

**FRANKLIN TOWNSHIP
SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

JUNE 30, 2023

**Responsibility of the Management of
Franklin Township School District
Warren 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
 Financial Section	
Independent Auditors' Report	9 - 12
 Required Supplementary Information - Part I	
Management's Discussion and Analysis	13 - 21
 Basic Financial Statements	
A. District-Wide Financial Statements	
A-1 Statement of Net Position	22
A-2 Statement of Activities	23
 B. Fund Financial Statements	
Governmental Funds	
B-1 Balance Sheet	24 - 25
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	26 - 27
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	28
Proprietary Funds	
B-4 Combining Statement of Net Position	29
B-5 Combining Statement of Revenues, Expenses, and Changes in Net Position	30
B-6 Combining Statement of Cash Flows	31
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	32 - 66

**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	67 - 72
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	73
Notes to the Required Supplementary Information - Part II	
C-3 Budget-to-GAAP Reconciliation	74
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	75
L-2 Schedule of District's Contributions - Public Employees Retirement System	76
L-3 Schedule of the District's Proportionate Share of the Net Pension Liability - Teacher's Pension and Annuity Fund	77
L-4 Schedule of District's Contributions - Teacher's Pension and Annuity Fund	78
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	79
Notes to the Required Supplementary Information - Part III	80

**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 Revenue and Expenditures - Budgetary Basis	81 - 84
E-2 Schedule of Preschool Education Aid Expenditure	85 - 86
F. Capital Projects Fund	
F-1 Summary Schedule of Project Expenditures	N/A
F-2 Summary Schedule of Revenues, 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	N/A
I-2 Schedule of Obligations Under Leases	N/A
I-3 Debt Service Fund - Budgetary Comparison Schedule	N/A
Statistical Section	
J. Statistical Section	
J-1 Net Position by Component	87
J-2 Changes in Net Position	88 - 90
J-3 Fund Balances - Governmental Funds	91
J-4 Changes in Fund Balances - Governmental Funds	92 - 93
J-5 General Fund - Other Local Revenues by Source	94
J-6 Assessed Value and Actual Value of Taxable Property	95
J-7 Direct and Overlapping Property Tax Rates	96

**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	97
	J-9 Property Tax Levies and Collections	98
	J-10 Ratios of Outstanding Debt by Type	99
	J-11 Ratios of Net General Bonded Debt Outstanding	100
	J-12 Direct and Overlapping Governmental Activities Debt	101
	J-13 Legal Debt Margin Information	102
	J-14 Demographic and Economic Statistics	103
	J-15 Principal Employers	104
	J-16 Full Time Equivalent District Employees by Function/Program	105
	J-17 Operating Statistics	106
	J-18 School Building Information	107
	J-19 Schedule of Required Maintenance Expenditures by School Facility	108
	J-20 Insurance Schedule	109
	Single Audit Section	
K.	Single Audit Section	
	Other Reporting Required by Government 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	110 - 111
	K-2 Independent Auditors' Report on Compliance for Each Major State Program and on Internal Control Over Compliance Required by the New Jersey OMB Circular Letter 15-08	112 - 114
	Supplementary Information	
	K-3 Schedule of Expenditures of Federal Awards, Schedule A	115
	K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	116
	K-5 Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	117 - 118
	Other Reporting Required by Government Standards - Part II	
	K-6 Schedule of Findings and Questioned Costs	119 - 121
	K-7 Summary Schedule of Prior Year Audit Findings and Questioned Costs as Prepared by Management	122



December 5, 2023

Honorable President and Members of the Board of Education
Franklin Township School District
52 Asbury Broadway Road,
Washington, New Jersey 07882

Dear Board Members:

The Annual Comprehensive Financial Report of the Franklin Township School District for the fiscal year ended June 30, 2023 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the Management of the Board of Education. 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.

The Annual Comprehensive Financial Report is presented in four sections: Introductory, Financial, Statistical and Single Audit. The Introductory Section includes this transmittal letter, the District's organizational chart and a list of principal officials. The Financial Section includes the general-purpose financial statements and schedules, as well as the auditor's report thereon. The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis. 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 New Jersey OMB's Circular 15-08, *Single Audit Policy for recipients of Federal Grants, State Grants, and State Aid*. Information related to this single audit, including the auditor's reports 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.

1. REPORTING ENTITY AND ITS SERVICES: Franklin Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) 14. All funds and account groups of the District are included in this report. The Franklin Township Board of Education constitutes the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 6 as well as special education. The District completed the 2022/2023 fiscal year with an enrollment of 197 students, which is a 0.75% decrease over the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

Average Daily Enrollment		
Fiscal Year	Student Enrollment	Percent Change
2013/2014	250.9	-7.50%
2014/2015	233.1	-7.10%
2015/2016	227.8	-2.30%
2016/2017	220.4	-3.27%
2017/2018	216.0	-2.00%
2018/2019	205.2	-5.00%
2019/2020	207.5	1.12%
2020/2021	191.3	-7.84%
2021-2022	198.5	3.78%
2022-2023	197.0	-0.75%

2. ECONOMIC CONDITION AND OUTLOOK: In the last ten years, the Franklin Township School District has been able to pay off all of its debt, fully fund its Capital Reserve and Maintenance Reserve Accounts, and fund its Emergency Reserve Account to the tune of \$80,000, while only increasing the district’s tax levy by a total of 1.5%. The Capital and Emergency Reserve accounts will afford the district the ability to fund specific, future facility and security initiatives, without having to issue bonds or engage in leasing. In addition, the Maintenance Reserve Account presently has enough funds to handle items defined by the State of New Jersey as “required maintenance” for the next 8-10 years, depending upon inflation. Consequently, the financial position of the Franklin Township School District could be defined as very strong.

Approximately five years ago, we received word that our State School Aid would be reduced by almost \$500,000 per year, phased in over a seven-year period. With each new year of State Aid cuts, however, we saw miraculous sources of funding materialize from other areas. During three consecutive years during the COVID pandemic, the federal government released generous grants to help with things such as learning loss, professional development, special education needs, and hygiene/air quality improvement, just to name a few. For the last three years, the Department of Agriculture has allocated almost \$30,000 to us to help offset cafeteria costs caused by supply chain problems. In 2022-2023, we received word from the State of New Jersey that we were eligible for funds to cover the entire cost of a full-time preschool program, eliminating the cost of our part-time preschool from our regular budget. Most recently, we were awarded a ROD grant by the State of New Jersey, that will provide 40% of the funding needed for a roofing project on the 200 and 300 wings of the school.

For 15 years, we had experienced declining enrollments. Over the last several years, however, we have seen that pendulum starting to swing back in the other direction, which has a direct impact on the amount of State Aid a district receives. The 2023-2024 school year marks the sixth year of the State School Aid cuts, but we are optimistic that our increased enrollment may curtail any future cuts in the foreseeable future. We recently participated in a demographic study with the Warren Hills Regional School District. The report from this study reflects an anticipated increase in enrollments at Franklin Township of approximately 15%, over the five years of their projections.

Matthew Eagleburger, Chief School Administrator - Tim Duryea, School Business Administrator

52 Asbury Broadway Road; Washington, NJ 07882 - 908-689-2958 -

3. MAJOR INITIATIVES: Given the effect of the COVID pandemic on the operation of school districts in the State of New Jersey, it will be no surprise that one of our greatest areas of focus right now are on student assessment and on "learning acceleration", with the goal of assuring that the impact of the COVID limitations will only be short lived. Learning acceleration is being supported by grant funds that will cover the cost of after-school and summer programs to supplement the regular instructional day. These grants will also provide funds for software that is available to students in school and at home.

Our federal grants will also help us address mental health topics. Nationally, mental health issues have sky-rocketed, during the recent pandemic. The funds that we are receiving can be used for direct student support, parental supports, and for professional development for our staff.

The full-day preschool program that is being funded by the State of New Jersey started off last year with just two classrooms. In 2023-2024, we expanded that to three classrooms and, if all goes as planned, we will be able to increase that to 4 classrooms in 2024-2025. This has been a large area of focus, as we have had to update our program and modify our facility configuration to accommodate the full-day program.

In our attempt to curb long-term fixed expenses, we have begun discussion with our architect on the design and installation of a solar array on the southern portion of the elementary school. The actual implementation date has yet to be determined, as the current supply chain issues are impacting all areas of construction. Once completed, the array will supply us with the majority of our electricity needs for approximately 25 years. Money has already been set aside in our capital reserve account for the completion of the project.

4. INTERNAL ACCOUNT 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 is 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 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 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.

5. 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, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital project fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

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.

6. 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 the Notes to the Financial Statements.

7. 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 meeting its responsibilities for sound financial management.

8. DEBT ADMINISTRATION: At June 30, 2023, the District had no outstanding debt.

9. CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in the Notes to the Financial Statements. The District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under 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.

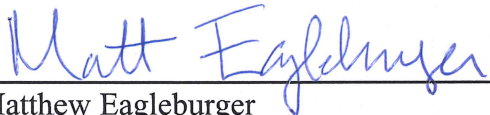
10. RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to, general liability, workers compensation, automobile liability and comprehensive/collision, environmental, hazard and theft insurance on property and contents and fidelity bonds.

11. OTHER INFORMATION:

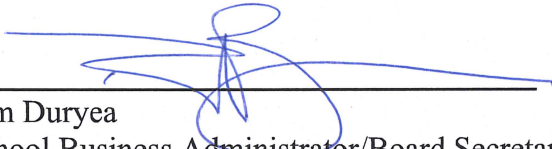
Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board's audit committee selected the accounting firm of BKC, CPAs, PC. In addition to meeting the requirements set forth in statute, the audit was also designed 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 the State Treasury OMB Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. The auditor's report on the general-purpose financial statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

12. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Franklin Township School District Board of Education for their dedication in providing fiscal accountability to the citizens and taxpayers of the school district and contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of the financial and accounting staff.

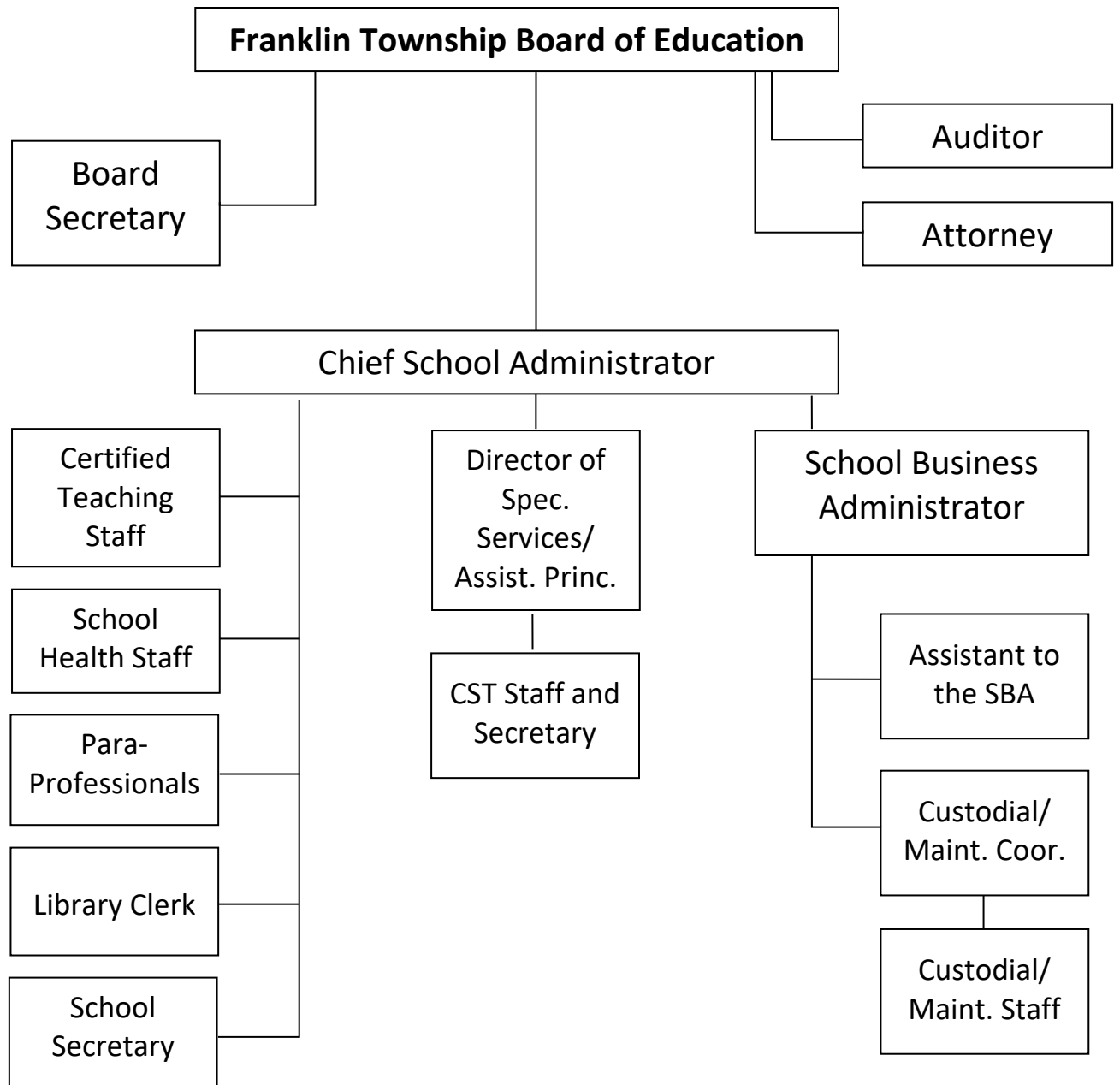
Respectfully Submitted,



Matthew Eagleburger
Chief School Administrator



Tim Duryea
School Business Administrator/Board Secretary



FRANKLIN TOWNSHIP SCHOOL DISTRICT
Roster of Officials
June 30, 2023

<u>Members of the Board of Education</u>	<u>Title</u>	<u>Term Expires</u>
Rudy DiGilio	President	2024
Donna Sbriscia	Vice President	2024
Chester Kucyn		2023
Kathleen Matlock		2023
Scott Hansen		2024
John McGinnis		2024
Elizabeth Ames		2025
Jason Banghart		2025
Kelly Truskowski		2025

<u>Other Officials</u>	<u>Title</u>
Matthew Eagleburger	Chief School Administrator
Timothy Duryea	School Business Administrator/Board Secretary
Nathanya Simon / Scarinci Hollenbeck Attorneys at Law	Solicitor

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Consultants and Advisors
June 30, 2023

AUDIT FIRM

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

ATTORNEY

Nathanya Simon / Scarinci Hollenbeck Attorneys at Law
1100 Valley Brook Avenue
P.O. Box 790
Lyndhurst, NJ 07071

OFFICIAL DEPOSITORY

Citizens Bank
101 JFK Parkway
Short Hills, NJ 07078



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

Independent Auditors' Report

Honorable President and
Members of the Board of Education
Franklin Township School District
Washington, 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 Warren, 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 December 5, 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

December 5, 2023
Flemington, New Jersey

REQUIRED SUPPLEMENTARY INFORMATION - PART I

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

The discussion and analysis of 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 notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2023 are as follows:

- In total, net position increased \$359,859 which represents a 8.35% increase from 2022.
- General revenues accounted for \$6,334,619 revenue or 91.95% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$554,331 or 8.05% of total revenues of \$6,888,950.
- Total assets of governmental activities increased by \$259,782 as cash and cash equivalents increased by \$360,496, receivables and other assets decreased by \$40,414 and capital assets decreased by \$60,300.
- The School District had \$6,529,091 in expenses; only \$554,331 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$6,334,619 were adequate to provide for these programs.
- Among major funds, the general fund had \$5,815,695 in revenues, \$5,608,115 in expenditures, and \$40,347 in other financing uses. The general fund's balance increased \$167,233 over 2022.

Using this Annual Comprehensive Financial Report (ACFR)

This annual report consists of a series of financial statements and notes to those 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 provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-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 fund financial statements also look at the School 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
WASHINGTON, NEW JERSEY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole look at all financial transactions and asks the question, "How did we do financially during 2023?" The Statement of Net Position and the Statement of Activities answer 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 has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. No 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. Governmental activities are the activities where most of the School District's programs and services are reported including, but no 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 financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, special revenue fund, capital projects fund and debt service 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 the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be 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 provided. 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.

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

The School District as a Whole

Recall that 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 for the fiscal year ended 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	\$ 3,055,813	\$ 2,714,229	\$ 341,584	12.58%
Capital assets	3,032,172	3,093,341	(61,169)	-1.98%
Total assets	6,087,985	5,807,570	280,415	4.83%
Deferred outflows of resources				
Deferred amount of pension liability	107,655	85,711	21,944	25.60%
Liabilities				
Long term liabilities	935,712	775,392	160,320	20.68%
Other liabilities	255,061	63,024	192,037	304.70%
Total liabilities	1,190,773	838,416	352,357	42.03%
Deferred inflows of resources				
Deferred amount of pension liability	334,969	744,826	(409,857)	-55.03%
Net position				
Invested in capital assets, net of related debt	3,032,172	3,093,341	(61,169)	-1.98%
Restricted	1,623,197	1,513,185	110,012	7.27%
Unrestricted	14,529	(296,487)	311,016	104.90%
Total net position	\$ 4,669,898	\$ 4,310,039	\$ 359,859	8.35%

Total assets increased \$280,415. Cash and cash equivalents increased by \$381,995 receivables and other assets decreased by \$40,411 and capital assets decreased by \$61,169. Unrestricted net position of the School District increased by \$311,016. These are the part of net position that can be used to finance day to day activities without constraints established by grants or legal requirements.

The negative balance in unrestricted net position 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.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
WASHINGTON, 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

	06/30/23	06/30/22	Variance	
			Dollars	Percent
Revenues				
Program revenues				
Charges for services	\$ 80,256	\$ 85,050	\$ (4,794)	-5.64%
Operating grants & contributions	474,075	325,138	148,937	45.81%
General revenues				
Property taxes	4,069,896	4,039,535	30,361	0.75%
Unrestricted grants	2,212,179	2,740,409	(528,230)	-19.28%
Other	52,544	16,379	36,165	220.80%
Total revenues	<u>6,888,950</u>	<u>7,206,511</u>	<u>(317,561)</u>	-4.41%
Program expenses				
Instruction				
Regular	3,265,239	3,324,956	(59,717)	-1.80%
Special	460,019	649,226	(189,207)	-29.14%
Other	348,099	166,775	181,324	108.72%
Support services				
Tuition	-	38,000	(38,000)	-100.00%
Student & instructional staff	1,111,038	1,197,086	(86,048)	-7.19%
General & business administration	574,864	602,282	(27,418)	-4.55%
School administration	69,968	76,276	(6,308)	-8.27%
Maintenance	424,053	438,251	(14,198)	-3.24%
Transportation	172,693	150,512	22,181	14.74%
Food service	90,431	101,392	(10,961)	-10.81%
Interest on long term debt	12,687	3,749	8,938	238.41%
Total expenses	<u>6,529,091</u>	<u>6,748,505</u>	<u>(219,414)</u>	-3.25%
Change in net position	<u>\$ 359,859</u>	<u>\$ 458,006</u>	<u>\$ (98,147)</u>	-21.43%

*Undefined

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 65.36% of revenues for governmental activities for the Franklin Township School District for fiscal year 2023.

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

Instruction comprises 62.39% of district expenses. Support services expenses make up 37.61% of the expenses.

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 for the fiscal year ended June 30, 2023 compared to June 30, 2022. That is, it identifies the cost of these services supported by tax revenue and unrestricted State Entitlements.

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	\$ 4,073,357	\$ 4,140,957	\$ 3,752,850	\$ 3,931,631
Support services				
Tuition	-	38,000	-	38,000
Student & instructional staff	1,111,038	1,197,086	1,011,136	1,112,107
General & business administration	574,864	602,282	574,864	602,282
School administration	69,968	76,276	46,059	76,276
Plant operations & maintenance	424,053	438,251	424,053	434,100
Pupil transportation	172,693	150,512	172,693	150,512
Food service	90,431	101,392	(19,582)	(10,340)
Interest on long-term debt	12,687	3,749	12,687	3,749
	<u>\$ 6,529,091</u>	<u>\$ 6,748,505</u>	<u>\$ 5,974,760</u>	<u>\$ 6,338,317</u>

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

Student 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 include expenses associated with administrative and financial supervision of the District.

Plant operation and maintenance activities involve keeping the school grounds, buildings and equipment in a safe and 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.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.

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

The dependence upon tax revenues and aid is apparent. For all activities local tax revenue support is 60.04%. The community, as a whole, is the primary support or funding source for the Franklin Township School District.

The School District's Funds

Information about the School District's major funds starts in the section entitled Fund Financial Statements. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$6,227,358, expenditures of \$6,098,762, and other financing uses of \$40,347. The net positive change in fund balance for the year was most significant in the general fund, reflecting an increase of \$167,233.

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

For the general fund, budgetary basis revenue and other financing sources were \$4,619,492, \$166,368 over original budgeted estimates of \$4,453,124. This difference was due primarily to additional extraordinary aid.

The general fund revenues and other financing sources of the School District exceeded expenditures by \$162,656, the financial position of the School District is strong.

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

Capital Assets

At the end of the fiscal year 2023, the School District had \$3,032,172 invested in land, building, furniture and equipment. Table 4 shows June 30, 2023 balances 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	\$ 180,000	\$ 180,000	\$ -	0.00%
Land improvements	28,241	30,115	(1,874)	-6.22%
Buildings & improvements	2,668,313	2,772,402	(104,089)	-3.75%
Machinery & equipment	155,618	110,824	44,794	40.42%
	<u>\$ 3,032,172</u>	<u>\$ 3,093,341</u>	<u>\$ (61,169)</u>	-1.98%

Overall capital assets decreased \$61,169 from June 30, 2022 to June 30, 2023.

Debt Administration

At June 30, 2023, the School District had \$935,712 in long-term liabilities. Table 5 shows June 30, 2023 balances compared to June 30, 2022.

**Table 5
Long-Term Liabilities at Year End**

	06/30/23	06/30/22	Variance	
			Dollars	Percent
Compensated absences liability	\$ 139,837	\$ 141,581	\$ (1,744)	-1.23%
PERS net pension liability	795,875	633,811	162,064	25.57%
	<u>\$ 935,712</u>	<u>\$ 775,392</u>	<u>\$ 160,320</u>	20.68%

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

For the Future

At the present time, the Franklin Township School District is in a very good financial condition, despite annual reductions in State School Aid. The District has a history of maintaining tight reins on tax levy increases, with our total increase for the last ten years amounting to less than the annual 2% allowable increase. After experiencing six consecutive years of State School Aid reductions, we are anticipating somewhere between a very small decrease and a very small increase for the 2024-2025 school year. The 2024-2025 school year will see the end of the large COVID-related grants, but it should see a large increase in preschool expansion aid, should everything go as anticipated. At the close of the 2022-2023 school year, the District sat with its Maintenance Reserve and Capital Reserve fully funded. These funds do not isolate us from every type of exposure that could potentially result in a spike in property taxes, however, they do insulate us from many of the more common situations that school districts face. In addition, the Capital Reserve can be utilized for initiatives that may benefit the district budget in future years, such as energy savings projects. The District's Emergency Reserve finished with a balance of \$80,525. Should the district decide to broaden the scope of its security accommodations, some of these funds can be used for security projects and/or equipment.

Franklin Township is primarily a residential, farming community, with very few industrial ratables. Over the last six years, there has been virtually no change in the Assessed Valuation of Real Property in the municipality. With that said, the majority of the property tax burden falls directly upon our residents, with little tax relief related to new development. In addition, because Franklin Township's ratables are so high, compared with the number of students that attend our schools, we receive far less State aid than many of the surrounding districts. It is because of these factors that we are called upon to constantly scrutinize the efficiencies of our operation. We have also taken the initiative to open dialogue with the Township Committee, in an effort to communicate the broad impact of commercial, industrial, and residential development on the financial posture of the district as a whole. There are no proposed construction projects that will have any dramatic impact on our municipal ratables over the next two years.

Over the last decade, enrollment has been influenced by a number of factors. First, there had been a shift of population to more urban areas and a general decrease in household size in the early part of that decade. The onset of the COVID pandemic saw an increase in the number of families utilizing home instruction, withdrawing students from the public schools. More recently, the housing market opened up and we saw growth from new families moving to our more rural area. We estimate that the district would be able to absorb an additional 40-50 students without any major increase in staffing (the District's largest budget item). The additional state and federal aid tied to these students vs. the very modest additional cost would result in a very positive financial shift for the District. According to a recent demographic study that was completed for the Warren Hills Regional cluster of school districts, it is anticipated that our enrollment should continue to grow over the next four to five years.

In conclusion, the Franklin Township School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenges of the future.

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

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, kindly contact Tim Duryea, School Business Administrator/Board Secretary at Franklin Township Board of Education, 52 Asbury Broadway Road, Washington, NJ 07882 or email at tduryea@franklinschool.org.

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	\$ 1,148,464	\$ 63,886	\$ 1,212,350
Due from other funds, net	-	4,058	4,058
Receivables, net	203,199	8,139	211,338
Inventory	-	4,870	4,870
Restricted assets			
Capital reserve - cash	1,248,173	-	1,248,173
Emergency reserve - cash	80,525	-	80,525
Maintenance reserve - cash	292,212	-	292,212
Student activities - cash	2,287	-	2,287
Capital assets, net			
Land	180,000	-	180,000
Other capital assets, net of depreciation	2,843,799	8,373	2,852,172
Total assets	<u>5,998,659</u>	<u>89,326</u>	<u>6,087,985</u>
Deferred outflows of resources			
Deferred amount on pension activity	107,655	-	107,655
Liabilities			
Accounts payable	25,024	32	25,056
Due to other funds, net	4,058	-	4,058
Payroll deductions and withholdings payable	41,172	-	41,172
Unearned revenue	182,273	2,502	184,775
Long-term liabilities			
Due beyond one year	935,712	-	935,712
Total liabilities	<u>1,188,239</u>	<u>2,534</u>	<u>1,190,773</u>
Deferred inflows of resources			
Deferred amount on pension liability	334,969	-	334,969
Net position			
Net investment in capital assets	3,023,799	8,373	3,032,172
Restricted for			
Capital reserve	1,248,173	-	1,248,173
Emergency reserve	80,525	-	80,525
Maintenance reserve	292,212	-	292,212
Student activities	2,287	-	2,287
Unrestricted			
Food service fund	-	78,419	78,419
General fund	(25,175)	-	(25,175)
Special revenue fund	(38,715)	-	(38,715)
Total net position	<u>\$ 4,583,106</u>	<u>\$ 86,792</u>	<u>\$ 4,669,898</u>

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	\$ 1,755,490	\$ 1,509,749	\$ 32,655	\$ 250,616	\$ -	\$ (2,981,968)	\$ -	\$ (2,981,968)
Special education	256,607	203,412	-	-	-	(460,019)	-	(460,019)
Other special education	148,599	113,983	-	37,236	-	(225,346)	-	(225,346)
Other instruction	29,110	56,407	-	-	-	(85,517)	-	(85,517)
Support services								
Students & instruction related services	700,485	410,553	270	99,632	-	(1,011,136)	-	(1,011,136)
General & business administration services	343,182	231,682	-	-	-	(574,864)	-	(574,864)
School administration services	64,753	5,215	-	23,909	-	(46,059)	-	(46,059)
Plant operations & maintenance	411,831	12,222	-	-	-	(424,053)	-	(424,053)
Pupil transportation	171,704	989	-	-	-	(172,693)	-	(172,693)
Interest on long-term debt	12,687	-	-	-	-	(12,687)	-	(12,687)
Total governmental activities	<u>3,894,448</u>	<u>2,544,212</u>	<u>32,925</u>	<u>411,393</u>	<u>-</u>	<u>(5,994,342)</u>	<u>-</u>	<u>(5,994,342)</u>
Business-type activities								
Food service	90,431	-	47,331	62,682	-	-	19,582	19,582
Child care program	-	-	-	-	-	-	-	-
Total business-type activities	<u>90,431</u>	<u>-</u>	<u>47,331</u>	<u>62,682</u>	<u>-</u>	<u>-</u>	<u>19,582</u>	<u>19,582</u>
Total primary government	<u>\$ 3,984,879</u>	<u>\$ 2,544,212</u>	<u>\$ 80,256</u>	<u>\$ 474,075</u>	<u>\$ -</u>	<u>(5,994,342)</u>	<u>19,582</u>	<u>(5,974,760)</u>
General revenues, special items and transfers								
Property taxes levied for general purposes						4,069,896	-	4,069,896
Federal and state aid not restricted						2,212,179	-	2,212,179
Investment earnings						25,468	500	25,968
Miscellaneous income						26,576	-	26,576
Total general revenues, special items and transfers						<u>6,334,119</u>	<u>500</u>	<u>6,334,619</u>
Change in net position						339,777	20,082	359,859
Net position - beginning						4,243,329	66,710	4,310,039
Net position - ending						<u>\$ 4,583,106</u>	<u>\$ 86,792</u>	<u>\$ 4,669,898</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	\$ 1,090,133	\$ 58,331	\$ -	\$ -	\$ 1,148,464
Receivables from other governments					
Local	1,408	-	-	-	1,408
State	90,631	-	-	-	90,631
Federal	-	92,321	-	-	92,321
Other accounts receivable	18,839	-	-	-	18,839
Restricted cash and cash equivalents	1,620,910	2,287	-	-	1,623,197
Total assets	\$ 2,821,921	\$ 152,939	\$ -	\$ -	\$ 2,974,860
Liabilities and fund balances					
Liabilities					
Due to other funds	\$ 4,058	\$ -	\$ -	\$ -	\$ 4,058
Accounts payable	17,930	7,094	-	-	25,024
Payroll deductions and withholdings payable	41,172	-	-	-	41,172
Unearned revenue	-	182,273	-	-	182,273
Total liabilities	63,160	189,367	-	-	252,527

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					
Fund balances					
Restricted fund balance					
Excess surplus - designated for subsequent year's expenditures	\$ 328,950	\$ -	\$ -	\$ -	\$ 328,950
Excess surplus - current year	333,012	-	-	-	333,012
Capital reserve	1,248,173	-	-	-	1,248,173
Emergency reserve	80,525	-	-	-	80,525
Maintenance reserve	292,212	-	-	-	292,212
Student activities	-	2,287	-	-	2,287
Committed fund balance					
Encumbrances	35,763	-	-	-	35,763
Assigned fund balance					
Designated for subsequent year's expenditures	119,565	-	-	-	119,565
Additional assigned fund balance - unreserved - designated for subsequent year's expenditures July 1, 2023-June 30,2024	36,568	-	-	-	36,568
Unassigned fund balance	283,993	(38,715)	-	-	245,278
Total fund balances	2,758,761	(36,428)	-	-	2,722,333
Total liabilities and fund balances	\$ 2,821,921	\$ 152,939	\$ -	\$ -	

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 \$6,091,808 and the accumulated depreciation is \$3,068,009.	3,023,799
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	(227,314)
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.	(935,712)
Total net position of governmental activities	\$ 4,583,106

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	\$ 4,069,896	\$ -	\$ -	\$ -	\$ 4,069,896
Tuition					
Other LEAs within the state	32,655	-	-	-	32,655
Interest on investments	25,468	-	-	-	25,468
Miscellaneous	26,576	2,270	-	-	28,846
Total local sources	4,154,595	2,270	-	-	4,156,865
State sources	1,661,100	176,990	-	-	1,838,090
Federal sources	-	232,403	-	-	232,403
Total revenues	5,815,695	411,663	-	-	6,227,358
Expenditures					
Current					
Instructional					
Regular instruction	1,497,827	257,663	-	-	1,755,490
Special education instruction	256,607	-	-	-	256,607
Other special instruction	112,127	36,472	-	-	148,599
Other instruction	29,110	-	-	-	29,110
Support service & undistributed costs					
Student & instruction related services	569,045	131,440	-	-	700,485
General & business administrative services	343,182	-	-	-	343,182
School administrative services	64,753	-	-	-	64,753
Plant operations & maintenance	407,721	4,110	-	-	411,831
Pupil transportation	171,704	-	-	-	171,704
Unallocated benefits	2,082,887	52,462	-	-	2,135,349

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	\$ 60,465	\$ 8,500	\$ -	\$ -	\$ 68,965
Debt service					
Interest & other charges	12,687	-	-	-	12,687
Total expenditures	<u>5,608,115</u>	<u>490,647</u>	<u>-</u>	<u>-</u>	<u>6,098,762</u>
Excess (deficit) of revenues over (under) expenditures	207,580	(78,984)	-	-	128,596
Other financing sources (uses)					
Operating transfers in (out)	(40,347)	40,347	-	-	-
Total other financing sources (uses)	<u>(40,347)</u>	<u>40,347</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	167,233	(38,637)	-	-	128,596
Fund balances, July 1	<u>2,591,528</u>	<u>2,209</u>	<u>-</u>	<u>-</u>	<u>2,593,737</u>
Fund balances, June 30	<u>\$ 2,758,761</u>	<u>\$ (36,428)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,722,333</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) \$ 128,596

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	\$ 68,965	
Depreciation expense	<u>(129,265)</u>	(60,300)

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. 269,737

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. 1,744

Change in net position of governmental activities \$ 339,777

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

	Food Service Fund	Child Care Program	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 56,016	\$ 7,870	\$ 63,886
Accounts receivable	-	6,996	6,996
Receivables from other governments			
State	59	-	59
Federal	1,084	-	1,084
Inventory	4,870	-	4,870
Interfund receivable	4,058	-	4,058
Total current assets	<u>66,087</u>	<u>14,866</u>	<u>80,953</u>
Noncurrent assets			
Capital assets	38,147	-	38,147
Less: accumulated depreciation	29,774	-	29,774
Total noncurrent assets	<u>8,373</u>	<u>-</u>	<u>8,373</u>
Total assets	<u>74,460</u>	<u>14,866</u>	<u>89,326</u>
Liabilities			
Current liabilities			
Unearned revenues - commodities	1,668	-	1,668
Unearned revenues - prepaid sales	834	-	834
Accounts payable	32	-	32
Total liabilities	<u>2,534</u>	<u>-</u>	<u>2,534</u>
Net position			
Net investment in capital assets	8,373	-	8,373
Unrestricted	63,553	14,866	78,419
Total net position	<u>\$ 71,926</u>	<u>\$ 14,866</u>	<u>\$ 86,792</u>

See accompanying notes to the financial statements.

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

	Food Service Fund	Child Care Program	Total
Operating revenues			
Charges for services			
Daily sales - reimbursable programs	\$ 34,951	\$ -	\$ 34,951
Daily sales - non-reimbursable programs	12,380	-	12,380
Total operating revenues	<u>47,331</u>	<u>-</u>	<u>47,331</u>
Operating expenses			
Cost of sales - reimbursable programs	25,241	-	25,241
Cost of sales - non reimbursable programs	3,721	-	3,721
Commodity food costs	9,063	-	9,063
Salaries	23,589	-	23,589
Support services - employee benefits	3,483	-	3,483
Purchased professional/technical services	1,682	-	1,682
Purchased property services	2,188	-	2,188
Other purchased services			
Insurance	3,835	-	3,835
Management fee	8,690	-	8,690
Supplies and materials	7,247	-	7,247
Depreciation	869	-	869
Miscellaneous expenditures	823	-	823
Total operating expenses	<u>90,431</u>	<u>-</u>	<u>90,431</u>
Operating income (loss)	(43,100)	-	(43,100)
Non-operating revenues (expenses)			
State sources			
State school lunch program	1,460	-	1,460
Federal sources			
National school lunch program			
Cash assistance	28,339	-	28,339
Non cash assistance (commodities)	9,063	-	9,063
Supply chain assistance	23,820	-	23,820
Other sources			
Interest earned on investments	431	69	500
Total non-operating revenues (expenses)	<u>63,113</u>	<u>69</u>	<u>63,182</u>
Change in net position	20,013	69	20,082
Net position, beginning	<u>51,913</u>	<u>14,797</u>	<u>66,710</u>
Net position, ending	<u>\$ 71,926</u>	<u>\$ 14,866</u>	<u>\$ 86,792</u>

See accompanying notes to the financial statements.

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

	Food Service Fund	Child Care Program	Total
Cash flows from operating activities			
Receipts from customers (net)	\$ 47,441	\$ -	\$ 47,441
Payments to Food Service Management Co.	(71,392)	-	(71,392)
Payments to vendors (net)	(9,954)	-	(9,954)
Net cash provided by (used for) operating activities	<u>(33,905)</u>	<u>-</u>	<u>(33,905)</u>
Cash flows from non-capital financing activities			
State sources	1,506	-	1,506
Federal sources	56,828	-	56,828
Net interfund transactions	(3,430)	-	(3,430)
Net cash provided by (used for) noncapital financing activities	<u>54,904</u>	<u>-</u>	<u>54,904</u>
Cash flows from investing activities			
Interest on investments	431	69	500
Net cash provided by (used for) investing activities	<u>431</u>	<u>69</u>	<u>500</u>
Net increase (decrease) in cash and cash equivalents	21,430	69	21,499
Cash and cash equivalents, beginning	<u>34,586</u>	<u>7,801</u>	<u>42,387</u>
Cash and cash equivalents, ending	<u>\$ 56,016</u>	<u>\$ 7,870</u>	<u>\$ 63,886</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating income (loss)	\$ (43,100)	\$ -	\$ (43,100)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation	869	-	869
Federal food donation program	9,063	-	9,063
(Increase) decrease in inventory	(1,288)	-	(1,288)
Increase (decrease) in unearned revenue	551	-	551
Net cash provided by (used for) operating activities	<u>\$ (33,905)</u>	<u>\$ -</u>	<u>\$ (33,905)</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 Warren, 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-6. The District had an approximate enrollment at June 30, 2023 of 198 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 postemployment 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 payroll withholdings for employee salary deductions are included in the general fund.

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.

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.

The District did not utilize the debt service fund during the fiscal year.

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 and child care program.

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
-----------	----------

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 years 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 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 one item that qualifies for reporting in this category, deferred amount on pension activity. 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.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

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

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.

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	2,827,524
Total bank balances	\$ 3,077,524

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

Cash		\$ 2,835,547
	<u>Ref.</u>	
Unrestricted cash		
Governmental funds, Balance Sheet	B-1	\$ 1,148,464
Enterprise funds, Statement of Net Position	B-4	63,886
Restricted cash		
Governmental funds, Balance Sheet	B-1	1,623,197
Total cash		\$ 2,835,547

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:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 180,000	\$ -	\$ -	\$ 180,000
Total	<u>180,000</u>	<u>-</u>	<u>-</u>	<u>180,000</u>
Capital assets, being depreciated				
Land improvements	107,428	-	-	107,428
Building & improvements	5,443,120	9,995	-	5,453,115
Furniture & equipment	292,295	58,970	-	351,265
Total	<u>5,842,843</u>	<u>68,965</u>	<u>-</u>	<u>5,911,808</u>
Accumulated depreciation				
Land improvements	77,313	1,874	-	79,187
Building & improvements	2,670,717	114,085	-	2,784,802
Furniture & equipment	190,713	13,307	-	204,020
Total	<u>2,938,744</u>	<u>129,265</u>	<u>-</u>	<u>3,068,009</u>
Total capital assets, being depreciated, net	<u>2,904,100</u>	<u>(60,300)</u>	<u>-</u>	<u>2,843,799</u>
Governmental activities capital assets, net	<u>\$ 3,084,100</u>	<u>\$ (60,300)</u>	<u>\$ -</u>	<u>\$ 3,023,799</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business type activities				
Furniture & equipment	\$ 38,147	\$ -	\$ -	\$ 38,147
Less: accumulated depreciation	28,908	869	-	29,774
Business type activities capital assets, net	<u>\$ 9,242</u>	<u>\$ (869)</u>	<u>\$ -</u>	<u>\$ 8,373</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets (continued)

Depreciation expense was charged to governmental functions in the current year as follows:

Instruction			
Regular	\$	67,184	
Special education		11,208	
Other special instruction		4,897	
Other instruction		1,271	
Support services			
Student & instruction		24,854	
General & business administration		14,989	
School administration		2,828	
Plant maintenance		2,034	
Total depreciation expense, governmental activities		\$	129,265

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					
Compensated absences payable	\$ 141,581	\$ -	\$ 1,744	\$ 139,837	\$ -
PERS net pension liability	633,811	162,064	-	795,875	-
Total governmental activities long-term liabilities	\$ 775,392	\$ 162,064	\$ 1,744	\$ 935,712	\$ -

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 general obligation bonded debt of the District is limited by state law to 2.5% 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 \$11,298,521. General obligation debt at June 30, 2023 is \$0, resulting in a legal debt margin of \$11,298,521.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

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.

A. Public employees' retirement systems (PERS)

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 pension 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.

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

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.

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 schedules of pension amounts by employer and non-employer. 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 non-contributory group insurance benefits is based on actual claims paid. For fiscal year 2022, the State's pension contribution was less than the actuarial determined amount.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

Contributions (continued)

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 the 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.

The District's contractually required contribution rate for the year ended June 30, 2023 was 17.39% 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	\$	795,875
Proportionate share		0.0052737088%
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 age)		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 weighting 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%	8.12%
Non-U.S. developed markets equity	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private equity	13.00%	11.80%
Real assets	3.00%	11.19%
Real estate	8.00%	7.60%
High yield	2.00%	4.95%
Private credit	8.00%	8.10%
Investment grade credit	8.00%	3.38%
Cash equivalents	4.00%	1.75%
U.S. Treasuries	5.00%	1.75%
Risk mitigation strategies	3.00%	4.91%

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 all 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%)	\$	795,875
At a 1% lower rate (6.00%)		1,031,126
At a 1% higher rate (8.00%)		608,144

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	\$ 5,744	\$ 5,066
Changes of assumptions	2,466	119,174
Net difference between projected and actual earnings on pension plan investments	32,941	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	210,729
District contributions subsequent to the measurement date	66,504	
Total	<u>\$ 107,655</u>	<u>\$ 334,969</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 \$66,504 will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2023.

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:

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 (continued)

	<u>Beginning Balance</u>	<u>Net Change in Activity</u>	<u>Ending Balance</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 9,996	\$ (4,252)	\$ 5,744
Changes of assumptions	3,301	(835)	2,466
Differences between expected and actual earnings on plan investments	-	32,941	32,941
Deferred inflows of resources			
Differences between expected and actual experience	(4,537)	(529)	(5,066)
Changes of assumptions	(225,641)	106,467	(119,174)
Differences between projected and actual investment earnings on pension plan investments	(166,962)	166,962	-
Net of deferred outflows	<u>\$ (383,843)</u>	<u>\$ 300,754</u>	<u>\$ (83,089)</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 (benefit) as follows:

Fiscal Year Ended June 30,

2023	\$ (68,269)
2024	(34,781)
2025	(16,962)
2026	37,005
2027	(82)
Total	<u>\$ (83,089)</u>

Pension expense (benefit)

For the fiscal year ended June 30, 2023, the District recognized net pension expense (benefit) of (\$203,233), which represents the District's proportionate share of allocable plan pension expense of (\$57,638) plus the net amortization of deferred amounts from changes in proportion of (\$141,748), and plus other adjustments to the net pension liability of (\$3,847). 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:

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 -

Pension plan (continued)

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

Pension expense (continued)

Service cost	\$	38,363
Interest on total pension liability		153,860
Benefit changes		446
Member contributions		(31,992)
Administrative expense		687
Expected investment return net of investment expense		(102,707)
Pension expense related to specific liabilities of individual employers		(551)
Recognition (amortization) of deferred inflows/outflows of resources		
Differences between projected and actual experience		1,821
Changes of assumptions		(115,011)
Difference between projected and actual investment earnings on pension plan investments		(2,554)
Pension expense (benefit)	\$	(57,638)

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.

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

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

Plan description (continued)

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.

During the State fiscal year ended June 30, 2022, the State of New Jersey contributed \$798,828 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.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

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	\$ 14,543,279
Less: State proportionate share of net pension liability	4,695,593
Net pension liability	\$ 9,847,686

Proportionate share	0.0190867286%
---------------------	---------------

Plan fiduciary net position as a percentage of the total pension liability	32.29%
--	--------

Actuarial assumptions

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:

Inflation rate	
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.

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 plan (continued)

B. Teacher's pension and annuity fund (TPAF) (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 weighting 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%	8.12%
Non-U.S. developed markets equity	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private equity	13.00%	11.80%
Real assets	3.00%	11.19%
Real estate	8.00%	7.60%
High yield	2.00%	4.95%
Private credit	8.00%	8.10%
Investment grade credit	8.00%	3.38%
Cash equivalents	4.00%	1.75%
U.S. Treasuries	5.00%	1.75%
Risk mitigation strategies	3.00%	4.91%

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 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 member. 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 plan (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%)	\$	9,847,686
At a 1% lower rate (6.00%)		11,546,621
At a 1% higher rate (8.00%)		8,416,547

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	\$	227,732
Interest on total pension liability		980,825
Benefit changes		-
Member contributions		(172,904)
Administrative expense		2,408
Expected investment return net of investment expense		(377,917)
Pension expense related to specific liabilities of individual employers		(75)
Recognition (amortization) of deferred inflows/outflows of resources		
Differences between projected and actual experience		38,244
Changes of assumptions		(456,678)
Difference between projected and actual investment earnings on pension plan investments		23,394
Pension expense	\$	<u>265,029</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/njdcprp.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (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 ended 2023 was \$958.

D. Other pension plan information

During the fiscal year ended June 30, 2023, the State of New Jersey contributed \$212,049 to the TPAF for postretirement medical benefits, \$11,046 for non-contributory insurance premiums, \$319 for long-term disability insurance, and \$796,151 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 \$172,061 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 No. 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-notice.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	12,870,462
Employer OPEB expense and related revenue	286,051
Allocable proportionate percentage	0.0254123610%

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

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

	Total OPEB Liability
Total OPEB liability at June 30, 2021	\$ 15,577,769
Service cost	596,705
Interest cost	341,081
Change of benefit terms	-
Differences between expected and actual experiences	134,537
Changes of assumptions	(3,452,617)
Member contributions	10,838
Gross benefit payments	(337,851)
Total OPEB liability at June 30, 2022	\$ 12,870,462

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:

Inflation rate	2.50%	
	TPAF	PERS
	(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 was 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, 2021 valuation were based on the results of actuarial experience studies for the periods July 1, 2018 - June 30, 2021 for TPAF and PERS.

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 discount 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%)	\$ 12,870,462
At a 1% lower rate (2.54%)	15,127,874
At a 1% higher rate (4.54%)	11,061,259

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% point lower or 1% point higher than the current healthcare cost trend rates:

Total OPEB liability (school retirees)

Healthcare cost trend rate	\$ 12,870,462
At a 1% lower rate (1% decrease)	10,638,224
At a 1% higher rate (1% increase)	15,802,643

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 \$286,051 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:

- Equitable Insurance Co.
- Prudential Insurance Co.
- NEA Retirement Plan through Security Benefit

Note 9 - Interfund receivable and payables

The composition of interfund balances as of June 30, 2023 is as follows:

	Receivable	Payable
General fund	\$ -	\$ 4,058
Food service fund	4,058	-
	\$ 4,058	\$ 4,058

The balance due from the general fund of \$4,058 to the food service fund represents receipts not yet transferred to the food service fund.

Note 10 - Inventory

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

Food	\$ 2,966
Supplies	1,904
Total	\$ 4,870

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 11 - Contingent liabilities

Amounts received, or are 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 Contributory Method. Under this Plan, the District is required to remit the entire employee deduction of unemployment compensation to the State. Any claims for unemployment are paid for by the State from those funds.

Note 13 - District 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.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved 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.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 13 - District reserve accounts (continued)

Districts are allowed as per N.J.S.A. 18A:7F-41(a) and 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 the state statute the District deposited \$100,000 to their capital reserve account 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	\$ 1,138,239	\$ 100,000	\$ 9,934	\$ -	\$ -	\$ 1,248,173
Emergency	80,525	-	-	-	-	80,525
Maintenance	292,212	-	-	-	-	292,212
Total	<u>\$ 1,510,976</u>	<u>\$ 100,000</u>	<u>\$ 9,934</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,620,910</u>

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

Excess surplus - designated for subsequent year's expenditures. Amount appropriated in the succeeding year's budget to reduce tax requirements.	\$ 328,950
Excess surplus - represents amount in excess of allowable percentage of expenditures. In accordance with state statute, the excess surplus is designated for utilization in succeeding year's budgets.	333,012
Capital reserve account - represents funds restricted to capital projects in the Districts long range facilities plan.	1,248,173
Emergency reserve account - represents funds accumulated to finance unanticipated general fund expenditures required for a thorough and efficient education.	80,525
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).	292,212

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.	35,763
---	--------

Assigned

Designated surplus - designated for Subsequent Year's expenditures - Represents amount appropriated in the succeeding year's budget to reduce tax requirements.	119,565
Additional assigned fund balance - unreserved - designated for subsequent year's expenditures July 1, 2023 - June 30, 2024	36,568

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 14 -	<u>Fund balance (continued)</u>	
	Unassigned	
	Undesignated - represents fund balance which has not been restricted or designated.	\$ 323,701
	Total fund balance - budgetary basis (Exhibit C-1)	2,798,469
	Last state aid payments not recognized on GAAP basis	(39,708)
	Total fund balance - GAAP basis (Exhibit B-1)	<u>\$ 2,758,761</u>

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 \$333,012.

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.

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 (\$25,175) on Schedule A-1 Statement of Net Position. The deficit balance 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 - Deficit unassigned fund balance in the special revenue fund
 The District has a deficit unassigned fund balance of (\$38,715) in the special revenue fund as of June 30, 2022 as reported in the fund statements. PL 2005, Chapter 97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For inter-governmental transactions, GASB Statement No. 33 requires the recognition (revenue, expenditure, asset and liability) should be in symmetry, (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State is recording the last state aid payment in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the state records the payable. Due to the timing difference of recording the last state aid payment, the special revenue fund balance deficit

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 19 - Subsequent events

The District has evaluated subsequent events through December 5, 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		Final Budget	Actual	Variance Final to Actual
	Original Budget	Budget Transfers			
Revenues					
Local sources					
Local tax levy	\$ 4,069,896	\$ -	\$ 4,069,896	\$ 4,069,896	\$ -
Tuition from individuals	24,000	-	24,000	-	(24,000)
Tuition from other LEAs within the State	-	-	-	32,655	32,655
Unrestricted miscellaneous revenues	3,500	-	3,500	42,110	38,610
Interest earned on current expense emergency reserve	100	-	100	-	(100)
Interest earned on capital reserve funds	1,000	-	1,000	9,934	8,934
Total	4,098,496	-	4,098,496	4,154,595	56,099
State sources					
Categorical Transportation Aid	16,087	-	16,087	16,087	-
Extraordinary Aid	-	-	-	71,205	71,205
Categorical Special Education Aid	147,307	-	147,307	147,307	-
Equalization Aid	187,221	-	187,221	187,221	-
Categorical Security Aid	4,013	-	4,013	4,013	-
Other State Aid	-	-	-	2,496	2,496
Stabilization Aid	-	-	-	36,568	36,568
TPAF Pension (on-behalf)	-	-	-	796,151	796,151
TPAF Non-contributory insurance	-	-	-	11,046	11,046
TPAF Social Security (reimbursed)	-	-	-	172,061	172,061
TPAF Postretirement benefits	-	-	-	212,049	212,049
TPAF Long-term disability insurance	-	-	-	319	319
Total	354,628	-	354,628	1,656,523	1,301,895
Total revenues	\$ 4,453,124	\$ -	\$ 4,453,124	\$ 5,811,118	\$ 1,357,994
Expenditures					
Current					
Instruction - regular program					
Salaries of Teachers					
Preschool	\$ 68,750	\$ (41,047)	\$ 27,703	\$ 10,634	\$ 17,069
Kindergarten	179,950	4,700	184,650	184,613	37
Grades 1-5	1,006,675	-	1,006,675	991,872	14,803
Grades 6-8	267,415	(86,320)	181,095	165,795	15,300
Regular programs - undistributed instruction					
Other purchased services	15,942	(1)	15,941	6,486	9,455
General supplies	95,003	18,269	113,272	86,572	26,700
Textbooks	69,376	(3,067)	66,309	51,054	15,255
Other objects	8,000	-	8,000	801	7,199
Total	1,711,111	(107,466)	1,603,645	1,497,827	105,818
Special education					
Multiple disabilities					
Salaries of Teachers	70,570	(500)	70,070	68,810	1,260
General supplies	4,974	850	5,824	5,802	22
Total	75,544	350	75,894	74,612	1,282

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		
Resource room/resource center					
Salaries of Teachers	\$ 145,900	\$ (6,500)	\$ 139,400	\$ 136,642	\$ 2,758
Other salaries for instruction	76,750	-	76,750	36,726	40,024
General supplies	4,098	2,650	6,748	6,227	521
Total	<u>226,748</u>	<u>(3,850)</u>	<u>222,898</u>	<u>179,595</u>	<u>43,303</u>
Home instruction					
Salaries of Teachers	10,000	-	10,000	2,400	7,600
Total	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>2,400</u>	<u>7,600</u>
Total special education	<u>312,292</u>	<u>(3,500)</u>	<u>308,792</u>	<u>256,607</u>	<u>52,185</u>
Basic skills/remedial					
Salaries of Teachers	102,100	14,100	116,200	112,037	4,163
General supplies	589	-	589	90	499
Total	<u>102,689</u>	<u>14,100</u>	<u>116,789</u>	<u>112,127</u>	<u>4,662</u>
School-sponsored co/extra curricular activities - instruction					
Salaries	9,000	9,605	18,605	18,605	-
Supplies and materials	843	-	843	437	406
Total	<u>9,843</u>	<u>9,605</u>	<u>19,448</u>	<u>19,042</u>	<u>406</u>
Summer school - instruction					
Salaries of Teachers	15,150	-	15,150	6,848	8,302
Other salaries of instruction	9,900	-	9,900	3,220	6,680
General supplies	200	-	200	-	200
Other objects	100	-	100	-	100
Total	<u>25,350</u>	<u>-</u>	<u>25,350</u>	<u>10,068</u>	<u>15,282</u>
Total summer school	<u>25,350</u>	<u>-</u>	<u>25,350</u>	<u>10,068</u>	<u>15,282</u>
Total instruction regular	<u>\$ 2,161,285</u>	<u>\$ (87,261)</u>	<u>\$ 2,074,024</u>	<u>\$ 1,895,671</u>	<u>\$ 178,353</u>
Undistributed expenditures					
Undistributed expenditures - instruction					
Tuition to priv. school for the disabled w/i state	\$ 35,000	\$ -	\$ 35,000	\$ -	\$ 35,000
Total	<u>35,000</u>	<u>-</u>	<u>35,000</u>	<u>-</u>	<u>35,000</u>
Undistributed expenditures - health services					
Salaries	70,000	3,850	73,850	73,810	40
Purchased professional and technical services	1,250	-	1,250	1,005	245
Supplies and materials	2,500	(350)	2,150	1,720	430
Total	<u>73,750</u>	<u>3,500</u>	<u>77,250</u>	<u>76,535</u>	<u>715</u>
Undistributed expenditures - speech, ot, pt & related services					
Salaries	62,120	600	62,720	62,720	-
Purchased professional - educational services	69,150	(1,000)	68,150	4,775	63,375
Supplies and materials	2,885	400	3,285	3,084	201
Total	<u>134,155</u>	<u>-</u>	<u>134,155</u>	<u>70,579</u>	<u>63,576</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		
Undistributed expenditures - other supp. service stds. - extra service					
Salaries	\$ 88,577	\$ (10,600)	\$ 77,977	\$ 52,914	\$ 25,063
Total	<u>88,577</u>	<u>(10,600)</u>	<u>77,977</u>	<u>52,914</u>	<u>25,063</u>
Undistributed expenditures - guidance					
Purchased professional - educational services	2,000	-	2,000	1,800	200
Total	<u>2,000</u>	<u>-</u>	<u>2,000</u>	<u>1,800</u>	<u>200</u>
Undistributed expenditures - child study teams					
Salaries of other Professional Staff	242,605	(3,800)	238,805	211,767	27,038
Salaries of Secretarial and Clerical Assistants	19,470	500	19,970	19,926	44
Purchased professional - educational services	4,400	200	4,600	4,536	64
Other purchased services	350	-	350	-	350
Supplies and materials	2,000	(200)	1,800	858	942
Other objects	2,800	(200)	2,600	1,195	1,405
Total	<u>271,625</u>	<u>(3,500)</u>	<u>268,125</u>	<u>238,282</u>	<u>29,843</u>
Undistributed expenditures - improvement of inst. service					
Other purchased services	28,000	2,200	30,200	29,244	956
Total	<u>28,000</u>	<u>2,200</u>	<u>30,200</u>	<u>29,244</u>	<u>956</u>
Undistributed expenditures - edu. media service/sch. library					
Salaries	23,250	-	23,250	19,355	3,895
Purchased professional and technical services	71,600	-	71,600	70,175	1,425
Other purchased services	300	(100)	200	-	200
Supplies and materials	1,000	-	1,000	855	145
Other objects	500	100	600	580	20
Total	<u>96,650</u>	<u>-</u>	<u>96,650</u>	<u>90,965</u>	<u>5,685</u>
Undistributed expenditures - instructional staff training services					
Other purchased services	1,500	2,700	4,200	3,788	412
Supplies and materials	1,000	(700)	300	-	300
Other objects	7,000	(2,000)	5,000	4,938	62
Total	<u>9,500</u>	<u>-</u>	<u>9,500</u>	<u>8,726</u>	<u>774</u>
Undistributed expend. - support service - general admin.					
Salaries	148,000	(415)	147,585	136,191	11,394
Legal services	8,000	(3,500)	4,500	2,338	2,162
Audit fees	17,250	-	17,250	17,200	50
Architectural/engineering services	14,950	(200)	14,750	8,000	6,750
Communications/telephone	3,600	-	3,600	2,412	1,188
BOE other purchased services	500	(500)	-	-	-
Miscellaneous purchased services	4,844	3,050	7,894	7,250	644
General supplies	2,000	(800)	1,200	655	545
Miscellaneous expenditures	9,075	1,350	10,425	7,302	3,123
BOE membership dues and fees	3,650	-	3,650	3,446	204
Total	<u>211,869</u>	<u>(1,015)</u>	<u>210,854</u>	<u>184,794</u>	<u>26,060</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		
Undistributed expend. - support service - school admin.					
Salaries of Principals/Assistant Principals	\$ -	\$ 3,405	\$ 3,405	\$ 3,405	\$ -
Salaries of Secretarial and Clerical Assistants	48,450	(3,405)	45,045	44,505	540
Supplies and materials	1,000	-	1,000	233	767
Total	<u>49,450</u>	<u>-</u>	<u>49,450</u>	<u>48,143</u>	<u>1,307</u>
Undistributed expenditures - central services					
Salaries	152,650	420	153,070	153,062	8
Miscellaneous purchased services	350	-	350	124	226
Supplies and materials	3,317	-	3,317	3,192	125
Other objects	1,675	380	2,055	2,010	45
Total	<u>157,992</u>	<u>800</u>	<u>158,792</u>	<u>158,388</u>	<u>404</u>
Undistributed expenditures - admin. info. technology					
Purchased professional services	7,500	215	7,715	7,715	-
Purchased technical services	8,900	-	8,900	8,895	5
Total	<u>16,400</u>	<u>215</u>	<u>16,615</u>	<u>16,610</u>	<u>5</u>
Undistributed expend. - required maint. for school facilities					
Salaries	77,900	-	77,900	77,657	243
Cleaning, repair, and maintenance services	31,245	42,700	73,945	42,284	31,661
Total	<u>109,145</u>	<u>42,700</u>	<u>151,845</u>	<u>119,941</u>	<u>31,904</u>
Undistributed expenditures - custodial services					
Salaries	101,700	5,050	106,750	106,748	2
Purchased professional and technical services	1,800	-	1,800	1,757	43
Cleaning, repair, and maintenance service	10,425	6,825	17,250	17,229	21
Insurance	41,500	(1,550)	39,950	39,827	123
Miscellaneous purchased services	7,800	(600)	7,200	7,174	26
General supplies	28,931	(20,150)	8,781	5,690	3,091
Energy (natural gas)	30,000	15,100	45,100	45,025	75
Energy (electricity)	49,000	-	49,000	47,811	1,189
Other objects	1,800	(175)	1,625	926	699
Total	<u>272,956</u>	<u>4,500</u>	<u>277,456</u>	<u>272,187</u>	<u>5,269</u>
Undistributed expenditures - care and upkeep of grounds					
Cleaning, repair, and maintenance service	10,250	(4,650)	5,600	5,600	-
General supplies	5,480	(2,550)	2,930	2,909	21
Total	<u>15,730</u>	<u>(7,200)</u>	<u>8,530</u>	<u>8,509</u>	<u>21</u>
Undistributed expenditures - security					
Cleaning, repair, and maintenance service	8,000	(4,975)	3,025	2,948	77
General supplies	700	2,850	3,550	3,532	18
Other objects	500	125	625	604	21
Total	<u>9,200</u>	<u>(2,000)</u>	<u>7,200</u>	<u>7,084</u>	<u>116</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		
Undistributed expenditures - student transportation service					
Salaries of non-instructional aides	\$ 9,000	\$ (3,200)	\$ 5,800	\$ 5,741	\$ 59
Contract serv. - aid in lieu pymts - non-public schools	10,000	(500)	9,500	9,500	-
Contract serv. - aid in lieu pymts - choice school students	5,000	2,000	7,000	7,000	-
Contract serv. (between home & school) - vendors	101,000	44,000	145,000	136,090	8,910
Contract serv. (spl. ed. students) - ESCs & CTSA's	50,000	(37,300)	12,700	12,680	20
Other objects	6,000	(5,000)	1,000	693	307
Total	<u>181,000</u>	<u>-</u>	<u>181,000</u>	<u>171,704</u>	<u>9,296</u>
Unallocated benefits - employee benefits					
Social Security contributions	53,125	-	53,125	48,935	4,190
Other retirement contributions - PERS	63,000	3,505	66,505	66,504	1
Other retirement contributions - regular	4,000	-	4,000	1,139	2,861
Unemployment compensation	13,000	-	13,000	11,364	1,636
Workmen's compensation	29,000	-	29,000	23,548	5,452
Health benefits	658,500	(16,800)	641,700	613,570	28,130
Tuition reimbursement	30,000	-	30,000	28,770	1,230
Other employee benefits	90,750	6,700	97,450	97,431	19
Total	<u>941,375</u>	<u>(6,595)</u>	<u>934,780</u>	<u>891,261</u>	<u>43,519</u>
On-behalf TPAF Pension contribution	-	-	-	796,151	(796,151)
On-behalf TPAF Non-contributory insurance	-	-	-	11,046	(11,046)
On-behalf TPAF Postretirement medical benefits	-	-	-	212,049	(212,049)
On-behalf TPAF Long-term disability insurance	-	-	-	319	(319)
Reimbursed TPAF Social Security contribution	-	-	-	172,061	(172,061)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,191,626</u>	<u>(1,191,626)</u>
Total undistributed expenditures	<u>\$ 2,704,374</u>	<u>\$ 23,005</u>	<u>\$ 2,727,379</u>	<u>\$ 3,639,292</u>	<u>\$ (911,913)</u>
Total current	<u>\$ 4,865,659</u>	<u>\$ (64,256)</u>	<u>\$ 4,801,403</u>	<u>\$ 5,534,963</u>	<u>\$ (733,560)</u>
Capital outlay					
Equipment					
Undistributed					
Undistributed expenditures - instruction	\$ -	\$ 52,382	\$ 52,382	\$ 52,381	\$ 1
Undistributed expenditures - custodial services	-	6,595	6,595	6,589	6
Undistributed expenditures - care and upkeep of grounds	-	1,500	1,500	1,495	5
Total equipment	<u>-</u>	<u>60,477</u>	<u>60,477</u>	<u>60,465</u>	<u>12</u>
Facilities acquisition and construction service					
Assessment for debt service on SDA funding	12,687	-	12,687	12,687	-
Total facilities acquisition and construction service	<u>12,687</u>	<u>-</u>	<u>12,687</u>	<u>12,687</u>	<u>-</u>
Total capital outlay	<u>\$ 12,687</u>	<u>\$ 60,477</u>	<u>\$ 73,164</u>	<u>\$ 73,152</u>	<u>\$ 12</u>
Total expenditures	<u>\$ 4,878,346</u>	<u>\$ (3,779)</u>	<u>\$ 4,874,567</u>	<u>\$ 5,608,115</u>	<u>\$ (733,548)</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	\$ (425,222)	\$ 3,779	\$ (421,443)	\$ 203,003	\$ 624,446
Other financing sources (uses)					
Operating transfer out					
Transfer to special revenue fund - preschool programs	-	(40,347)	(40,347)	(40,347)	-
Total other financing sources (uses)	-	(40,347)	(40,347)	(40,347)	-
Excess (deficiency) of revenues & other financing sources over (under) expenditures & other financing uses	(425,222)	(36,568)	(461,790)	162,656	624,446
Fund balances, July 1	2,635,813	-	2,635,813	2,635,813	-
Fund balances, June 30	\$ 2,210,591	\$ (36,568)	\$ 2,174,023	\$ 2,798,469	\$ 624,446
Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Adjustment for prior year encumbrances	\$ (68,736)	\$ -	\$ (68,736)	\$ (68,736)	\$ -
Increase in capital reserve	-	100,000	100,000	100,000	-
Interest deposit to capital reserve	1,000	-	1,000	9,934	8,934
Interest earned on emergency reserve	100	-	100	-	(100)
Budgeted fund balance	(357,586)	(136,568)	(494,154)	121,458	615,612
Total	\$ (425,222)	\$ (36,568)	\$ (461,790)	\$ 162,656	\$ 624,446
Recapitulation of fund balance					
Restricted fund balance					
Excess surplus - designated for subsequent year's expenditures				\$ 328,950	
Excess surplus - current year				333,012	
Capital reserve				1,248,173	
Emergency reserve				80,525	
Maintenance reserve				292,212	
Committed fund balance					
Year-end encumbrances				35,763	
Assigned fund balance					
Designated for subsequent year's expenditures				119,565	
Additional assigned fund balance - unreserved - designated for subsequent year's expenditures					
July 1, 2023 - June 30, 2024				36,568	
Unassigned fund balance				323,701	
Fund balance per budgetary basis				2,798,469	
Reconciliation to governmental statements (GAAP)					
Last state aid payments not recognized on GAAP basis				(39,708)	
Fund balance per governmental funds (GAAP)				\$ 2,758,761	

See independent auditors' report.

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Federal sources	\$ 619,143	\$ (85,551)	\$ 533,592	\$ 267,657	\$ (265,935)
State sources	431,604	-	431,604	226,976	(204,628)
Local sources	2,000	-	2,000	2,270	270
	<u>1,052,747</u>	<u>(85,551)</u>	<u>967,196</u>	<u>496,903</u>	<u>(470,293)</u>
Other financing sources					
Transfer in from general fund	40,347	-	40,347	40,347	-
Total revenues	<u>\$ 1,093,094</u>	<u>\$ (85,551)</u>	<u>\$ 967,196</u>	<u>\$ 537,250</u>	<u>\$ (470,293)</u>
Expenditures					
Instruction					
Salaries	\$ 343,023	\$ (6,050)	\$ 336,973	\$ 205,987	\$ 130,986
Purchased professional & technical services	9,166	-	9,166	3,000	6,166
Other purchased services	14,910	-	14,910	14,910	-
General supplies	261,532	(36,420)	225,112	96,691	128,421
Other objects	9,670	15,000	24,670	24,670	-
Total	<u>638,301</u>	<u>(27,470)</u>	<u>610,831</u>	<u>345,258</u>	<u>265,573</u>
Support services					
Salaries	58,239	-	58,239	28,147	30,092
Employee benefits	92,815	(463)	92,352	52,461	39,891
Purchased professional & technical services	103,957	(400)	103,557	58,557	45,000
Other purchased services	21,500	(9,000)	12,500	12,500	-
General supplies	72,135	(48,410)	23,725	21,577	2,148
Other objects	19,980	-	19,980	9,980	10,000
Student activities	-	192	192	192	-
Total	<u>368,626</u>	<u>(58,081)</u>	<u>310,545</u>	<u>183,414</u>	<u>127,131</u>
Capital outlay					
Facilities	37,320	-	37,320	-	37,320
Equipment	8,500	-	8,500	8,500	-
Total	<u>45,820</u>	<u>-</u>	<u>45,820</u>	<u>8,500</u>	<u>37,320</u>
Total expenditures	<u>\$ 1,052,747</u>	<u>\$ (85,551)</u>	<u>\$ 967,196</u>	<u>\$ 537,172</u>	<u>\$ 430,024</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 40,347	\$ -	\$ -	\$ 78	\$ 78
Fund balances, July 1	2,209	-	2,209	2,209	-
Fund balances, June 30	<u>\$ 42,556</u>	<u>\$ -</u>	<u>\$ 2,209</u>	<u>\$ 2,287</u>	<u>\$ (78)</u>
Recapitulation of fund balance					
Restricted fund balance					
Student activities				\$ 2,287	
Fund balance per budgetary basis				<u>\$ 2,287</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
Sources/Inflows of Resources		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$5,811,118	\$ 496,903
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 - current year	-	(46,525)
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	44,285	-
State aid receivable current year	(39,708)	(38,715)
	<u>\$5,815,695</u>	<u>\$ 411,663</u>
Uses/Outflows of Resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$5,608,115	\$ 537,172
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	-	(46,525)
	<u>\$ 5,608,115</u>	<u>\$ 490,647</u>

See independent auditors' report.

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

FRANKLIN TOWNSHIP SCHOOL DISTRICT
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	0.0067273132%	\$ 1,259,537	\$ 485,918	259.21%	52.08%
2015	0.0076036503%	1,706,867	505,671	337.54%	47.93%
2016	0.0083863347%	2,483,792	564,298	440.16%	40.14%
2017	0.0088971940%	2,071,125	551,911	375.26%	48.10%
2018	0.0072196307%	1,421,509	474,362	299.67%	53.60%
2019	0.0066918512%	1,205,770	394,659	305.52%	56.27%
2020	0.0054151491%	883,069	390,000	226.43%	58.32%
2021	0.0053501949%	633,811	385,023	164.62%	70.33%
2022	0.0052737088%	795,875	371,995	213.95%	62.91%
2023	N/A	N/A	382,438	N/A	N/A

N/A = Information not available

See independent auditors' report.

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

	<u>Contractually required contribution</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered employee payroll</u>	<u>Contributions as a percentage of covered employee payroll</u>
2014	\$ 54,487	\$ (54,487)	\$ -	\$ 485,918	11.21%
2015	55,459	(55,459)	-	505,671	10.97%
2016	65,371	(65,371)	-	564,298	11.58%
2017	74,503	(74,503)	-	551,911	13.50%
2018	82,423	(82,423)	-	474,362	17.38%
2019	71,812	(71,812)	-	394,659	18.20%
2020	65,092	(65,092)	-	390,000	16.69%
2021	59,239	(59,239)	-	385,023	15.39%
2022	62,657	(62,657)	-	371,995	16.84%
2023	66,504	(66,504)	-	382,438	17.39%

N/A = Information not available

See independent auditors' report.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
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)				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
	District's proportion		State's proportion	Total			
	Percentage	Value					
2014	0.00%	\$ -	\$ 11,491,609	\$ 11,491,609	\$ 2,026,913	0.00%	33.64%
2015	0.00%	-	13,824,384	13,824,384	1,971,474	0.00%	28.71%
2016	0.00%	-	16,650,004	16,650,004	2,081,248	0.00%	22.33%
2017	0.00%	-	12,929,548	12,929,548	2,150,850	0.00%	25.41%
2018	0.00%	-	12,973,591	12,973,591	2,138,041	0.00%	26.49%
2019	0.00%	-	12,584,425	12,584,425	2,153,000	0.00%	26.95%
2020	0.00%	-	13,107,797	13,107,797	2,133,069	0.00%	24.60%
2021	0.00%	-	9,350,080	9,350,080	2,215,209	0.00%	35.52%
2022	0.00%	-	9,847,686	9,847,686	2,131,212	0.00%	32.29%
2023	N/A	N/A	N/A	N/A	2,237,272	N/A	N/A

N/A = Information not available

See independent auditors' report.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
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	\$ 90,958	\$ (90,958)	\$ -	\$ 2,026,913	4.49%
2015	118,251	(118,251)	-	1,971,474	6.00%
2016	169,458	(169,458)	-	2,081,248	8.14%
2017	215,699	(215,699)	-	2,150,850	10.03%
2018	307,605	(307,605)	-	2,138,041	14.39%
2019	411,736	(411,736)	-	2,153,000	19.12%
2020	412,292	(412,292)	-	2,133,069	19.33%
2021	451,073	(451,073)	-	2,215,209	20.36%
2022	569,952	(569,952)	-	2,131,212	26.74%
2023	798,828	(798,828)	-	2,237,272	35.71%

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)				Total	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	Value				
	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%	\$ -	\$ 13,625,025	\$ 13,625,025	\$ 2,702,761	0.00%	0.00%	
2018	0.00%	-	12,990,133	12,990,133	2,612,403	0.00%	0.00%	
2019	0.00%	-	11,117,791	11,117,791	2,547,659	0.00%	0.00%	
2020	0.00%	-	17,721,190	17,721,190	2,523,069	0.00%	0.00%	
2021	0.00%	-	15,577,769	15,577,769	2,600,232	0.00%	0.00%	
2022	0.00%	-	12,870,462	12,870,462	2,503,207	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 Revenues and Expenditures
Budgetary Basis
For the Fiscal Year Ended June 30, 2023

	Total Brought Forward	IDEA Basic	IDEA Preschool	ESSA Title IA	ESSA Title IV	Rural Education Achievement Program	Total
Revenues							
Federal sources	\$ 147,449	\$ 54,433	\$ 2,324	\$ 39,262	\$ 2,000	\$ 22,189	\$ 267,657
State sources	226,976	-	-	-	-	-	226,976
Local sources	2,270	-	-	-	-	-	2,270
Total revenues	\$ 376,695	\$ 54,433	\$ 2,324	\$ 39,262	\$ 2,000	\$ 22,189	\$ 496,903
Other financing sources							
Transfer from general fund	\$ 40,347	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,347
Total revenues and other financing sources	\$ 417,042	\$ 54,433	\$ 2,324	\$ 39,262	\$ 2,000	\$ 22,189	\$ 537,250
Expenditures							
Instruction							
Salaries	\$ 167,257	\$ -	\$ -	\$ 36,472	\$ 1,858	\$ 400	\$ 205,987
Purchased professional and technical services	3,000	-	-	-	-	-	3,000
Other purchased services	6,510	-	-	-	-	8,400	14,910
General supplies	84,212	-	-	-	-	12,479	96,691
Other objects	23,760	-	-	-	-	910	24,670
Total	284,739	-	-	36,472	1,858	22,189	345,258
Support services							
Salaries	28,147	-	-	-	-	-	28,147
Employee benefits	49,529	-	-	2,790	142	-	52,461
Purchased professional and technical services	7,300	48,933	2,324	-	-	-	58,557
Other purchased services	7,000	5,500	-	-	-	-	12,500
General supplies	21,577	-	-	-	-	-	21,577
Other objects	9,980	-	-	-	-	-	9,980
Student activities	192	-	-	-	-	-	192
Total	123,725	54,433	2,324	2,790	142	-	183,414
Capital outlay							
Equipment	\$ 8,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,500
Total	8,500	-	-	-	-	-	8,500
Total expenditures	\$ 416,964	\$ 54,433	\$ 2,324	\$ 39,262	\$ 2,000	\$ 22,189	\$ 537,172
Excess (deficiency) of revenues over (under) expenditures							
	\$ 78	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 78
Fund balances, July 1	2,209	-	-	-	-	-	2,209
Fund balances, June 30	\$ 2,287	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,287

See independent auditors' report.

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

	Total Brought Forward	CARES Emergency Relief	CRRSA ESSER II	CRSSA Learning Acceleration	CRSSA Mental Health	Total Carried Forward
Revenues						
Federal sources	\$ 58,996	\$ 2,308	\$ 22,658	\$ 18,487	\$ 45,000	\$ 147,449
State sources	226,976	-	-	-	-	226,976
Local sources	2,270	-	-	-	-	2,270
Total revenues	\$ 288,242	\$ 2,308	\$ 22,658	\$ 18,487	\$ 45,000	\$ 376,695
Other financing sources						
Transfer from general fund	40,347	-	-	-	-	40,347
Total revenues and other financing sources	\$ 328,589	\$ 2,308	\$ 22,658	\$ 18,487	\$ 45,000	\$ 417,042
Expenditures						
Instruction						
Salaries	\$ 154,024	\$ 1,865	\$ -	\$ 11,368	\$ -	\$ 167,257
Purchased professional and technical services	-	-	-	3,000	-	3,000
Other purchased services	4,110	-	2,400	-	-	6,510
General supplies	66,304	-	11,758	150	6,000	84,212
Other objects	760	-	-	-	23,000	23,760
Total	225,198	1,865	14,158	14,518	29,000	284,739
Support services						
Salaries	28,147	-	-	-	-	28,147
Employee benefits	48,518	142	-	869	-	49,529
Purchased professional and technical services	-	-	-	3,100	4,200	7,300
Other purchased services	-	-	-	-	7,000	7,000
General supplies	16,476	301	-	-	4,800	21,577
Other objects	9,980	-	-	-	-	9,980
Student activities	192	-	-	-	-	192
Total	103,313	443	-	3,969	16,000	123,725
Capital outlay						
Equipment	\$ -	\$ -	\$ 8,500	\$ -	\$ -	\$ 8,500
Total	-	-	8,500	-	-	8,500
Total expenditures	\$ 328,511	\$ 2,308	\$ 22,658	\$ 18,487	\$ 45,000	\$ 416,964
Excess (deficiency) of revenues over (under) expenditures	\$ 78	\$ -	\$ -	\$ -	\$ -	\$ 78
Fund balances, July 1	2,209	-	-	-	-	2,209
Fund balances, June 30	\$ 2,287	\$ -	\$ -	\$ -	\$ -	\$ 2,287

See independent auditors' report.

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

	Total Brought Forward	ARP ESSER	ARP Beyond the School Day	ARP Summer Learning	PEA Pre-K Expansion	Total Carried Forward
Revenues						
Federal sources	\$ -	\$ 47,373	\$ 4,647	\$ 6,976	\$ -	\$ 58,996
State sources	10,770	-	-	-	216,206	226,976
Local sources	2,270	-	-	-	-	2,270
Total revenues	\$ 13,040	\$ 47,373	\$ 4,647	\$ 6,976	\$ 216,206	\$ 288,242
Other financing sources						
Transfer from general fund	-	-	-	-	40,347	40,347
Total revenues and other financing sources	\$ 13,040	\$ 47,373	\$ 4,647	\$ 6,976	\$ 256,553	\$ 328,589
Expenditures						
Instruction						
Salaries	\$ -	\$ -	\$ 4,317	\$ 6,480	\$ 143,227	\$ 154,024
Purchased professional and technical services	-	-	-	-	-	-
Other purchased services	4,110	-	-	-	-	4,110
General supplies	5,900	47,373	-	-	13,031	66,304
Other objects	760	-	-	-	-	760
Total	10,770	47,373	4,317	6,480	156,258	225,198
Support services						
Salaries	-	-	-	-	28,147	28,147
Employee benefits	-	-	330	496	47,692	48,518
Purchased professional and technical services	-	-	-	-	-	-
Other purchased services	-	-	-	-	-	-
General supplies	2,000	-	-	-	14,476	16,476
Other objects	-	-	-	-	9,980	9,980
Student activities	192	-	-	-	-	192
Total	2,192	-	330	496	100,295	103,313
Capital outlay						
Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	-	-	-	-	-	-
Total expenditures	\$ 12,962	\$ 47,373	\$ 4,647	\$ 6,976	\$ 256,553	\$ 328,511
Excess (deficiency) of revenues over (under) expenditures	\$ 78	\$ -	\$ -	\$ -	\$ -	\$ 78
Fund balances, July 1	2,209	-	-	-	-	2,209
Fund balances, June 30	\$ 2,287	\$ -	\$ -	\$ -	\$ -	\$ 2,287

See independent auditors' report.

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

	School Climate Change	SDA Emergent Capital and Maintenance Needs	Local Grants	Student Activities	Total Carried Forward
Revenues					
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	6,660	4,110	-	-	10,770
Local sources	-	-	2,000	270	2,270
Total revenues	\$ 6,660	\$ 4,110	\$ 2,000	\$ 270	\$ 13,040
Other financing sources					
Transfer from general fund	-	-	-	-	-
Total revenues and other financing sources	\$ 6,660	\$ 4,110	\$ 2,000	\$ 270	\$ 13,040
Expenditures					
Instruction					
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -
Purchased professional and technical services	-	-	-	-	-
Other purchased services	-	4,110	-	-	4,110
General supplies	5,900	-	-	-	5,900
Other objects	760	-	-	-	760
Total	6,660	4,110	-	-	10,770
Support services					
Salaries	-	-	-	-	-
Employee benefits	-	-	-	-	-
Purchased professional and technical services	-	-	-	-	-
Other purchased services	-	-	-	-	-
General supplies	-	-	2,000	-	2,000
Other objects	-	-	-	-	-
Student activities	-	-	-	192	192
Total	-	-	2,000	192	2,192
Capital outlay					
Equipment	\$ -	\$ -	\$ -	\$ -	\$ -
Total	-	-	-	-	-
Total expenditures	\$ 6,660	\$ 4,110	\$ 2,000	\$ 192	\$ 12,962
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ 78	\$ 78
Fund balances, July 1	-	-	-	2,209	2,209
Fund balances, June 30	\$ -	\$ -	\$ -	\$ 2,287	\$ 2,287

See independent auditors' report.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Schedule of Preschool Education Aid - Budgetary Basis
For the Fiscal Year Ended June 30, 2023

	Final Budget	Actual	Variance Final to Actual
Expenditures			
Instruction			
Salaries of teachers	\$ 106,743	\$ 93,296	\$ 13,447
Other salaries for instruction	91,673	49,931	41,742
Purchased professional educational services	6,166	-	6,166
Supplies	45,153	13,031	32,122
Total	<u>249,735</u>	<u>156,258</u>	<u>93,477</u>
Support services			
Salaries of program directors	14,619	10,000	4,619
Salaries of other professional staff	29,475	13,602	15,873
Salaries of secretarial and clerical assistants	4,545	4,545	-
Other salaries	9,600	-	9,600
Employee benefits	82,916	47,692	35,224
Supplies	16,624	14,476	2,148
Other objects	19,980	9,980	10,000
Total	<u>177,759</u>	<u>100,295</u>	<u>77,464</u>
Total expenditures	<u>\$ 427,494</u>	<u>\$ 256,553</u>	<u>\$ 170,941</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Schedule of Preschool Education Aid - Budgetary Basis
For the Fiscal Year Ended June 30, 2023

Calculation of Budget and Carryover

Total revised 2022 - 2023 preschool education aid allocation	\$ 387,147
Add: actual ECPA/PEA carryover (June 30, 2022)	-
Add: budgeted transfer from general fund	40,347
Total preschool education aid funds available for 2022 - 2023 budget	<u>427,494</u>
Less: 2022 - 2023 budgeted preschool education aid	<u>(427,494)</u>
Available and unbudgeted preschool education aid funds as of June 30, 2023	-
Add: 2022 - 2023 unexpended preschool education aid	<u>170,941</u>
2022 - 2023 Actual carryover preschool education aid	<u><u>\$ 170,941</u></u>
2022 - 2023 Preschool education aid carryover budgeted for preschool programs 2023 - 2024	<u><u>\$ 170,941</u></u>

STATISTICAL SECTION

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Statistical Section J Series

CONTENTS	PAGE
FINANCIAL TRENDS	
These schedules contain trend information to help the reader understand how the District's financial performance and wellbeing have changed over time.	J-1 to J-5
REVENUE CAPACITY	
These schedules contain trend information to help the reader assess the District's most significant local revenue sources, the property tax.	J-6 to J-9
DEBT CAPACITY	
These schedules contain trend information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-10 to J-13
DEMOGRAPHIC AND ECONOMIC INFORMATION	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	J-14 to J-15
OPERATING INFORMATION	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	J-16 to J-20
Sources: Unless otherwise noted, the information in these schedules are derived from the Annual Comprehensive Financial Reports (ACFR) for the relevant year.	
The District implemented GASB Statement No. 84 in the fiscal year ending June 30, 2021. Schedules presenting information relating to the implementation of GASB Statement No. 84 include information beginning in that year.	

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	\$ 2,625,277	\$ 2,736,966	\$ 2,742,021	\$ 2,796,778	\$ 2,857,856	\$ 2,947,378	\$ 3,049,655	\$ 3,171,426	\$ 3,084,099	\$ 3,023,799
Restricted	565,175	659,060	700,218	681,726	768,999	974,800	1,086,756	1,313,218	1,513,185	1,623,197
Unrestricted	(988,453)	(845,665)	(823,624)	(931,326)	(1,038,587)	(1,051,865)	(859,636)	(688,954)	(353,955)	(63,890)
Total governmental activities	<u>\$ 2,201,999</u>	<u>\$ 2,550,361</u>	<u>\$ 2,618,615</u>	<u>\$ 2,547,178</u>	<u>\$ 2,588,268</u>	<u>\$ 2,870,313</u>	<u>\$ 3,276,775</u>	<u>\$ 3,795,690</u>	<u>\$ 4,243,329</u>	<u>\$ 4,583,106</u>
Business-type activities										
Net investment in capital assets	\$ 2,929	\$ 2,467	\$ 2,006	\$ 1,544	\$ 1,083	\$ 622	\$ 541	\$ 7,481	\$ 9,242	\$ 8,373
Unrestricted	46,333	36,893	48,771	39,000	27,248	23,509	22,498	48,862	57,468	78,419
Total business-type activities	<u>\$ 49,262</u>	<u>\$ 39,360</u>	<u>\$ 50,777</u>	<u>\$ 40,544</u>	<u>\$ 28,331</u>	<u>\$ 24,131</u>	<u>\$ 23,039</u>	<u>\$ 56,343</u>	<u>\$ 66,710</u>	<u>\$ 86,792</u>
District-wide										
Net investment in capital assets	\$ 2,628,206	\$ 2,739,433	\$ 2,744,027	\$ 2,798,322	\$ 2,858,939	\$ 2,948,000	\$ 3,050,196	\$ 3,178,907	\$ 3,093,341	\$ 3,032,172
Restricted	565,175	659,060	700,218	681,726	768,999	974,800	1,086,756	1,313,218	1,513,185	1,623,197
Unrestricted	(942,120)	(808,772)	(774,853)	(892,326)	(1,011,339)	(1,028,356)	(837,138)	(640,092)	(296,487)	14,529
Total district-wide	<u>\$ 2,251,261</u>	<u>\$ 2,589,721</u>	<u>\$ 2,669,392</u>	<u>\$ 2,587,722</u>	<u>\$ 2,616,599</u>	<u>\$ 2,894,444</u>	<u>\$ 3,299,814</u>	<u>\$ 3,852,033</u>	<u>\$ 4,310,039</u>	<u>\$ 4,669,898</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	\$ 2,065,010	\$ 2,605,769	\$ 2,427,501	\$ 2,756,167	\$ 3,045,040	\$ 3,164,264	\$ 2,724,758	\$ 3,628,440	\$ 3,324,956	\$ 3,265,239
Special education	545,851	630,855	915,047	953,543	764,202	758,014	909,937	540,612	649,226	460,019
Other special education	389,897	215,352	113,058	156,186	409,246	386,796	247,617	255,530	118,104	262,582
Other instruction	37,360	45,694	55,192	76,538	171,398	155,563	11,130	26,229	48,671	85,517
Support services										
Tuition	70,914	5,143	-	-	-	600	2,860	14,415	38,000	-
Student & instruction related services	920,384	1,102,115	1,386,865	1,498,040	1,430,723	1,116,582	1,127,965	1,286,908	1,197,086	1,111,038
General & business administrative services	444,585	473,232	503,664	580,208	587,818	554,610	591,171	633,252	602,282	574,864
School administration	53,923	53,663	112,354	121,416	119,441	58,495	61,573	84,602	76,276	69,968
Plant operations & maintenance	463,619	397,781	559,508	586,131	604,143	468,469	432,829	439,396	438,251	424,053
Pupil transportation	393,661	164,847	182,827	149,506	186,728	119,527	146,087	119,358	150,512	172,693
Transfer to charter schools	2,686	-	-	-	-	-	-	-	-	-
Interest on long-term debt	70,191	56,099	50,635	47,587	34,194	29,569	18,007	8,756	3,749	12,687
Total governmental activities expenses	<u>5,458,081</u>	<u>5,750,550</u>	<u>6,306,651</u>	<u>6,925,322</u>	<u>7,352,933</u>	<u>6,812,489</u>	<u>6,273,934</u>	<u>7,037,498</u>	<u>6,647,113</u>	<u>6,438,660</u>
Business-type activities										
Food services	75,410	75,464	76,638	76,184	71,860	61,608	58,277	94,177	101,392	90,431
Child care	34,508	55,316	49,013	60,109	53,646	56,921	51,024	213	-	-
Total business-type activities	<u>109,918</u>	<u>130,780</u>	<u>125,651</u>	<u>136,293</u>	<u>125,506</u>	<u>118,529</u>	<u>109,301</u>	<u>94,390</u>	<u>101,392</u>	<u>90,431</u>
Total district expenses	<u>\$ 5,567,999</u>	<u>\$ 5,881,330</u>	<u>\$ 6,432,302</u>	<u>\$ 7,061,615</u>	<u>\$ 7,478,439</u>	<u>\$ 6,931,018</u>	<u>\$ 6,383,235</u>	<u>\$ 7,131,888</u>	<u>\$ 6,748,505</u>	<u>\$ 6,529,091</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	\$ 251,461	\$ 62,993	\$ 57,900	\$ 56,565	\$ 67,680	\$ 24,475	\$ 44,113	\$ 35,816	\$ 76,502	\$ 32,925
Capital grants & contributions	(27,320)	-	-	-	-	-	-	-	-	-
Operating grants & contributions	105,907	108,337	112,253	124,883	120,182	127,913	95,409	122,626	221,954	411,393
Total governmental activities	<u>330,048</u>	<u>171,330</u>	<u>170,153</u>	<u>181,448</u>	<u>187,862</u>	<u>152,388</u>	<u>139,522</u>	<u>158,442</u>	<u>298,456</u>	<u>444,318</u>
Business-type activities										
Charges for services										
Food service	50,206	49,439	53,474	45,193	41,971	40,095	25,294	25	8,548	47,331
Child care	53,682	45,648	57,240	55,520	45,900	54,833	50,168	-	-	-
Operating grants & contributions	22,835	25,664	25,061	25,134	25,158	19,199	21,476	127,625	103,184	62,682
Total business - type activities	<u>126,723</u>	<u>120,751</u>	<u>135,775</u>	<u>125,847</u>	<u>113,029</u>	<u>114,127</u>	<u>96,938</u>	<u>127,650</u>	<u>111,732</u>	<u>110,013</u>
Total district-wide program revenues	<u>\$ 456,771</u>	<u>\$ 292,081</u>	<u>\$ 305,928</u>	<u>\$ 307,295</u>	<u>\$ 300,891</u>	<u>\$ 266,515</u>	<u>\$ 236,460</u>	<u>\$ 286,092</u>	<u>\$ 410,188</u>	<u>\$ 554,331</u>
Net (expense) revenues										
Governmental activities	\$ (5,128,033)	\$ (5,579,220)	\$ (6,136,498)	\$ (6,743,874)	\$ (7,165,071)	\$ (6,660,101)	\$ (6,134,412)	\$ (6,879,056)	\$ (6,348,657)	\$ (5,994,342)
Business - type activities	16,805	(10,029)	10,124	(10,446)	(12,477)	(4,402)	(12,363)	33,260	10,340	19,582
Total district-wide net expenses	<u>\$ (5,111,228)</u>	<u>\$ (5,589,249)</u>	<u>\$ (6,126,374)</u>	<u>\$ (6,754,320)</u>	<u>\$ (7,177,548)</u>	<u>\$ (6,664,503)</u>	<u>\$ (6,146,775)</u>	<u>\$ (6,845,796)</u>	<u>\$ (6,338,317)</u>	<u>\$ (5,974,760)</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	\$ 3,747,500	\$ 3,718,722	\$ 3,710,747	\$ 3,754,457	\$ 3,710,000	\$ 3,671,732	\$ 3,769,466	\$ 3,866,456	\$ 4,039,535	\$ 4,069,896
Taxes levied for debt service	249,463	244,238	239,213	208,013	201,025	212,750	203,500	194,250	-	-
Unrestricted grants & contributions	1,256,484	1,948,839	2,243,633	2,698,144	3,268,558	3,025,418	2,553,922	3,318,398	2,740,409	2,212,179
Investment earnings	4,869	6,034	6,339	7,522	16,670	24,937	20,116	2,307	1,560	25,468
Miscellaneous income	12,992	9,749	4,820	4,301	9,908	7,309	2,911	16,560	14,792	26,576
Transfer out	-	-	-	-	-	-	(11,104)	-	-	-
Total governmental activities	<u>5,271,308</u>	<u>5,927,582</u>	<u>6,204,752</u>	<u>6,672,437</u>	<u>7,206,161</u>	<u>6,942,146</u>	<u>6,538,811</u>	<u>7,397,971</u>	<u>6,796,296</u>	<u>6,334,119</u>
Business-type activities										
Investment earnings	95	127	111	145	223	202	117	17	22	500
Miscellaneous income	122	-	1,182	68	41	-	50	27	5	-
Transfer in	-	-	-	-	-	-	11,104	-	-	-
Total business-type activities	<u>217</u>	<u>127</u>	<u>1,293</u>	<u>213</u>	<u>264</u>	<u>202</u>	<u>11,271</u>	<u>44</u>	<u>27</u>	<u>500</u>
Total district-wide	<u>\$ 5,271,525</u>	<u>\$ 5,927,709</u>	<u>\$ 6,206,045</u>	<u>\$ 6,672,650</u>	<u>\$ 7,206,425</u>	<u>\$ 6,942,348</u>	<u>\$ 6,550,082</u>	<u>\$ 7,398,015</u>	<u>\$ 6,796,323</u>	<u>\$ 6,334,619</u>
Change in net position										
Governmental activities	\$ 143,275	\$ 348,362	\$ 68,254	\$ (71,437)	\$ 41,090	\$ 282,045	\$ 404,399	\$ 518,915	\$ 447,639	\$ 339,777
Business-type activities	<u>17,022</u>	<u>(9,902)</u>	<u>11,417</u>	<u>(10,233)</u>	<u>(12,213)</u>	<u>(4,200)</u>	<u>(1,092)</u>	<u>33,304</u>	<u>10,367</u>	<u>20,082</u>
Total district	<u>\$ 160,297</u>	<u>\$ 338,460</u>	<u>\$ 79,671</u>	<u>\$ (81,670)</u>	<u>\$ 28,877</u>	<u>\$ 277,845</u>	<u>\$ 403,307</u>	<u>\$ 552,219</u>	<u>\$ 458,006</u>	<u>\$ 359,859</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	\$ 936,033	\$ 1,026,911	\$ 1,122,584	\$ 1,175,729	\$ 1,171,739	\$ 1,336,531	\$ 1,565,469	\$ 1,804,869	\$ 2,065,033	\$ 2,282,872
Committed	5,350	13,965	61,375	45,966	86,538	85,822	145,274	138,173	68,736	35,763
Assigned	-	50,000	19,500	71,455	85,621	119,800	91,181	79,860	132,479	36,568
Unassigned	176,026	245,103	247,891	224,734	282,260	269,984	264,709	326,326	325,280	283,993
Total general fund	<u>\$ 1,117,409</u>	<u>\$ 1,335,979</u>	<u>\$ 1,451,350</u>	<u>\$ 1,517,884</u>	<u>\$ 1,626,158</u>	<u>\$ 1,812,137</u>	<u>\$ 2,066,633</u>	<u>\$ 2,349,228</u>	<u>\$ 2,591,528</u>	<u>\$ 2,639,196</u>
								*		
All other governmental funds										
Restricted, reported in										
Special revenue fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,063	\$ 2,772	\$ 2,209	\$ 2,287
Capital projects fund	40,975	40,975	40,975	20,975	-	-	-	-	-	-
Unassigned, reported in										
Special revenue fund	-	-	-	-	-	-	-	-	-	(38,715)
Total all other governmental funds	<u>\$ 40,975</u>	<u>\$ 40,975</u>	<u>\$ 40,975</u>	<u>\$ 20,975</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,063</u>	<u>\$ 2,772</u>	<u>\$ 2,209</u>	<u>\$ (36,428)</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	\$ 3,996,963	\$ 3,962,960	\$ 3,949,960	\$ 3,962,470	\$ 3,911,025	\$ 3,884,482	\$ 3,972,966	\$ 4,060,706	\$ 4,039,535	\$ 4,069,896
Tuition charges	52,056	48,066	42,973	41,638	52,157	24,475	44,113	35,041	76,500	32,655
Interest earnings	4,869	6,034	6,339	7,522	16,670	30,738	20,116	2,307	1,560	25,468
Rents and royalties	-	-	14,927	14,927	15,523	-	-	-	-	-
Miscellaneous	19,444	28,256	6,470	5,966	11,258	3,223	5,296	19,495	16,794	28,846
State sources	1,256,484	1,330,483	1,399,528	1,447,128	1,555,255	1,576,890	1,520,781	1,652,474	1,763,196	1,838,090
State sources - capital projects	(27,320)	-	-	-	-	-	-	-	-	-
Federal sources	105,441	104,757	110,603	123,218	118,832	126,198	93,024	120,466	215,803	232,403
Total revenues	5,407,937	5,480,556	5,530,800	5,602,869	5,680,720	5,646,006	5,656,296	5,890,489	6,113,388	6,227,358
Expenditures										
Instruction										
Regular instruction	1,364,605	1,423,145	1,387,021	1,459,416	1,423,416	1,420,088	1,319,799	1,521,310	1,574,262	1,497,827
Special education instruction	360,076	367,726	393,807	419,187	366,474	365,759	476,208	308,576	323,345	256,607
Other special instruction	249,800	118,127	106,585	81,348	167,391	156,842	100,315	69,631	46,298	112,127
Other instruction	24,472	32,910	52,032	46,928	46,647	40,398	31,054	12,408	17,363	29,110
Support services										
Tuition	70,914	5,143	-	-	-	600	2,860	14,415	38,000	-
Student & inst related services	613,522	674,630	697,538	679,331	668,871	613,530	610,595	646,812	608,547	569,045
General administration	156,276	165,202	162,141	170,009	176,888	170,060	186,908	188,156	191,959	184,794
School administration services	35,540	37,415	37,952	39,112	39,675	41,158	43,588	46,380	47,777	48,143
Central services	126,601	130,146	134,589	134,600	136,345	139,430	143,374	145,249	144,967	158,388
Administrative information technology	10,468	11,379	14,942	15,557	14,740	15,172	15,648	15,850	16,430	16,610
Plant operations & maintenance	385,790	339,113	341,612	322,646	344,530	374,283	356,041	363,646	391,779	407,721
Pupil transportation	201,973	161,189	162,275	129,564	166,132	119,527	146,087	119,358	147,389	171,704
Employee benefits	978,114	959,557	1,030,470	1,133,537	1,022,371	866,194	841,849	844,021	899,581	891,261
On-behalf TPAF Pension & Social Security contribution	392,112	453,115	524,415	553,499	665,072	757,958	770,678	928,897	1,152,071	1,191,626
Transfer to charter schools	2,686	-	-	-	-	-	-	-	-	-
Capital outlay	3,589	33,745	18,584	18,705	-	25,678	36,159	50,784	36,677	60,465
Special revenue funds	105,907	108,337	112,253	124,883	120,182	127,913	95,409	122,692	222,519	490,647
Debt service										
Principal	190,000	190,000	190,000	185,000	185,000	185,000	185,000	185,000	-	-
Interest & other charges	72,150	54,238	49,213	43,013	49,687	40,437	31,187	21,937	12,687	12,687
Total expenditures	5,344,595	5,265,117	5,415,429	5,556,335	5,593,421	5,460,027	5,392,759	5,605,122	5,871,651	6,098,762

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	\$ 63,342	\$ 215,439	\$ 115,371	\$ 46,534	\$ 87,299	\$ 185,979	\$ 263,537	\$ 285,367	\$ 241,737	\$ 128,596
Other financing sources (uses)										
Transfer in (out)	-	-	-	-	-	-	(11,104)	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	(11,104)	-	-	-
Net change in fund balances	<u>\$ 63,342</u>	<u>\$ 215,439</u>	<u>\$ 115,371</u>	<u>\$ 46,534</u>	<u>\$ 87,299</u>	<u>\$ 185,979</u>	<u>\$ 252,433</u>	<u>\$ 285,367</u>	<u>\$ 241,737</u>	<u>\$ 128,596</u>
Debt service as a percentage of non-capital expenditures	5.16%	4.90%	4.64%	4.29%	4.38%	4.33%	4.21%	3.87%	0.22%	0.21%

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	\$ 4,869	\$ 6,034	\$ 6,339	\$ 7,522	\$ 16,670	\$ 24,937	\$ 20,116	\$ 2,307	\$ 1,560	\$ 25,468
Tuition	52,056	48,066	42,973	41,638	52,157	24,475	44,113	35,041	76,500	32,655
Building use fees	14,927	14,927	14,927	14,927	15,523	-	-	-	-	-
Prior year refunds	444	4,510	879	3,837	3,370	5,690	2,353	4,762	7,595	24,668
Miscellaneous	1,024	-	425	338	1,154	-	558	7,298	3,031	1,908
Donations	-	377	413	100	250	-	-	-	-	-
Old outstanding checks canceled	-	3,284	403	26	904	-	-	-	4,166	-
Rebate	-	-	2,700	-	1,000	-	-	4,500	-	-
Insurance claim	-	-	-	-	3,230	1,619	-	-	-	-
Current year refunds	2,583	1,578	-	-	-	-	-	-	-	-
Annual totals	\$ 75,903	\$ 78,776	\$ 69,059	\$ 68,388	\$ 94,258	\$ 56,721	\$ 67,140	\$ 53,908	\$ 92,852	\$ 84,699

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	\$ 4,128,700	\$ 4,181,700	\$ 4,403,700	\$ 4,217,600	\$ 3,934,500	\$ 3,936,700	\$ 3,848,300	\$ 4,888,700	\$ 5,009,800	\$ 4,512,100
Residential	287,884,400	289,296,400	288,535,000	288,396,600	287,479,100	287,178,600	286,851,817	286,866,217	286,364,317	286,538,917
Farm regular	52,492,300	51,344,000	52,484,600	52,274,300	53,345,700	53,290,100	53,593,700	53,618,900	53,360,000	53,475,700
Q farm	5,039,395	4,894,295	5,050,195	5,065,195	5,078,095	5,059,695	5,066,095	5,043,995	5,118,495	5,080,395
Commercial	32,514,600	32,364,200	32,273,800	32,611,100	32,380,700	32,276,700	32,276,700	32,216,200	32,610,800	32,081,000
Industrial	30,829,000	30,829,000	30,829,000	30,837,300	30,837,300	30,837,300	30,837,300	30,837,300	30,805,300	30,854,000
Apartment	306,300	306,300	306,300	306,300	306,300	306,300	306,300	306,300	306,300	306,300
Total assessed value	413,194,695	413,215,895	413,882,595	413,708,395	413,361,695	412,885,395	412,780,212	413,777,612	413,575,012	412,848,412
Public utilities (a)	692,328	463,886	440,526	434,313	815,456	819,631	822,139	830,444	744,496	379,660
Net valuation taxable	\$ 413,887,023	\$ 413,679,781	\$ 414,323,121	\$ 414,142,708	\$ 414,177,151	\$ 413,705,026	\$ 413,602,351	\$ 414,608,056	\$ 414,319,508	\$ 413,228,072
Estimated actual county equalized value	\$ 381,411,664	\$ 389,508,561	\$ 382,886,095	\$ 408,350,301	\$ 404,542,665	\$ 402,654,565	\$ 401,501,824	\$ 413,157,875	\$ 452,017,792	\$ 491,821,081
Percentage of net valuation to estimated actual equalized value	108.51%	106.21%	108.21%	101.42%	102.38%	102.74%	103.01%	100.35%	91.66%	84.02%
Total direct school tax rate (b)	\$ 0.960	\$ 0.955	\$ 0.957	\$ 0.944	\$ 0.938	\$ 0.960	\$ 0.981	\$ 0.975	\$ 0.983	\$ 0.981

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)			Municipality	County	
			Total Direct School Tax Rate					
2014	\$ 0.900	\$ 0.060	\$ 0.960	\$ 0.930	\$ 0.250	\$ 0.720	\$ 2.860	
2015	0.895	0.060	0.955	0.995	0.267	0.733	2.950	
2016	0.897	0.060	0.957	0.965	0.264	0.709	2.895	
2017	0.894	0.050	0.944	1.043	0.274	0.757	3.018	
2018	0.888	0.050	0.938	1.016	0.273	0.720	2.947	
2019	0.910	0.050	0.960	1.057	0.288	0.701	3.006	
2020	0.931	0.050	0.981	1.037	0.295	0.689	3.002	
2021	0.925	0.050	0.975	1.080	0.311	0.703	3.069	
2022	0.983	-	0.983	1.121	0.319	0.746	3.169	
2023	0.981	-	0.981	1.106	0.331	0.756	3.174	

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
	Transcontinental Gas Pipeline	\$ 18,061,900	1	4.37%	\$ 17,917,900	1
ISE America	10,059,000	2	2.43%	9,981,100	2	2.41%
Franklin Realty Group LLC	9,275,200	3	2.24%	9,275,200	3	2.24%
2010 Franklin LLC	5,958,100	4	1.44%	-		0.00%
Viking Development Co., LLC	2,392,200	5	0.58%	2,313,400	5	0.56%
Individual Property Owner	2,137,400	6	0.52%	1,290,600	8	0.31%
Mountain Top Farm, LLC	2,019,480	7	0.49%	-		0.00%
Asbury Graphite Mills, Inc.	1,629,800	8	0.39%	-		0.00%
Individual Property Owner	1,569,300	9	0.38%	1,109,100	10	0.27%
ETG Acquisition Corp	1,468,400	10	0.36%	-		0.00%
The Franklin Realty Group	-		0.00%	5,958,100	4	1.44%
JWD Farms LLC	-		0.00%	1,950,700	6	0.47%
Elizabethtown Gas Company	-		0.00%	1,451,700	7	0.35%
Victaulic Reh LLC	-		0.00%	1,122,300	9	0.27%
	<u>\$ 54,570,780</u>		<u>13.21%</u>	<u>\$ 52,370,100</u>		<u>12.65%</u>

Source: Municipal Tax Assessor

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	\$ 3,996,963	\$ 3,996,963	100.00%
2015	3,962,960	3,962,960	100.00%
2016	3,949,960	3,949,960	100.00%
2017	3,962,470	3,962,470	100.00%
2018	3,911,025	3,911,025	100.00%
2019	3,884,482	3,884,482	100.00%
2020	3,972,966	3,972,966	100.00%
2021	4,060,706	4,060,706	100.00%
2022	4,039,535	4,039,535	100.00%
2023	4,069,896	4,069,896	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.

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

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities Leases	Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Certificates of Participation	Leases	Bond Anticipation Notes (BANs)				
2014	\$ 1,305,000	\$ -	\$ -	\$ -	\$ -	\$ 1,305,000	0.89%	\$ 421
2015	1,115,000	-	-	-	-	1,115,000	0.74%	360
2016	925,000	-	-	-	-	925,000	0.59%	301
2017	740,000	-	-	-	-	740,000	0.47%	242
2018	555,000	-	-	-	-	555,000	0.34%	182
2019	370,000	-	-	-	-	370,000	0.22%	122
2020	185,000	-	-	-	-	185,000	0.11%	61
2021	-	-	-	-	-	-	N/A	-
2022	-	-	-	-	-	-	N/A	-
2023	-	-	-	-	-	-	N/A	-

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		Net General Bonded Debt Outstanding	% of Actual Taxable Value of Property (a)	Per Capita (b)
	General Obligation Bonds	Deductions			
2014	\$ 1,305,000	\$ -	\$ 1,305,000	0.32%	\$ 421
2015	1,115,000	-	1,115,000	0.27%	360
2016	925,000	-	925,000	0.22%	301
2017	740,000	-	740,000	0.18%	242
2018	555,000	-	555,000	0.13%	182
2019	370,000	-	370,000	0.09%	122
2020	185,000	-	185,000	0.04%	61
2021	-	-	-	0.00%	-
2022	-	-	-	-	-
2023	-	-	-	-	-

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	\$ 4,195,918	100.00%	\$ 4,195,918
Regional High School	9,309,000	17.53%	1,632,180
County general obligation debt	830,000	3.71%	<u>30,790</u>
Subtotal, overlapping debt			5,858,888
School district direct debt			<u>-</u>
Total direct and overlapping debt			<u><u>\$ 5,858,888</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	\$ 492,234,006
	2021	451,426,590
	2020	412,161,969
		<u>\$ 1,355,822,565</u>
Average equalized valuation of taxable property		<u>\$ 451,940,855</u>
Debt limit (2.5% of average equalization value)	(a)	\$ 11,298,521
Total net debt applicable to limit		<u>-</u>
Legal debt margin		<u>\$ 11,298,521</u>

	Fiscal Year				
	2019	2020	2021	2022	2023
Debt limit	\$ 10,127,235	\$ 10,066,352	\$ 10,127,019	\$ 10,536,420	\$ 11,298,521
Total net debt applicable	370,000	185,000	-	-	-
Legal debt margin	<u>\$ 9,757,235</u>	<u>\$ 9,881,352</u>	<u>\$ 10,127,019</u>	<u>\$ 10,536,420</u>	<u>\$ 11,298,521</u>
Total net debt applicable to the limit as a percentage of debt limit	3.65%	1.84%	0.00%	0.00%	0.00%

	Fiscal Year				
	2014	2015	2016	2017	2018
Debt limit	\$ 10,018,674	\$ 9,734,889	\$ 9,580,041	\$ 9,806,395	\$ 9,956,660
Total net debt applicable	1,305,000	1,115,000	925,000	740,000	555,000
Legal debt margin	<u>\$ 8,713,674</u>	<u>\$ 8,619,889</u>	<u>\$ 8,655,041</u>	<u>\$ 9,066,395</u>	<u>\$ 9,401,660</u>
Total net debt applicable to the limit as a percentage of debt limit	13.03%	11.45%	9.66%	7.55%	5.57%

Source: Equalized valuation bases 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

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2014	3,099	\$ 146,344,077	\$ 47,223	6.7%
2015	3,096	151,354,152	48,887	5.1%
2016	3,076	156,079,316	50,741	4.9%
2017	3,060	157,599,180	51,503	4.5%
2018	3,046	161,891,854	53,149	4.0%
2019	3,041	167,172,893	54,973	3.3%
2020	3,029	172,519,724	56,956	7.6%
2021	3,026	183,148,650	60,525	4.7%
2022	2,976	187,610,016	63,041	3.3%
2023	2,996	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
----------	-----------	------	--

INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

2014

Employer	Employees	Rank	Percentage of Total Municipal Employment
----------	-----------	------	--

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	36.8	36.8	35.8	29.9	29.6	26.9	26.6	25.6	25.0	26.7
Special education	5.1	5.5	5.5	5.5	6.6	6.6	7.4	7.9	7.4	6.7
Support services										
General administration	2.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
School administration services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.1
Other administration services	1.0	1.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Plant operations and maintenance	3.3	3.3	3.2	4.0	3.3	3.3	3.3	3.3	3.3	3.3
Pupil transportation	0.6	0.6	0.4	0.2	0.2	-	-	-	-	0.3
Other support services	2.0	3.0	5.1	5.5	3.7	3.7	4.1	5.0	4.2	3.9
Total	51.8	53.2	54.0	49.1	47.4	44.5	45.4	45.8	43.9	45.0

Source: District Personnel Records

See independent auditors' report.

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	250	\$ 5,078,856	\$ 20,315	7.06%	28.0	1 to 8.93	250.9	241.5	-7.52%	96.25%
2015	230	4,987,134	21,683	6.73%	28.0	1 to 8.21	233.1	223.0	-7.09%	95.67%
2016	232	5,157,632	22,231	2.53%	28.0	1 to 8.29	227.8	216.9	-2.28%	95.22%
2017	222	5,309,617	23,917	7.58%	24.0	1 to 9.25	220.4	210.5	-3.27%	95.53%
2018	212	5,358,734	25,277	5.69%	26.4	1 to 8.03	216.0	206.5	-1.97%	95.61%
2019	200	5,208,912	26,045	3.04%	26.4	1 to 7.58	205.2	196.4	-5.00%	95.71%
2020	210	5,140,413	24,478	-6.02%	25.3	1 to 8.30	207.5	200.1	1.13%	96.41%
2021	190	5,347,401	28,144	14.98%	26.3	1 to 7.23	191.3	185.4	-7.84%	96.94%
2022	199	5,822,287	29,258	3.96%	26.0	1 to 7.67	198.5	189.5	3.78%	95.47%
2023	198	6,025,610	30,432	4.01%	26.0	1 to 7.62	197.0	184.4	-0.75%	93.60%

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 (1960)</u>										
Square feet	47,552	49,242	49,242	49,242	49,242	49,242	51,086	51,086	51,086	51,086
Capacity (students)	367	367	367	367	367	367	367	367	367	367
Enrollment	250	230	232	222	212	200	208	190	198	199

<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	\$ 111,544
2015	77,708
2016	87,562
2017	91,605
2018	90,679
2019	92,457
2020	96,607
2021	101,854
2022	102,765
2023	119,941
Total school facilities	<u><u>\$ 972,722</u></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)

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - NJ Schools Insurance Group		
Property - Blanket Building and Contents (Policy Limit)	\$ 500,000,000	\$ 1,000
Comprehensive General Liability (Policy Limit)	16,000,000	-
Automobile Liability (Policy Limit)	16,000,000	-
Employee Benefits (Policy Limit)	16,000,000	1,000
Flood (Policy Limit), All Other Flood Zones	75,000,000	10,000
Flood (Policy Limit), Special Flood Zones	25,000,000	500,000
Earthquake (Policy Limit)	50,000,000	1,000
School Board Legal Liability - NJ Schools Insurance Group		
Directors and Officers Policy (Policy Limit)	16,000,000	5,000
Public Employees' Faithful Performance - NJ Schools Insurance Group		
Business Administrators Bond	250,000	-
Worker's Compensation - NJ Schools Insurance Group		
Bodily Injury by Accident	3,000,000	-
Bodily Injury by Disease	3,000,000	-
Bodily Injury by Disease	3,000,000	-
WC Supplemental	7 day elim. period	-
Student Accident - BMI		
Accidental Medical Base and Catastrophic	5,000,000	-
Pollution-Colony Insurance Company		
New Pollution Conditions-On-Site Cleanup Costs	1,000,000	10,000
Bodily Injury, Property Damage, Off-Site Cleanup	1,000,000	10,000
Emergency Expenses	1,000,000	10,000
Non-Owned Disposal Site Liability	1,000,000	10,000
Transportation Pollution Liability	1,000,000	10,000
Cyber - Hiscox Insurance		
Cyber Liability	1,000,000	2,500
Cyber Crime	100,000	2,500

Source: District Records

See independent auditors' report.

SINGLE AUDIT SECTION

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



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

**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
Washington, 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 Warren, 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 December 5, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Franklin 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. However, material weaknesses or significant deficiencies may exist that were not identified.

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 no 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.

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

December 5, 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
Washington, 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.

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. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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. 20CS00265600December 5, 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 June 30, 2022			Budgetary Expenditure	Adjustment	Repayment of Prior Year Balance	Balance June 30, 2023		
					From	To	Deferred Rev. (Accts. Rec)	Carryover Amount	Cash Received				Accounts Receivable	Deferred Revenue	Due to Grantor
U.S. Department of Education passed through State Department of Education															
Special Revenue Fund															
Special education cluster (IDEA)															
IDEA Basic	84.027A	H027A210100	IDEA-1620-22	\$ 51,954	07/01/21	06/30/22	\$ (1,351)	\$ -	\$ 1,351	\$ -	\$ -	\$ -	\$ -	\$ -	
IDEA Basic	84.027A	H027A220100	IDEA-1620-23	54,433	07/01/22	06/30/23	-	-	44,921	54,433	-	-	(9,512)	-	
IDEA Preschool	84.173A	H173S210114	IDEA-1620-22	2,115	07/01/21	06/30/22	(1,115)	-	1,115	-	-	-	-	-	
IDEA Preschool	84.173A	H173S220114	IDEA-1620-23	2,324	07/01/22	06/30/23	-	-	1,859	2,324	-	-	(465)	-	
Total special education cluster (IDEA)							(2,466)	-	49,246	56,757	-	-	(9,977)	-	
Title I A	84.010	S010S210030	ESSA-1620-22	27,044	07/01/21	06/30/22	(2,621)	-	2,621	-	-	-	-	-	
Title I A	84.010	S010S220030	ESSA-1620-23	39,262	07/01/22	06/30/23	-	-	35,335	39,262	-	-	(3,927)	-	
Title IV	84.424A	S424A200031	ESSA-1620-22	10,000	07/01/21	06/30/22	(662)	-	662	-	-	-	-	-	
Title IV	84.424A	S424A220031	ESSA-1620-23	10,000	07/01/22	06/30/23	-	-	-	2,000	-	-	(2,000)	-	
Rural Education Achievement Program	84.358	S358B210030	S358A212169	22,730	07/01/21	06/30/22	(377)	-	3,579	3,202	-	-	-	-	
Rural Education Achievement Program	84.358	S358B220030	S358A222856	19,009	07/01/22	06/30/23	-	-	1,698	18,987	-	-	(17,289)	-	
COVID-19															
CARES Emergency Relief	84.425D	S425D200027	CARES-1620-22	16,905	03/13/20	09/30/22	(8,527)	-	10,835	2,308	-	-	-	-	
CRRSA - ESSER II	84.425D	S425D210027	CRRSA-1620-23	69,110	03/13/20	09/30/23	(26,000)	-	31,268	22,658	-	-	(17,390)	-	
CRRSA - Learning Acceleration	84.425D	S425D210027	CRRSA-1620-23	25,000	03/13/20	09/30/23	(4,952)	-	19,712	18,487	-	-	(3,727)	-	
CRRSA - Mental Health	84.425D	S425D210027	CRRSA-1620-23	45,000	03/13/20	09/30/23	-	-	14,716	45,000	-	-	(30,284)	-	
ARP - ESSER															
ARP - ESSER	84.425U	S425U210027	ESSER-1620-24	155,320	03/13/20	09/30/24	(32,778)	-	44,145	47,373	-	-	(36,006)	-	
Evidenced Based Comprehensive															
Beyond the School Day	84.425U	S425U210027	ESSER-1620-24	40,000	03/13/20	09/30/24	-	-	4,647	4,647	-	-	-	-	
Evidenced Based Summer															
Learning and Enrichment	84.425U	S425U210027	ESSER-1620-24	40,000	03/13/20	09/30/24	-	-	-	6,976	-	-	(6,976)	-	
ARP IDEA Basic	84.027X	H027X210100	ARP-1620-22	8,491	07/01/21	06/30/22	(8,491)	-	8,491	-	-	-	-	-	
ARP IDEA Preschool	84.173X	H173X210114	ARP-1620-22	724	07/01/21	06/30/22	(724)	-	724	-	-	-	-	-	
Total Special Revenue Fund							(87,598)	-	227,679	267,657	-	-	(127,576)	-	
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	8,745	10/01/21	09/30/22	1,227	-	-	1,227	-	-	-	-	
Non-Cash Assistance (Commodities)	10.555	231NJ304N1199	N/A	9,504	10/01/22	09/30/23	-	-	9,504	7,836	-	-	-	1,668	
Cash Assistance	10.555	221NJ304N1099	N/A	72,961	10/01/21	09/30/22	(4,558)	-	4,558	-	-	-	-	-	
Cash Assistance	10.555	231NJ304N1199	N/A	28,339	10/01/22	09/30/23	-	-	27,255	28,339	-	-	(1,084)	-	
National School Breakfast Program															
Cash Assistance	10.553	221NJ304N1099	N/A	17,878	10/01/21	09/30/22	(1,195)	-	1,195	-	-	-	-	-	
Total Child Nutrition Cluster							(4,526)	-	42,512	37,402	-	-	(1,084)	1,668	
Supply Chain Assistance e	10.555	231NJ304N1199	N/A	23,820	07/01/22	06/30/23	-	-	23,820	23,820	-	-	-	-	
Total Enterprise Fund							(4,526)	-	66,332	61,222	-	-	(1,084)	1,668	
Total Federal Awards							\$ (92,124)	\$ -	\$ 294,011	\$ 328,879	\$ -	\$ -	\$ (128,660)	\$ 1,668	

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	Adjustments/ Repayments	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	\$ 147,307	07/01/22	06/30/23	\$ -	\$ -	\$ 130,813	\$ 147,307	\$ -	\$ -	\$ -	\$ -	\$ 16,494	\$ 147,307
Equalization Aid	23-495-034-5120-078	187,221	07/01/22	06/30/23	-	-	166,257	187,221	-	-	-	-	20,964	187,221
Security Aid	23-495-034-5120-084	4,013	07/01/22	06/30/23	-	-	3,564	4,013	-	-	-	-	449	4,013
Transportation Aid	23-495-034-5120-014	16,087	07/01/22	06/30/23	-	-	14,286	16,087	-	-	-	-	1,801	16,087
Stabilization Aid	23-495-034-5120-128	36,568	07/01/22	06/30/23	-	-	36,568	36,568	-	-	-	-	-	36,568
Extraordinary Aid	22-100-034-5120-472	115,795	07/01/21	06/30/22	(115,795)	-	115,795	-	-	-	-	-	-	115,795
Extraordinary Aid	23-100-034-5120-473	71,205	07/01/22	06/30/23	-	-	-	71,205	-	(71,205)	-	-	-	71,205
Non-Public Transportation Aid	22-495-034-5120-014	3,770	07/01/21	06/30/22	(3,770)	-	3,770	-	-	-	-	-	-	3,770
Non-Public Transportation Aid	23-495-034-5120-014	2,496	07/01/22	06/30/23	-	-	-	2,496	-	(2,496)	-	-	-	2,496
On-Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Fund	23-495-034-5094-002	796,151	07/01/22	06/30/23	-	-	796,151	796,151	-	-	-	-	-	796,151
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	23-495-034-5094-004	11,046	07/01/22	06/30/23	-	-	11,046	11,046	-	-	-	-	-	11,046
On-Behalf TPAF Pension Contribution - Postretirement Medical	23-495-034-5094-001	212,049	07/01/22	06/30/23	-	-	212,049	212,049	-	-	-	-	-	212,049
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	23-495-034-5094-001	319	07/01/22	06/30/23	-	-	319	319	-	-	-	-	-	319
Reimbursed TPAF Social Security Contribution	22-495-034-5094-003	168,793	07/01/21	06/30/22	(16,578)	-	16,578	-	-	-	-	-	-	168,793
Reimbursed TPAF Social Security Contribution	23-495-034-5094-003	172,061	07/01/22	06/30/23	-	-	155,131	172,061	-	(16,930)	-	-	-	172,061
Total General Fund					(136,143)	-	1,662,327	1,656,523	-	(90,631)	-	-	39,708	1,944,881
State Department of Education														
Special Revenue Fund														
School Climate	23-WB01-G02	6,660	7/1/2022	06/30/23	-	-	6,660	6,660	-	-	-	-	-	6,660
Preschool Education Aid	23-495-034-5120-086	387,147	07/01/22	06/30/23	-	-	348,432	216,206	-	-	170,941	-	38,715	216,206
SDA Emergent and Capital Maintenance Needs	23-100-034-5120-519	4,110	07/01/22	06/30/23	-	-	4,110	4,110	-	-	-	-	-	4,110
Total Special Revenue Fund					-	-	359,202	226,976	-	-	170,941	-	38,715	226,976
State Department of Agriculture														
Enterprise Fund														
State School Lunch Program	22-100-010-3350-023	1,698	07/01/21	06/30/22	(105)	-	105	-	-	-	-	-	-	1,698
State School Lunch Program	23-100-010-3350-023	1,460	07/01/22	06/30/23	-	-	1,401	1,460	-	(59)	-	-	-	1,460
Total Enterprise Fund					(105)	-	1,506	1,460	-	(59)	-	-	-	3,158
Total State Financial Assistance					\$ (136,248)	\$ -	\$ 2,023,035	1,884,959	\$ -	\$ (90,690)	\$170,941	\$ -	\$ 78,423	\$ 2,175,015
Less: On-Behalf TPAF Pension System Contributions														
On-Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Fund	23-495-034-5094-002							796,151						
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	23-495-034-5094-004							11,046						
On-Behalf TPAF Pension Contribution - Postretirement Medical	23-495-034-5094-001							212,049						
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	23-495-034-5094-001							319						
Total for State Financial Assistance - Major Program Determination								\$ 865,394						

See independent auditors' report.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Notes to the Schedules 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. This basis of accounting is 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 \$4,577 for the general fund and (\$85,240) 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 Schedules 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	\$ -	\$ 1,661,100	\$ 1,661,100
Special revenue fund	232,403	176,990	409,393
Food service fund	61,222	1,460	62,682
Total awards and financial assistance	\$ 293,625	\$ 1,839,550	\$ 2,133,175

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
Summary Schedule of Prior Year Audit Findings
and Questioned Costs as Prepared by Management
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 None reported

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? _____

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>
<u>Not Applicable</u>	<u>Not Applicable</u>	<u>Not Applicable</u>

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:

<u>State Grant/Project Numbers</u>	<u>Name of State Program</u>
	<i>State Aid Public Cluster:</i>
<i>23-495-034-5120-089</i>	<i>Special Education Categorical Aid</i>
<i>23-495-034-5120-078</i>	<i>Equalization Aid</i>
<i>23-495-034-5120-084</i>	<i>Security Aid</i>
<i>23-495-034-5120-128</i>	<i>Stabilization Aid</i>

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

Section II - Financial Statement Findings

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

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

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

**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.