfers in (out)	(96,306)	(23,460)	-	(25,006)	(30,000)	(68,423)	(50,000)	(5,000)	-	-
Total other financing sources (uses)	27,187	(23,460)	148,060	(25,006)	(30,000)	1,131,577	(50,000)	(5,000)	-	-
Net change in fund balances	\$ (95,987)	\$ 296,180	\$ 326,299	\$ (47,877)	\$ 546,835	\$ 358,197	\$ 545,525	\$ 389,056	\$ (362,807)	\$ (284,145)
Debt service as a percentage of non-capital expenditures	11.34%	11.67%	10.82%	10.20%	10.63%	9.83%	13.79%	13.41%	11.71%	10.73%

Source: District Records

Note: 1) Non-capital expenditures are total expenditures less capital outlay.
2) During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
General Fund - Other Local Revenues by Source
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Interest income	\$ 4,604	\$ 4,883	\$ 5,317	\$ 6,651	\$ 14,936	\$ 27,024	\$ 38,301	\$ 1,435	\$ 893	\$ 20,548
Tuition	-	11,511	16,672	11,314	-	90,567	56,130	87,155	133,292	324,393
Transportation fees	-	-	-	-	-	7,500	14,998	-	-	-
Building use fees/land rent	-	250	472	3,800	3,245	2,790	3,688	-	850	-
Prior year refunds	-	-	9,007	20,389	557	839	12,046	31,584	10,252	22,677
Student fees - pay to play	-	-	-	-	11,500	10,100	10,300	-	11,300	10,700
Outstanding checks voided	-	-	-	400	20	-	-	35	-	-
Book fines	-	-	-	106	4	15	-	-	-	-
Accounts payable canceled	-	4,210	-	-	2,695	-	-	-	18,501	15,610
Miscellaneous other	18,051	-	-	9,472	16,296	640	622	-	368	1,638
Return of excess funds	-	2,635	-	8,068	74	-	-	-	-	-
Sale of assets	-	1,843	30,933	578	-	4,836	300	-	4,270	50
Shared services	-	-	-	13,750	31,400	-	41,041	-	-	-
E-rate	-	-	-	1,997	2,996	12,095	-	20,474	13,350	-
Chromebook repairs	-	-	-	414	1,554	1,246	-	-	-	-
Annual totals	<u>\$ 22,655</u>	<u>\$ 25,332</u>	<u>\$ 62,401</u>	<u>\$ 76,939</u>	<u>\$ 85,277</u>	<u>\$ 157,652</u>	<u>\$ 177,426</u>	<u>\$ 140,683</u>	<u>\$ 193,076</u>	<u>\$ 395,616</u>

Source: District Records

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Vacant land	\$ 3,902,400	\$ 3,667,800	\$ 3,383,900	\$ 2,752,600	\$ 2,684,100	\$ 3,889,500	\$ 4,068,000	\$ 3,975,600	\$ 4,054,600	\$ 4,310,300
Residential	385,013,700	386,011,200	387,268,600	386,549,700	385,884,700	387,381,900	388,128,300	386,896,800	391,411,600	391,466,900
Farm regular	104,069,500	104,457,900	105,564,300	108,880,800	108,837,900	108,271,500	108,355,500	107,930,300	106,388,400	107,237,600
Q farm	4,400,974	4,134,477	4,139,397	4,111,735	4,556,876	4,517,300	4,433,600	4,318,200	4,283,500	4,432,400
Commercial	37,219,300	36,719,300	36,411,900	36,421,500	36,367,400	36,367,400	36,064,100	36,473,100	36,473,100	36,623,100
Industrial	2,328,900	2,328,900	2,328,900	2,028,900	2,028,900	2,028,900	2,028,900	2,028,900	2,028,900	2,028,900
Apartment	1,029,000	1,037,400	1,037,400	1,037,400	1,037,400	1,037,400	1,037,400	1,037,400	1,037,400	1,037,400
Total assessed value	537,963,774	538,356,977	540,134,397	541,782,635	541,397,276	543,493,900	544,115,800	542,660,300	545,677,500	547,136,600
Public utilities (a)	1,403,600	1,403,600	1,403,600	1,403,600	1,403,600	1,403,600	1,403,600	1,403,600	1,403,600	1,403,600
Net valuation taxable	\$ 539,367,374	\$ 539,760,577	\$ 541,537,997	\$ 543,186,235	\$ 542,800,876	\$ 544,897,500	\$ 545,519,400	\$ 544,063,900	\$ 547,081,100	\$ 548,540,200
Estimated actual county equalized value	\$ 579,840,222	\$ 553,451,361	\$ 555,651,547	\$ 552,917,585	\$ 573,906,615	\$ 569,321,387	\$ 564,953,811	\$ 542,926,701	\$ 557,676,962	\$ 576,016,171
Percentage of net valuation to estimated actual equalized value	93.02%	97.53%	97.46%	98.24%	94.58%	95.71%	96.56%	100.21%	98.10%	95.23%
Total direct school tax rate (b)	\$ 1.077	\$ 1.096	\$ 1.111	\$ 1.172	\$ 1.153	\$ 1.177	\$ 1.203	\$ 1.240	\$ 1.255	\$ 1.246

Source: Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation. Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment.

- (a) Taxable value of machinery, implements and equipment of telephone and messenger system companies.
- (b) Tax rates are per \$100.

See independent auditors' report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Rate Per \$100 of Assessed Value)**

Assessment Year	School District Direct Rate			Regional School Rate	Overlapping Rates			Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6) Total Direct School Tax Rate		Municipality	County	Fire District	
	2014	\$ 0.957	\$ 0.120		\$ 1.077	\$ 0.668	\$ 0.325	
2015	0.977	0.119	1.096	0.612	0.330	0.381	0.060	2.479
2016	0.991	0.120	1.111	0.597	0.335	0.381	0.062	2.486
2017	1.050	0.122	1.172	0.602	0.344	0.378	0.063	2.559
2018	1.033	0.120	1.153	0.643	0.352	0.398	0.063	2.609
2019	1.056	0.121	1.177	0.667	0.360	0.395	0.063	2.662
2020	1.084	0.119	1.203	0.668	0.404	0.391	0.070	2.736
2021	1.119	0.121	1.240	0.617	0.412	0.377	0.073	2.719
2022	1.134	0.121	1.255	0.686	0.420	0.385	0.078	2.824
2023	1.129	0.117	1.246	0.646	0.472	0.397	0.081	2.842

Sources: Municipal Tax Collector

Note: N.J.S.A. 18A:7F-5d limits the amount that the District can submit for a general fund tax levy. The levy when added to other components of the District's net budget may not exceed the pre-budget by more than the spending growth limitation calculated as follows: the pre-budget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

- (a) The District's basic tax rate is calculated from the A4F Form which is submitted with the budget and the net valuation taxable.
- (b) Rates for debt service are based on each year's requirements.

See independent auditors' report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT
Principal Property Taxpayers
Current Year and Nine Years Ago**

	2023			2014		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
National Project Resources LP	\$ -	-	0.00%	\$ 20,000,000	1	3.71%
Franklin Hotel Associates LLC	-	-	0.00%	-		0.00%
AT&T Communications	-	-	0.00%	2,531,200	3	0.47%
Individual Property Owner	-	-	0.00%	2,469,800	4	0.46%
Individual Property Owner	-	-	0.00%	2,218,890	5	0.41%
Individual Property Owner	-	-	0.00%	1,874,927	6	0.35%
Individual Property Owner	-	-	0.00%	1,652,534	7	0.31%
Individual Property Owner	-	-	0.00%	1,532,000	8	0.28%
Individual Property Owner	-	-	0.00%	1,427,100	9	0.26%
Individual Property Owner	-	-	0.00%	1,374,635	10	0.25%
Inn Clinton LLC	-	-	0.00%	7,000,000	2	1.30%
	<u>\$ -</u>		<u>0.00%</u>	<u>\$ 42,081,086</u>		<u>7.80%</u>

Source: Municipal Tax Assessor

Information for 2023 was unavailable.

See independent auditors' report.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Property Tax Levies and Collections
Last Ten Years

Year Ended June 30,	Taxes Levied for the Year	Collected within the Year of the Levy (a)	
		Amount	Percentage of Levy
2014	\$ 5,768,876	\$ 5,768,876	100.00%
2015	5,870,539	5,870,539	100.00%
2016	5,978,827	5,978,827	100.00%
2017	6,074,680	6,074,680	100.00%
2018	6,194,282	6,194,282	100.00%
2019	6,305,558	6,305,558	100.00%
2020	6,505,233	6,505,233	100.00%
2021	6,621,825	6,621,825	100.00%
2022	6,745,311	6,745,311	100.00%
2023	6,864,671	6,864,671	100.00%

Source: District records including the Certificate and Report of School Taxes (A4F Form).

- (a) School taxes are collected by the Municipal Tax Collector. Under New Jersey State statute, a municipality is required to remit to the School District the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

See independent auditors' report.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities			Bond Anticipation Notes (BANs)	Business-Type Activities Leases	Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Certificates of Participation	Leases					
2014	\$ 5,775,000	\$ -	\$ 153,724	\$ -	\$ -	\$ 5,928,724	2.42%	\$ 1,819
2015	5,335,000	-	74,424	-	-	5,409,424	2.12%	1,676
2016	4,875,000	-	150,319	-	-	5,025,319	1.92%	1,552
2017	4,400,000	-	76,143	-	-	4,476,143	1.65%	1,384
2018	3,910,000	-	-	-	-	3,910,000	1.42%	1,206
2019	3,405,000	-	1,200,000	-	-	4,605,000	1.48%	1,301
2020	2,885,000	-	967,933	-	-	3,852,933	1.19%	1,091
2021	2,350,000	-	737,178	-	-	3,087,178	0.93%	882
2022	1,795,000	-	498,355	-	-	2,293,355	0.70%	699
2023	1,220,000	-	251,947	-	-	1,471,947	N/A	452

Notes: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

- (a) See Exhibit J-14 for personal income and population data.
 These ratios are calculated using personal income and population for the prior calendar year.

See independent auditors' report.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			% of Actual Taxable Value of Property (a)	Per Capita (b)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2014	\$ 5,775,000	\$ -	\$ 5,775,000	1.07%	\$ 1,772
2015	5,335,000	-	5,335,000	0.99%	1,653
2016	4,875,000	-	4,875,000	0.90%	1,506
2017	4,400,000	-	4,400,000	0.80%	1,360
2018	3,910,000	-	3,910,000	0.72%	1,206
2019	3,405,000	-	3,405,000	0.62%	962
2020	2,885,000	-	2,885,000	0.53%	817
2021	2,350,000	-	2,350,000	0.43%	672
2022	1,795,000	-	1,795,000	0.33%	547
2023	1,220,000	-	1,220,000	0.22%	375

Notes: Details regarding the district's outstanding debt can be found in the Notes to the Financial Statements.

- (a) See Exhibit J-6 for property tax data.
- (b) Population data can be found in Exhibit J-14.

See independent auditors' report.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of December 31, 2022

Governmental Unit	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Debt</u>
Debt repaid with property taxes			
Municipality	\$ 1,172,224	100.00%	\$ 1,172,224
Regional High School	6,960,000	6.40%	445,598
County general obligation debt	74,164,045	2.39%	<u>1,770,998</u>
Subtotal, overlapping debt			3,388,820
School District direct debt			<u>1,795,000</u>
Total direct and overlapping debt			<u><u>\$ 5,183,820</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the County Board of Taxation. Debt outstanding data provided by each Governmental Unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the municipality. This process recognizes that when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and, therefore, responsible for repaying the debt of each overlapping payment.

(a) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another Governmental Unit's taxable value that is within the District's boundaries and dividing it by each unit's total taxable value.

See independent auditors' report.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2023

		Equalized Valuation Basis
	2022	\$ 573,010,081
	2021	553,170,540
	2020	542,975,551
		\$ 1,669,156,172
Average equalized valuation of taxable property		\$ 556,385,391
Debt limit (3.0% of average equalization value)	(a)	\$ 16,691,562
Total net debt applicable to limit		1,220,000
Legal debt margin		\$ 15,471,562

	Fiscal Year				
	2019	2020	2021	2022	2023
Debt limit	\$ 16,883,054	\$ 17,013,504	\$ 16,714,960	\$ 16,590,022	\$ 16,691,562
Total net debt applicable	3,405,000	2,885,000	2,350,000	1,795,000	1,220,000
Legal debt margin	\$ 13,478,054	\$ 14,128,504	\$ 14,364,960	\$ 14,795,022	\$ 15,471,562
Total net debt applicable to the limit as a percentage of debt limit	20.17%	16.96%	14.06%	10.82%	7.31%

	Fiscal Year				
	2014	2015	2016	2017	2018
Debt limit	\$ 17,243,116	\$ 16,847,721	\$ 16,836,026	\$ 16,538,433	\$ 16,750,287
Total net debt applicable	5,775,000	5,335,000	4,875,000	4,400,000	3,910,000
Legal debt margin	\$ 11,468,116	\$ 11,512,721	\$ 11,961,026	\$ 12,138,433	\$ 12,840,287
Total net debt applicable to the limit as a percentage of debt limit	33.49%	31.67%	28.96%	26.60%	23.34%

Source: Equalized Valuation Basis were obtained from the Annual Report of the State of New Jersey Department of Treasury, Division of Taxation.

(a) Limit Set by N.J.S.A. 18A:24-19.

See independent auditors' report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years**

<u>Year</u>	<u>Population (a)</u>	<u>Personal Income (b)</u>	<u>Per Capita Personal Income (c)</u>	<u>Unemployment Rate (d)</u>
2014	3,259	\$ 245,125,685	\$ 75,215	5.2%
2015	3,228	254,566,536	78,862	3.3%
2016	3,237	262,135,497	80,981	3.0%
2017	3,235	270,973,305	83,763	2.9%
2018	3,241	275,199,792	84,912	3.0%
2019	3,539	311,198,426	87,934	2.4%
2020	3,530	324,569,380	91,946	5.5%
2021	3,499	332,712,912	95,088	3.8%
2022	3,280	328,944,640	100,288	2.5%
2023	3,254	N/A	N/A	N/A

Sources:

- (a) Population information provided by the NJ Dept of Labor and Workforce Development.
- (b) Personal income has been estimated based upon the municipal population and per capita personal income presented.
- (c) Per capita personal income by County estimated based upon the 2020 census published by the U.S. Bureau of Economic Analysis.
- (d) Unemployment data provided by the NJ Dept of Labor and Workforce Development.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Principal Employers
Current Year and Nine Years Ago

2023

Employer	Employees	Rank	Percentage of Total Municipal Employment
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INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

2014

Employer	Employees	Rank	Percentage of Total Municipal Employment
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INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

See independent auditors' report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT
Full Time Equivalent District Employees by Function/Program
Last Ten Fiscal Years**

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Instruction										
Regular	22.4	25.0	26.0	24.0	24.0	24.0	23.0	25.0	23.5	22.2
Special education	5.6	3.0	3.0	3.0	4.5	4.0	5.0	6.0	7.5	8.0
Other special education	-	-	1.4	2.0	1.0	-	0.2	0.2	0.2	-
Other instruction - aides	1.5	1.1	-	-	1.0	0.4	1.7	1.0	1.0	1.0
Support services										
Student and instruction related services	3.0	3.0	2.0	2.0	2.5	3.0	2.0	2.0	3.0	4.0
General administration	2.0	2.0	2.0	2.0	2.0	2.0	1.0	1.0	1.0	1.0
School administration services	1.0	1.0	1.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0
Central services	1.1	1.1	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.5
Other support services	2.0	2.0	4.0	4.0	2.5	6.0	5.6	5.8	5.8	5.4
Child care	0.5	0.5	-	-	-	-	-	-	-	-
Total	<u>39.1</u>	<u>38.7</u>	<u>41.4</u>	<u>40.0</u>	<u>41.5</u>	<u>43.4</u>	<u>42.5</u>	<u>45.0</u>	<u>46.0</u>	<u>45.1</u>

Source: District Personnel Records

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years

Fiscal Year	June 30 Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff (b)	Teacher Ratio	Average Daily Enrollment (ADE) (c)	Average Daily Attendance (ADA) (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
2014	295	\$ 5,996,863	\$ 20,328	1.06%	28.0	1 to 10.54	294.9	284.0	3.91%	96.30%
2015	306	5,791,148	18,925	-6.90%	28.6	1 to 10.70	294.7	284.2	-0.07%	96.44%
2016	296	6,279,651	21,215	12.10%	26.0	1 to 11.38	292.7	281.9	-0.68%	96.32%
2017	296	6,672,409	22,542	6.26%	27.0	1 to 10.96	283.9	273.4	-3.01%	96.30%
2018	298	6,410,048	21,510	-4.58%	28.5	1 to 10.46	284.8	274.3	0.30%	96.31%
2019	283	6,933,995	24,502	13.91%	28.0	1 to 10.11	278.2	268.1	-2.30%	96.37%
2020	278	6,627,666	23,841	-2.70%	28.0	1 to 9.93	282.0	274.2	1.35%	97.25%
2021	262	6,801,704	25,961	8.89%	31.0	1 to 8.45	250.0	244.5	-11.34%	97.82%
2022	263	7,889,322	29,997	15.55%	31.0	1 to 8.48	258.8	244.9	3.52%	94.65%
2023	285	9,026,989	31,674	5.59%	30.2	1 to 9.44	276.1	261.5	6.70%	94.70%

Source: District Records

- (a) Operating expenditures equal total expenditures less debt service and capital outlay.
- (b) Teaching staff includes only full-time equivalents or certificated staff.
- (c) Average Daily Enrollment and Average Daily Attendance are obtained from the School Register Summary.

See independent auditors' report.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years

<u>District Building</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>Elementary (1925)</u>										
Square feet	71,296	71,296	71,296	71,296	71,296	71,296	71,296	71,296	71,296	71,296
Capacity (students)	448	448	448	448	448	448	448	448	448	448
Enrollment	293	295	306	294	285	282	282	252	247	280
 <u>Number of schools at June 30, 2023</u>										
Elementary	1									

Source: District Facilities Office

Note: Year of original construction is shown in parentheses. Increase in square footage and capacity are the result of renovations and additions. Enrollment is based on the annual October District count.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Schedule of Required Maintenance Expenditures by School Facility
Last Ten Fiscal Years

Undistributed expenditures - Required maintenance for school facilities

<u>Fiscal Year Ended</u>	<u>Amount</u>
2014	\$ 89,143
2015	88,228
2016	63,276
2017	209,497
2018	206,382
2019	254,199
2020	253,773
2021	186,700
2022	235,643
2023	251,610
Total school facilities	<u>\$ 1,838,451</u>

* School Facilities As Defined Under EFCFA.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: District Records

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Insurance Schedule
June 30, 2023
(Unaudited)

	Coverage	Deductible
Commercial Package Policy - School Alliance Insurance Fund		
Property Section		
Blanket Building and Contents (Fund Aggregate)	\$ 500,000,000	\$ 2,500
Accounts Receivable	2,500,000	2,500
Automobile Physical Damage	In Blanket Limit	1,000
Builders Risk	25,000,000	2,500
Cyber Liability	In Blanket Limit	2,500
Liability Section		
Comprehensive General Liability	5,000,000	-
Automobile Liability	5,000,000	-
Employee Benefit Liability	5,000,000	1,000
Excess Liability		
Includes General/Auto Liability/School Board Legal Liability	5,000,000	-
Crime		
Blanket Employee Dishonesty	500,000	1,000
Forgery	50,000	1,000
Theft/Disappearance/Destruction:		
Inside & Outside	100,000	2,000
Computer Fraud	50,000	1,000
Funds Transfer Fraud	50,000	1,000
School Board Legal Liability	5,000,000	5,000
Environmental Pollution Impairment Liability (ACE)		
Incident	1,000,000	10,000
Pool Aggregate	25,000,000	-
Workers' Compensation (SAW)		
(A) Statutory Benefits	Included	-
(A) Employer's Liability	5,000,000	-
Supplemental coverage (optional)	Included	-
Public Employees' Faithful Performance Blanket Position Bond -		
RLI Insurance Co.		
Business Administrator - L Tirone	200,000	-
Selective Insurance Co.		
Treasurer	200,000	-
Adult Volunteer Accident - Markel Insurance Co.		
Excess of Primary Medical	1,000,000	-

Source: District records

See independent auditors' report.

SINGLE AUDIT SECTION

**OTHER REPORTING REQUIRED BY
GOVERNMENT AUDITING STANDARDS - PART I**



**Independent Auditors' Report on Internal Control Over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

Honorable President and
Members of the Board of Education
Franklin Township School District
Quakertown, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Franklin Township School District (the District) in the County of Hunterdon, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 13, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Bethlehem Township School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow Management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2023-002 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2023-001.

Franklin Township School District's Response to Findings

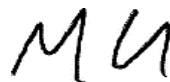
Government Auditing Standards requires the auditor to perform limited procedures on Franklin Township School District's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



BKC, CPAs, PC



Michael A. Holk, CPA, PSA
NO. 20CS00265600

November 13, 2023
Flemington, New Jersey



Certified Public Accountants, PC
www.bkc-cpa.com

**Independent Auditors' Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by the
New Jersey OMB Circular 15-08**

Honorable President and
Members of the Board of Education
Franklin Township School District
Quakertown, New Jersey

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Franklin Township School District's (the District) compliance with the types of compliance requirements as subject to audit in the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2023. The District's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2023.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and New Jersey OMB's Circulars 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the New Jersey OMB's Circulars 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the New Jersey OMB's Circulars 15-08, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the and the New Jersey OMB's Circulars 15-08 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2023-001 and 2023-002. Our opinion on each major state program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. We identified a certain deficiency in internal control over compliance, described in accompanying Schedule of Findings and Questioned Costs as item 2023-002 that we consider to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.



BKC, CPAs, PC



Michael A. Holk, CPA,
PSA NO. 20CS00265600

November 13, 2023
Flemington, New Jersey

SUPPLEMENTARY INFORMATION

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards, Schedule A
For the Fiscal Year Ended June 30, 2023

Grantor/Program Title	Federal CFDA Number	FAIN Number	Project Number	Program or Award Amount	Grant Period		Balance 06/30/22	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment/ Repayment	Balance June 30, 2023		
					From	To						Accounts Receivable	Deferred Revenue	Due to Grantor
U.S. Department of Homeland Security														
General Fund														
FEMA	97.036	Not Available	FEMA-1600-23	\$ 22,053	07/01/22	06/30/23	\$ -	\$ -	\$ 22,053	\$ 22,053	\$ -	\$ -	\$ -	\$ -
U.S. Department of Education passed through State Department of Education														
Special Revenue Fund														
Special education cluster (IDEA)														
IDEA Basic	84.027A	H027A180100	IDEA-1600-19	111,110	07/01/18	06/30/19	85	-	-	-	(85)	-	-	-
IDEA Basic	84.027A	H027A190100	IDEA-1600-20	77,215	07/01/19	06/30/20	567	-	-	-	(567)	-	-	-
IDEA Basic	84.027A	H027A200100	IDEA-1600-21	84,913	07/01/20	06/30/21	71	-	-	71	-	-	-	-
IDEA Basic	84.027A	H027A210100	IDEA-1600-22	64,109	07/01/21	06/30/22	(58,072)	-	58,072	-	-	-	-	-
IDEA Basic	84.027A	H027A220100	IDEA-1600-23	86,929	07/01/22	06/30/23	-	-	86,858	86,858	-	-	-	-
IDEA Preschool	84.173A	H173S170114	IDEA-1600-18	4,425	07/01/17	06/30/18	6	-	-	-	(6)	-	-	-
IDEA Preschool	84.173A	H173S220114	IDEA-1600-23	4,581	07/01/22	06/30/23	-	-	4,581	4,581	-	-	-	-
Total special education cluster (IDEA)							(57,343)	-	149,511	91,510	(658)	-	-	-
Title I A	84.010	S010A210030	ESSA-1600-22	12,260	07/01/21	06/30/22	(12,260)	-	12,260	-	-	-	-	-
Title I A	84.010	S010A220030	ESSA-1600-23	12,446	07/01/22	06/30/23	-	-	-	882	-	(882)	-	-
Title II A	84.367A	S367A210029	ESSA-1600-22	5,291	07/01/21	06/30/22	(4,841)	-	4,736	-	-	(105)	-	-
Title II A	84.367A	S367A220029	ESSA-1600-23	5,540	07/01/22	06/30/23	-	-	3,505	4,529	-	(1,024)	-	-
Title IV	84.424A	S424A210031	ESSA-1600-22	10,000	07/01/21	06/30/22	(8,169)	-	8,169	-	-	-	-	-
Title IV	84.424A	S424A220031	ESSA-1600-23	10,000	07/01/22	06/30/23	-	-	5,126	8,642	-	(3,516)	-	-
Rural Education Achievement Program	84.358	S358B210030	S358A-190135	28,909	07/01/21	06/30/22	(28,909)	-	-	-	-	(28,909)	-	-
Rural Education Achievement Program	84.358	S358B220030	S358A-190135	30,611	07/01/22	06/30/23	-	-	-	30,611	-	(30,611)	-	-
COVID-19														
CARES Emergency Relief	84.425D	S425D200027	CARES-1600-21	7,718	07/01/20	06/30/21	2,100	-	-	-	-	-	2,100	-
CRRSA - ESSER II	84.425D	S425D210027	CRRSA-1600-23	67,188	03/13/20	09/30/23	(8,197)	-	10,560	2,363	-	-	-	-
CRRSA - Learning Acceleration	84.425D	S425D210027	CRRSA-1600-23	25,000	03/13/20	09/30/23	(977)	-	18,803	18,473	-	(647)	-	-
CRRSA - Mental Health	84.425D	S425D210027	CRRSA-1600-23	45,000	03/13/20	09/30/23	(3,707)	-	39,122	32,846	-	-	2,569	-
ARP-ESSER III														
ARP - ESSER	84.425U	S425U210027	ESSER-1600-24	151,001	03/13/20	09/30/24	-	-	107,744	129,095	-	(21,351)	-	-
Accelerated Learning Coach and Educator Support	84.425U	S425U210027	ESSER-1600-24	50,000	03/13/20	09/30/24	-	-	36,303	50,000	-	(13,697)	-	-
Evidenced Based Comprehensive Beyond the School Day	84.425U	S425U210027	ESSER-1600-24	40,000	03/13/20	09/30/24	-	-	31,000	40,000	-	(9,000)	-	-
Total Special Revenue Fund							(122,303)	-	426,839	408,951	(658)	(109,742)	4,669	-

See independent auditors' report.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards, Schedule A
For the Fiscal Year Ended June 30, 2023

Grantor/Program Title	Federal CFDA Number	FAIN Number	Project Number	Program or Award Amount	Grant Period		Balance 06/30/22	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment/ Repayment	Balance June 30, 2023					
					From	To						Accounts Receivable	Deferred Revenue	Due to Grantor			
U.S. Department of Agriculture passed through State Department of Agriculture Enterprise Fund																	
Child Nutrition Cluster																	
National School Lunch Program																	
Non-Cash Assistance (Commodities)	10.555	221NJ304N1099	N/A	\$ 4,344	10/01/21	09/30/22	\$ 1,317	\$ -	\$ -	\$ 1,317	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Cash Assistance (Commodities)	10.555	231NJ304N1199	N/A	7,203	10/01/22	09/30/23	-	-	7,203	5,362	-	-	-	1,841	-	-	-
Cash Assistance	10.555	221NJ304N1099	N/A	82,566	10/01/21	09/30/22	(4,820)	-	4,820	-	-	-	-	-	-	-	-
Cash Assistance	10.555	231NJ304N1199	N/A	22,525	10/01/22	09/30/23	-	-	21,489	22,525	-	-	(1,036)	-	-	-	-
Total Child Nutrition Cluster							(3,503)	-	33,512	29,204	-	-	(1,036)	1,841	-	-	-
Supply Chain Assistance	10.555	231NJ304N1199	N/A	26,214	07/01/22	06/30/23	-	-	26,214	26,214	-	-	-	-	-	-	-
Total Enterprise Fund							(3,503)	-	59,726	55,418	-	-	(1,036)	1,841	-	-	-
Total Federal Awards							\$ (125,806)	\$ -	\$ 508,618	\$ 486,422	\$ (658)	\$ (110,778)	\$ 6,510	\$ -	\$ -	\$ -	\$ -

See independent auditors' report.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance, Schedule B
For the Fiscal Year Ended June 30, 2023

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From	Grant Period To	Balance June 30, 2022			Cash Received	Budgetary Expenditure	Adjustment/ Repayment	Balance June 30, 2023			Memo	
					Deferred Rev. (Accts. Rec)	Due to Grantor					Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
State Department of Education															
General Fund															
Special Education Categorical Aid	23-495-034-5120-089	\$ 255,944	07/01/22	06/30/23	\$ -	\$ -	\$ 233,026	\$ 255,944	\$ -	\$ -	\$ -	\$ -	\$ 22,918	\$ 255,944	
School Choice Aid	23-495-034-5120-068	82,315	07/01/22	06/30/23	-	-	74,944	82,315	-	-	-	-	7,371	82,315	
Security Aid	23-495-034-5120-084	21,598	07/01/22	06/30/23	-	-	19,664	21,598	-	-	-	-	1,934	21,598	
Transportation Aid	23-495-034-5120-014	88,830	07/01/22	06/30/23	-	-	80,876	88,830	-	-	-	-	7,954	88,830	
Adjustment Aid	23-495-034-5120-085	2,057	07/01/22	06/30/23	-	-	1,873	2,057	-	-	-	-	184	2,057	
Extraordinary Aid	22-495-034-5120-044	381,770	07/01/21	06/30/22	(381,770)	-	381,770	-	-	-	-	-	-	381,770	
Extraordinary Aid	23-495-034-5120-044	470,397	07/01/22	06/30/23	-	-	-	470,397	-	(470,397)	-	-	-	470,397	
Non-Public Transportation Aid	22-495-034-5120-014	3,480	07/01/21	06/30/22	(3,480)	-	3,480	-	-	-	-	-	-	3,480	
Non-Public Transportation Aid	23-495-034-5120-014	4,368	07/01/22	06/30/23	-	-	-	4,368	-	(4,368)	-	-	-	4,368	
Secure our Children's Future	23-100-082-2600-A92	20,000	07/01/22	06/30/23	-	-	20,000	20,000	-	-	-	-	-	20,000	
On-Behalf TPAF Pension Contribution - Postretirement Medical	23-495-034-5094-001	237,029	07/01/22	06/30/23	-	-	237,029	237,029	-	-	-	-	-	237,029	
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	23-495-034-5094-004	12,347	07/01/22	06/30/23	-	-	12,347	12,347	-	-	-	-	-	12,347	
On-Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Fund	23-495-034-5094-002	889,942	07/01/22	06/30/23	-	-	889,942	889,942	-	-	-	-	-	889,942	
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	23-495-034-5094-004	536	07/01/22	06/30/23	-	-	536	536	-	-	-	-	-	536	
Reimbursed TPAF Social Security Contribution	23-495-034-5094-003	191,830	07/01/22	06/30/23	-	-	182,024	191,830	-	(9,806)	-	-	-	191,830	
Total General Fund					(385,250)	-	2,137,511	2,277,193	-	(484,571)	-	-	40,361	2,662,443	
State Department of Education															
Special Revenue Fund															
SDA Emergent and Capital Maintenance Needs	22-100-034-5120-519	6,016	07/01/21	06/30/22	(6,016)	-	6,016	-	-	-	-	-	-	6,016	
School Climate	23-WB01-G02	6,660	07/01/22	06/30/23	-	-	-	6,600	-	(6,600)	-	-	-	6,660	
Total Special Revenue Fund					(6,016)	-	6,016	6,600	-	(6,600)	-	-	-	12,676	
State Department of Agriculture															
Enterprise Fund															
State School Lunch Program	22-100-010-3350-023	1,920	10/01/21	06/30/22	(110)	-	110	-	-	-	-	-	-	1,920	
State School Lunch Program	23-100-010-3350-023	1,200	10/01/22	06/30/23	-	-	22	1,200	-	(1,178)	-	-	-	1,200	
Total Enterprise Fund					(110)	-	132	1,200	-	(1,178)	-	-	-	3,120	
Total State Financial Assistance					\$ (391,376)	\$ -	\$ 2,143,659	2,284,993	\$ -	\$ (492,349)	\$ -	\$ -	\$ 40,361	\$ 2,678,239	
Less: On-Behalf TPAF Pension System Contributions															
On-Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Fund	23-495-034-5094-002							889,942							
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	23-495-034-5094-004							12,347							
On-Behalf TPAF Pension Contribution - Postretirement Medical	23-495-034-5094-001							237,029							
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	23-495-034-5094-004							536							
Total for State Financial Assistance - Major Program Determination								\$ 1,145,139							

See independent auditors' report.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2023

Note 1 - General

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance present the activity of all federal awards and state financial assistance programs of the Franklin Township School District. The District is defined in Note 1 (A) to the District's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, is included on the Schedule of Expenditures of Federal Awards and State Financial Assistance.

Note 2 - Basis of accounting

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1 (C) and 1 (D) to the District's basic financial statements.

Note 3 - Relationship of financial statements

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$3,784) for the general fund and (\$61,609) for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2023

Note 3 - Relationship of financial statements (continued)

Financial assistance revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	Federal	State	Total
General fund	\$ 22,053	\$ 2,273,409	\$ 2,295,462
Special revenue fund	355,100	6,016	361,116
Food service fund	55,418	1,200	56,618
Total awards and financial assistance	\$ 432,571	\$ 2,280,625	\$ 2,713,196

Note 4 - Relationship to federal and state financial reports

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

Note 5 - Other

Revenues and expenditures reported under the USDA Commodities Program represent current year distributions, respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2023. TPAF Social Security Contribution represents the amount reimbursed by the state for the employer's share of Social Security Contributions for TPAF members for the fiscal year ended June 30, 2023.

Note 6 - Indirect Costs

The District has elected not to utilize the 10% de minimis indirect cost rate.

**OTHER REPORTING REQUIRED BY
GOVERNMENT AUDITING STANDARDS - PART II**

**FRANKLIN TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal Control Over Financial Reporting:

- 1. Were material weakness(es) identified? Yes No
- 2. Were significant deficiencies identified? Yes No

Noncompliance material to basic financial statements noted? Yes No

Federal Awards Not Applicable

Internal Control Over Major Programs:

- 1. Were material weakness(es) identified? Yes No
- 2. Were significant deficiencies identified? Yes None reported

What was the type of auditor's report issued on compliance for major programs? Unmodified

Were any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 Section .516(a)? Yes No

Identification of Major Programs:

<u>CFDA Number(s)</u>	<u>FEIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<i>Not Applicable</i>	<i>Not Applicable</i>	<i>Not Applicable</i>

What was the dollar threshold used to distinguish between Type A and Type B programs? _____

Did the auditee qualify as a low-risk auditee? Yes No

**FRANKLIN TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023**

Section I - Summary of Auditor's Results (continued)

State Awards

What was the dollar threshold used to distinguish between Type A and Type B programs? \$750,000

Did the auditee qualify as a low-risk auditee? Yes No

Internal Control Over Major Programs:

- 1. Were material weakness(es) identified? Yes No
- 2. Were there significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

What was the type of auditor's report issued on compliance for major programs? Unmodified

Were any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08 as applicable? Yes No

Identification of Major Programs:

State Grant/Project Numbers	Name of State Program
	<i>State Aid Public Cluster:</i>
<i>23-495-034-5120-089</i>	<i>Special Education Categorical Aid</i>
<i>23-495-034-5120-084</i>	<i>Security Aid</i>
<i>23-495-034-5120-068</i>	<i>School Choice Aid</i>
<i>23-495-034-5120-085</i>	<i>Adjustment Aid</i>
<i>23-495-034-5094-003</i>	<i>Reimbursed TPAF Social Security Contribution</i>

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Section II - Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

Finding 2023-001

Criteria

Budgetary line accounts should not be over-expended and county approval should be obtained for all transfers of funds between budgetary line accounts that exceed the 10% limit.

Condition

Budgetary line accounts were over-expended and county approval was not obtained for all transfers of funds between budgetary line accounts that exceed the 10% limit.

Context

As part of our audit procedures, it was noted budgetary line accounts were over-expended and county approval was not obtained for all transfers of funds between budgetary line accounts that exceed the 10% limit.

Cause

Unknown

Effect

Various account balances were not accurate.

Recommendation

Budgetary line accounts should not be over-expended and county approval should be obtained for all transfers of funds between budgetary line accounts that exceed the 10% limit.

View of Responsible Officials and Planned Corrective Action (unaudited)

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Section II - Financial Statement Findings (continued)

Finding 2023-002

Criteria

The bank reconciliations, Board Secretary's report, and Treasurer's report should be in agreement prior to submission to the Board for approval and completed in a timely manner.

Condition

The bank reconciliations, Board Secretary's report, and Treasurer's report were not in agreement prior to submission to the Board for approval and not always completed in a timely manner.

Context

As part of our audit procedures, it was noted cash balances of the bank reconciliations, Board Secretary's report, and Treasurer's report did not agree and were not always completed in a timely manner.

Cause

Differences between reports were not resolved prior to Board approval.

Effect

Cash balances were overstated.

Recommendation

The District should ensure that bank reconciliations, Board Secretary's report, and Treasurer's report are in agreement prior to submission to the Board for approval and completed in a timely manner.

View of Responsible Officials and Planned Corrective Action (unaudited)

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

Federal Awards

There were no findings or questioned costs for the fiscal year ended June 30, 2023.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs (continued)

State Financial Assistance

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to state financial assistance that are required to be reported in accordance with Government Auditing Standards and with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

Finding 2023-001

Criteria

Budgetary line accounts should not be over-expended and county approval should be obtained for all transfers of funds between budgetary line accounts that exceed the 10% limit.

Condition

Budgetary line accounts were over-expended and county approval was not obtained for all transfers of funds between budgetary line accounts that exceed the 10% limit.

Context

As part of our audit procedures, it was noted budgetary line accounts were over-expended and county approval was not obtained for all transfers of funds between budgetary line accounts that exceed the 10% limit.

Cause

Unknown

Effect

Budgetary line accounts were over-expended and the District was not in compliance with State requirements.

Recommendation

Budgetary line accounts should not be over-expended and county approval should be obtained for all transfers of funds between budgetary line accounts that exceed the 10% limit.

View of Responsible Officials and Planned Corrective Action (unaudited)

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs (continued)
State Financial Assistance (continued)

Finding 2023-002

Criteria

The bank reconciliations, Board Secretary's report, and Treasurer's report should be in agreement prior to submission to the Board for approval and completed in a timely manner.

Condition

The bank reconciliations, Board Secretary's report, and Treasurer's report were not in agreement prior to submission to the Board for approval and not always completed in a timely manner.

Context

As part of our audit procedures, it was noted cash balances of the bank reconciliations, Board Secretary's report, and Treasurer's report did not agree and were not always completed in a timely manner.

Cause

Differences between reports were not resolved prior to Board approval.

Effect

Cash balances were overstated.

Recommendation

The District should ensure that bank reconciliations, Board Secretary's report, and Treasurer's report are in agreement prior to submission to the Board for approval and completed in a timely manner.

View of Responsible Officials and Planned Corrective Action (unaudited)

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT
Summary Schedule of Prior Year Audit Findings
and Questioned Costs as Prepared by Management
For the Fiscal Year Ended June 30, 2023**

Status of Prior Year Findings

There were no prior year findings or questioned costs.