

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**BOARD OF EDUCATION**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**OF THE**

**FRANKLIN TOWNSHIP BOARD OF EDUCATION  
WASHINGTON, NEW JERSEY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**Prepared by**

**FRANKLIN TOWNSHIP BOARD OF EDUCATION  
DEPARTMENT OF ADMINISTRATION**

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**INTRODUCTORY SECTION**

## FRANKLIN TOWNSHIP BOARD OF EDUCATION

52 Asbury Broadway Road,  
Washington, New Jersey 07882

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December 15, 2010

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 comprehensive annual financial report of the Franklin Township School District for the fiscal year ended June 30, 2010 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 comprehensive annual 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 Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non Profit Organizations", and New Jersey OMB's Circular 04-04, "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) as established by Statement No. 14. All funds and account groups of the District are included in this report. The Franklin Township Board of Education 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 2009/2010 fiscal year with an enrollment of 318.00 students, which is a -9.8% decrease over the previous year's enrollment. The following details the changes in the student enrollment of the District over the last six years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2004/2005	382.0	1.3%
2005/2006	384.0	0.5%
2006/2007	395.0	2.9%
2007/2008	348.0	-11.9%
2008/2009	340.8	-2.1%
2009/2010	318.0	-9.8%

**2. ECONOMIC CONDITION AND OUTLOOK:** The long-term residential picture for the district should be rather stable. As Franklin Township's residential growth is limited by the current five-acre zoning restriction. Currently, there are only a few isolated minor subdivisions proposed in the Township. Incorporating these isolated subdivisions in our demographic study reflects that the school district can easily manage the increased population with its existing facilities over the next five years.

Commercial development within the municipality is very limited.

**3. MAJOR INITIATIVES:** Franklin Township School continues to be the center for activities within the community, both academically and civically. The community's support for the school programs was made clear through the passage of a building expansion and renovation project that began in 2002. The \$4.62 million project, paid in part with state funding, in large part completed in September 2003 has given our school community needed space and improvements for its educational programs.

Our school goals for the 2009/2010 academic year continued to focus on improving reading, language arts, and mathematic skills, integrating technology within the classroom, and diversifying instruction. Staff participated in workshops that utilized hands-on materials for meeting national standards in mathematics, improved their technology skills and resources, and demonstrated strategies for diversifying instruction. In this way, students received the benefits of improved delivery of instruction.

Planning for the 2010/2011 school year has included expanding the reading program currently in place in kindergarten through fourth grades into the 5<sup>th</sup> grade. In addition, the Board of Education, Administration, and Staff, in collaboration with the regional district, have researched and identified a math program that will be implemented in the next academic school year.

In alignment with our three year Technology Plan, nine additional Smart Boards have been installed in classrooms; we currently have research capabilities in all of the classrooms in the building. In addition, we have been successful in improving the wireless network in the building to include additional wireless access points and a more robust system to be able to manage the

entire network. We will continue the replacement of existing technology in the classrooms. These new purchases continue to support technology initiatives and research capabilities throughout the district. Through the continued use of a Smart Board and mobile laptop carts, students received greater access to a variety of educational information and resources. A large portion of the cost of these items was funded through federal and state grant monies.

**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 approved by the voters of the municipality. 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, 2010.

**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 "Notes to the Financial Statements". Note 1.

**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.

The following schedule presents a summary of the general fund, special revenue fund and debt service fund revenues for the fiscal year ended June 30, 2010, and the amount of percentage of increases (decreases) in relation to prior year revenues.

<u>Revenues</u>	<u>Amount</u>	<u>% of Total</u>	<u>Increase (Decrease) from 2009</u>	<u>% of Increase (Decrease)</u>
<b>Local Sources:</b>				
Tax Levy	\$3,721,912	71.50%	\$16,828	.45%
Debt Service	254,204	4.88%	3,700	1.48%
Other Revenues	108,733	2.09%	(17,455)	-13.83%
<b>State Aid</b>	866,509	16.65%	(179,715)	-17.18%
<b>Federal Aid</b>	254,118	4.88%	118,560	87.46%
<b>TOTAL:</b>	<u>\$5,205,476</u>	<u>100.00%</u>	<u>\$(58,082)</u>	<u>-1.10%</u>

The following schedule presents a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2010 and the percentage of increases (decreases) in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>% of Total</u>	<u>Increase (Decrease) from 2009</u>	<u>% of Increase (Decrease)</u>
<b>General Fund:</b>				
Current Expense	\$4,629,383	91.66%	\$167,353	3.75%
Capital Outlay	9,199	0.18%	9,199	
Special Projects	158,022	3.13%	22,464	16.57%
<b>Debt Service:</b>				
Principle	150,000	2.97%	10,000	7.14%
Interest	104,204	2.06%	(6,300)	-5.70%
<b>TOTAL:</b>	<u>\$5,050,808</u>	<u>100.00%</u>	<u>\$202,716</u>	<u>4.18%</u>

Note: Excludes "on behalf" payments, lease purchase acquisitions and capital projects.

**8. DEBT ADMINISTRATION:** At June 30, 2010, the District's outstanding debt issue was \$2,080,000 issued in February 2010 for the refunding of the 2001 bond issue.

**9. CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statement", Note 3. 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.

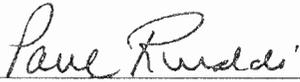
**10. RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to, general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents and fidelity bonds.

**11. OTHER INFORMATION:**

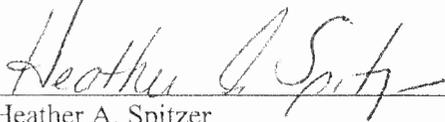
**Independent Audit** – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board’s audit committee selected the accounting firm of William Colantano, CPA. In addition to meeting the requirements set forth in statute, the audit was also designed to meet the requirements of the Single Audit Act of 1996 and New Jersey OMB’s Circular 04-04. 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.

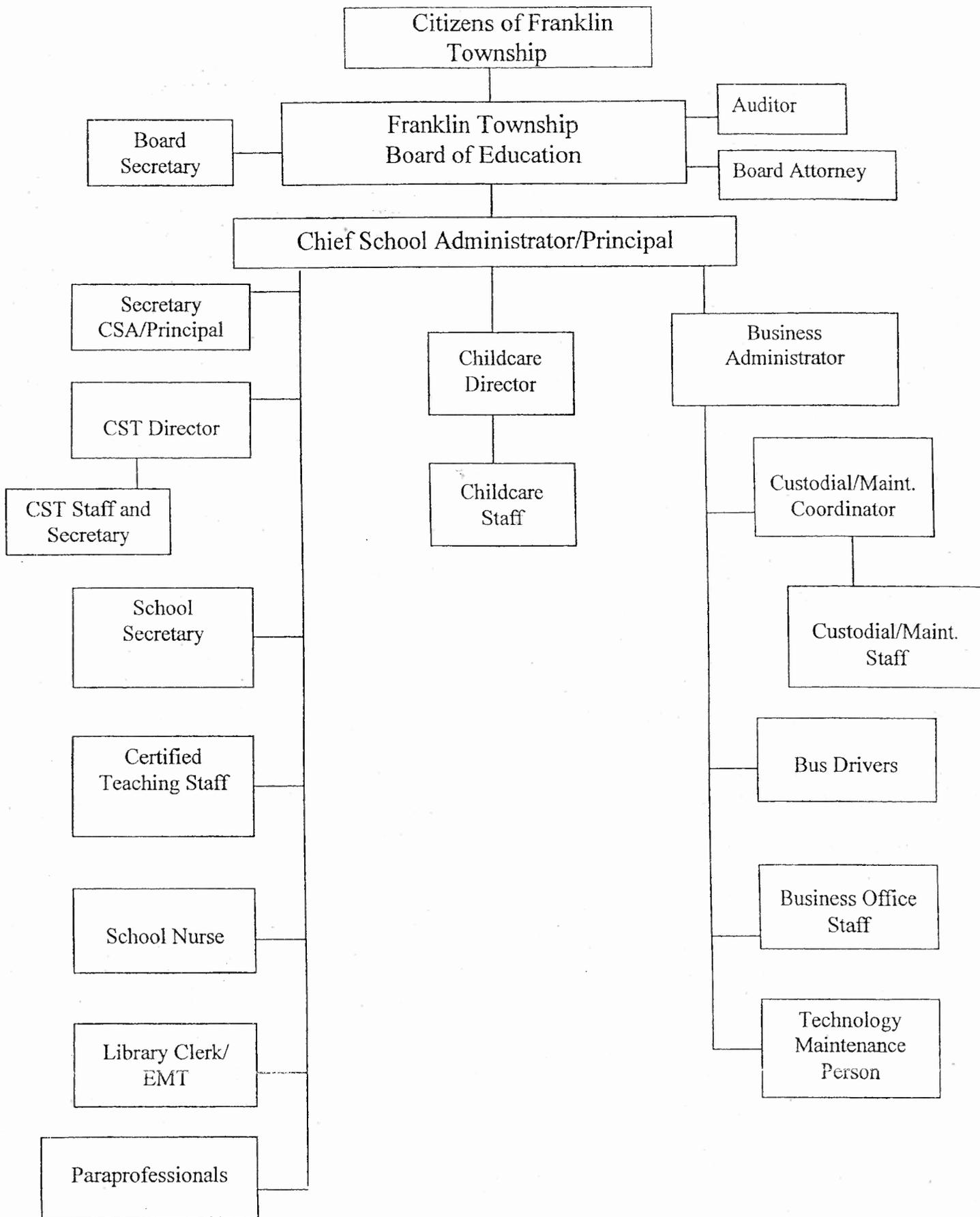
Respectfully Submitted,



Paul Rinaldi,  
Chief School Administrator



Heather A. Spitzer  
School Business Administrator/Board Secretary



**FRANKLIN TOWNSHIP SCHOOL DISTRICT  
WASHINGTON, NEW JERSEY**

**ROSTER OF OFFICIALS  
JUNE 30, 2010**

**MEMBERS OF THE BOARD OF EDUCATION**

**TERM EXPIRES**

Maria Julian	President	2011
Stephen Klimas	Vice-President	2011
Barry Parker		2011
Malia Corde		2012
Mark Fitzsimmons		2012
Dawn Vatuna		2012
Elizabeth Ames		2013
Jeannene Butler		2013
Stacy Roth		2013

**OTHER OFFICIALS**

Paul Rinaldi	Chief School Administrator
Heather Spitzer	School Business Administrator/ Board Secretary
James Miller	Treasurer
Swartz, Simon, Edelstein, Celso & Zitomer	Solicitor

**FRANKLIN TOWNSHIP SCHOOL  
BOARD OF EDUCATION**

**CONSULTANTS AND ADVISORS**

**AUDIT FIRM**

William M. Colantano, Jr., CPA  
100 Route 31 North  
Washington, NJ 07882-1530

**ATTORNEY**

Swartz, Simon, Edelstein, Celso & Zitomer  
44 Whippany Rd  
Morristown NJ 07962

**OFFICIAL DEPOSITORY**

TD Bank  
92 West Main Street  
Clinton, NJ 08809

**FINANCIAL SECTION**

Certified Public Accountant  
Public School Accountant  
Registered Municipal Accountant

100 Route 31 North  
Washington, NJ 07882 - 1530  
Fax # (908) 689-8388  
(908) 689-5002

## INDEPENDENT AUDITOR'S REPORT

December 15, 2010

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

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 Board of Education of the Franklin Township School District in the County of Warren, as of and for the fiscal year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Franklin Township Board of Education management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Franklin Township Board of Education in the County of Warren, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated December 15, 2010 on our consideration of the Franklin Township Board of Education'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Franklin Township Board of Education's basic financial statements. The accompanying introductory section, and other supplementary information, such as, the combining and individual fund financial statements, long-term debt schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by US Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid" and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



William M. Colantano, Jr.  
Public School Accountant  
No. CS 0128

**REQUIRED SUPPLEMENTARY INFORMATION-PART I**

**FRANKLIN TOWNSHIP SCHOOL DISTRICT  
FRANKLIN TOWNSHIP**

10.0

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
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, 2010. 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 2010 are as follows:

- ◆ In total, net assets increased \$275,445 which represents a 14.51 percent increase from 2009.
- ◆ General revenues accounted for \$5,318,550 revenue or 92.32 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$442,169 or 7.68 percent to total revenues of \$5,760,719.
- ◆ Total assets of governmental activities increased by \$250,003 as cash and cash equivalents decreased by \$39,672, receivables and other assets increased by \$344,234 and capital assets decreased by \$54,559.
- ◆ The School District had \$5,427,264 in expenses; only \$442,169 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$5,318,550 were adequate to provide for these programs.
- ◆ Among major funds, the General Fund had \$5,165,077 in revenues and \$4,942,970 in expenditures. The General Fund's balance increased \$222,107 over 2009. It is primarily a result of additional extraordinary state aid and a decrease in spending.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT  
FRANKLIN TOWNSHIP**

10.1

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
UNAUDITED**

**Using this Generally Accepted Accounting Principals Report (GAAP)**

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 Assets 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.

**Reporting the School District as a Whole**

**Statement of Net Assets 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 looks at all financial transactions and asks the question, "How did we do financially during 2010?" The Statement of Net Assets 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 assets and changes in those assets. This change in net assets 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
UNAUDITED

In the Statement of New Assets 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 New Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**The School District as a Whole**

Recall that the Statement of New Assets provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net assets for 2010 compared to 2009.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT  
FRANKLIN TOWNSHIP**

**10.3**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
UNAUDITED**

**Table 1  
Net Assets**

	2010	2009	Variance	
			Dollars	Percent
<b>Assets</b>				
Current and Other Assets	\$899,315	\$585,986	\$313,329	53.47%
Capital Assets	3,699,059	3,753,809	(54,750)	-1.46%
<b>Total Assets</b>	<b>4,598,374</b>	<b>4,339,795</b>	<b>258,579</b>	<b>5.96%</b>
<b>Liabilities</b>				
Long-Term Liabilities	2,347,669	2,390,690	(43,021)	-1.80%
Other Liabilities	76,423	50,268	26,155	52.03%
<b>Total Liabilities</b>	<b>2,424,092</b>	<b>2,440,958</b>	<b>(16,866)</b>	<b>-0.69%</b>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Debt Restricted	1,511,770	1,519,809	(8,039)	-0.53%
Unrestricted	301,661	251,551	50,110	19.92%
<b>Total Net Assets</b>	<b>360,851</b>	<b>127,477</b>	<b>233,374</b>	<b>183.07%</b>
<b>Total Net Assets</b>	<b>\$2,174,282</b>	<b>\$1,898,837</b>	<b>\$275,445</b>	<b>14.51%</b>

Total assets increased \$258,579. Cash and cash equivalents decreased by \$32,645, receivables and other assets increased by \$345,974 and capital assets decreased by \$54,750. Unrestricted net assets of the School District increased by \$233,374. These are the part of net assets that can be used to finance day to day activities without constraints established by grants or legal requirements,

Table 2 shows the changes in net assets in fiscal year 2010 with comparisons to 2009.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT  
FRANKLIN TOWNSHIP**

**10.4**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
UNAUDITED**

**Table 2  
Changes in Net Assets**

	<u>2010</u>	<u>2009</u>	<u>Variance</u>	
			<u>Dollar</u>	<u>Percent</u>
<b>Revenues</b>				
Program Revenues:				
Charges for Services	\$257,578	\$293,830	\$(36,252)	-12.34%
Operating Grants and Contributions	184,591	158,804	25,787	16.24%
General Revenues:				
Property Taxes	3,976,116	3,955,588	20,528	0.52%
Unrestricted Grants	1,339,432	1,230,621	108,811	8.84%
Other	3,002	2,852	150	5.26%
<b>Total Revenues</b>	<u>5,760,719</u>	<u>5,641,695</u>	<u>119,024</u>	<u>2.11%</u>
<b>Program Expenses</b>				
Instruction				
Regular	2,219,596	2,427,118	(207,522)	-8.55%
Special	794,912	580,967	213,945	36.83%
Other	13,219	8,843	4,376	49.49%
Support Services:				
Tuition	128,310	122,852	5,458	4.44%
Student & Instructional Staff	665,251	674,266	(9,015)	-1.34%
General & Business Admin.	517,578	447,549	70,029	15.65%
School Administration	49,669	47,067	2,602	5.53%
Maintenance	468,117	415,028	53,089	12.79%
Transportation	285,642	277,866	7,776	2.80%
Special Schools – Summer School	17,061	14,281	2,780	19.47%
Food Services	91,675	91,343	332	0.36%
Child Care	83,277	88,799	(5,522)	-6.22%
Interest on Long Term Debt	92,957	108,141	(15,184)	-14.04%
<b>Total Expenses</b>	<u>5,427,264</u>	<u>5,304,120</u>	<u>123,144</u>	<u>2.32%</u>
<b>Increase (Decrease) before Special Items</b>	333,455	337,575	(4,120)	-1.22%
<b>Special Items:</b>				
Payment to Refunding Bond Agent	(58,010)		(58,010)	
<b>Increase (Decrease) in Net Assets</b>	<u>\$275,445</u>	<u>\$337,575</u>	<u>\$(62,130)</u>	

**FRANKLIN TOWNSHIP SCHOOL DISTRICT  
FRANKLIN TOWNSHIP**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
UNAUDITED**

**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 71.29 percent of revenues for governmental activities for the Franklin Township School District for fiscal year 2010.

Instructional expenses comprise 55.78 percent of district expenses. Support service expenses make up 44.22 percent of the total 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 2009 and 2010. That is, it identifies the cost of these services supported by tax revenue and unrestricted State Entitlements.

**Table 3  
Cost of Governmental Services**

	<b>Total Cost Of Services 2010</b>	<b>Total Cost Of Services 2009</b>	<b>Net Cost Of Services 2010</b>	<b>Net Cost Of Services 2009</b>
Instruction	\$3,027,727	\$3,016,928	\$2,890,928	\$2,849,906
Support Services:				
Tuition	128,310	122,852	128,310	122,852
Students & Instruct. Staff	665,251	674,266	568,669	607,498
General & Business Admin.	517,578	447,549	517,578	447,549
School Admin.	49,669	47,067	49,669	47,067
Plant Operations & Maintenance	468,117	415,028	443,246	390,157
Pupil Transport.	285,642	277,866	285,642	277,866
Special School - Summer	17,061	14,281	17,061	14,281
Food Service	91,675	91,343	(6,104)	(2,198)
Child Care	83,277	88,799	(2,861)	(11,633)
Interest on Long- Term Debt	92,957	108,141	92,957	108,141
<b>Total Expenses</b>	<b>\$5,427,264</b>	<b>\$5,304,120</b>	<b>\$4,985,095</b>	<b>\$4,851,486</b>

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
UNAUDITED**

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

Pupils and instructional staff 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.

Operation and maintenance of facilities 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.

The dependence upon tax revenues and aid is apparent. For all activities general revenue support is 92.32 percent. 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 \$5,577,303 and expenditures of \$5,355,310. The net positive change in fund balance for the year was most significant in the General Fund, reflecting an increase of \$222,107. This was mostly due to the increase in state funding for special education and a reduction in expenditures.

### **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.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT  
FRANKLIN TOWNSHIP**

10.7

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
UNAUDITED**

During the course of the fiscal 2010 year, 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, budget basis revenue and other financing sources were \$4,793,250, \$37,459 above original budgeted estimates of \$4,755,791. This difference was due primarily to conservative revenue estimates and additional state aid funding for special education.

The General fund revenues and other financing sources of the School District exceeded expenditures by approximately \$222,107. The financial position of the School District is good.

**Capital Assets**

At the end of the fiscal year 2010, the School District had \$3,699,059 invested in land, building, furniture and equipment. Table 4 shows fiscal 2010 balances compared to 2009.

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

	<b>2010</b>	<b>2009</b>	<b>Variance</b>	
			<b>Dollars</b>	<b>Percent</b>
Land	\$ 180,000	\$ 180,000	\$ -	0.00%
Land Improvements	86,875	89,692	(2,817)	-3.14%
Buildings and Improvements	3,349,463	3,429,585	(80,122)	-2.34%
Machinery and Equipment	82,721	54,532	28,189	51.69%
<b>Totals</b>	<b>\$3,699,059</b>	<b>\$3,753,809</b>	<b>\$(54,750)</b>	<b>-1.46%</b>

Overall capital assets decreased \$54,750 from fiscal 2009 to fiscal year 2010.

**Debt Administration**

At June 30, 2010, the School District had \$2,312,669 as its outstanding debt. Of this amount, \$160,380 is for compensated absences, \$107,289 is for

**FRANKLIN TOWNSHIP SCHOOL DISTRICT  
FRANKLIN TOWNSHIP**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
UNAUDITED**

unamortized bond premium, and the balance of \$2,045,000 is for bonds for school construction. Table 5 shows fiscal 2010 bonded debt compared to 2009.

**Table 5  
Outstanding Debt at Year-end**

	<u>2010</u>	<u>2009</u>	<u>Variance</u>	
			<u>Dollars</u>	<u>Percent</u>
2001 General Obligation Bonds		\$2,234,000	\$(2,234,000)	-100.00%
2010 Refunding Bond Issue	\$2,045,000		2,045,000	
	<u>\$2,045,000</u>	<u>\$2,234,000</u>	<u>\$(189,000)</u>	<u>-6.89%</u>

**For the Future**

At the present time, the Franklin Township School District is in a very good financial condition. A major concern is the continued decrease in state funding resulting in an increased reliance on local property taxes.

Franklin Township has successfully passed their school budget vote over several years. Franklin Township is primarily a residential, farming community, with very few industrial ratables; thus the burden is focused on homeowners to foot the tax burden.

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.

**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 Heather A. Spitzer, School Business Administrator/Board Secretary at Franklin Township Board of Education, 52 Asbury Broadway Road, Washington, NJ 07882 or email at [hspitzer@franklinschool.org](mailto:hspitzer@franklinschool.org).

**BASIC FINANCIAL STATEMENTS**

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

The statement of net assets 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 ASSETS  
June 30, 2010

	Govern- mental Activities	Business- Type Activities	Total
<b>ASSETS</b>			
Cash & Cash Equivalents	\$ 271,341	\$ 20,818	\$ 292,159
Receivables, Net	378,263	8,382	386,645
Internal Balances	169,968		169,968
Inventory		2,784	2,784
Bond Issuance Costs, Net	47,759		47,759
Capital Assets, Net (Note 4)	3,697,529	1,530	3,699,059
<b>Total Assets</b>	<b>4,564,860</b>	<b>33,514</b>	<b>4,598,374</b>
<b>LIABILITIES</b>			
Accounts Payable		4,916	4,916
Accrued Interest	16,588		16,588
Deferred Revenue	39,544	1,654	41,198
Long-Term Liabilities (Note 5):			
Due Within One Year	220,190		220,190
Due Beyond One Year	1,931,799		1,931,799
Compensated Absences Payable	160,380		160,380
<b>Total Liabilities</b>	<b>2,368,501</b>	<b>6,570</b>	<b>2,375,071</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	1,545,240	1,530	1,546,770
Restricted For:			
Capital Reserve	251,661		251,661
Maintenance Reserve	50,000		50,000
Unrestricted	349,158	25,414	374,572
<b>TOTAL NET ASSETS</b>	<b>\$ 2,196,059</b>	<b>\$ 26,944</b>	<b>\$ 2,223,003</b>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Assets		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Types Activities	Total
Government Activities:								
Instruction:								
Regular	\$ 1,448,610	\$ 770,986	\$ 60,969	\$ 43,553		\$ (2,115,074)		\$ (2,115,074)
Special Education	362,337	141,451	14,390			(489,398)		(489,398)
Other Special Education	196,074	95,050		17,887		(273,237)		(273,237)
Other Instruction	12,805	414				(13,219)		(13,219)
Support Services:								
Tuition	128,310					(128,310)		(128,310)
Students & Instruction Related Services	506,340	158,911		96,582		(568,669)		(568,669)
General & Business Administration Services	331,068	186,510				(517,578)		(517,578)
School Administration Services	48,112	1,557				(49,669)		(49,669)
Plant Operations & Maintenance	411,902	56,215	24,871			(443,246)		(443,246)
Pupil Transportation	279,341	6,301				(285,642)		(285,642)
Special Schools	16,526	535				(17,061)		(17,061)
Interest on Long-Term Debt	79,236					(79,236)		(79,236)
Total Government Activities	3,820,661	1,417,930	100,230	158,022	\$ -	(4,980,339)	\$ -	(4,980,339)
Business-Type Activities:								
Food Service	91,675		71,210	26,569			6,104	6,104
Child Care	83,277		86,138				2,861	2,861
Total Business-Type Activities	174,952		157,348	26,569			8,965	8,965
Total Primary Government	\$ 3,995,613	\$ 1,417,930	\$ 257,578	\$ 184,591	\$ -	(4,980,339)	8,965	(4,971,374)
			General Revenues					
						3,721,912		3,721,912
						254,204		254,204
						1,339,432		1,339,432
						3,056	111	3,167
							(612)	(612)
						447		447
						(23,010)		(23,010)
						5,296,041	(501)	5,295,540
						315,702	8,464	324,166
						1,880,357	18,480	1,898,837
						\$ 2,196,059	\$ 26,944	\$ 2,223,003

SEE ACCOMPANYING NOTES TO 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  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2010

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Govern- mental Funds
<b>ASSETS</b>					
Cash & Cash Equivalents	\$ 271,341				\$ 271,341
Receivables:					
State	292,077				292,077
Federal		\$ 75,850			75,850
Other Local Governments	9,000				9,000
Other	1,336				1,336
Due from Other Funds	208,188				208,188
<b>TOTAL ASSETS</b>	<u>\$ 781,942</u>	<u>\$ 75,850</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 857,792</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Due to Other Funds	\$ 1,289	\$ 36,931			\$ 38,220
Deferred Revenue	625	38,919			39,544
<b>Total Liabilities</b>	<u>1,914</u>	<u>75,850</u>	<u>\$ -</u>	<u>\$ -</u>	<u>77,764</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2010  
(Continued)

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Govern- mental Funds
LIABILITIES AND FUND BALANCES (Cont'd)					
Fund Balances:					
Reserved For:					
Encumbrances	\$ 145,451				\$ 145,451
Capital Reserve Account	251,661				251,661
Maintenance Reserve Account	50,000				50,000
Excess Surplus-Designated for Subsequent Years					
Expenditures	23,031				23,031
Unreserved:					
Undesignated	309,885				309,885
Total Fund Balances	<u>780,028</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>780,028</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 781,942</u>	<u>\$ 75,850</u>	<u>\$ -</u>	<u>\$ -</u>	

Amounts Reported for Governmental Activities in the Statement of Net Assets

(A-1) are Different Because:

Capital assets used in government activities are not financial resources & therefore are not reported in the funds. The cost of the assets is and the accumulated depreciation is

\$ 5,395,377  
1,697,848

3,697,529

Long-term liabilities, Including bonds payable, leases and compensated absences are not due & payable in the current period & therefore are not reported as liabilities in the funds

(2,312,669)

Bond issuance costs are reported as expenditures in the governmental funds. The costs are and the accumulated amortization is

49,749  
1,990

47,759

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due

(16,588)

Total Net Assets of Governmental Activities

\$ 2,196,059

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
June 30, 2010

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>					
Local Sources:					
Local Tax Levy	\$ 3,721,912			\$ 254,204	\$ 3,976,116
Tuition Charges-Other LEA's	14,390				14,390
Tuition Charges-Individuals	60,969				60,969
Interest on Investments	3,056				3,056
Miscellaneous	25,318	\$ 5,000			30,318
<b>Total</b>	<b>3,825,645</b>	<b>5,000</b>	<b>\$ -</b>	<b>254,204</b>	<b>4,084,849</b>
State Sources	1,238,336				1,238,336
Federal Sources	101,096	153,022			254,118
<b>Total Revenues</b>	<b>5,165,077</b>	<b>158,022</b>	<b>-</b>	<b>254,204</b>	<b>5,577,303</b>
<b>EXPENDITURES</b>					
Current :					
Instructional:					
Regular Instruction	1,438,717	43,553			1,482,270
Special Education Instruction	362,337				362,337
Other Special Instruction	178,187	17,887			196,074
Other Instruction	12,805				12,805
Support Service & Undistributed Costs:					
Tuition	128,310				128,310
Student & Instruction Related Services	409,758	96,582			506,340
General & Business Administrative Services	331,068				331,068
School Administrative Services	48,112				48,112
Plant Operations & Maintenance	411,902				411,902
Pupil Transportation	279,341				279,341
Unallocated Benefits	1,316,708				1,316,708

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
June 30, 2010  
(Continued)

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Govern- mental Funds
EXPENDITURES (Cont'd)					
Capital Outlay	\$ 9,199		\$ 114		\$ 9,313
Special Schools	16,526				16,526
Debt Services:					
Principal				\$ 150,000	150,000
Interest & Other Charges				104,204	104,204
Total Expenditures	<u>4,942,970</u>	<u>\$ 158,022</u>	<u>114</u>	<u>254,204</u>	<u>5,355,310</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>222,107</u>	<u>-</u>	<u>(114)</u>	<u>-</u>	<u>221,993</u>
Other Financing Sources (Uses):					
Proceeds from Refunding Bond Issue				2,156,759	2,156,759
Payment to Refunding Bond Escrow Agent				(2,156,759)	(2,156,759)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	222,107	-	(114)	-	221,993
Fund Balances, July 1	<u>557,921</u>	<u>-</u>	<u>114</u>	<u>-</u>	<u>558,035</u>
Fund Balances, June 30	<u>\$ 780,028</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 780,028</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Total Net Changes in Fund Balances-Governmental Fund (from B-2)	\$	221,993
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
<p>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:</p>		
Capital Outlays	\$	42,973
Depreciation Expenses		<u>(97,532)</u>
		(54,559)
<p>Repayment of debt principal and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and are not reported in the statement of activities:</p>		
Debt Principal Payments		2,234,000
<p>Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities. The issuance of debt increase long-term liabilities in the statement of net assets:</p>		
Proceeds of Bond Refunding Issue		(2,045,000)
<p>Governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred &amp; amortized in the statement of activities:</p>		
Bond Issuance Costs		49,749
Amortization of Bond Issuance Costs		(1,990)
Premium on Sale of Bonds		(111,759)
Amortization of Bond Premium		<u>4,470</u>
		(59,530)
<p>In the statement of activities, interest on long-term debt is accrued regardless of when due. In the governmental funds interest is reported when due. The accrued interest is a reconciling item.</p>		
		22,488
<p>In the statement of activities, compensated absences &amp; 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.</p>		
		<u>(3,690)</u>
Change in Net Assets of Governmental Activities	\$	<u><u>315,702</u></u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
 COMBINING STATEMENT OF FUND NET ASSETS  
 PROPRIETARY FUNDS  
 June 30, 2010

	<u>Food Service Fund</u>	<u>Child Care Program</u>	<u>Total</u>
<b>ASSETS</b>			
Current Assets:			
Cash & Cash Equivalents	\$ 12,787	\$ 8,031	\$ 20,818
Accounts Receivable		7,324	7,324
Receivable from Other Governments:			
Federal	978		978
State	80		80
Inventories	2,784		2,784
Total Current Assets	<u>16,629</u>	<u>15,355</u>	<u>31,984</u>
Fixed Assets:			
Capital Assets	26,775		26,775
Accumulated Depreciation	25,245		25,245
Total Fixed Assets	<u>1,530</u>	<u>-</u>	<u>1,530</u>
Total Assets	<u>18,159</u>	<u>15,355</u>	<u>33,514</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	4,916		4,916
Deferred Revenue	1,654		1,654
Total Current Liabilities	<u>6,570</u>	<u>-</u>	<u>6,570</u>
<b>NET ASSETS</b>			
Invested in Capital Assets	1,530		1,530
Unrestricted	<u>10,059</u>	<u>15,355</u>	<u>25,414</u>
TOTAL NET ASSETS	<u>\$ 11,589</u>	<u>\$ 15,355</u>	<u>\$ 26,944</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
 PROPRIETARY FUNDS  
 June 30, 2010

	Food Service Fund	Child Care Program	Total
Operating Revenues:			
Local Sources:			
Daily Sales-Reimbursable Programs	\$ 41,403		\$ 41,403
Daily Sales-Nonreimbursable Programs	29,807		29,807
Fees for Services		\$ 86,138	86,138
Total Operating Revenues	<u>71,210</u>	<u>86,138</u>	<u>157,348</u>
Operating Expenses:			
Cost of Sales	47,290		47,290
Salaries	22,282	53,948	76,230
Employee Benefits	5,117	22,628	27,745
Management Fee	8,000		8,000
Facility Use Fees		3,368	3,368
Other Purchased Services	2,444	1,760	4,204
General Supplies	3,653	1,573	5,226
Insurance	2,444		2,444
Repairs and Maintenance	193		193
Depreciation	191		191
Miscellaneous	61		61
Total Operating Expenses	<u>91,675</u>	<u>83,277</u>	<u>174,952</u>
Operating Income (Loss)	<u>(20,465)</u>	<u>2,861</u>	<u>(17,604)</u>
Nonoperating Revenues (Expenses):			
Federal Sources:			
National School Lunch Program	13,782		13,782
Food Distribution Program	11,679		11,679
State Sources:			
School Lunch Program	1,108		1,108
Interest Income	29	82	111
Refund of Prior Year Revenue	(612)		(612)
Total Nonoperating Revenues (Expenses)	<u>25,986</u>	<u>82</u>	<u>26,068</u>
Change in Net Assets	5,521	2,943	8,464
Total Net Assets, Beginning	<u>6,068</u>	<u>12,412</u>	<u>18,480</u>
Total Net Assets, Ending	<u>\$ 11,589</u>	<u>\$ 15,355</u>	<u>\$ 26,944</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
COMBINING STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
June 30, 2010

	Food Service Fund	Child Care Program	Total
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 71,210	\$ 79,601	\$ 150,811
Payments to Employees and Benefits		(76,576)	(76,576)
Payments to Food Service Management Co	(73,537)		(73,537)
Payments to Vendors (Net)	(1,557)	(6,701)	(8,258)
Net Cash Provided by (Used For) Operating Activities	<u>(3,884)</u>	<u>(3,676)</u>	<u>(7,560)</u>
Cash Flows from Noncapital Financing Activities:			
Federal Sources	13,963		13,963
State Sources	1,125		1,125
Refund of Prior Year Revenue	(612)		(612)
Net Cash Provided by (Used For) Noncapital Financing Activities	<u>14,476</u>	<u>-</u>	<u>14,476</u>
Cash Flows from Investing Activities:			
Interest Income	<u>29</u>	<u>82</u>	<u>111</u>
Net Cash Provided by (Used For) Financing Activities	<u>29</u>	<u>82</u>	<u>111</u>
Net Increase (Decrease) in Cash and Cash Equivalents	10,621	(3,594)	7,027
Cash and Cash Equivalents, July 1, 2009	<u>2,166</u>	<u>11,625</u>	<u>13,791</u>
Cash and Cash Equivalents, June 30, 2010	<u>\$ 12,787</u>	<u>\$ 8,031</u>	<u>\$ 20,818</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:			
Operating Income (Loss)	\$ (20,465)	\$ 2,861	\$ (17,604)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:			
Depreciation	191		191
Federal Food Distribution Program	12,524		12,524
(Increase) Decrease in Receivables		(888)	(888)
(Increase) Decrease in Inventory	(1,050)		(1,050)
Increase (Decrease) in Accounts Payable	4,916		4,916
Increase (Decrease) in Deferred Revenue		(5,649)	(5,649)
Net Cash Provided by (Used For) Operating Activities	<u>\$ (3,884)</u>	<u>\$ (3,676)</u>	<u>\$ (7,560)</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET ASSETS  
June 30, 2010

	Medical Savings Section 125	Student Activity Agency Fund	Payroll Agency Fund
ASSETS			
Cash & Cash Equivalents	\$ 3,213	\$ 5,494	\$ 176,382
Due from Other Funds			1,289
	<u>3,213</u>	<u>\$ 5,494</u>	<u>\$ 177,671</u>
TOTAL ASSETS			
LIABILITIES			
Due to Other Funds			\$ 171,257
Due to Student Groups		\$ 5,494	
Payroll Deductions & Withholdings			6,414
	<u>-</u>	<u>\$ 5,494</u>	<u>\$ 177,671</u>
TOTAL LIABILITIES			
NET ASSETS			
Held in Trust for Section 125 & Other Purposes	<u>\$ 3,213</u>		

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Medical Savings Section 125</u>
ADDITIONS	
Contributions:	
Plan Members	\$ 8,737
DEDUCTIONS	
Medical Payments	<u>9,066</u>
Change in Net Assets	(329)
Net Assets, Beginning of the Year	<u>3,542</u>
Net Assets, End of the Year	<u><u>\$ 3,213</u></u>

**NOTES TO FINANCIAL STATEMENTS**

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Board of Education (Board) of the Franklin Township School District (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.

Financial statements prepared using full-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, 2010 of 336 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  
JUNE 30, 2010  
(Continued)

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

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

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

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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 an accounts receivable. All other revenue items are considered to be measurable and available only when the District receives cash.

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010  
(Continued)

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

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 nonoperating 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 noninstructional 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.

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.

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.

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.

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010  
(Continued)

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

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:

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 and Child Care Funds.

All proprietary funds are accounted for on a current financial resources 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 (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

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
Light Trucks & Vehicles	4 Years
Heavy Trucks & Vehicles	6 Years

Fiduciary Fund Types

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/ or other funds. Agency funds are custodial in nature and do not involve measurement of results of operations. The following is a description of the Trust and Agency Funds of the District.

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010  
(Continued)

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

Fiduciary Fund Types (cont'd)

Student Activities Agency Fund – This fund is used to account for funds derived from athletic events or other activities of pupil organizations and accumulated for payment of student group activities.

Payroll Agency Fund – This fund accounts for the withholding and remittance of employee salary deductions.

In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's Proprietary Funds have elected not to apply the standards issued by FASB after November 30, 1989.

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 are voted upon at the annual school election on the third Tuesday in April. 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 NJAC 6:20-2A.2(m)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2010 were insignificant.

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.

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010  
(Continued)

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

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 yearend 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 deferred 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 2009-2010 and 2008-2009 were 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 Receivables/Payables

Short-Term Interfund receivables/payables represents 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.

I. Inventories and Prepaid Items

Inventories and prepaid items, which benefit future periods, other than those recorded in the Enterprise Fund are recorded as an expenditure 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 a deferred 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, 2010.

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2010  
 (Continued)

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

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
Transportation Equipment	10
Office Equipment	5 to 10
Computer Equipment	5 to 10

K. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation and sick leave) as directed by Governmental Accounting Standards Board statement number 16 (GASB 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.

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.

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010  
(Continued)

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

L. Deferred Revenue

Deferred 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.

Deferred 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.

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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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.

N. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a restricted purpose. Designations of fund balance represent tentative plans for future use of financial resources that are subject to change.

In the government-wide statements, net assets represent the difference between assets and liabilities. Invested in Capital Assets, Net of Related Debt consists of capital assets, net of accumulated depreciation, and reduced by the balance of long-term debt used to finance these assets. Net assets are reported as restricted when there are limitations externally imposed on their use either through enabling legislation or other restrictions imposed by creditors, grantors or laws or regulations of other governments. The District's restricted net assets in the governmental activities as of June 30, 2010 consists of capital and maintenance reserves.

O. Comparative Data/Reclassifications

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Also, certain immaterial amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010  
(Continued)

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

P. 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.

**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 NJSA 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.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent per annum on the first \$1,500 of the delinquency and eighteen percent per annum on any amount in excess of \$1,500. Pursuant to Chapter 75, PL 1991, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six percent of the amount of the delinquency. These interest and penalties are the highest permitted under the New Jersey statutes. Delinquent taxes are annually included in a tax sale in accordance with New Jersey statutes.

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.

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010  
(Continued)

**NOTE 3. DEPOSITS AND CASH EQUIVALENTS AND INVESTMENTS**

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. US Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at amortized cost. All other investments are stated at fair value.

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.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

NJSA 17:9-41 e.t. 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. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

Deposits at June 30, 2010 appear in the financial statements as summarized below:

Cash		\$ <u>477,248</u>
	<u>Ref.</u>	
Cash:		
Governmental Funds, Balance Sheet	B-1	\$ 271,341
Enterprise Fund, Statement of Net Assets	B-4	20,818
Fiduciary Funds, Statement of Net Assets	B-7	<u>185,089</u>
Total Cash		\$ <u>477,248</u>

Deposits – The District's carrying amount of bank deposits at June 30, 2010 is \$477,248 and the bank balance is \$736,608. Of the bank balance, \$250,000 is covered by federal depository insurance and \$486,608 is insured by GUDPA.

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010  
(Continued)

**NOTE 3. DEPOSITS AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)**

Deposit and Investment Risk

GASB Statement No. 40 "Deposit and Investment Risk Disclosures" requires state and local governments to communicate key information about deposit and investment risks. Required disclosures are as follows:

1. Custodial credit risk disclosures for investments defined as category 3 assets under GASB Statement No. 3. Since all of the deposits and investments of the district are category 1 assets, these disclosures are not required.
2. Credit quality ratings for investments in debt securities, external investment pools, money market funds, bond mutual funds, and other pooled investments of fixed-income securities. As the district has no such investments, this disclosure is not applicable.
3. Disclosure of investments by amount and issuer for any issuer that represents five percent or more of total investments. This requirement does not apply to investments issued or explicitly guaranteed by the US government and investments in mutual funds or pools. This disclosure is reported below under Concentration of Credit Risk.
4. Interest rate risk disclosures are required for all debt investments and non-money market like pools. As the district has no such investments, this disclosure is not applicable.
5. Investments that are exposed to foreign currency risk should be disclosed. As the district has no such investments this disclosure is not applicable.

Concentration of Credit Risk

The State of New Jersey does not place any limit on the amount that the district may invest with any one issuer. As of June 30, 2010, the district has no investments.

**NOTE 4. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2010 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital Assets, Not Being				
Depreciated:				
Land	\$ 180,000	\$ -0-	\$ -0-	\$ 180,000
Capital Assets, Being				
Depreciated:				
Land Improvements	106,142			106,142
Building & Improvements	4,805,719	114		4,805,833
Furniture & Equipment	169,543	42,859		212,402
Transportation Equipment	91,000			91,000
<b>Total</b>	<u>5,172,404</u>	<u>42,973</u>	<u>-0-</u>	<u>5,215,377</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010  
(Continued)

**NOTE 4. CAPITAL ASSETS (Cont'd)**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
Accumulated Depreciation:				
Land Improvements	\$ 16,450	\$ 2,817		\$ 19,267
Building & Improvements	1,376,134	80,236		1,456,370
Furniture & Equipment	116,732	14,479		131,211
Transportation Equipment	91,000			91,000
Total	<u>1,600,316</u>	<u>97,532</u>	<u>\$ -0-</u>	<u>1,697,848</u>
Total Capital Assets, Being Depreciated, Net	<u>3,572,088</u>	<u>(54,559)</u>	<u>-0-</u>	<u>3,517,529</u>
Governmental Activities Capital Assets, Net	<u>\$ 3,752,088</u>	<u>\$ (54,559)</u>	<u>\$ -0-</u>	<u>\$ 3,697,529</u>
Business-Type Activities:				
Furniture & Equipment	\$ 26,775			\$ 26,775
Less: Accum Depreciation	<u>25,054</u>	<u>\$ 191</u>		<u>25,245</u>
Business-Type Activities Capital Assets, Net	<u>\$ 1,721</u>	<u>\$ (191)</u>	<u>\$ -0-</u>	<u>\$ 1,530</u>

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

Instruction:	
Regular	\$ 47,967
Special Education	11,725
Other Special Instruction	6,345
Other Instruction	414
Special School	535
Support Services:	
Student & Instruction	16,386
General & Business Admin	10,714
School Administration	1,557
Plant Operations	<u>1,889</u>
Total Depreciation Expense, Governmental Activities	<u>\$ 97,532</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010  
(Continued)

**NOTE 5. LONG-TERM DEBT**

Long-Term Liability Activity for the Year Ended June 30, 2010 is as Follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable	\$ 2,234,000	\$ 2,045,000	\$ 2,234,000	\$ 2,045,000	\$ 185,000
Unamortized Bond Premium		111,759	4,470	107,289	8,941
Compensated Absences Payable	156,690	7,500	3,810	160,380	35,190
Total Governmental Activities Long-Term Liabilities	<u>\$ 2,390,690</u>	<u>\$ 2,164,259</u>	<u>\$ 2,242,280</u>	<u>\$ 2,312,669</u>	<u>\$ 229,131</u>

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

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2010 including interest payments are listed as follows:

Year Ending June 30,	Principal	Interest	Total
2011	\$ 185,000	\$ 57,349	\$ 242,349
2012	180,000	66,762	246,762
2013	185,000	63,162	248,162
2014	190,000	59,462	249,462
2015	190,000	54,238	244,238
2016	190,000	49,212	239,212
2017	185,000	43,012	228,012
2018	185,000	37,000	222,000
2019	185,000	27,750	212,750
2020	185,000	18,500	203,500
2021	185,000	9,250	194,250
Total	<u>\$ 2,045,000</u>	<u>\$ 485,697</u>	<u>\$ 2,530,697</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010  
(Continued)

**NOTE 5. GENERAL LONG-TERM DEBT (Cont'd)**

General Obligation Bonds

General obligation school building bonds payable at June 30, 2010, with their outstanding balances are comprised of the following individual issues:

\$2,045,000-2010 refunding school building bonds, interest at 2.00% to 5.00% due in annual installments beginning February 15, 2011, through February 15, 2021	\$ <u>2,045,000</u>
----------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------

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, 2010 is \$11,705,894. General obligation debt at June 30, 2010 is \$2,045,000, resulting in a legal debt margin of \$9,660,894.

School Refunding Bonds of 2010

On February 15, 2010 the District issued \$2,045,000 in general obligation bonds with an interest rate of 2.00% to 5.00%. The proceeds of the bonds were utilized to pay \$2,084,000 of school bonds of 2001. The payment of the bonds through the issuance of refunding bonds will generate a net present value savings of \$142,699 to the District.

**NOTE 6. PENSION PLANS**

Description of Systems

Substantially all of the Board's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Teachers' Pension and Annuity Fund retirement system is considered a cost-sharing 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. The Public Employees Retirement System is considered a cost sharing multiple-employer plan.

A. Teachers' Pension and Annuity Fund - The Teachers' Pension and Annuity Fund was established in January, 1955 under the provisions of NJSA 18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Members are eligible for retirement at age 55 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 55 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010  
(Continued)

**NOTE 6. PENSION PLANS (Cont'd)**

Description of Systems (cont'd)

B. Public Employees' Retirement System - The Public Employees' Retirement System was established in January, 1955 under the provisions of NJSA 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 55 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 55 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statement and required supplementary information for TPAF and PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625-0295.

Significant Legislation

During the year ended June 30, 1997, legislation was enacted authorizing the New Jersey Economic Development Authority (the "Authority") to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. On June 30, 1997, the Authority issued bonds pursuant to this legislation and \$1,547,688,633 and \$241,106,642 from the proceeds of the bonds were deposited into the investment account of TPAF and PERS, respectively.

As a result of additional legislation enacted during the year ended June 30, 1997 (Ch 115, PL 1997), the asset valuation method was changed from market related value to full market value for the valuation reports dated March 31, 1996. The legislation also provides for a reduction in the normal contributions of the State to the systems from excess assets for FY's 1997 and 1998, and local employers for FY 1999, and, thereafter, authorizes the State Treasurer to reduce the normal contributions of State and local employers to the systems, to the extent possible, from up to 100% of excess assets through FY 2002, and on a declining maximum percentage of excess thereafter.

Due to the enactment of the legislation described above, the State of New Jersey's portion of the unfunded accrued liability under each retirement system was eliminated except for the unfunded liability for local early retirement incentive benefits; accordingly, the pension costs for TPAF and PERS were reduced.

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010  
(Continued)

**NOTE 6. PENSION PLANS** (Cont'd)

Contribution Requirements

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contribution of 5.50% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, non-contributory death benefits and post-retirement medical premiums. Under current statute the Board is a non-contributing employer of the TPAF.

Three-Year Trend Information for TPAF (Paid On-Behalf of the District)

<u>Year Funding</u>	<u>Post Retirement Benefit Costs</u>	<u>Percentage of APC Contributed</u>
06/30/10	\$ 146,604	100%
06/30/09	130,343	100%
06/30/08	276,458	100%

Three-Year Trend Information for PERS

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
06/30/10	\$ 47,008	100%
06/30/09	40,294	100%
06/30/08	29,995	100%

During the year ended June 30, 2010, the State of New Jersey contributed \$139,193 to the TPAF for post-retirement medical benefits and \$7,411 for the non-contributory insurance premiums on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$157,784 during the year ended June 30, 2010 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 27.

**NOTE 7. POST-RETIREMENT BENEFITS**

Chapter 384 of PL 1987 and Ch 6 of PL 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. PL 2007, Ch 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2009, there were 84,590 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Ch 62, PL 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning the fiscal year 1994.

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2010  
 (Continued)

**NOTE 7. POST-RETIREMENT BENEFITS (Cont'd)**

The State is also responsible for the cost attributable to Ch 126, PL 1992, which provides free health benefits to members of PERS, TPAF and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. In fiscal year 2009, the State paid \$116.9 million toward Ch 126 benefits for 13,320 eligible retired members.

GASB Statement 45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The District's only material OPEB obligation is for healthcare provided to eligible retirees through the NJ State Health Benefits Program.

**Plan Description**-The School District contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under NJSA 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. The school district adopted a resolution to participate in the SHBP. The State Health Benefits Commission is the executive body established by the statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, PO Box 295, Trenton, NJ 08625-0295 or by visiting their website at <http://www.state.nj.us/treasur/pension/pdf/financial/gasb-43-aug2010.pdf>

**Funding Policy**-Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis. Information regarding the State's annual contributions, annual OPEB cost and net OPEB obligations is available through the State as noted in the previous paragraph.

**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  
 Phoenix Home Life Mutual Insurance Co

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2010  
 (Continued)

**NOTE 9. INTERFUND RECEIVABLE AND PAYABLES**

The composition of Interfund balances at June 30, 2010 is as follows:

Fund	Receivable Fund	Payable Fund
General Fund	\$ 208,188	\$ 1,289
Special Revenue Fund		36,931
Fiduciary Fund:		
Payroll Agency	1,289	171,257
	\$ 209,477	\$ 209,477

The amount due to the General Fund by the Special Revenue is a required loan due to delayed grant payments and the amount due to the General Fund by the Payroll Agency Fund is due to an over payment.

**NOTE 10. INVENTORY**

Inventory in the Food Service Fund June 30, 2010 consisted of the following:

Food Supplies	\$ 2,450 <hr style="width: 50%; margin: 0;"/> 334
	\$ 2,784

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

**NOTE 11. CONTINGENT LIABILITIES**

The District is involved in various legal proceedings that are incidental to its operations. These legal proceedings are not likely to have a material adverse effect on the financial position of the School District.

**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. A complete schedule of insurance coverage can be found in the Statistical Section of the Comprehensive Annual Financial Report.

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010  
(Continued)

**NOTE 13. CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by the District by inclusion of \$1 on October 11, 2000 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 districts approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). 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 NJSA 19:60-2. Pursuant to NJAC 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.

The following schedule is a summarization of the Capital Reserve Account:

Fiscal Year	District Contribution	Interest Earning	Ending Balance
2000-2001	\$ 1		\$ 1
2005-2006	1,409		1,410
2006-2007		\$ 2	1,412
2007-2008		20	1,432
2008-2009	250,000	5	251,437
2009-2010		224	251,661

**NOTE 14. FUND BALANCES-BUDGETARY BASIS**

As described in Note 1 P-Fund Equity (Fund Balance) may be reserved or designated. An analysis of the General Fund Balance on June 30, 2010 and 2009 is as follows:

	<u>2010</u>	<u>2009</u>
Reserved:		
Encumbrances-Represents reservation of fund balance for purchase orders which have been issued but goods or services were not received as of June 30	\$ 145,451	\$ 33,217
Excess Surplus-Represents amount in excess of allowable percentage. In accordance with State Statute NJSA 18A:7 F-7 the excess surplus is designated for utilization in the succeeding year's budget	23,031	23,290
Capital Reserve Account-represents funds restricted to capital projects in the Districts Long Range Facilities Plan	251,661	251,437
Maintenance Reserve-Represents funds accumulated for the required maintenance of a facility in accordance with EFCFA (NJSA 18A:7G-9)	50,000	
Unreserved:		
Undesignated-Represents fund balance which has not been reserved or designated	<u>393,987</u>	<u>401,518</u>
Total Fund Balance	<u>\$ 864,130</u>	<u>\$ 709,462</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010  
(Continued)

**NOTE 15. CALCULATION OF EXCESS SURPLUS**

In accordance with NJSA 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 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, 2010 is \$23,031.

**REQUIRED SUPPLEMENTARY INFORMATION-PART II**

**BUDGETARY COMPARISON SCHEDULES**

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES</b>					
Local Sources:					
Local Tax Levy	\$ 3,721,912		\$ 3,721,912	\$ 3,721,912	
Tuition from Individuals	86,000		86,000	60,969	\$ (25,031)
Tuition from Other LEAs	7,000		7,000	14,390	7,390
Interest on Investments				2,832	2,832
Interest Earned on Capital Reserve Funds	6		6	224	218
Miscellaneous-Unrestricted	29,000		29,000	25,318	(3,682)
<b>Total</b>	<b>3,843,918</b>	<b>\$ -</b>	<b>3,843,918</b>	<b>3,825,645</b>	<b>(18,273)</b>
State Sources:					
Extraordinary Aid	70,871		70,871	211,468	140,597
Categorical Special Education Aid	149,264		149,264	149,264	
Equalization Aid	557,166	(189,351)	367,815	414,915	47,100
Categorical Security Aid	20,685		20,685	13,445	(7,240)
Categorical Transportation Aid	113,887		113,887	74,027	(39,860)
Nonpublic Transportation Aid				3,390	3,390
On-Behalf TPAF Payments				146,604	146,604
Reimbursed TPAF Social Security Contrib				157,784	157,784
<b>Total</b>	<b>911,873</b>	<b>(189,351)</b>	<b>722,522</b>	<b>1,170,897</b>	<b>448,375</b>
Federal Sources:					
ARRA-Education Stabilization Funds		97,328	97,328	97,328	
ARRA- Government Service Funds		3,768	3,768	3,768	
<b>Total</b>	<b>-</b>	<b>101,096</b>	<b>101,096</b>	<b>101,096</b>	<b>-</b>
<b>TOTAL REVENUES</b>	<b>\$ 4,755,791</b>	<b>\$ (88,255)</b>	<b>\$ 4,667,536</b>	<b>\$ 5,097,638</b>	<b>\$ 430,102</b>
<b>EXPENDITURES</b>					
Current:					
Instruction-Regular Program:					
Salaries of Teachers:					
Preschool	\$ 89,870	\$ (32,870)	\$ 57,000	\$ 52,730	\$ 4,270
Kindergarten	114,271	(1,500)	112,771	104,779	7,992
Grades 1-5	1,007,397	5,314	1,012,711	949,443	63,268
Grades 6-8	194,749	(6,158)	188,591	171,997	16,594
Regular Program-Home Instruction:					
Salaries of Teachers	500	(500)			
Regular Program-Undistributed Instruction:					
Other Salaries for Instruction	147,355	(147,355)			
Other Purchased Services	36,573	(17,431)	19,142	19,142	
General Supplies	90,275	120,041	210,316	138,120	72,196
Textbooks	1,223	1,083	2,306	2,306	
Other Objects	1,000	(800)	200	200	
<b>Total</b>	<b>1,683,213</b>	<b>(80,176)</b>	<b>1,603,037</b>	<b>1,438,717</b>	<b>164,320</b>

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Special Education:					
Resource Room/Center:					
Salaries of Teachers	\$ 141,788	\$ 28,275	\$ 170,063	\$ 170,063	
Other Salaries for Instruction	40,377	157,123	197,500	191,880	\$ 5,620
General Supplies	725	(331)	394	394	
Total	<u>182,890</u>	<u>185,067</u>	<u>367,957</u>	<u>362,337</u>	<u>5,620</u>
Total Special Education	<u>182,890</u>	<u>185,067</u>	<u>367,957</u>	<u>362,337</u>	<u>5,620</u>
Basic Skills for Remedial:					
Salaries of Teachers	190,074	(348)	189,726	176,508	13,218
General Supplies	500	1,179	1,679	1,679	
Total	<u>190,574</u>	<u>831</u>	<u>191,405</u>	<u>178,187</u>	<u>13,218</u>
School Sponsored Co-curricular Activities:					
Salaries	10,000	2,075	12,075	12,075	
Supplies and Materials	160	120	280	280	
Other Objects	550	(100)	450	450	
Total	<u>10,710</u>	<u>2,095</u>	<u>12,805</u>	<u>12,805</u>	<u>-</u>
Total Instruction Regular	<u>\$ 2,067,387</u>	<u>\$ 107,817</u>	<u>\$ 2,175,204</u>	<u>\$ 1,992,046</u>	<u>\$ 183,158</u>
Undistributed Expenditures:					
Instruction Tuition:					
Tuition to CSSD & Regional Day Schools	\$ 40,200	\$ (35,453)	\$ 4,747	\$ 4,747	
Tuition to Priv Sch For the Disabled W/I State	90,300	33,263	123,563	123,563	
Total	<u>130,500</u>	<u>(2,190)</u>	<u>128,310</u>	<u>128,310</u>	<u>\$ -</u>
Health Services:					
Salaries	56,650	3,085	59,735	50,576	9,159
Purchased Professional & Tech Services	300	121	421	421	
Supplies and Materials	1,365	412	1,777	1,777	
Total	<u>58,315</u>	<u>3,618</u>	<u>61,933</u>	<u>52,774</u>	<u>9,159</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

EXPENDITURES (Cont'd)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current: (cont'd)					
Guidance:					
Purchased Professional Educational Services	\$ 2,000	\$ (124)	\$ 1,876	\$ 1,876	
Total	2,000	(124)	1,876	1,876	\$ -
Speech, Occup Therapy, Phys Therapy & Related Services:					
Salaries of Other Professional Staff	76,888	(750)	76,138	66,246	9,892
Supplies & Materials	500	(382)	118	118	
Total	77,388	(1,132)	76,256	66,364	9,892
Child Study Team:					
Salaries of Other Professional Staff	196,259	(678)	195,581	186,942	8,639
Salaries of Secretarial & Clerical Assistants	30,594	19	30,613	30,613	
Purchased Professional-Educational Services	65,260	(17,949)	47,311	47,311	
Miscellaneous Purchased Services	350	(336)	14	14	
Supplies & Materials	1,000	890	1,890	1,890	
Other Objects	1,150	1,545	2,695	2,695	
Total	294,613	(16,509)	278,104	269,465	8,639
Improvement of Instructional Services:					
Other Purchased Services	5,338	(223)	5,115	5,115	-
Instructional Staff Training Services:					
Other Purchased Services	6,000	(4,980)	1,020	1,020	
Other Objects	3,000	(3,000)			
Total	9,000	(7,980)	1,020	1,020	-
Educational Media Service for School Library:					
Salaries	5,608	7,172	12,780	12,780	
Purchased Professional & Technical Services	600	(600)			
Supplies & Materials	205	159	364	364	
Total	6,413	6,731	13,144	13,144	-
Support Services General Administration:					
Salaries	141,168	(4,330)	136,838	136,838	
Legal Services	4,000	3,047	7,047	7,047	
Audit Fees	13,000	(100)	12,900	12,900	
Purchased Technical Services	10,000	17,160	27,160	27,160	
Communications & Telephone	5,250	(3,103)	2,147	2,147	
Board of Education Other Purchased Services	1,500	(1,500)			
Other Purchased Services	5,150	(1,615)	3,535	3,535	
General Supplies	3,800	(3,177)	623	623	
Miscellaneous Expenditures	17,325	3,509	20,834	20,834	
Board of Education Memberships Dues and Fees		600	600	600	
Total	201,193	10,491	211,684	211,684	-
Support Services School Administration:					
Salaries of Secretarial & Clerical Assistants	43,748	(486)	43,262	43,262	
Supplies & Materials	2,500	2,350	4,850	4,850	
Total	46,248	1,864	48,112	48,112	-

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Central Services:					
Salaries	\$ 104,192	\$ 11,274	\$ 115,466	\$ 115,466	
Miscellaneous Purchased Services	1,672	(510)	1,162	1,162	
Supplies and Materials	750	116	866	866	
Miscellaneous Expenditures	2,000	(110)	1,890	1,890	
Total	108,614	10,770	119,384	119,384	\$ -
Required Maintenance for School Facilities:					
Cleaning Repair & Maintenance Services	30,950	(3,513)	27,437	27,437	-
Custodial Services:					
Salaries	144,278	(9,324)	134,954	134,954	
Purchased Professional & Technical Services	1,950	(861)	1,089	1,089	
Cleaning, Repair & Maintenance Services	20,702	59,578	80,280	78,430	1,850
Other Purchased Property Services	300	(300)			
Insurance	27,000	4,620	31,620	31,620	
Miscellaneous Purchased Services	12,545	(7,553)	4,992	4,992	
General Supplies	15,000	11,619	26,619	26,619	
Energy (Electricity)	70,000	(3,110)	66,890	66,890	
Energy (Natural Gas)	65,000	(25,479)	39,521	39,521	
Other Objects	550	(200)	350	350	
Total	357,325	28,990	386,315	384,465	1,850
Care & Upkeep of Grounds:					
Cleaning, Repair, and Maintenance Services	8,000	(8,000)	-	-	-
Student Transportation Services:					
Salaries of Non-Instructional Aides	13,172	(4,215)	8,957	8,957	
Contracted Services (Between Home & School)-Vendors	203,199	(1,983)	201,216	201,216	
Contracted Services (Between Home & School)-Joint Agreements	6,000	5,165	11,165	11,165	
Contracted Services (Special Education Students)-ESCs & CTAs	40,000	4,301	44,301	44,301	
Contracted Services-Aid In Lieu of Payments Non Public School	14,000	(298)	13,702	13,702	
Total	276,371	2,970	279,341	279,341	-
Unallocated Benefits-Employee Benefits:					
Social Security Contributions	58,000	(3,685)	54,315	53,884	431
Other Retirement Contribution-Regular	44,665	(3,052)	41,613	41,613	
Unemployment Compensation	14,000	(13,019)	981	426	555
Workmen's Compensation	36,000	(9,254)	26,746	26,746	
Health Benefits	878,304	(8,107)	870,197	870,197	
Tuition Reimbursement	16,500	(4,546)	11,954	11,954	
Other Employee Benefits	7,500	-	7,500	7,500	
Total	1,054,969	(41,663)	1,013,306	1,012,320	986

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
On-Behalf TPAF Payments				\$ 146,604	\$ (146,604)
Reimbursed TPAF Social Security Contrib				157,784	(157,784)
Total	\$ -	\$ -	\$ -	304,388	(304,388)
Total Undistributed Expenditures	\$ 2,667,237	\$ (15,900)	\$ 2,651,337	\$ 2,925,199	\$ (273,862)
TOTAL CURRENT	\$ 4,734,624	\$ 91,917	\$ 4,826,541	\$ 4,917,245	\$ (90,704)
CAPITAL OUTLAY					
Equipment:					
Undistributed Expenditures:					
Care & Upkeep of Grounds		\$ 9,199	\$ 9,199	\$ 9,199	
TOTAL CAPITAL OUTLAY	\$ -	\$ 9,199	\$ 9,199	\$ 9,199	\$ -
SPECIAL SCHOOLS					
Summer School-Instruction:					
Salaries of Teachers	\$ 14,067	\$ (4,799)	\$ 9,268	\$ 9,268	
Other Salaries for Instruction	2,724	296	3,020	3,020	
Purchased Professional & Technical Serv	4,370	(132)	4,238	4,238	
TOTAL SPECIAL SCHOOLS	\$ 21,161	\$ (4,635)	\$ 16,526	\$ 16,526	\$ -
TOTAL EXPENDITURES	\$ 4,755,785	\$ 96,481	\$ 4,852,266	\$ 4,942,970	\$ (90,704)
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 6	\$ (184,736)	\$ (184,730)	\$ 154,668	\$ 339,398
Fund Balances, July 1	709,462	-	709,462	709,462	631,095
Fund Balances, June 30	\$ 709,468	\$ (184,736)	\$ 524,732	\$ 864,130	\$ 970,493
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Adjustment for Prior Year Encumbrances		\$ (33,217)	\$ (33,217)	\$ (33,217)	
Increase in Capital Reserve	\$ 6		6	224	\$ 218
Increase in Maintenance Reserve		50,000	50,000	50,000	
Budget Fund Balance		(201,519)	(201,519)	137,661	339,180
TOTAL	\$ 6	\$ (184,736)	\$ (184,730)	\$ 154,668	\$ 339,398

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

RECAPITULATION OF FUND BALANCE

Reserved:		
Reserve for Encumbrances	\$ 145,451	
Capital Reserve	251,661	
Maintenance Reserve	<u>50,000</u>	
		\$ 447,112
Excess Surplus:		
Current Year-Designated for 2011-2012 Budget		23,031
Unreserved:		
Undesignated-Free		<u>393,987</u>
		864,130
Reconciliation to Government Statements (GAAP):		
Last State Aid Payment not Recognized on GAAP Basis		<u>(84,102)</u>
Fund Balance Per Governmental Funds (GAAP)		<u>\$ 780,028</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON ARRA SUPPLEMENTARY SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Federal Sources:					
ARRA Education Stabilization Funds Aid		\$ 97,328	\$ 97,328	\$ 97,328	
ARRA Government Services Funds Aid		3,768	3,768	3,768	
TOTAL REVENUES	\$ -	\$ 101,096	\$ 101,096	\$ 101,096	\$ -
EXPENDITURES					
Fund 16 ARRA SFSF ESF:					
Regular Programs:					
Instruction-Salaries of Teachers:					
Preschool		\$ 4,864	\$ 4,864	\$ 4,864	
Kindergarten		5,239	5,239	5,239	
Grades 1-5		47,570	47,570	47,570	
Grades 6-8		8,600	8,600	8,600	
Special Education:					
Resource Room/Center:					
Salaries of Teachers		8,503	8,503	8,503	
Other Salaries for Instruction		9,602	9,602	9,602	
Basic Skills for Remedial:					
Salaries of Teachers		8,825	8,825	8,825	
Undistributed Expenditures:					
Health Services:					
Salaries		4,125	4,125	4,125	
Total	\$ -	97,328	97,328	97,328	\$ -
Fund 17 ARRA SFSF GSF:					
Undistributed Expenditures:					
Health Services:					
Salaries		455	455	455	
Speech, OT, PT & Related Services:					
Salaries		3,313	3,313	3,313	
Total	-	3,768	3,768	3,768	-
TOTAL EXPENDITURES	\$ -	\$ 101,096	\$ 101,096	\$ 101,096	\$ -
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balances, July 1	-	-	-	-	-
Fund Balances, June 30	\$ -	\$ -	\$ -	\$ -	\$ -

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 SPECIAL REVENUE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources	\$ 5,000	\$ 500	\$ 5,500	\$ 5,000	\$ (500)
Federal Sources	188,057	2,959	191,016	152,597	(38,419)
<b>TOTAL REVENUES</b>	<b>\$ 193,057</b>	<b>\$ 3,459</b>	<b>\$ 196,516</b>	<b>\$ 157,597</b>	<b>\$ (38,919)</b>
EXPENDITURES					
Instruction:					
Other Salaries	\$ 16,616	\$ 1,219	\$ 17,835	\$ 17,835	
Purchased Professional & Technical Services	135		135	135	
Supplies & Materials	17,770	1,740	19,510	12,686	\$ 6,824
Textbooks	29,088		29,088	29,088	
Totals	63,609	2,959	66,568	59,744	6,824
Support Services:					
Employee Benefits	1,271		1,271	1,271	
Purchased Professional Educational Services	123,177		123,177	91,582	31,595
Other Purchased Services	1,341	500	1,841	1,341	500
Supplies & Materials	3,659		3,659	3,659	
Total	129,448	500	129,948	97,853	32,095
<b>TOTAL EXPENDITURES</b>	<b>\$ 193,057</b>	<b>\$ 3,459</b>	<b>\$ 196,516</b>	<b>\$ 157,597</b>	<b>\$ 38,919</b>

**NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION**

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION  
BUDGETARY COMPARISON SCHEDULE

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

	General Fund	Special Revenue Fund
	<u>                    </u>	<u>                    </u>
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 5,097,638	\$ 157,597
Difference-Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding Encumbrances Prior Year		425
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	151,541	
State Aid Receivable Current Year	<u>(84,102)</u>	
Total Revenues (GAAP Basis)	<u>\$ 5,165,077</u>	<u>\$ 158,022</u>
<u>Uses/Outflows of Resources</u>		
Actual Amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 4,942,970	\$ 157,597
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		<u>425</u>
Total Expenditures (GAAP Basis)	<u>\$ 4,942,970</u>	<u>\$ 158,022</u>

**OTHER SUPPLEMENTAL INFORMATION**

**SCHOOL LEVEL SCHEDULES**

(NOT APPLICABLE TO THIS REPORT)

## **SPECIAL REVENUE FUND**

### **DETAIL STATEMENTS**

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

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	REAP	NCLB TITLE I	NCLB TITLES IIA, IID & IV	IDEA Basic	ARRA IDEA Basic	Local Grants	2010 Total
<b>REVENUES</b>							
Local Sources						\$ 5,000	\$ 5,000
Federal Sources	\$ 37,656	\$ 17,887	\$ 5,472	\$ 60,827	\$ 30,755		152,597
<b>TOTAL REVENUES</b>	<u>\$ 37,656</u>	<u>\$ 17,887</u>	<u>\$ 5,472</u>	<u>\$ 60,827</u>	<u>\$ 30,755</u>	<u>\$ 5,000</u>	<u>\$ 157,597</u>
<b>EXPENDITURES</b>							
Instruction:							
Other Salaries		\$ 16,616	\$ 1,219				\$ 17,835
Purchase Professional & Technical Services			135				135
Supplies & Materials	\$ 8,568		4,118				12,686
Textbooks	29,088						29,088
Total	<u>37,656</u>	<u>16,616</u>	<u>5,472</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>59,744</u>
Support Services:							
Employee Benefits		1,271					1,271
Purchase Professional Educational Services				60,827	30,755		91,582
Other Purchased Services						1,341	1,341
Supplies & Materials						3,659	3,659
Total	<u>-</u>	<u>1,271</u>	<u>-</u>	<u>60,827</u>	<u>30,755</u>	<u>5,000</u>	<u>97,853</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 37,656</u>	<u>\$ 17,887</u>	<u>\$ 5,472</u>	<u>\$ 60,827</u>	<u>\$ 30,755</u>	<u>\$ 5,000</u>	<u>\$ 157,597</u>

## **CAPITAL PROJECTS FUND**

### **DETAIL STATEMENTS**

The capital projects fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE-BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Expenditures and Other Financing Uses:	
Construction Services	\$ 114
	<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(114)
	<hr/>
Fund Balance-Beginning	114
	<hr/>
Fund Balance-Ending	\$ -
	<hr/> <hr/>

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND  
PROJECT STATUS-BUDGETARY BASIS- ADDITION AND RENOVATIONS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues & Other Financing Sources:				
State Sources-SCC Grant	\$ 1,466,000		\$ 1,466,000	\$ 1,466,000
Local Sources:				
Bond Proceeds	3,154,000		3,154,000	3,154,000
Septic Settlement	13,000		13,000	13,000
Total Revenues	4,633,000	\$ -	4,633,000	4,633,000
Expenditures & Other Financing Uses:				
Construction & Related Services	4,632,886	114	4,633,000	4,633,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 114	\$ (114)	\$ -	\$ -

## **PROPRIETARY FUND**

### **DETAIL STATEMENTS**

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises-where the intent of the district's board is that the costs of providing goods or services be financed through user charges.

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
COMBINING STATEMENT OF FUND NET ASSETS  
ENTERPRISE FUND  
JUNE 30, 2010

	Food Service Fund	Child Care Program	Total
<b>ASSETS</b>			
Current Assets:			
Cash & Cash Equivalents	\$ 12,787	\$ 8,031	\$ 20,818
Accounts Receivable		7,324	7,324
Receivable from Other Governments:			
Federal	978		978
State	80		80
Inventories	2,784		2,784
Total Current Assets	<u>16,629</u>	<u>15,355</u>	<u>31,984</u>
Fixed Assets:			
Capital Assets	26,775		26,775
Accumulated Depreciation	25,245		25,245
Total Fixed Assets	<u>1,530</u>	<u>-</u>	<u>1,530</u>
Total Assets	<u>18,159</u>	<u>15,355</u>	<u>33,514</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	4,916		4,916
Deferred Revenue	1,654		1,654
Total Current Liabilities	<u>6,570</u>	<u>-</u>	<u>6,570</u>
<b>NET ASSETS</b>			
Invested in Capital Assets	1,530		1,530
Unrestricted	<u>10,059</u>	<u>15,355</u>	<u>25,414</u>
TOTAL NET ASSETS	<u>\$ 11,589</u>	<u>\$ 15,355</u>	<u>\$ 26,944</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
 ENTERPRISE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Food Service Fund	Child Care Program	Total
Operating Revenues:			
Local Sources:			
Daily Sales-Reimbursable Programs	\$ 41,403		\$ 41,403
Daily Sales-Nonreimbursable Programs	29,807		29,807
Fees for Services		\$ 86,138	86,138
Total Operating Revenues	<u>71,210</u>	<u>86,138</u>	<u>157,348</u>
Operating Expenses:			
Cost of Sales	47,290		47,290
Salaries	22,282	53,948	76,230
Employee Benefits	5,117	22,628	27,745
Management Fee	8,000		8,000
Facility Use Fees		3,368	3,368
Other Purchased Services	2,444	1,760	4,204
General Supplies	3,653	1,573	5,226
Insurance	2,444		2,444
Repairs and Maintenance	193		193
Depreciation	191		191
Miscellaneous	61		61
Total Operating Expenses	<u>91,675</u>	<u>83,277</u>	<u>174,952</u>
Operating Income (Loss)	<u>(20,465)</u>	<u>2,861</u>	<u>(17,604)</u>
Nonoperating Revenues (Expenses):			
Federal Sources:			
National School Lunch Program	13,782		13,782
Food Distribution Program	11,679		11,679
State Sources:			
School Lunch Program	1,108		1,108
Interest Income	29	82	111
Refund of Prior Year Revenue	(612)		(612)
Total Nonoperating Revenues (Expenses)	<u>25,986</u>	<u>82</u>	<u>26,068</u>
Change in Net Assets	5,521	2,943	8,464
Total Net Assets, Beginning	<u>6,068</u>	<u>12,412</u>	<u>18,480</u>
Total Net Assets, Ending	<u>\$ 11,589</u>	<u>\$ 15,355</u>	<u>\$ 26,944</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
COMBINING STATEMENT OF CASH FLOWS  
ENTERPRISE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Food Service Fund	Child Care Program	Total
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 71,210	\$ 79,601	\$ 150,811
Payments to Employees and Benefits		(76,576)	(76,576)
Payments to Food Service Management Co	(73,537)		(73,537)
Payments to Vendors (Net)	(1,557)	(6,701)	(8,258)
Net Cash Provided by (Used For) Operating Activities	<u>(3,884)</u>	<u>(3,676)</u>	<u>(7,560)</u>
Cash Flows from Noncapital Financing Activities:			
Federal Sources	13,963		13,963
State Sources	1,125		1,125
Refund of Prior Year Revenue	(612)		(612)
Net Cash Provided by (Used For) Noncapital Financing Activities	<u>14,476</u>	<u>-</u>	<u>14,476</u>
Cash Flows from Investing Activities:			
Interest Income	29	82	111
Net Cash Provided by (Used For) Financing Activities	<u>29</u>	<u>82</u>	<u>111</u>
Net Increase (Decrease) in Cash and Cash Equivalents	10,621	(3,594)	7,027
Cash and Cash Equivalents, July 1, 2009	<u>2,166</u>	<u>11,625</u>	<u>13,791</u>
Cash and Cash Equivalents, June 30, 2010	<u>\$ 12,787</u>	<u>\$ 8,031</u>	<u>\$ 20,818</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:			
Operating Income (Loss)	\$ (20,465)	\$ 2,861	\$ (17,604)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:			
Depreciation	191		191
Federal Food Distribution Program	12,524		12,524
(Increase) Decrease in Receivables		(888)	(888)
(Increase) Decrease in Inventory	(1,050)		(1,050)
Increase (Decrease) in Accounts Payable	4,916		4,916
Increase (Decrease) in Deferred Revenue		(5,649)	(5,649)
Net Cash Provided by (Used For) Operating Activities	<u>\$ (3,884)</u>	<u>\$ (3,676)</u>	<u>\$ (7,560)</u>

**FIDUCIARY FUND**

**DETAIL STATEMENTS**

Fiduciary Fund are used to account for funds received by the school district as an agent for individuals, private organizations, other governments and/or other funds.

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
COMBINING STATEMENT OF NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2010

	Medical Savings Section 125	Student Activity Agency Fund	Payroll Agency Fund	Totals
ASSETS				
Cash & Cash Equivalents	\$ 3,213	\$ 5,494	\$ 176,382	\$ 185,089
Due from Other Funds			1,289	1,289
TOTAL ASSETS	<u>3,213</u>	<u>5,494</u>	<u>177,671</u>	<u>186,378</u>
LIABILITIES				
Due to Other Funds			171,257	171,257
Due to Student Groups		5,494		5,494
Payroll Deductions & Withholdings			6,414	6,414
TOTAL LIABILITIES	<u>-</u>	<u>5,494</u>	<u>177,671</u>	<u>183,165</u>
NET ASSETS				
Held in Trust for Section 125 Claims & Other Purposes	<u>\$ 3,213</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,213</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Medical Savings Section 125</u>
ADDITIONS	
Contributions:	
Plan Members	\$ 8,737
DEDUCTIONS	
Medical Payments	<u>9,066</u>
Change in Net Assets	(329)
Net Assets, Beginning of the Year	<u>3,542</u>
Net Assets, End of the Year	<u><u>\$ 3,213</u></u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Balance 07/01/09	Additions	Deletions	Balance 06/30/10
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 8,252	\$ 35,192	\$ 37,950	\$ 5,494
<b>TOTAL ASSETS</b>	<u>\$ 8,252</u>	<u>\$ 35,192</u>	<u>\$ 37,950</u>	<u>\$ 5,494</u>
<b>LIABILITIES</b>				
Due to Student Groups	\$ 8,252	\$ 35,192	\$ 37,950	\$ 5,494
	<u>\$ 8,252</u>	<u>\$ 35,192</u>	<u>\$ 37,950</u>	<u>\$ 5,494</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Balance 07/01/09	Additions	Deletions	Balance 06/30/10
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 10,656	\$ 3,362,372	\$ 3,196,646	\$ 176,382
Due from Other Funds	4,143	1,289	4,143	1,289
<b>TOTAL ASSETS</b>	<b>\$ 14,799</b>	<b>\$ 3,363,661</b>	<b>\$ 3,200,789</b>	<b>\$ 177,671</b>
<b>LIABILITIES</b>				
Due to Other Funds	\$ 6,939	\$ 171,257	\$ 6,939	\$ 171,257
Payroll Deductions & Withholding	7,685	1,328,939	1,330,210	6,414
Net Payroll	175	1,863,465	1,863,640	
<b>TOTAL LIABILITIES</b>	<b>\$ 14,799</b>	<b>\$ 3,363,661</b>	<b>\$ 3,200,789</b>	<b>\$ 177,671</b>

## **LONG-TERM DEBT SCHEDULES**

The long-term debt schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding, obligations under capital leases, and early retirement program.

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
JUNE 30, 2010

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/09	Issued	Retired	Balance 06/30/10
			Date	Amount					
School Addition & Renovation	02/15/01	\$ 3,154,000		\$ -		\$ 2,234,000		\$ 2,234,000	
Refunding School Bonds of 2010	02/15/10	2,045,000	02/15/11	185,000	2.00%				
			02/15/12	180,000	2.00%				
			02/15/13	185,000	2.00%				
			02/15/14	190,000	2.75%				
			02/15/15	190,000	2.75%				
			02/15/16	190,000	2.75%				
			02/15/17	185,000	3.25%				
			02/15/18	185,000	5.00%				
			02/15/19	185,000	5.00%				
			02/15/20	185,000	5.00%				
			02/15/21	185,000	5.00%				
						\$ 2,234,000	\$ 2,045,000	\$ 2,234,000	\$ 2,045,000

Analysis

Bonds Refunded		\$ 2,084,000
Bonds Issued	\$ 2,045,000	
Bonds Retired		150,000
	\$ 2,045,000	\$ 2,234,000

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 DEBT SERVICE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources:					
Local Tax Levy	\$ 254,204		\$ 254,204	\$ 254,204	
Total Revenues	<u>254,204</u>	\$ -	<u>254,204</u>	<u>254,204</u>	\$ -
EXPENDITURES					
Regular Debt Service:					
Interest	104,204		104,204	104,204	
Redemption of Principal	150,000		150,000	150,000	
Total Expenditures	<u>254,204</u>	-	<u>254,204</u>	<u>254,204</u>	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**STATISTICAL SECTION**

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
STATISTICAL SECTION J SERIES

CONTENTS	PAGE
<b>FINANCIAL TRENDS</b>	
These Schedules Contain Trend Information to Help the Reader Understand how the District's Financial Performance and Well Being have Changed Over Time.	J-1 to J-5
<b>REVENUE CAPACITY</b>	
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
<b>DEBT CAPACITY</b>	
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
<b>DEMOGRAPHIC AND ECONOMIC INFORMATION</b>	
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
<b>OPERATING INFORMATION</b>	
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 is Derived from the Comprehensive Annual Financial Reports (CAFR) for the Relevant Year. The District Implemented GASB Statement 34 in the Fiscal Year Ending June 30, 2004; Schedules Presenting District-Wide Information Include Information Beginning in That Year.

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
NET ASSETS BY COMPONENT  
LAST SEVEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,						
	2004	2005	2006	2007	2008	2009	2010
<b>GOVERNMENT ACTIVITIES</b>							
Invested in Capital Assets, Net of Related Debt	\$ 959,555	\$ 1,175,971	\$ 1,318,639	\$ 1,438,150	\$ 1,467,982	\$ 1,518,088	\$ 1,545,240
Restricted	335,265	156,303	95,766	8,788	8,546	251,551	301,661
Unrestricted	123,217	246,896	123,915	95,335	80,273	110,718	349,158
<b>TOTAL GOVERNMENTAL ACTIVITIES NET ASSETS</b>	<b>\$ 1,418,037</b>	<b>\$ 1,579,170</b>	<b>\$ 1,538,320</b>	<b>\$ 1,542,273</b>	<b>\$ 1,556,801</b>	<b>\$ 1,880,357</b>	<b>\$ 2,196,059</b>
<b>BUSINESS-TYPE ACTIVITIES</b>							
Invested in Capital Assets, Net of Related Debt	\$ 2,218	\$ 1,444	\$ 670	\$ 2,104	\$ 1,242	\$ 1,721	\$ 1,530
Restricted							
Unrestricted	12,878	742	9,663	12,752	3,219	16,759	25,414
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 15,096</b>	<b>\$ 2,186</b>	<b>\$ 10,333</b>	<b>\$ 14,856</b>	<b>\$ 4,461</b>	<b>\$ 18,480</b>	<b>\$ 26,944</b>
<b>DISTRICT-WIDE</b>							
Invested in Capital Assets, Net of Related Debt	\$ 961,773	\$ 1,177,415	\$ 1,319,309	\$ 1,440,254	\$ 1,469,224	\$ 1,519,809	\$ 1,546,770
Restricted	335,265	156,303	95,766	8,788	8,546	251,551	301,661
Unrestricted	136,095	247,638	133,578	108,087	83,492	127,477	374,572
<b>TOTAL DISTRICT-WIDE</b>	<b>\$ 1,433,133</b>	<b>\$ 1,581,356</b>	<b>\$ 1,548,653</b>	<b>\$ 1,557,129</b>	<b>\$ 1,561,262</b>	<b>\$ 1,898,837</b>	<b>\$ 2,223,003</b>

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET ASSETS  
LAST SEVEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,						
	2004	2005	2006	2007	2008	2009	2010
EXPENSES							
Governmental Activities:							
Instruction:							
Regular	\$ 1,712,404	\$ 2,006,354	\$ 2,210,028	\$ 2,409,390	\$ 2,487,167	\$ 2,427,118	\$ 2,219,596
Special Education	480,239	351,620	423,157	455,683	452,966	321,046	503,788
Other Instruction	200,817	324,479	259,108	264,954	268,194	268,764	304,343
Support Services:							
Tuition	74,537	89,610	84,539	93,089	118,303	122,852	128,310
Student & Instruction Related Services	510,350	425,170	512,329	637,971	630,649	674,266	665,251
General & Business Administrative Services	309,330	295,704	293,767	363,179	387,243	447,549	517,578
School Administration	121,652	118,900	74,154	83,374	68,504	47,067	49,669
Plant Operations & Maintenance	326,002	378,855	343,911	384,422	481,864	415,028	468,117
Pupil Transportation	224,229	217,422	232,873	199,227	276,489	277,866	285,642
Special Schools	9,618	12,301	14,859	20,568	21,206	14,281	17,061
Interest on Long-Term Debt	136,604	130,021	124,989	119,729	114,160	108,141	79,236
Total Governmental Activities Expenses	<u>4,105,782</u>	<u>4,350,436</u>	<u>4,573,714</u>	<u>5,031,586</u>	<u>5,306,745</u>	<u>5,123,978</u>	<u>5,238,591</u>
Business-Type Activities:							
Food Services	84,858	105,557	113,435	109,798	84,075	91,343	91,675
Child Care	47,948	54,472	55,304	88,967	111,573	88,799	83,277
Total Business-Type Activities	<u>132,806</u>	<u>160,029</u>	<u>168,739</u>	<u>198,765</u>	<u>195,648</u>	<u>180,142</u>	<u>174,952</u>
TOTAL DISTRICT EXPENSES	<u>\$ 4,238,588</u>	<u>\$ 4,510,465</u>	<u>\$ 4,742,453</u>	<u>\$ 5,230,351</u>	<u>\$ 5,502,393</u>	<u>\$ 5,304,120</u>	<u>\$ 5,413,543</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET ASSETS  
LAST SEVEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(Continued)

	Fiscal Year Ending June 30,						
	2004	2005	2006	2007	2008	2009	2010
<b>PROGRAM REVENUES</b>							
Governmental Activities:							
Charges for Services	\$ 69,780	\$ 71,504	\$ 138,061	\$ 138,083	\$ 119,317	\$ 123,529	\$ 100,230
Operating Grants & Contributions	316,394	170,276	133,586	192,685	175,318	135,132	158,022
Total Governmental Activities Program Revenues	<u>386,174</u>	<u>241,780</u>	<u>271,647</u>	<u>330,768</u>	<u>294,635</u>	<u>258,661</u>	<u>258,252</u>
Business-Type Activities:							
Charges for Services:							
Food Service	62,702	64,270	65,831	73,364	66,313	69,869	71,210
Child Care	50,383	50,988	62,082	84,999	100,492	100,432	86,138
Operating Grants & Contributions	21,831	23,861	25,654	22,891	17,906	23,672	26,569
Total Business-Type Activities Program Revenues	<u>134,916</u>	<u>139,119</u>	<u>153,567</u>	<u>181,254</u>	<u>184,711</u>	<u>193,973</u>	<u>183,917</u>
<b>TOTAL DISTRICT-PROGRAM REVENUES</b>	<u>\$ 521,090</u>	<u>\$ 380,899</u>	<u>\$ 425,214</u>	<u>\$ 512,022</u>	<u>\$ 479,346</u>	<u>\$ 452,634</u>	<u>\$ 442,169</u>
<b>NET (EXPENSE) REVENUES</b>							
Governmental Activities	\$ (3,719,608)	\$ (4,108,656)	\$ (4,302,067)	\$ (4,700,818)	\$ (5,012,110)	\$ (4,865,317)	\$ (4,980,339)
Business-Type Activities	2,110	(20,910)	(15,172)	(17,511)	(10,937)	13,831	8,965
<b>TOTAL DISTRICT-WIDE NET EXPENSES</b>	<u>\$ (3,717,498)</u>	<u>\$ (4,129,566)</u>	<u>\$ (4,317,239)</u>	<u>\$ (4,718,329)</u>	<u>\$ (5,023,047)</u>	<u>\$ (4,851,486)</u>	<u>\$ (4,971,374)</u>
<b>GENERAL REVENUES &amp; OTHER CHANGES IN NET ASSETS</b>							
Governmental Activities:							
Property Taxes Levied for General Purposes	\$ 2,594,461	\$ 2,840,586	\$ 2,930,480	\$ 3,229,209	\$ 3,481,557	\$ 3,705,084	\$ 3,721,912
Taxes Levied for Debt Service	241,604	241,879	241,930	241,754	246,092	250,504	254,204
Unrestricted Grants & Contributions	844,592	1,056,384	1,091,604	1,236,138	1,288,391	1,230,621	1,339,432
Capital Grant-Unallocated			260				
Investment Earnings	2,502	3,676	7,978	11,751	9,200	2,455	3,056
Miscellaneous Income	53,047	2,631	12,284	291	1,398	209	447
Special Item-Payment to Refunding Bond Agent							(23,010)
Operating Transfer	(17,000)	(8,000)	(23,319)	(21,572)			
Contracts & Accounts Payable Adjustment	62,866			7,200			
Total Governmental Activities	<u>3,782,072</u>	<u>4,137,156</u>	<u>4,261,217</u>	<u>4,704,771</u>	<u>5,026,638</u>	<u>5,188,873</u>	<u>5,296,041</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET ASSETS  
LAST SEVEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(Continued)

	Fiscal Year Ending June 30,						
	2004	2005	2006	2007	2008	2009	2010
GENERAL REVENUES & OTHER CHANGES IN NET ASSETS (Cont'd)							
Business-Type Activities:							
Investment Earnings				\$ 462	\$ 542	\$ 188	\$ 111
Prior Year Refunds							(612)
Transfers		\$ 8,000	\$ 23,319	21,572			
Total Business-Type Activities	\$ -	\$ 8,000	23,319	22,034	542	188	(501)
TOTAL DISTRICT-WIDE	<u>\$ 3,782,072</u>	<u>\$ 4,145,156</u>	<u>\$ 4,284,536</u>	<u>\$ 4,726,805</u>	<u>\$ 5,027,180</u>	<u>\$ 5,189,061</u>	<u>\$ 5,295,540</u>
CHANGE IN NET ASSETS							
Governmental Activities	\$ 62,464	\$ 28,500	\$ (40,850)	\$ 3,953	\$ 14,528	\$ 323,556	\$ 315,702
Business-Type Activities	2,110	(12,910)	8,147	4,523	(10,395)	14,019	8,464
TOTAL DISTRICT	<u>\$ 64,574</u>	<u>\$ 15,590</u>	<u>\$ (32,703)</u>	<u>\$ 8,476</u>	<u>\$ 4,133</u>	<u>\$ 337,575</u>	<u>\$ 324,166</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
 FUND BALANCES, GOVERNMENTAL FUNDS,  
 LAST SEVEN FISCAL YEARS  
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,						
	2004	2005	2006	2007	2008	2009	2010
General Fund:							
Reserved	\$ 685	\$ 87,575	\$ 115,330	\$ 91,950	\$ 31,042	\$ 307,944	\$ 470,143
Unreserved	327,648	235,668	163,938	184,715	221,989	249,977	309,885
Total General Fund	<u>\$ 328,333</u>	<u>\$ 323,243</u>	<u>\$ 279,268</u>	<u>\$ 276,665</u>	<u>\$ 253,031</u>	<u>\$ 557,921</u>	<u>\$ 780,028</u>
All Other Governmental Funds:							
Unreserved, Reported In:							
Capital Projects Fund	\$ 240,092	\$ 223,218	\$ 94,094	\$ 7,114	\$ 7,114	\$ 114	
Debt Service Fund	1	1	262	262			
Total All Other Governmental Funds	<u>\$ 240,093</u>	<u>\$ 223,219</u>	<u>\$ 94,356</u>	<u>\$ 7,376</u>	<u>\$ 7,114</u>	<u>\$ 114</u>	<u>\$ -</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS,  
 LAST TEN FISCAL YEARS  
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Revenues:</b>										
Tax Levy	\$ 1,747,072	\$ 2,099,027	\$ 2,474,432	\$ 2,836,065	\$ 3,082,465	\$ 3,172,410	\$ 3,470,963	\$ 3,727,649	\$ 3,955,588	\$ 3,976,116
Tuition Charges	37,317	49,504	53,646	69,780	50,244	116,322	114,525	95,403	98,658	75,359
Interest Earnings	57,801	48,254	6,858	2,502	3,676	7,978	11,751	9,200	2,455	3,056
Miscellaneous	35,842	24,859	25,735	53,048	23,891	34,023	31,049	26,312	25,080	30,318
State Sources	777,986	860,521	910,811	1,010,798	1,061,127	1,099,757	1,237,015	1,290,446	1,230,621	1,238,336
State Sources-Capital Projects	1,466,000					260				
Federal Sources	64,625	67,273	72,291	150,187	165,533	125,433	191,808	172,263	135,132	254,118
<b>Total Revenues</b>	<b>4,186,643</b>	<b>3,149,438</b>	<b>3,543,773</b>	<b>4,122,380</b>	<b>4,386,936</b>	<b>4,556,183</b>	<b>5,057,111</b>	<b>5,321,273</b>	<b>5,447,534</b>	<b>5,577,303</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular Instruction	919,595	1,048,813	1,162,669	1,244,950	1,394,392	1,513,426	1,593,485	1,627,135	1,633,579	1,438,717
Special Education Instruction	173,658	186,138	181,828	236,978	194,486	271,798	264,361	264,553	222,233	362,337
Other Special Instruction	137,774	125,698	153,558	148,776	219,659	156,287	167,200	169,495	176,692	178,187
Other Instruction	2,074	12,115	5,950	7,773	8,607	11,636	9,379	8,266	8,566	12,805
<b>Support Services:</b>										
Tuition	36,360	48,999	57,999	74,537	89,610	84,539	93,089	118,303	122,852	128,310
Student & Instruction Related Services	315,473	332,424	342,664	345,219	333,126	334,493	401,542	396,519	428,555	409,758
General Administration	144,914	147,077	137,806	147,784	157,389	169,921	172,858	171,078	187,281	211,684
School Administration Services	77,751	83,332	83,320	86,672	90,304	65,071	66,478	43,759	44,140	48,112
Central Services / Business	58,798	64,296	77,593	82,631	83,472	93,120	93,828	109,611	117,383	119,384
Administrative Information Technology										
Plant Operations & Maintenance	174,641	168,846	254,813	311,311	337,481	324,076	335,131	427,941	364,843	411,902
Pupil Transportation	155,381	158,212	196,726	224,229	199,655	201,287	172,870	255,096	272,961	279,341
Employee Benefits	275,123	322,332	395,317	489,752	585,899	684,929	792,156	870,287	869,111	1,012,320
On-Behalf TPAF Pension & Soc Sec Contributions	136,054	119,197	193,901	218,883	224,521	278,094	416,086	440,248	294,978	304,388
Special Schools	11,171	9,678	10,193	9,617	11,360	13,580	20,568	21,206	13,834	16,526
Capital Outlay	5,403				5,015		4,672			9,199
Capital Projects	3,761,615	194,005	469,909	(45,620)	18,068	127,930	86,980		7,000	114
Special Revenue Funds	85,970	87,086	94,352	154,187	170,276	133,586	192,685	175,318	135,132	158,022
<b>Debt Service:</b>										
Principal		100,000	100,000	105,000	110,000	115,000	120,000	130,000	140,000	150,000
Interest & Other Charges		145,604	141,104	136,604	131,879	126,929	121,754	116,354	110,504	104,204
<b>Total Expenditures</b>	<b>6,471,755</b>	<b>3,353,852</b>	<b>4,059,702</b>	<b>3,979,283</b>	<b>4,365,199</b>	<b>4,705,702</b>	<b>5,125,122</b>	<b>5,345,169</b>	<b>5,149,644</b>	<b>5,355,310</b>
<b>Excess (Deficiency) of Revenues</b>										
Over (Under) Expenditures	(2,285,112)	(204,414)	(515,929)	143,097	21,737	(149,519)	(68,011)	(23,896)	297,890	221,993
<b>Other Financing Sources (Uses):</b>										
Proceeds from Bond Issue	3,154,000									
Transfers Out	(8,600)	(8,000)	(11,000)	(17,000)	(8,000)	(23,319)	(21,572)			
<b>Total Other Financing Sources (Uses)</b>	<b>3,145,400</b>	<b>(8,000)</b>	<b>(11,000)</b>	<b>(17,000)</b>	<b>(8,000)</b>	<b>(23,319)</b>	<b>(21,572)</b>			
<b>Net Change in Fund Balances</b>	<b>\$ 860,288</b>	<b>\$ (212,414)</b>	<b>\$ (526,929)</b>	<b>\$ 126,097</b>	<b>\$ 13,737</b>	<b>\$ (172,838)</b>	<b>\$ (89,583)</b>	<b>\$ (23,896)</b>	<b>\$ 297,890</b>	<b>\$ 221,993</b>
<b>Debt Service as a Percentage of Non-capital Expenditures</b>	0.00%	8.43%	7.20%	6.39%	5.90%	5.58%	5.05%	4.83%	5.12%	4.99%

Source: District Records

NOTE: Non-capital expenditures are total expenditures less capital outlay, capital projects and debt service.  
 Central Service and Administrative Information Technology account classifications were added beginning with year end June 30, 2005  
 Prior to June 30, 2005, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
 GENERAL FUND-OTHER LOCAL REVENUES BY SOURCE  
 LAST TEN FISCAL YEARS  
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Description	Fiscal Year Ending June 30,									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Interest Income	\$ 57,800	\$ 48,251	\$ 6,858	\$ 1,952	\$ 2,482	\$ 7,978	\$ 11,751	\$ 9,200	\$ 2,455	\$ 3,056
Tuition	37,317	49,505	53,646	69,780	50,244	116,322	114,525	95,403	98,658	75,359
Building Use Fees	19,960	10,424	15,481	15,946	21,260	21,739	23,558	23,914	24,871	24,871
Prior Year Refunds	9,855	1,999	130	29,663	4,879	11,400	51	325	77	
Miscellaneous	5,646	11,408	7,617	7,439		884	15	5		447
Donations					271		225	293	132	
Sale of Surplus Equipment					2,914					
Accounts Payable Cancelled							7,200			
Prior Year Differences					(5,433)					
Asbestos Litigation								775		
<b>Annual Totals</b>	<b>\$ 130,578</b>	<b>\$ 121,587</b>	<b>\$ 83,732</b>	<b>\$ 124,780</b>	<b>\$ 76,617</b>	<b>\$ 158,323</b>	<b>\$ 157,325</b>	<b>\$ 129,915</b>	<b>\$ 126,193</b>	<b>\$ 103,733</b>

Source: District Records

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,  
 LAST TEN FISCAL YEARS

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Vacant Land	\$ 13,547,700	\$ 10,266,800	\$ 7,343,800	\$ 6,446,100	\$ 6,415,300	\$ 6,750,600	\$ 6,937,700	\$ 6,012,600	\$ 6,267,600	\$ 5,875,000
Residential	125,507,100	147,311,000	167,544,500	281,424,600	282,125,400	284,086,600	288,425,300	292,976,100	294,741,100	294,234,600
Farm Regular	24,598,900	24,665,200	25,684,800	45,455,700	45,366,500	46,589,100	47,296,000	48,390,200	48,434,700	51,517,400
Q Farm	2,850,877	2,832,777	2,791,377	5,214,055	5,195,405	5,198,525	5,121,825	5,110,225	5,055,805	5,093,305
Commercial	15,414,636	15,000,536	21,694,700	33,094,200	32,808,300	32,616,800	32,616,800	32,985,700	33,199,300	33,139,800
Industrial	17,587,000	17,587,000	17,587,000	25,757,900	26,257,900	28,866,100	28,866,100	31,274,600	31,199,800	31,199,800
Apartment	396,900	396,900	396,900	617,500	306,300	306,300	306,300	306,300	306,300	306,300
<b>Total Assessed Value</b>	<b>199,903,113</b>	<b>218,060,213</b>	<b>243,043,077</b>	<b>398,010,055</b>	<b>398,475,105</b>	<b>404,414,025</b>	<b>409,570,025</b>	<b>417,055,725</b>	<b>419,204,605</b>	<b>421,366,205</b>
Public Utilities (a)	1,278,383	1,008,542	1,055,104	1,171,527	1,081,481	1,053,317	966,940	949,522	969,682	1,010,638
<b>Net Valuation Taxable</b>	<b>\$ 201,181,496</b>	<b>\$ 219,068,755</b>	<b>\$ 244,098,181</b>	<b>\$ 399,181,582</b>	<b>\$ 399,556,586</b>	<b>\$ 405,467,342</b>	<b>\$ 410,536,965</b>	<b>\$ 418,005,247</b>	<b>\$ 420,174,287</b>	<b>\$ 422,376,843</b>
Estimated Actual County Equalized Value	\$ 206,581,044	\$ 253,733,473	\$ 291,100,123	\$ 346,516,477	\$ 373,453,320	\$ 412,227,879	\$ 459,604,905	\$ 480,024,399	\$ 470,783,514	\$ 470,614,867
<b>Percentage of Net Valuation to Estimated Actual County Equalized Value</b>	<b>97.39%</b>	<b>86.34%</b>	<b>83.85%</b>	<b>115.20%</b>	<b>106.99%</b>	<b>98.36%</b>	<b>89.32%</b>	<b>87.08%</b>	<b>89.25%</b>	<b>89.75%</b>
<b>Total Direct School Tax Rate (b)</b>	<b>\$ 1.04</b>	<b>\$ 1.13</b>	<b>\$ 1.16</b>	<b>\$ 0.77</b>	<b>\$ 0.79</b>	<b>\$ 0.86</b>	<b>\$ 0.91</b>	<b>\$ 0.96</b>	<b>\$ 0.94</b>	<b>\$ 0.95</b>

\*

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 Equipments of Telephone and Messenger System Companies

(b) Tax rates are per \$100

\* Revalued/Reassessed

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				Overlapping Rates			Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6) Total Direct School Tax Rate	Regional School Debt	Municipality	County	Fire District	
2001	\$ 0.92	\$ 0.12	\$ 1.04	\$ 0.85	\$ 0.13	\$ 0.80		\$ 2.82
2002	1.02	0.11	1.13	0.91	0.15	0.84		3.03
2003	1.06	0.10	1.16	0.91	0.15	0.81		3.03
2004	* 0.71	0.06	0.77	0.61	0.13	0.59		2.10
2005	0.73	0.06	0.79	0.66	0.17	0.61		2.23
2006	0.80	0.06	0.86	0.67	0.18	0.64		2.35
2007	0.85	0.06	0.91	0.75	0.18	0.69		2.53
2008	0.90	0.06	0.96	0.75	0.20	0.70		2.61
2009	0.88	0.06	0.94	0.80	0.23	0.69		2.66
2010	0.89	0.06	0.95	0.87	0.24	0.69		2.75

Sources: Municipal Tax Collector

**NOTE:**

NJSA 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 prebudget 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.

\* Revalued/Reassessed

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
 PRINCIPAL PROPERTY TAXPAYERS,  
 CURRENT YEAR AND NINE YEARS AGO

	2010			2001		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Transcontinental Gas Pipeline	\$ 17,917,000	1	4.24%	\$ 4,909,436	3	2.44%
ISE America	9,981,100	2	2.36%	8,949,700	1	4.45%
Franklin Realty Group	9,275,200	3	2.20%	3,878,400	4	1.93%
Franklin Realty Group	5,958,100	4	1.41%			
Viking Development Co	2,313,400	5	0.55%			
Elizabethtown Gas Company	1,451,700	6	0.34%	1,141,500	7	0.57%
Individual Property Owner	1,290,600	7	0.31%			
Asbury Graphite Mills, Inc	1,200,000	8	0.28%	979,600	8	0.49%
Apex Victaulic Co. of America	1,122,300	9	0.27%			
Individual Property Owner	1,109,100	10	26.00%			
Toll NJ III LP				5,789,700	2	2.88%
United Jersey Project				1,889,400	5	0.94%
New Jersey Bell				1,136,147	6	0.56%
Mindel Trust				826,100	9	0.41%
Carpenter Realty				750,000	10	0.37%
	<u>\$ 51,618,500</u>		<u>37.96%</u>	<u>\$ 30,249,983</u>		<u>15.04%</u>

Source: Municipal Tax Assessor

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS

Year Ending December 31,	Taxes Levied for the Year	Collected Within the Fiscal Year of the Levy (a)	
		Amount	Percentage of Levy
2000	\$ 5,595,796	\$ 5,355,874	95.71%
2001	6,054,158	5,801,926	95.83%
2002	7,094,648	6,822,315	96.16%
2003	7,648,028	7,453,778	97.46%
2004	8,423,461	8,187,049	97.19%
2005	9,028,475	8,818,737	97.68%
2006	9,663,991	9,366,240	96.92%
2007	10,519,675	10,097,610	95.99%
2008	10,972,721	10,549,194	96.14%
2009	11,265,721	10,844,048	96.26%

Sources: 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 Ending June 30,	Governmental Activities				Business-Type Activities	Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds (b)	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2001	\$ 3,154,000	\$ -	\$ 9,030	\$ -	\$ -	\$ 3,163,030	3.42%	\$ 1,128
2002	3,054,000		9,030			3,063,030	3.12%	1,034
2003	2,954,000					2,954,000	2.81%	951
2004	2,849,000					2,849,000	2.62%	903
2005	2,739,000					2,739,000	2.43%	866
2006	2,624,000					2,624,000	2.25%	831
2007	2,504,000					2,504,000	2.02%	795
2008	2,374,000					2,374,000	1.81%	757
2009	2,234,000					2,234,000	1.66%	714
2010	2,045,000					2,045,000	N/A	655

**NOTE** Details regarding the district's outstanding debt can be found in the notes to the financial statements.

- (a) See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- (b) Includes Early Retirement Incentive Plan (ERIP) refunding

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS

Fiscal Year Ending June 30,	General Bonded Debt Outstanding			% of Actual Taxable Value (a) of Property	Per Capita (a)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2001	\$ 3,154,000	\$ -	\$ 3,154,000	1.57%	\$ 1,064
2002	3,054,000		3,054,000	1.39%	983
2003	2,954,000		2,954,000	1.21%	936
2004	2,849,000		2,849,000	0.71%	901
2005	2,739,000		2,739,000	0.69%	868
2006	2,624,000		2,624,000	0.65%	833
2007	2,504,000		2,504,000	0.61%	799
2008	2,374,000		2,374,000	0.57%	759
2009	2,234,000		2,234,000	0.53%	716
2010	2,045,000		2,045,000	0.53%	655

**NOTE** Details regarding the district's outstanding debt can be found in the notes to the financial statements.

- (a) See Exhibit NJ J-6 for property tax data.
- (b) Population data can be found in Exhibit NJ J-14.
- \* Revalued/Reassessed

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2009

GOVERNMENTAL UNIT	Gross Debt Outstanding	Estimated % Applicable (a)	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes:			
Municipality	\$ 1,772,686	100.00	\$ 1,772,686
Regional High School	28,469,000	16.16	4,603,008
County General Obligation Debt	17,214,828	3.43	591,457
Subtotal, Overlapping Debt			6,967,151
School District Direct Debt			2,234,000
Total Direct and Overlapping Debt			\$ 9,201,151

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.

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
 LEGAL DEBT MARGIN INFORMATION  
 LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2010

Equalized Valuation Basis

2009	\$ 467,080,340
2008	467,289,328
2007	<u>470,337,649</u>
	<u>\$ 1,404,707,317</u>

Average Equalized Valuation of Taxable Property

	<u>\$ 468,235,772</u>
--	-----------------------

Debt Limit (2.5% of Average Equalization Value)

	\$ 11,705,894 (a)
--	-------------------

Total Net Debt Applicable to Limit

	<u>2,045,000</u>
--	------------------

Legal Debt Margin

	<u>\$ 9,660,894</u>
--	---------------------

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt Limit	\$ 4,763,396	\$ 5,157,771	\$ 5,711,416	\$ 6,715,741	\$ 7,903,075	\$ 9,129,589	\$ 10,248,551	\$ 11,068,555	\$ 11,586,640	\$ 11,705,894
Total Net Debt Applicable	<u>3,154,000</u>	<u>3,054,000</u>	<u>2,954,000</u>	<u>2,849,000</u>	<u>2,804,723</u>	<u>2,624,000</u>	<u>2,504,000</u>	<u>2,374,000</u>	<u>2,234,000</u>	<u>2,045,000</u>
Legal Debt Margin	<u>\$ 1,609,396</u>	<u>\$ 2,103,771</u>	<u>\$ 2,757,416</u>	<u>\$ 3,866,741</u>	<u>\$ 5,098,352</u>	<u>\$ 6,505,589</u>	<u>\$ 7,744,551</u>	<u>\$ 8,694,555</u>	<u>\$ 9,352,640</u>	<u>\$ 9,660,894</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	66.21%	59.21%	51.72%	42.42%	35.49%	28.74%	24.43%	21.45%	19.28%	17.47%

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 NJSA 18A:24-19

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 )
2001	2,963	\$ 98,294,562	\$ 33,174	4.4%
2002	3,107	105,156,415	33,845	6.5%
2003	3,156	108,929,340	34,515	7.0%
2004	3,162	112,497,636	35,578	5.2%
2005	3,156	116,399,592	36,882	2.9%
2006	3,149	124,221,752	39,448	3.1%
2007	3,135	131,444,280	41,928	2.9%
2008	3,128	134,181,816	42,897	3.9%
2009	3,120	N/A	N/A	6.9%
2010	N/A	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 2000 Census Published by the US 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

Employer	2010			2001		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment

INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS

FUNCTION/PROGRAM	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Instruction:										
Regular	27.2	29.2	31.6	32.6	37.0	37.4	39.0	42.2	41.2	25.1
Special Education	1.8	1.8	4.7	4.7	2.0	3.0	4.3	4.7	4.7	21.0
Support Services:										
General Administration	2.2	2.2	1.5	2.0	1.5	1.5	1.5	2.0	1.5	2.0
School Administrative Services			3.2	4.1	3.3	2.8	4.0	2.0	2.0	1.0
Other Administrative Services	1.5	1.5	1.6	1.6	2.1	2.0	1.8	2.0	2.0	3.0
Administrative Information Technology	1.0	1.0	0.8	0.8	0.4					
Plant Operations and Maintenance	2.0	2.0	3.0	3.0	3.6	5.0	4.0	4.0	3.5	3.5
Pupil Transportation	0.3	0.3	0.8	1.6	2.0	2.3	2.3	2.6	2.6	2.6
Other Support Services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
<b>Total</b>	<b>37.0</b>	<b>39.0</b>	<b>48.2</b>	<b>51.4</b>	<b>52.9</b>	<b>55.0</b>	<b>57.9</b>	<b>60.5</b>	<b>58.5</b>	<b>59.2</b>

Sources: District Personnel Records

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
 OPERATING STATISTICS  
 LAST TEN FISCAL YEARS

Fiscal Year	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
2001	337	\$ 2,704,737	\$ 8,026	7.54%	32.0	1 to 10.53	331.3	317.5	3.08%	95.83%
2002	352	2,914,243	8,279	3.15%	34.0	1 to 10.35	339.5	325.4	2.48%	95.85%
2003	376	3,348,689	8,906	7.57%	36.0	1 to 10.44	365.7	351.2	7.72%	96.04%
2004	391	3,783,299	9,676	8.64%	36.7	1 to 10.65	391.3	374.5	7.00%	95.71%
2005	380	4,100,237	10,790	11.51%	38.2	1 to 9.95	380.1	362.0	-2.86%	95.24%
2006	399	4,335,843	10,867	0.71%	38.0	1 to 10.5	399.0	381.4	4.97%	95.59%
2007	385	4,791,716	12,446	14.53%	35.1	1 to 10.97	394.7	374.4	-1.08%	94.86%
2008	348	5,098,815	14,652	17.72%	37.6	1 to 10.51	347.8	332.3	-11.88%	95.54%
2009	337	4,892,140	14,517	-0.92%	36.0	1 to 8.73	340.8	326.9	-2.01%	95.92%
2010	336	5,091,793	15,154	4.39%	26.4	1 to 11.51	318.0	302.9	-6.69%	95.25%

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 (SRS)

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
 SCHOOL BUILDING INFORMATION  
 LAST TEN FISCAL YEARS

DISTRICT BUILDING	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<u>Elementary (1960)</u>										
Square Feet	32,995	32,995	47,552	47,552	47,552	47,552	47,552	47,552	47,552	47,552
Capacity (Students)	279	279	367	367	367	367	367	367	367	367
Enrollment	325	334	358	377	382	384	385	348	337	336

Number of Schools at June 30, 2010:

Elementary	1
Middle School	0
High School	0
Other	0

District Facilities Office

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  
LAST TEN FISCAL YEARS

UNDISTRIBUTED EXPENDITURES - REQUIRED  
MAINTENANCE FOR SCHOOL FACILITIES

\*School Facilities

	Amount	Total
2001	\$ 19,186	\$ 19,186
2002	9,996	9,996
2003	18,542	18,542
2004	39,587	39,587
2005	34,014	34,014
2006	17,931	17,931
2007	30,162	30,162
2008	50,707	50,707
2009	14,054	14,054
2010	27,437	27,437
Total School Facilities	<u>\$ 261,616</u>	<u>\$ 261,616</u>

\* School Facilities as Defined Under EFCFA.  
(NJAC 6A:26-1.2 and NJAC 6A:26A-1.3)

Source: District Records

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2010  
(UNAUDITED)

	<u>Coverage</u>
School Package Policy-NJ School Boards Assoc:	
Property-Blanket Building & Contents (Policy Limit)	\$ 300,000,000
Comprehensive General Liability (Policy Limit)	16,000,000
Automobile Liability (Policy Limit)	16,000,000
Employee Benefits (Policy Limit)	16,000,000
Flood (Policy Limit)	50,000,000
Earthquake (Policy Limit)	50,000,000
School Board Legal Liability-NJ School Boards Assoc:	
Directors and Officers Policy (Policy Limit)	16,000,000
Public Employees' Faithful Performance-	
NJ School Boards Assoc:	
Treasurer of School Monies Bond	200,000
Business Administrator's Bond	200,000
Blanket Bond	250,000

Source: District Records

**SINGLE AUDIT SECTION**

Certified Public Accountant  
Public School Accountant  
Registered Municipal Accountant

100 Route 31 North  
Washington, NJ 07882 - 1530  
Fax # (908) 689-8388  
(908) 689-5002

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

December 15, 2010

Honorable President and  
Members of the Board of Education  
Franklin Township School  
County of Warren, New Jersey

We have audited the financial statements of the Board of Education of the Franklin School District in the County of Warren as of and for the year ended June 30, 2010, and have issued our report thereon dated December 15, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; Government Auditing Standards issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board of Education's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board of Education's financial statements are free of 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 these 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 that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

This report is intended solely for the information of the management of the Board of Education and federal and state awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.



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William M. Colantano, Jr.  
Public School Accountant  
No. CS 0128

Certified Public Accountant  
Public School Accountant  
Registered Municipal Accountant

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND  
NEW JERSEY OMB CIRCULAR 04-04

December 15, 2010

Honorable President and  
Members of the Board of Education  
Franklin Township School  
County of Warren, New Jersey

Compliance

We have audited the compliance of the Board of Education of the Franklin School District in the County of Warren, with the types of compliance requirements described in the US Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and New Jersey OMB's Circular 04-04 that are applicable to its major federal and state programs for the year ended June 30, 2010. The Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Board of Education's management. Our responsibility is to express an opinion on the Board of Education's compliance based on our audit.

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; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; and New Jersey OMB's Circular 04-04 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid;" and OMB Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations". Those Standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Board of Education's compliance with those requirements.

In our opinion the Board of Education complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2010.

## Internal Control Over Compliance

The management of the Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit we considered the Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal and state programs in order to determine our audit procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board of Education's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal and state program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal or state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information of the Board of Education, the New Jersey State Department of Education (the cognizant audit agency) and other state and federal awarding agencies and is not intended to be and should not be used by anyone other than those specified parties.



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William M. Colantano, Jr.  
Public School Accountant  
No. CS 0128

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL ASSISTANCE SCHEDULE A  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Grantor/Program Title	Federal CFDA Number	Project Number	Program or Award Amount	Grant Period From To	Balance June 30, 2009		Cash Received	Budgetary Expenditure	Adjustment	Repay of Prior Year Balance	Balance June 30, 2010		
					(Acct Rec) Def Revenue	Carryover Amount					Accounts Receivable	Deferred Revenue	Due to Grantor
US Department of Education Passed Through State Department of Education:													
General Fund:													
ARRA-SFSF-ESF (Educ State Grants)	84.394	ARRA-162010	\$ 97,328	7/01/2009-6/30/2011			\$ 97,328	\$ 97,328					
ARRA-SFSF-GSF (Government Serv)	84.397	ARRA-162010	3,768	7/01/2009-6/30/2011			3,768	3,768					
Total General Fund:					\$ -	\$ -	101,096	101,096	\$ -	\$ -	\$ -	\$ -	
US Department of Education Passed Through State Department of Education:													
Special Revenue Fund:													
NCLB Title IA	84.010A	NCLB 162010	17,887	9/01/2009-8/31/2010			17,887	17,887					
NCLB Title IA	84.010A	NCLB 162009	21,043	9/01/2008-8/31/2009	(21,043)		21,043						
NCLB Title II A	84.367A	NCLB 162010	8,545	9/01/2009-8/31/2010				2,332			(8,545)	6,213	
NCLB Title II A	84.367A	NCLB 162009	8,142	9/01/2008-8/31/2009	(5,183)		3,919	2,959			(4,223)		
NCLB Title II D	84.318X	NCLB 162010	181	9/01/2009-8/31/2010			181	181					
NCLB Title II D	84.318X	NCLB 162009	174	9/01/2008-8/31/2009	(174)		174						
NCLB Title IV	84.186A	NCLB 162010	611	9/01/2009-8/31/2010			611					611	
NCLB Title IV	84.186A	NCLB 162009	732	9/01/2008-8/31/2009	(732)						(732)		
ARRA IDEA Basic	84.391	ARRA-162010	62,350	9/01/2009-8/31/2011				30,755			(62,350)	31,595	
IDEA Basic	84.027	IDEA 162010	60,827	9/01/2009-8/31/2010			60,827	60,827					
IDEA Basic	84.027	IDEA 162009	61,667	9/01/2008-8/31/2009	(25,593)		25,593						
Rural Education Achievement Program	84.358B	S358A 093563	37,656	7/01/2009-9/30/2010			37,656	37,656					
Total Special Revenue Fund					(52,725)	-	167,891	152,597	-	-	(75,850)	38,419	
US Department of Agriculture Passed Through State Department of Agriculture:													
Enterprise Fund:													
Food Distribution Program	10.550 -	N/A	12,525	7/01/2009-6/30/2010			12,525	10,871				1,654	
Food Distribution Program	10.550 -	N/A	6,913	7/01/2008-6/30/2009	809			809					
National School Lunch Program	10.555	N/A	13,782	7/01/2009-6/30/2010			12,804	13,782			(978)		
National School Lunch Program	10.555	N/A	15,360	7/01/2008-6/30/2009	(1,159)		1,159						
Total Enterprise Fund					(350)	-	26,488	25,462	-	-	(978)	1,654	
TOTAL FEDERAL FINANCIAL ASSISTANCE					\$ (53,075)	\$ -	\$ 295,475	\$ 279,155	\$ -	\$ -	\$ (76,828)	\$ 40,073	

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE SCHEDULE B  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From To	Balance 6/30/2009 (Acct Rec) Def Revenue	Cash Received	Budgetary Expenditure	Adjustment	Balance June 30, 2010			Memo	
								Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditures
<b>State Department of Education</b>												
<b>General Fund:</b>												
Transportation Aid	10-495-034	\$ 74.027	7/01/2009-									
	5120-014		6/30/2010		\$ 64,473	\$ 74,027		\$ (9,554)			\$ (9,554)	\$ 74,027
Transportation Aid	09-495-034	121,637	7/01/2008-									
	5120-014		6/30/2009	\$ (11,911)	11,911							
Equalization Aid	09-495-034	540,280	7/01/2008-									
	5120-078		6/30/2009	(52,904)	52,904							
Equalization Aid	10-495-034	414,915	7/01/2009-									
	5120-078		6/30/2010		361,366	414,915		(53,549)			(53,549)	414,915
Special Education Aid	10-495-034	149,264	7/01/2009-									
	5120-089		6/30/2010		130,000	149,264		(19,264)			(19,264)	149,264
Special Education Aid	09-495-034	142,462	7/01/2008-									
	5120-089		6/30/2009	(13,950)	13,950							
Security Aid	10-495-034	13,445	7/01/2009-									
	5120-084		6/30/2010		11,710	13,445		(1,735)			(1,735)	13,445
Security Aid	09-495-034	19,455	7/01/2008-									
	5120-084		6/30/2009	(1,905)	1,905							
Extraordinary Special Education Costs	09-100-034	217,204	7/01/2008-									
	5120-473		6/30/2009	(217,204)	217,204							
Extraordinary Special Education Costs	10-100-034	211,468	7/01/2009-									
	5120-473		6/30/2010			211,468		(211,468)			(211,468)	211,468
Nonpublic School Transportation	10-495-034	3,390	7/01/2009-									
	5120-014		6/30/2010			3,390		(3,390)			(3,390)	3,390
Nonpublic School Transportation	09-495-034	5,186	7/01/2008-									
	5120-014		6/30/2009	(5,186)	5,186							
Reimbursement TPAF Social Security Contributions	09-495-034	164,635	7/01/2008-									
	5095-002		6/30/2009	(15,839)	15,839							
Reimbursement TPAF Social Security Contributions	10-495-034	157,784	7/01/2009-									
	5095-002		6/30/2010		80,565	157,784		(77,219)			(77,219)	157,784
On-Behalf TPAF-Post Retirement Medical	10-495-034	139,193	7/01/2009-									
	5095-001		6/30/2010		139,193	139,193						139,193
On-Behalf TPAF-Non-Contributory Insurance	10-495-034	7,411	7/01/2009-									
	5095-007		6/30/2010		7,411	7,411						7,411
<b>Total General Fund</b>				<b>(318,899)</b>	<b>1,113,617</b>	<b>1,170,897</b>	<b>\$ -</b>	<b>(376,179)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(376,179)</b>	<b>1,170,897</b>
<b>State Department of Agriculture</b>												
<b>Enterprise Fund</b>												
State School Lunch Program	10-100-010	1,108	7/01/2009-									
	-3350-023		6/30/2010		1,028	1,108		(80)			(80)	1,108
State School Lunch Program	09-100-010	1,317	7/01/2008-									
	-3350-023		6/30/2009	(97)	97							
<b>Total Enterprise Fund</b>				<b>(97)</b>	<b>1,125</b>	<b>1,108</b>	<b>-</b>	<b>(80)</b>	<b>-</b>	<b>-</b>	<b>(80)</b>	<b>1,108</b>
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>				<b>\$ (318,996)</b>	<b>\$ 1,114,742</b>	<b>\$ 1,172,005</b>	<b>\$ -</b>	<b>\$ (376,259)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (376,259)</b>	<b>\$ 1,172,005</b>

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE  
JUNE 30, 2010

**NOTE 1. GENERAL**

The accompanying schedules of financial assistance present the activity of all federal and state financial assistance programs of the Board of Education, Franklin Township School District. The Board of Education is defined in Note 1 (A) to the Board's financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies, is included on the schedule of federal financial assistance.

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying schedules of 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 and those recorded in the special revenue fund, which are presented using the budgetary basis of accounting. These bases of accounting are described in Notes 1 (C) and 1 (D) to the Board's financial statements.

**NOTE 3. RELATIONSHIP OF GENERAL-PURPOSE FINANCIAL STATEMENTS**

The 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 last state aid payment in the current budget year, which is mandated pursuant to PL 2003, Ch 97 (A3521). For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting 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 (\$67,439) for the general fund and (\$425) 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.

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 101,096	\$ 1,238,336	\$ 1,339,432
Special Revenue Fund	153,022		153,022
Food Service Fund	<u>25,461</u>	<u>1,108</u>	<u>26,569</u>
	<u>\$ 279,579</u>	<u>\$ 1,239,444</u>	<u>\$ 1,519,023</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE  
JUNE 30, 2010  
(Continued)

**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, 2010. 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 year ended June 30, 2010.



FRANKLIN TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

SECTION I-SUMMARY OF AUDITOR'S RESULTS

Federal Awards (Cont'd) NOT APPLICABLE

Dollar Threshold used to Distinguish Between  
Type A and Type B Programs: \_\_\_\_\_

Auditee qualified as a low-risk auditee \_\_\_\_\_ Yes \_\_\_\_\_ No

State Awards

Dollar Threshold used to Distinguish Between  
Type A and Type B Programs: \_\_\_\_\_ \$300,000 \_\_\_\_\_

Auditee Qualified as low-risk auditee X Yes \_\_\_\_\_ No

Type of Auditor's Report Issued on Compliance  
for Major Programs: \_\_\_\_\_ Unqualified \_\_\_\_\_

Internal Control Over Major Programs:

1. Material weakness(es) identified? \_\_\_\_\_ Yes X No

2. Reportable conditions identified  
that are not considered to be material  
weaknesses? \_\_\_\_\_ Yes X No

Any Audit Findings Disclosed That are Required  
to be Reported in Accordance with NJ OMB  
Circular Letter 04-04? \_\_\_\_\_ Yes X No

Identification of Major Programs:

<u>GMIS Numbers</u>	<u>Amount</u>	<u>Name of State Program</u>
10-495-034-5120-078	\$ 414,915	Equalization Aid
10-100-034-5120-473	211,468	Extraordinary Special Education Costs

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SECTION II-FINANCIAL STATEMENT FINDINGS

There were no findings or questioned costs for the year ended June 30, 2010.

SECTION III-FEDERAL AWARDS AND STATE FINANCIAL  
ASSISTANCE FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs for the year ended June 30, 2010.

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

K-7

There were no prior year findings or questioned costs.