FRANKLIN TOWNSHIP SCHOOL DISTRICT

BOARD OF EDUCATION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

FRANKLIN TOWNSHIP BOARD OF EDUCATION

WASHINGTON, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Prepared by

FRANKLIN TOWNSHIP BOARD OF EDUCATION

DEPARTMENT OF ADMINISTRATION

FRANKLIN TOWNSHIP SCHOOL DISTRICT
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INTRODUCTORY SECTION

Franklin Township
elementary school

October 15, 2014

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, 2014 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 2013/2014 fiscal year with an enrollment of 250.9 students, which is a -7.5% decrease over the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

Matthew Eagleburger, Chief School Administrator - *Tim Duryea, School Business Administrator*
52 Asbury Broadway Road; Washington, NJ 07882 - 908-689-2958 - www.franklinschool.org

Average Daily Enrollment

Fiscal Year	Student Enrollment	Percent Change
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%
2010/2011	294.3	-7.5%
2011/2012	287.2	-2.4%
2012/2013	271.3	-5.5%
2013/2014	250.9	-7.5%

2. ECONOMIC CONDITION AND OUTLOOK: Given the challenging economic conditions that our State and Nation have experienced over the past six years, particularly in the real estate market, the Franklin Township School District has been faced with a challenge impacting many districts. The lack of home sales and new home construction during that time has resulted in children aging-out of our programs, with few new families moving in to replace the existing children. Consequently, the district has seen a substantial reduction in enrollment. On a positive note, our existing building and existing staffing should be sufficient to handle general enrollment increases that may emerge, should the real estate market experience a reasonable up-turn. In addition, the incoming classes for FY15 seem to be growing slightly. We are projecting that FY15 will see a small decrease, due to the promotion of a large sixth grade, but FY16 should actually move us back into the growth column.

3. MAJOR INITIATIVES: In the category of "Major Initiatives", the 2013-2014 school year saw the commencement of the "Franklin Reading Project", and in-house collaborative professional development program. In addition, the district has done the initial work for the execution of a library face lift and the upgrading of distressed classroom ceilings and the installation of energy efficient lighting. In preparation for the new, online State testing program, we have made a number of technology upgrades and have appointed a technology service person for the 2014-2015 school year. This individual will also take on the responsibility of completely revamping our existing web site, implementing a user-friendly design and assuring that the content is relevant and useful to students and parents.

4. INTERNAL ACCOUNT CONTROLS: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2014.

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, 2014, and the amount of percentage of increases (decreases) in relation to prior year revenues.

Revenues	Amount	% of Total	Increase (Decrease) from 2011	% of Increase (Decrease)
Local Sources:				
Tax Levy	$3,747,500	74.30%	(31,370)	-0.83%
Debt Service	249,463	4.95%	1,300	.52%
Other Revenues	76,369	1.51%	(7,874)	-9.35%

State Aid	865,187	17.15%	(29,356)	-3.28%
Federal Aid	105,441	2.09%	(8,017)	-7.07%
TOTAL:	$5,043,960	100.00%	(75,357)	-1.47%

The following schedule presents a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2014 and the percentage of increases (decreases) in relation to prior year amounts.

Expenditures	Amount	% of Total	Increase (Decrease) from 2011	% of Increase (Decrease)
General Fund:				
Current Expense	$4,580,837	92.50%	58,430	1.29%
Capital Outlay	16,276	0.33%	(1,799)	-9.95%
Special Projects	105,907	2.14%	(12,071)	-10.23%
Debt Service:				
Principle	190,000	3.84%	5,000	2.70%
Interest	59,463	1.20%	(3,700)	-5.86%
TOTAL:	$4,952,483	100.00%	45,860	0.93%

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

8. DEBT ADMINISTRATION: At June 30, 2014, the District's outstanding debt issue was $1,305,000 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.

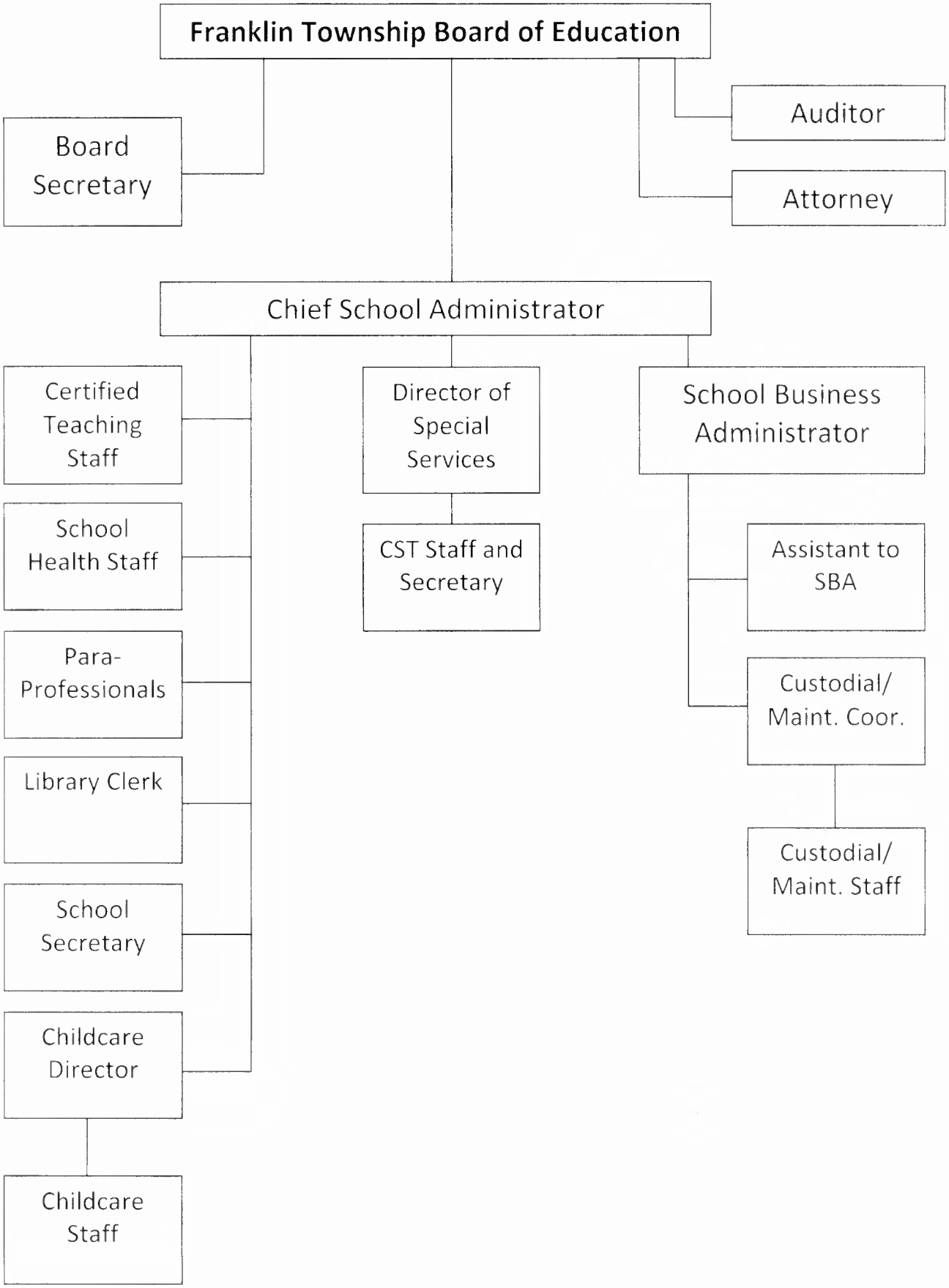
12. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Franklin Township School District Board of Education for their dedication in providing fiscal accountability to the citizens and taxpayers of the school district, and contributing their full support to the development 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,

Matt Eagleburger

Matthew Eagleburger
Chief School Administrator

Tim Duryea
School Business Administrator/Board Secretary


Franklin Township Board of Education
Board Secretary
Auditor
Attorney
Chief School Administrator
Certified Teaching Staff
School Health Staff
Para-Professionals
Library Clerk
School Secretary
Childcare Director
Childcare Staff
Director of Special Services
CST Staff and Secretary
School Business Administrator
Assistant to SBA
Custodial/ Maint. Coor.
Custodial/ Maint. Staff

Franklin Township School District
Washington, NJ

Roster of Officials
June 30, 2014

Members of the Board of Education		Term Expires
Jeannene Butler	President	2015
Jean Hansen	Vice President	2014
Elizabeth Ames		2016
Sudha Kantor		2016
Rudolph DiGilio		2014
Kevin Klus		2014
Renee Hart		2014
David Orban		2015
Charles Roberto		2015

Other Officials

Matthew Eagleburger	Chief School Administrator
Timothy Duryea	School Business Administrator/Board Secretary
James Miller	Treasurer
Swartz, Simon, Edelstien, & Celso, LLP	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, and Celso, LLP
44 Whippany Road
Morristown, NJ 07962

Official Depository
Investors Bank
101 JFK Parkway
Short Hills, NJ 07078

FINANCIAL SECTION

William M. Colantano, Jr.
A Professional Corporation

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

October 15, 2014

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

Report on the Financial Statements

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 (the District) in the County of Warren, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual non-major fund financial statements and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the schedule of state financial assistance as required by NJ OMB 04-04 and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, the schedule of and the schedule of state financial assistance as required by NJ OMB 04-04 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

William M. Colantano, Jr.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the schedule of state financial assistance as required by NJ OMB 04-04 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 15, 2014 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

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

REQUIRED SUPPLEMENTARY INFORMATION-PART I

FRANKLIN TOWNSHIP SCHOOL DISTRICT
FRANKLIN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
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, 2014. 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 2014 are as follows:

- In total, net position increased $160,297 which represents a 4.69 percent increase from 2013.

- General revenues accounted for $5,271,525 revenue or 92.03 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 $456,771 or 7.97 percent to total revenues of $5,694,163.

- Total assets of governmental activities decreased by $35,461 as cash and cash equivalents increased by $393,705, receivables and other assets decreased by $332,164 and capital assets decreased by $97,002

- The School District had $5,567,999 in expenses; only $456,771 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of $5,271,525 were adequate to provide for these programs.

- Among major funds, the General Fund had $5,079,887 in revenues and $4,989,225 in expenditures. The General Fund's balance increased $90,662 over 2013.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
FRANKLIN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
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 Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Franklin Township School District, the General Fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2014?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. No financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED

In the Statement of Net Position and The Statement of Activities, the School District reports governmental activities. Governmental activities are the activities where most of the School District's programs and services are reported including, but no limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provided. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net position for 2014 compared to 2013.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
FRANKLIN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED

Table 1
Net Position

	6/30/14	6/30/13	Variance	
			Dollars	Percent
Assets				
Current and Other Assets	$1,243,609	$1,163,368	$80,241	6.9%
Capital Assets	3,993,206	4,030,669	(97,463)	-2.42%
Total Assets	5,176,815	5,194,037	(17,222)	-0.33%
Liabilities				
Long-Term Liabilities	1,541,880	1,716,856	(174,976)	-10.19%
Other Liabilities	56,100	58,643	(2,543)	-4.34%
Total Liabilities	1,597,980	1,775,499	(177,519)	-10.00%
Net Position				
Invested in Capital Assets, Net of Debt	2,628,206	2,535,669	92,537	3.65%
Restricted	565,175	591,655	(26,480)	-4.48%
Unrestricted	385,454	291,214	94,240	32.36%
Total Net Position	$3,578,835	$3,418,538	$160,297	4.69%

Total assets decreased $17,222. Cash and cash equivalents increased by $412,268, receivables and other assets decreased by $332,027 and capital assets decreased by $97,463. Unrestricted net position of the School District increased by $144,240. These are the part of net position that can be used to finance day to day activities without constraints established by grants or legal requirements.

Table 2 shows the changes in net position in fiscal year 2014 with comparisons to 2013.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED

Table 2
Changes in Net Position

	6/30/14	6/30/13	Variance Dollar	Variance Percent
Revenues				
Program Revenues:				
Charges for Services	$355,349	$176,428	$178,921	101.41%
Operating Grants and Contributions	128,742	90,346	51,872	57.41%
Capital Grants	(27,320)		(27,320)	Undefined
General Revenues:				
Property Taxes	3,996,963	4,027,033	(30,070)	-0..75%
Unrestricted Grants	1,256,484	1,342,103	(85,619)	-6.38%
Other	18,078	6,381	(11,697)	183.31%
Total Revenues	5,728,296	5,694,163	34,133	0.60%
Program Expenses				
Instruction				
Regular	2,065,010	2,262,741	(197,731)	-8.74%
Special	545,851	810,341	(264,490)	-32.64%
Other	427,257	23,605	403,652	1710.03%
Support Services:				
Tuition	70,914	64,161	6753	10.53%
Student & Instruction Related Services	920,384	993,358	(72,974)	-7.35%
General & Business Admin.	444,585	313,913	130,672	41.63%
School Administration	53,923	134,180	(80,257)	59.81%
Maintenance	463,619	412,952	50,667	12.27%
Transportation	393,661	161,812	231,849	143.28%
Charter School	2,686		2,686	Undefined
Food Services	75,410	76,368	(958)	-1.25%
Child Care	34,508	36,371	(1,863)	-5.12%
Interest on Long Term Debt	70,191	75,850	(5,659)	-7.46%
Total Expenses	5,567,999	5,365,652	202,347	3.77
Increase Before Special Item	160,297	328,511	202,347	3.77%
Special Item:				
Insurance Proceeds for Strom Damage		8,293	(8,293)	-100%
Change in Net Position	$160,297	$336,804	$194,054	57.62%

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
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 71.36 percent of revenues for governmental activities for the Franklin Township School District for fiscal year 2014.

Instruction comprises 54.56 percent of district expenses. Support services expenses make up 44.18 percent of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services for 2013 and 2014. That is, it identifies the cost of these services supported by tax revenue and unrestricted State Entitlements.

Table 3

	Total Cost of Services		Net Cost of Services	
	6/30/2014	6/30/2013	6/30/2014	6/30/2013
Instruction	$3,038,118	$3,096,687	$2,962,625	$3,026,937
Support Services:				
Tuition	70,914	64,161,	70,914	64,161,
Student and Instr. Related Services	920,384	993,358	862,116	886,638
General & Business Admin.	444,585	313,913	447,217	313,913
School Admin.	53,923	134,180	54,242	134,180
Plant Operations & Maintenance	463,619	412,952	448,692	398,025
Pupil Transport.	393,661	161,812	209,350	161,812
Charter School	2,686		2,686	
Food Service	75,410	76,368	2,369	(6,604)
Child Care	34,508	36,371	(19,174)	(7,906)
Interest on Long-Term Debt	70,191	75,850	70,191	75,850
Total Expenses	$5,567,999	$5,365,652	$5,111,228	$5,047,006

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

Student and Instruction Related Services include the activities involved with assisting staff with the content and process of teaching to students.

General administration, school administration and business include expenses associated with administrative and financial supervision of the district.
Plant operation and maintenance activities involve keeping the school grounds, buildings and equipment in a safe and effective working condition.

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

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

The dependence upon tax revenues and aid is apparent. For all activities local tax revenue support is 69.78 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 $5,407,937 and expenditures of $5,344,595. The net positive change in fund balance for the year was most significant in the General Fund, reflecting an increase of $90,662.

General Fund Budgeting Highlights

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

During the course of the fiscal 2014 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 $4,688,590, $47,221 below original budgeted estimates of $4,735,811. This difference was due primarily to a shortfall in state aid and tuition.

The General fund revenues and other financing sources of the School District exceeded expenditures by $91,477; the financial position of the School District is strong.

Capital Assets

At the end of the fiscal year 2014, the School District had $3,993,206 invested in land, building, furniture and equipment. Table 4 shows fiscal 2014 balances compared to 2013.

Table 4
Capital Assets (Net of Depreciation) at June 30, 2014

	6/30/14	6/30/13	Variance	
			Dollars	Percent
Land	$180,000	$180,000		
Construction in Progress		585,004	($585,004)	100.00%
Land Improvements	75,607	78,424	(2,817)	-3.59%
Buildings and Improvements	3,612,521	3,108,858	503,363	16.20%
Machinery and Equipment	65,078	78,383	(13,305)	-16.97%
Totals	$3,933,206	$4,030,669	($97,463)	-2.42%

Overall capital assets decreased $97,463 from fiscal 2013 to fiscal year 2014.

Debt Administration

At June 30, 2014, the School District had $1,541,880 in long-term liabilities. Of this amount, $165,355 is for compensated absences, $71,525 is for unamortized bond premium, and the balance of $1,305,000 is for bonds for school construction. Table 5 shows fiscal 2014 balances compared to 2013.

Table 5
Outstanding Debt at Year End

	6/30/14	6/30/13	Variance Dollars	Variance Percent
2010 Refunding Bond Issue	$1,305,000	$1,495,000	($190,000)	-12.71%
Unamoritized Bond Premium	71,525	80,466	(8,941)	-11.11%
Compensated Absences Liability	165,355	141,390	23,965	16.95%
	$1,541,880	$1,716,856	($174,976)	-10.19%

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 freeze in state funding resulting in a potential increased reliance on local property taxes.

Franklin Township is primarily a residential, farming community, with very few industrial ratables; thus the burden is focused on homeowners to absorb this 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 Tim Duryea, School Business Administrator/Board Secretary at Franklin Township Board of Education, 52 Asbury Broadway Road, Washington, NJ 07882 or email at tduryea@franklinschool.org.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

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

FRANKLIN TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2014

	Govern-mental Activities	Business-Type Activities	Total
ASSETS			
Cash & Cash Equivalents	$ 390,764	$ 33,001	$ 423,765
Receivables, Net	233,480	12,928	246,408
Due from Other Funds	5,509	71	5,580
Inventory		2,681	2,681
Restricted Assets:			
Capital Reserve-Cash	248,888		248,888
Maintenance Reserve-Cash	275,312		275,312
Capital Projects-Cash	40,975		40,975
Capital Assets (Note 4):			
Land and Construction in Progress	180,000		180,000
Other Capital Assets, Net of Depreciation	3,750,277	2,929	3,753,206
Total Assets	5,125,205	51,610	5,176,815
LIABILITIES			
Accounts Payable	6,366		6,366
Accrued Interest	20,339		20,339
Unearned Revenue	27,047	2,348	29,395
Long-Term Liabilities (Note 5):			
Due Within One Year	220,471		220,471
Due Beyond One Year	1,321,409		1,321,409
Total Liabilities	1,595,632	2,348	1,597,980
NET POSITION			
Net Investment in Capital Assets	2,625,277	2,929	2,628,206
Restricted For:			
Capital Reserve	248,888		248,888
Maintenance Reserve	275,312		275,312
Capital Project	40,975		40,975
Unrestricted	339,121	46,333	385,454
TOTAL NET POSITION	$ 3,529,573	$ 49,262	$ 3,578,835

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRANKLIN TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

			Program Revenues			Net (Expense) Revenue & Changes in Net Position		
Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Type Activities	Total
Governmental Activities:								
Instruction:								
Regular	$ 1,401,187	$ 663,823	$ 52,056	$ 28,318	$ (12,486)	$ (1,997,122)		$ (1,997,122)
Special Education	360,292	185,559			(3,230)	(549,081)		(549,081)
Other Special Instruction	262,105	127,792		13,239	(2,352)	(379,010)		(379,010)
Other Instruction	24,639	12,721	167		(219)	(37,412)		(37,412)
Support Services:								
Tuition	70,914					(70,914)		(70,914)
Students & Instruction Related Services	677,872	242,512		64,350	(6,082)	(862,116)		(862,116)
General & Business Administration Services	293,345	151,240			(2,632)	(447,217)		(447,217)
School Administration Services	35,540	18,383			(319)	(54,242)		(54,242)
Plant Operations & Maintenance	387,679	75,940	14,927			(448,692)		(448,692)
Pupil Transportation	386,284	7,377	184,311			(209,350)		(209,350)
Charter School	2,686					(2,686)		(2,686)
Interest on Long-Term Debt	70,191					(70,191)		(70,191)
Total Governmental Activities	3,972,734	1,485,347	251,461	105,907	$ (27,320)	(5,128,033)	$ -	(5,128,033)
Business-Type Activities:								
Food Service	75,410		50,206	22,835			(2,369)	(2,369)
Child Care Program	34,508		53,682				19,174	19,174
Total Business-Type Activities	109,918	-	103,888	22,835	-	-	16,805	16,805
Total Primary Government	$ 4,082,652	$ 1,485,347	$ 355,349	$ 128,742	$ (27,320)	(5,128,033)	16,805	(5,111,228)

General Revenues, Transfers & Special Items			
Property Taxes Levied for General Purposes	3,747,500		3,747,500
Property Taxes Levied for Debt Service	249,463		249,463
Federal & State Aid Not Restricted	1,256,484		1,256,484
Investment Earnings	4,869	95	4,964
Miscellaneous Income	12,992	122	13,114
Total General Revenues and Special Items	5,271,308	217	5,271,525
Change in Net Position	143,275	17,022	160,297
Net Position-Beginning	3,386,298	32,240	3,418,538
Net Position-Ending	$ 3,529,573	$ 49,262	$ 3,578,835

SEE ACCOMPANYING NOTES TO THE BASIC 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, 2014

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Govern-mental Funds
ASSETS					
Cash & Cash Equivalents	$ 390,764				$ 390,764
Receivables:					
State	121,276				121,276
Federal		$ 82,784			82,784
Other Local Governments	18,463				18,463
Other	10,721	236			10,957
Due from Other Funds	62,157				62,157
Restricted Cash & Cash Equivalents	524,200		$ 40,975		565,175
TOTAL ASSETS	$ 1,127,581	$ 83,020	$ 40,975	$ -	$ 1,251,576
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	$ 6,366				$ 6,366
Due to Other Funds	675	$ 55,973			56,648
Unearned Revenue		27,047			27,047
Total Liabilities	7,041	83,020	$ -	$ -	90,061

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRANKLIN TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014
(Continued)

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Govern-mental Funds
LIABILITIES AND FUND BALANCES (Cont'd)					
Fund Balances:					
Restricted Fund Balance:					
Excess Surplus	$ 210,056				$ 210,056
Excess Surplus-Designated for Subsequent Year's Expenditures	201,777				201,777
Capital Projects Fund Balance			$ 40,975		40,975
Committed Fund Balance:					
Capital Reserve Account	248,888				248,888
Maintenance Reserve Account	275,312				275,312
Assigned Fund Balance:					
Year-End Encumbrances	5,350				5,350
Designated for Subsequent Year's Expenditures	3,131				3,131
Unassigned Fund Balance	176,026				176,026
Total Fund Balances	1,120,540	$ -	40,975	$ -	1,161,515
TOTAL LIABILITIES AND FUND BALANCES	$ 1,127,581	$ 83,020	$ 40,975	$ -	

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	$ 5,935,241	
and the accumulated depreciation is	2,004,964	
		3,930,277
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		(1,541,880)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due		(20,339)
Total Net Position of Governmental Activities		$ 3,529,573

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRANKLIN TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	$ 3,747,500			$ 249,463	$ 3,996,963
Tuition Charges-Individuals	52,056				52,056
Interest Earned on Capital Reserve	840				840
Interest on Investments	4,029				4,029
Miscellaneous	18,978	$ 466			19,444
Total	3,823,403	466	$ -	249,463	4,073,332
State Sources	1,256,484		(27,320)		1,229,164
Federal Sources		105,441			105,441
Total Revenues	5,079,887	105,907	(27,320)	249,463	5,407,937
EXPENDITURES					
Current:					
Instructional:					
Regular Instruction	1,364,605	27,109			1,391,714
Special Education Instruction	360,076				360,076
Other Special Instruction	249,800	12,305			262,105
Other Instruction	24,472				24,472
Support Service & Undistributed Costs:					
Tuition	70,914				70,914
Student & Instruction Related Services	613,522	64,350			677,872
General & Business Administrative Services	293,345				293,345
School Administrative Services	35,540				35,540
Plant Operations & Maintenance	385,790				385,790
Pupil Transportation	201,973				201,973
Unallocated Benefits	1,370,226	2,143			1,372,369

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRANKLIN TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Govern-mental Funds
EXPENDITURES (Cont'd)					
Capital Outlay	$ 3,589				$ 3,589
Charter Schools	2,686				2,686
Debt Services:					
Principal				$ 190,000	190,000
Interest & Other Charges	12,687			59,463	72,150
Total Expenditures	4,989,225	$ 105,907	$ -	249,463	5,344,595
Excess (Deficiency) of Revenues Over (Under) Expenditures	90,662	-	(27,320)	-	63,342
Fund Balances, July 1	1,029,878	-	68,295	-	1,098,173
Fund Balances, June 30	$ 1,120,540	$ -	$ 40,975	$ -	$ 1,161,515

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, 2014

Total Net Changes in Fund Balances-Governmental Fund (from B-2)		$ 63,342
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses. This is the amount by which depreciation exceeds capital outlays in the period:		
Capital Outlays	$ 3,589	
Depreciation Expense	(100,591)	
		(97,002)
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:		
Debt Principal Payments		190,000
Governmental funds report the effect of bond issue premiums when debt is first issued, whereas these amounts are deferred & amortized in the statement of activities:		
Amortization of Bond Premium		8,941
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.		1,959
In the statement of activities, compensated absences & 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.		(23,965)
Change in Net Position of Governmental Activities		$ 143,275

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRANKLIN TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	Food Service Fund	Child Care Program	Total
Current Assets:			
Cash & Cash Equivalents	$ 13,375	$ 19,626	$ 33,001
Accounts Receivable		11,723	11,723
Receivable from Other Governments:			
Federal	1,106		1,106
State	99		99
Due from Other Funds	71		71
Inventories	2,681		2,681
Total Current Assets	17,332	31,349	48,681
Fixed Assets:			
Capital Assets	30,019		30,019
Accumulated Depreciation	27,090		27,090
Total Fixed Assets	2,929	-	2,929
Total Assets	20,261	31,349	51,610
LIABILITIES			
Current Liabilities:			
Unearned Revenue	2,348		2,348
Total Current Liabilities	2,348	-	2,348
NET POSITION			
Net Investment in Capital Assets	2,929		2,929
Unrestricted	14,984	31,349	46,333
TOTAL NET POSITION	$ 17,913	$ 31,349	$ 49,262

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRANKLIN TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Food Service Fund	Child Care Program	Total
Operating Revenues:			
Local Sources:			
Daily Sales-Reimbursable Programs	$ 34,225		$ 34,225
Daily Sales-Nonreimbursable Programs	15,981		15,981
Fees for Services		$ 53,682	53,682
Total Operating Revenues	50,206	53,682	103,888
Operating Expenses:			
Cost of Sales	37,450		37,450
Salaries	18,589	31,253	49,842
Employee Benefits	4,173	2,391	6,564
Purchased Property Services	1,281		1,281
Insurance	668		668
Management Fee	7,245		7,245
Other Purchased Services	2,812	338	3,150
General Supplies	2,731	526	3,257
Depreciation	461		461
Total Operating Expenses	75,410	34,508	109,918
Operating Income (Loss)	(25,204)	19,174	(6,030)
Nonoperating Revenues (Expenses):			
Federal Sources:			
National School Lunch Program:			
Cash Assistance	12,754		12,754
Non-cash Assistance (Commodities)	9,371		9,371
State Sources:			
School Lunch Program	710		710
Miscellaneous Income		122	122
Interest Income	61	34	95
Total Nonoperating Revenues (Expenses)	22,896	156	23,052
Change in Net Position	(2,308)	19,330	17,022
Total Net Position, Beginning	20,221	12,019	32,240
Total Net Position, Ending	$ 17,913	$ 31,349	$ 49,262

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRANKLIN TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Food Service Fund	Child Care Program	Total
Cash Flows from Operating Activities:			
Receipts from Customers	$ 51,399	$ 53,693	$ 105,092
Payments to Employees and Benefits		(35,632)	(35,632)
Payments to Food Service Management Co	(63,331)		(63,331)
Payments to Vendors & Customers (Net)	(2,515)	(864)	(3,379)
Net Cash Provided by (Used For) Operating Activities	(14,447)	17,197	2,750
Cash Flows from Noncapital Financing Activities:			
Federal Sources	14,762		14,762
State Sources	834		834
Miscellaneous Income		122	122
Net Cash Provided by (Used For) Noncapital Financing Activities	15,596	122	15,718
Cash Flows from Investing Activities:			
Interest Income	61	34	95
Net Cash Provided by (Used For) Financing Activities	61	34	95
Net Increase (Decrease) in Cash and Cash Equivalents	1,210	17,353	18,563
Cash and Cash Equivalents, July 1, 2013	12,165	2,273	14,438
Cash and Cash Equivalents, June 30, 2014	$ 13,375	$ 19,626	$ 33,001
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:			
Operating Income (Loss)	$ (25,204)	$ 19,174	$ (6,030)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:			
Depreciation	461		461
Federal Food Donation Program	9,371		9,371
(Increase) Decrease in Receivables		11	11
(Increase) Decrease in Inventory	(292)		(292)
Increase (Decrease) in Unearned Revenue	1,217		1,217
Increase (Decrease) in Due to Other Funds		(1,988)	(1,988)
Net Cash Provided by (Used For) Operating Activities	$ (14,447)	$ 17,197	$ 2,750

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRANKLIN TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2014

	Student Activity Agency Fund	Payroll Agency Fund
ASSETS		
Cash & Cash Equivalents	$ 8,481	$ 173,995
Due from Other Funds		675
TOTAL ASSETS	$ 8,481	$ 174,670
LIABILITIES		
Due to Other Funds	$ 71	$ 6,184
Due to Student Groups	8,410	
Payroll Deductions & Withholdings		168,486
TOTAL LIABILITIES	$ 8,481	$ 174,670

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRANKLIN TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Medical Savings Section 125
ADDITIONS	
Reclassify Beginning Balance to Payroll Agency Fund	$ 10,251
Change in Net Position	(10,251)
Net Position, Beginning of the Year	10,251
Net Position, End of the Year	$ -

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

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.

Basic 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, 2014 of 250 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.

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 position and the statement of changes in net position) 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 expendi-tures, 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.

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.

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 (total net position) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

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

Equipment	12 Years
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.

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.

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budgets are submitted to the county office and, if necessary are voted upon at the annual school election in November. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in 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, 2014 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.

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 unearned revenues at fiscal year end.

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

F. Tuition Receivable

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

G. Tuition Payable

Tuition charges for the fiscal years 2013-2014 and 2012-2013 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 unearned revenue as title does not pass to the school district until the commodities are used. Prepaid items in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2014.

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:

Assets	Years
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.

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

L. Unearned Revenue

Unearned revenue in the General Fund and Special Revenue Fund represents cash, which has been received but not yet earned. See Note 1 (E) regarding the Special Revenue Fund.

Unearned revenue in the Enterprise Fund includes United States government commodity inventories at year-end. The aid revenue associated with this commodity inventory is deferred until it is used in the operations of the Food Service Fund.

M. Long-Term Obligations

In the government-wide financial statements and in internal service fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds Payable are reported net of the applicable bond premium or discount.

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 Balances-Governmental Funds

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

- Non-spendable–includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

- Restricted–includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

- Committed–includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.

- Assigned–includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.

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

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

N. Fund Balances-Governmental Funds (cont'd)

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

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.

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.

NOTE 2. TAX ASSESSMENTS AND PROPERTY TAXES (Cont'd)

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.

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, 2014 appear in the financial statements as summarized below:

	Ref.	
Cash		$ 1,171,416
Cash:		
Governmental Funds, Balance Sheet	B-1	$ 955,939
Enterprise Fund, Statement of Net Position	B-4	33,001
Fiduciary Funds, Statement of Net Position	B-7	182,476
Total Cash		$ 1,171,416

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

Deposits – The District's carrying amount of bank deposits at June 30, 2014 is $1,171,416 and the bank balance is $1,342,238. Of the bank balance, $250,000 is covered by federal depositary insurance and $1,092,238 is insured by GUDPA.

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 are required for:

   - deposits that are uninsured and either (a) uncollateralized or (b) collateralized with securities held by the pledging financial institution, or its trust department or agent but not in the government's name
   - Investment securities that are uninsured, are not registered in the name of the government, and are held by either (a) the counterparty or (b) the counterparty's trust department or agent but not in the government's name

   As the district has no such investments, this disclosure is not applicable.

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 of 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, 2014, the district has no investments.

NOTE 4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2014 is as follows:

GOVERNMENTAL ACTIVITIES	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	$ 180,000			$ 180,000
Construction in Progress	585,004		$ 585,004	
Total	765,004	$ -0-	585,004	180,000
Capital Assets, Being Depreciated:				
Land Improvements	106,142			106,142
Building & Improvements	4,805,833	585,004		5,390,837
Furniture & Equipment	254,673	3,589		258,262
Total	5,166,648	588,593	-0-	5,755,241
Accumulated Depreciation:				
Land Improvements	27,718	2,817		30,535
Building & Improvements	1,696,975	81,343		1,778,316
Furniture & Equipment	179,680	16,431		196,113
Total	1,904,373	100,591	-0-	2,004,964
Total Capital Assets, Being Depreciated, Net	3,262,275	488,002	-0-	3,750,277
Transfer	-0-	(585,004)	(585,004)	-0-
Governmental Activities Capital Assets, Net	$ 4,027,279	$ (97,002)	$ -0-	$ 3,930,277
Business-Type Activities:				
Furniture & Equipment	$ 30,019			$ 30,019
Less: Accum Depreciation	26,629	$ 461		27,090
Business-Type Activities Capital Assets, Net	$ 3,390	$ (461)	$ -0-	$ 2,929

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

Instruction:	
Regular	$ 50,155
Special Education	10,741
Other Special Instruction	7,662
Other Instruction	715
Support Services:	
Student & Instruction	19,815
General & Business Admin	8,575
School Administration	1,039
Plant Operations	1,889
Total Depreciation Expense, Governmental Activities	$ 100,591

NOTE 5. LONG-TERM DEBT

Long-Term Liability Activity for the Year Ended June 30, 2014 is as Follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable	$ 1,495,000		$ 190,000	$ 1,305,000	$ 190,000
Unamortized Bond Premium	80,466		8,941	71,525	8,941
Compensated Absences Payable	141,390	$ 54,835	30,870	165,355	21,530
Total Governmental Activities Long-Term Liabilities	$ 1,716,856	$ 54,835	$ 229,811	$ 1,541,880	$ 220,471

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, 2014 including interest payments are listed as follows:

Year Ending June 30,	Principal	Interest	Total
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	$ 1,305,000	$ 238,962	$ 1,543,962

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

General Obligation Bonds

General obligation school building bonds payable at June 30, 2014, 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	$ 1,305,000

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, 2014 is $10,018,674. General obligation debt at June 30, 2014 is $1,305,000, resulting in a legal debt margin of $8,713,674.

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), the Public Employees' Retirement System (PERS) and the Defined Contribution Retirement Program (DCRP). The PERS and TPAF systems are sponsored and administered by the State of New Jersey. The DCRP system is administered by Prudential Financial for the Division of Pension and Benefits. 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 and Defined Contribution Retirement Program are considered cost sharing multiple-employer plans.

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).

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).

C. Defined Contribution Retirement Program – The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch 92, PL 2007 and expanded under the provisions of Ch 89, PL 2008 and Ch 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary ($8,000 in 2013) but who earn salary of at least $5,000 annually are eligible to participate. The program administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: www.prudential.com/njdcrp.

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.

NOTE 6. PENSION PLANS (Cont'd)

Significant Legislation (cont'd)

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.

Contribution Requirements

The contribution policy is set by 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. Significant legislation which became effective October 1, 2011 will gradually increase the employee contribution rate for PERS and TPAF members. Effective October 1, 2011 the rate increased from 5.50% to 6.50% of annual contractual compensation for employees enrolled in the TPAF and PERS pension plans. The rate will increase each year on the first of July over a seven year phase-in period until the withholding rate reaches 7.50% effective July 1, 2018. Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. Employers are required to contribute at an actuarially determined rate in TPAF, PERS and DCRP. 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 noncontributing employer of the TPAF.

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

Year Funding	TPAF Benefit Costs	Percentage of APC Contributed
06/30/14	$ 240,095	100%
06/30/13	278,285	100%
06/30/12	217,109	100%

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed
06/30/14	$ 54,487	100%
06/30/13	55,064	100%
06/30/12	56,040	100%

During the year ended June 30, 2014, the State of New Jersey contributed $149,137 to the TPAF for post-retirement medical benefits, $7,371 for the non-contributory insurance premiums and $83,581 for TPAF normal costs and accrued liability costs on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board $152,017 during the year ended June 30, 2014 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 of 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, 2013, there were 100,134 retirees eligible for post-retirement medical benefits and the state contributed $1.07 billion on their behalf. 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.

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 2013, the State paid $173.8 million toward Ch 126 benefits for 17,356 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 definer 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 States 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 (www.nj.gov/treasury/pensions).

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

NOTE 9. INTERFUND RECEIVABLE AND PAYABLES

The composition of Interfund balances at June 30, 2014 is as follows:

Fund	Receivable Fund	Payable Fund
General Fund	$ 62,157	$ 675
Special Revenue Fund		55,973
Flex Spending Agency Fund	675	
Payroll Agency Fund		6,184
Food Service Fund	71	
Student Activity Fund		71
	$ 62,903	$ 62,903

The amount due from the Special Revenue is a required loan due to delayed grant payments. The balance due by the payroll agency fund represents an annual pension cost refund not turned over at year end. The balance due and receivable between the food service fund and student activities fund represents a deposit error.

The balance due from the General Fund to the Flex Spending Agency Fund represents an excess transfer.
All interfund balances should be liquidated within one year.

NOTE 10. INVENTORY

Inventory in the Food Service Fund June 30, 2014 consisted of the following:

Food	$ 2,146
Supplies	535
	$ 2,681

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. There was no significant reduction in insurance coverage from coverage of the prior year. The District did not have any insurance settlements which exceeded insurance coverage for the past three years. A complete schedule of insurance coverage can be found in the Statistical Section of the Comprehensive Annual Financial Report. A complete schedule of insurance coverage can be found in the Statistical Section of the Comprehensive Annual Financial Report.

NOTE 13. LEGAL RESERVE ACCOUNTS

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.

Beginning in fiscal year 2008, Districts are allowed as per NJSA 18A:7F-41(a) & 41(b) to deposit to the legal reserves by board resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this state statute, the District deposited $40,000 to their Maintenance Reserve account by board resolution in June 2014 as summarized in the following schedule.

The following schedule is a summarization of the Legal Reserve Accounts for the current year:

Reserve Type	Beginning Balance	District Contribution	Interest Earnings	Return Unused With-drawal	With-drawal	Ending Balance
Capital	$ 248,048		$ 840			$ 248,888
Maintenance	275,312	$ 40,000			$ 40,000	275,312
Totals	$ 523,360	$ 40,000	$ 840	$ -0-	$ 40,000	$ 524,200

NOTE 14. FUND BALANCES-BUDGETARY BASIS

As described in Note 1 N-Fund Equity (Fund Balance) may be restricted, committed or assigned. An analysis of the General Fund Balance on June 30, 2014 and 2013 is as follows:

	2014	2013
Restricted:		
Excess Surplus-Represents amount in excess of allowable percentage of expenditures. In accordance with state statute, the excess surplus is designated for utilization in succeeding year's budgets	$ 210,056	$ 201,777
Excess Surplus-Designated for Subsequent Year's Expenditures-Amount appropriated in the succeeding year's budget to reduce tax requirements	201,777	92,841
Committed:		
Capital Reserve Account-Represents funds restricted to capital projects in the Districts Long Range Facilities Plan	248,888	248,048
Maintenance Reserve-Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (NJSA18A:76-9)	275,312	275,312
Assigned:		
Year-End Encumbrance-Represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30,	5,350	31,928
Designated for Subsequent Year's Expenditures	3,131	
Unassigned:		
Undesignated-Represents fund balance which has not been restricted or designated	250,000	253,131
Total Fund Balance	$ 1,194,514	$ 1,103,037

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, 2014 is $210,056.

NOTE 16: SUBSEQUENT EVENTS

The District has evaluated subsequent events through October 15, 2014, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

NOTE 17: RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE

The following is a list of recent accounting pronouncements which are not yet effective as of the year end date of this report:

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68 "Accounting and Financial Reporting for Pensions–an amendment of GASB Statement No. 27". This statement, which is effective for fiscal periods beginning after June 15, 2014, is not anticipated to have any effect on the District's financial reporting.

In January 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 69 "Government Combinations and Disposals of Government Operations". This statement, which is effective for fiscal periods beginning after December 15, 2013, is not anticipated to have any effect on the District's financial reporting.

In April 2013, the Governmental Accounting Standards Board (GASB) issued Statement No.70 "Accounting and Financial Reporting for Nonexchange Financial Guarantees". This statement, which is effective for fiscal periods beginning after June 15, 2013, is not anticipated to have any effect on the District's financial reporting.

In November 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date- an amendment of GASB Statement No. 68". This statement, which is effective for fiscal periods beginning after June 30, 2014, is not expected to have an effect on the District's financial reporting.

REQUIRED SUPPLEMENTARY INFORMATION-PART II

BUDGETARY COMPARISON SCHEDULES

FRANKLIN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources:					
Local Tax Levy	$ 3,747,500		$ 3,747,500	$ 3,747,500	
Tuition from Individuals	55,000		55,000	52,056	$ (2,944)
Interest on Investments	2,000		2,000	4,029	2,029
Interest Earned on Maintenance Reserve	700		700		(700)
Interest Earned on Capital Reserve	700		700	840	140
Building Use Rentals				14,927	14,927
Miscellaneous-Unrestricted	16,000		16,000	4,051	(11,949)
Total	3,821,900	$ -	3,821,900	3,823,403	1,503
State Sources:					
Categorical Transportation Aid	19,335		19,335	19,335	
Extraordinary Aid	170,000		170,000	121,276	(48,724)
Categorical Special Education Aid	147,307		147,307	147,307	
Equalization Aid	557,245		557,245	557,245	
Categorical Security Aid	4,013		4,013	4,013	
Additional Adjustment Aid	16,011		16,011	16,011	
On-Behalf TPAF Pension Contributions				90,958	90,958
On-Behalf TPAF Post Retirement Medical Benefits				149,137	149,137
Reimbursed TPAF Social Security Contribution				152,017	152,017
Total	913,911	-	913,911	1,257,299	343,388
TOTAL REVENUES	$ 4,735,811	$ -	$ 4,735,811	$ 5,080,702	$ 344,891
EXPENDITURES					
Current:					
Regular Programs:					
Instruction-Salaries of Teachers:					
Preschool	$ 63,446	$ 250	$ 63,696	$ 63,678	$ 18
Kindergarten	134,704		134,704	134,328	376
Grades 1-5	895,041	(8,800)	886,241	886,198	43
Grades 6-8	208,990	(22,850)	186,140	152,986	33,154
Other Purchased Services	21,800	(1,355)	20,445	20,162	283
General Supplies	86,792	(8,469)	78,323	77,758	565
Textbooks	5,100	24,325	29,425	28,466	959
Other Objects	1,170		1,170	1,029	141
Total	1,417,043	(16,899)	1,400,144	1,364,605	35,539

FRANKLIN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(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	$ 179,900	$ 6,000	$ 185,900	$ 184,187	$ 1,713
Other Salaries for Instruction	160,000	(12,050)	147,950	139,507	8,443
Purchased Professional-Educational Service	41,000	1,950	42,950	31,279	11,671
General Supplies	5,100	100	5,200	5,103	97
Total	386,000	(4,000)	382,000	360,076	21,924
Home Instruction:					
Salaries of Teachers	600		600		600
Total	600	-	600	-	600
Total Special Education	386,600	(4,000)	382,600	360,076	22,524
Basic Skills for Remedial:					
Salaries of Teachers	252,592		252,592	247,305	5,287
General Supplies	2,629	700	3,329	2,495	834
Textbooks	1,495	(1,450)	45		45
Total	256,716	(750)	255,966	249,800	6,166
School Sponsored Co-Curricular Activities:					
Salaries	15,000	4,900	19,900	14,936	4,964
Supplies and Materials	1,000		1,000	449	551
Other Objects	900		900		900
Total	16,900	4,900	21,800	15,385	6,415
Summer School-Instruction:					
Salaries of Teachers	3,617	800	4,417	4,409	8
Other Salaries for Instruction	4,100	700	4,800	4,678	122
Purchased Professional & Technical Services					
General Supplies	200		200		200
Total	7,917	1,500	9,417	9,087	330
Total Instruction Regular	$ 2,085,176	$ (15,249)	$ 2,069,927	$ 1,998,953	$ 70,974
Undistributed Expenditures:					
Instruction Tuition:					
Tuition to Other LEAs w/in State-Special		$ 26,100	$ 26,100	$ 18,809	$ 7,291
Tuition to CSSD & Regional Day Schools	$ 41,300.0	(39,400)	1,900	572	1,328
Tuition to Priv Sch For the Disabled W/I State	52,000	4,000	56,000	51,533	4,467
Total	93,300	(9,300)	84,000	70,914	13,086
Health Services:					
Salaries	63,545	1,450	64,995	64,965	30
Purchased Professional & Tech Services	910		910	479	431
Supplies and Materials	2,225	(1,450)	775	686	89
Total	66,680	-	66,680	66,130	550

FRANKLIN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

EXPENDITURES (Cont'd)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current: (cont'd)					
Speech, OT, PT & Related Svcs:					
Salaries	$ 66,000	$ (50)	$ 65,950	$ 65,700	$ 250
Purchased Professional Educational Services	36,500	(50)	36,450	36,446	4
Supports and Materials	450	1,350	1,800	750	1,050
Total	102,950	1,250	104,200	102,896	1,304
Other Support Service Students-Extraordinary Services					
Salaries	127,875	(1,250)	126,625	104,357	22,268
Purchase Professional-Educational Services	32,125		32,125	32,124	1
Total	160,000	(1,250)	158,750	136,481	22,269
Guidance:					
Salaries of Other Professional Staff	3,500		3,500	1,275	2,225
Purchased Professional Educational Services	1,500		1,500	1,500	
Total	5,000	-	5,000	2,775	2,225
Child Study Team:					
Salaries of Other Professional Staff	183,485	(13,300)	170,185	169,593	592
Salaries of Secretarial & Clerical Assistants	36,485		36,485	36,485	
Purchased Professional-Educational Services	3,200	14,100	17,300	17,213	87
Other Purchased Services	100	100	200	154	46
Supplies & Materials	6,100		6,100	3,616	2,484
Other Objects	1,000	100	1,100	475	625
Total	230,370	1,000	231,370	227,536	3,834
Improvement of Instructional Services:					
Other Purchased Services	11,200	-	11,200	8,689	2,511
Educational Media Service/School Library:					
Salaries	11,500		11,500	11,105	395
Purchased Professional & Technical Services	36,900	14,200	51,100	50,628	472
Supplies & Materials	1,000	5,850	6,850	3,601	3,249
Total	49,400	20,050	69,450	65,334	4,116
Instructional Staff Training Services:					
Other Purchased Services	1,500		1,500	493	1,007
Supplies & Materials	345	(95)	250		250
Other Objects	25,000	(1,905)	23,095	3,188	19,907
Total	26,845	(2,000)	24,845	3,681	21,164
Support Services General Administration:					
Salaries	124,464		124,464	114,444	10,020
Legal Services	4,000	5,000	9,000	5,803	3,197
Audit Fees	14,300		14,300	13,800	500
Architect	3,000		3,000		3,000
Communications & Telephone	4,500		4,500	3,190	1,310
Board of Education Other Purchased Services	900		900	283	617
Miscellaneous Purchased Services	5,355	250	5,605	5,280	325
General Supplies	1,500	1,500	3,000	2,628	372
Miscellaneous Expenditures	12,100	(1,000)	11,100	7,602	3,498
BOE Membership Dues and Fees	3,500	(250)	3,250	3,246	4
Total	173,619	5,500	179,119	156,276	22,843
Support Services School Administration:					
Salaries of Secretarial & Clerical Assistants	35,144		35,144	34,704	440
Supplies & Materials	1,058	(1)	1,057	836	221
Total	36,202	(1)	36,201	35,540	661

FRANKLIN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Central Services:					
Salaries	$ 124,814	$ 3,240	$ 128,054	$ 124,668	$ 3,386
Miscellaneous Purchased Services	400		400	31	369
Supplies & Materials	1,020		1,020	458	562
Miscellaneous Expenditures	2,300		2,300	1,444	856
Total	128,534	3,240	131,774	126,601	5,173
Administration Information Technology:					
Purchased Professional Services	7,650		7,650	2,988	4,662
Purchased Technical Services	7,525		7,525	7,480	45
Total	15,175	-	15,175	10,468	4,707
Required Maintenance for School Facilities:					
Salaries	65,188	100	65,288	65,197	91
Cleaning Repair & Maintenance Services	2,500	43,900	46,400	46,347	53
Total	67,688	44,000	111,688	111,544	144
Custodial Services:					
Salaries	88,412	(1,500)	86,912	86,752	160
Purchased Professional & Technical Svcs	1,300	(300)	1,000	917	83
Cleaning, Repair & Maintenance Services	45,000	(24,150)	20,850	20,808	42
Insurance	33,500	(2,000)	31,500	31,274	226
Miscellaneous Purchased Services	5,400		5,400	4,378	1,022
General Supplies	30,338	8,100	38,438	38,368	70
Energy (Natural Gas)	25,000	12,100	37,100	37,096	4
Energy (Electricity)	60,000	(11,000)	49,000	48,602	398
Other Objects	1,600		1,600	1,542	58
Total	290,550	(18,750)	271,800	269,737	2,063
Care and Upkeep of Grounds:					
Purchase Professional & Technical Svcs	8,525	(8,500)	25		25
Cleaning, Repair & Maintenance Services	3,500	(2,400)	1,100	1,056	44
General Supplies	1,000	100	1,100	1,046	54
Total	13,025	(10,800)	2,225	2,102	123
Security:					
Cleaning, Repair & Maintenance Services	5,000	(2,550)	2,450	2,407	43
General Supplies	300		300		300
Total	5,300	(2,550)	2,750	2,407	343
Student Transportation Services:					
Salaries of Non-Instructional Aides	14,000	800	14,800	14,761	39
Contract Svc-Aid in Lieu Pymt-Non Public School	7,072	(7,000)	72		72
Contract Svc-Aid in Lieu Pymt-Choice School	1,768	5,400	7,168	7,072	96
Contract Svc (BetHome & Sch)-Vendor	99,315		99,315	98,777	538
Contract Svc (Bet Home & Sch)-Joint Agrmt	12,000	7,700	19,700	16,665	3,035
Contract Svc (Specal Educ Stud)-ESC & CTSAs	35,000	37,576	72,576	64,698	7,878
Total	169,155	44,476	213,631	201,973	11,658
Unallocated Benefits-Employee Benefits:					
Social Security Contributions	65,000		65,000	62,221	2,779
Other Retirement Contribution-PERS	61,000		61,000	54,487	6,513
Unemployment Compensation	14,300		14,300	12,231	2,069
Workmen's Compensation	26,000		26,000	23,654	2,346
Health Benefits	910,862	(68,440)	842,422	774,371	68,051
Tuition Reimbursement	18,500		18,500	14,000	4,500
Other Employee Benefits	25,100	12,100	37,200	37,150	50
Total	1,120,762	(56,340)	1,064,422	978,114	86,308

FRANKLIN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
On-Behalf TPAF Pension Contributions				$ 90,958	$ (90,958)
On-Behalf TPAF Post Retirement Medical Benefits				149,137	(149,137)
Reimbursed TPAF Social Security Contribution				152,017	(152,017)
Total	$ -	$ -	$ -	392,112	(392,112)
Total Undistributed Expenditures	$ 2,765,755	$ 18,525	$ 2,784,280	$ 2,971,310	$ (187,030)
TOTAL CURRENT	$ 4,850,931	$ 3,276	$ 4,854,207	$ 4,970,263	$ (116,056)
CAPITAL OUTLAY					
Equipment:					
General Administration		$ 3,600	$ 3,600	$ 3,589	$ 11
Facilities Acquisition & Construction Serv:					
NJ SDA Debt Service Assessment	$ 19,563	(6,876)	12,687	12,687	
TOTAL CAPITAL OUTLAY	$ 19,563	$ (3,276)	$ 16,287	$ 16,276	$ 11
Transfer of Funds to Charter Schools	$ 28,686	$ -	$ 28,686	$ 2,686	$ 26,000
TOTAL EXPENDITURES	$ 4,899,180	$ -	$ 4,899,180	$ 4,989,225	$ (90,045)
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ (163,369)	$ -	$ (163,369)	$ 91,477	$ 254,846
Fund Balances, July 1	1,103,037		1,103,037	1,103,037	
Fund Balances, June 30	$ 939,668	$ -	$ 939,668	$ 1,194,514	$ 254,846
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Adjustment for Prior Year Encumbrances	$ (31,928)		$ (31,928)	$ (31,928)	
Increase in Capital Reserve	700	$ 40,000	40,700	40,840	$ 140
Withdrawal from Maintenance Reserve	(40,000)		(40,000)	(40,000)	
Increase in Maintenance Reserve	700		700		(700)
Budget Fund Balance	(92,841)	(40,000)	(132,841)	122,565	255,406
TOTAL	$ (163,369)	$ -	$ (163,369)	$ 91,477	$ 254,846

FRANKLIN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

RECAPITULATION OF FUND BALANCE

Restricted Fund Balance:		
Excess Surplus:		
Prior Year-Designated for 2014-2015 Budget	$ 201,777	
Current Year-Designated for 2015-2016 Budget	210,056	
		$ 411,833
Committed Fund Balance:		
Capital Reserve	248,888	
Maintenance Reserve	275,312	
		524,200
Assigned Fund Balance:		
Year-End Encumbrances	5,350	
Designated for Subsequent Year's Expenditures	3,131	
		8,481
Unassigned Fund Balance		250,000
		1,194,514
Reconciliation to Governmental Statements (GAAP):		
Last State Aid Payments not Recognized on GAAP Basis		(73,974)
Fund Balance Per Governmental Funds (GAAP)		$ 1,120,540

FRANKLIN TOWNSHIP SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

(NOT APPLICABLE TO THIS REPORT)

FRANKLIN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources	$ 1,446		$ 1,446	$ 466	$ (980)
Federal Sources	131,508		131,508	105,441	(26,067)
TOTAL REVENUES	$ 132,954	$ -	$ 132,954	$ 105,907	$ (27,047)
EXPENDITURES					
Instruction:					
Salaries	$ 28,005		$ 28,005	$ 28,005	
Supplies & Materials	11,409		11,409	11,409	
Totals	39,414	$ -	39,414	39,414	$ -
Support Services:					
Salaries	3,900		3,900	3,900	
Employee Benefits	2,441		2,441	2,143	298
Purchase Professional & Technical Services	85,753		85,753	59,984	25,769
Supplies & Materials	1,446		1,446	466	980
Totals	93,540	-	93,540	66,493	27,047
TOTAL EXPENDITURES	$ 132,954	$ -	$ 132,954	$ 105,907	$ 27,047

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
Sources/Inflows of Resources		
Actual Amounts (Budgetary) "Revenues" from the Budgetary Comparison Schedules	$ 5,080,702	$ 105,907
Difference-Budget to GAAP:		
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33):		
State Aid Receivable Prior Year	73,159	
State Aid Receivable Current Year	(73,974)	
Total Revenues (GAAP Basis)	$ 5,079,887	$ 105,907
Uses/Outflows of Resources		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	$ 4,989,225	$ 105,907
Total Expenditures (GAAP Basis)	$ 4,989,225	$ 105,907

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, 2014

	REAP	NCLB Title IA	NCLB Title IIA	IDEA Basic	IDEA Pre School	Local Grants	2014 Total
REVENUES							
Local Sources						$ 466	$ 466
Federal Sources	$ 28,318	$ 13,239	$ 7,167	$ 54,675	$ 2,042		105,441
TOTAL REVENUES	$ 28,318	$ 13,239	$ 7,167	$ 54,675	$ 2,042	$ 466	$ 105,907
EXPENDITURES							
Instruction:							
Salaries	$ 15,800	$ 12,205					$ 28,005
General Supplies	11,309	100					11,409
Total	27,109	12,305	$ -	$ -	$ -	$ -	39,414
Support Services:							
Salaries			3,900				3,900
Employee Benefits	1,209	934					2,143
Purchase Professional & Technical Services			3,267	54,675	2,042		59,984
Supplies & Materials						466	466
Total	1,209	934	7,167	54,675	2,042	466	66,493
TOTAL EXPENDITURES	$ 28,318	$ 13,239	$ 7,167	$ 54,675	$ 2,042	$ 466	$ 105,907

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, 2014

Revenues and Other Financing Sources:		
NJ SDA Aid	$	(27,320)
Total Revenues and Other Financing Sources		(27,320)
Excess (Deficiency) of Revenues Over (Under) Expenditures		(27,320)
Fund Balance-Beginning		68,295
Fund Balance-Ending	$	40,975

FRANKLIN TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS-BUDGETARY BASIS- BOILER AND WINDOW REPLACEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues & Other Financing Sources:				
State Sources-SDA Aid	$ 261,320	$ (27,320)	$ 234,000	$ 234,000
Local Sources:				
Operating Transfer-Capital Reserve	247,993		247,993	247,993
Operating Transfer-Capital Outlay	143,987		143,987	143,987
TotalRevenues & Other Financing Sources	653,300	(27,320)	625,980	625,980
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	55,181		55,181	58,000
Construction Services	529,218		529,218	566,980
Other Objects	606		606	1,000
Total Expenditures & Other Financing Uses	585,005	-	585,005	625,980
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 68,295	$ (27,320)	$ 40,975	$ -

Additional Project Information:	
Project Number	1620-050-10-1001
Authorization Date	09/13/10
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	$ 653,300
Reduced Authorized Cost	$ (27,320)
Revised Authorized Cost	$ 625,980
Percentage Complete	93.45%

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 POSITION
ENTERPRISE FUND
JUNE 30, 2014

	Food Service Fund	Child Care Program	Total
ASSETS			
Current Assets:			
Cash & Cash Equivalents	$ 13,375	$ 19,626	$ 33,001
Accounts Receivable		11,723	11,723
Receivable from Other Governments:			
Federal	1,106		1,106
State	99		99
Due from Other Funds	71		71
Inventories	2,681		2,681
Total Current Assets	17,332	31,349	48,681
Fixed Assets:			
Capital Assets	30,019		30,019
Accumulated Depreciation	27,090		27,090
Total Fixed Assets	2,929	-	2,929
Total Assets	20,261	31,349	51,610
LIABILITIES			
Current Liabilities:			
Unearned Revenue	2,348		2,348
Total Current Liabilities	2,348	-	2,348
NET POSITION			
Net Investment in Capital Assets	2,929		2,929
Unrestricted	14,984	31,349	46,333
TOTAL NET POSITION	$ 17,913	$ 31,349	$ 49,262

FRANKLIN TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Food Service Fund	Child Care Program	Total
Operating Revenues:			
Local Sources:			
Daily Sales-Reimbursable Programs	$ 34,225		$ 34,225
Daily Sales-Nonreimbursable Programs	15,981		15,981
Fees for Services		$ 53,682	53,682
Total Operating Revenues	50,206	53,682	103,888
Operating Expenses:			
Cost of Sales	37,450		37,450
Salaries	18,589	31,253	49,842
Employee Benefits	4,173	2,391	6,564
Purchased Property Services	1,281		1,281
Insurance	668		668
Management Fee	7,245		7,245
Other Purchased Services	2,812	338	3,150
General Supplies	2,731	526	3,257
Depreciation	461		461
Total Operating Expenses	75,410	34,508	109,918
Operating Income (Loss)	(25,204)	19,174	(6,030)
Nonoperating Revenues (Expenses):			
Federal Sources:			
National School Lunch Program:			
Cash Assistance	12,754		12,754
Non-Cash Assistance (Commodities)	9,371		9,371
State Sources:			
School Lunch Program	710		710
Miscellaneous Income		122	122
Interest Income	61	34	95
Total Nonoperating Revenues (Expenses)	22,896	156	23,052
Change in Net Position	(2,308)	19,330	17,022
Total Net Position, Beginning	20,221	12,019	32,240
Total Net Position, Ending	$ 17,913	$ 31,349	$ 49,262

FRANKLIN TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Food Service Fund	Child Care Program	Total
Cash Flows from Operating Activities:			
Receipts from Customers	$ 51,399	$ 53,693	$ 105,092
Payments to Employees and Benefits		(35,632)	(35,632)
Payments to Food Service Management Co	(63,331)		(63,331)
Payments to Vendors & Customers (Net)	(2,515)	(864)	(3,379)
Net Cash Provided by (Used For) Operating Activities	(14,447)	17,197	2,750
Cash Flows from Noncapital Financing Activities:			
Federal Sources	14,762		14,762
State Sources	834		834
Miscellaneous Income		122	122
Net Cash Provided by (Used For) Noncapital Financing Activities	15,596	122	15,718
Cash Flows from Investing Activities:			
Interest Income	61	34	95
Net Cash Provided by (Used For) Financing Activities	61	34	95
Net Increase (Decrease) in Cash and Cash Equivalents	1,210	17,353	18,563
Cash and Cash Equivalents, July 1, 2013	12,165	2,273	14,438
Cash and Cash Equivalents, June 30, 2014	$ 13,375	$ 19,626	$ 33,001
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:			
Operating Income (Loss)	$ (25,204)	$ 19,174	$ (6,030)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:			
Depreciation	461		461
Federal Food Donation Program	9,371		9,371
(Increase) Decrease in Receivables		11	11
(Increase) Decrease in Inventory	(292)		(292)
Increase (Decrease) in Unearned Revenue	1,217		1,217
Increase (Decrease) in Due to Other Funds		(1,988)	(1,988)
Net Cash Provided by (Used For) Operating Activities	$ (14,447)	$ 17,197	$ 2,750

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 POSITION
FIDUCIARY FUNDS
JUNE 30, 2014

	Student Activity Agency Fund	Payroll Agency Fund	Totals
ASSETS			
Cash & Cash Equivalents	$ 8,481	$ 173,995	$ 182,476
Due from Other Funds		675	675
TOTAL ASSETS	8,481	174,670	183,151
LIABILITIES			
Due to Other Funds	71	6,184	6,255
Due to Student Groups	8,410		8,410
FSA Section 125 Plan		9,660	9,660
Summer Pay Account		131,620	131,620
Payroll Deductions & Withholdings		27,206	27,206
TOTAL LIABILITIES	8,481	174,670	183,151
NET POSITION	$ -	$ -	$ -

FRANKLIN TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Medical Savings Section 125
DEDUCTIONS	
Reclassify Beginning Balance to Payroll Agency Fund	$ 10,251
Change in Net Position	(10,251)
Net Position, Beginning of the Year	10,251
Net Position, End of the Year	$ -

FRANKLIN TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Balance 07/01/13	Additions	Deletions	Balance 06/30/14
ASSETS				
Cash and Cash Equivalents	$ 12,103	$ 11,989	$ 15,611	$ 8,481
TOTAL ASSETS	$ 12,103	$ 11,989	$ 15,611	$ 8,481
LIABILITIES				
Due to Other Funds	$ 71			$ 71
Due to Student Groups	12,032	$ 11,989	$ 15,611	8,410
TOTAL LIABILITIES	$ 12,103	$ 11,989	$ 15,611	$ 8,481

FRANKLIN TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Balance 07/01/13	Additions	Deletions	Balance 06/30/14
ASSETS				
Cash and Cash Equivalents	$ 175,110	$ 3,566,855	$ 3,567,970	$ 173,995
Due from Other Funds		675		675
TOTAL ASSETS	$ 175,110	$ 3,567,530	$ 3,567,970	$ 174,670
LIABILITIES				
Due to Other Funds	$ 5,384	$ 7,216	$ 6,416	$ 6,184
Payroll Deductions & Withholding	29,598	1,538,050	1,540,873	26,775
FSA Section 125 Plan		30,207	20,547	9,660
Summer Pay Account	139,783	132,717	140,880	131,620
Net Payroll	345	1,859,340	1,859,254	431
TOTAL LIABILITIES	$ 175,110	$ 3,567,530	$ 3,567,970	$ 174,670

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 30,2014

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Annual Maturities Amount	Interest Rate	Balance 07/01/13	Issued	Retired	Balance 06/30/14
Refunding School Bonds of 2010	02/15/10	$ 2,045,000	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%	$ 1,495,000		$ 190,000	$ 1,305,000
						$ 1,495,000	$ -	$ 190,000	$ 1,305,000

FRANKLIN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources:					
Local Tax Levy	$ 249,463		$ 249,463	$ 249,463	
Total Revenues	249,463	$ -	249,463	249,463	$ -
EXPENDITURES					
Regular Debt Service:					
Interest	59,463		59,463	59,463	
Redemption of Principal	190,000		190,000	190,000	
Total Expenditures	249,463	-	249,463	249,463	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-
Fund Balance, June 30	$ -	$ -	$ -	$ -	$ -

STATISTICAL SECTION

FRANKLIN TOWNSHIP SCHOOL DISTRICT
STATISTICAL SECTION J SERIES

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FINANCIAL TRENDS

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

REVENUE CAPACITY

These Schedules Contain Trend Information to Help the Reader Assess the District's most Significant Local Revenue Sources, the Property Tax. J-6 to J-9

DEBT CAPACITY

These Schedules Contain Trend Information to Help the Reader Assess the Affordability of the District's Current Levels of Outstanding Debt and the District's Ability to Issue Additional Debt in the Future. J-10 to J-13

DEMOGRAPHIC AND ECONOMIC INFORMATION

These Schedules Offer Demographic and Economic Indicators to Help the Reader Understand the Environment Within Which the District's Financial Activities Take Place. J-14 to J-15

OPERATING INFORMATION

These Schedules Contain Service and Infrastructure Data to Help the Reader Understand how the Information in the District's Financial Report Relates to the Services the District Provides and the Activities it Performs. J-16 to J-20

Sources: Unless Otherwise noted, the Information in these Schedules is Derived from the Comprehensive Annual Financial Reports (CAFR) for the Relevant Year.

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

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
GOVERNMENT ACTIVITIES										
Net Investment in Capital Assets	$ 1,175,971	$ 1,318,639	$ 1,438,150	$ 1,467,982	$ 1,518,088	$ 1,545,240	$ 1,999,232	$ 2,436,701	$ 2,532,279	$ 2,625,277
Restricted	156,303	95,766	8,788	8,546	251,551	301,661	675,438	470,166	591,655	565,175
Unrestricted	246,896	123,915	95,335	80,273	110,718	349,158	330,829	157,214	262,364	339,121
TOTAL GOVERNMENTAL ACTIVITIES NET ASSET	$ 1,579,170	$ 1,538,320	$ 1,542,273	$ 1,556,801	$ 1,880,357	$ 2,196,059	$ 3,005,499	$ 3,064,081	$ 3,386,298	$ 3,529,573
BUSINESS-TYPE ACTIVITIES										
Net Investment in Capital Assets	$ 1,444	$ 670	$ 2,104	$ 1,242	$ 1,721	$ 1,530	$ 4,313	$ 3,852	$ 3,390	$ 2,929
Restricted										
Unrestricted	742	9,663	12,752	3,219	16,759	25,414	18,243	13,801	28,850	46,333
TOTAL BUSINESS-TYPE ACTIVITIES	$ 2,186	$ 10,333	$ 14,856	$ 4,461	$ 18,480	$ 26,944	$ 22,556	$ 17,653	$ 32,240	$ 49,262
DISTRICT-WIDE										
Net Investment in Capital Assets	$ 1,177,415	$ 1,319,309	$ 1,440,254	$ 1,469,224	$ 1,519,809	$ 1,546,770	$ 2,003,545	$ 2,440,553	$ 2,535,669	$ 2,628,206
Restricted	156,303	95,766	8,788	8,546	251,551	301,661	675,438	470,166	591,655	565,175
Unrestricted	247,638	133,578	108,087	83,492	127,477	374,572	349,072	171,015	291,214	385,454
TOTAL DISTRICT-WIDE	$ 1,581,356	$ 1,548,653	$ 1,557,129	$ 1,561,262	$ 1,898,837	$ 2,223,003	$ 3,028,055	$ 3,081,734	$ 3,418,538	$ 3,578,835

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

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
EXPENSES										
Governmental Activities:										
Instruction:										
Regular	$ 2,006,354	$ 2,210,028	$ 2,409,390	$ 2,487,167	$ 2,427,118	$ 2,219,596	$ 2,135,097	$ 2,266,263	$ 2,262,741	$ 2,065,010
Special Education	351,620	423,157	455,683	452,966	321,046	503,788	642,525	947,596	810,341	545,851
Other Instruction	324,479	259,108	264,954	268,194	268,764	304,343	274,074	17,715	23,605	427,257
Support Services:										
Tuition	89,610	84,539	93,089	118,303	122,852	128,310	83,885	35,000	64,161	70,914
Student & Instruction Related Services	425,170	512,329	637,971	630,649	674,266	665,251	650,921	932,188	993,358	920,384
General & Business Administrative Services	295,704	293,767	363,179	387,243	447,549	517,578	447,691	485,603	313,913	444,585
School Administration	118,900	74,154	83,374	68,504	47,067	49,669	69,281	52,423	134,180	53,923
Plant Operations & Maintenance	378,855	343,911	384,422	481,864	415,028	468,117	383,317	436,339	412,952	463,619
Pupil Transportation	217,422	232,873	199,227	276,489	277,866	285,642	170,156	143,278	161,812	393,661
Special Schools	12,301	14,859	20,568	21,206	14,281	17,061				
Transfer to Charter Schools							8,483			2,686
Interest on Long-Term Debt	130,021	124,989	119,729	114,160	108,141	79,236	76,733	69,696	75,850	70,191
Total Governmental Activities Expenses	4,350,436	4,573,714	5,031,586	5,306,745	5,123,978	5,238,591	4,942,163	5,386,101	5,252,913	5,458,081
Business-Type Activities:										
Food Services	105,557	113,435	109,798	84,075	91,343	91,675	89,517	78,761	76,368	75,410
Child Care	54,472	55,304	88,967	111,573	88,799	83,277	65,004	30,347	36,371	34,508
Total Business-Type Activities	160,029	168,739	198,765	195,648	180,142	174,952	154,521	109,108	112,739	109,918
TOTAL DISTRICT EXPENSES	$ 4,510,465	$ 4,742,453	$ 5,230,351	$ 5,502,393	$ 5,304,120	$ 5,413,543	$ 5,096,684	$ 5,495,209	$ 5,365,652	$ 5,567,999

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

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
PROGRAM REVENUES										
Governmental Activities:										
Charges for Services	$ 71,504	$ 138,061	$ 138,083	$ 119,317	$ 123,529	$ 100,230	$ 100,933	$ 73,052	$ 73,419	$ 251,461
Capital Grants & Contributions										(27,320)
Operating Grants & Contributions	170,276	133,586	192,685	175,318	135,132	158,022	166,884	71,083	117,978	105,907
Total Governmental Activities Program Revenues	241,780	271,647	330,768	294,635	258,661	258,252	267,817	144,135	191,397	330,048
Business-Type Activities:										
Charges for Services:										
Food Service	64,270	65,831	73,364	66,313	69,869	71,210	61,379	59,984	58,732	50,206
Child Care	50,988	62,082	84,999	100,492	100,432	86,138	59,164	24,799	44,277	53,682
Operating Grants & Contributions	23,861	25,654	22,891	17,906	23,672	26,569	29,522	19,263	24,240	22,835
Total Business-Type Activities Program Revenues	139,119	153,567	181,254	184,711	193,973	183,917	150,065	104,046	127,249	126,723
TOTAL DISTRICT-PROGRAM REVENUES	$ 380,899	$ 425,214	$ 512,022	$ 479,346	$ 452,634	$ 442,169	$ 417,882	$ 248,181	$ 318,646	$ 456,771
NET (EXPENSE) REVENUES										
Governmental Activities	$ (4,108,656)	$ (4,302,067)	$ (4,700,818)	$ (5,012,110)	$ (4,865,317)	$ (4,980,339)	$ (4,674,346)	$ (5,241,966)	$ (5,061,516)	$ (5,128,033)
Business-Type Activities	(20,910)	(15,172)	(17,511)	(10,937)	13,831	8,965	(4,456)	(5,062)	14,510	16,805
TOTAL DISTRICT-WIDE NET EXPENSES	$ (4,129,566)	$ (4,317,239)	$ (4,718,329)	$ (5,023,047)	$ (4,851,486)	$ (4,971,374)	$ (4,678,802)	$ (5,247,028)	$ (5,047,006)	$ (5,111,228)
GENERAL REVENUES & OTHER CHANGES IN NET POSITION										
Governmental Activities:										
Property Taxes Levied for General Purposes	$ 2,840,586	$ 2,930,480	$ 3,229,209	$ 3,481,557	$ 3,705,084	$ 3,721,912	$ 3,762,850	$ 3,806,507	$ 3,778,870	$ 3,747,500
Taxes Levied for Debt Service	241,879	241,930	241,754	246,092	250,504	254,204	257,454	231,657	248,163	249,463
Unrestricted Grants & Contributions	1,056,384	1,091,604	1,236,138	1,288,391	1,230,621	1,339,432	1,197,408	1,249,222	1,342,103	1,256,484
Capital Grant-Unallocated		260					261,320			
Investment Earnings	3,676	7,978	11,751	9,200	2,455	3,056	2,682	9,013	3,746	4,869
Miscellaneous Income	2,631	12,284	291	1,398	209	447	2,072	4,149	2,558	12,992
Special Item-Payment to Refunding Bond Agent						(23,010)				
Special Item-Insurance Claim Proceeds for Storm Damage									8,293	
Operating Transfer	(8,000)	(23,319)	(21,572)							
Contracts & Accounts Payable Adjustment			7,200							
Total Governmental Activities	4,137,156	4,261,217	4,704,771	5,026,638	5,188,873	5,296,041	5,483,786	5,300,548	5,383,733	5,271,308

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

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
GENERAL REVENUES & OTHER CHANGES IN NET POSITION (Cont'd)										
Business-Type Activities:										
Investment Earnings			$ 462	$ 542	$ 188	$ 111	$ 68	$ 159	$ 77	$ 95
Miscellaneous										122
Prior Year Refunds						(612)				
Transfers	$ 8,000	$ 23,319	21,572							
Total Business-Type Activities	8,000	23,319	22,034	542	188	(501)	68	159	77	217
TOTAL DISTRICT-WIDE	$ 4,145,156	$ 4,284,536	$ 4,726,805	$ 5,027,180	$ 5,189,061	$ 5,295,540	$ 5,483,854	$ 5,300,707	$ 5,383,810	$ 5,271,525
CHANGE IN NET POSITION										
Governmental Activities	$ 28,500	$ (40,850)	$ 3,953	$ 14,528	$ 323,556	$ 315,702	$ 809,440	$ 58,582	$ 322,217	$ 143,275
Business-Type Activities	(12,910)	8,147	4,523	(10,395)	14,019	8,464	(4,388)	(4,903)	14,587	17,022
TOTAL DISTRICT	$ 15,590	$ (32,703)	$ 8,476	$ 4,133	$ 337,575	$ 324,166	$ 805,052	$ 53,679	$ 336,804	$ 160,297

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

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund:										
Restricted	$ 144,567	$ 91,542	$ 61,229		$ 23,290	$ 23,031	$ 64,872	$ 134,682	$ 294,618	$ 411,833
Committed	1	1,410	1,412	$ 1,432	251,437	301,661	253,935	401,817	523,360	524,200
Assigned	90,391	113,920	90,538	29,610	33,217	145,451	17,541	8,618	31,928	8,481
Unassigned	88,284	72,396	123,486	221,989	249,977	309,885	464,356	280,157	179,972	176,026
Total General Fund	$ 323,243	$ 279,268	$ 276,665	$ 253,031	$ 557,921	$ 780,028	$ 800,704	$ 825,274	$ 1,029,878	$ 1,120,540
All Other Governmental Funds:										
Restricted, Reported In:										
Capital Projects Fund	$ 222,024	$ 94,094	$ 7,114	$ 7,114	$ 114		$ 406,398	$ 38,349	$ 68,295	$ 40,975
Assigned, Reported In:										
Capital Projects Fund	1,194									
Debt Service Fund	1	262	262				15,105			
Total All Other Governmental Funds	$ 223,219	$ 94,356	$ 7,376	$ 7,114	$ 114	$ -	$ 421,503	$ 38,349	$ 68,295	$ 40,975

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

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues:										
Tax Levy	$ 3,082,465	$ 3,172,410	$ 3,470,963	$ 3,727,649	$ 3,955,588	$ 3,976,116	$ 4,020,304	$ 4,038,164	$ 4,027,033	$ 3,996,963
Tuition Charges	50,244	116,322	114,525	95,403	98,658	75,359	76,676	54,399	58,492	52,056
Interest Earnings	3,676	7,978	11,751	9,200	2,455	3,056	2,682	9,013	3,746	4,869
Miscellaneous	23,891	34,023	31,049	26,312	25,080	30,318	31,329	27,802	22,005	19,444
State Sources	1,061,127	1,099,757	1,237,015	1,290,446	1,230,621	1,238,336	1,197,408	1,220,477	1,342,103	1,256,484
State Sources-Capital Projects		260					261,320			(27,320)
Federal Sources	165,533	125,433	191,808	172,263	135,132	254,118	161,884	94,828	113,458	105,441
Total Revenues	4,386,936	4,556,183	5,057,111	5,321,273	5,447,534	5,577,303	5,751,603	5,444,683	5,566,837	5,407,937
Expenditures:										
Instruction:										
Regular Instruction	1,394,392	1,513,426	1,593,485	1,627,135	1,633,579	1,438,717	1,388,873	1,529,646	1,468,616	1,364,605
Special Education Instruction	194,486	271,798	264,361	264,553	222,233	362,337	395,302	357,787	292,919	360,076
Other Special Instruction	219,659	156,287	167,200	169,495	176,692	178,187	154,290	228,420	218,056	249,800
Other Instruction	8,607	11,636	9,379	8,266	8,566	12,805	24,063	17,183	22,870	24,472
Support Services:										
Tuition	89,610	84,539	93,089	118,303	122,852	128,310	83,885	35,000	64,161	70,914
Student & Instruction Related Services	333,126	334,493	401,542	396,519	428,555	409,758	390,354	601,313	624,335	613,522
General Administration	157,389	169,921	172,858	171,078	187,281	211,684	174,830	170,166	93,847	156,276
School Administration Services	90,304	65,071	66,478	43,759	44,140	48,112	46,259	34,411	92,847	35,540
Central Services / Business	83,472	93,120	93,828	109,611	117,383	119,384	127,848	134,113	123,041	126,601
Administrative Information Technology							19,432	12,342	13,837	10,468
Plant Operations & Maintenance	337,481	324,076	335,131	427,941	364,843	411,902	310,564	350,209	350,988	385,790
Pupil Transportation	199,655	201,287	172,870	255,096	272,961	279,341	161,879	136,791	162,371	201,973
Employee Benefits	585,899	684,929	792,156	870,287	869,111	1,012,320	1,055,879	1,135,216	1,002,812	978,114
On-Behalf TPAF Pension & Soc Sec Contributions	224,521	278,094	416,086	440,248	294,978	304,388	295,451	365,531	455,610	392,112
Special Schools	11,360	13,580	20,568	21,206	13,834	16,526				
Transfer to Charter Schools							8,483			2,686
Capital Outlay	5,015		4,672			9,199			5,388	3,589
Capital Projects	18,068	127,930	86,980		7,000	114	246,902	338,049	54	
Special Revenue Funds	170,276	133,586	192,685	175,318	135,132	158,022	166,884	71,083	117,978	105,907
Debt Service:										
Principal	110,000	115,000	120,000	130,000	140,000	150,000	185,000	180,000	185,000	190,000
Interest & Other Charges	131,879	126,929	121,754	116,354	110,504	104,204	73,246	76,007	75,850	72,150
Total Expenditures	4,365,199	4,705,702	5,125,122	5,345,169	5,149,644	5,355,310	5,309,424	5,773,267	5,370,580	5,344,595
Excess (Deficiency) of Revenues Over (Under) Expenditures	21,737	(149,519)	(68,011)	(23,896)	297,890	221,993	442,179	(328,584)	196,257	63,342
Other Financing Sources (Uses):										
Insurance Claim Proceeds for Storm Damage									8,293	
Transfers Out	(8,000)	(23,319)	(21,572)							
Total Other Financing Sources (Uses)	(8,000)	(23,319)	(21,572)	-	-	-	-	-	8,293	-
Net Change in Fund Balances	$ 13,737	$ (172,838)	$ (89,583)	$ (23,896)	$ 297,890	$ 221,993	$ 442,179	$ (328,584)	$ 204,550	$ 63,342
Debt Service as a Percentage of Non-capital Expenditures	5.90%	5.58%	5.05%	4.83%	5.12%	4.99%	5.38%	4.94%	5.11%	5.16%

Source: District Records

NOTE: Non-capital expenditures are total expenditures less capital outlay, capital projects and debt service.

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

Description	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Interest Income	$ 2,482	$ 7,978	$ 11,751	$ 9,200	$ 2,455	$ 3,056	$ 2,682	$ 9,013	$ 3,746	$ 4,869
Tuition	50,244	116,322	114,525	95,403	98,658	75,359	76,676	54,399	58,492	52,056
Building Use Fees	21,260	21,739	23,558	23,914	24,871	24,871	24,258	18,653	14,927	14,927
Prior Year Refunds	4,879	11,400	51	325	77		2,071	4,149	887	444
Miscellaneous		884	15	5		447				1,024
Donations	271		225	293	132				510	
Sale of Surplus Equipment	2,914									
Accounts Payable Cancelled			7,200							
Prior Year Differences	(5,433)									
Asbestos Litigation				775						
Current Year Refunds									1,161	2,583
Annual Totals	$ 76,617	$ 158,323	$ 157,325	$ 129,915	$ 126,193	$ 103,733	$ 105,687	$ 86,214	$ 79,723	$ 75,903

Source: District Records

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Vacant Land	$ 6,415,300	$ 6,750,600	$ 6,937,700	$ 6,012,600	$ 6,267,600	$ 5,875,000	$ 6,258,200	$ 4,438,400	$ 4,130,400	$ 4,128,700
Residential	282,125,400	284,086,600	288,425,300	292,976,100	294,741,100	294,234,600	291,200,700	292,209,000	286,559,100	287,884,400
Farm Regular	45,366,500	46,589,100	47,296,000	48,390,200	48,434,700	51,517,400	53,529,700	53,550,700	53,823,900	52,492,300
Qualified Farm	5,195,405	5,198,525	5,121,825	5,110,225	5,055,805	5,093,305	5,029,405	5,053,215	5,102,815	5,039,395
Commercial	32,808,300	32,616,800	32,616,800	32,985,700	33,199,300	33,139,800	32,839,800	32,503,800	32,526,600	32,514,600
Industrial	26,257,900	28,866,100	28,866,100	31,274,600	31,199,800	31,199,800	31,024,800	30,969,000	30,969,000	30,829,000
Apartment	306,300	306,300	306,300	306,300	306,300	306,300	306,300	306,300	306,300	306,300
Total Assessed Value	398,475,105	404,414,025	409,570,025	417,055,725	419,204,605	421,366,205	420,188,905	419,030,415	413,418,115	413,194,695
Public Utilities (a)	1,081,481	1,053,317	966,940	949,522	969,682	1,010,638	942,686	978,714	914,996	692,328
Net Valuation Taxable	$ 399,556,586	$ 405,467,342	$ 410,536,965	$ 418,005,247	$ 420,174,287	$ 422,376,843	$ 421,131,591	$ 420,009,129	$ 414,333,111	$ 413,887,023
Estimated Actual County Equalized) Value	$ 373,453,320	$ 412,227,879	$ 459,604,905	$ 480,024,399	$ 470,783,514	$ 470,614,867	$ 442,040,087	$ 420,724,361	$ 395,963,362	$ 381,411,664
Percentage of Net Valuation to Estimated Actual County Equalized Value	106.99%	98.36%	89.32%	87.08%	89.25%	89.75%	95.27%	99.83%	104.64%	108.51%
Total Direct School Tax Rate (b)	$ 0.79	$ 0.86	$ 0.91	$ 0.96	$ 0.94	$ 0.95	$ 0.96	$ 0.96	$ 0.96	$ 0.96

Source: Municipal Tax Ass

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)

	School District Direct Rate				Overlapping Rates			
Assessment Year	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6) Total Direct School Tax Rate	Regional School Debt	Municipality	County	Fire District	Total Direct & Overlapping Tax Rate
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
2011	0.92	0.04	0.96	0.89	0.24	0.67		2.76
2012	0.91	0.05	0.96	0.92	0.22	0.68		2.78
2013	0.91	0.06	0.97	0.94	0.22	0.69		2.82
2014	0.90	0.06	0.96	0.93	0.25	0.72		2.86

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

	2014			2005		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Transcontinental Gas Pipeline	$ 17,917,900	1	4.70%	$ 17,917,900	1	4.80%
ISE America	9,981,100	2	2.62%	9,981,100	2	2.67%
Franklin Realty Group LLC	9,275,200	3	2.43%	4,200,300	4	1.12%
The Franklin Realty Group	5,958,100	4	1.56%	5,958,100	3	1.60%
Viking Development Co	2,313,400	5	0.61%			
J.W.D Farms, LLC	1,950,700	6	0.51%			
Elizabethtown Gas Company	1,451,700	7	0.38%	1,451,700	5	0.39%
Individual Property Owner	1,290,600	8	0.34%	1,290,600	7	0.35%
Victaulic Reh, LLC	1,122,300	9	0.29%	1,122,300	8	0.30%
Individual Property Owner	1,109,100	10	0.29%			0.00%
Asbury Graphite Mills, Inc				1,391,500	6	0.37%
Individual Property Owner				1,066,000	9	0.29%
Individual Property Owner				991,100	10	0.27%
	$ 52,370,100		13.73%	$ 45,370,600		12.15%

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
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%
2010	11,669,010	11,310,905	96.93%
2011	11,644,684	11,332,972	97.32%
2012	11,698,606	11,339,935	96.93%
2013	11,685,755	11,321,279	96.88%

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

	Governmental Activities				Business-Type Activities			
Fiscal Year Ending June 30,	General Obligation Bonds (b)	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District	% of Personal Income (a)	Per Capita (a)
2005	$ 2,739,000					$ 2,739,000	2.43%	$ 866
2006	2,624,000					2,624,000	2.18%	831
2007	2,504,000					2,504,000	1.96%	795
2008	2,374,000					2,374,000	1.77%	757
2009	2,234,000					2,234,000	1.62%	714
2010	2,045,000					2,045,000	1.49%	655
2011	1,860,000					1,860,000	1.33%	586
2012	1,680,000					1,680,000	1.15%	531
2013	1,495,000					1,495,000	1.00%	478
2014	1,305,000					1,305,000	N/A	417

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		
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	0.48%	644
2011	1,860,000		1,860,000	0.44%	588
2012	1,680,000		1,680,000	0.40%	537
2013	1,495,000		1,495,000	0.36%	477
2014	1,305,000		1,305,000	0.32%	417

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, 2012

GOVERNMENTAL UNIT	Gross Debt Outstanding	Estimated % Applicable (a)	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes:			
Municipality	$ 2,300,265	100.00%	$ 2,300,265
Regional High School	22,509,000	16.80%	3,782,171
County General Obligation Debt	15,050,526	3.54%	532,902
Subtotal, Overlapping Debt			6,615,338
School District Direct Debt			1,495,000
Total Direct and Overlapping Debt			$ 8,110,338

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 2014

	Equalized Valuation Basis	
2013	$ 380,925,196	
2012	400,411,290	
2011	420,904,443	
	$ 1,202,240,929	
Average Equalized Valuation of Taxable Property	$ 400,746,976	
Debt Limit (2.5% of Average Equalization Value)	$ 10,018,674	(a)
Total Net Debt Applicable to Limit	1,305,000	
Legal Debt Margin	$ 8,713,674	

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt Limit	$ 7,903,075	$ 9,129,589	$ 10,248,551	$ 11,068,555	$ 11,586,640	$ 11,705,894	$ 11,472,133	$ 11,085,593	$ 10,530,017	$ 10,018,674
Total Net Debt Applicable	2,804,723	2,624,000	2,504,000	2,374,000	2,234,000	2,045,000	1,860,000	1,680,000	1,495,000	1,305,000
Legal Debt Margin	$ 5,098,352	$ 6,505,589	$ 7,744,551	$ 8,694,555	$ 9,352,640	$ 9,660,894	$ 9,612,133	$ 9,405,593	$ 9,035,017	$ 8,713,674
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	35.49%	28.74%	24.43%	21.45%	19.28%	17.47%	16.21%	15.15%	14.20%	13.03%

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)
2005	3,156	$ 120,230,976	$ 38,096	2.9%
2006	3,149	127,729,738	40,562	3.1%
2007	3,135	134,237,565	42,819	2.9%
2008	3,128	137,879,112	44,079	3.9%
2009	3,120	136,843,200	43,860	6.9%
2010	3,175	139,693,650	43,998	7.2%
2011	3,164	145,578,804	46,011	6.6%
2012	3,130	148,894,100	47,570	6.4%
2013	3,132	N/A	N/A	7.4%
2014	3,132	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 2010 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

	2014			2005		
Employer	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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Instruction:										
Regular	37.0	37.4	39.0	42.2	41.2	41.4	34.8	34.8	36.4	36.8
Special Education	2.0	3.0	4.3	4.7	4.7	4.7	4.0	4.0	4.7	5.1
Support Services:										
General Administration	1.5	1.5	1.5	2.0	1.5	2.0	2.0	2.0	2.0	2.0
School Administrative Services	3.3	2.8	4.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0
Other Administrative Services	2.1	2.0	1.8	2.0	2.0	3.0	1.5	1.5	1.0	1.0
Administrative Information Technology	0.4									
Plant Operations and Maintenance	3.6	5.0	4.0	4.0	3.5	3.5	3.3	3.3	3.3	3.3
Pupil Transportation	2.0	2.3	2.3	2.6	2.6	2.6	0.4	0.4	0.4	0.6
Other Support Services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.5	2.0	2.0
Total	52.9	55.0	57.9	60.5	58.5	59.2	48.0	48.5	50.8	51.8

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
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%
2011	304	4,804,276	15,804	4.29%	23.3	1 to 13.05	294.3	280.1	-7.45%	95.17%
2012	285	5,179,211	18,173	14.99%	23.6	1 to 12.08	287.2	275.1	-2.41%	95.79%
2013	269	5,104,288	18,975	4.42%	26.0	1 to 10.35	271.3	259.6	-5.54%	95.69%
2014	250	5,078,856	20,315	7.06%	28.0	1 to 8.93	250.9	241.5	-7.54%	96.27%

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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Elementary (1960)										
Square Feet	47,552	47,552	47,552	47,552	47,552	47,552	47,552	47,552	47,552	47,552
Capacity (Students)	367	367	367	367	367	367	367	367	367	367
Enrollment	382	384	385	348	337	336	304	285	269	250

Number of Schools at June 30, 2014:

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
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
2011	18,356	18,356
2012	71,227	71,227
2013	85,439	85,439
2014	111,544	111,544
Total School Facilities	$ 460,871	$ 460,871

* 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, 2014
(UNAUDITED)

	Coverage	Deductible
School Package Policy-NJSIG:		
Property-Blanket Building & Contents (Fund Limit)	$ 350,000,000	$ 5,000
Comprehensive General Liability	16,000,000	
Boiler and Machinery	100,000,000	5,000
Crime Public Employee Dishonesty	250,000	1,000
Auto Liability	16,000,000	
Auto Physical Damage	Actual Cash Value	1,000
School Board Legal Liability-NJSIG:		
Errors and Omissions	16,000,000	5,000
Worker's Compensation-NJSIG:		
Per Accident Per Employee	2,000,000	
Per Disease Per Employee	2,000,000	
Disease Policy Limit	2,000,000	
Public Employees' Faithful Performance-NJSIG:		
Treasurer of School Monies Bond	200,000	1,000
Business Administrator's Bond	200,000	1,000
Student Accident Insurance-BMI Benefits through Berkeley:		
Policy Limit	Full Excess	
Pollution Liability-NJSIG through Zurich:		
UST Coverage at Scheduled Locations:		
Claim Limit	1,000,000	25,000

Source: District Records

SINGLE AUDIT SECTION

William M. Colantano, Jr.
A Professional Corporation

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

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Washington, NJ 07882 - 1530
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INDEPENDENT AUDITOR'S REPORT

October 15, 2014

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the 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, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements, and have issued our report thereon dated October 15, 2014.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

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

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

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INDEPENDENT AUDITOR'S REPORT

October 15, 2014

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

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Franklin Township School District's (the District) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement and the New Jersey OMB State Grant Compliance Supplement that could have a direct and material effect on each of the Board of Education's major federal and state programs for the year ended June 30, 2014. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB 04-04. Those standards, OMB Circular A-133 and NJ OMB 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 or 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 on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Board of Education's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of The Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJ OMB 04-04, 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

William M. Colantuono, Jr.

Report on Schedules of Expenditures of Federal Awards Required by OMB Circular A-133 and Expenditures of State Financial Assistance Required by NJ OMB 04-04

We have audited the financial statements of the District as of and for the year ended June 30, 2014, and have issued our report thereon dated October 15, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by OMB Circular A-133 and NJ Circular 04-04 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

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, 2014

Grantor/Program Title	Federal CFDA Number	Project Number	Program or Award Amount	Grant Period From To	Balance June 30, 2013 (Acct Rec) Unearned Revenue	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment	Repay of Prior Year Balance	Balance June 30, 2014 Accounts Receivable	Balance June 30, 2014 Unearned Revenue	Balance June 30, 2014 Due to Grantor
US Department of Education Passed Through State Department of Education:													
Special Revenue Fund:													
NCLB Title IA	84.010A	NCLB 162013	$ 10,178	9/01/2012-8/31/2013	$ (10,178)		$ 10,178						
NCLB Title IA	84.010A	NCLB 162014	13,239	9/01/2012-8/31/2013			13,239	$ 13,239					
NCLB Title II A	84.367A	NCLB 162014	7,167	7/01/2013-6/30/2014			7,167	7,167					
NCLB Title II A	84.367A	NCLB 162013	7,309	9/01/2012-8/31/2013	(7,309)		7,309						
IDEA Basic	84.027	IDEA 162014	54,675	7/01/2013-6/30/2014				54,675			$ (54,675)		
IDEA Basic	84.027	IDEA 162013	59,699	9/01/2012-8/31/2013	(40,306)		40,306						
IDEA Preschool	84.173	IDEA 162013	2,200	9/01/2012-8/31/2013	(2,200)		2,200						
IDEA Preschool	84.027	IDEA 162014	2,042	7/01/2013-6/30/2014				2,042			(2,042)		
Small Rural School Achievement Prog	84.358A	S358A 133563	26,067	7/01/2012-9/30/2013							(26,067)	$ 26,067	
Small Rural School Achievement Prog	84.358A	S358A 123563	28,318	7/01/2012-9/30/2013			28,318	28,318					
Small Rural School Achievement Prog	84.358A	S358A 113563	32,273	7/01/2011-9/30/2012	$ (32,273)		32,273						
Total Special Revenue Fund					(92,266)	$ -	140,990	105,441	$ -	$ -	(82,784)	26,067	$ -
US Department of Agriculture Passed Through State Department of Agriculture:													
Enterprise Fund:													
Child Nutrition Cluster:													
National School Lunch Program-Non-cash Assistance (Commodities)	10.550	N/A	9,472	7/01/2013-6/30/2014			9,472	8,240				1,232	
National School Lunch Program-Non-cash Assistance (Commodities)	10.550	N/A	10,203	7/01/2012-6/30/2013	1,131			1,131					
National School Lunch Program-Cash Assistance	10.555	N/A	12,754	7/01/2013-6/30/2014			11,648	12,754			(1,106)		
National School Lunch Program-Cash Assistance	10.555	N/A	13,331	7/01/2012-6/30/2013	(3,114)		3,114						
Total Enterprise Fund					(1,983)	-	24,234	22,125	-	-	(1,106)	1,232	-
TOTAL FEDERAL FINANCIAL ASSISTANCE					$ (94,249)	$ -	$ 165,224	$ 127,566	$ -	$ -	$ (83,890)	$ 27,299	$ -

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, 2014

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From To	Balance 6/30/2013 (Acct Rec) Unearned Rev.	Cash Received	Budgetary Expenditure	Adjustment	Balance June 30, 2014 Accounts Receivable	Balance June 30, 2014 Unearned Revenue	Balance June 30, 2014 Due to Grantor	Memo Budgetary Receivable	Memo Cumulative Expenditures
State Department of Education												
General Fund:												
Equalization Aid	13-495-034 5120-078	$ 568,259	7/01/2012-6/30/2013	$ (55,884)	$ 55,884							
Equalization Aid	14-495-034 5120-078	557,245	7/01/2013-6/30/2014		501,833	$ 557,245		$ (55,412)			$ (55,412)	$ 557,245
Special Education Aid	14-495-034 5120-089	147,307	7/01/2013-6/30/2014		132,659	147,307		(14,648)			(14,648)	147,307
Special Education Aid	13-495-034 5120-089	148,587	7/01/2012-6/30/2013	(14,613)	14,613							
Security Aid	13-495-034 5120-084	3,767	7/01/2012-6/30/2013	(371)	371							
Security Aid	14-495-034 5120-084	4,013	7/01/2013-6/30/2014		3,614	4,013		(399)			(399)	4,013
Additional Adjustment Aid	14-495-034 5120-085	16,011	7/01/2013-6/30/2014		14,419	16,011		(1,592)			(1,592)	16,011
Transportation Aid	13-495-034 5120-014	23,298	7/01/2012-6/30/2013	(2,291)	2,291							
Transportation Aid	14-495-034 5120-014	19,335	7/01/2013-6/30/2014		17,412	19,335		(1,923)			(1,923)	19,335
Extraordinary Special Education Costs Aid	13-100-034 5120-473	147,500	7/01/2012-6/30/2013	(147,500)	147,500							
Extraordinary Special Education Costs Aid	14-100-034 5120-473	121,276	7/01/2013-6/30/2014			121,276		(121,276)				121,276
Nonpublic School Transportation	13-495-034 5120-014	3,132	7/01/2012-6/30/2013	(3,132)	3,132							
Reimbursement TPAF Social Security Contributions	13-495-034 5095-002	177,325	7/01/2012-6/30/2013	(15,477)	15,477							
Reimbursement TPAF Social Security Contributions	14-495-034 5095-002	152,017	7/01/2013-6/30/2014		152,017	152,017						152,017
On-Behalf TPAF Pension Contribution-Normal Cost and Accrued Liability	14-495-034 -5095-006	83,581	7/01/2013-6/30/2014		83,581	83,581						83,581
On-Behalf TPAF Pension Contribution-Non-Contributory Insurance	14-495-034 -5095-007	7,377	7/01/2013-6/30/2014		7,377	7,377						7,377
On-Behalf TPAF Pension Contribution-Post Retirement Medical	14-495-034 -5095-001	149,137	7/01/2013-6/30/2014		149,137	149,137						149,137
Total General Fund				(239,268)	1,301,317	1,257,299	$ -	(195,250)	$ -	$ -	(73,974)	1,257,299
Capital Projects Fund:												
NJSDA Grant-Boiler and Window Replacement	1620-050-10-1001	261,320		(234,003)	234,000		(3)					234,000
Total Capital Projects Fund:				(234,003)	234,000	-	(3)	-	-	-	-	234,000
State Department of Agriculture												
Enterprise Fund												
State School Lunch Program	14-100-010 -3350-023	710	7/01/2013-6/30/2014		611	710		(99)				
State School Lunch Program	13-100-010 -3350-023	820	7/01/2012-6/30/2013	(223)	223							
Total Enterprise Fund				(223)	834	710	-	(99)	-	-	-	-
TOTAL STATE FINANCIAL ASSISTANCE				$ (473,494)	$ 1,536,151	$ 1,258,009	$ (3)	$ (195,349)	$ -	$ -	$ (73,974)	$ 1,491,299

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

FRANKLIN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2014

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 ($859) for the general fund and $-0- 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:

	Local	Federal	State	Total
General Fund			$ 1,256,484	$ 1,256,484
Special Revenue Fund	$ 466	$ 105,441		105,907
Food Service Fund		22,125	710	22,835
Capital Projects Fund			(27,320)	(27,320)
	$ 466	$ 127,566	$ 1,229,874	$ 1,357,906

FRANKLIN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2014
(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, 2014. 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, 2014.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

SECTION I-SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued:	Unmodified	
Internal Control Over Financial Reporting:		
1. Material weakness(es) identified?	____ Yes	X No
2. Reportable conditions identified that are not considered to be material weaknesses?	____ Yes	X No
Noncompliance Material to General-Purpose Financial Statements Noted?	____ Yes	X No
Federal Awards	NOT APPLICABLE	
Internal Control Over Major Programs:		
1. Material weakness(es) identified?	____ Yes	____ No
2. Reportable conditions identified that are not considered to be material weaknesses?	____ Yes	____ No
Type of Auditor's Report Issued on Compliance for Major Programs?	____	
Any Audit Findings Disclosed that are Required to be Reported in Accordance with Section .510 (a) of Circular A-133?	____ Yes	____ No

Identification of Major Programs:

CFDA Numbers	Amount	Name of Federal Program

NOT APPLICABLE

FRANKLIN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(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:	Unmodified	
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:

GMIS Numbers	Amount	Name of State Program
14-495-034-5120-078	$ 557,245	Equalization Aid
14-495-034-5120-089	147,307	Special Education Aid
14-495-034-5095-002	152,017	Reimbursement TPAF Social Security

FRANKLIN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

SECTION II-FINANCIAL STATEMENT FINDINGS

There were no findings or questioned costs for the year ended June 30, 2014.

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, 2014.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

There were no prior year findings or questioned costs.