

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT

Franklinville, New Jersey
County of Gloucester

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

OF THE

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT

FRANKLINVILLE, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Prepared by

**Township of Franklin School District
Finance Department**

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OUTLINE OF ACFR - GASB #34

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INTRODUCTORY SECTION

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TOWNSHIP OF FRANKLIN PUBLIC SCHOOLS

3228 COLES MILL ROAD
FRANKLINVILLE, NJ 08322
www.franklintwpschools.org

Troy Walton, Superintendent
Trish Birmingham, SBA/BS

Telephone: (856) 629-9500
Fax: (856) 629-1486

January 13, 2025

Honorable President and Members
of the Board of Education
Township of Franklin Board of Education
Franklinville, New Jersey 08322

Dear Board Members/Citizens,

It is with pleasure that we submit the Annual Comprehensive Financial Report (ACFR) of the Township of Franklin School District (District) for the fiscal year ended June 30, 2024. This ACFR includes the District's Basic Financial Statement prepared in accordance with Governmental Accounting Standards Board Statement 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, 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 District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The ACFR is presented in four sections as follows:

- ◆ The Introductory Section contains a Table of Contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the School District;
- ◆ The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the School District's financial position and operating results, and other schedules providing detailed budgetary information;
- ◆ The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the District, generally presented on a multi-year basis; and
- ◆ The Single Audit Section - The District is required to undergo an annual audit in conformity with the provisions of Title 2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), "Audits of States, Local Governments, and Non-Profit Organizations" and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid." Information related to this single audit, including the independent auditors' report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, if any, is included in the single audit section of this report.

REPORTING ENTITY AND ITS SERVICES

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

The District continues to maintain a high quality of education. The District provides a full-range of programs and services appropriate to grades pre-K disabled through 6. These include regular education, programs for the very able students (gifted and talented), as well as a special education for handicapped children in- and out-of-district. Three elementary schools comprise the district's facilities.

Supervising district-wide goals is a superintendent, a school business administrator/board secretary, a curriculum supervisor, and a supervisor of special services. Technology services are contracted through the Delsea Board of Education as a shared service. Each of the three elementary schools has a principal.

The Board of Education, comprised of nine members, each elected to three-year terms, meets on the third Monday of each month for its regular board meeting (with some exceptions). During its committee-as-a-whole work-session and board meetings, the board determines district goals and priorities and conducts the business of the Board of Education. Board meetings are open to the public and begin at 6:00 p.m.

PTAs are highly active in the District and provide community support for a variety of programs and activities for the children. To maintain effective communications, each school produces newsletters and the district maintains a website. Each of the schools follows district-wide goals and educational approaches in the teaching of children, while maintaining a unique personality that makes up that particular school. All curricula in our District have been aligned to the New Jersey Student Learning Standards.

In July 2024, the New Jersey Department of Education released its Taxpayer's Guide to Education Spending for all school districts in the state. The guide compares districts with those who are similar in enrollment/configurations. The information on expenditures was taken from certified budgets on file with the State Department of Education. This report shows that the district spends \$23,366 per pupil while the average costs for similar districts are \$28,687. According to the report, per pupil costs range from a low of \$20,014 to a high of \$49,598 across the state. Of the 50 other K-6 school districts in the state, the Township of Franklin School District ranked tenth lowest in total budgeted cost per pupil.

Elementary Schools

Currently there are three elementary schools (Mary F. Janvier, Main Road, and Caroline L. Reutter) that offer students in grades Pre-Kindergarten through 6 a comprehensive educational program.

Mary F. Janvier School – a Pre-Kindergarten to Grade 2 school of 561 students. There is one principal and a staff of 62 teachers and classroom teacher aides/one to one assistants. The school is located on 1532 Pennsylvania Avenue.

Lake School – up through June 2010, this location housed the preschool disabled and inclusion program. From 2010-11 through 2013-14 school year, this program was housed at Main Road School. Effective 2014-15, this program is housed at the Mary F. Janvier School. There are no students at this school. This school and property was sold in December 2023.

Main Road School - grades 3-4 school of 357 students. There is one principal and a staff of 48 teachers and classroom teacher aides/one to one assistants. The school is located on 1452 Main Road.

Caroline L. Reutter School - a grades 5-6 school of 392 students. There is one principal and a staff of 41 teachers and classroom teacher aides/one to one assistants. The school is located on 2150 Delsea Drive.

Special Education

The Special Education program is an integral part of each school. In the 2023-24 school year, there were approximately 250 on-roll students classified as eligible to receive special education and related services, and 23 students who were placed in out of district settings. The district offers a number of special education programs including in-class resource or co-teaching, pull-out resource as well as self-contained classrooms. The district also offers related services including counseling, speech therapy, occupational therapy and physical therapy.

New Jersey Student Learning Standards

The district curriculum has been aligned with the revised New Jersey Student Learning Standards, according to state-defined timelines.

Staff Development

The Township of Franklin School District provides its teaching staff with many opportunities for professional development. In the beginning of the school year, all newly hired teachers are afforded the opportunity to participate in the Beginning Teacher Induction Program sponsored by Rowan University. The program encompasses training in instructional strategies, classroom management, curriculum, mentoring, and parent conferencing. Mentors are assigned to new staff members to provide support throughout the school year.

Professional in-service days are built into the school calendar to enable teachers to attend sessions related to instructional strategies, curricular updates, text orientation, and district-wide grade level meetings. Teachers are also afforded the opportunity to participate in various in-district workshops related to their PDPs and/or areas of interest.

Technology

District-wide technology is used to increase productivity, to enhance communication, and to enrich curriculum and instruction. Every classroom, computer lab and office in all three schools and the administration building are linked together in local and wide-area networks. All administrators and teachers, and some of the support staff have access to computers, printers, email accounts and the Internet within their work areas. All students in grades K through 6 are assigned a district issued Chromebook.

Pupil Enrollment

The district completed the 2023-24 fiscal year with an average daily enrollment of 1,328 students. Enrollment has fluctuated over the past five years; however, the District had an increase in enrollment this past year. The following details the changes in the student enrollment of the district over the last five years. The table presents the actual historical pupil enrollment as of October 15, for the school years 2019-20 through 2023-24:

Fiscal Year	Student Enrollment	Percent Change
2023-24	1,333	0.68%
2022-23	1,324	3.12%
2021-22	1,284	-0.93%
2020-21	1,296	-8.35%
2019-20	1,414	1.95%

ECONOMIC CONDITION AND OUTLOOK

Enrollments declined due to the COVID-19 pandemic that began in March 2020, but have incrementally increased from 2021-22 through 2023-24. The district continues to work within the 2% local revenue cap to minimize the tax impact, however has banked cap of \$252,773 available for use in the 2024-25 budget. It continues to incorporate efficiencies throughout the budget to fund initiatives to enhance educational programs.

MAJOR INITIATIVES-STRATEGIC PLAN

The Township of Franklin Board of Education adopted a four-year strategic plan in April 2022. The Vision 2026 Strategic Plan remained the focal point of administrative and board discussions on planning for five years. The strategic planning advisory committee has identified 5 goal areas for focus of action planning these goal areas include; Social and Emotional Learning, Facilities and Finance, Communication, Talent Acquisition and Retention, and Curriculum and Instruction. The community is consistently updated on the progress toward our strategic plan goals via website posts and social media.

PROFESSIONAL DEVELOPMENT ACTIVITIES

District personnel participated in a variety of professional development activities in accordance with the Township of Franklin's Professional Development Plan that incorporates district and school goals. Activities were also relevant to individual professional development plans, student achievement needs, curriculum development and content standards:

- Tuition reimbursement was provided to teachers for graduate course work.
- Grade level meetings were conducted district wide to implement district initiatives and to improve programs.
- Vertical articulation meetings within our district and with our constituent districts were held to discuss curriculum and standards.
- Teachers provided turnkey training and developed their own workshops in areas of expertise.
- All employees received school security and Harassment, Intimidation and Bullying training as well as other state mandated trainings.
- New teachers were provided with an in-district New Teacher Orientation that focused on district technology systems and effective instructional techniques.
- Specific teacher development included, but was not limited to:
 - Co-Teaching
 - RTI – Response To Intervention
 - DIBELS and DRA2 reading assessments and instruction
 - Differentiated instruction
 - Integration of technology into instruction
 - Using data to make decisions
 - Small group instruction

Achievements

All grade levels have implemented common formative assessments in the areas of mathematics and language arts to further assist in guiding instruction for individual students. Franklin Township School District has fully integrated a Standards Based Grading initiative.

Community Support

Resources and Links to Social Service Agencies:

Division of Youth and Family Services	Veterans of Foreign Wars - Loyalty Day
United Way of Gloucester County	Twp. of Franklin Police Dept. - DARE Program
N.J. State Police - Safety Patrol Program	Camden County Mental Health Assn.
U.S. Marine Corps - Toys for Tots	Gloucester County Sheriff - Fingerprinting Project
Together - Coats for Kids Program	N.J. Head Injury Assn. - Bicycle Safety
N.J. Dental Health Dept. - Fluoride Program	American Lung Association
Kessler Memorial Hospital Outreach Program	Epilepsy Foundation of America
American Heart Association	American Diabetes Association
American Red Cross	Lyme Disease Foundation
American Cancer Society	Library for the Blind and Handicapped
Gloucester County Dept. of Youth Services - Project Aware	Food Bank of South Jersey
	Commission for the Blind and Visually Impaired
	Child Assault Prevention
	Special Children's Health Services

Community Involvement

The district involved the community in the following ways during the 2023-24 school year:

Malaga, Star Cross, Franklinville, Janvier, Forest Grove Fire Departments - Prevention Program
Toys for Tots Collection Program - U.S. Marine Corps
Holiday Music Programs
Canned Goods Drive
Recycling Projects
Sentinel Newspaper - Publishing of School Events
Gloucester County Times Newspaper - Publishing of School Events
Safe Kids Program
Township of Franklin Police Department - Assembly, School Violence Awareness
Assembly Honoring Veterans - VFW Ladies Auxiliary
Franklin Township Community Day
Vision 2026 - Strategic Plan Process
Community Survey
Association of Art Educators of N.J. (AAENJ)
Youth Art Show Participation
Township of Franklin Annual Tree Lighting Ceremony

Parental Involvement

Library Parent Volunteer Program	Parent-Teacher Association
Fluoride Parent Volunteer Program	Child Assault Prevention Program
School Nurse Parent Volunteer Program Family Fun Night	
Parent Visitation Day	Budget Committee
Teacher-Parent Conferences	Participation As Members of the School
Back to School Night	Planning Teams
4 th Friday of the month	Curbing Hunger Program
Preschool Community Activity	Kindergarten Orientation Program
Project THINK	Reading Workshops
Musical Presentations	Bullies/Victims Program
Classroom Star of the Week Program	Grandparents' Day Program

Parent Education Workshops
Vision 2026 - Strategic Plan Process
NJASK Family Night
Grade 5 Orientation
Book Fairs
Grade 4 Student-Parent Dance
Student Birthdays

Grade 3 Orientation
Student Fingerprinting
School Safety Team
Parents for Positive Change
Field Trip Chaperones
Holiday Shop
Classroom Parties

INTERNAL ACCOUNTING CONTROLS

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

As a recipient of federal and state awards, the District is also responsible for ensuring that an adequate internal control is in place to ensure compliance with applicable laws, regulations, contracts and grants related to those programs. This internal control system 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 system, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

BUDGETARY CONTROL

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled 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 fiscal year-end.

CASH MANAGEMENT

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements," Note 3. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provision of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

RISK MANAGEMENT

The Board carries various forms of insurance, including but not limited to general liability, automobile liability, and comprehensive/collision, hazard and theft insurance on property and contents, fidelity bonds and worker's compensation. A schedule of insurance coverage is found in J-20.

OTHER INFORMATION

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Holt McNally & Associates Inc. was appointed by the Board. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of the Title 2 CFR 200-

Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and State of New Jersey Treasury Circular 15-08 OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. The auditor's report on the basic financial statements and combining and individual fund statements and schedules are included in the financial section of this report. The auditor's report related specifically to the single audit are included in the single audit section of this report.

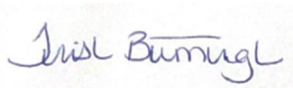
ACKNOWLEDGMENTS

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

Respectfully submitted,

A handwritten signature in black ink that reads "Troy Walton".

Troy Walton
Superintendent

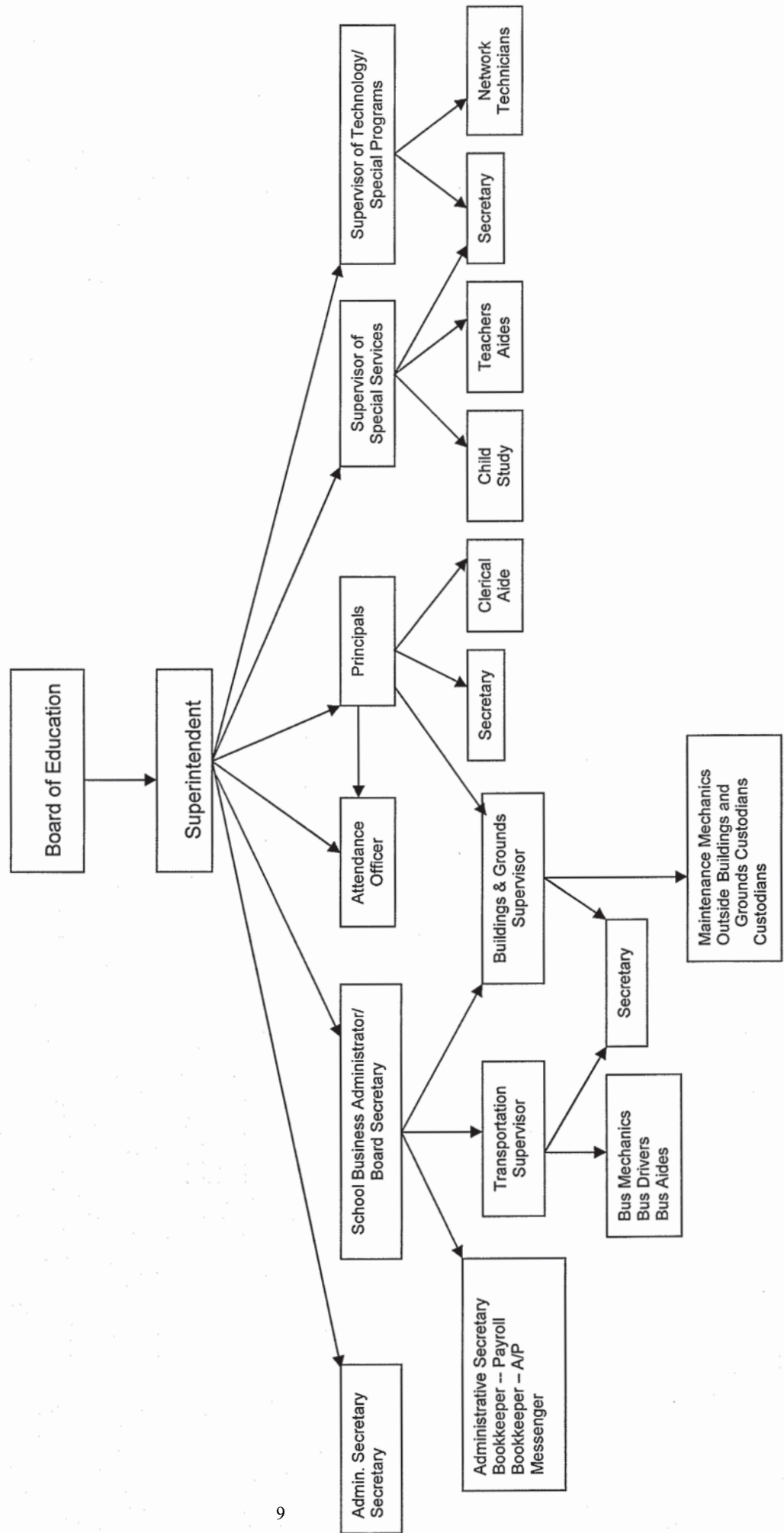
A handwritten signature in blue ink that reads "Trish Birmingham".

Trish Birmingham
School Business Administrator/Board Secretary

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TOWNSHIP OF FRANKLIN BOARD OF EDUCATION

Organizational Chart -- Unit Control



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TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
3228 Coles Mill Road
Franklinville, New Jersey 08322

ROSTER OF OFFICIALS

June 30, 2024

MEMBERS OF THE BOARD OF EDUCATION	TERM EXPIRES
Jason Brandt, President	2025
Alicia Fragoso, Vice President	2025
Barbara Ciancaglini	2024
Michele Cunningham	2024
Michelle Doyle	2026
Diane Mikell	2025
Mary Petsch Wilson	2024
Greg Smith	2026
Stephanie Starr	2026

OTHER OFFICIALS

Mr. Troy Walton, Superintendent

Ms. Trish Birmingham, School Business Administrator

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**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
FRANKLINVILLE, NEW JERSEY**

CONSULTANTS AND ADVISORS

AUDIT FIRM

Michael Holt, CPA, PSA
Holt McNally & Associates
105 Atsion Road, Suite I
Medford, New Jersey 08055

ATTORNEY

Jeffrey R. Caccese, Esq
521 Pleasant Valley Avenue
Moorestown, NJ 08057

OFFICIAL DEPOSITORY

Newfield National Bank
18-24 West Boulevard
Newfield, New Jersey 08344

ARCHITECT

Becica Associates, LLC
1040 Kings Hwy
N. Suite 306
Cherry Hill, NJ 08034

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FINANCIAL SECTION

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HOLT MCNALLY & ASSOCIATES

Certified Public Accountants & Advisors

INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Franklin Township School District, County of Gloucester, State of New Jersey, as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Franklin Township School District, County of Gloucester, State of New Jersey, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit 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 audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School District, and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The combining and individual fund statements and long-term debt schedules are presented for purposes of additional analysis, as required by the Office of School Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, are also presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and related major fund supporting statements and schedules, and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2025 on our consideration of the School 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 the effectiveness of the School District's 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 School District's internal control over financial reporting and compliance.

Respectfully submitted,

HOLT MCNALLY & ASSOCIATES, INC.

Certified Public Accountants & Advisors

Michael Holt
Certified Public Accountant
Public School Accountant, No. 1148

Medford, New Jersey
January 13, 2025

REQUIRED SUPPLEMENTARY INFORMATION - PART I

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TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

As management of the Township of Franklin School District, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements are comprised of three components:

- 1) Government-Wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide the reader with a broad overview of the financial activities in a manner similar to a private-sector business. The government-wide financial statements include the statement of net position and the statement of net activities.

The *statement of net position* presents information about all of the School District's assets and liabilities. The difference between the assets plus deferred outflows or resources and liabilities plus deferred inflows of resources is reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the net position of the School District changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement even though the resulting cash flows may be recorded in a future period.

Both of the government-wide financial statements distinguish functions of the School District that are supported from taxes and intergovernmental revenues (*governmental activities*) and other functions that are intended to recover most of their costs from user fees and charges (*business-type activities*). Governmental activities consolidate governmental funds including the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund. Business-type activities reflect the Food Service Fund.

Fund Financial Statements

Fund financial statements are designed to demonstrate compliance with financial-related requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. All of the funds of the School District are divided into two categories: *governmental funds and proprietary funds*.

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited) (Continued)

Overview of the Basic Financial Statements (continued)

Fund Financial Statements (continued)

Governmental funds account for essentially the same information reported in the governmental activities of the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating the financial requirements in the near term.

Since the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, a reconciliation is provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The School District maintains four individual governmental funds. The major funds are the General Fund, the Special Revenue Fund, the Capital Projects Fund, and the Debt Service Fund. They are presented separately in the fund financial statements.

The School District adopts an annual appropriated budget for the General Fund, Special Revenue Fund and the Debt Service Fund. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with budgetary requirements.

Proprietary funds are used to present the same functions as the business-type activities presented in the government-wide financial statements. The School District maintains one type of proprietary fund – the Enterprise Fund. The fund financial statements of the enterprise fund provide the same information as the government-wide financial statements, only in more detail.

The School District's one enterprise fund (Food Service Fund) is listed individually and is considered to be a major fund.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Financial Analysis of the School District as a Whole

Recall that the Statement of Net Position provides the perspective of the school district as a whole (governmental and business-type activities). Net position may serve over time as a useful indicator of a government's financial position.

The School District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt and other long-term liabilities, the acquisition and disposal of capital assets, and the depreciation of capital assets.

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited) (Continued)

Financial Analysis of the School District as a Whole (continued)

Table 1 provides a summary of the School Districts net position for the fiscal years 2024 compared to fiscal year 2023.

Table 1
Summary of Net Position

	June 30, <u>2024</u>	June 30, <u>2023</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Current & Other Assets	\$ 4,472,963	\$ 5,484,511	\$ (1,011,548)	-18.4%
Capital Assets, Net	13,687,721	14,719,793	(1,032,072)	-7.0%
Total Assets	18,160,684	20,204,304	(2,043,620)	-10.1%
Deferred Outflow of Resources	995,838	1,337,289	(341,451)	-25.5%
Current and other Liabilities	798,060	932,121	(134,061)	-14.4%
Noncurrent Liabilities	8,482,915	9,069,047	(586,132)	-6.5%
Total Liabilities	9,280,975	10,001,168	(720,193)	-7.2%
Deferred Inflow of Resources	430,167	982,871	(552,704)	-56.2%
Net Position:				
Net Investment in Capital Assets	10,831,380	11,412,656	(581,276)	-5.1%
Restricted	2,436,359	3,189,140	(752,781)	-23.6%
Unrestricted (Deficit)	(3,822,359)	(4,044,242)	221,883	-5.5%
Total Net Position	\$ 9,445,380	\$ 10,557,554	\$ (1,112,174)	-10.5%

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited) (Continued)

Financial Analysis of the School District as a Whole (continued)

Table 2 shows the changes in net position for fiscal year 2024 compared to fiscal year 2023.

Table 2
Summary of Changes in Net Position

	June 30, <u>2024</u>	June 30, <u>2023</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Revenues:				
Program Revenues:				
Charges for Services	\$ 257,860	\$ 244,109	\$ 13,751	5.6%
Operating Grants & Contributions	5,074,141	5,336,175	(262,034)	-4.9%
General Revenues:				
Property Taxes	12,127,942	11,604,686	523,256	4.5%
Federal & State Aid	8,789,895	9,268,571	(478,676)	-5.2%
Other General Revenues	2,797,143	2,302,048	495,095	21.5%
Total Revenues	<u>29,046,981</u>	<u>28,755,589</u>	<u>291,392</u>	<u>1.0%</u>
Function/Program Expenditures:				
Regular Instruction	5,408,502	5,078,419	330,083	6.5%
Special Education Instruction	3,044,831	2,664,315	380,516	14.3%
Other Instruction	967,310	948,946	18,364	1.9%
Tuition	882,945	924,167	(41,222)	-4.5%
Student & Instruction Related Services	3,014,312	2,929,047	85,265	2.9%
General Administrative Services	559,433	621,956	(62,523)	-10.1%
School Administrative Services	537,385	547,125	(9,740)	-1.8%
Central Services	341,853	335,084	6,769	2.0%
Administration Information Technology	190,085	191,570	(1,485)	-0.8%
Plant Operations & Maintenance	2,186,646	2,098,866	87,780	4.2%
Pupil Transportation	2,287,419	2,169,805	117,614	5.4%
Unallocated Benefits	8,635,947	8,493,873	142,074	1.7%
Interest & Other Charges	26,250	36,626	(10,376)	-28.3%
Transfer to Charter Schools	172,867	257,287	(84,420)	-32.8%
Unallocated Depreciation	1,170,108	1,827,493	(657,385)	-36.0%
Food Service	733,262	610,897	122,365	20.0%
Total Expenditures	<u>30,159,155</u>	<u>29,735,476</u>	<u>423,679</u>	<u>1.4%</u>
Change In Net Position	(1,112,174)	(979,887)	(132,287)	13.5%
Net Position - Beginning	10,557,554	11,537,441	(979,887)	-8.5%
Net Position - Ending	<u>\$ 9,445,380</u>	<u>\$ 10,557,554</u>	<u>\$ (1,112,174)</u>	<u>-10.5%</u>

Governmental Activities

During the fiscal year 2024, the net position of governmental activities decreased by \$982,735. The primary reason for the increase was related to decrease of expenditures in the current year.

The assets and deferred outflows of the primary government activities exceeded liabilities and deferred inflows by \$9,132,772, with an unrestricted deficit balance of (\$3,938,590). The deficit in unrestricted net position is primarily due to accounting treatment for compensated absences payable, GASB 68 net pension liability, and the last two state aid payments. In addition, state statutes prohibit school districts from maintaining more than 2% of its adopted budget as unassigned fund balance.

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited) (Continued)

Governmental Activities (continued)

The School District's governmental activities unrestricted net position had GASB 68 pension not been implemented would have been as follows:

Table 3
GASB 68 Effect on Unrestricted Net Position

Unrestricted Net Position (With GASB 68)	\$ (3,938,590)
Add back: PERS Pension Liability	5,406,013
Less: Deferred Outflows related to pensions	(995,838)
Add back: Deferred Inflows related to pensions	<u>430,167</u>
Unrestricted Net Position (Without GASB 68)	<u>\$ 901,752</u>

Business-type Activities

During the fiscal year 2024, the net position of business-type activities decreased by \$129,439.

The assets and deferred outflows of the business-type activities exceeded liabilities and deferred inflows by \$312,608.

General Fund Budgeting Highlights

Final budgeted revenues were \$23,295,634, which was equal to the original budget. Excluding nonbudgeted revenues, the School District's budgeted revenues exceeded actual revenues by \$400,417.

Final budgeted appropriations were \$25,331,727, which was an increase of \$655,901 from the original budget. The increase is primarily due to prior year reserve for encumbrances, which increase the budget appropriations in the subsequent fiscal year's budget. Excluding nonbudgeted expenditures, the School District's budget appropriations exceeded actual expenditures by \$1,246,538.

The School District's general fund balance – budgetary basis (Exhibit C-1) was \$4,703,537 at June 30, 2024, a decrease of \$954,598 from the prior year.

Governmental Funds

At the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$4,126,993, a decrease of \$763,779 from the prior year.

General fund - During the current fiscal year, the fund balance of the School District's general fund decreased by \$935,669 to \$3,892,868 at June 30, 2024, compared to decrease of \$1,010,034 in fund balance in the prior fiscal year.

Special revenue fund – During the current fiscal year, the fund balance of the School District's special revenue fund increased by \$5,507 to \$26,577 at June 30, 2024, compared to an increase of \$3,244 in fund balance in the prior fiscal year.

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited) (Continued)

Governmental Funds (continued)

Capital projects fund – During the current fiscal year, the fund balance of the School District's capital project fund increased by \$166,383 to \$207,548 at June 30, 2024, compared to a decrease of \$61,635 in fund balance in the prior fiscal year.

Debt service fund – There was no change in fund balance for the debt service fund.

Proprietary Funds

Food service fund - During the current fiscal year, the net position of the School District's food service fund decreased by \$129,439 to \$312,608 at June 30, 2024, compared to an increase of \$854 in fund balance in the prior fiscal year.

Capital Assets

The School District's capital assets for its governmental and business-type activities as of June 30, 2024, totaled \$13,687,721 (net of accumulated depreciation). Capital assets includes land, land improvements, buildings and improvements and equipment. The School District's "Net Investment in Capital Assets" component of net position represents capital assets, net of accumulated depreciation less any outstanding debt associated with the capital assets. There was a net decrease in the School District's capital assets for the current fiscal year in the amount of \$1,032,072. Table 4 shows fiscal 2024 balances compared to 2023.

Table 4
Summary of Capital Assets

<u>Capital Asset (Net of Depreciation):</u>	June 30, <u>2024</u>	June 30, <u>2023</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Land	\$ 200,446	\$ 200,446	\$ -	0.0%
Construction in Progress	-	-	-	100.0%
Site Improvements	8,754	10,547	(1,793)	-17.0%
Building and Improvements	10,997,774	11,612,698	(614,924)	-5.3%
Equipment	2,480,747	2,896,102	(415,355)	-14.3%
	<u>\$ 13,687,721</u>	<u>\$ 14,719,793</u>	<u>\$ (1,032,072)</u>	<u>-7.0%</u>

Depreciation expense for the year was \$1,170,108. Additional information on the School District's capital assets can be found in the notes to the basic financial statements (Note 5) of this report.

Debt Administration

Long-term debt – At the end of the current fiscal year, the School District had total bonded debt outstanding of \$727,000, which is a decrease of \$170,000 from the prior year.

Additional information on the School District's long-term obligations can be found in the notes to the basic financial statements (Note 7) of this report.

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited) (Continued)

Factors on the School District's Future

The Township of Franklin School District is presently in good financial condition. However, future finances are not without challenges as state and federal funding may be unstable. The District is also dealing with implementing a 2% cap on tax revenues to support appropriations.

The Township of Franklin is primarily a residential/rural community, with very few significant ratables; thus the burden is focused on homeowners to foot the tax bill.

The fiscal outlook in the near term is a concern for most school districts and municipalities, including this one. Top-down changes in funding will require flexibility and very careful planning at the local level. The Township of Franklin School District will continue to employ prudent and responsible fiscal practices to maintain its sound financial condition.

Contacting the School Districts Financial Management

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the School Business Administrator, 3228 Coles Mill Road, Franklinville, New Jersey 08322-3029.

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BASIC FINANCIAL STATEMENTS

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A. District-Wide Financial Statements

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TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2024

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Cash & Cash Equivalents	\$ 377,817	\$ 78,808	\$ 456,625
Receivables, Net (Note 4)	1,723,426	50,622	1,774,048
Internal Balances	16,863	(16,863)	-
Inventory	-	40,056	40,056
Restricted Cash & Cash Equivalents	2,202,234	-	2,202,234
Capital Assets, Net (Note 5)			
Non-Depreciable	200,446	-	200,446
Depreciable	13,290,898	196,377	13,487,275
Total Assets	17,811,684	349,000	18,160,684
DEFERED OUTFLOW OF RESOURCES			
Related to Pensions (Note 8)	995,838	-	995,838
Total Deferred Outflow of Resources	995,838	-	995,838
Total Assets and Deferred Outflow of Resources	18,807,522	349,000	19,156,522
LIABILITIES			
Accounts Payable	164,737	-	164,737
Accrued Interest Payable	55,511	-	55,511
Due to Other Governments	512,810	-	512,810
Unearned Revenue	28,610	36,392	65,002
Noncurrent Liabilities (Note 7):			
Due Within One Year	357,625	-	357,625
Due Beyond One Year	8,125,290	-	8,125,290
Total Liabilities	9,244,583	36,392	9,280,975
DEFERED INFLOW OF RESOURCES			
Deferred Inflows Related to Pensions (Note 8)	430,167	-	430,167
Total Deferred Inflow of Resources	430,167	-	430,167
Total Liabilities and Deferred Inflow of Resources	9,674,750	36,392	9,711,142
NET POSITION			
Net Investment in Capital Assets	10,635,003	196,377	10,831,380
Restricted For:			
Capital Projects	1,463,107	-	1,463,107
Maintenance Reserve	549,607	-	549,607
Unemployment Compensation	397,068	-	397,068
Student Activities	26,577	-	26,577
Unrestricted	(3,938,590)	116,231	(3,822,359)
Total Net Position	\$ 9,132,772	\$ 312,608	\$ 9,445,380

The accompanying Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2024**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		TOTAL
		CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	
Governmental Activities:						
Instruction:						
Regular	\$ 5,408,502	\$ -	\$ -	\$ (5,408,502)	\$ -	\$ (5,408,502)
Special Education	3,044,831	-	921,914	(2,122,917)	-	(2,122,917)
Other Instruction	967,310	-	-	(967,310)	-	(967,310)
Support Services:						
Tuition	882,945	-	-	(882,945)	-	(882,945)
Student & Instruction Related Services	2,590,469	-	688,483	(1,901,986)	-	(1,901,986)
Health Services	278,127	-	-	(278,127)	-	(278,127)
Educational Media Services/School Library	145,716	-	-	(145,716)	-	(145,716)
School Administrative Services	537,385	-	-	(537,385)	-	(537,385)
General Administration	559,433	-	-	(559,433)	-	(559,433)
Central Services	341,853	-	-	(341,853)	-	(341,853)
Administrative Information Technology	190,085	-	-	(190,085)	-	(190,085)
Plant Operations & Maintenance	2,186,646	-	-	(2,186,646)	-	(2,186,646)
Pupil Transportation	2,287,419	-	-	(2,287,419)	-	(2,287,419)
Unallocated Benefits	8,635,947	-	3,117,781	(5,518,166)	-	(5,518,166)
Transfer to Chater Schools	172,867	-	-	(172,867)	-	(172,867)
Interest and Charges on Long-Term Debt	26,250	-	-	(26,250)	-	(26,250)
Unallocated Depreciation	1,170,108	-	-	(1,170,108)	-	(1,170,108)
Total Governmental Activities	29,425,893	-	4,728,178	(24,697,715)	-	(24,697,715)
Business-Type Activities:						
Food Service	733,262	257,860	345,963	-	(129,439)	(129,439)
Total Business-Type Activities	733,262	257,860	345,963	-	(129,439)	(129,439)
Total Primary Government	\$ 30,159,155	\$ 257,860	\$ 5,074,141	(24,697,715)	(129,439)	(24,827,154)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes				12,127,942	-	12,127,942
Federal & State Aid Not Restricted				8,789,895	-	8,789,895
Tuition Charges				2,462,294	-	2,462,294
Miscellaneous Income				334,849	-	334,849
Total General Revenues, Special Items, Extraordinary Items & Transfers				23,714,980	-	23,714,980
Change In Net Position				(982,735)	(129,439)	(1,112,174)
Net Position - Beginning				10,115,507	442,047	10,557,554
Net Position - Ending				\$ 9,132,772	\$ 312,608	\$ 9,445,380

The accompanying Notes to Financial Statements are an integral part of this statement.

B. Fund Financial Statements

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Governmental Funds

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TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2024

ASSETS	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
Cash & Cash Equivalents	\$ 116,577	\$ 6,531	\$ 254,709	\$ -	\$ 377,817
Receivables from Other Governments	1,079,833	631,538	-	-	1,711,371
Other Accounts Receivable	12,055	-	-	-	12,055
Interfund Accounts Receivable	509,988	-	-	-	509,988
Restricted Cash & Cash Equivalents	2,202,234	-	-	-	2,202,234
Total Assets	<u>\$ 3,920,687</u>	<u>\$ 638,069</u>	<u>\$ 254,709</u>	<u>\$ -</u>	<u>\$ 4,813,465</u>
LIABILITIES & FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 1,198	\$ 163,539	\$ -	\$ -	\$ 164,737
Interfund Accounts Payable	-	445,964	47,161	-	493,125
Unearned Revenue	26,621	1,989	-	-	28,610
Total Liabilities	<u>27,819</u>	<u>611,492</u>	<u>47,161</u>	<u>-</u>	<u>686,472</u>
Fund Balances:					
Restricted for:					
Maintenance Reserve	549,607	-	-	-	549,607
Capital Reserve Account	1,255,559	-	-	-	1,255,559
Unemployment Compensation	397,068	-	-	-	397,068
Student Activities	-	26,577	-	-	26,577
Capital Projects Fund	-	-	207,548	-	207,548
Assigned to:					
Other Purposes	437,081	-	-	-	437,081
Designated for Subsequent Year Expenditures	1,331,917	-	-	-	1,331,917
Unassigned:					
General Fund	(78,364)	-	-	-	(78,364)
Total Fund Balances	<u>3,892,868</u>	<u>26,577</u>	<u>207,548</u>	<u>-</u>	<u>4,126,993</u>
Total Liabilities & Fund Balances	<u>\$ 3,920,687</u>	<u>\$ 638,069</u>	<u>\$ 254,709</u>	<u>\$ -</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$30,954,834 and the accumulated depreciation is \$17,463,490.

\$ 13,491,344

Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.

(55,511)

Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refunding are applicable to future reporting periods and therefore are not reported in the funds.

Deferred Outflows related to pensions

995,838

Deferred Inflows related to pensions

(430,167)

Accrued pension contributions for the June 30, 2024 plan year are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.

(512,810)

Long-term liabilities, including net pension liability and bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.

(8,482,915)

Net position of Governmental Activities

\$ 9,132,772

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR FISCAL YEAR ENDED JUNE 30, 2024

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
Revenues:					
Local Sources:					
Local Tax Levy	\$ 12,127,942	\$ -	\$ -	\$ -	\$ 12,127,942
Tuition	2,462,294	-	-	-	2,462,294
Transportation	136,474	-	-	-	136,474
Interest Earned on Capital Reserve Funds	9	-	-	-	9
Miscellaneous	172,081	26,285	-	-	198,366
Total Local Sources	14,898,800	26,285	-	-	14,925,085
State Sources	13,884,810	32,570	-	-	13,917,380
Federal Sources	16,866	1,551,542	-	-	1,568,408
Total Revenues	28,800,476	1,610,397	-	-	30,410,873
Expenditures:					
Current Expense:					
Regular Instruction	5,689,298	-	-	-	5,689,298
Special Education Instruction	2,160,994	883,837	-	-	3,044,831
Other Instruction	967,310	-	-	-	967,310
Support Services:					
Tuition	882,945	-	-	-	882,945
Student & Instruction Related Services	1,901,986	688,483	-	-	2,590,469
Health Services	278,127	-	-	-	278,127
Educational Media Services/					
School Library	145,716	-	-	-	145,716
Instructional Staff Training	25,761	-	-	-	25,761
General Administrative	533,672	-	-	-	533,672
School Administrative Services	537,385	-	-	-	537,385
Central Services	341,853	-	-	-	341,853
Administrative Information Technology	190,085	-	-	-	190,085
Plant Operations & Maintenance	2,186,646	-	-	-	2,186,646
Pupil Transportation	2,287,419	-	-	-	2,287,419
Employee Benefits	5,850,778	-	-	-	5,850,778
On Behalf TPAF Pension and Social					
Security Contributions	5,085,496	-	-	-	5,085,496
Debt Service:					
Principal	-	-	-	170,000	170,000
Interest & Other Charges	8,491	-	-	26,910	35,401
Capital Outlay	96,723	32,570	29,300	-	158,593
Total Expenditures	29,170,685	1,604,890	29,300	196,910	31,001,785
Excess/(Deficiency) of Revenues					
Over/(Under) Expenditures	(370,209)	5,507	(29,300)	(196,910)	(590,912)
Other Financing Sources/(Uses):					
Transfers In	-	-	195,683	196,910	392,593
Transfers Out	(392,593)	-	-	-	(392,593)
Transfer to Charter School	(172,867)	-	-	-	(172,867)
Total Other Financing Sources & Uses	(565,460)	-	195,683	196,910	(172,867)
Net Change in Fund Balances	(935,669)	5,507	166,383	-	(763,779)
Fund Balances July 1,	4,828,537	21,070	41,165	-	4,890,772
Fund Balances June 30,	\$ 3,892,868	\$ 26,577	\$ 207,548	\$ -	\$ 4,126,993

The accompanying Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

Total Net Change in Fund Balances - Governmental Funds (From B-2) \$ (763,779)

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 expense.

This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation Expense	\$ (1,170,108)	
Capital Outlays	158,593	(1,011,515)

Repayment of long-term debt principal and obligation of financed purchase agreements are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 450,796

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation (+). 9,151

Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period. 324,633

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) 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 reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). 7,979

Change in Net Position of Governmental Activities \$ (982,735)

The accompanying Notes to Financial Statements are an integral part of this statement.

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Proprietary Funds

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**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 FOR FISCAL YEAR ENDED JUNE 30, 2024**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		
	FOOD SERVICE FUND		TOTAL
ASSETS			
Current Assets:			
Cash & Cash Equivalents	\$	78,808	\$ 78,808
Accounts Receivable:			
Federal		10,602	10,602
State		735	735
Other		39,285	39,285
Inventories		40,056	40,056
Total Current Assets		169,486	169,486
Capital:			
Equipment		464,215	464,215
Accumulated Depreciation		(267,838)	(267,838)
Total Capital Assets		196,377	196,377
Total Assets		365,863	365,863
LIABILITIES			
Current Liabilities:			
Unearned Revenue		36,392	36,392
Interfund Payable		16,863	16,863
Total Current Liabilities		53,255	53,255
Total Liabilities		53,255	53,255
NET POSITION			
Investment in Capital Assets		196,377	196,377
Unrestricted		116,231	116,231
Total Net Position	\$	312,608	\$ 312,608

The accompanying Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2024**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND	
	FOOD SERVICE FUND	TOTAL
Operating Revenue:		
Daily Sales - Reimbursable Programs	\$ 181,530	\$ 181,530
Daily Sales - Nonreimbursable Programs	71,841	71,841
Special Functions	4,489	4,489
Total Operating Revenue	257,860	257,860
Operating Expenses:		
Salaries	280,361	280,361
Employee Benefits	78,019	78,019
Supplies and Materials	17,570	17,570
Other Purchased Services	44,000	44,000
Depreciation	20,557	20,557
Miscellaneous Other Expenses	31,865	31,865
Cost of Sales - Reimbursable Programs	230,660	230,660
Cost of Sales - Non-Reimbursable Programs	30,230	30,230
Total Operating Expenses	733,262	733,262
Operating (Loss)/Gain	(475,402)	(475,402)
Nonoperating Revenues/(Expenses):		
State Sources:		
State School Breakfast Program	4,894	4,894
Working Class Families	1,815	1,815
State School Lunch Program	6,906	6,906
Federal Sources:		
National School Lunch Program	135,893	135,893
Food Distribution Program	69,224	69,224
HHFKA	6,236	6,236
National Breakfast Program	60,905	60,905
Local Food for Schools	4,675	4,675
Pandemic EBT	653	653
Supply Chain Assistance	54,762	54,762
Total Nonoperating Revenues	345,963	345,963
Change in Net Position	(129,439)	(129,439)
Net Position - Beginning of Year	442,047	442,047
Total Net Position - End of Year	\$ 312,608	\$ 312,608

The accompanying Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR FISCAL YEAR ENDED JUNE 30, 2024**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND	
	FOOD SERVICE FUND	TOTAL
Cash Flows From Operating Activities:		
Receipts from Customers	\$ 230,243	\$ 230,243
Payments to Employees	(280,361)	(280,361)
Payments for Employee Benefits	(78,019)	(78,019)
Payments to Suppliers	(359,580)	(359,580)
Net Cash Provided/(Used) by Operating Activities	(487,717)	(487,717)
Cash Flows From Noncapital Financing Activities:		
Cash Received From State & Federal Reimbursements	348,531	348,531
Net Cash Provided by Noncapital Financing Activities	348,531	348,531
Net Increase/(Decrease) in Cash & Cash Equivalents	(139,186)	(139,186)
Cash & Cash Equivalents, July 1	217,994	217,994
Cash & Cash Equivalents, June 30	\$ 78,808	\$ 78,808

RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES:

Cash Provided/(Used) by Operating Activities:		
Operating Income/(Loss)	\$ (475,402)	\$ (475,402)
Adjustments to Reconcile Operating Income/(Loss) to Cash Provided/(Used) by Operating Activities:		
Depreciation Expense	20,557	20,557
Change in Assets & Liabilities:		
(Increase)/Decrease in Accounts Receivable	(11,000)	(11,000)
(Increase)/Decrease in Inventory	(5,256)	(5,256)
Increase/(Decrease) in Unearned Revenue	(16,617)	(16,617)
Increase/(Decrease) in Interfund Payable	1	1
Total Adjustments	(12,315)	(12,315)
Net Cash Provided/(Used) by Operating Activities	\$ (487,717)	\$ (487,717)

The accompanying Notes to Financial Statements are an integral part of this statement.

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TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

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TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

Note 1. Summary of Significant Accounting Policies

The financial statements of the Board of Education of Township of Franklin School District (the ‘School District’) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of more significant accounting policies.

Reporting Entity

The Township of Franklin School District (hereafter referred to as the “School District”) is a Type II district located in the County of Gloucester, 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. These terms are staggered so that three members’ terms expire each year. The purpose of the School District is to educate students in grades kindergarten through sixth, as well as having a preschool program for handicapped children, at its three schools. The School District has an approximate enrollment at June 30, 2024 of 1,333 students.

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

- ◆ the organization is legally separate (can sue or be sued in their own name);
- ◆ the School District holds the corporate powers of the organization;
- ◆ the School District appoints a voting majority of the organization’s board
- ◆ the School District is able to impose its will on the organization;
- ◆ the organization has the potential to impose a financial benefit/burden on the School District
- ◆ there is a fiscal dependency by the organization on the School District.

There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the School District is not includable in any other reporting entity on the basis of such criteria.

Component Units

GASB Statement No.14, The Financial Reporting Entity, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units and GASB Statement No. 61, The Financial Reporting Entity: Omnis - an amendment of GASB Statements No. 14 and No. 34, GASB Statement No. 80, Blending Requirements for certain component Units - an Amendment of GASB Statement No. 14 and GASB Statement No. 90, Majority Equity Interests – An amendment of GASB Statements No. 14 and No. 61. The School District had no component units as of for the year ended June 30, 2024.

Government-Wide Financial Statements

The School District’s Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the School District accompanied by a total column.

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

Note 1. Summary of Significant Accounting Policies (continued):

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the School District’s assets, deferred outflows of resources, liabilities, and

deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the School District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule (Exhibit B-3) is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The School District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The School District’s deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the School District, are property tax and intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated. A column representing internal service funds is also presented in these statements. However, internal service funds balances and activities have been combined with the governmental activities in the Government-Wide financial statements.

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

Note 1. Summary of Significant Accounting Policies (continued):

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

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 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 in 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.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges 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 taxes.

While government-wide and fund financial statements are presented separately, they are interrelated. The governmental activities column of the government wide statements incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the School District’s enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

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 School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, charges for services, licenses, and interest on notes receivable associated with the current fiscal period are all considered to be susceptible to accrual and accordingly have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

Note 1. Summary of Significant Accounting Policies (continued):

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available when cash is received.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Food Service Fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, employee salaries and benefits, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the School District's policy to use restricted resources first, then unrestricted resources as they are needed.

Internal service funds are used to account for those operations which provide benefits to other funds, departments, or agencies of the primary government and its component unit. Although internal service funds are reported as a proprietary fund in the fund financial statements, it is incorporated into governmental activities in the government-wide financial statements. The School District does not maintain any internal service funds.

The School District reports the following major governmental funds:

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

As required by the New Jersey Department of Education the School 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, interest earnings and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital 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 Special Revenue Fund is used to account for the proceeds of specific revenue 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.

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).

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

Note 1. Summary of Significant Accounting Policies (continued):

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

The School District reports the following major proprietary funds:

Food Service Fund – This fund accounts for the revenues and expenses pertaining to the School District's cafeteria operations.

During the course of operations, the School District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

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. In accordance with P.L.2011 c.202, which became effective January 17, 2012, the School District eliminated the April annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2-2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23-2-11.

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

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

Note 1. Summary of Significant Accounting Policies (continued):

GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The budget, as detailed on Exhibit C-1, Exhibit C-2, and Exhibit I-3, includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounts as presented in the General Fund Budgetary Comparison Schedules and the Special Revenue Fund Budgetary Comparison Schedule to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds. Note that the School District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payments.

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 assigned fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the School District has received advances are reflected in the balance sheet as a reduction of the accounts receivables or as unearned revenue 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.

Cash and Cash Equivalents

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. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost.

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

Additionally, the School 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 loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A.17:9-41 et. Seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act.

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

Note 1. Summary of Significant Accounting Policies (continued):

Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings 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.

Tuition Payable/Receivable

Tuition rates for the fiscal year end June 30, 2024 were established by the receiving district based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

Inventories

Inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

Interfund Receivables/Payables

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the School District and that are due within one year. The amounts are eliminated in the governmental and business-type activities, which are presented as Internal Balances.

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation. The School District has established a threshold of \$2,000 for capitalization of depreciable assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the School District are depreciated or amortized using the straight-line method over the following estimated lives:

Equipment & Vehicles	3 – 20 Years
Buildings	30 – 50 Years
Improvements	10 – 50 Years
Software	5 – 7 Years

Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the School District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the School

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

Note 1. Summary of Significant Accounting Policies (continued):

District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The entire compensated absences liability is reported on the government-wide financial statements and proprietary fund financial statements. Compensated absences liability is not recorded in the governmental funds. Instead expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of resignations or retirements.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measurable and the School District is eligible to realize the revenue.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, government fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources.

Accounting Estimates

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

Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Reimbursements from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Balance

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the School District classifies governmental fund balances as follows:

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

Note 1. Summary of Significant Accounting Policies (continued):

- Non-spendable – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School Board did not have any committed resources as of June 30, 2024.
- Assigned – This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the School District's policy to consider restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, it is the School District's policy to consider amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

Net Position

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

- Net Investment in Capital Assets – This components represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- Restricted – Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

Note 1. Summary of Significant Accounting Policies (continued):

- Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

Impact of Recently Issued Accounting Principles

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future years as shown below:

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance to better meet the information needs of the financial statement users for compensated absences. The standard requires that liabilities for compensated absences be recognized for leave that hasn't been used and leave that has been used but not paid yet. Statement No. 101 is effective for reporting periods beginning after December 15, 2023. Management has not yet determined the potential impact on the District's financial statements.

Statement No. 102, *Certain Risk Disclosures*, requires a government to disclose information about concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. The standard will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. Statement No. 102 is effective for reporting periods beginning after June 15, 2024. Management has not yet determined the potential impact on the District's financial statements.

Bond Premiums, Discounts and Issuance Costs

In the government-wide financial statements and in the proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when bonds are issued.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

Deferred Loss on Refunding Debt

Deferred loss on refunding debt arising from the issuance of the refunding bonds is recorded as deferred outflows of resources. It is amortized in a systematic and rational manner over the shorter of the duration of the related debt or the new debt issues as a component of interest expense.

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024**

Note 1. Summary of Significant Accounting Policies (continued):

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 2. Cash Deposits and Investments

Cash Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board's deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2024, the School District's bank balance of \$3,664,598 was exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$ 3,082,992
Uninsured and Uncollateralized	<u>581,606</u>
	<u>\$ 3,664,598</u>

Investments

The School District has no investments at June 30, 2024.

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

Note 3. Reserve Accounts

A. Capital Reserve

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

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. 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 *N.J.S.A.19:60-2*. Pursuant to *N.J.A.C.6:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2023 to June 30, 2024 fiscal year is as follows:

Beginning Balance, July 1, 2023	\$ 1,896,062
Increased by:	
Interest Earnings	9
Return of Unspent Funds	<u>1,456,398</u>
	3,352,469
Decreased by:	
Budget Withdrawals - Transfer to Debt Service	(196,910)
Budget Withdrawals - Transfer to Capital Projects	<u>(1,900,000)</u>
Ending Balance, June 30, 2024	<u><u>\$ 1,255,559</u></u>

The June 30, 2024 balance did not exceed the LRFP balance of local support costs of uncompleted capital projects.

B. Maintenance Reserve Account

The School District established a Maintenance Reserve Account for the accumulation of Funds for use as maintenance expenditures in subsequent fiscal years. The Maintenance Reserve Account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the maintenance reserve account are restricted to maintenance projects in the School District's approved Maintenance Plan (M-1). A district may increase the balance in the maintenance reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. The balance in the account cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

Note 3. Reserve Accounts (continued):

The activity of the maintenance reserve for the July 1, 2023 to June 30, 2024 fiscal year is as follows:

Beginning Balance, July 1, 2023	\$ 839,264
Increased by:	
Deposits approved by Board	<u>215,691</u>
	1,054,955
Decreased by:	
Budget Withdrawals	<u>(505,348)</u>
Ending Balance, June 30, 2024	<u>\$ 549,607</u>

Note 4. Accounts Receivable

Accounts receivable at June 30, 2024 consisted of accounts and intergovernmental grants. All state and federal receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the School District's individual major funds, in the aggregate, are as follows:

<u>Description</u>	<u>Governmental Funds</u>			<u>Proprietary Funds</u>	
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Activities</u>	<u>Food Service Fund</u>	<u>Total Business-Type Activities</u>
Federal Awards	\$ -	\$ 572,843	\$ 572,843	\$ 10,602	\$ 10,602
State Awards	336,703	58,695	395,398	735	735
Other	<u>755,185</u>	<u>-</u>	<u>755,185</u>	<u>39,285</u>	<u>39,285</u>
Total	<u>\$ 1,091,888</u>	<u>\$ 631,538</u>	<u>\$ 1,723,426</u>	<u>\$ 50,622</u>	<u>\$ 50,622</u>

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2024 was as follows:

	Balance July 1, <u>2023</u>	<u>Additions</u>	Retirements and Adjustments	Balance June 30, <u>2024</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 200,446	\$ -	\$ -	\$ 200,446
Total Capital Assets not being depreciated	<u>200,446</u>	<u>-</u>	<u>-</u>	<u>200,446</u>
Capital Assets being depreciated:				
Land Improvements	250,807	-	-	250,807
Buildings and Improvements	22,667,588	2,677	-	22,670,265
Equipment	7,677,400	155,916	-	7,833,316
Total Capital Assets being depreciated	<u>30,595,795</u>	<u>158,593</u>	<u>-</u>	<u>30,754,388</u>
Less: Accumulated Depreciation:				
Land Improvements	(240,260)	(1,793)	-	(242,053)
Buildings and Improvements	(11,054,890)	(617,601)	-	(11,672,491)
Equipment	(4,998,232)	(550,714)	-	(5,548,946)
Total Accumulated Depreciation	<u>(16,293,382)</u>	<u>(1,170,108)</u>	<u>-</u>	<u>(17,463,490)</u>
Total Capital Assets being depreciated, net	<u>14,302,413</u>	<u>(1,011,515)</u>	<u>-</u>	<u>13,290,898</u>
Total Governmental Activities Capital Assets, net	<u>\$ 14,502,859</u>	<u>\$ (1,011,515)</u>	<u>\$ -</u>	<u>\$ 13,491,344</u>
	Balance July 1, <u>2023</u>	<u>Additions</u>	Retirements and Transfers	Balance June 30, <u>2024</u>
Business-Type Activities:				
Equipment	\$ 464,215	\$ -	\$ -	\$ 464,215
	<u>464,215</u>	<u>-</u>	<u>-</u>	<u>464,215</u>
Less: Accumulated Depreciation:				
Equipment	(247,281)	(20,557)	-	(267,838)
	<u>(247,281)</u>	<u>(20,557)</u>	<u>-</u>	<u>(267,838)</u>
Total Business-Type Activities Capital Assets, net	<u>\$ 216,934</u>	<u>\$ (20,557)</u>	<u>\$ -</u>	<u>\$ 196,377</u>

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

Note 6. Interfund Receivables, Payables and Transfers

Individual fund receivables/payables balances at June 30, 2024 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 509,988	\$ -
Special Revenue Fund	-	445,964
Capital Projects Fund	-	47,161
Food Service Fund	-	16,863
	<u>\$ 509,988</u>	<u>\$ 509,988</u>

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

The summary of interfund transfers follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 392,593
Capital Projects Fund	195,683	-
Debt Service Fund	196,910	-
	<u>\$ 392,593</u>	<u>\$ 392,593</u>

The purpose of interfund transfers were for the liquidation of prior year interfund receivables and payables and for payments made on behalf of other funds.

Note 7. Long-Term Obligations

During the fiscal year-ended June 30, 2024 the following changes occurred in long-term obligations:

	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2024</u>	<u>Balance Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 897,000	\$ -	\$ 170,000	\$ 727,000	\$ 175,000
Financed Purchases	2,410,137	-	280,796	2,129,341	182,625
Compensated Absences	5,533,370	-	127,357	5,406,013	-
Net Pension Liability	228,540	-	7,979	220,561	-
	<u>\$ 9,069,047</u>	<u>\$ -</u>	<u>\$ 586,132</u>	<u>\$ 8,482,915</u>	<u>\$ 357,625</u>

For governmental activities, the bonds payable are liquidated from the School District's debt service fund. Compensated absences and financed purchases are liquidated by the general fund.

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

Note 7. Long-Term Obligations (continued):

A. Bonds Payable:

The voters of the municipality through referendums authorize bonds in accordance with State Law. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the School District are general obligation bonds. At June 30, 2024, bonds payable consisted of the following individual issues:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
2013 School Bonds	2.00% - 3.00%	6/15/2028	\$ 2,332,000	\$ 727,000
				<u>\$ 727,000</u>

Principal and Interest due on the outstanding bonds is as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 175,000	\$ 21,810	\$ 196,810
2026	180,000	16,560	196,560
2027	185,000	11,160	196,160
2028	187,000	5,610	192,610
	<u>\$ 727,000</u>	<u>\$ 55,140</u>	<u>\$ 782,140</u>

Bonds Authorized But Not Issued:

As of June 30, 2024, the School District had no authorized but not issued bonds.

B. Financed Purchases

The District has entered into nine financed purchase agreements for various technology equipment and ESIP equipment. Principal and interest due on outstanding financed purchase agreements is as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	182,626	63,533	246,159
2026	148,075	56,516	204,591
2027	80,899	51,261	132,160
2028	86,007	48,956	134,963
2029	91,325	46,504	137,829
2030-2034	544,215	190,230	734,445
2035-2039	676,123	104,969	781,092
2040-2041	320,071	13,799	333,870
	<u>\$ 2,129,341</u>	<u>\$ 575,768</u>	<u>\$ 2,705,109</u>

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024**

Note 8. Pension Plans

A. Public Employees' Retirement System (PERS)

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

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

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

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

Contributions - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for the noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2023, the State's pension contribution was more than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

Note 8. Pension Plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At June 30, 2024, the School District reported a liability of \$5,406,013 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2022, to the measurement date of June 30, 2023. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2023. The School District's proportion measured as of June 30, 2023, was 0.037323%, which was an increase of 0.00066% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the School District recognized full accrual pension expense/(benefit) of \$194,853 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2023 measurement date. At June 30, 2024 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 51,688	\$ 22,098
Changes of Assumptions	11,876	327,628
Net Difference between Projected and Actual Earnings on Pension Plan Investments	24,895	-
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	394,569	80,441
School District Contributions Subsequent to Measurement Date	<u>512,810</u>	<u>-</u>
	<u>\$ 995,838</u>	<u>\$ 430,167</u>

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

Note 8. Pension Plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

\$512,810 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is based on the amount payable to the State due April 1, 2025 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>June 30,</u>	<u>Amount</u>
2025	\$ 57,747
2026	32,232
2027	(45,043)
2028	8,061
2029	<u>(136)</u>
	<u><u>\$ 52,861</u></u>

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

Note 8. Pension Plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

	Deferred Outflow of <u>Resources</u>	Deferred Inflow of <u>Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	5.16	-
June 30, 2021	5.13	-
June 30, 2022	-	5.04
June 30, 2023	-	5.08
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	-	5.16
June 30, 2021	5.13	-
June 30, 2022	-	5.04
June 30, 2023	-	5.08
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	5.00	-
June 30, 2021	5.00	-
June 30, 2022	5.00	-
June 30, 2023	5.00	-
Changes in Proportion and Differences between Contributions and		
Pro Year of Pension Plan Deferral:		
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21
June 30, 2020	5.16	5.16
June 30, 2021	5.13	5.13
June 30, 2022	5.04	5.04
June 30, 2023	5.08	5.08

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024**

Note 8. Pension Plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

Actuarial Assumptions – The collective total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. This actuarial valuation used the following assumptions:

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases	2.75%-6.55% based on years of service
Investment Rate of Return	7.00%
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2018 - June 30, 2021

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

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2023 are summarized in the following table:

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

Note 8. Pension Plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	28.00%	8.98%
Non-U.S. Developed Markets Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments in determining the total pension liability.

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the School District's proportionate share of the net pension liability as of June 30, 2023, calculated using the discount rate of 7.00% as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
District's Proportionate Share of the Net Pension Liability	\$ 7,096,810	\$ 5,406,013	\$ 4,051,290

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024**

Note 8. Pension Plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2024 and 2023:

Balances at June 30, 2024 and June 30, 2023

	<u>6/30/2024</u>	<u>6/30/2023</u>
Actuarial valuation date (including roll forward)	June 30, 2023	June 30, 2022
Collective Deferred Outflows of Resources	\$ 1,080,204,730	\$ 1,660,772,008
Collective Deferred Inflows of Resources	1,780,216,457	3,236,303,935
Collective Net Pension Liability	14,606,489,066	15,219,184,920
District's portion of the Plan's total Net Pension Liability	0.037323%	0.036666%

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

The State's proportionate share of the PERS net pension liability associated with the special funding situation is \$-0- as of June 30, 2024. The State's proportionate share of the contribution associated with the special funding situation was \$16,859 as of June 30, 2024. These are based on measurements as of June 30, 2023.

B. Teachers' Pension and Annuity Fund (TPAF)

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

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

Note 8. Pension Plans (continued)

B. Teachers' Pension and Annuity Fund (TPAF) (continued)

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

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

Contributions - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2023, the State's pension contribution was more than the actuarial determined amount.

As mentioned previously, the employer contributions for local participating employers are legally required to be funded by the State in accordance with *N.J.S.A 18:66-33*. Therefore, the School District is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the School District does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers.

Pension Liability and Pension Expense - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2024 was \$39,125,703. The School District's proportionate share was \$-0-.

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024**

Note 8. Pension Plans (continued)

B. Teachers' Pension and Annuity Fund (TPAF) (continued)

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. The State's proportionate share of the net pension liability associated with the School District was based on projection of the State's long-term contributions to the pension plan associated with the School District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2023, the State proportionate share of the TPAF net pension liability attributable to the School District was 0.07667%, which was a decrease of 0.000001% from its proportion measured as of June 30, 2022.

For the fiscal year ended June 30, 2023, the School District recognized \$961,205 in on-behalf pension expense and revenue in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2023 measurement date.

Actuarial Assumptions – The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
	2.75-4.25% based on years of service
Investment Rate of Return	7.00%

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

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

Note 8. Pension Plans (continued)

B. Teachers' Pension and Annuity Fund (TPAF) (continued)

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	28.00%	8.98%
Non-U.S. Developed Markets Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments in determining the total pension liability.

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. The following represents the State's proportionate share of the net pension liability, attributable to the School District calculated using the discount rate of 7.00% as well as what the State's proportionate share of the net pension liability, attributable to the School District's would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

Note 8. Pension Plans (continued)

B. Teachers' Pension and Annuity Fund (TPAF) (continued)

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	46,136,304	39,125,703	33,221,111
	<u>\$ 46,136,304</u>	<u>\$ 39,125,703</u>	<u>\$ 33,221,111</u>

Pension Plan Fiduciary Net Position - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Additional Information – The following is a summary of the collective balances of the local group at June 30, 2024 and 2023:

Balances at June 30, 2024 and June 30, 2023

	<u>6/30/2024</u>	<u>6/30/2023</u>
Actuarial valuation date (including roll forward)	June 30, 2023	June 30, 2022
Collective Deferred Outflows of Resources	\$ 2,502,380,838	\$ 5,004,259,312
Collective Deferred Inflows of Resources	14,830,205,473	19,682,774,794
Collective Net Pension Liability	51,109,961,824	51,676,587,303
District's portion of the Plan's total Net Pension Liability	0.07667%	0.07676%

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

Note 8. Pension Plans (continued)

C. Defined Contribution Plan (DCRP)

Plan Description - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of N.J.S.A. 43:15C-1 et seq. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage

Individuals eligible for membership in the DCRP include:

- State or local officials who are elected or appointed on or after July 1, 2007;
- 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 established "maximum compensation" limits
- Employees enrolled in the Police and Firemen's Retirement System (PFRS) or State Police Retirement System (SPRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits;
- Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually. The minimum salary in 2020 is \$8,300 and is subject to adjustment in future years.
- Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least \$5,000 annually. The minimum number is 35 hours per
- week for State employees, or 32 hours per week for local government or local education employees

Contributions - The contribution policy is set by N.J.S.A. 43:15C-3 and requires active members and contribution employers. When enrolled in the DCRP, members are required to contribute 5.5% of their base salary to a tax-deferred investment account established with Prudential Financial, which jointly administers the DCRP investments with the Division of Pension and Benefits. Member contributions are matched by a 3% contribution from the School District.

For the year ended June 30, 2024, employee contributions totaled \$9,209, and the School District recognized an expense for payments made to the Defined Contribution Retirement program in the amount of \$5,023.

Note 9. Other Post-Retirement Benefits

General Information about the OPEB Plan

The State of New Jersey reports a liability as a result of its statutory requirements to pay other postemployment (health) benefits for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

Note 9. Other Post-Retirement Benefits (continued)

General Information about the OPEB Plan (continued)

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14- 17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits is the responsibility of the individual local education employers.

Basis of Presentation

The Schedule presents the State of New Jersey's obligation under NJSA 52:14-17.32f. The Schedule does not purport to be a complete presentation of the financial position or changes in financial position of the State Health Benefit Local Education Retired Employees Plan or the State of New Jersey. The accompanying Schedule was prepared in accordance with U.S. generally accepted accounting principles.

Such preparation requires management of the State of New Jersey to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2023, was determined by an actuarial valuation as of June 30, 2022, which was rolled forward to June 30, 2023. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Total Nonemployer OPEB Liability: \$ 52,361,668,239

	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases:	2.75 - 4.25%	2.75 - 6.55%	3.25 - 16.25%
	based on years of service	based on years of service	based on years of service

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

Note 9. Other Post-Retirement Benefits (continued)

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

Actuarial assumptions used in the July 1, 2022 valuation were based on the results of TPAF, PERS and PFRS experience studies prepared for July 1, 2018 to June 30, 2021.

OPEB Obligation and OPEB Expense - The State’s proportionate share of the total Other Post Employment Benefits Obligations, attributable to the School District as of June 30, 2023 was \$60,096,393. The School District’s proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2023, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. The State’s proportionate share of the OPEB Obligation associated with the District was based on projection of the State’s long-term contributions to the OPEB plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2023, the State proportionate share of the OPEB Obligation attributable to the School District was 0.114772%, which was an increase of 0.002716% from its proportion measured as of June 30, 2022.

For the fiscal year ended June 30, 2024, the State of New Jersey recognized an OPEB expense in the amount of \$1,443,246 for the State’s proportionate share of the OPEB expense attributable to the School District. This OPEB expense was based on the OPEB plans June 30, 2023 measurement date.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.50% long-term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increased to 13.44% in fiscal year 2026 and decreased to 4.50% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increased to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreased to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate

The discount rate for June 30, 2023 was 3.54%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

Note 9. Other Post-Retirement Benefits (continued)

Sensitivity of Total Nonemployer OPEB Liability to changes in discount rate

The following presents the total nonemployer OPEB liability as of June 30, 2023, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2023		
	At 1% Decrease (2.65%)	At Discount Rate (3.65%)	At 1% Increase (4.65%)
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 70,452,704	\$ 60,096,393	\$ 51,781,478
State of New Jersey's Total Non- employer Liability	\$ 61,385,066,712	\$ 52,361,668,239	\$ 45,116,926,835

Sensitivity of Total Nonemployer OPEB Liability to changes in the healthcare trend rate

The following presents the total nonemployer OPEB liability as of June 30, 2023, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2023		
	1% Decrease	Healthcare Cost Trend Rate *	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 49,889,271	\$ 60,096,393	\$ 73,452,438
State of New Jersey's Total Nonemployer OPEB Liability	\$ 43,468,257,358	\$ 52,361,668,239	\$ 63,998,719,320

* See Healthcare Cost Trend Assumptions for details of rates.

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

Note 9. Other Post-Retirement Benefits (continued)

Additional Information

Collective balances of the Local Group at June 30, 2023 are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in Proportion Differences between Expected & Actual Experience	\$ -	\$ -
Change in Assumptions	7,639,717,639	(13,791,541,217)
Contributions Made in Fiscal Year Year Ending 6/30/2024	7,445,895,322	(14,449,948,556)
After Measurement Date	TBD	-
	<u>\$ 15,085,612,961</u>	<u>\$ (28,241,489,773)</u>

** Employer Contributions made after June 30, 2023 are reported as a deferred outflow of resources, but are not amortized in expense.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	
2024	\$ (2,611,225,301)
2025	(2,611,225,301)
2026	(2,269,523,460)
2027	(1,338,024,839)
2028	(273,877,609)
Thereafter	(4,052,000,302)
	<u>\$ (13,155,876,812)</u>

Plan Membership

At June 30, 2022, the Program membership consisted of the following:

	June 30, 2022
Active Plan Members	217,212
Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	<u>152,383</u>
	<u>369,595</u>

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024**

Note 9. Other Post-Retirement Benefits (continued)

Changes in the Total OPEB Liability

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2024 (measurement date June 30, 2023) is as follows:

Total OPEB Liability

Service Cost	\$ 2,136,235,476
Interest Cost	1,844,113,951
Difference Between Expected & Actual Experience	(980,424,863)
Changes of Assumptions	105,539,463
Contributions: Member	47,258,104
Gross Benefit Payments	<u>(1,437,516,858)</u>
Net Change in Total OPEB Liability	1,715,205,273
Total OPEB Liability (Beginning)	<u>50,646,462,966</u>
Total OPEB Liability (Ending)	<u><u>\$ 52,361,668,239</u></u>
Total Covered Employee Payroll	\$ 15,314,749,297
Net OPEB Liability as a Percentage of Payroll	342%

Note 10. On-Behalf Payments for Fringe Benefits and Salaries

As previously mentioned, the School District receives on-behalf payments from the State of New Jersey for normal costs and post-retirement medical costs related to the Teachers' Pension and Annuity Fund (TPAF) pension plan. The School District is not legally responsible for these contributions. The on-behalf payments are recorded as revenues and expenditures in the government-wide and general fund financial statements. For the fiscal year ended June 30, 2024, the on-behalf payments for pension, social security, post-retirement medical costs, and long-term disability were \$3,436,796, \$935,370, \$711,578 and \$1,752, respectively.

Note 11. Risk Management

The School 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 School District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Annual Comprehensive Financial Report.

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

Note 11. Risk Management (continued)

New Jersey Unemployment Compensation Insurance – The School District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan the School District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The School District is billed quarterly for amounts due to the State. The following is a summary of School District contributions, reimbursements to the State for benefits paid and the ending balance of the School District’s trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>School District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2023-2024	\$ -	\$ 29,653	\$ 387	\$ 24,552	\$ 397,067
2022-2023	-	27,869	392	35,922	391,579
2021-2022	-	36,542	377	-	399,240

Note 12. Contingencies

State and Federal Grantor Agencies - The School District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the School District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2024 may be impaired. In the opinion of the School District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

Pending Litigation – The School District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the School Districts’ attorney that resolution of these matters will not have a material adverse effect on the financial condition of the School District.

Note 13. Economic Dependency

The School District receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, could have an effect on the School District’s programs and activities.

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

Note 14. Deferred Compensation

The School District offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457(b). The plans, which are administered by the entities listed below, permits 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:

Met Life
American General Securities
Aspire Financial Services
GWN Investments
Lincoln Investment Planning
AXA Equitable
Vanguard Group
Voya Financial

Note 15. Compensated Absences

The School District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 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.

School District employees are granted varying amount of vacation and sick leave in accordance with the School District's personnel policies. The School District 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 School District for the unused sick leave in accordance with School Districts' agreements with the various employee unions.

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net position under governmental activities. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences. The amount at June 30, 2024 is \$220,561

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2024 no liability existed for compensated absences in the proprietary fund types.

Note 16. Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB) Statement No. 77, a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

Note 16. Tax Abatements (continued)

municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

Note 17. Calculation of Excess Surplus

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A.18A:7F-7. 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, 2024 was \$0.

Note 18. Fund Balance

General Fund – Of the \$3,892,868 General Fund fund balance at June 30, 2024, \$1,255,559 has been reserved in the Capital Reserve Account; \$549,607 has been reserved in the Maintenance Reserve Account; \$437,081 has been reserved for encumbrances; \$1,331,917 has been designated for subsequent year expenditures; \$397,068 has been reserved for New Jersey Unemployment Compensation; and (\$78,364) is unassigned.

Special Revenue Fund – Of the \$26,577 Special Revenue Fund fund balance at June 30, 2024, \$26,577 is restricted for student activities.

Capital Projects Fund – Of the \$207,548 Capital Projects Fund fund balance at June 30, 2024, \$207,548 is restricted for capital projects.

Note 19. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2024 and January 13, 2025, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements, and no items have come to the attention of the School District that would require disclosure other than those listed below.

Lease Purchase

In January of 2025, the District finalized a lease-purchase financing agreement for the acquisition of four (4) new 54-passenger school buses. The lease term is not to exceed 5 years at an interest rate of 4.78% for a total amount not to exceed \$688,432.30.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

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C. Budgetary Comparison Schedules

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**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

		JUNE 30, 2024				POSITIVE/ (NEGATIVE)
ACCOUNT NUMBERS		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
Revenues:						
Local Tax Levy	10-1210	\$ 12,127,942	\$ -	\$ 12,127,942	\$ 12,127,942	\$ -
Tuition from Individuals	10-1310	40,000	-	40,000	38,200	(1,800)
Tuition from Other LEA's Within the State	10-1320	2,383,157	-	2,383,157	2,424,094	40,937
Transportation Fees from Other LEA's	10-1420	130,000	-	130,000	136,474	6,474
Interest on Maintenance Reserve Funds	10-1513	150	-	150	-	(150)
Interest on Capital Reserve Funds	10-1511	175	-	175	9	(166)
Miscellaneous Revenues	10-1990	45,000	-	45,000	172,081	127,081
Total Local Sources		14,726,424	-	14,726,424	14,898,800	172,376
State Sources:						
Equalization Aid	10-3176	6,640,254	-	6,640,254	6,640,254	-
Categorical Security Aid	10-3177	177,000	-	177,000	177,000	-
Categorical Transportation Aid	10-3121	836,192	-	836,192	836,192	-
Categorical Special Education Aid	10-3132	737,647	-	737,647	737,647	-
Stabilization Aid	10-3246	-	-	-	86,991	86,991
Extraordinary Aid	10-3131	150,000	-	150,000	261,351	111,351
Non-Public Transportation Aid	10-3190	-	-	-	40,950	40,950
Nonbudgeted:						
On-Behalf TPAF Pension Contributions		-	-	-	3,436,796	3,436,796
On-Behalf TPAF Post-Retirement Medical Contributions		-	-	-	935,370	935,370
On-Behalf TPAF Long Term Disability Insurance Contributions		-	-	-	1,752	1,752
Reimbursed TPAF Social Security Contribution		-	-	-	711,578	711,578
Total State Sources		8,541,093	-	8,541,093	13,865,881	5,324,788
Federal Sources:						
Medicaid Reimbursement		28,117	-	28,117	16,866	(11,251)
Total Federal Sources		28,117	-	28,117	16,866	(11,251)
Total Revenues		23,295,634	-	23,295,634	28,781,547	5,485,913
Expenditures:						
Current Expense:						
Instruction - Regular Programs:						
Salaries of Teachers:						
Kindergarten	11-110-100-101	561,540	35,026	596,566	565,383	31,183
Grades 1 - 5	11-120-100-101	3,553,295	59,536	3,612,831	3,566,918	45,913
Grades 6 - 8	11-130-100-101	813,217	5,672	818,889	795,078	23,811
Home Instruction:						
Salaries of Teachers	11-150-100-101	-	3,132	3,132	3,132	-
Purchased Professional/Education Services	11-150-100-320	10,000	1,508	11,508	10,821	687
Regular Programs - Undistributed Instruction:						
Purchased Professional/Education Services	11-190-100-320	11,000	-	11,000	135	10,865
Other Purchased Services	11-190-100-500	572,286	3,872	576,158	529,099	47,059
General Supplies	11-190-100-610	279,574	(27,749)	251,825	189,604	62,221
Other Objects	11-190-100-800	23,175	31,400	54,575	29,128	25,447
Total Regular Programs		5,824,087	112,397	5,936,484	5,689,298	247,186
Special Education:						
Learning and/or Language Disabilities:						
Salaries of Teachers	11-204-100-101	180,090	45,443	225,533	224,653	880
Other Salaries for Instruction	11-204-100-106	125,096	9,627	134,723	134,723	-
General Supplies	11-204-100-610	5,884	(1,569)	4,315	4,020	295
Total Learning and/or Language Disabilities		311,070	53,501	364,571	363,396	1,175
Multiple Disabilities:						
Salaries of Teachers	11-212-100-101	171,862	(13,540)	158,322	157,640	682
Other Salaries for Instruction	11-212-100-106	104,284	27,636	131,920	129,439	2,481
General Supplies	11-212-100-610	1,085	(1)	1,084	985	99
Total Multiple Disabilities		277,231	14,095	291,326	288,064	3,262
Resource Room:						
Salaries of Teachers	11-213-100-101	1,236,186	(114,703)	1,121,483	1,079,760	41,723
Other Salaries for Instruction	11-213-100-106	25,303	164,385	189,688	189,688	-
General Supplies	11-213-100-610	12,767	(1,504)	11,263	7,995	3,268
Total Resource Room		1,274,256	48,178	1,322,434	1,277,443	44,991
Preschool Disabilities - Part-Time:						
Salaries of Teachers	11-215-100-101	126,453	7,968	134,421	132,165	2,256
Other Salaries for Instruction	11-215-100-106	50,458	26,521	76,979	70,442	6,537
General Supplies	11-215-100-600	720	317	1,037	444	593
Total Preschool Disabilities - Part-Time		177,631	34,806	212,437	203,051	9,386
Home Instruction:						
Salaries of Teachers	11-219-100-101	-	1,188	1,188	1,188	-
Purchased Professional/Education Services	11-219-100-320	5,760	28,883	34,643	27,852	6,791
Total Home Instruction		5,760	30,071	35,831	29,040	6,791
Total Special Education		2,045,948	180,651	2,226,599	2,160,994	65,605

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	ACCOUNT NUMBERS	JUNE 30, 2024				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Basic Skills/Remedial - Instruction:						
Salaries of Teachers	11-230-100-101	833,744	(99,175)	734,569	723,309	11,260
Total Bilingual Education - Instruction		833,744	(99,175)	734,569	723,309	11,260
Bilingual Education - Instruction:						
Salaries of Teachers	11-240-100-101	26,166	416	26,582	26,119	463
Total Bilingual Education - Instruction		26,166	416	26,582	26,119	463
School Sponsored Cocurricular Activities:						
Salaries	11-401-100-100	40,910	-	40,910	21,936	18,974
Total School Sponsored Cocurricular Activities		40,910	-	40,910	21,936	18,974
Total Other Instructional Programs		900,820	(98,759)	802,061	771,364	30,697
Other Supplemental/At-Risk Programs - Instruction:						
Salaries of Reading Specialists	11-424-100-179	181,877	15,311	197,188	195,946	1,242
Total Other Instructional Programs		181,877	15,311	197,188	195,946	1,242
Total Instruction		8,952,732	209,600	9,162,332	8,817,602	344,730
Undistributed Expenditures:						
Instruction :						
Tuition to Other LEAs Within the State - Regular	11-000-100-561	46,640	70,011	116,651	107,599	9,052
Tuition to Other LEAs Within the State - Special	11-000-100-562	25,000	(25,000)	-	-	-
Tuition to County Special Services District/Regional Day Schools	11-000-100-565	441,028	(196,976)	244,052	117,858	126,194
Tuition to Private School for the Handicapped - State	11-000-100-566	533,900	123,588	657,488	657,488	-
Total Undistributed Expenditures - Instruction		1,046,568	(28,377)	1,018,191	882,945	135,246
Health Services:						
Salaries	11-000-213-100	243,682	12,480	256,162	256,162	-
Purchased Professional & Technical Services	11-000-213-300	12,000	300	12,300	12,250	50
Other Purchased Services	11-000-213-500	1,155	(772)	383	383	-
Supplies and Materials	11-000-213-600	9,570	414	9,984	9,332	652
Total Health Services		266,407	12,422	278,829	278,127	702
Other Support Services - Students - Related Services:						
Salaries	11-000-216-100	332,093	(8,659)	323,434	304,564	18,870
Purchased Professional/Education Services	11-000-216-320	64,021	(3,162)	60,859	35,664	25,195
Supplies and Materials	11-000-216-600	2,060	615	2,675	2,434	241
Total Other Support Services - Students - Related Services		398,174	(11,206)	386,968	342,662	44,306
Other Support Services - Students - Extra Services:						
Salaries of Teachers	11-000-217-100	157,678	(14,663)	143,015	51,022	91,993
Purchased Professional/Education Services	11-000-217-320	68,687	134,454	203,141	128,457	74,684
Supplies and Materials	11-000-217-600	8,200	-	8,200	993	7,207
Total Other Support Services - Students - Extra Services		234,565	119,791	354,356	180,472	173,884
Other Support Services - Students - Regular:						
Salaries of Other Professional Staff	11-000-218-104	201,100	4,382	205,482	201,215	4,267
Supplies and Materials	11-000-218-600	2,000	200	2,200	2,200	-
Total Other Support Services - Students - Regular		203,100	4,582	207,682	203,415	4,267
Other Support Services - Students - Special Services:						
Salaries of Other Professional Staff	11-000-219-104	433,719	65,065	498,784	498,784	-
Salaries of Secretarial & Clerical Assistants	11-000-219-105	45,669	-	45,669	45,669	-
Other Purchased Professional and Technical Services	11-000-219-390	21,675	22,544	44,219	42,824	1,395
Other Purchased Services (400-500 series)	11-000-219-500	12,158	(2,017)	10,141	10,141	-
Supplies and Materials	11-000-219-600	3,913	(672)	3,241	2,785	456
Other Objects	11-000-219-800	875	(15)	860	860	-
Total Other Support Services - Students - Special Services		518,009	84,905	602,914	601,063	1,851

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	ACCOUNT NUMBERS	JUNE 30, 2024				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Improvement of Instruction Services/Other Support Services - Instruction Staff:						
Salaries of Supervisors of Instruction	11-000-221-102	202,967	1,156	204,123	204,123	-
Salaries of Secretarial & Clerical Assistants	11-000-221-105	40,051	3,000	43,051	43,051	-
Other Salaries	11-000-221-110	48,600	(6,562)	42,038	37,650	4,388
Salaries of Facilitators, Math & Literacy Coaches	11-000-221-176	248,124	2,880	251,004	245,362	5,642
Other Purchased Professional and Technical Services	11-000-221-390	44,000	(3,610)	40,390	39,850	540
Other Purchased Services	11-000-221-500	5,100	-	5,100	2,225	2,875
Supplies and Materials	11-000-221-600	1,000	(3)	997	393	604
Other Objects	11-000-221-800	2,400	-	2,400	1,720	680
Total Improvement of Instruction Services/Other Support Services - Instructional Staff		592,242	(3,139)	589,103	574,374	14,729
Educational Media Services/School Library:						
Salaries	11-000-222-100	128,894	10,696	139,590	139,590	-
Supplies and Materials	11-000-222-600	11,950	(5,567)	6,383	6,126	257
Total Educational Media Services/School Library		140,844	5,129	145,973	145,716	257
Support Services Instructional Staff Training Service:						
Other Salaries	11-000-223-110	16,300	-	16,300	168	16,132
Purchased Professional/Education Services	11-000-223-320	18,639	2,821	21,460	21,198	262
Other Purchased Professional and Technical Services	11-000-223-390	3,759	(131)	3,628	2,068	1,560
Other Purchased Services	11-000-223-500	820	253	1,073	1,073	-
Supplies and Materials	11-000-223-600	5,900	(29)	5,871	1,254	4,617
Other Objects	11-000-223-800	2,450	(2,271)	179	-	179
Total Support Services Instructional Staff Training Services		47,868	643	48,511	25,761	22,750
Support Services General Administration:						
Salaries	11-000-230-100	280,086	(355)	279,731	279,527	204
Legal Services	11-000-230-331	50,000	(4,000)	46,000	39,546	6,454
Audit Services	11-000-230-332	29,000	4,000	33,000	33,000	-
Architectural/Engineering Services	11-000-230-334	30,000	(6,562)	23,438	5,719	17,719
Other Purchased Professional Services	11-000-230-339	9,300	4,402	13,702	13,702	-
Purchased Technical Services	11-000-230-340	34,932	-	34,932	30,909	4,023
Communications/Telephone	11-000-230-530	41,950	565	42,515	39,752	2,763
BOE Other Purchased Professional Services	11-000-230-585	5,000	(100)	4,900	4,200	700
Other Purchased Services	11-000-230-590	72,017	(3,766)	68,251	63,072	5,179
Supplies & Materials	11-000-230-610	8,500	-	8,500	5,794	2,706
Miscellaneous Expenditures	11-000-230-890	3,750	4,379	8,129	8,129	-
BOE Membership Dues & Fees	11-000-230-895	8,800	1,522	10,322	10,322	-
Total Support Services General Administration		573,335	85	573,420	533,672	39,748
Support Services School Administration:						
Salaries of Principals & Assistant Principals	11-000-240-103	380,377	(973)	379,404	367,656	11,748
Salaries of Secretarial & Clerical Assistants	11-000-240-105	162,044	3,473	165,517	157,635	7,882
Other Purchased Services	11-000-240-500	12,600	-	12,600	4,519	8,081
Supplies and Materials	11-000-240-600	18,630	(2,500)	16,130	3,908	12,222
Other Objects	11-000-240-800	15,200	-	15,200	3,667	11,533
Total Support Services School Administration		588,851	-	588,851	537,385	51,466
Central Services:						
Salaries	11-000-251-100	290,077	(1,196)	288,881	287,919	962
Purchased Professional Services	11-000-251-330	23,800	-	23,800	3,700	20,100
Purchased Technical Services	11-000-251-340	41,346	3,412	44,758	44,758	-
Other Purchased Services	11-000-251-592	8,275	(2,215)	6,060	4,794	1,266
Supplies & Materials	11-000-251-600	2,500	-	2,500	682	1,818
Total Central Services		365,998	1	365,999	341,853	24,146
Administrative Information Technology:						
Salaries	11-000-252-100	5,700	-	5,700	5,085	615
Purchased Technical Services	11-000-252-340	185,000	-	185,000	185,000	-
Total Administrative Information Technology		190,700	-	190,700	190,085	615
Allowance Maintenance for School Facilities:						
Salaries	11-000-261-100	217,048	(24,342)	192,706	192,706	-
Cleaning, Repair & Maintenance Services	11-000-261-420	227,250	(47,702)	179,548	157,012	22,536
General Supplies	11-000-261-610	61,050	21,148	82,198	75,319	6,879
Total Allowance Maintenance for School Facilities		505,348	(50,896)	454,452	425,037	29,415

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	ACCOUNT NUMBERS	JUNE 30, 2024				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Other Operation & Maintenance of Plant Services:						
Salaries	11-000-262-100	654,998	25,581	680,579	670,393	10,186
Salaries of Non-Instructional Aides	11-000-262-107	65,800	206	66,006	66,006	-
Purchased Professional & Technical Services	11-000-262-300	33,250	20,837	54,087	49,418	4,669
Cleaning, Repair & Maintenance Services	11-000-262-420	16,500	(4,398)	12,102	8,586	3,516
Lease Purchase Pymts-Energy Savings Imp Prog	11-000-262-444	138,242	-	138,242	138,242	-
Other Purchased Property Services	11-000-262-490	1,400	-	1,400	-	1,400
Insurance	11-000-262-520	125,995	(16,762)	109,233	108,873	360
Other Purchased Services	11-000-262-590	900	(606)	294	-	294
General Supplies	11-000-262-610	117,650	6,124	123,774	81,087	42,687
Energy (Natural Gas)	11-000-262-621	112,500	52,015	164,515	163,662	853
Energy (Electricity)	11-000-262-622	260,100	(7,884)	252,216	252,216	-
Miscellaneous Expenditures	11-000-262-800	7,100	1,011	8,111	8,111	-
Total Other Operation & Maintenance of Plant Services		1,534,435	76,124	1,610,559	1,546,594	63,965
Care & Upkeep of Grounds:						
Salaries	11-000-263-100	93,238	1,372	94,610	94,251	359
Cleaning, Repair & Maintenance Services	11-000-263-420	500	-	500	-	500
General Supplies	11-000-263-610	14,225	3,616	17,841	8,632	9,209
Total Care & Upkeep of Grounds		107,963	4,988	112,951	102,883	10,068
Security:						
Purchased Professional & Technical Services	11-000-266-300	95,000	14,230	109,230	109,230	-
Cleaning, Repair & Maintenance Services	11-000-266-420	6,800	-	6,800	2,902	3,898
Total Security		101,800	14,230	116,030	112,132	3,898
Total Operation & Maintenance of Plant Services		2,249,546	44,446	2,293,992	2,186,646	107,346
Student Transportation Services:						
Salaries for Pupil Transportation (Between Home & School) - Regular	11-000-270-160	937,340	(33,218)	904,122	904,122	-
Salaries for Pupil Transportation (Between Home & School) - Special	11-000-270-161	160,404	36,149	196,553	196,553	-
Purchased Professional & Technical Services	11-000-270-390	2,000	1,749	3,749	3,749	-
Cleaning, Repair & Maintenance Services	11-000-270-420	53,800	(4,956)	48,844	48,844	-
Aid in Lieu of Payments - Nonpublic	11-000-270-503	115,000	(6,655)	108,345	108,345	-
Aid in Lieu of Payments - Charter School	11-000-270-504	6,132	10,172	16,304	16,304	-
Aid in Lieu of Payments - Choice School	11-000-270-505	2,044	8,441	10,485	10,485	-
Contracted Services (Other Than Between Home & School) - Joint Agreements	11-000-270-513	30,000	(30,000)	-	-	-
Contracted Services (Special Education Students) - Joint Agreements	11-000-270-515	387,057	144,320	531,377	531,377	-
Contracted Services (Special Education) - ESCs	11-000-270-518	-	550	550	550	-
Miscellaneous Purchased Services - Transportation	11-000-270-593	153,320	18,604	171,924	157,617	14,307
Supplies and Materials	11-000-270-610	2,500	(1,069)	1,431	1,431	-
Transportation Supplies	11-000-270-615	347,900	(39,569)	308,331	306,431	1,900
Other Objects	11-000-270-800	1,750	(139)	1,611	1,611	-
Total Student Transportation Services		2,199,247	104,379	2,303,626	2,287,419	16,207
Unallocated Benefits - Employee Benefits:						
Unallocated Benefits	11-000-291-199	-	31,020	31,020	31,020	-
Social Security	11-000-291-220	290,000	17,555	307,555	307,555	-
Other Retirement Contributions - PERS	11-000-291-241	485,500	33,986	519,486	519,486	-
Other Retirement Contributions - Regular	11-000-291-249	10,000	(3,266)	6,734	6,734	-
Worker's Compensation	11-000-291-260	174,307	(8,540)	165,767	157,611	8,156
Health Benefits	11-000-291-270	4,963,953	(182,162)	4,781,791	4,681,557	100,234
Tuition Reimbursement	11-000-291-280	25,200	(16,099)	9,101	9,101	-
Other Employee Benefits	11-000-291-290	134,864	(4,485)	130,379	126,002	4,377
Unused Sick Payment to Term/Ret Staff	11-000-291-299	15,000	(3,288)	11,712	11,712	-
Total Unallocated Benefits - Employee Benefits		6,098,824	(135,279)	5,963,545	5,850,778	112,767
Nonbudgeted:						
On-Behalf TPAF Pension Contribution		-	-	-	3,436,796	(3,436,796)
On-Behalf TPAF Post-Retirement Medical Contribution		-	-	-	935,370	(935,370)
On-Behalf TPAF Long Term Disability Insurance Contribution		-	-	-	1,752	(1,752)
Reimbursed TPAF Social Security Contribution		-	-	-	711,578	(711,578)
Total Nonbudgeted		-	-	-	5,085,496	(5,085,496)
Total Undistributed Expenditures		15,714,278	198,382	15,912,660	20,247,869	(4,335,209)
Interest Earned on Maintenance Reserve	10-606	150	-	150	-	150
Total Expenditures - Current Expense		24,667,160	407,982	25,075,142	29,065,471	(3,990,329)

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

ACCOUNT NUMBERS	JUNE 30, 2024				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Capital Outlay:					
Student Transportation:					
Non-instructional Equipment	12-000-270-732	-	5,450	5,450	5,450
Total Equipment		-	5,450	5,450	5,450
Facilities Acquisition & Construction Services:					
Assessment for Debt Service on					
Noninstructional Equipment	12-000-400-732	-	242,469	242,469	91,273
SDA Funding	12-000-400-896	8,491	-	8,491	8,491
Total Facilities Acquisition & Construction Services		8,491	242,469	250,960	99,764
Increase in Capital Reserve	10-604	175	-	175	-
Total Capital Outlay		8,666	247,919	256,585	105,214
Total Expenditures		24,675,826	655,901	25,331,727	29,170,685
Excess/(Deficiency) of Revenues Over/(Under)					
Expenditures		(1,380,192)	(655,901)	(2,036,093)	(389,138)
Other Financing Sources/(Uses):					
Transfer of Funds to Charter School	10-000-100-56X	(275,000)	27,327	(247,673)	(172,867)
Transfer of Capital Reserve to Debt Service		(196,910)	-	(196,910)	(196,910)
Transfer of Capital Reserve to Capital Projects		(1,900,000)	247,919	(1,652,081)	(195,683)
Total Other Financing Sources/(Uses)		(2,371,910)	275,246	(2,096,664)	(565,460)
Excess/(Deficiency) of Revenues & Other Financing					
Over/(Under) Expenditures & Other Financing		(3,752,102)	(380,655)	(4,132,757)	(954,598)
Fund Balances, July 1		5,658,135	-	5,658,135	5,658,135
Fund Balances, June 30		\$ 1,906,033	\$ (380,655)	\$ 1,525,378	\$ 4,703,537

RECAPITULATION OF BUDGET TRANSFERS

Prior Year Encumbrances	\$ 399,373
Prior Year Encumbrances Cancelled	(18,718)
Total	\$ 380,655

RECAPITULATION OF FUND BALANCE:

Restricted for:	
Capital Reserve	1,255,559
Maintenance Reserve	549,607
Unemployment Compensation	397,068
Assigned to:	
Year-End Encumbrances	437,081
Designated for Subsequent Year's Expenditures	1,331,917
Unassigned Fund Balance	732,305
Subtotal	4,703,537
Reconciliation to Governmental Fund Statements (GAAP):	
Last Two State Aid Payments Not Recognized on GAAP Basis	(810,669)
Fund Balance Per Governmental Funds (GAAP)	\$ 3,892,868

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	ORIGINAL BUDGET	BUDGET TRANSFERS/ ADJUSTMENTS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Revenues:					
Federal Sources	\$ 1,725,765	\$ (87,596)	\$ 1,638,169	\$ 1,577,776	\$ (60,393)
State Sources	42,507	8,991	51,498	-	(51,498)
Local Sources	1,500	-	1,500	26,285	24,785
Total Revenues	1,769,772	(78,605)	1,691,167	1,604,061	(87,106)
Expenditures:					
Instruction:					
Salaries of Teachers	384,000	(157,660)	226,340	224,153	2,187
Other Purchased Professional Services	417,787	(4,000)	413,787	413,787	-
General Supplies	6,623	252,965	259,588	245,897	13,691
Total Instruction	808,410	91,305	899,715	883,837	15,878
Support Services:					
Salaries	497,857	(212,899)	284,958	243,263	41,695
Personal Services - Employee Benefits	138,027	36,726	174,753	163,538	11,215
Purchased Professional Services	240,113	(1,544)	238,569	232,258	6,311
Other Purchased Services	42,800	10,026	52,826	47,672	5,154
Supplies and Materials	11,649	(2,219)	9,430	7,474	1,956
Student Activities	1,500	-	1,500	20,512	(19,012)
Total Support Services	931,946	(169,910)	762,036	714,717	47,319
Facilities Acquisition & Construction Services:					
Instructional Equipment	29,416	-	29,416	-	29,416
Total Facilities Acquisition & Constuction Services	29,416	-	29,416	-	29,416
Total Expenditures	1,769,772	(78,605)	1,691,167	1,598,554	92,613
Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/(Uses)	-	-	-	5,507	5,507
Fund Balances, July 1	21,070	-	21,070	21,070	-
Fund Balances, June 30	\$ 21,070	\$ -	\$ 21,070	\$ 26,577	\$ 5,507

Recapitulation of Fund Balance:

Restricted for:	
Student Activities	\$ 26,577
Total Fund Balance	\$ 26,577

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART II

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**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR FISCAL YEAR ENDED JUNE 30, 2024**

**Note A - Explanation of Differences between Budgetary Inflows and Outflows and
GAAP Revenues and Expenditures**

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$ 28,781,547	\$ 1,604,061
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Federal Share	-	(26,234)
State Share	-	32,570
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	829,598	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(810,669)	-
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	<u>\$ 28,800,476</u>	<u>\$ 1,610,397</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 29,170,685	\$ 1,598,554
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
General Supplies	-	6,336
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<u>\$ 29,170,685</u>	<u>\$ 1,604,890</u>

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REQUIRED SUPPLEMENTARY INFORMATION - PART III

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L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)

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TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
LAST TEN FISCAL YEARS*

	Measurement Date Ending June 30,										
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	
School District's proportion of the net pension liability	0.03829%	0.03666%	0.03737%	0.03493%	0.03358%	0.03166%	0.03215%	0.03279%	0.03109%	0.02077%	
School District's proportionate share of the net pension liability	\$ 5,533,370	\$ 5,533,370	\$ 4,426,671	\$ 5,695,505	\$ 6,050,894	\$ 6,234,632	\$ 7,483,443	\$ 9,710,535	\$ 6,978,283	\$ 5,668,178	
District's covered-employee payroll	\$ 2,983,146	\$ 2,905,000	\$ 2,735,731	\$ 2,622,408	\$ 2,676,676	\$ 2,467,739	\$ 2,467,739	\$ 2,159,086	\$ 2,157,151	\$ 2,206,556	
School District's proportionate share of the net pension liability as a percentage of its covered payroll	185.49%	190.48%	161.81%	217.19%	226.06%	252.65%	346.60%	450.16%	316.25%	270.12%	
Plan fiduciary net position as a percentage of the total pension liability	0.00%	0.00%	70.33%	56.27%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	

*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
LAST TEN FISCAL YEARS

	Fiscal Year Ending June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's Contractually required contribution	\$ 498,833	\$ 462,373	\$ 437,610	\$ 382,072	\$ 326,650	\$ 314,962	\$ 297,813	\$ 291,274	\$ 267,260	\$ 171,238
District's Contributions in relation to the contractually required contribution	(498,833)	(462,373)	(437,610)	(382,072)	(326,650)	(314,962)	(297,813)	(291,274)	(267,260)	(171,238)
District's Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 2,983,146	\$ 2,905,000	\$ 2,735,731	\$ 2,622,408	\$ 2,676,676	\$ 2,467,739	\$ 2,467,739	\$ 2,159,086	\$ 2,157,151	\$ 2,206,556
District's Contributions as a percentage of covered-employee payroll	16.72%	15.92%	16.00%	14.57%	12.20%	12.76%	12.07%	13.49%	12.39%	7.76%

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' PENSION AND ANNUITY FUND (TPAF)
LAST TEN FISCAL YEARS*

	Measurement Date Ending June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
School District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	39,125,703	39,604,999	37,882,003	50,951,910	50,695,788	51,006,641	54,527,584	63,568,539	50,477,691	40,074,176
	\$ 39,125,703	\$ 39,604,999	\$ 37,882,003	\$ 50,951,910	\$ 50,695,788	\$ 51,006,641	\$ 54,527,584	\$ 63,568,539	\$ 50,477,691	\$ 40,074,176
District's covered-employee payroll	\$ 9,345,320	\$ 9,160,049	\$ 9,152,943	\$ 8,886,627	unavailable	unavailable	\$ 8,519,493	\$ 7,995,099	\$ 8,257,771	\$ 8,025,064
School District's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	0.00%	0.00%	35.52%	26.95%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%

*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND (TPAF)
LAST TEN FISCAL YEARS**

This schedule is not applicable. There is a special funding situation where the State of New Jersey pays 100% of the required contributions associated with the School District.

M. Schedules Related to Accounting and Reporting for Other Post-Employment Benefits (GASB 75)

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TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
SCHEDULE OF CHANGE IN THE NET OPEB LIABILITY AND RELATED RATIOS
STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (OPEB)
LAST SEVEN FISCAL YEARS*

	Measurement Date Ending June 30,						
	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability Associated with the District							
Service Cost	\$ 2,299,804	\$ 3,048,700	\$ 3,608,413	\$ 1,872,842	\$ 1,788,971	\$ 1,961,824	\$ 2,373,828
Interest Cost	2,116,522	1,504,003	1,732,349	1,694,535	2,081,164	2,240,302	1,939,584
Change in Benefit Terms	-	-	(71,079)	-	-	-	-
Differences Between Expected and Actual	402,104	2,085,866	(13,150,196)	12,584,552	(8,674,433)	(5,402,956)	-
Changes of Assumptions	121,129	(15,224,356)	65,884	13,867,091	703,423	(6,045,737)	(8,016,188)
Contributions: Member	54,239	47,792	44,288	40,058	42,929	48,689	52,274
Gross Benefit Payments	(1,649,863)	(1,489,759)	(1,364,606)	(1,321,620)	(1,448,215)	(1,408,748)	(1,419,618)
Net Change in Total OPEB Liability Associated with the District	3,343,935	(10,027,754)	(9,134,947)	28,737,458	(5,506,161)	(8,606,626)	(5,070,120)
Total OPEB Liability Associated with the District (Beginning)	56,752,458	66,780,212	75,915,159	47,177,701	52,683,862	61,290,488	66,360,608
Total OPEB Liability Associated with the District (Ending)	<u>\$ 60,096,393</u>	<u>\$ 56,752,458</u>	<u>\$ 66,780,212</u>	<u>\$ 75,915,159</u>	<u>\$ 47,177,701</u>	<u>\$ 52,683,862</u>	<u>\$ 61,290,488</u>
District's Covered Employee Payroll	\$ 12,328,466	\$ 12,065,049	\$ 11,888,674	\$ 11,509,035	unavailable	unavailable	\$ 10,987,232
Net OPEB Liability Associated with the District as a Percentage of Payroll	487.46%	470.39%	567.12%	659.61%	unavailable	unavailable	557.83%

Note - The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III
'FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None.

Changes in Assumptions -None.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None.

Changes in Assumptions - None.

State Health Benefit Local Education Retired Employees Plan (OPEB)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 3.54% as of June 30, 2022, to 3.65% as of June 30, 2023.

OTHER SUPPLEMENTARY INFORMATION

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2024**

	TITLE I PART A	TITLE II - PART A TEACHER & PRINCIPAL TRAINING & RECRUITING	TITLE III	TITLE IV	I.D.E.A. PART B BASIC REGULAR PROGRAM	I.D.E.A. PART B PRESCHOOL PROGRAM	OTHER LOCAL PROGRAMS	STUDENT ACTIVITIES
Revenues:								
Federal Sources	\$ 147,882	\$ 42,800	\$ 2,524	\$ 16,199	\$ 390,871	\$ 22,916	\$ -	\$ -
Local Sources	-	-	-	-	-	-	266	26,019
Total Revenues	\$ 147,882	\$ 42,800	\$ 2,524	\$ 16,199	\$ 390,871	\$ 22,916	\$ 266	\$ 26,019
Expenditures:								
Instruction:								
Salaries of Teachers	\$ 106,497	\$ -	\$ 2,138	\$ -	\$ -	\$ -	\$ -	\$ -
Other Purchased Services	-	-	-	-	390,871	22,916	-	-
General Supplies	40	-	386	254	-	-	-	-
Total Instruction	106,537	-	2,524	254	390,871	22,916	-	-
Support Services:								
Salaries	-	-	-	11,073	-	-	-	-
Employee Benefits	41,345	-	-	-	-	-	-	-
Other Purchased Services	-	42,800	-	4,872	-	-	-	-
Supplies & Materials	-	-	-	-	-	-	266	-
Student Activities	-	-	-	-	-	-	-	20,512
Total Support Services	41,345	42,800	-	15,945	-	-	266	20,512
Total Expenditures	147,882	42,800	2,524	16,199	390,871	22,916	266	20,512
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-	-	-	-	5,507
Fund Balance, July 1	-	-	-	-	-	-	-	21,070
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,577

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2024**

	CRRSA ACT		AMERICAN RESCUE PLAN						TOTAL
	ESSER II	Mental Health	ESSER III	Summer Learning	Learning Acceleration	Evidence Based School Day	Mental Health		
Revenues:									
Federal Sources	\$ 87,963	\$ 4,948	\$ 694,848	\$ 7,394	\$ 126,607	\$ 14,862	\$ 17,962	\$ 1,577,776	
Local Sources	-	-	-	-	-	-	-	26,285	
Total Revenues	\$ 87,963	\$ 4,948	\$ 694,848	\$ 7,394	\$ 126,607	\$ 14,862	\$ 17,962	\$ 1,604,061	
Expenditures:									
Instruction:									
Salaries of Teachers	\$ 55,820	\$ 4,948	\$ 54,564	\$ 186	-	\$ -	-	\$ 224,153	
Other Purchased Services	-	-	-	-	-	-	-	413,787	
General Supplies	-	-	245,217	-	-	-	-	245,897	
Total Instruction	55,820	4,948	299,781	186	-	-	-	883,837	
Support Services:									
Salaries	20,627	-	196,701	-	-	14,862	-	243,263	
Employee Benefits	5,336	-	116,857	-	-	-	-	163,538	
Purchased Professional Services	6,180	-	81,509	-	126,607	-	17,962	232,258	
Other Purchased Services	-	-	-	-	-	-	-	47,672	
Supplies & Materials	-	-	-	7,208	-	-	-	7,474	
Student Activities	-	-	-	-	-	-	-	20,512	
Total Support Services	32,143	-	395,067	7,208	126,607	14,862	17,962	714,717	
Total Expenditures	87,963	4,948	694,848	7,394	126,607	14,862	17,962	1,598,554	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-	-	-	-	5,507	
Fund Balance, July 1	-	-	-	-	-	-	-	21,070	
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,577	

F. Capital Projects Fund

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**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR FISCAL YEAR ENDED JUNE 30, 2024**

PROJECT TITLE	ORIGINAL DATE	APPROPRIATIONS	EXPENDITURES		TRANSFER TO DEBT SERVICE	UNEXPENDED BALANCE JUNE 30, 2024
			PRIOR YEAR	CURRENT YEAR		
Roof and HVAC Replacement at Caroline L. Reutter Elementary School	2013	\$ 2,356,403	\$ 2,006,400	\$ 29,300	- \$	320,703
Total		<u>\$ 2,356,403</u>	<u>\$ 2,006,400</u>	<u>\$ 29,300</u>	<u>- \$</u>	<u>320,703</u>
				Unearned SDA Aid	\$	<u>(113,155)</u>
				Restricted Balance	\$	<u><u>207,548</u></u>

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE-BUDGETARY BASIS
YEAR ENDED JUNE 30, 2024**

Revenues and Other Financing Sources:	
Transfer from Capital Reserve	<u>\$ 195,683</u>
Total Revenues	<u>\$ 195,683</u>
Expenditures & Other Financing Uses:	
Other Financing Sources/(Uses):	
Construction Services	<u>\$ 29,300</u>
Total Expenditures & Other Financing Sources/(Uses)	<u> 29,300</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	166,383
Fund Balance - Beginning	<u>154,320</u>
Fund Balance - Ending	<u><u>\$ 320,703</u></u>

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
ROOF AND HVAC REPAIR AT CAROLINE L. REUTER ELEMENTARY SCHOOL
YEAR ENDED JUNE 30, 2024

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
Transfer from Capital Reserve	\$ 1,136,930	\$ 195,683	\$ 1,332,613	\$ 1,332,613
State Sources - SDA Grant	1,023,790	-	1,023,790	1,023,790
Total Revenues	2,160,720	195,683	2,356,403	2,356,403
Expenditures & Other Financing Uses:				
Architectural/Engineering Services	144,048		144,048	144,048
Other Professional and Technical Services	38,000	-	38,000	38,000
Construction Services	1,824,352	29,300	1,853,652	2,174,355
Total Expenditures	2,006,400	29,300	2,035,700	2,356,403
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 154,320	\$ 166,383	\$ 320,703	\$ -

ADDITIONAL PROJECT INFORMATION

DOE Project Number	1590-070-13-1001
SDA Project Number	1590-070-13-GIPC
Grant #	G5-5138
Grant Date	N/A
Original Authorized Cost	\$ 2,160,720
Additional Authorized Cost	
Revised Authorized Cost	\$ 2,160,720
Percentage Decrease Over Original Authorized Cost	N/A
Percentage Complete	100%
Original Target Completion Date	N/A
Revised Target Completion Date	9/6/2014

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I. Long-Term Debt

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TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2024

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITY		INTEREST RATE	BALANCE JUNE 30, 2023	ISSUED	RETIRED	BALANCE JUNE 30, 2024
			DATE	AMOUNT					
Renovations to Mary F. Janvier and Main Road Schools	06/30/2013	\$ 2,332,000	June 15, 2025	\$ 175,000	3.000%	\$ 897,000	\$ -	\$ 170,000	\$ 727,000
			2026	180,000	3.000%				
			2027	185,000	3.000%				
			2028	187,000	3.000%				
			Total						\$ 897,000

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF FINANCED PURCHASES
JUNE 30, 2024

SERIES	ORIGINAL DATE	TERMS	AMOUNT OF ORIGINAL LOAN		INTEREST RATE PAYABLE	AMOUNT OUTSTANDING JUNE 30, 2023	ISSUED CURRENT YEAR	RETIRED CURRENT YEAR	AMOUNT OUTSTANDING JUNE 30, 2024
			PRINCIPAL	INTEREST					
Dell OPTIPLEX	12/1/2021	60 months	195,583	16,938	8.66%	117,209	-	37,424	79,785
Dell Chromebooks	10/1/2020	48 months	86,875	6,873	7.91%	22,252	-	22,252	-
Dell Chromebooks	9/1/2021	48 months	76,648	5,534	7.22%	38,281	-	18,687	19,594
Dell Chromebooks	9/1/2021	48 months	83,948	6,071	7.23%	41,927	-	20,467	21,460
Promethean Displays and Chromeboxes	7/10/2019	60 months	377,000	47,592	12.62%	84,918	-	84,918	-
ESIP Equipment	8/28/2019	21 years	2,208,445	808,636	2.85%	2,051,077	-	79,786	1,971,291
Dell Chromebooks	8/1/2022	48 months	74,516	5,654	7.59%	54,473	-	17,262	37,211
Total						\$ 2,410,137	\$ -	\$ 280,796	\$ 2,129,341

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	JUNE 30, 2024				POSITIVE/ NEGATIVE
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
Revenues:					
Local Sources:					
Transfer from Other Funds	\$ 196,910	\$ -	\$ 196,910	\$ 196,910	\$ -
Total Revenues	196,910	-	196,910	196,910	-
Expenditures:					
Regular Debt Service:					
Interest	26,910	-	26,910	26,910	-
Principal	170,000	-	170,000	170,000	-
Total Expenditures	196,910	-	196,910	196,910	-
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -

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STATISTICAL SECTION (Unaudited)

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TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	FISCAL YEAR ENDING JUNE 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Governmental Activities:										
Net Investment in Capital Assets	\$ 10,635,003	\$ 11,195,722	\$ 11,759,454	\$ 11,477,116	\$ 13,113,371	\$ 13,094,477	\$ 11,577,620	\$ 12,019,368	\$ 11,049,427	\$ 11,284,912
Restricted	2,436,359	3,189,140	4,481,339	4,636,061	4,038,193	4,053,201	5,249,395	5,012,982	5,568,195	4,132,549
Unrestricted	(3,938,590)	(4,269,355)	(5,144,545)	(6,437,877)	(8,224,064)	(6,247,553)	(7,262,246)	(7,139,012)	(5,786,361)	(5,685,803)
Total Governmental Activities										
Net Position	\$ 9,132,772	\$ 10,115,507	\$ 11,096,248	\$ 9,675,300	\$ 8,927,500	\$ 10,900,125	\$ 9,564,769	\$ 9,893,338	\$ 10,831,261	\$ 9,731,658
Business-Type Activities:										
Net Investment in Capital Assets	\$ 196,377	\$ 216,934	\$ 70,151	\$ 77,835	\$ 63,487	\$ 56,099	\$ 61,060	\$ 72,209	\$ 74,341	\$ 76,473
Restricted	-	-	-	-	-	-	-	-	47,765	-
Unrestricted	116,231	225,113	371,042	122,961	13,375	61,310	42,897	46,860	20,539	59,081
Total Business-Type Activities										
Net Position	\$ 312,608	\$ 442,047	\$ 441,193	\$ 200,796	\$ 76,862	\$ 117,409	\$ 103,957	\$ 119,069	\$ 142,645	\$ 135,554
District-Wide:										
Net Investment in Capital Assets	\$ 10,831,380	\$ 11,412,656	\$ 11,829,605	\$ 11,554,951	\$ 13,176,858	\$ 13,150,576	\$ 11,638,680	\$ 12,091,577	\$ 11,123,768	\$ 11,361,384
Restricted	2,436,359	3,189,140	4,481,339	4,636,061	4,038,193	4,053,201	5,249,395	5,012,982	5,568,195	4,132,549
Unrestricted	(3,822,359)	(4,044,242)	(4,773,503)	(6,314,916)	(8,210,689)	(6,186,243)	(7,219,349)	(7,092,152)	(5,765,822)	(5,626,721)
Total District Net Position	\$ 9,445,380	\$ 10,557,554	\$ 11,537,441	\$ 9,876,096	\$ 9,004,362	\$ 11,017,534	\$ 9,668,726	\$ 10,012,407	\$ 10,926,141	\$ 9,867,212

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ 5,408,502	\$ 5,078,419	\$ 4,862,604	\$ 5,222,867	\$ 5,469,140	\$ 4,850,547	\$ 5,127,719	\$ 6,175,631	\$ 5,912,651	\$ 5,770,417
Special Education	3,044,831	2,664,315	2,987,069	2,576,272	2,517,689	2,474,773	2,457,575	1,802,721	1,749,563	1,689,218
Other Instruction	967,310	948,946	940,098	762,612	842,546	766,742	711,574	556,828	551,683	530,690
Support Services:										
Tuition	882,945	924,167	401,671	438,158	625,987	669,247	472,191	818,315	799,558	857,860
Student & Instruction Related Services	2,590,469	2,511,643	2,344,208	1,836,982	1,842,354	1,731,481	1,660,088	2,130,337	2,050,685	1,865,384
Health Services	278,127	282,868	271,314	282,821	269,325	254,552	254,064	-	-	-
Educational Media Services/School Library	145,716	134,536	133,841	130,037	124,835	119,650	112,699	-	-	-
School Administrative Services	537,385	547,125	532,606	507,792	499,515	496,192	534,324	458,297	467,257	553,920
General Administrative	559,433	621,956	562,680	521,868	515,679	538,110	661,700	456,145	419,760	400,201
Central Services & Information Technology	341,853	335,084	332,397	312,300	368,753	328,611	383,550	421,982	405,476	414,070
Administrative Information Technology	190,085	191,570	111,600	110,700	110,700	110,550	110,700	-	-	-
Plant Operations & Maintenance	2,186,646	2,098,866	2,206,903	1,918,918	1,946,350	1,856,450	2,006,657	2,527,001	1,859,222	1,773,798
Pupil Transportation	2,287,419	2,169,805	1,852,123	1,554,188	1,768,649	2,138,244	1,982,516	1,881,306	1,597,964	1,866,533
Employee Benefits	8,635,947	8,493,873	9,968,442	12,513,694	10,438,470	10,070,593	12,562,475	11,373,075	8,951,485	7,774,883
Special Schools	172,867	257,287	364,026	312,631	-	-	-	-	-	-
Debt Issue Costs										
Interest on Long-Term Debt	26,250	36,626	(2,822)	159,911	58,196	54,731	58,883	62,438	532,233	528,060
Transfer to Charter Schools	-	-	-	-	146,373	-	-	-	-	-
Unallocated Depreciation & Amortization	1,170,108	1,827,493	1,014,432	1,066,789	953,558	852,715	589,348	513,610	-	-
Total Governmental Activities Expenses	\$29,425,893	\$29,124,579	\$28,883,192	\$30,228,540	\$28,498,119	\$27,313,188	\$29,686,063	\$29,177,686	\$25,297,537	\$24,025,034
Business-Type Activities:										
Food Service	733,262	610,897	692,451	555,646	505,826	613,013	618,895	672,644	646,136	612,326
Total Business-Type Activities Expense	733,262	692,451	692,451	555,646	505,826	613,013	618,895	672,644	646,136	612,326
Total District Expenses	\$ 30,159,155	\$ 29,575,643	\$ 29,575,643	\$ 30,784,186	\$ 29,003,945	\$ 27,926,201	\$ 30,304,958	\$ 29,850,330	\$ 25,943,673	\$ 24,637,360

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
FISCAL YEAR ENDING JUNE 30,										
Program Revenues:										
Governmental Activities:										
Charges for Services & Operating Grants										
Operating Grants & Contributions	\$ 921,914	\$ 882,076	\$ 946,801	\$ 705,164	\$ 604,975	\$ 618,251	\$ 597,367	\$ 2,086,169	\$ 2,085,058	\$ 1,962,703
Instruction (Special Education)										
Support Services:	688,483	783,118	756,772	140,306	71,729	96,022	55,532	-	-	-
Student & Instruction & Related Services										
Employee Benefits	3,117,781	3,303,339	5,157,525	7,235,904	4,498,187	5,668,292	5,668,292	-	-	-
Total Governmental Activities Program Revenues	4,728,178	4,968,533	6,861,098	8,081,374	5,174,891	6,382,565	6,321,191	2,086,169	2,085,058	1,962,703
Business-Type Activities:										
Charges for Services:										
Food Service	257,860	244,109	18,356	8,968	164,081	257,122	254,464	259,647	259,013	255,049
Operating Grants & Contributions	345,963	367,642	914,492	670,612	301,198	369,343	349,319	389,422	394,214	367,541
Total Business Type Activities Program Revenues	603,823	932,848	932,848	679,580	465,279	626,465	603,783	649,069	653,227	622,590
Total District Program Revenues	\$ 5,332,001	\$ 7,793,946	\$ 7,793,946	\$ 8,760,954	\$ 5,640,170	\$ 7,009,030	\$ 6,924,974	\$ 2,735,238	\$ 2,738,285	\$ 2,585,293
Net/(Expense)/Revenue:										
Governmental Activities	\$ (24,697,715)	\$ (24,156,046)	\$ (22,022,094)	\$ (22,147,166)	\$ (23,323,228)	\$ (20,930,623)	\$ (23,364,872)	\$ (27,091,517)	\$ (23,212,479)	\$ (22,062,331)
Business-Type Activities	(129,439)	240,397	240,397	123,934	(40,547)	13,452	(15,112)	(23,575)	7,091	10,264
Total District-Wide Net Expense	\$ (24,827,154)	\$ (23,915,649)	\$ (21,781,697)	\$ (22,023,232)	\$ (23,363,775)	\$ (20,917,171)	\$ (23,379,984)	\$ (27,115,092)	\$ (23,205,388)	\$ (22,052,067)

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
FISCAL YEAR ENDING JUNE 30,										
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 12,127,942	\$ 11,604,686	\$ 11,287,790	\$ 11,287,790	\$ 11,287,790	\$ 11,158,605	\$ 10,774,405	\$ 10,558,143	\$ 10,315,788	\$ 9,810,740
Taxes Levied for Debt Service	-	-	-	-	-	-	-	189,060	186,339	172,729
Unrestricted Grants & Contributions	8,789,895	9,268,571	9,644,464	9,521,730	9,494,644	9,377,023	9,000,574	13,719,661	12,031,057	11,907,689
Tuition Received	2,462,294	2,084,529	2,084,998	1,624,255	1,494,986	1,471,844	1,368,146	1,499,028	1,551,931	1,339,719
Transportation Fees	-	-	-	-	-	-	-	77,858	124,791	109,817
Investment Earnings	-	-	-	-	-	6,069	45	27,832	27,157	20,235
Miscellaneous Income	334,849	217,519	237,428	315,042	581,247	332,760	66,737	82,011	75,021	103,612
Transfer to Charter School	-	-	-	-	-	-	-	-	-	-
Other	-	-	7,733	(3,319)	(1,508,064)	(80,322)	(34,709)	-	-	-
Total Governmental Activities	23,714,980	23,175,305	23,262,413	22,745,498	21,350,603	22,265,979	21,175,198	26,153,593	24,312,084	23,464,541
Total District-Wide	\$ 23,714,980	\$ 23,175,305	\$ 23,262,413	\$ 22,745,498	\$ 21,350,603	\$ 22,265,979	\$ 21,175,198	\$ 26,153,593	\$ 24,312,084	\$ 23,464,541
Change in Net Position:										
Governmental Activities	\$ (982,735)	\$ (980,741)	\$ 1,240,319	\$ 598,332	\$ (1,972,625)	\$ 1,335,356	\$ (2,189,674)	\$ (937,924)	\$ 1,099,605	\$ 1,402,210
Business-Type Activities	(129,439)	240,397	240,397	123,934	(40,547)	13,452	(15,112)	(23,575)	7,091	10,264
Total District	\$ (1,112,174)	\$ (740,344)	\$ 1,480,716	\$ 722,266	\$ (2,013,172)	\$ 1,348,808	\$ (2,204,786)	\$ (961,499)	\$ 1,106,696	\$ 1,412,474

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
FUND BALANCES AND GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
FISCAL YEAR ENDING JUNE 30,										
General Fund:										
Restricted:										
Capital Reserve	\$ 1,255,559	\$ 1,896,062	\$ 2,584,122	\$ 2,775,623	\$ 2,558,042	\$ 1,752,417	\$ 1,286,301	\$ 2,379,851	\$ 2,847,261	\$ 1,730,000
Maintenance Reserve	549,607	839,264	1,377,351	1,377,351	1,377,351	1,117,800	617,800	1,078,306	1,078,306	1,078,306
Excess Surplus	-	-	-	-	-	-	1,064,948	163,403	251,207	87,804
Excess Surplus Designated for Subsequent Year	-	-	-	-	-	1,064,948	-	-	-	-
Emergency Reserve	-	-	-	-	-	-	-	250,000	250,000	-
Unemployment Compensation	397,068	391,579	399,240	362,321	-	-	-	-	-	-
Assigned to Year-End Encumbrances	437,081	399,373	394,834	293,153	920,255	1,201,400	22,521	70,141	223,250	94,697
Assigned to Subsequent Year's Expenditures	1,331,917	1,149,844	1,235,889	736,107	164,903	78,666	23,619	26,509	31,150	-
Unrestricted	(78,364)	152,415	(152,865)	40,523	(361,833)	(375,805)	(330,549)	(362,376)	(338,696)	(400,326)
Total General Fund	\$ 3,892,868	\$ 4,828,537	\$ 5,838,571	\$ 5,585,078	\$ 4,658,718	\$ 4,839,426	\$ 2,684,640	\$ 3,605,835	\$ 4,342,478	\$ 2,590,481
All Other Governmental Funds:										
Restricted	\$ 207,548	\$ 41,165	\$ 102,800	\$ 102,800	\$ 102,800.00	\$ 118,036.00	\$ 2,280,346.00	\$ -	\$ -	\$ -
Unrestricted, Reported in:										
Special Revenue Fund	26,577	21,070	17,826	17,966	-	-	-	-	-	-
Capital Projects Fund	-	-	-	-	-	-	-	1,141,421	1,141,421	1,141,421
Debt Service Fund	-	-	-	-	-	-	-	-	-	321
Total All Other Governmental Funds	\$ 234,125	\$ 62,235	\$ 120,626	\$ 120,766	\$ 102,800	\$ 118,036	\$ 2,280,346	\$ 1,141,421	\$ 1,141,421	\$ 1,141,742

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Revenues:										
Taxes Local	\$ 12,127,942	\$ 11,604,686	\$ 11,287,790	\$ 11,287,790	\$ 11,287,790	\$ 11,158,605	\$ 10,774,405	\$ 10,747,203	\$ 10,502,127	\$ 9,983,469
Tuition Charges	2,462,294	2,084,529	2,084,998	1,624,255	1,494,986	1,471,844	1,368,146	1,499,028	1,551,931	1,339,719
Rent										
Transportation	136,474	147,303	156,221	157,682	178,593	104,175	124,077			
Interest Earnings	9	9	9	19	2,071	6,069	45	27,832	27,157	20,235
Miscellaneous	198,366	70,207	81,198	157,341	409,074	228,585	200,350	159,869	199,812	213,429
State Sources	13,917,380	13,967,061	14,266,787	13,231,522	12,495,567	12,368,415	11,578,617	11,207,038	10,910,139	11,461,483
Federal Sources	1,568,408	1,652,081	1,712,099	841,415	680,908	727,623	669,666	732,165	770,837	684,318
Total Revenue	30,410,873	29,525,876	29,589,102	27,300,024	26,548,989	26,065,316	24,715,306	24,373,135	23,962,002	23,702,653
Expenditures:										
Instruction:										
Regular Instruction	5,689,298	5,378,886	5,191,875	5,296,368	5,580,059	5,013,984	5,279,673	5,966,732	5,804,959	5,768,815
Special Education Instruction	3,044,831	2,664,315	2,987,069	2,576,272	2,517,689	2,474,773	2,457,575	1,792,945	1,739,787	1,680,694
Other Instruction	967,310	948,946	940,098	762,612	842,546	766,742	711,574	556,828	551,683	530,690
Undistributed:										
Tuition	882,945	924,167	401,671	438,158	625,987	669,247	472,191	818,315	799,558	857,860
Health Services	278,127	282,868	271,314	282,821	269,325	254,552	254,064			
Student & Instr. Related Services	2,590,469	2,511,643	2,344,208	1,836,982	1,842,354	1,731,481	1,651,738	2,122,230	2,042,578	1,857,277
Educational Media Services	145,716	134,536	133,841	130,037	124,835	119,650	112,699			
Instructional Staff Training	25,761	44,148	48,235	22,608	38,942	42,187	50,861			
General Administration	533,672	577,808	514,445	499,260	476,737	495,923	602,618	455,525	419,140	399,581
School Administration	537,385	547,125	532,606	507,792	499,515	496,192	472,876	457,615	466,575	553,237
Central Administration	341,853	335,084	332,397	312,300	368,753	328,611	383,550	421,982	405,476	414,070
Administration Information Technology	190,085	111,600	110,700	110,700	110,550	110,700				
Allowable Maintenance for School Facilities	2,186,646	2,098,866	2,206,903	1,918,918	1,946,350	1,856,450	1,979,544	2,445,927	1,778,149	1,694,564
Operation & Maintenance of Plant Services	2,287,419	2,169,805	1,852,123	1,554,188	1,826,582	2,194,716	1,856,479	1,808,948	1,525,606	1,794,577
Student Transportation										
Business & Other Supp. Services	5,850,778	5,838,225	5,648,353	5,319,715	5,656,817	4,228,204	4,460,760	6,704,269	6,198,146	5,946,425
Unallocated Benefits										
On Behalf TPAF Pension and Social Security Contributions	5,085,496	4,685,377	4,630,849	3,705,737	3,005,127	3,004,742	2,594,810			
Capital Outlay	158,593	872,810	980,316	713,416	2,870,536	2,178,669	589,174	1,538,855	292,010	2,553,416
Special Schools										
Debt Service Expenditures:										
Principal	170,000	165,000	155,000	155,000	150,000	145,000	140,000	135,000	130,000	130,000
Interest	35,401	40,351	44,999	49,651	54,151	54,851	59,000	54,060	56,660	59,260
Total Expenditures	31,001,785	30,331,560	29,327,002	26,192,535	28,806,855	26,166,674	24,129,186	25,279,231	22,210,326	24,240,465
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(590,912)	(805,684)	262,100	1,107,489	(2,257,866)	(101,358)	586,120	(906,095)	1,751,676	(537,812)
Other Financing Sources/(Uses):										
Financed Purchases (Non-Budgeted)	-	74,516	356,179	-	2,208,445	93,684	-	169,452	-	-
Transfer to Charter Schools	(172,867)	(257,287)	(364,026)	(312,631)	(146,373)	-	(257,690)	-	-	-
Transfers Out	(392,593)	(196,860)	(191,510)	(196,160)	(195,660)	(377,413)	(1,696,790)	-	-	-
Transfers In	392,593	196,860	191,510	196,160	195,660	377,413	1,696,790	-	-	-
Total Other Financing Sources/(Uses)	(172,867)	(182,771)	(7,847)	(312,631)	2,062,072	93,684	(257,690)	169,452	-	-
Net Change in Fund Balances	(\$763,779)	(\$988,455)	\$254,253	\$794,858	(\$195,794)	(\$7,674)	\$328,430	(\$736,643)	\$1,751,676	(\$537,812)
Debt Service as a Percentage of Noncapital Expenditures	0.67%	0.70%	0.71%	0.80%	0.79%	0.83%	0.85%	0.80%	0.85%	0.87%

Source: District Records

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

FISCAL YEAR	ENDING JUNE 30,	INTEREST ON INVESTMENTS	TUITION REVENUE	RENTALS	TRANSP. FEES	MEDICARE SEMI & EPSDT	REFUND OF PRIOR YEAR EXPENDITURE	INSURANCE DIVIDENDS/ ADJUSTMENT	MISCELLANEOUS	TOTAL
2024	\$	3,910	\$ 2,462,294	\$	\$ 136,474	\$	54,861	\$	113,319	\$ 2,770,858
2023		5,209	2,084,529	-	147,303	-	-	-	34,375	2,271,416
2022		5,352	2,084,998	-	156,221	-	38,889	-	27,576	2,313,036
2021		7,575	1,624,255	-	157,682	-	-	-	138,140	1,927,652
2020		18,976	1,494,986	-	178,593	-	3,969	-	376,213	2,072,737
2019		24,065	1,471,844	-	104,175	-	3,969	-	193,493	1,797,546
2018		29,303	1,368,146	-	124,077	-	34,170	20,252	24,277	1,600,225
2017		27,832	1,499,028	-	77,858	-	-	-	82,011	1,686,729
2016		27,157	1,551,931	-	124,791	47,213	-	-	75,021	1,826,113
2015		20,235	1,339,719	-	109,817	10,525	-	-	103,612	1,583,908

Source: District records

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

FISCAL YEAR ENDED JUNE 30,	VACANT LAND	RESIDENTIAL	FARM REG.	QFARM	COMMERCIAL	APARTMENT	TOTAL ASSESSED VALUE	PUBLIC UTILITIES	NET VALUATION TAXABLE	TOTAL DIRECT SCHOOL TAX RATE	ESTIMATED ACTUAL (COUNTY EQUALIZED) VALUE
2024	28,442,700	1,067,768,800	51,966,600	6,022,100	97,785,800	1,927,000	1,253,913,000		1,253,913,000	1.978	1,886,497,469
2023	29,356,400	1,060,180,900	51,598,900	5,777,300	95,800,800	1,927,000	1,244,641,300		1,244,641,300	1.908	1,656,130,476
2022	29,735,400	1,056,924,400	49,831,300	5,603,300	93,689,800	1,927,000	1,237,711,200	2,063,354	1,239,774,554	1.846	1,461,724,774
2021	31,119,600	1,050,078,300	50,207,200	5,445,500	93,136,200	1,927,000	1,231,913,800	3,352,485	1,235,266,285	1.830	1,453,209,917
2020	31,787,800	1,045,890,200	50,955,200	5,625,000	92,253,500	1,927,000	1,228,438,700	2,159,754	1,230,598,454	1.836	1,363,159,865
2019	32,143,500	1,048,027,300	49,508,200	5,625,200	92,593,900	1,927,000	1,229,825,100	2,161,153	1,231,986,253	1.822	1,318,465,490
2018	32,122,000	1,047,529,000	49,158,100	6,166,900	92,504,200	2,127,000	1,229,607,200	2,145,537	1,231,752,737	1.896	1,304,220,449
2017	33,979,400	1,047,692,500	48,604,500	6,071,800	95,784,400	2,127,000	1,234,259,600	2,819,379	1,237,078,979	1.849	1,301,138,098
2016	34,255,500	1,045,898,900	48,197,300	5,995,600	93,081,000	2,127,000	1,229,555,300	2,907,975	1,232,463,275	1.834	1,296,691,472
2015	34,235,200	1,043,381,600	49,129,500	6,105,900	93,789,600	3,103,600	1,229,745,400	2,956,780	1,232,702,180	1.771	1,272,532,446

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate per \$100 of Assessed Value)**

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE			OVERLAPPING RATES			FRANKLIN TOWNSHIP OPEN SPACE	TOTAL DIRECT AND OVERLAPPING TAX RATE
	BASIC RATE	GENERAL OBLIGATION DEBT SERVICES	TOTAL DIRECT SCHOOL TAX RATE	REGIONAL SCHOOL DISTRICT	FRANKLIN TOWNSHIP	GLOUCESTER COUNTY		
2024	0.974	0.015	0.989	1.113	0.791	0.749	0.010	3.652
2023	0.939	0.015	0.954	1.085	0.765	0.750	0.010	3.564
2022	0.908	0.015	0.923	1.054	0.728	0.753	0.010	3.468
2021	0.900	0.015	0.915	1.026	0.705	0.761	0.011	3.418
2020	0.903	0.015	0.918	1.019	0.678	0.755	0.010	3.380
2019	0.896	0.015	0.911	1.019	0.659	0.735	0.010	3.334
2018	0.876	0.015	0.891	1.005	0.661	0.722	0.010	3.289
2017	0.855	0.015	0.870	0.979	0.661	0.706	0.010	3.226
2016	0.848	0.015	0.863	0.971	0.661	0.706	0.010	3.211
2015	0.817	0.014	0.831	0.940	0.612	0.688	0.010	3.081

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO**

TAXPAYER	2024		2015	
	TAXABLE ASSESSED VALUE	% OF TOTAL DISTRICT NET ASSESSED VALUATION	TAXABLE ASSESSED VALUE	% OF TOTAL DISTRICT NET ASSESSED VALUATION
RLS Real Estate of Newfield NJ II	\$ 10,744,300	0.86%		
PDM LLC % CVS Pharmacy Inc	2,300,000	0.18%		
Wawa Inc	2,143,600	0.17%		
328 Investment GRP LLC	2,131,300	0.17%		
Graiff Brothers Properties LLC	2,065,100	0.17%		
ZAWA Franklinville LLC	2,057,100	0.17%		
Rosemar Properties V LLC	1,600,000	0.13%		
AJ Seerat LLC	1,550,000	0.12%		
2099 Main Road LLC	1,512,300	0.12%		
Blackwood Town Industries Inc	1,466,900	0.12%		
R Leo & Son, LLC			\$ 3,586,300	0.50%
State of NJ, Dep C/O White Oak CC			3,200,000	0.28%
RT Enterprises LLC			3,098,100	0.15%
Verizon New Jersey C/O Duff & Phelps			2,907,975	0.19%
Wawa Inc.			2,770,800	0.14%
FSL Development Corp			2,620,100	0.14%
PDM LLC % CVS Pharmacy Inc			2,500,000	0.18%
New Greenways LLC			2,155,700	0.14%
Graiff Brothers Properties LLC			2,068,400	0.16%
Newfield National Bank			2,046,600	0.14%
Total	<u>\$ 27,570,600</u>	<u>2.22%</u>	<u>\$ 16,169,100</u>	<u>2.02%</u>

Source: Municipal Tax Assessor.

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

YEAR ENDED DECEMBER 31	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITH THE FISCAL YEAR		COLLECTIONS IN SUBSEQUENT YEAR
		AMOUNT	PERCENT OF LEVY	
2024	\$12,127,942	\$12,127,942	100.00%	-
2023	11,604,686	11,604,686	100.00%	-
2022	11,287,790	11,287,790	100.00%	-
2021	11,287,790	11,287,790	100.00%	-
2020	11,287,790	11,287,790	100.00%	-
2019	11,158,605	11,158,605	100.00%	-
2018	10,774,405	10,774,405	100.00%	-
2017	10,558,143	10,558,143	100.00%	-
2016	10,502,127	10,502,127	100.00%	-
2015	9,983,469	9,983,469	100.00%	-

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

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 20,	GOVERNMENTAL ACTIVITIES			BOND ANTICIPATION NOTES (BANs)	TOTAL DISTRICT	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
	GENERAL OBLIGATION BONDS	FINANCED PURCHASES					
2024	\$ 727,000	\$ 2,129,341	-	\$ 2,856,341	N/A	N/A	
2023	897,000	2,410,137	-	3,307,137	N/A	N/A	
2022	1,062,000	2,410,137	-	3,472,137	0.34%	211	
2021	1,217,000	2,240,714	-	3,457,714	0.33%	209	
2020	1,372,000	2,314,215	-	3,686,215	0.37%	226	
2019	1,522,000	274,622	-	1,796,622	0.19%	110	
2018	1,667,000	400,847	-	2,067,847	0.23%	126	
2017	1,807,000	-	-	1,807,000	0.21%	110	
2016	1,942,000	-	-	1,942,000	0.23%	118	
2015	2,072,000	-	-	2,072,000	0.25%	125	

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

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

FISCAL YEAR ENDED JUNE 30,	GENERAL BONDED DEBT OUTSTANDING			PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
	GENERAL OBLIGATION BONDS	DEDUCTIONS	NET GENERAL BONDED DEBT OUTSTANDING		
2024	\$ 727,000	\$ -	\$ 727,000	0.06%	N/A
2023	897,000	-	897,000	0.07%	N/A
2022	1,062,000	-	1,062,000	0.10%	64
2021	1,217,000	-	1,217,000	0.11%	84
2020	1,372,000	-	1,372,000	0.12%	102
2019	1,522,000	-	1,522,000	0.14%	110
2018	1,667,000	-	1,667,000	0.15%	117
2017	1,807,000	-	1,807,000	0.16%	124
2016	1,942,000	-	1,942,000	0.17%	124
2015	2,072,000	-	2,072,000	0.17%	140

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2024**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Franklin Township	\$6,811,050	100.00%	\$6,811,050
Other Debt			
Gloucester County General Obligation Debt	144,673,000	4.20%	6,072,415
Delsea Regional School District	7,476,000	77.34%	<u>5,782,143</u>
Total Direct & Overlapping Debt			<u><u>\$18,665,608</u></u>

Sources: Franklin Township Finance Officer and Gloucester County Finance Office

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 above Townships. 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 government unit's taxable value that is within the District's boundaries and dividing it by each unit's total taxable value.

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Debt Limit	\$57,735,197	\$49,527,268	\$49,527,268	\$46,803,755	\$46,118,671	\$45,355,048	45,355,048	32,309,015	32,195,224	32,344,421
Total Net Debt Applicable to Limit	727,000	897,000	1,062,000	1,217,000	1,372,000	1,522,000	1,667,000	1,807,000	1,942,000	2,072,000
Legal Debt Margin	\$57,008,197	\$48,630,268	\$48,465,268	\$45,586,755	\$44,746,671	\$43,833,048	\$43,688,048	\$30,502,015	\$30,253,224	\$30,272,421
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	1.26%	1.81%	2.14%	2.60%	2.97%	3.36%	3.68%	5.59%	6.03%	6.41%

Legal Debt Margin Calculation for Fiscal Year 2022

	Equalized Valuation Basis	
	Total	
Average Equalized Valuation of Taxable Property	2023	1,852,696,189
	2022	1,645,017,544
	2021	1,451,017,432
		<u>\$4,948,731,165</u>
Debt Limit (3.5 % of Average Equalization Value)		<u>\$1,649,577,055</u>
Net Bonded School Debt		<u>\$57,735,197</u>
Legal Debt Margin		<u>897,000</u>
		<u>\$56,838,197</u>

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey
Department of Treasury, Division of Taxation

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

YEAR	POPULATION (a)	PERSONAL INCOME	PER CAPITA PERSONAL INCOME (c)	UNEMPLOYMENT RATE (d)
2024	N/A	N/A	N/A	N/A
2023	16,543	N/A	N/A	5.0%
2022	16,494	1,029,308,070	62,405	4.6%
2021	16,568	1,036,378,104	62,553	7.1%
2020	16,340	986,707,240	60,386	10.7%
2019	16,329	928,352,637	56,853	4.7%
2018	16,420	897,287,320	54,646	5.4%
2017	16,451	867,444,779	52,729	5.6%
2016	16,492	837,595,696	50,788	6.7%
2015	16,593	823,377,846	49,622	8.0%

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal income

^c Per Capita

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

EMPLOYER	2024		
	EMPLOYEES	RANK (OPTIONAL)	PERCENTAGE OF TOTAL EMPLOYMENT
Rowan University	3,500	1	N/A
Inspira Health Network	2,000	2	N/A
Walmart- Turnersville	1,500	3	N/A
Washington Township School District	1,495	4	N/A
County of Gloucester	1,200	5	N/A
Monroe Township School District	912	6	N/A
Jefferson Health	670	7	N/A
Shop Rite	575	8	N/A
Aryzta LaBrea Bakery, Inc,	500	9	N/A
Keller Williams Realty	500	10	N/A
	<u>12,852</u>		

EMPLOYER	2015		
	EMPLOYEES	RANK (OPTIONAL)	PERCENTAGE OF TOTAL EMPLOYMENT
Inspira Health Network	1,825	1	
Kennedy Health Alliance	1,675	2	
Washington Township School District	1,631	3	
Rowan University	1,483	4	
County of Gloucester	1,398	5	
Missa Bay, LLC	950	6	
Monroe Township School District	807	7	
U.S. FoodService	725	8	
Exxon Mobile Research & Development	540	9	
LaBrea Bakery	525	10	
	<u>11,559</u>		

Source: Information provided by the Gloucester County Office of Economic Development and Employer Directly.

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

Function/Program	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Instruction:										
Regular	74.5	78.0	74.0	82.0	79.0	71.0	79.0	105.0	100.0	74.0
Special Education	62.0	59.0	60.0	61.0	61.5	59.0	56.0	28.0	29.0	50.0
Other Instruction										
Support Services:										
Student & Instruction Related Services	28.5	32.0	34.0	31.5	29.0	33.0	28.0	35.4	24.0	26.0
General Administration	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
School Administration	7.0	7.0	7.0	7.0	7.0	7.0	7.0	9.0	8.0	8.0
Central Services	4.0	4.0	4.0	4.0	4.0	4.0	5.0	5.0	4.0	4.0
Plants Operations & Maintenance	17.5	18.5	19.5	19.5	19.5	20.5	21.0	25.0	19.0	23.0
Pupil Transportation	29.0	33.0	31.0	31.0	30.0	29.0	33.0	36.4	34.0	36.0
Total	225.5	234.5	232.5	239.0	233.0	226.5	232.0	246.8	221.0	224.0

Source: District Personnel Records

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS**

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	PUPIL/ TEACHER RATIO		AVERAGE DAILY ENROLLMENT (ADE) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
					STAFF	RATIO				
2024	1,333	\$ 29,065,471	21,805	4.23%	136.5	9.8	1,327.9	1,243.8	1.03%	93.67%
2023	1,324	27,697,544	20,920	10.98%	137.0	9.7	1,314.4	1,228.5	3.61%	93.46%
2022	1,284	26,482,571	18,850	6.38%	134	9.6	1,268.6	1,179.1	-2.00%	92.94%
2021	1,296	24,429,666	17,720	6.52%	143	9.1	1,294.5	1,235.1	-8.55%	95.41%
2020	1,414	25,055,614	16,636	2.30%	141	10.1	1,415.6	1,370.7	1.03%	96.83%
2019	1,387	23,073,731	16,262	-1.19%	130	10.7	1,401.1	1,335.2	-0.33%	95.30%
2018	1,402	22,798,813	16,458	7.99%	135	10	1,405.7	1,336.1	-2.88%	95.05%
2017	1,431	23,551,316	15,240	-0.47%	133	11	1,447.4	1,375.7	2.05%	95.05%
2016	1,426	21,731,656	15,312	4.46%	129	11	1,418.3	1,353.4	1.37%	95.42%
2015	1,404	21,497,789	14,658	2.68%	124	11	1,399.2	1,330.8	1.03%	95.11%

Sources: District records

Note: Enrollment based on annual October district count.

a Operating expenditures equal total expenditures less debt service and capital outlay.

b Teaching staff includes only full-time equivalents of certificated staff.

c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS)

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS**

DISTRICT BUILDINGS	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Elementary										
Caroline L. Reutter (1952):										
Square Feet	56,905	56,905	56,905	56,905	56,905	56,905	56,905	56,905	56,905	56,905
Capacity (Students)	481	481	481	481	481	481	481	481	481	481
Enrollment	392	381	363	381	430	418	415	361	361	361
Main Road (1968):										
Square Feet	59,400	59,400	59,400	59,400	59,400	59,400	59,400	59,400	59,400	59,400
Capacity (Students)	516	516	516	516	516	516	516	516	516	516
Enrollment	357	386	390	380	376	406	418	426	426	426
Mary F. Janvier (1989):										
Square Feet	66,500	66,500	66,500	66,500	66,500	66,500	66,500	66,500	66,500	66,500
Capacity (Students)	784	784	784	784	784	784	784	784	784	784
Enrollment	561	557	531	547	611	613	569	617	617	617
Lake School (1938):										
Square Feet	5,710	5,710	5,710	5,710	5,710	5,710	5,710	5,710	5,710	5,710
Capacity (Students)	54	54	54	54	54	54	54	54	54	54
Enrollment										
Administration Building:										
Square Feet	7,911	7,911	7,911	7,911	7,911	7,911	7,911	7,911	7,911	7,911
Transportation/Maintenance Building:										
Square Feet	7,133	7,133	7,133	7,133	7,133	7,133	7,133	7,133	7,133	7,133
Storage/Grounds Building:										
Square Feet	2,885	2,885	2,885	2,885	2,885	2,885	2,885	2,885	2,885	2,885

Number of Schools at June 30, 2024:

Elementary = 2.5

Middle School = .5

Other = 0

Source: District Facilities Office

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

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS**

**UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES**

	GROSS SQUARE * FOOTAGE	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Caroline L. Reutter School	56,905	\$ 80,305	\$ 92,368	\$ 124,815	\$ 133,929	\$ 125,042	\$ 101,541	\$ 148,533	\$ 53,532	\$ 72,058	\$ 46,736
Main Road School	59,400	75,140	90,229	130,287	139,801	130,524	105,993	155,046	137,323	99,706	61,480
Mary F. Janvier School	66,500	103,005	115,662	145,860	156,512	146,125	118,662	173,578	156,632	88,089	98,012
Lake School	5,710	16,863	22,296	-	-	12,547	10,189	14,904	20,409	22,444	17,542
Total School Facilities		275,313	320,555	400,962	430,242	414,238	336,386	492,062	367,896	282,297	223,770
Other Facilities	17,929	149,724	117,629	39,325	42,197	39,397	31,992	46,798	699,420	95,579	63,646
Total All Facilities		\$ 425,037	\$ 438,184	\$ 440,287	\$ 472,439	\$ 453,635	\$ 368,378	\$ 538,860	\$ 1,067,316	\$ 377,876	\$ 287,417

* School facilities as defined under EFCFA.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: District records

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2024**

	COVERAGE	DEDUCTIBLE
<i>Republic Franklin Insurance:</i>		
Commercial Property Coverage - Blanket	\$ 53,774,438	
Including Boiler		1,000
Commercial General Liability	1,000,000 per occ/ 3,000,000 agg.	None
Comprehensive Automobile Liability	1,000,000	Comp. - 500 Collision - 1,000
Computers and Scheduled Equipment -		
Including Software (Commercial Inland Marine)	500,000	1,000
Commercial Crime Coverage		
Employee Dishonesty	105,000	None
Employee Benefits Liability	1,000,000 per claim 3,000,000 agg.	1,000
Employee Dishonesty Coverage	205,000	1,000
<i>Utica National Insurance:</i>		
Commercial Umbrella Policy	10,000,000	1,000
<i>Firemans Fund Indemnity Corp.:</i>		
Excess Umbrella - Catastrophic	50,000,000	None
<i>NJSBAIG:</i>		
Workers Compensation		
Per Accident	2,000,000	None
Aggregate	2,000,000	None
Each Employee	2,000,000	None
<i>Berkley Insurance Co./McCloskey Insurance Co.:</i>		
Student Accident Insurance	1,000,000 max per injury	None
<i>United States Fire Insurance Co.:</i>		
Catastrophic Accident Insurance	5,000,000	25,000
<i>Ohio Casualty:</i>		
Surety Bonds	225,000	None

Source: District Records.

SINGLE AUDIT SECTION

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HOLT MCNALLY & ASSOCIATES

Certified Public Accountants & Advisors

EXHIBIT K-1

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities and each major fund of the Franklin Township School District (the “School District”), in the County of Gloucester, State of New Jersey as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School District’s basic financial statements, and have issued our report thereon dated January 13, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District’s internal control over financial reporting (internal control) as a basis for designing 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 School District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the School District’s internal control.

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

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

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Respectfully Submitted,

HOLT MCNALLY & ASSOCIATES, INC.

Certified Public Accountants & Advisors

Michael Holt
Certified Public Accountant
Public School Accountant, No. 1148

Medford, New Jersey
January 15, 2025

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08**

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the Franklin Township School District's (the "School District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major federal and state programs for the fiscal year ended June 30, 2024. The School District'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.

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*; and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, the Uniform Guidance, and State of New Jersey Circular 15-08-OMB, we:

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

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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 or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Respectfully Submitted,

HOLT MCNALLY & ASSOCIATES, INC
Certified Public Accountants & Advisors

Michael Holt
Certified Public Accountant
Public School Accountant, No. 1148

Medford, New Jersey
January 13, 2025

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**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR FISCAL YEAR ENDED JUNE 30, 2024**

STATE GRANTOR/ PROGRAM TITLE	GRANTOR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2023	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	BALANCE, JUNE 30, 2024		MEMO	
								ACCOUNTS RECEIVABLE	UNEARNED REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE
State Department of Education:											
General Fund:											
State Aid Public:											
Equalization Aid	495-034-5120-078	\$ 6,640,254	7/1/23-6/30/24	\$ -	\$6,640,254	(\$6,640,254)	\$ -	\$ -	\$ -	\$ 641,519	\$ 6,640,254
Special Education Categorical Aid	495-034-5120-089	737,647	7/1/23-6/30/24	-	737,647	(737,647)	-	-	-	71,265	737,647
Security Aid	495-034-5120-084	177,000	7/1/23-6/30/24	-	177,000	(177,000)	-	-	-	17,100	177,000
Stabilization Aid	495-034-5120-078	86,991	7/1/23-6/30/24	-	86,991	(86,991)	-	-	-	86,991	-
Total State Aid Public				-	7,641,892	(7,641,892)	-	-	-	729,884	7,641,892
Transportation Aid	495-034-5120-014	836,192	7/1/23-6/30/24	-	836,192	(836,192)	-	-	-	80,785	836,192
Additional Nonpublic Transportation Aid	495-034-5120-014	33,072	7/1/22-6/30/23	(33,072)	33,072	-	-	-	-	-	-
Additional Nonpublic Transportation Aid	495-034-5120-014	40,950	7/1/23-6/30/24	-	-	(40,950)	-	(40,950)	-	-	40,950
Subtotal				(33,072)	869,264	(877,142)	-	(40,950)	-	80,785	877,142
Extraordinary Aid	495-034-5120-044	296,368	7/1/22-6/30/23	(296,368)	296,368	-	-	-	-	-	-
Extraordinary Aid	495-034-5120-044	261,351	7/1/23-6/30/24	-	-	(261,351)	-	-	-	-	261,351
Reimbursed TPAF Social Security	495-034-5094-003	671,246	7/1/22-6/30/23	(32,447)	32,447	-	-	-	-	-	-
Reimbursed TPAF Social Security	495-034-5094-003	711,578	7/1/23-6/30/24	-	677,176	(711,578)	-	(34,402)	-	-	711,578
Noncash Assistance:											
TPAF - Post Retirement Medical	495-034-5094-001	935,370	7/1/23-6/30/24	-	935,370	(935,370)	-	-	-	-	935,370
TPAF - Pension Contributions	495-034-5094-002	3,436,796	7/1/23-6/30/24	-	3,436,796	(3,436,796)	-	-	-	-	3,436,796
TPAF - Long-Term Disability Insurance	495-034-5094-004	1,752	7/1/23-6/30/24	-	1,752	(1,752)	-	-	-	-	1,752
Total General Fund Assistance				(361,887)	13,891,065	(13,865,881)	-	(336,703)	-	810,669	13,865,881
Special Revenue Fund:											
N.J. School Development Aid:											
Emergent and Capital Maintenance Needs	unavailable	59,520	7/1/22-6/30/23	(58,695)	-	-	-	(58,695)	-	-	-
Subtotal				(58,695)	-	-	-	(58,695)	-	-	-
Climate Change Education Grants to Schools	100-034-5063-359	6,660	4/1/23-6/30/23	(119)	119	-	-	-	-	-	-
Subtotal				(119)	119	-	-	-	-	-	-
Total Special Revenue Fund				(58,814)	119	-	-	(58,695)	-	-	-
State Department of Agriculture:											
Enterprise Fund:											
National School Lunch Program	100-010-3350-023	7,295	7/1/22-6/30/23	(380)	380	-	-	-	-	-	-
National School Lunch Program	100-010-3350-023	6,907	7/1/23-6/30/24	-	6,555	(6,907)	-	(352)	-	-	6,907
Working Class Families State Supplement	495-010-3350-006	1,814	7/1/23-6/30/24	-	1,709	(1,814)	-	(105)	-	-	1,814
Breakfast After the Bell	495-010-3350-004	3,981	7/1/22-6/30/23	(244)	244	-	-	-	-	-	-
Breakfast After the Bell	495-010-3350-004	3,902	7/1/23-6/30/24	-	3,683	(3,902)	-	(219)	-	-	3,902
National School Breakfast Program	495-010-3350-002	1,025	7/1/22-6/30/23	(64)	64	-	-	-	-	-	-
National School Breakfast Program	495-010-3350-002	992	7/1/23-6/30/24	-	933	(992)	-	(59)	-	-	992
Total Enterprise Fund Assistance				(688)	13,568	(13,615)	-	(735)	-	-	13,615
Grand Total State Financial Assistance				\$ (421,389)	\$ 13,904,752	\$ (13,879,496)	\$ -	\$ (396,133)	\$ -	\$ 810,669	\$ 13,879,496

State Financial Assistance Programs Not Subject to Calculation for Major Program Determination:

TPAF - Post Retirement Medical (Noncash Assistance)	935,370
TPAF - Pension Contributions (Noncash Assistance)	3,436,796
TPAF - Long-Term Disability Insurance (Noncash Assistance)	1,752

Total State Financial Assistance subject to Major Program Determination

\$ (9,505,578)

The accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Note 1. Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the Township of Franklin School District. The School District is defined in Note 1 of the basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

Note 2. Summary of Significant Accounting Policies

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the following exception: programs recorded in the enterprise fund are presented using the accrual basis of accounting and programs recorded in the capital projects fund are presented using the modified accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The School District did not elect the 10-percent de minimis indirect cost rate as discussed in 2 CFR 200.414.

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the School District for the year ended June 30, 2024. TPAF Social Security Contributions 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, 2024.

Note 3. Relationship to Basic Financial Statements

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) 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.

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Note 3. Relationship to Basic Financial Statements (continued)

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A.* 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with *N.J.S.A.* 18A:22-4.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$18,929 for the general fund and \$6,336 for the special revenue fund. See Exhibit C-3 Note A of the basic financial statements, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 16,866	\$ 13,884,810	\$ 13,901,676
Special Revenue Fund	1,551,542	32,570	1,584,112
Food Service Fund	<u>332,348</u>	<u>13,615</u>	<u>345,963</u>
Total Awards & Financial Assistance	<u>\$ 1,900,756</u>	<u>\$ 13,930,995</u>	<u>\$ 15,831,751</u>

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. Federal and State Loans Outstanding

The Township of Franklin School District had no loan balances outstanding at June 30, 2024.

Financial Statements

Federal Awards

Identification of major programs:

Dollar threshold used to determine Type A programs	<u>\$750,000.00</u>	
Auditee qualified as low-risk auditee?	X	yes no

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

State Financial Assistance

Dollar threshold used to determine Type A programs \$750,000.00

Auditee qualified as low-risk auditee? X yes no

Internal control over major programs:

 1) Material weakness(es) identified? yes X no

 2) Significant deficiency(ies) identified? yes X no

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported
in accordance with New Jersey OMB's Circular 15-08? yes X no

Identification of major programs:

State Grant/Project Number(s)

Name of State Program

State Aid Public Cluster:	State Aid Public:
495-034-5120-078	Equalization Aid
495-034-5120-084	Categorical Security Aid
495-034-5120-089	Categorical Special Education Aid
495-034-5120-078	Stabilization Aid

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Section II – Financial Statement Findings

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

None.

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Section III – Federal Awards & State Financial Assistance Findings & Questioned Costs

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08.

FEDERAL AWARDS

None.

STATE FINANCIAL ASSISTANCE

None.

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Circular 15-08.

Financial Statement Findings

No Prior Year Findings.

Federal Awards

No Prior Year Findings.

State Financial Assistance

No Prior Year Findings.