

**FRANKLIN BOROUGH
SCHOOL DISTRICT**

**Franklin Borough Board of Education
Franklin, New Jersey**

**Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2023**

**Annual Comprehensive
Financial Report**

of the

FRANKLIN BOROUGH SCHOOL DISTRICT

Franklin, New Jersey

For the Fiscal Year Ended June 30, 2023

Prepared by

**Franklin Borough Board of Education
Finance Department**

FRANKLIN BOROUGH SCHOOL DISTRICT
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INTRODUCTORY SECTION
(UNAUDITED)

Franklin School District

50 Washington Avenue
Franklin, NJ 07416
Phone (973) 827-9775
Fax (973) 827-6522

John R. Giacchi
Chief School Administrator

Barbara A. Decker
Business Administrator
Board Secretary

October 10, 2023

Honorable President and
Members of the Board of Education
Franklin Borough School District
Franklin, New Jersey 07416

Dear Board Members:

We are pleased to present to you the Annual Comprehensive Financial Report (ACFR) of the Franklin Borough School District (District) for the fiscal year ended June 30, 2023. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the District. This report will provide the taxpayers of the Franklin Borough School District with comprehensive financial data in a format enabling them to gain an understanding of the School District's financial affairs.

The Annual Comprehensive Financial Report is presented in four sections as follows:

- The Introductory Section contains a table of contents, this Letter of Transmittal, List of Principal Officials, and an Organization Chart of the School District.
- The Financial Section begins with the Independent Auditor's 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 School District, generally presented on a multi-year basis.
- The Single Audit Section - The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the independent auditor's report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs (if any), are included in the single audit section of this report.

Leading the Way to Excellence

School District Organization

The Franklin Borough School District is one of 616 school districts in the State of New Jersey and one of 26 school districts in Sussex County. The School District provides education for its preschool through eighth grade students. Geographically, the District is comprised of the Borough of Franklin only. The School District's total area is 4.5 square miles. The 487 elementary students enrolled in the Franklin Borough School District attend the one school comprising the District. Students for 9th through 12th grade attend the Wallkill Valley Regional High School in Hardyston, N.J.

An elected nine-member Board of Education (the "Board") serves as the policy maker for the School District. The Board adopts an annual budget and directly approves all expenditures which serve as the basis for control over and authorization for all expenditures of School District tax money.

The Chief School Administrator is the chief executive officer of the School District, responsible to the Board for total educational and support operations. The Business Administrator/Board Secretary is the chief financial officer of the School District, responsible for maintaining all financial records, issuing warrants in payment of liabilities incurred by the School District, acting as custodian of all School District funds, and investing idle funds as permitted by New Jersey law.

Reporting Entity

Franklin Borough School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by GASB codification section 2100. All funds of the District are included in this report. The Franklin Borough Board of Education and its one elementary school constitute the District's reporting entity.

Economic Condition and Outlook

The District completed the 2022-2023 fiscal year with an average daily enrollment of 487 students, which is 8 students more than the previous year's average daily enrollment. The school district enrollment increased for this fiscal year. Over the last few years, the overall district enrollment has had minor increases. The District is experiencing some enrollment losses to the local charter and choice schools.

The School District, along with many other public school systems in the State, still faces some difficult economic situations in the future since the primary funding source is property tax revenue. The School District's administration is closely monitoring the cost of operations and continues to look for new funding sources in order to maintain the quality educational services that the School District has been accustomed to providing.

The School District attributes much of its past education success to the community's demand for, and support of, both a traditional and quality school system. Our School District will remain accountable to the residents and taxpayers who make the School District their school system of choice.

The assessed valuation of Franklin Borough increase over the last year was due in large part to the reassessment in commercial, apartments and residential properties as represented below:

2014-	\$392,370,021
2015-	\$391,758,530
2016-	\$400,632,049
2017-	\$399,364,584
2018-	\$397,568,420
2019-	\$397,847,231
2020-	\$395,552,814
2021-	\$393,621,192
2022-	\$392,892,300
2023-	\$622,909,700

Historically, the decrease in assessed values has been attributed to the various tax appeals that have been filed by property owners. In 2023 the Borough of Franklin had a reassessment performed. The percentage of taxes collected annually by the Borough for the last several years has consistently been over 95%. The percentage of taxes collected over the previous few years was as follows:

2013-	97.22%
2014-	97.57%
2015-	97.71%
2016-	97.10%
2017-	96.83%
2018-	97.02%
2019-	96.77%
2020-	96.98%
2021-	97.61%
2022-	96.74%

Educational Program

The Board of Education continues to maintain quality educational programs for its preschool through eighth grade students. As of January 1, 2019, the preschool program is funded through a PEA Grant, which allows for free, full day preschool for all three and four year old students in the district. With an already strong curriculum focused in language arts, math, science, social studies, and special-areas, technology is infused into all facets of instruction. The goal is to engage learners with hands on learning experiences that will bring learning to life and provide students with the tools needed to be successful in their future careers. Spanish instruction continues to be a key component for our world languages/culture program. The kindergarten classes are offered as a full-day program and an emphasis is placed on language arts and math instruction. Balanced literacy instruction, especially in the early grades, continues as a priority. Remedial and special education programs continue to be implemented so that students with specific learning needs will have increased opportunities for success. The Board supports the integration of technology throughout the curriculum and has invested in Chromebooks, visual presenters, Promethean Boards, BenQ Boards and training to support the implementation of new technology. The Franklin Parent Teacher Organization and the Franklin Education Foundation have donated many resources to assist our school program.

Major Initiatives

The Board maintains manageable class sizes, invests in staff development and increases technology opportunities. The budget included funds to purchase 190 Chromebooks for students and staff to maintain the one to one initiative. We have completed our first year with Into Math Program in grades kindergarten through eight. This program along with an additional period (forty-one minutes) of math instruction each day addressed a concern identified through the NJSLA. Science Dimensions, our K-8 science program, is in the fourth year of implementation. This program has encouraged problem based learning and incorporated STEM learning.

A number of minor facility upgrades and improvements were completed in fiscal year 2023.

Financial Information

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 is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system 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 awards and state financial assistance programs, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. The 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 awards and state financial assistance programs, as well as to determine that the District has complied with applicable laws, regulations, contracts and grants.

In addition to internal accounting controls, the District maintains budgetary controls. Annual appropriated budgets are adopted for the general fund and the special revenue fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The original budget, budget transfers during the year, and final budget amount for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriated balances 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 statutes as detailed in “Notes to 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 provisions of the Governmental Unit Deposit Protection Act [GUDPA]. GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

Risk Management

The District continues to protect its assets through a comprehensive insurance program through coverage obtained from the School Alliance Insurance Fund. The Fund is a school district joint self-insurance fund formed under the provisions of the New Jersey Statutes. The Fund’s membership is comprised of local and regional school districts. Coverage includes property loss, crime and fidelity, comprehensive general liability, auto insurance, workers’ compensation, school leaders professional liability, supplemental workers’ compensation and underground storage tank (pollution liability). Other policies purchased from other insurance companies include fidelity bonds for the School Business Administrator/Board Secretary and Board Treasurer of School Monies. Additional policies purchased were for Student Accident Insurance.

Independent Audit

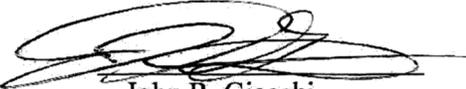
State statutes require an annual audit by independent certified public accountants. The accounting firm of Nisivoccia LLP was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. The auditor’s report on the basic financial statements and specific required supplemental information is included in the financial section of this report. The auditor’s reports related specifically to the single audit are included in the single audit section of this report.

Honorable President and
Members of the Board of Education
Franklin Borough School District
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Acknowledgements

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

Respectively submitted,

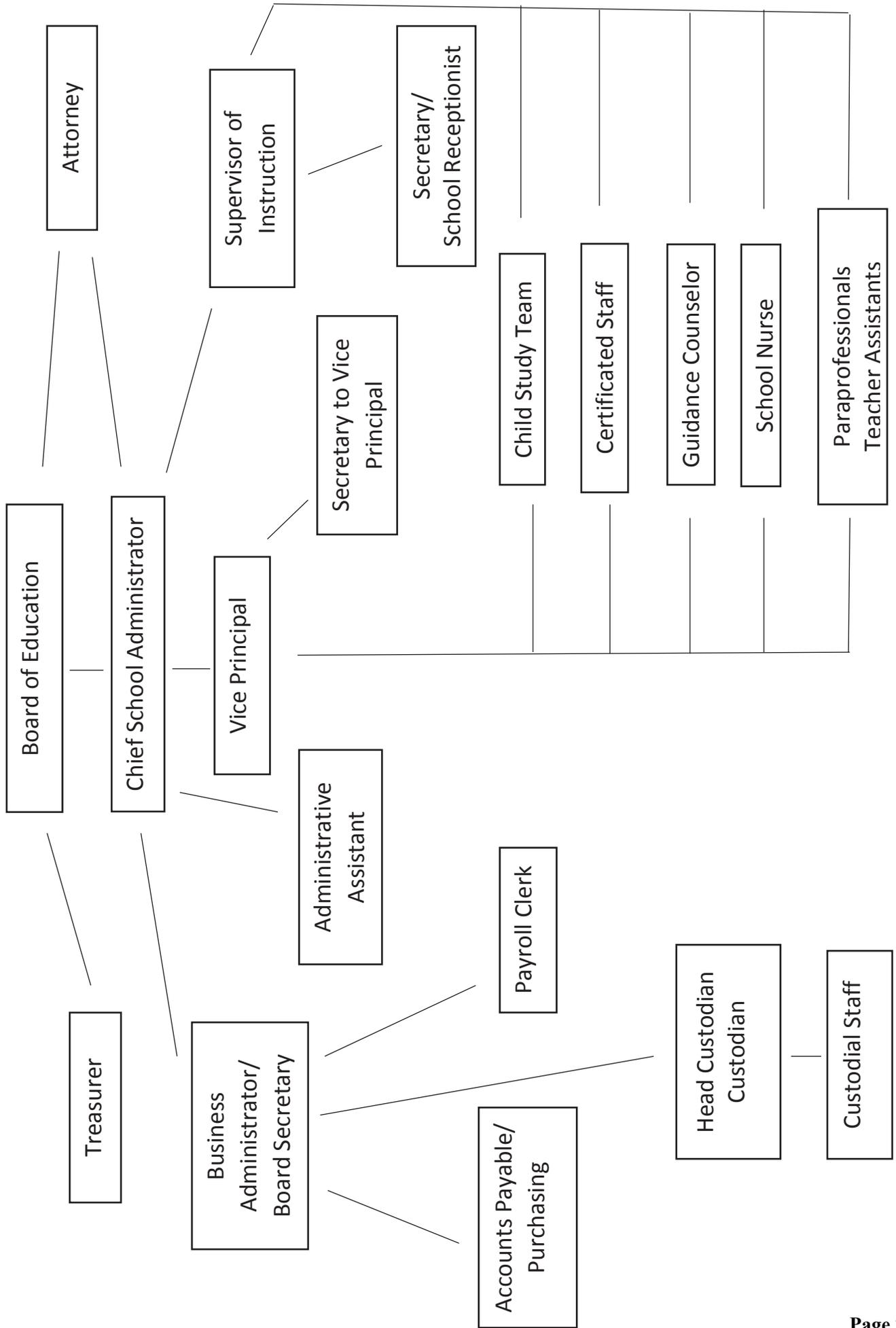


John R. Giacchi
Superintendent



Barbara A. Decker
Business Administrator/Board Secretary

FRANKLIN BOROUGH BOARD OF EDUCATION Organization Chart



**FRANKLIN BOROUGH SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2023**

<u>Members of the Board of Education</u>		<u>Term Expires</u>
Wayne Bartron	President	2023
Kathleen Clohessey	Vice President	2023
John J. Friend	Member	2025
Erin Henry	Member	2024
Shane Hrbek	Member	2023
Stephen Koger	Member	2025
Christopher Patterson	Member	2024
Stephanie Perna	Member	2025
James A. Saltzman	Member	2024

Other Officers

John R. Giacchi, Superintendent
 Barbara A. Decker, Business Administrator/Board Secretary
 Pamela J. Crum, Treasurer of School Monies

**FRANKLIN BOROUGH SCHOOL DISTRICT
Consultants and Advisors**

Audit Firm

Nisivoccia, LLP
Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mount Arlington, New Jersey 07856
and
Lawrence Business Park
11 Lawrence Road
Newton, New Jersey 07860
and
1140 Route 22 East, Suite 203
Bridgewater, New Jersey 08807

Attorney

Matthew J. Giacobbe, Esq.
Cleary Giacobbe Alfieri & Jacobs, LLC
955 State Route 34
Matawan, New Jersey 07747

Architect

Parette Somjen Architects, LLC
439 Route 46 East
Rockaway, New Jersey 07866

Official Depository

Lakeland Bank
250 Oak Ridge Road
Oak Ridge, New Jersey 07438-8906

Insurance Agent

The Morville Agency
Arthur J. Gallagher
Risk Management Services Inc.
55 Newton-Sparta Road
Newton, New Jersey 07860

FINANCIAL SECTION

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Franklin Borough School District
County of Sussex, New Jersey

Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Franklin Borough School District (the "District"), in the County of Sussex, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District, as of June 30, 2023, and the respective changes in financial position, and, where applicable cash flows thereof for the fiscal 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 (GAAS), audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Office") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

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 opinions. 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 GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension and post-retirement schedules in Exhibits L-1 through L-5 and the related notes, and the budgetary comparison information in Exhibits C-1 through C-3 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, are 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 District's basic financial statements. The accompanying supplementary information schedules and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are 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 accompanying supplementary information schedules and the schedules of expenditures of federal and state awards 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 our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 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 District's internal control over financial reporting and compliance.

October 10, 2023
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Valerie A. Dolan

Valerie A. Dolan
Licensed Public School Accountant #2526
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**FRANKLIN BOROUGH SCHOOL DISTRICT
FRANKLIN, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023**

This section of Franklin Borough School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2023. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

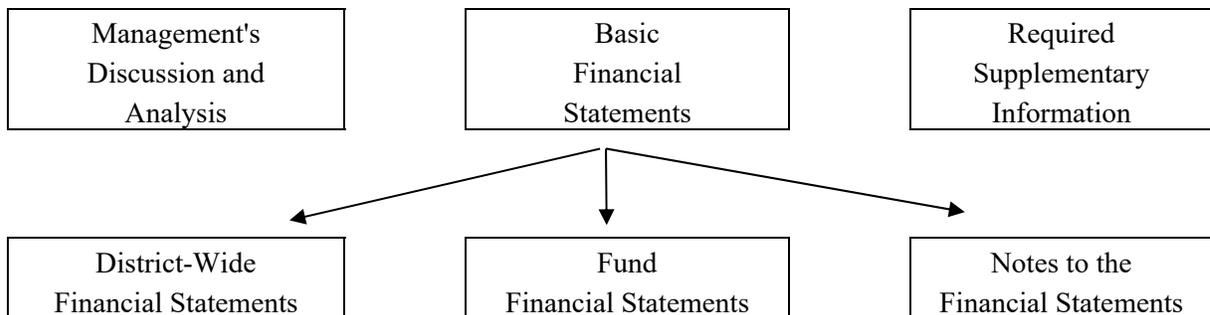
Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more* detail than the District-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds* statements offer *short- and long-term* financial information about the activities the District operates like a business, such as food services.
- *Notes to Basic Financial Statements*: Provide additional information essential to a full understanding of the district-wide and fund financial statements.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1
Organization of K-8 School District's Financial Report**



**FRANKLIN BOROUGH SCHOOL DISTRICT
FRANKLIN, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023**

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire district	The activities of the district that are not proprietary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets, lease assets, subscription assets or long-term liabilities are included	All assets and liabilities, both financial and capital, short-term and long-term
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid

**FRANKLIN BOROUGH SCHOOL DISTRICT
FRANKLIN, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023**

District-wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred inflows and outflows and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's *net position* and how they have changed. Net position – the difference between the District's assets, deferred inflows and outflows and liabilities – is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's food service is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term liabilities) or to show that it is properly using certain revenue (such as federal grants).

The District has two kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.

**FRANKLIN BOROUGH SCHOOL DISTRICT
FRANKLIN, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023**

Fund Financial Statements

- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The District uses *internal service funds* (the other kind of proprietary fund) to report activities that provide supplies and services for its other programs and activities. The District currently does not maintain any internal service funds.

Notes to the basic financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the basic financial statements can be found immediately following the fund financial statements.

Financial Analysis of the District as a Whole

Changes in Net Position. The District's combined net position increased by \$183,548 – from \$4,474,729 at June 30, 2022 to \$4,646,365 at June 30, 2023. Net position from governmental activities increased by \$157,110 and net position from business activities increased by \$14,526. Net investment in capital assets decreased by \$41,977, restricted net position increased by \$106,687, and unrestricted net position increased by \$106,926.

Figure A-3

Condensed Statement of Net Position

	Government Activities		Business-Type Activities		Total School District		Total
	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	Percentage Change
Current and Other Assets	\$ 3,870,313	\$ 4,154,480	\$ 234,306	\$ 207,404	\$ 4,104,619	\$ 4,361,884	
Capital Assets, Net	2,997,401	3,053,837	34,437	19,978	3,031,838	3,073,815	
Total Assets	6,867,714	7,208,317	268,743	227,382	7,136,457	7,435,699	-4.02%
Deferred Outflows of Resources	483,503	208,360			483,503	208,360	132.05%
Other Liabilities	913,716	1,200,011	29,689	2,854	943,405	1,202,865	
Long-Term Liabilities	1,764,748	1,267,514			1,764,748	1,267,514	
Total Liabilities	2,678,464	2,467,525	29,689	2,854	2,708,153	2,470,379	9.63%
Deferred Inflows of Resources	265,442	698,951			265,442	698,951	-62.02%
Net Position:							
Net Investment in Capital Assets	2,997,401	3,053,837	34,437	19,978	3,031,838	3,073,815	
Restricted	2,988,693	2,882,006			2,988,693	2,882,006	
Unrestricted/(Deficit)	(1,578,783)	(1,685,642)	204,617	204,550	(1,374,166)	(1,481,092)	
Total Net Position	\$ 4,407,311	\$ 4,250,201	\$ 239,054	\$ 224,528	\$ 4,646,365	\$ 4,474,729	3.84%

**FRANKLIN BOROUGH SCHOOL DISTRICT
FRANKLIN, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023**

Financial Analysis of the District as a Whole

Changes in Net Position. The District's combined net position was \$4,646,365 at June 30, 2023, or \$171,636 more than it was the year before. Net investment in capital assets decreased by \$41,977 as a result of current year capital additions offset by of current year depreciation expense and deletions. Restricted net position increased by \$106,687 due to changes in Capital Reserve, Maintenance Reserve; and Student Activities. Unrestricted net position increased by \$106,926 primarily due to changes in assigned fund balance, compensated absences and net pension liability and related deferred inflows and outflows. (See Figure A-3).

**Figure A-4
Changes in Net Position from Operating Results**

	Governmental Activities		Business-Type Activities		Total School District		Total
	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	Percentage Change
Revenue:							
Program Revenue:							
Charges for Services	\$ 25,999	\$ 24,689	\$ 68,409	\$ 8,385	\$ 94,408	\$ 33,074	
Operating Grants and Contributions	3,187,324	3,994,793	205,012	430,519	3,392,336	4,425,312	
General Revenue:							
Property Taxes	6,296,617	6,101,180			6,296,617	6,101,180	
Unrestricted Federal and State Aid	3,030,374	2,983,722			3,030,374	2,983,722	
Other	53,817	18,852			53,817	18,852	
Total Revenue	12,594,131	13,123,236	273,421	438,904	12,867,552	13,562,140	-5.12%
Expenses:							
Instruction	6,785,544	7,087,691			6,785,544	7,087,691	
Pupil and Instruction Services	2,634,260	2,066,555			2,634,260	2,066,555	
Administrative and Business	969,210	977,193			969,210	977,193	
Maintenance and Operations	1,402,496	1,159,125			1,402,496	1,159,125	
Transportation	552,789	313,155			552,789	313,155	
Capital Outlay	4,133				4,133		
Other	88,589	52,120	256,721	280,766	345,310	332,886	
Total Expenses	12,437,021	11,655,839	256,721	280,766	12,693,742	11,936,605	6.34%
Other Items		(41,559)	(2,174)	(1,088)	(2,174)	(42,647)	-94.90%
Increase/(Decrease) in Net Position	\$ 157,110	\$ 1,425,838	\$ 14,526	\$ 157,050	\$ 171,636	\$ 1,625,535	-89.44%

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District increased by \$157,110. However, maintaining existing programs with a decrease in enrollment and the provision of special programs and services for disabled pupils, combined with rising salary, benefits and energy costs, has placed great demands on the District's resources.

**FRANKLIN BOROUGH SCHOOL DISTRICT
FRANKLIN, NEW JERSEY**

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Careful management of expenses remains essential for the District to sustain its financial health. Among the many significant cost savings actions continued during the year were:

- Participation in an insurance pool operated by School Alliance Insurance Fund resulting in low-cost property, liability and workers compensation insurance.
- Participation in Joint Transportation Agreements
- Participation in Joint Purchasing Agreements

It is crucial that the District constantly monitors all expenses throughout the fiscal year.

**Figure A-5
Net Cost of Governmental Activities**

	Total Costs of Services		Net Cost of Services	
	2022/2023	2021/2022	2022/2023	2021/2022
Instruction	\$ 6,785,544	\$ 7,087,691	\$ 4,819,468	\$ 4,485,134
Pupil and Instruction Services	2,634,260	2,066,555	1,620,978	946,505
Administrative and Business	969,210	977,193	862,006	811,466
Maintenance and Operations	1,402,496	1,159,125	1,329,346	1,080,307
Transportation	552,789	313,155	499,178	260,825
Capital Outlay	4,133		4,133	
Other	88,589	52,120	88,589	52,120
	<u>\$ 12,437,021</u>	<u>\$ 11,655,839</u>	<u>\$ 9,223,698</u>	<u>\$ 7,636,357</u>

Figure A-5 presents the cost of seven major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, capital outlay and other. The table also shows each activity’s net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial obligation placed on the District’s taxpayers by each of these functions:

Business-Type Activities

Net position from the District’s Business-type activity increased by \$14,526. The increase is mainly due to subsidy reimbursements and supply chain grant funds.

Financial Analysis of the District’s Funds

The District’s financial position in the General Fund increased due to careful planning and monitoring of expenditures despite significant changes in student needs and difficult economic times. Expenditures during the recent year increased in the area of pupil and instruction services attributable to students with various needs entering the school district. In addition to greater numbers, some of these pupils are more profoundly challenged and require more complex educational and related services.

**FRANKLIN BOROUGH SCHOOL DISTRICT
FRANKLIN, NEW JERSEY**

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A continued increase in enrollment of disabled students has also forced the District to expand its classroom resources. The increased cost has largely been offset by salary reductions realized from the retirement and/or reallocation of staff. Fringe benefit costs for all staff have increased dramatically in the past several years. These factors are likely to continue for the next several years. To maintain a stable financial position, the District must continue to practice sound fiscal management.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into two categories:

- Changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.
- Changes in budgetary line accounts to more accurately reflect current requirements.

Capital Asset Administration

Current year capital additions were \$236,945 annual depreciation was \$148,756, (\$146,805 from governmental activities and \$1,951 from business-type activities). (More information on the District’s capital assets is presented in Note 6 to the financial statements.)

**Figure A-6
Capital Assets (Net of Depreciation)**

	<u>Government Activities</u>		<u>Business-Type Activities</u>		<u>Total School District</u>		<u>Total Percentage Change</u>
	<u>2022/2023</u>	<u>2021/2022</u>	<u>2022/2023</u>	<u>2021/2022</u>	<u>2022/2023</u>	<u>2021/2022</u>	
Land	\$ 229,166	\$ 229,166			\$ 229,166	\$ 229,166	
Construction in Progress	73,150				73,150		
Site Improvements	477,190	526,801			477,190	526,801	
Buildings and							
Building Improvements	1,408,861	1,477,662			1,408,861	1,477,662	
Machinery and Equipment	<u>809,034</u>	<u>820,208</u>	<u>\$ 34,437</u>	<u>\$ 19,978</u>	<u>843,471</u>	<u>840,186</u>	
Total Capital Assets, Net	<u>\$ 2,997,401</u>	<u>\$ 3,053,837</u>	<u>\$ 34,437</u>	<u>\$ 19,978</u>	<u>\$ 3,031,838</u>	<u>\$ 3,073,815</u>	-1.37%

**FRANKLIN BOROUGH SCHOOL DISTRICT
FRANKLIN, NEW JERSEY**

**Management’s Discussion and Analysis
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Long-term Liabilities

The District’s long-term liabilities represent compensated absence payable and the net pension liability. (More detailed information about the District’s long-term liabilities is presented in Note 7 to the financial statements.)

**Figure A-7
Outstanding Long-Term Liabilities**

	Total School District		Percentage Change
	<u>2022/2023</u>	<u>2021/2022</u>	
Compensated Absences Payable	\$ 284,617	\$ 275,764	
Net Pension Liability	<u>1,480,131</u>	<u>991,750</u>	
	<u>\$ 1,764,748</u>	<u>\$ 1,267,514</u>	39.23%

Factors Bearing on the District’s Future

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that could continue to significantly affect its financial health in the future.

- As a result of learning loss due to the pandemic, the district has seen an increased need for intervention services to fully support at-risk learners.
- In addition to academic needs, there will be a need to offer programs that target the social and emotional needs of students.
- The district anticipates an increase in the need for counseling sessions for at-risk students.
- Transportation costs have increased significantly as well as the need for additional routes.

Contacting the District’s Financial Management

This financial report is designed to provide the District’s citizens, taxpayers, customers and investors and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mrs. Barbara Decker, Board Secretary/Business Administrator, Franklin Borough Board of Education, 50 Washington Ave., Franklin, New Jersey 07416.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

FRANKLIN BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 1,698,133	\$ 209,199	\$ 1,907,332
Receivables from State Government	145,650	345	145,995
Receivables from Federal Government	37,462	10,079	47,541
Other Receivables	375	7,909	8,284
Inventories		6,774	6,774
Restricted Cash and Cash Equivalents	1,988,693		1,988,693
Capital Assets, Net:			
Sites (Land) and Construction in Progress	302,316		302,316
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	2,695,085	34,437	2,729,522
Total Assets	<u>6,867,714</u>	<u>268,743</u>	<u>7,136,457</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows Related to Pensions	348,503		348,503
District Contribution Subsequent to the Measurement Date - Pensions	135,000		135,000
Total Deferred Outflows of Resources	<u>483,503</u>		<u>483,503</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	236,080	12,497	248,577
Unearned Revenue	677,636	17,192	694,828
Noncurrent Liabilities:			
Due Beyond One Year	1,764,748		1,764,748
Total Liabilities	<u>2,678,464</u>	<u>29,689</u>	<u>2,708,153</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows Related to Pensions	265,442		265,442
Total Deferred Inflows of Resources	<u>265,442</u>		<u>265,442</u>
<u>NET POSITION/(DEFICIT)</u>			
Net Investment in Capital Assets	2,997,401	34,437	3,031,838
Restricted for:			
Capital Projects	1,539,803		1,539,803
Maintenance Reserve	446,985		446,985
Excess Surplus	1,000,000		1,000,000
Student Activities	1,905		1,905
Unrestricted/(Deficit)	(1,578,783)	204,617	(1,374,166)
Total Net Position	<u>\$ 4,407,311</u>	<u>\$ 239,054</u>	<u>\$ 4,646,365</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

FRANKLIN BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 4,616,647		\$ 1,221,506	\$ (3,395,141)		\$ (3,395,141)
Special Education	1,559,702		661,654	(898,048)		(898,048)
Other Special Instruction	362,731		59,911	(302,820)		(302,820)
School Sponsored/Other Instruction	246,464		23,005	(223,459)		(223,459)
Support Services:						
Tuition	331,373		179,094	(152,279)		(152,279)
Student and Instruction Related Services	2,302,887	\$ 25,999	808,189	(1,468,699)		(1,468,699)
General Administrative Services	454,086		42,287	(411,799)		(411,799)
School Administrative Services	228,923		28,597	(200,326)		(200,326)
Central Services	286,201		36,320	(249,881)		(249,881)
Plant Operations and Maintenance	1,402,496		73,150	(1,329,346)		(1,329,346)
Pupil Transportation	552,789		53,611	(499,178)		(499,178)
Capital Outlay	4,133			(4,133)		(4,133)
Transfer of Funds to Charter School	88,589			(88,589)		(88,589)
Total Governmental Activities	12,437,021	25,999	3,187,324	(9,223,698)		(9,223,698)
Business-Type Activities:						
Food Service	256,721	68,409	205,012		\$ 16,700	16,700
Total Business-Type Activities	256,721	68,409	205,012		16,700	16,700
Total Primary Government	\$ 12,693,742	\$ 94,408	\$ 3,392,336	\$ (9,223,698)	\$ 16,700	\$ (9,206,998)

FRANKLIN BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 6,296,617		\$ 6,296,617
Federal, State and Local Aid not Restricted	3,030,374		3,030,374
Interest Earnings & Other Miscellaneous Income	53,817		53,817
Other Items:			
Disposals of Capital Assets, Net		\$ (2,174)	(2,174)
Total General Revenues and Other Items	9,380,808	(2,174)	9,378,634
Change in Net Position	157,110	14,526	171,636
Net Position - Beginning	4,250,201	224,528	4,474,729
Net Position - Ending	\$ 4,407,311	\$ 239,054	\$ 4,646,365

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

FRANKLIN BOROUGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,112,160	\$ 585,973	\$ 1,698,133
Receivables From State Government	145,650		145,650
Receivables From Federal Government		37,462	37,462
Other Accounts Receivables	375		375
Restricted Cash and Cash Equivalents	1,986,788	1,905	1,988,693
Total Assets	<u>\$ 3,244,973</u>	<u>\$ 625,340</u>	<u>\$ 3,870,313</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 66,025	\$ 35,055	\$ 101,080
Unearned Revenue		677,636	677,636
Total Liabilities	<u>66,025</u>	<u>712,691</u>	<u>778,716</u>
Fund Balances:			
Restricted:			
Capital Reserve	1,539,803		1,539,803
Maintenance Reserve	446,985		446,985
Excess Surplus - 2023-2024	500,000		500,000
Excess Surplus - 2024-2025	500,000		500,000
Student Activities		1,905	1,905
Assigned:			
Designated for Subsequent Year's Expenditures	80,000		80,000
Year End Encumbrances	101,665		101,665
Unassigned/(Deficit)	10,495	(89,256)	(78,761)
Total Fund Balances/(Deficit)	<u>3,178,948</u>	<u>(87,351)</u>	<u>3,091,597</u>
Total Liabilities and Fund Balances	<u>\$ 3,244,973</u>	<u>\$ 625,340</u>	<u>\$ 3,870,313</u>

FRANKLIN BOROUGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	<u>Total Governmental Funds</u>
<p>Amounts Reported for <i>Governmental Activities</i> in the Statement of Net Position (A-1) are Different Because:</p>	
Total Fund Balances from previous page	\$ 3,091,597
Capital Assets Used in Governmental Activities are not Financial Resources and Therefore are not reported in the Funds.	2,997,401
Long-Term Liabilities are not due and payable in the current period and therefore are not reported as liabilities in the Funds.	(284,617)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(1,480,131)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Deferred Outflows	348,503
Deferred Inflows	<u>(265,442)</u>
Net Position of Governmental Activities	<u>\$ 4,407,311</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FRANKLIN BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES:			
Local Sources:			
Local Tax Levy	\$ 6,296,617		\$ 6,296,617
Restricted Miscellaneous Revenue		\$ 25,999	25,999
Unrestricted Miscellaneous Revenue	53,817	22,149	75,966
Total - Local Sources	6,350,434	48,148	6,398,582
State Sources	5,846,303	919,317	6,765,620
Federal Sources	28,688	591,735	620,423
Total Revenues	12,225,425	1,559,200	13,784,625
EXPENDITURES:			
Current:			
Regular Instruction	2,554,967	739,581	3,294,548
Special Education Instruction	1,044,125	17,562	1,061,687
Other Special Instruction	237,536		237,536
School-Sponsored/Other Instruction	188,587		188,587
Support Services and Undistributed Costs:			
Tuition	152,279	179,094	331,373
Student and Other Instruction Related Services	1,219,956	690,191	1,910,147
General Administrative Services	352,518		352,518
School Administrative Services	143,043		143,043
Central Services	202,696		202,696
Plant Operations and Maintenance	1,053,454		1,053,454
Student Transportation	535,201		535,201
Unallocated Benefits	4,096,304		4,096,304
Capital Outlay	188,664	73,150	261,814
Transfer of Funds to Charter School	88,589		88,589
Total Expenditures	12,057,919	1,699,578	13,757,497
Excess/(Deficit) of Revenue Over/(Under) Expenditures	167,506	(140,378)	27,128
Other Financing Sources/(Uses):			
Transfers	(137,450)	137,450	
Total Other Financing Sources/(Uses)	(137,450)	137,450	
Net Change in Fund Balances	30,056	(2,928)	27,128
Fund Balance/(Deficit) - July 1	3,148,892	(84,423)	3,064,469
Fund Balance/(Deficit) - June 30	\$ 3,178,948	\$ (87,351)	\$ 3,091,597

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

FRANKLIN BOROUGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 27,128

Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:

Capital outlays related to capital assets 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 Depreciation Expense and deletion of capital assets net of accumulated depreciation differed from Capital Outlays in the period.

Depreciation Expense	\$ (146,805)	
Deletion of Capital Assets, net of Accumulated Depreciation	(127,992)	
Capital Outlays	<u>218,361</u>	(56,436)

The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:

Change in Net Pension Liability	(488,381)
Change in Deferred Outflows	250,143
Change in Deferred Inflows	433,509

In the statement of activities, certain operating expenses, e.g., compensated absences 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 (+).

(8,853)

Change in Net Position of Governmental Activities \$ 157,110

FRANKLIN BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	Business-type Activities - Enterprise Funds Food Service
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 209,199
Intergovernmental Accounts Receivable:	
State	345
Federal	10,079
Other Accounts Receivable	7,909
Inventories	6,774
Total Current Assets	234,306
Non-Current Assets:	
Capital Assets	165,531
Less: Accumulated Depreciation	(131,094)
Total Non-Current Assets	34,437
Total Assets	268,743
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable	12,497
Unearned Revenue:	
Prepaid Meals	2,897
Supply Chain Assistance	11,912
Donated Commodities	2,383
Total Liabilities	29,689
<u>NET POSITION:</u>	
Investment in Capital Assets	34,437
Unrestricted	204,617
Total Net Position	\$ 239,054

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

FRANKLIN BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Business-type Activities - Enterprise Funds Food Service
Operating Revenue:	
Local Sources:	
Daily Sales:	
Reimbursable Programs	\$ 68,409
Total Operating Revenue	68,409
Operating Expenses:	
Cost of Sales:	
Reimbursable Programs	121,403
Salaries	79,953
Benefits and Payroll Taxes	25,385
Supplies, Insurance & Other Costs	19,189
Management Fee	8,840
Depreciation Expense	1,951
Total Operating Expenses	256,721
Operating Loss	(188,312)
Non-Operating Income:	
State Sources:	
State School Lunch Program	4,641
State School Breakfast Program	588
Federal Sources:	
National School Lunch Program	121,750
School Breakfast Program	28,653
Supply Chain Assistance Funding	24,273
Food Distribution Program	25,107
Total Non-Operating Income	205,012
Change in Net Position Before Other Items	16,700
Other Items:	
Disposal of Capital Assets, Net	(2,174)
Change in Net Position	14,526
Net Position - Beginning of Year	224,528
Net Position - End of Year	\$ 239,054

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

FRANKLIN BOROUGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Business-type Activities - Enterprise Funds
	Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 61,315
Payments to Employees	(105,338)
Payments to Suppliers	(112,440)
	(156,463)
Net Cash Used for Operating Activities	(156,463)
Cash Flows from Capital and Related Financing Activities:	
Purchase of Capital Assets	(18,584)
	(18,584)
Net Cash Used for Capital and Related Financing Activities	(18,584)
Cash Flows from Noncapital Financing Activities:	
State Sources	5,359
Federal Sources	206,806
	212,165
Net Cash Provided by Noncapital Financing Activities	212,165
Net Increase in Cash and Cash Equivalents	37,118
Cash and Cash Equivalents, July 1	172,081
Cash and Cash Equivalents, June 30	\$ 209,199
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (188,312)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	1,951
Food Distribution Program	25,107
Changes in Assets and Liabilities:	
Increase in Unearned Revenue - Donated Commodities	1,611
(Decrease) in Unearned Revenue	(74)
Increase in Accounts Payable	12,497
(Increase) in Accounts Receivable	(7,020)
(Increase)/Decrease in Inventory	(2,223)
	(156,463)
Net Cash Used for Operating Activities	\$ (156,463)

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$26,718 and utilized U.S.D.A. Commodities valued at \$25,107.

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of Franklin Borough School District the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net position and the statement of activities present financial information about the District's governmental and business type activities. These statements include the financial activities of the overall government in its entirety. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements.

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements (Cont'd)

Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds. Separate statements for each fund category – governmental and proprietary - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states 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 revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by Board resolution.

Special Revenue Fund: The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets, lease assets or subscription assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

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

B. Basis of Presentation: (Cont'd)

Debt Service Fund: The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

The District reports the following proprietary fund:

Enterprise (Food Service) Fund: The Enterprise Fund accounts for all revenue and expenses pertaining to the Board's cafeteria operations. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

C. Measurement Focus and Basis of Accounting

The District-wide financial statements and the proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset, lease asset or subscription asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under financed purchases are reported as other financing sources.

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the General and Special Revenue Funds. The budget for the fiscal year ended June 30, 2023 was submitted to the County office and approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by school board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the two last state aid payments in the subsequent fiscal year, the District cannot recognize these payments in the GAAP financial statements.

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenue and Expenditures

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 12,227,923	\$ 1,562,468
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not.		(250)
Prior Year State Aid Payments Recognized for GAAP Basis	333,077	86,238
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(335,575)	(89,256)
Total Revenues as Reported on the Statement of Revenues, Expenditures & Changes in Fund Balances - Governmental Funds.	\$ 12,225,425	\$ 1,559,200

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

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

D. Budgets/Budgetary Control (Cont'd)

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 12,057,919	\$ 1,699,828
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		(250)
Total Expenditures as Reported on the Statement of Revenue, Expenditures, & Changes in Fund Balances - Governmental Funds	\$ 12,057,919	\$ 1,699,578

E. Cash and Cash Equivalents:

Cash and cash equivalents include petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less.

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

New Jersey school districts are limited as to the type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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 depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Government Units. If a public depository fails, the collateral it has a pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

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

F. Interfund Transactions:

Transfers between Governmental and Business-type activities on the District-wide statements are reported in the same manner as general revenues. 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 the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position, except for amounts due between Governmental and Business-type activities, which are presented as internal balances.

G. Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

H. 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 restricted, committed and/or 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 District has received advances are reflected in the balance sheet 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.

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2023.

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at acquisition value. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the District-wide statements and proprietary funds are as shown below:

	<u>Estimated Useful Life</u>
Buildings and Building Improvements	50 years
Site Improvements	20 years
Machinery and Equipment	10 to 15 years

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental fund upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.

L. Lease Assets:

Intangible right-to-use lease assets are assets which the District leases for a term of more than one year. The value of leases are determined by the net present value of the leases at the District's incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement.

M. Subscription Assets:

Intangible right-to-use subscription assets are subscription-based information technology arrangements (SBITAs) with subscription terms of more than one year. The value of subscription assets is determined by the sum of the subscription liability and payments made to the SBITA vendor, including capitalizable initial implementation costs, before the commencement date of the subscription term.

N. Long Term Liabilities:

In the government-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise funds. Bond premium and discounts are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

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

O. Accrued Salaries and Wages:

The District does not allow employees, who provide services to the District over a ten-month academic year the option to have their salaries evenly disbursed during the entire twelve month year; therefore, there are no accrued salaries and wages as of June 30, 2023.

P. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by GASB. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

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

In the district-wide *Statement of Net Position*, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due in more than one year.

Q. Lease Payable

In the district-wide financial statements, leases payable are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources.

R. Subscription Payable:

In the district-wide financial statements, subscription payables are reported as liabilities in the Statement of Net Position. In the governmental Fund financial statements, the present value of subscription payments at the District's incremental borrowing rate over the subscription term is reported as other financing sources.

S. Unearned Revenue:

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

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

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

T. Fund Balance Appropriated:

General Fund: Of the \$3,178,948 General Fund balance at June 30, 2023, \$1,539,803 is restricted in the capital reserve account; \$446,985 is restricted in the maintenance reserve account; \$500,000 is restricted for prior year excess surplus and in accordance with N.J.S.A.18A:7F (S1701) and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2024; \$500,000 is restricted for current year excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) and will be appropriated and included as anticipated revenue for the year ended June 30, 2025; \$80,000 is assigned and has been appropriated and included as anticipated revenue for the fiscal year ended June 30,2024; and \$101,665 is assigned for encumbrances. The unassigned fund balance of \$10,495 is \$335,575 less than the unassigned fund balance on a budgetary basis due to the final two state aid payments, which are not recognized on a GAAP Basis until the fiscal year ended June 30, 2024.

Special Revenue Fund: Of the deficit of (\$87,351) in the Special Revenue Fund balance at June 30, 2023, \$1,905 is restricted in the student activities account and the unassigned/(deficit) fund balance of \$(89,256) is due to the final two state aid payments, which are not recognized on a GAAP Basis until the fiscal year ended June 30, 2024.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District has excess surplus as noted above.

P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the related state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

U. Net Position:

Net Position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows and inflows of resources at June 30, 2023 for pensions.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

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

U. Net Position (Cont'd):

The net investment in capital assets component of net position consists of capital assets, net of accumulated lease assets, net of accumulated amortization reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

V. Deficit Net Position/Fund Balance:

The District has a \$1,578,783 deficit in unrestricted net position in the governmental activities at June 30, 2023 primarily due to compensated absences payable, net pension liability and the related deferred inflows and outflows. The District also has a deficit in unassigned fund balance of \$87,351 in the Special Revenue Fund as of June 30, 2023 as a result of the last two state aid payments that are not recognized on a GAAP basis. The deficits are not an indication that the District is facing financial difficulties and is a permitted practice by generally accepted accounting principles.

W. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts have been restricted, committed or assigned.

Fund balance restrictions have been established for excess surplus, a maintenance reserve, capital reserve, and student activities.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2023.

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

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

W. Fund Balance Restrictions, Commitments and Assignments (Cont'd):

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has \$181,665 of assigned resources in the General Fund on the budgetary basis at June 30, 2023 for amounts designated for subsequent year's expenditures and year end encumbrances.

X. Revenue - Exchange and Nonexchange Transactions:

Revenue, resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes, interest and tuition.

Y. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activity of the Enterprise Fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Enterprise Fund.

Z. Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

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

AA. 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 fiduciary net position of the State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less.

The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed below in the investment section of this note.

Custodial Credit Risk – The District's policy with respect to custodial risk requires that the District ensures that District funds are only deposited in financial institutions in which NJ school districts are permitted to invest their funds.

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School Districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

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

Deposits: (Cont'd)

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments:

New Jersey statutes permit the Board to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L.; 1977,c.281 (C.52:18A-90.4); or

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

Investments:

- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the “Local Authorities Fiscal Control Law,” P.L. 1983, c. 313 (C.40A:5A-1 et seq.) ;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L.1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or

- (9) Deposit of funds in accordance with the following conditions:
 - (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
 - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
 - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
 - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
 - (e) On the same date that the school district’s funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

As of June 30, 2023, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Capital Reserve Account	Restricted Maintenance Reserve Account	Student Activities Account	Total
Checking Accounts	\$ 1,907,332	\$ 1,539,803	\$ 446,985	\$ 1,905	\$ 3,896,025

The carrying amount of the Board's cash and cash equivalents at June 30, 2023, was \$3,896,025 and the bank balance was \$5,142,630. During the fiscal year ended June 30, 2023, the District did not hold any investments.

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by Board resolution on December 15, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the 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 to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, 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, 2022 to June 30, 2023 fiscal year is as follows:

Beginning Balance, July 1, 2022		\$ 1,235,686
Increased by:		
Deposit by Board Resolution - June 2023	\$ 335,317	
Unexpended Balance from Capital Outlay	220,566	
		555,883
		1,791,569
Decreased by:		
Budgeted Withdrawal		251,766
Ending Balance, June 30, 2023		\$ 1,539,803

The balance in the capital reserve account at June 30, 2023 does not exceed the balance of local support costs of uncompleted capital projects in the District’s Long Range Facilities Plan (“LRFP”). The withdrawal from the capital reserve was for use in a DOE approved facilities project consistent with the District’s LRFP.

NOTE 5. TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2023, the District made transfers for equipment which did not require approval of the County Superintendent. The District did obtain approval from the County Superintendent for the \$23,000 transferred for facilities acquisition and construction services.

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2023 were as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Adjustments/</u> <u>Decreases</u>	<u>Ending</u> <u>Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 229,166			\$ 229,166
Construction in Progress		\$ 73,150		73,150
Total Capital Assets Not Being Depreciated	<u>229,166</u>	<u>73,150</u>		<u>302,316</u>
Capital Assets Being Depreciated:				
Site Improvements	1,022,649		\$ (22,450)	1,000,199
Buildings and Building Improvements	3,772,804	\$ 68,553	(114,869)	3,726,488
Machinery and Equipment	2,877,536	76,658	(40,903)	2,913,291
Total Capital Assets Being Depreciated	<u>7,672,989</u>	<u>145,211</u>	<u>(178,222)</u>	<u>7,639,978</u>
Governmental Activities Capital Assets	<u>7,902,155</u>	<u>218,361</u>	<u>(178,222)</u>	<u>7,942,294</u>
Less Accumulated Depreciation for:				
Site Improvements	(495,848)	(28,284)	1,123	(523,009)
Buildings and Building Improvements	(2,295,142)	(60,306)	37,821	(2,317,627)
Machinery and Equipment	(2,057,328)	(58,215)	11,286	(2,104,257)
	<u>(4,848,318)</u>	<u>(146,805)</u>	<u>50,230</u>	<u>(4,944,893)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 3,053,837</u>	<u>\$ 71,556</u>	<u>\$ (127,992)</u>	<u>\$ 2,997,401</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 149,121	\$ 18,584	\$ (2,174)	165,531
Less Accumulated Depreciation	<u>(129,143)</u>	<u>(1,951)</u>		<u>(131,094)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 19,978</u>	<u>\$ 16,633</u>	<u>\$ (2,174)</u>	<u>\$ 34,437</u>

As of June 30, 2023, the District has an active construction project for window replacement.

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 54,318
School Administrative Services	27,893
Plant Operations and Maintenance	64,594
	\$ 146,805

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2023, the following changes occurred in long-term liabilities reported in the District-wide financial statements:

	Beginning Balance	Accrued	Retired	Ending Balance
Compensated Absences Payable	\$ 275,764	\$ 16,641	\$ 7,788	\$ 284,617
Net Pension Liability	991,750	488,381		1,480,131
Total Long Term Liabilities	\$ 1,267,514	\$ 505,022	\$ 7,788	\$ 1,764,748

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds. The District had no bonds outstanding as of June 30, 2023.

B. Bonds Authorized But Not Issued:

As of June 30, 2023, the Board had no bonds authorized but not issued.

C. Financed Purchase Payable:

As of June 30, 2023, the Board had no financed purchases payable.

D. Compensated Absences

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds is \$0- and the long-term portion of compensated absences is \$284,617.

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, 2023, no liability existed for compensated absences in the Food Service Fund.

The General Fund will be used to liquidate Compensated Absences Payable.

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

E. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2023 is \$-0- and the long-term portion is \$1,480,131. See Note 8 for further information on the PERS.

NOTE 8. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: Public Employee's Retirement System (PERS) of New Jersey, or the Teachers' Pension and Annuity Fund (TPAF); or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

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 the PERS, please refer to the Division's annual financial statements which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

Benefits Provided

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:

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

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Contributions

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

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.

District contributions to PERS amounted to \$123,681 for the current fiscal year. During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$3,114 to the PERS for normal pension benefits on behalf of the District.

The employee contribution rate was 7.50% effective July 1, 2018.

Special Funding Situation

A special funding situation exists for certain local employers of the PERS. The State of New Jersey, as a nonemployer, is required to pay the additional costs incurred by local employers Chapter 133, P.L. 2001. The special funding situation for Chapter 133, P.L. 2001 is due to the State paying the additional normal cost related to benefit improvements from Chapter 133. Previously, this additional normal cost was paid from the Benefit Enhancement Fund (BEF). As of June 30, 2022, there is no net pension liability associated with this special funding situation and there was no accumulated difference between the annual additional normal cost under the special funding situation and the actual State contribution through the valuation date. The State special funding situation for the fiscal year ending June 30, 2022, is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2022. The pension expense is deemed to be a State administrative expense due to the special funding situation.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the District reported a liability of \$1,480,131 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2022, the District's proportion was 0.009801%, which was an decrease of 0.00015% from its proportion measured as of June 30, 2021.

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

For the fiscal year ended June 30, 2023, the District recognized an actual pension benefit in the amount of \$71,590 related to the District's proportionate share of the net pension liability. Additionally, for the fiscal year ended June 30, 2022, the State recognized pension expense on behalf of the District in the amount of \$3,114 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2023 financial statements.

There was no state proportionate share of net pension liability attributable to the District as of June 30, 2023.

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2018	5.63		\$ 35,580
	2019	5.21		44,462
	2020	5.16		130,743
	2021	5.13		10,849
	2022	5.04	\$ 4,586	
				4,586
Difference Between Expected and Actual Experience	2018	5.63		1,355
	2019	5.21	3,399	
	2020	5.16	7,284	
	2021	5.13		3,647
	2022	5.04		4,419
				10,683
Net Difference Between Projected and Actual				
Investment Earnings on Pension Plan Investments	2019	5.00	1,463	
	2020	5.00	44,000	
	2021	5.00	(274,441)	
	2022	5.00	290,239	
			61,261	

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

	Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Proportion	2018	5.63		\$ 9,452
	2019	5.21		18,196
	2020	5.16	\$ 53,011	
	2021	5.13		6,739
	2022	5.04	218,962	
			<u>271,973</u>	<u>34,387</u>
District Contribution Subsequent to the Measurement Date	2022	1.00	135,000	
			<u>\$ 483,503</u>	<u>\$ 265,442</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion and the District contribution subsequent to the measurement date) related to pensions will be recognized in the pension benefit as follows:

Fiscal Year Ending June 30,	Total
2023	\$ (126,965)
2024	(64,684)
2025	(31,545)
2026	68,820
2027	(151)
	<u>\$ (154,525)</u>

Actuarial Assumptions

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

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases	2.75 – 6.55% based on years of service
Investment Rate of Return	7.00%

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Actuarial Assumptions (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2022) 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 PERS' 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	27.00%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Management Strategies	3.00%	4.91%

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based upon 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2022 calculated using the discount rate as disclosed below, as well as what the 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:

	June 30, 2022		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 1,901,535	\$ 1,480,131	\$ 1,121,499

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

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. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's annual financial statements which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Benefits Provided

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

Tier	Definition
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 to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and to 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 members. 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 included the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2022, the State's pension contribution was more than the actuarial determined amount.

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer. During the fiscal year ended 2023, the State of New Jersey contributed \$1,595,150 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$524,888.

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Special Funding Situation (Cont'd)

The employee contribution rate was 7.50% effective July 1, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the State's proportionate share of the net pension liability associated with the District was \$19,503,272. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2022, the District's proportion was 0.0378%, which was an increase of 0.0012% from its proportion measured as of June 30, 2021.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	19,503,272
Total	\$ 19,503,272

For the fiscal year ended June 30, 2022, the State recognized pension expense on behalf of the District in the amount of \$524,888 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2023 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2015	8.30	\$ 213,742,984	
	2016	8.30	1,695,809,748	
	2017	8.30		\$ 3,681,530,748
	2018	8.29		2,705,362,525
	2019	8.04		2,012,738,111
	2020	7.99	1,007,402,060	
	2021	7.93		11,041,509,093
	2022	7.83	96,143,072	
			3,013,097,864	19,441,140,477

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

	<u>Year of</u> <u>Deferral</u>	<u>Amortization</u> <u>Period</u> <u>in Years</u>	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Difference Between Expected and Actual Experience	2015	8.30	\$ 13,201,022	
	2016	8.30		\$ 21,088,845
	2017	8.30	65,502,212	
	2018	8.29	474,592,771	
	2019	8.04		78,198,040
	2020	7.99		5,368,990
	2021	7.93	146,524,969	
	2022	7.83		18,009,041
			<u>699,820,974</u>	<u>122,664,916</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2019	5.00	36,220,692	
	2020	5.00	482,791,080	
	2021	5.00	(2,665,975,358)	
	2022	5.00	3,319,334,659	
			<u>1,172,371,073</u>	
			<u>\$4,885,289,911</u>	<u>\$19,563,805,393</u>

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2023	\$ (2,658,825,381)
2024	(3,823,762,872)
2025	(3,351,102,048)
2026	(1,509,375,379)
2027	(1,647,727,819)
Thereafter	<u>(1,687,721,983)</u>
	<u>\$ (14,678,515,482)</u>

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Actuarial Assumptions

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

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases	2.75 – 5.65% 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 a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2022) 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:

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate – TPAF

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

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the State as of June 30, 2022 calculated using the discount rate as disclosed above, as well as what the State's 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:

	June 30, 2022		
	At 1%	At Current	At 1%
	Decrease (6.00%)	Discount Rate (7.00%)	Increase (8.00%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 22,867,998	\$ 19,503,272	\$ 16,668,908

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Plan Fiduciary Net Position - TPAF

Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the District recognized pension expense of \$18,488 for the fiscal year ended June 30, 2023. Employee contributions to DCRP amounted to \$33,808 for the fiscal year ended June 30, 2023.

NOTE 9. RISK MANAGEMENT

The District maintains commercial insurance coverage for student accident insurance and surety bonds. The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District obtains its health benefit coverage through the State of New Jersey Health Benefits Plan.

Property and Liability Insurance

The Franklin Borough School District is a member of the School Alliance Insurance Fund (the "Fund"). This public entity risk management pool provides general liability, property and automobile coverage and workers' compensation for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Annual Comprehensive Financial Report. The Fund is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund are elected.

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 9. RISK MANAGEMENT (Cont'd)

As a member of this Fund, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities. The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

The June 30, 2023 audit was not available as of the date of this report; however, selected, summarized financial information for the Fund as of June 30, 2022 is as follows:

	<u>School Alliance Insurance Fund</u>
Total Assets	\$ 52,198,217
Net Position	\$ 20,990,635
Total Revenue	\$ 46,988,143
Total Expenses	\$ 46,989,023
Change in Net Position	\$ (880)
Member Dividends	\$ -0-

Financial statements for the Fund are available at the Fund's Executive Director's Office:

Public Entity Group Administrative Services
51 Everett Drive
Suite B-40
West Windsor, NJ 08550

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contributory Method". Under this plan, the District is required to remit employee withholdings to the State on a quarterly basis. All of the District's claims are paid by the State.

NOTE 10. ECONOMIC DEPENDENCY

The Board of Education 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, may have an effect on the Board of Education's programs and activities.

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 11. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Great American Financial (G.A.L.I.C.)	Siracusa Benefits
AXA Advisors	Lincoln Investment Planning

NOTE 12. TAX CALENDAR

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10.

Taxes are collected by the constituent municipality and are remitted to the local School District on a predetermined mutually agreed-upon schedule.

NOTE 13. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$250,000 was established by the Franklin Borough School District on June 19, 2019. The funds for the establishment of this reserve were withdrawn from unassigned general fund balance. These funds are restricted to be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building. Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the district by transferring unassigned general fund balance or by transferring excess, unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the district's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 13. MAINTENANCE RESERVE ACCOUNT (Cont'd)

The activity of the maintenance reserve for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

Beginning Balance, July 1, 2022	\$ 644,505
Increased by:	
Unexpended Balance of Withdrawal Returned	6,764
	651,269
Decreased by:	
Withdrawn by Board Resolution	(204,284)
	(204,284)
Ending Balance, June 30, 2023	\$ 446,985

NOTE 14. ACCOUNTS PAYABLE.

	Governmental Funds		Total Governmental Funds	District Contribution Subsequent to the Measurement Date	Total Governmental Activities	Business- Type Activities Enterprise Funds
	General Fund	Special Revenue Fund				
Vendors	\$ 60,567	\$ 35,055	\$ 95,622		\$ 95,622	\$ 12,497
Payroll Deductions and Withholdings	5,458		5,458		5,458	
Due to State of New Jersey				\$ 135,000	135,000	
	\$ 66,025	\$ 35,055	\$ 101,080	\$ 135,000	\$ 236,080	\$ 12,497

NOTE 15. CONTINGENT LIABILITIES

Grant Programs

The school district participates in state and federally assisted grant programs. The programs are subject to program compliance audits by grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Litigation

The District estimates that the potential claims against it resulting from litigation not covered by insurance would not materially affect the financial position of the District.

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 15. CONTINGENT LIABILITIES (Cont'd)

Encumbrances

At June 30, 2023, there were encumbrances as detailed below in the governmental funds.

<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
\$ 101,665	\$ 250	\$ 101,915

On the District’s Governmental Funds Balance Sheet as of June 30, 2022, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$250 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized until paid and this non-recognition of encumbrances on a GAAP basis is also reflected as either a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund.

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired Employees Plan

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a “special funding situation”, as described in GASB Codification Section P50, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the 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 Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

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 years or more 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.

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

Plan Description and Benefits Provided (Cont'd)

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 education employers.

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division’s annual financial statements which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notice-opeb.shtml>.

Employees Covered by Benefit Terms

At June 30, 2021, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	\$	151,669
Active Plan Members		213,148
Total	\$	364,817

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022.

Actuarial Assumptions and Other Inputs

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.

	TPAF/ABP	PERS	PFRS
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

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

Mortality Rates

Pre-retirement 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. Post-retirement 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

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

Mortality Rates (Cont'd)

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

Health Care Trend Assumptions

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

Discount Rate

The discount rate used to measure the total OPEB liability was 3.54%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. 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.

Changes in the State’s Proportionate Share of the Total OPEB Liability Associated with the District

	Total OPEB Liability
Balance at June 30, 2021	\$ 24,890,306
Changes for Year:	
Service Cost	1,021,415
Interest on the Total OPEB Liability	563,943
Changes of Assumptions	(5,708,540)
Differences between Expected and Actual Experience	1,053,515
Gross Benefit Payments by the State	(558,601)
Contributions from Members	17,920
Net Changes	(3,610,348)
Balance at June 30, 2022	\$ 21,279,958

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2022, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District 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:

	June 30, 2022		
	At 1% Decrease (2.54%)	At Discount Rate (3.54%)	At 1% Increase (4.54%)
Total OPEB Liability Attributable to the District	\$ 25,012,352	\$ 21,279,958	\$ 18,288,631

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2022, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2022		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 17,589,186	\$ 21,279,958	\$ 26,128,011

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2023 the District recognized OPEB expense of \$1,065,953 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources.

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Cont'd)

At June 30, 2022 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

	Year of Deferral	Original Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 1,104,878
	2018	9.51		1,054,368
	2019	9.29	\$ 148,861	
	2020	9.24	3,514,671	
	2021	9.24	19,490	
	2022	9.13		5,083,289
			<u>3,683,022</u>	<u>7,242,535</u>
Differences Between Expected and Actual Experience	2018	9.51		996,706
	2019	9.29		1,752,100
	2020	9.24	3,275,811	
	2021	9.24		3,748,211
	2022	9.13	523,506	
			<u>3,799,317</u>	<u>6,497,017</u>
Changes in Proportion	N/A	N/A	740,786	1,834,926
			<u>\$ 8,223,125</u>	<u>\$ 15,574,478</u>

N/A - Not Available

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,	Total
2022	\$ (1,057,623)
2023	(1,057,623)
2024	(1,057,623)
2025	(914,052)
2026	(522,667)
Thereafter	<u>(1,647,625)</u>
	<u>\$ (6,257,213)</u>

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

FRANKLIN BOROUGH SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST NINE FISCAL YEARS

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
District's proportion of the net pension liability	0.0106036547%	0.0088666023%	0.0091535690%	0.0085801580%	0.0000820568%
District's proportionate share of the net pension liability	\$ 1,985,294	\$ 1,990,375	\$ 2,711,025	\$ 1,997,324	\$ 1,615,657
District's covered employee payroll	\$ 629,695	\$ 629,695	\$ 588,369	\$ 577,758	\$ 548,507
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	315.28%	338.29%	460.77%	345.70%	294.56%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%
	Fiscal Year Ending June 30,				
	2020	2021	2022	2023	
District's proportion of the net pension liability	0.0078598307%	0.0084223261%	0.0083716712%	0.0098077946%	
District's proportionate share of the net pension liability	\$ 1,416,222	\$ 1,373,461	\$ 991,750	\$ 1,480,131	
District's covered employee payroll	\$ 552,106	\$ 635,598	\$ 694,319	\$ 745,690	
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	256.51%	216.09%	142.84%	198.49%	
Plan fiduciary net position as a percentage of the total pension liability	56.27%	58.32%	70.33%	62.91%	

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

FRANKLIN BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST NINE FISCAL YEARS

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
Contractually required contribution	\$ 87,415	\$ 76,229	\$ 82,289	\$ 79,816	\$ 81,772
Contributions in relation to the contractually required contribution	<u>(87,415)</u>	<u>(76,229)</u>	<u>(82,289)</u>	<u>(79,816)</u>	<u>(81,772)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 629,695	\$ 588,369	\$ 577,758	\$ 548,507	\$ 552,106
Contributions as a percentage of covered employee payroll	13.88%	12.96%	14.24%	14.55%	14.81%
Fiscal Year Ending June 30,					
	2020	2021	2022	2023	
Contractually required contribution	\$ 76,651	\$ 92,136	\$ 98,042	\$ 123,681	
Contributions in relation to the contractually required contribution	<u>(76,651)</u>	<u>(92,136)</u>	<u>(98,042)</u>	<u>(123,681)</u>	
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	
District's covered employee payroll	\$ 635,598	\$ 694,319	\$ 745,690	\$ 766,300	
Contributions as a percentage of covered employee payroll	12.06%	13.27%	13.15%	16.14%	

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

FRANKLIN BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
ATTRIBUTABLE TO THE DISTRICT
TEACHERS' PENSION AND ANNUITY FUND
LAST NINE FISCAL YEARS

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
State's proportion of the net pension liability attributable to the District	0.0392077322%	0.0381650740%	0.0385951104%	0.0368979137%	0.0389657691%
State's proportionate share of the net pension liability attributable to the District	\$ 20,955,257	\$ 24,121,915	\$ 30,361,371	\$ 24,877,904	\$ 24,789,185
District's covered employee payroll	\$ 3,805,905	\$ 3,805,905	\$ 3,925,675	\$ 4,001,422	\$ 3,907,265
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	550.60%	614.47%	773.41%	621.73%	634.44%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%
	Fiscal Year Ending June 30,				
	2020	2021	2022	2023	
State's proportion of the net pension liability attributable to the District	0.0374974554%	0.0370215500%	0.0365991325%	0.0378011287%	
State's proportionate share of the net pension liability attributable to the District	\$ 23,012,551	\$ 24,378,245	\$ 17,595,102	\$ 19,503,272	
District's covered employee payroll	\$ 3,473,832	\$ 4,137,142	\$ 4,323,093	\$ 4,574,329	
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	662.45%	589.25%	407.00%	426.36%	
Plan fiduciary net position as a percentage of the total pension liability	26.95%	24.60%	35.52%	32.29%	

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

FRANKLIN BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND
LAST NINE FISCAL YEARS

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
Contractually required contribution	\$ 1,127,590	\$ 1,472,860	\$ 2,281,235	\$ 1,723,415	\$ 1,445,123
Contributions in relation to the contractually required contribution	<u>(206,334)</u>	<u>(309,007)</u>	<u>(400,517)</u>	<u>(573,829)</u>	<u>(737,484)</u>
Contribution deficiency/(excess)	<u>\$ 921,256</u>	<u>\$ 1,163,853</u>	<u>\$ 1,880,718</u>	<u>\$ 1,149,586</u>	<u>\$ 707,639</u>
District's covered employee payroll	\$ 3,805,905	\$ 3,925,675	\$ 4,001,422	\$ 3,907,265	\$ 3,473,832
Contributions as a percentage of covered employee payroll	5.42%	7.87%	10.01%	14.69%	21.23%
	Fiscal Year Ending June 30,				
	2020	2021	2022	2023	
Contractually required contribution	\$ 1,357,341	\$ 1,515,943	\$ 414,020	\$ 524,888	
Contributions in relation to the contractually required contribution	<u>(812,024)</u>	<u>(1,063,892)</u>	<u>(1,556,142)</u>	<u>(1,595,150)</u>	
Contribution deficiency/(excess)	<u>\$ 545,317</u>	<u>\$ 452,051</u>	<u>\$ (1,142,122)</u>	<u>\$ (1,070,262)</u>	
District's covered employee payroll	\$ 4,137,142	\$ 4,323,093	\$ 4,574,329	\$ 4,629,873	
Contributions as a percentage of covered employee payroll	19.63%	24.61%	34.02%	34.45%	

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

FRANKLIN BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF CHANGES IN THE STATE'S PROPORTIONATE SHARE OF THE TOTAL OPEB LIABILITY
ASSOCIATED WITH THE DISTRICT AND RELATED RATIOS
LAST SIX FISCAL YEARS

	Fiscal Year Ending June 30,				
	2017	2018	2019	2020	2021
Total OPEB Liability					
Service Cost	\$ 866,865	\$ 717,602	\$ 633,586	\$ 657,342	\$ 1,212,047
Interest Cost	767,741	886,058	802,796	638,060	645,680
Changes of Benefit Terms				(26,492)	
Changes in Assumptions	(3,139,866)	(2,337,931)	265,552	5,180,147	24,556
Differences between Expected & Actual Experiences		(2,659,844)	(3,734,399)	4,551,559	(4,832,003)
Member Contributions	20,720	18,828	16,206	14,964	16,507
Gross Benefit Payments	(562,685)	(544,773)	(546,721)	(493,700)	(508,616)
Net Change in Total OPEB Liability	(2,047,225)	(3,920,060)	(2,562,980)	10,548,372	(3,468,321)
Total OPEB Liability - Beginning	26,340,520	24,293,295	20,373,235	17,810,255	28,358,627
Total OPEB Liability - Ending	\$ 24,293,295	\$ 20,373,235	\$ 17,810,255	\$ 28,358,627	\$ 24,890,306
District's Covered Employee Payroll *	\$ 4,514,044	\$ 4,579,180	\$ 4,455,772	\$ 4,455,772	\$ 4,025,938
Total OPEB Liability as a Percentage of Covered Employee Payroll	538%	445%	400%	636%	618%
					446%

* - Covered payroll for the fiscal years ending June 30, 2017 - 2022 are based on the payroll on the June 30, 2016 - 2021 census data.

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 20218.

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2021 actuarial valuation the salary increases were 2.75% – 6.55% based on years of service while in the July 1, 2020 actuarial valuation the salary increases were 2.00%-6.00% through 2026 and 3.00-7.00% thereafter based on years of service.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. The actuarial assumptions used in the July 1, 2020 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2021 actuarial valuation the salary increases were 2.75% – 5.65% based on years of service while in the July 1, 2020 actuarial valuation the salary increases were 1.55%-4.45% through 2026 and 2.75%-5.65% thereafter based on years of service.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. The actuarial assumptions used in the July 1, 2020 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

C. STATE HEALTH BENEFITS LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2022 was 3.54%. The discount rate for June 30, 2021 was 2.16%, a change of 1.38%.

The salary increases for TPAF/ABP thereafter were 1.55% - 4.45% through 2026 and 2.75% - 5.65% for thereafter in the valuation as of June 30, 2021. The salary increases for TPAF/ABP were 2.75% - 4.25% in the valuation as of June 30, 2022.

The salary increases for PERS were 2.00% - 6.00% through 2026 and 3.00% - 7.00% for thereafter in the valuation as of June 30, 2021. The salary increases for PERS were 2.75% - 6.55% in the valuation as of June 30, 2022.

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

C. STATE HEALTH BENEFITS LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN (Cont'd)

Changes of Actuarial Assumptions (Cont'd)

The salary increases for PFRS were 3.25% - 15.25% through 2026 and not applicable for thereafter in the valuation as of June 30, 2021. The salary increases for PFRS were 3.25% - 16.25% in the valuation as of June 30, 2022.

The mortality rates in the valuation as of June 30, 2022 were based on the following:

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

The mortality rates in the valuation as of June 30, 2021 were based on the following:

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

The health care trend rates in the valuation as of June 30, 2022 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.5% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long term rate after eight years.

The health care trend rates in the valuation as of June 30, 2021 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.5% long term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal years 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreasing to 15.23% in fiscal year 2025 and decreasing to 4.5% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreasing to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.5% long term rate after seven years.

BUDGETARY COMPARISON SCHEDULES

FRANKLIN BOROUGH SCHOOL
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Local Sources:					
Local Tax Levy	\$ 6,296,617		\$ 6,296,617	6,296,617	
Unrestricted Miscellaneous Revenues	3,000		3,000	53,817	\$ 50,817
Total Revenues from Local Sources	<u>6,299,617</u>		<u>6,299,617</u>	<u>6,350,434</u>	<u>50,817</u>
Revenues from State Sources:					
Categorical Transportation Aid	49,243		49,243	49,243	
Extraordinary Aid				91,702	91,702
Categorical Special Education Aid	305,842		305,842	305,842	
Equalization Aid	2,808,501		2,808,501	2,808,501	
Categorical Security Aid	95,302		95,302	95,302	
Adjustment Aid	100,129		100,129	100,129	
Excess Nonpublic School Transportation Costs				4,368	4,368
Homeless Tuition Reimbursement				15,486	15,486
TPAF Post Retirement Contributions (Non-Budgeted)				424,856	424,856
TPAF Pension Contributions (Non-Budgeted)				1,595,150	1,595,150
TPAF Non-Contributory Insurance (Non-Budgeted)				22,131	22,131
TPAF Long-Term Disability Insurance (Non-Budgeted)				716	716
Reimbursed TPAF Social Security Contributions				335,375	335,375
Total Revenues from State Sources	<u>3,359,017</u>		<u>3,359,017</u>	<u>5,848,801</u>	<u>2,489,784</u>
Revenues from Federal Sources:					
Medicaid Reimbursement	26,613		26,613	26,255	(358)
Family First Coronavirus Response Act				2,433	2,433
Total Revenues from Federal Sources	<u>26,613</u>		<u>26,613</u>	<u>28,688</u>	<u>2,075</u>
TOTAL REVENUE	<u>9,685,247</u>		<u>9,685,247</u>	<u>12,227,923</u>	<u>2,542,676</u>

FRANKLIN BOROUGH SCHOOL
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
GENERAL CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 314,445	\$ (21,278)	\$ 293,167	\$ 292,317	\$ 850
Grades 1-5 - Salaries of Teachers	1,123,990	94,260	1,218,250	1,218,250	
Grades 6-8 - Salaries of Teachers	737,135	(3,520)	733,615	733,615	
Regular Programs - Home Instruction:					
Salaries of Teachers	1,000	1,805	2,805	2,185	620
Purchased Professional-Educational Services		195	195	195	
Regular Programs - Undistributed Instruction:					
Other Purchased Services (400-500 series)	90,095	(4,940)	85,155	85,155	
General Supplies	141,320	(25,851)	115,469	113,609	1,860
Textbooks	83,500	26,141	109,641	109,641	
Other Objects	750		750	750	
Total Regular Programs - Instruction	2,492,235	66,812	2,559,047	2,554,967	4,080
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	384,605	(86,158)	298,447	293,080	5,367
Other Salaries for Instruction	41,615	18,678	60,293	60,293	
General Supplies	4,700	(1,580)	3,120	1,837	1,283
Total Learning and/or Language Disabilities	430,920	(69,060)	361,860	355,210	6,650
Behavioral Disabilities:					
Salaries of Teachers	63,360	523	63,883	63,883	
Other Salaries for Instruction	55,705	(22,572)	33,133	28,609	4,524
General Supplies	700		700	350	350
Total Behavioral Disabilities	119,765	(22,049)	97,716	92,842	4,874

FRANKLIN BOROUGH SCHOOL
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Resource Room/Resource Center:					
Salaries of Teachers	\$ 350,325	\$ 96,438	\$ 446,763	\$ 446,763	
Other Salaries for Instruction	143,295	(29,385)	113,910	113,910	
General Supplies	2,000	(620)	1,380	1,380	
Total Resource Room/Resource Center	495,620	66,433	562,053	562,053	
Preschool Disabilities - Full-Time:					
Other Salaries for Instruction	53,105	(53,001)	104	104	\$ 104
General Supplies	250		250	186	64
Total Preschool Disabilities - Full-Time	53,355	(53,001)	354	186	168
Home Instruction:					
Salaries of Teachers	1,000	17,274	18,274	18,254	20
Purchased Professional-Educational Services	2,000	17,996	19,996	15,580	4,416
Total Home Instruction	3,000	35,270	38,270	33,834	4,436
TOTAL SPECIAL EDUCATION - INSTRUCTION	1,102,660	(42,407)	1,060,253	1,044,125	16,128
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	173,440		173,440	171,136	2,304
General Supplies	400		400	144	256
Total Basic Skills/Remedial - Instruction	173,840		173,840	171,280	2,560
Bilingual Education - Instruction:					
Salaries of Teachers	67,156		67,156	66,256	900
General Supplies	350		350	350	350
Total Bilingual Education - Instruction	67,506		67,506	66,256	1,250

FRANKLIN BOROUGH SCHOOL
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.:					
Salaries	\$ 45,000	(292)	\$ 44,708	\$ 41,876	\$ 2,832
Purchased Services (300-500 series)		2,200	2,200	2,200	
Supplies and Materials	3,000	610	3,610	3,610	
Other Objects	500	(250)	250	250	
Transfers to Cover Deficit (Agency Funds)	15,000		15,000	12,019	2,981
Total School-Spon. Cocurricular & Extracurricular Actvts. - Inst.	<u>63,500</u>	<u>2,268.00</u>	<u>65,768</u>	<u>59,955</u>	<u>5,813</u>
School-Sponsored Athletics - Instruction:					
Salaries	45,000	(2,200)	42,800	39,077	3,723
Supplies and Materials	4,750	(4,245)	505	480	25
Other Objects	750	(568)	182	182	
Transfers to Cover Deficit (Agency Funds)	4,200		4,200	1,712	2,488
Total School-Sponsored Athletics - Instruction	<u>54,700</u>	<u>(7,013)</u>	<u>47,687</u>	<u>41,269</u>	<u>6,418</u>
Summer School - Instruction:					
Salaries of Teachers	16,475		16,475	10,765	5,710
Other Salaries of Instruction	10,900		10,900	8,036	2,864
Total Summer School - Instruction	<u>27,375</u>		<u>27,375</u>	<u>18,801</u>	<u>8,574</u>
Other Supplemental/At Risk Programs - Instruction:					
Salaries of Teachers	67,395		67,395	66,045	1,350
Salaries of Reading Specialists	68,160		68,160		68,160
General Supplies	2,700		2,700	2,517	183
Other Objects	350		350		350
Total Other Supplemental/At Risk Programs - Instruction	<u>138,605</u>		<u>138,605</u>	<u>68,562</u>	<u>70,043</u>
TOTAL INSTRUCTION	<u>4,120,421</u>	<u>19,660</u>	<u>4,140,081</u>	<u>4,025,215</u>	<u>114,866</u>

FRANKLIN BOROUGH SCHOOL
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State-Special	\$ 73,840	\$ (63,735)	\$ 10,105		\$ 10,105
Tuition to Priv. Sch. for the Handicap. W/I State	263,070	(39,281)	223,789	\$ 152,279	71,510
Total Undistributed Expenditures - Instruction	<u>336,910</u>	<u>(103,016)</u>	<u>233,894</u>	<u>152,279</u>	<u>81,615</u>
Undistributed Expend. - Attend. & Social Work:					
Salaries	25,000	(6,464)	18,536	18,536	
Total Undist. Expend. - Attendance and Social Work	<u>25,000</u>	<u>(6,464)</u>	<u>18,536</u>	<u>18,536</u>	
Undistributed Expenditures - Health Services:					
Salaries	83,720	(8,400)	75,320	71,134	4,186
Purchased Professional and Technical Services	5,500		5,500	5,000	500
Other Purchased Services (400-500 series)	1,850		1,850	979	871
Supplies and Materials	5,245	9,000	14,245	14,095	150
Other Objects	350		350	199	151
Total Undistributed Expenditures - Health Services	<u>96,665</u>	<u>600</u>	<u>97,265</u>	<u>91,407</u>	<u>5,858</u>
Undistributed Expenditures - Speech, OT, PT, Related Services:					
Salaries	154,620	(26,946)	127,674	126,522	1,152
Purchased Professional - Educational Services	100,000	(11,284)	88,716	84,873	3,843
Supplies and Materials	5,700		5,700	4,844	856
Total Undistributed Expenditures - Speech, OT, PT, Related Services	<u>260,320</u>	<u>(38,230)</u>	<u>222,090</u>	<u>216,239</u>	<u>5,851</u>
Undistributed Expenditures - Other Support -Students - Extraordinary					
Salaries	130,730	8,312	139,042	138,173	869
Purchased Professional - Educational Services	78,000	(73,282)	4,718	4,242	476
Total Undistributed Expenditures - Other Support -Students - Extraordinary	<u>208,730</u>	<u>(64,970)</u>	<u>143,760</u>	<u>142,415</u>	<u>1,345</u>

FRANKLIN BOROUGH SCHOOL
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Guidance:					
Salaries of Other Professional Staff	\$ 71,185	\$ (5,029)	\$ 66,156	\$ 66,156	
Supplies and Materials	475		475	101	\$ 374
Total Undistributed Expenditures - Guidance	71,660	(5,029)	66,631	66,257	374
Undistributed Expenditures - Child Study Team:					
Salaries of Other Professional Staff	276,521	1,506	278,027	278,027	
Salaries of Secretarial and Clerical Assistants	43,550	(1,040)	42,510	42,509	1
Purchased Professional - Educational Services	9,500	8,335	17,835	17,835	
Other Purchased Services (400-500 series)	3,900		3,900	3,793	107
Supplies and Materials	6,100	6,942	13,042	12,784	258
Other Objects	150		150	150	
Total Undistributed Expenditures - Child Study Team	339,721	15,743	355,464	355,098	366
Undistributed Expenditures - Improvement of Instruction Services:					
Salaries of Supervisors of Instruction	88,630	(1,843)	86,787	86,787	
Salaries of Secretarial and Clerical Assistants	43,735		43,735	42,931	804
Other Salaries	5,000	(2,562)	2,438	1,290	1,148
Unused Vacation Payment to Terminated/Retired Staff	4,130		4,130	4,130	
Supplies and Materials	2,700		2,700	2,429	271
Other Objects	1,000	(1,000)			
Total Undistributed Expenditures - Improvement of Instruction Services	145,195	(5,405)	139,790	133,437	6,353
Undistributed Expenditures - Education Media Services/School Library:					
Salaries	83,330	(548)	82,782	82,276	506
Salaries of Technology Coordinators	70,227	1,033	71,260	71,260	
Unused Vacation Payment to Terminated/Retired Staff		548	548	548	
Supplies and Materials	5,898		5,898	4,059	1,839
Total Undistributed Expenditures - Education Media Services/School Library	159,455	1,033	160,488	158,143	2,345

FRANKLIN BOROUGH SCHOOL
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist.Expend.-Instructional Staff Training Services:					
Purchased Professional - Educational Service	\$ 15,000	\$ 17,848	\$ 32,848	\$ 31,689	\$ 1,159
Other Purchased Services (400-500 series)	26,999	(17,356)	9,643	6,735	2,908
Supplies and Materials	750	(492)	258		258
Total Undist.Expend.-Instructional Staff Training Services	<u>42,749</u>		<u>42,749</u>	<u>38,424</u>	<u>4,325</u>
Undistributed Expenditures - Support Services - General Administration					
Salaries	211,710		211,710	210,924	786
Legal Services	25,000	(9,200)	15,800	8,994	6,806
Audit Fees	27,000	1,200	28,200	28,200	
Architectural/Engineering Services	8,000	12,900	20,900	20,900	
Communications / Telephone	19,875	2,214	22,089	21,602	487
BOE Other Purchased Services	6,500	(2,617)	3,883		3,883
Other Purch. Serv. (400-500 series other than 530 & 585)	41,725	7,931	49,656	49,656	
General Supplies	6,600	(2,282)	4,318	1,712	2,606
BOE In-house training/ Meeting Supplies	400		400		400
Miscellaneous Expenditures	6,500	(3)	6,497	5,815	682
BOE Membership Dues and Fees	5,000	(285)	4,715	4,715	
Total Undistributed Expenditures - Support Services - General Administration	<u>358,310</u>	<u>9,858</u>	<u>368,168</u>	<u>352,518</u>	<u>15,650</u>
Undistributed Expenditures - Support Services - School Administration					
Salaries of Principals/Assistant Principals/Prog Director	102,245	1,000	103,245	103,245	
Salaries of Secretarial and Clerical Assistants	17,510	6,300	23,810	23,810	
Unused Vacation Payment to Terminated/Retired Staff	4,370	38	4,408	4,408	
Other Purchased Services (400-500 series)	750	2,805	3,555	3,230	325
Supplies and Materials	3,500	3,737	7,237	7,179	58
Other Objects	2,250	(830)	1,420	1,171	249
Total Undistributed Expenditures - Support Services - School Administration	<u>130,625</u>	<u>13,050</u>	<u>143,675</u>	<u>143,043</u>	<u>632</u>

FRANKLIN BOROUGH SCHOOL
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Central Services:					
Salaries	\$ 151,240	\$ 20,342	\$ 171,582	\$ 171,582	
Miscellaneous Purchased Services (400-500 series other than 594)	26,485	(2,913)	23,572	23,572	
Supplies and Materials	5,000	1,319	6,319	6,302	\$ 17
Other Objects	2,100	(298)	1,802	1,240	562
Total Undistributed Expenditures - Central Services	184,825	18,450	203,275	202,696	579
Undistributed Expenditures - Required Maintenance for School Facilities:					
Salaries	90,937		90,937	80,248	10,689
Cleaning, Repair, and Maintenance Services	126,364	181,285	307,649	172,400	135,249
Lead Testing of Drinking Water	7,000	(4,835)	2,165		2,165
Other Objects	300		300	258	42
Total Undistributed Expenditures - Required Maintenance for School Facilities	228,099	176,450	404,549	252,906	151,643
Undistributed Expenditures - Custodial Services:					
Salaries	299,383		299,383	236,277	63,106
Salaries of Non-Instructional Aides	67,810		67,810	36,947	30,863
Unused Vacation Payment to Terminated/Retired Staff	8,975		8,975	2,819	6,156
Cleaning, Repair, and Maintenance Services	72,000	(30,000)	42,000	15,372	26,628
Other Purchased Property Services	30,600	(587)	30,013	26,043	3,970
Insurance	115,870	3,541	119,411	119,411	
Miscellaneous Purchased Services	11,685	(1,313)	10,372	10,372	
General Supplies	115,000	(6,360)	108,640	84,143	24,497
Energy (Natural Gas)	80,000	(152)	79,848	66,983	12,865
Energy (Electricity)	80,000		80,000	69,296	10,704
Energy (Gasoline)	2,000		2,000	1,879	121
Other Objects	2,500		2,500	391	2,109
Total Undistributed Expenditures - Custodial Services	885,823	(34,871)	850,952	669,933	181,019

FRANKLIN BOROUGH SCHOOL
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Care and Upkeep of Grounds:					
Salaries	\$ 27,660		\$ 27,660	\$ 27,658	\$ 2
Unused Vacation Payment to Terminated/Retired Staff	1,065		1,065	1,064	1
Cleaning, Repair, and Maintenance Services	13,410	\$ 286	13,696	12,963	733
General Supplies	12,856	(286)	12,570	12,570	
Total Undistributed Expenditures - Care And Upkeep Of Grounds	54,991		54,991	54,255	736
Undistributed Expenditures - Security:					
Salaries	42,256	1,138	43,394	43,394	
Purchased Professional and Technical Services	10,550	18,453	29,003	22,410	6,593
Cleaning, Repair, and Maintenance Services	6,140		6,140	3,999	2,141
General Supplies	11,120		11,120	6,557	4,563
Total Undistributed Expenditures - Security	70,066	19,591	89,657	76,360	13,297
Undistributed Expenditures - Operations And Maintenance Of Plant Services	1,238,979	161,170	1,400,149	1,053,454	346,695
Undistributed Expenditures - Student Transportation Services:					
Salaries for Pupil Transportation (Between Home and School)-Regular	82,865	(14,529)	68,336	63,958	4,378
Management Fee - ESC&CTSA Transportation Program	9,500	13,685	23,185	15,284	7,901
Contract Services - Aid in Lieu of Payments - Nonpublic Students	4,000	3,154	7,154	7,154	
Contract Services-Aid in Lieu of Payments - Choice Students	12,000		12,000	10,781	1,219
Contract Services (Other than Between Home & School) - Vendors	24,000		24,000	19,525	4,475
Contract Services (Regular Students) - ESCs & CTSA	117,710	30,000	147,710	112,688	35,022
Contract Services(Special Education Students) - ESCs & CTSA	258,121	88,490	346,611	305,811	40,800
Total Undistributed Expenditures - Student Transportation Services	508,196	120,800	628,996	535,201	93,795

FRANKLIN BOROUGH SCHOOL
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Unallocated Benefits:					
Group Insurance	\$ 6,000	\$ 600	\$ 6,600	\$ 6,469	\$ 131
Social Security Contributions	140,600	16,638	157,238	147,029	10,209
Other Retirement Contributions - PERS	110,000	13,681	123,681	123,681	
Other Retirement Contributions - Regular	18,000	488	18,488	18,488	
Unemployment Compensation	25,000		25,000	24,287	713
Workers Compensation	92,800	(7,144)	85,656	85,331	325
Health Benefits	1,392,950	(136,052)	1,256,898	1,231,800	25,098
Tuition Reimbursement	47,500		47,500	37,068	10,432
Other Employee Benefits	42,600		42,600	36,135	6,465
Unused Sick Payment to Terminated/Retired Staff	45,000	(14,569)	30,431	7,788	22,643
Total Unallocated Benefits	1,920,450	(126,358)	1,794,092	1,718,076	76,016
On-Behalf Contributions (Non-Budgeted)					
TPAF Post Retirement Contributions (Non-Budgeted)				424,856	(424,856)
TPAF Pension Contributions (Non-Budgeted)				1,595,150	(1,595,150)
TPAF Non-Contributory Insurance (Non-Budgeted)				22,131	(22,131)
TPAF Long-Term Disability Insurance (Non-Budgeted)				716	(716)
Reimbursed TPAF Social Security Contributions				335,375	(335,375)
Total On-Behalf Contributions (Non-Budgeted)				2,378,228	(2,378,228)
Total Personal Services -Employee Benefits	1,920,450	(126,358)	1,794,092	4,096,304	(2,302,212)
TOTAL UNDISTRIBUTED EXPENDITURES	6,027,790	(8,768)	6,019,022	7,755,451	(1,736,429)
TOTAL GENERAL CURRENT EXPENSE	10,148,211	10,892	10,159,103	11,780,666	(1,621,563)

FRANKLIN BOROUGH SCHOOL
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
CAPITAL OUTLAY					
Equipment					
School-Sponsored and Other Instructional Programs		\$ 4,745	\$ 4,745	4,745	
Undistributed:					
Undistributed Expenditures - Child Study Teams		5,410	5,410	5,410	
Undistributed Expenditures - General Admin.		5,403	5,403	5,403	
Undistributed Expenditures - Central Services	\$ 4,560	16,820	21,380	21,107	\$ 273
Undistributed Expenditures - Care and Upkeep of Grounds	39,995		39,995	39,995	
Total Equipment	<u>44,555</u>	<u>32,378</u>	<u>76,933</u>	<u>76,660</u>	<u>273</u>
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	39,000	28,300	67,300	54,200	13,100
Construction Services	266,437	(5,300)	261,137	53,671	207,466
Assessment for Debt Service on SDA Funding	4,133		4,133	4,133	
Total Facilities Acquisition and Construction Services	<u>309,570</u>	<u>23,000</u>	<u>332,570</u>	<u>112,004</u>	<u>220,566</u>
TOTAL CAPITAL OUTLAY	<u>354,125</u>	<u>55,378</u>	<u>409,503</u>	<u>188,664</u>	<u>220,839</u>
Transfer of Funds to Charter Schools	88,025	564	88,589	88,589	
TOTAL EXPENDITURES	<u>10,590,361</u>	<u>66,834</u>	<u>10,657,195</u>	<u>12,057,919</u>	<u>(1,400,724)</u>
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(905,114)	(66,834)	(971,948)	170,004	(1,141,952)

FRANKLIN BOROUGH SCHOOL
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Financing Sources/(Uses):					
Operating Transfer Out - Special Revenue Fund	\$ (137,450)	(137,450)	\$ (137,450)	\$ (137,450)	
Total Other Financing Sources/(Uses)	\$ (905,114)	(204,284)	(1,109,398)	32,554	\$ 1,141,952
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	3,481,969		3,481,969	3,481,969	
Fund Balance, July 1					
Fund Balance, June 30	\$ 2,576,855	\$ (204,284)	\$ 2,372,571	\$ 3,514,523	\$ 1,141,952
<u>Recapitulation:</u>					
Restricted Fund Balance:				\$ 500,000	
Excess Surplus - Restricted For 2024-2025				500,000	
Excess Surplus - Restricted For 2023-2024				1,539,803	
Capital Reserve				446,985	
Maintenance Reserve				101,665	
Assigned Fund Balance:				80,000	
Year End Encumbrances				346,070	
Designated for Subsequent Year's Expenditures				3,514,523	
Unassigned Fund Balance				(335,575)	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				\$ 3,178,948	
Fund Balance per Governmental Funds (GAAP)				\$ 3,178,948	

FRANKLIN BOROUGH SCHOOL
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		\$ 47,992	\$ 47,992	\$ 48,398	\$ 406
State Sources	\$ 1,536,843		1,536,843	922,335	(614,508)
Federal Sources	739,129	330,205	1,069,334	591,735	(477,599)
Total Revenues	2,275,972	378,197	2,654,169	1,562,468	(1,091,701)
Other Financing Sources:					
Transfer In - Board Contribution - General Fund		137,450	137,450	137,450	
Total Revenues and Other Financing Sources	2,275,972	515,647	2,791,619	1,699,918	(1,091,701)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	304,785	205,191	509,976	471,573	38,403
Other Salaries for Instruction	184,392	59,155	243,547	236,907	6,640
Purchased Professional and Technical Services	4,500	13,043	17,543	17,543	
Tuition	146,236	32,858	179,094	179,094	
General Supplies	53,500	6,288	59,788	26,008	33,780
Other Objects		7,112	7,112	7,112	
Total Instruction	693,413	323,647	1,017,060	938,237	78,823
Support Services:					
Salaries of Supervisors of Instruction	18,670	2,790	21,460	21,460	
Salaries of Other Professional Staff	104,939	(63,156)	41,783	41,783	
Other Salaries	46,350		46,350	46,350	
Salaries of Master Teachers	60,000		60,000	51,500	8,500
Personal Services - Employee Benefits	321,021	55,857	376,878	340,563	36,315
Purchased Professional and Technical Services	10,137	162,103	172,240	152,298	19,942
Other Purchased Professional Services		8,578	8,578	8,578	
Cleaning, Repair and Maintenance Services	192,086		192,086		192,086
Student Activities		25,909	25,909	25,909	
Total Support Services	753,203	192,081	945,284	688,441	256,843
Facilities Acquisition:					
Construction Services	502,634		502,634		502,634
Instructional Equipment	89,878		89,878		89,878
Non-Instructional Equipment	236,844	(81)	236,763	73,150	163,613
Total Facilities Acquisition	829,356	(81)	829,275	73,150	756,125
Total Expenditures	\$ 2,275,972	\$ 515,647	\$ 2,791,619	\$ 1,699,828	\$ 1,091,791
Excess (Deficiency) of Revenue Over (Under) Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ 90	\$ 90

FRANKLIN BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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" and Other Financing Sources from the Budgetary Comparison Schedule	\$ 12,227,923	\$ 1,562,468
Difference - Budgetary to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, Whereas the GAAP Basis does not:		
Current Year Encumbrances		(250)
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	333,077	86,238
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(335,575)	(89,256)
	<u>\$ 12,225,425</u>	<u>\$ 1,559,200</u>
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds		
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 12,057,919	\$ 1,699,828
Differences - Budgetary to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes:		
Current Year Encumbrances		(250)
	<u>\$ 12,057,919</u>	<u>\$ 1,699,578</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds		

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2023 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

FRANKLIN BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE

NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

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

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

The general and the special revenue funds budgetary revenue differs from the GAAP revenue due to a difference in the recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

FRANKLIN BOROUGH SCHOOL
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Preschool	I.D.E.A Part B	
	Education Aid	Basic	Preschool
REVENUES:			
Local Sources			
State Sources	\$ 922,335		
Federal Sources		\$ 186,131	\$ 10,525
Total Revenues	922,335	186,131	10,525
Other Financing Sources:			
Transfer In - Board Contribution - General Fund	137,450		
Total Revenues and Other Financing Sources	1,059,785	186,131	10,525
EXPENDITURES:			
Instruction:			
Salaries of Teachers	333,754		
Other Salaries for Instruction	151,331		10,525
Purchased Professional and Technical Services		7,037	
Tuition		179,094	
General Supplies	13,794		
Other Objects			
Total Instruction	498,879	186,131	10,525
Support Services:			
Salaries of Supervisors of Instruction	21,460		
Salaries of Other Professional Staff	41,783		
Other Salaries	46,350		
Salaries of Master Teachers	51,500		
Personal Services - Employee Benefits	305,508		
Purchased Professional and Technical Services	94,305		
Other Purchased Professional Services			
Student Activities			
Total Support Services	560,906		
Facilities Acquisition:			
Non-Instructional Equipment			
Total Facilities Acquisition			
Total Expenditures	\$ 1,059,785	\$ 186,131	\$ 10,525

FRANKLIN BOROUGH SCHOOL
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Elementary and Secondary Education Act		
	Title I	Title IIA	Title IV
REVENUES:			
Local Sources			
State Sources			
Federal Sources	\$ 83,811	\$ 14,893	\$ 14,006
Total Revenues	<u>83,811</u>	<u>14,893</u>	<u>14,006</u>
Other Financing Sources:			
Transfer In - Board Contribution - General Fund			
Total Revenues and Other Financing Sources	<u>83,811</u>	<u>14,893</u>	<u>14,006</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	10,000		
Other Salaries for Instruction	65,051		
Purchased Professional and Technical Services			10,506
Tuition			
General Supplies	1,200		3,500
Other Objects	2,000		
Total Instruction	<u>78,251</u>		<u>14,006</u>
Support Services:			
Salaries of Supervisors of Instruction			
Salaries of Other Professional Staff			
Other Salaries			
Salaries of Master Teachers			
Personal Services - Employee Benefits	5,100		
Purchased Professional and Technical Services	460	14,893	
Other Purchased Professional Services			
Student Activities			
Total Support Services	<u>5,560</u>	<u>14,893</u>	
Facilities Acquisition:			
Non-Instructional Equipment			
Total Facilities Acquisition			
Total Expenditures	<u>\$ 83,811</u>	<u>\$ 14,893</u>	<u>\$ 14,006</u>

FRANKLIN BOROUGH SCHOOL
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>COVID-19 CRRSA</u>		<u>COVID-19 American Rescue Plan</u>	
	<u>Learning Acceleration</u>	<u>Mental Health</u>	<u>ESSER III</u>	<u>Learning Acceleration</u>
REVENUES:				
Local Sources				
State Sources				
Federal Sources	\$ 6,250	\$ 505	\$ 169,825	\$ 48
Total Revenues	<u>6,250</u>	<u>505</u>	<u>169,825</u>	<u>48</u>
Other Financing Sources:				
Transfer In - Board Contribution - General Fund				
Total Revenues and Other Financing Sources	<u>6,250</u>	<u>505</u>	<u>169,825</u>	<u>48</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers			66,656	
Other Salaries for Instruction				
Purchased Professional and Technical Services				
Tuition				
General Supplies			64	48
Other Objects				
Total Instruction			<u>66,720</u>	<u>48</u>
Support Services:				
Salaries of Supervisors of Instruction				
Salaries of Other Professional Staff				
Other Salaries				
Salaries of Master Teachers				
Personal Services - Employee Benefits			29,955	
Purchased Professional and Technical Services	6,250	505		
Other Purchased Professional Services				
Student Activities				
Total Support Services	<u>6,250</u>	<u>505</u>	<u>29,955</u>	
Facilities Acquisition:				
Non-Instructional Equipment			73,150	
Total Facilities Acquisition			<u>73,150</u>	
Total Expenditures	<u>\$ 6,250</u>	<u>\$ 505</u>	<u>\$ 169,825</u>	<u>\$ 48</u>

FRANKLIN BOROUGH SCHOOL
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	COVID-19			
		American Rescue Plan		
	Homeless II	Beyond the School Day	Summer Learning	Mental Health
REVENUES:				
Local Sources				
State Sources				
Federal Sources	\$ 4,822	\$ 25,919	\$ 40,000	\$ 35,000
Total Revenues	4,822	25,919	40,000	35,000
Other Financing Sources:				
Transfer In - Board Contribution - General Fund				
Total Revenues and Other Financing Sources	4,822	25,919	40,000	35,000
EXPENDITURES:				
Instruction:				
Salaries of Teachers		23,663	30,000	
Other Salaries for Instruction			10,000	
Purchased Professional and Technical Services				
Tuition				
General Supplies				
Other Objects				
Total Instruction		23,663	40,000	
Support Services:				
Salaries of Supervisors of Instruction				
Salaries of Other Professional Staff				
Other Salaries				
Salaries of Master Teachers				
Personal Services - Employee Benefits				
Purchased Professional and Technical Services				35,000
Other Purchased Professional Services	4,822	2,256		
Student Activities				
Total Support Services	4,822	2,256		35,000
Facilities Acquisition:				
Non-Instructional Equipment				
Total Facilities Acquisition				
Total Expenditures	\$ 4,822	\$ 25,919	\$ 40,000	\$ 35,000

FRANKLIN BOROUGH SCHOOL
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Local Grants</u>	<u>Student Activities</u>	<u>Totals</u>
REVENUES:			
Local Sources	\$ 22,399	\$ 25,999	\$ 48,398
State Sources			922,335
Federal Sources			591,735
Total Revenues	<u>22,399</u>	<u>25,999</u>	<u>1,562,468</u>
Other Financing Sources:			
Transfer In - Board Contribution - General Fund			<u>137,450</u>
Total Revenues and Other Financing Sources	<u>22,399</u>	<u>25,999</u>	<u>1,699,918</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	7,500		471,573
Other Salaries for Instruction			236,907
Purchased Professional and Technical Services			17,543
Tuition			179,094
General Supplies	7,402		26,008
Other Objects	5,112		7,112
Total Instruction	<u>20,014</u>		<u>938,237</u>
Support Services:			
Salaries of Supervisors of Instruction			21,460
Salaries of Other Professional Staff			41,783
Other Salaries			46,350
Salaries of Master Teachers			51,500
Personal Services - Employee Benefits			340,563
Purchased Professional and Technical Services	885		152,298
Other Purchased Professional Services	1,500		8,578
Student Activities		25,909	25,909
Total Support Services	<u>2,385</u>	<u>25,909</u>	<u>688,441</u>
Facilities Acquisition:			
Non-Instructional Equipment			<u>73,150</u>
Total Facilities Acquisition			<u>73,150</u>
Total Expenditures	<u>\$ 22,399</u>	<u>\$ 25,909</u>	<u>\$ 1,699,828</u>

FRANKLIN BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

District-Wide Total

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 334,576	\$ 333,754	\$ 822
Other Salaries for Instruction	157,971	151,331	6,640
General Supplies	50,001	13,794	36,207
Total Instruction	542,548	498,879	43,669
Support Services:			
Salaries of Supervisors of Instruction	21,460	21,460	
Salaries of Other Professional Staff	41,783	41,783	
Other Salaries	46,350	46,350	
Salaries of Master Teachers	60,000	51,500	8,500
Personal Services – Employee Benefits	331,208	305,508	25,700
Purchased Professional and Technical Services	112,136	94,305	17,831
Cleaning, Repair, and Maintenance Services	192,086		192,086
Total Support Services	805,023	560,906	244,117
Equipment:			
Instructional Equipment	89,878		89,878
Non-Instructional Equipment	236,844		236,844
Total Equipment	326,722		326,722
Total Expenditures	\$ 1,674,293	\$ 1,059,785	\$ 614,508

CALCULATION OF BUDGET & CARRYOVER

Total Revised 2022-2023 Preschool Education Aid Allocation	\$ 893,425
Actual Preschool Aid Carryover (June 30, 2022)	706,100
Add: Budgeted Transfer from General Fund 2022-2023	137,450
Add: Budgeted Tuition 2022-2023	-0-
Total Preschool Education Aid Funds Available for 2022-2023	1,736,975
Less: 2022-2023 Budgeted Preschool Education Aid Funds Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2023	(1,674,293)
	62,682
Add: June 30, 2023 Unexpended Preschool Education Aid	614,508
Add: Cancellation of Prior Year Encumbrances	-0-
Less: 2022-2023 Commissioner Approved Transfer to the General Fund	-0-
2022-2023 Carryover - Preschool Education Aid	\$ 677,190
2022-2023 Carryover - Preschool Education Aid Budgeted for Preschool Programs in 2023-2024	\$ -0-

CAPITAL PROJECTS FUND
(NOT APPLICABLE)

PROPRIETARY FUNDS

FRANKLIN BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 209,199
Intergovernmental Accounts Receivable:	
State	345
Federal	10,079
Other Accounts Receivable	7,909
Inventories	6,774

Total Current Assets	<u>234,306</u>
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Non-Current Assets:

Capital Assets	165,531
Less: Accumulated Depreciation	<u>(131,094)</u>

Total Non-Current Assets	<u>34,437</u>
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Total Assets	<u>268,743</u>
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LIABILITIES:

Current Liabilities:

Accounts Payable	12,497
Unearned Revenue:	
Prepaid Meals	2,897
Supply Chain Assistance	11,912
Donated Commodities	2,383

Total Liabilities	<u>29,689</u>
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NET POSITION:

Investment in Capital Assets	34,437
Unrestricted	<u>204,617</u>

Total Net Position	<u>\$ 239,054</u>
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FRANKLIN BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Operating Revenue:	
Local Sources:	
Daily Sales:	
Reimbursable Programs	\$ 68,409
Total Operating Revenue	<u>68,409</u>
Operating Expenses:	
Cost of Sales:	
Reimbursable Programs	121,403
Salaries	79,953
Benefits and Payroll Taxes	25,385
Supplies, Insurance and Other Costs	19,189
Management Fee	8,840
Depreciation Expense	1,951
Total Operating Expenses	<u>256,721</u>
Operating Loss	(188,312)
Non-Operating Income:	
State Sources:	
State School Lunch Program	4,641
State School Breakfast Program	588
Federal Sources:	
National School Lunch Program	121,750
School Breakfast Program	28,653
Supply Chain Assistance Funding	24,273
Food Distribution Program	25,107
Total Non-Operating Income	<u>205,012</u>
Change in Net Position Before Other Items	16,700
Other Items:	
Disposal of Capital Assets, Net	<u>(2,174)</u>
Change in Net Position	14,526
Net Position - Beginning of Year	<u>224,528</u>
Net Position - End of Year	<u>\$ 239,054</u>

FRANKLIN BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 61,315
Payments to Employees	(105,338)
Payments to Suppliers	(112,440)
	<hr/>
Net Cash Used for Operating Activities	(156,463)
	<hr/>
Cash Flows from Capital and Related Financing Activities:	
Purchase of Capital Assets	(18,584)
	<hr/>
Net Cash Used for Capital and Related Financing Activities	(18,584)
	<hr/>
Cash Flows from Noncapital Financing Activities:	
State Sources	5,359
Federal Sources	206,806
	<hr/>
Net Cash Provided by Noncapital Financing Activities	212,165
	<hr/>
Net Increase in Cash and Cash Equivalents	37,118
	<hr/>
Cash and Cash Equivalents, July 1	172,081
	<hr/>
Cash and Cash Equivalents, June 30	\$ 209,199
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (188,312)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	1,951
Food Distribution Program	25,107
Changes in Assets and Liabilities:	
Increase in Unearned Revenue - Donated Commodities	1,611
(Decrease) in Unearned Revenue	(74)
Increase in Accounts Payable	12,497
(Increase) in Accounts Receivable	(7,020)
(Increase)/Decrease in Inventory	(2,223)
	<hr/>
Net Cash Used for Operating Activities	\$ (156,463)
	<hr/> <hr/>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$26,718 and utilized U.S.D.A. Commodities valued at \$25,107.

FIDUCIARY ACTIVITIES
(NOT APPLICABLE)

LONG-TERM LIABILITIES
(NOT APPLICABLE)

STATISTICAL SECTION
(UNAUDITED)

This part of the District’s annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the District’s overall financial health.

Contents

	<u>Exhibit</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	J-1 thru J-5
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.	J-6 thru J-9
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-10 thru J-13
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.	J-14 thru J-15
Operating Information These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the School provides and the activities it performs.	J-16 thru J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial report for the relevant year.

FRANKLIN BOROUGH SCHOOL DISTRICT
NET POSITION BY COMPONENT,
LAST TEN FISCAL YEARS
ACCURAL BASIS OF ACCOUNTING
UNAUDITED

June 30,

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities										
Net Investment in Capital Assets	\$ 945,150	\$ 1,088,306	\$ 1,103,719	\$ 1,102,023	\$ 1,021,654	\$ 1,016,419	\$ 1,545,738	\$ 1,701,650	\$ 3,053,837	\$ 2,997,401
Restricted	1,256,363	1,425,446	1,755,145	1,900,732	2,265,723	2,518,831	2,592,326	3,220,938	2,882,006	2,988,693
Unrestricted/(Deficit)	(2,308,360)	(2,327,492)	(2,334,868)	(2,368,703)	(2,332,354)	(2,274,981)	(2,249,746)	(2,098,225)	(1,685,642)	(1,578,783)
Total Governmental Activities Net Position/(Deficit)	\$ (106,847)	\$ 186,260	\$ 523,996	\$ 634,052	\$ 955,023	\$ 1,260,269	\$ 1,888,318	\$ 2,824,363	\$ 4,250,201	\$ 4,407,311
Business-type Activities										
Investment in Capital Assets	\$ 21,977	\$ 22,859	\$ 27,153	\$ 24,610	\$ 23,248	\$ 21,887	\$ 20,525	\$ 19,163	\$ 19,978	\$ 34,437
Unrestricted	45,410	34,553	49,507	52,400	61,958	47,173	42,895	48,315	204,550	204,617
Total Business-type Activities Net Position	\$ 67,387	\$ 57,212	\$ 76,660	\$ 77,010	\$ 85,206	\$ 69,060	\$ 63,420	\$ 67,478	\$ 224,528	\$ 239,054
District-wide										
Net Investment in Capital Assets	\$ 967,127	\$ 1,111,165	\$ 1,130,872	\$ 1,126,633	\$ 1,044,902	\$ 1,038,306	\$ 1,566,263	\$ 1,720,813	\$ 3,073,815	\$ 3,031,838
Restricted	1,256,363	1,425,446	1,755,145	1,900,732	2,265,723	2,518,831	2,592,326	3,220,938	2,882,006	2,988,693
Unrestricted/(Deficit)	(2,262,950)	(2,293,139)	(2,285,361)	(2,316,303)	(2,270,396)	(2,227,808)	(2,206,851)	(2,049,910)	(1,481,092)	(1,374,166)
Total District Net Position/(Deficit)	\$ (39,460)	\$ 243,472	\$ 600,656	\$ 711,062	\$ 1,040,229	\$ 1,329,329	\$ 1,951,738	\$ 2,891,841	\$ 4,474,729	\$ 4,646,365

FRANKLIN BOROUGH SCHOOL DISTRICT
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
ACCRUAL BASIS OF ACCOUNTING
UNAUDITED

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 3,299,543	\$ 3,968,504	\$ 4,143,993	\$ 4,847,531	\$ 5,207,660	\$ 4,617,962	\$ 3,648,626	\$ 4,435,032	\$ 4,664,395	\$ 4,616,647
Special Education	1,682,982	1,945,012	2,143,384	2,409,841	2,574,713	2,113,949	1,549,166	2,046,034	1,763,782	1,559,702
Other Special Education	102,233	149,879	192,107	236,397	154,783	182,560	237,287	404,047	353,510	362,731
School Sponsored/Other Instruction									306,004	246,464
Support Services:										
Tuition	280,636	240,643	205,752	211,412	177,504	173,351	282,231	184,226	153,615	331,373
Student & Instruction Related Services	1,086,900	1,207,823	1,269,307	1,380,867	1,302,730	1,788,622	1,610,021	1,718,831	1,912,940	2,302,887
General Administrative Services	384,579	269,481	326,741	431,185	300,607	287,679	192,191	302,820	433,899	454,086
School Administrative Services	281,723	424,057	391,912	354,562	376,740	420,342	328,245	382,822	249,606	228,923
Central Services	282,428	262,464	243,173	255,064	278,786	269,025	212,799	238,606	293,688	286,201
Plant Operations and Maintenance	1,051,540	999,695	1,026,072	1,055,725	1,091,168	1,024,541	1,015,786	1,126,568	1,159,125	1,402,496
Pupil Transportation	235,386	293,369	317,747	308,356	265,043	322,373	262,254	235,854	313,155	552,789
Transfer of Funds to Charter School	91,239	82,088	45,715	93,505	159,517	159,524	126,870	93,435	52,120	88,589
Capital Outlay	4,133	23,733	25,148	4,133	4,133	4,133	4,133	6,131		4,133
Unallocated Depreciation	83,921	66,132	91,150	101,685	101,989	99,441	112,781	110,314		
Total Governmental Activities Expenses	8,992,271	10,053,006	10,566,078	11,830,069	12,184,402	11,643,388	11,488,412	11,481,800	11,655,839	12,437,021
Business-type Activities:										
Food Service	171,026	177,280	177,935	171,043	148,613	186,577	137,589	170,791	280,766	256,721
Total Business-type Activities Expense	171,026	177,280	177,935	171,043	148,613	186,577	137,589	170,791	280,766	256,721
Total District Expenses	\$ 9,163,297	\$ 10,230,286	\$ 10,744,013	\$ 12,001,112	\$ 12,333,015	\$ 11,829,965	\$ 11,626,001	\$ 11,652,591	\$ 11,936,605	\$ 12,693,742
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)	\$ 86,715	\$ 46,043	\$ 46,016	\$ 33,907	\$ 123,902	\$ 12,352	\$ 22,933	\$ 57,577	\$ 24,689	\$ 25,999
Student & Instruction Related Services										
Operating Grants and Contributions	1,420,590	2,483,155	2,861,736	3,619,892	3,987,926	3,307,919	3,337,421	3,415,059	3,994,793	3,187,324
Total Governmental Activities Program Revenues	1,507,305	2,529,198	2,907,752	3,653,799	4,111,828	3,320,271	3,360,354	3,472,636	4,019,482	3,213,323
Business-type Activities:										
Charges for Services:										
Food Service	\$ 62,019	\$ 56,561	\$ 55,740	\$ 54,157	\$ 49,744	\$ 47,586	\$ 29,491	\$ 2,109	\$ 430,519	\$ 68,409
Operating Grants and Contributions - Food Service	103,402	110,473	111,579	117,149	106,969	122,724	102,390	172,679	430,519	205,012
Total Business-type Activities Program Revenues	165,421	167,034	167,319	171,306	156,713	170,310	131,881	174,788	430,519	273,421
Total District Program Revenues	\$ 1,672,726	\$ 2,696,232	\$ 3,075,071	\$ 3,825,105	\$ 4,268,541	\$ 3,490,581	\$ 3,492,235	\$ 3,647,424	\$ 4,450,001	\$ 3,486,744

FRANKLIN BOROUGH SCHOOL DISTRICT
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
ACCURAL BASIS OF ACCOUNTING

UNAUDITED
(Continued)

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net (Expense)/Revenue:										
Governmental Activities	\$ (7,484,966)	\$ (7,523,808)	\$ (7,658,326)	\$ (8,176,270)	\$ (8,072,574)	\$ (8,323,117)	\$ (8,128,058)	\$ (8,009,164)	\$ (7,636,357)	\$ (9,223,698)
Business-type Activities	(5,605)	(10,246)	(10,616)	263	8,100	(16,267)	(5,708)	3,997	149,753	16,700
Total District-wide Net Expense	\$ (7,490,571)	\$ (7,534,054)	\$ (7,668,942)	\$ (8,176,007)	\$ (8,064,474)	\$ (8,339,384)	\$ (8,133,766)	\$ (8,005,167)	\$ (7,486,604)	\$ (9,206,998)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 4,586,239	\$ 4,806,638	\$ 4,994,231	\$ 5,181,152	\$ 5,334,774	\$ 5,651,469	\$ 5,810,534	\$ 5,981,549	\$ 6,101,180	\$ 6,296,617
Unrestricted Grants and Contributions	2,936,990	2,968,021	2,967,845	2,976,727	2,955,286	2,933,868	2,935,872	2,907,531	2,983,722	3,030,374
Investment Earnings & Other Miscellaneous Income	48,208	42,256	52,635	128,447	103,485	43,026	9,701	56,129	18,852	53,817
Cancellation of Prior Year Accounts Receivable			11,351						(41,559)	
Transfers			(30,000)							
Total Governmental Activities	\$ 7,571,437	\$ 7,816,915	\$ 7,996,062	\$ 8,286,326	\$ 8,393,545	\$ 8,628,363	\$ 8,756,107	\$ 8,945,209	\$ 9,062,195	\$ 9,380,808
Business-type Activities:										
Investment Earnings	\$ 98	\$ 71	\$ 64	\$ 87	\$ 96	\$ 121	\$ 68	\$ 61	\$ 8,385	\$ (2,174)
Transfers			30,000							
Disposals of Capital Assets, Net									(1,088)	
Cancellation of Prior Year Accounts Receivable									7,297	
Total Business-type Activities	\$ 98	\$ 71	\$ 30,064	\$ 87	\$ 96	\$ 121	\$ 68	\$ 61	\$ 7,297	\$ (2,174)
Total District-wide	\$ 7,571,535	\$ 7,816,986	\$ 8,026,126	\$ 8,286,413	\$ 8,393,641	\$ 8,628,484	\$ 8,756,175	\$ 8,945,270	\$ 9,069,492	\$ 9,378,634
Change in Net Position										
Governmental Activities	\$ 86,471	\$ 293,107	\$ 337,736	\$ 110,056	\$ 320,971	\$ 305,246	\$ 628,049	\$ 936,045	\$ 1,425,838	\$ 157,110
Business-type Activities	(5,507)	(10,175)	19,448	350	8,196	(16,146)	(5,640)	4,058	157,050	14,526
Total District	\$ 80,964	\$ 282,932	\$ 357,184	\$ 110,406	\$ 329,167	\$ 289,100	\$ 622,409	\$ 940,103	\$ 1,582,888	\$ 171,636

FRANKLIN BOROUGH SCHOOL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS,
 LAST TEN FISCAL YEARS
MODIFIED ACCRUAL BASIS OF ACCOUNTING
UNAUDITED

June 30,

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Restricted	\$ 1,256,363	\$ 1,425,446	\$ 1,755,145	\$ 1,900,732	\$ 2,265,723	\$ 1,669,063	\$ 2,592,326	\$ 3,217,348	\$ 2,880,191	\$ 2,986,788
Assigned	83,751	61,366	28,995	74,674	110,454	14,592	115,613	81,445	154,348	181,665
Unassigned								45,192	114,353	10,495
Total General Fund	\$ 1,340,114	\$ 1,486,812	\$ 1,784,140	\$ 1,975,406	\$ 2,376,177	\$ 1,683,655	\$ 2,707,939	\$ 3,343,985	\$ 3,148,892	\$ 3,178,948
All Other Governmental Funds										
Restricted	\$ 1							\$ 3,590	\$ 1,815	\$ 1,905
Unassigned/(Deficit)						\$ 41,118	\$ (65,205)	(129,977)	(86,238)	(89,256)
Total All Other Governmental Funds/(Deficit)	\$ 1	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 41,118	\$ (65,205)	\$ (126,387)	\$ (84,423)	\$ (87,351)
Total Governmental Funds	\$ 1,340,115	\$ 1,486,812	\$ 1,784,140	\$ 1,975,406	\$ 2,376,177	\$ 1,724,773	\$ 2,642,734	\$ 3,217,598	\$ 3,064,469	\$ 3,091,597

FRANKLIN BOROUGH SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
MODIFIED ACCRUAL BASIS OF ACCOUNTING
UNAUDITED

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Tax Levy	\$ 4,586,239	\$ 4,806,638	\$ 4,994,231	\$ 5,181,152	\$ 5,334,774	\$ 5,651,469	\$ 5,810,534	\$ 5,981,549	\$ 6,101,180	\$ 6,296,617
Tuition Charges	86,715	46,043	46,016	33,907	123,902	12,352	22,933	57,577	24,689	25,999
Restricted Miscellaneous Revenue	50,208	49,659	52,935	131,547	104,485	58,499	40,209	40,374	38,311	75,966
Unrestricted Miscellaneous Revenue	4,041,782	4,155,973	4,296,337	4,356,212	4,598,093	4,840,301	5,560,205	5,612,386	6,564,451	6,765,620
State Sources	313,798	366,544	370,870	369,404	333,393	321,771	299,167	412,788	839,481	620,423
Federal Sources	9,078,742	9,424,857	9,760,389	10,072,222	10,494,647	10,884,392	11,733,048	12,160,803	13,568,112	13,784,625
Total Revenue										
	2,260,337	2,300,768	2,319,582	2,449,913	2,446,209	2,584,258	2,758,427	2,824,765	3,138,108	3,294,548
Regular Instruction	1,153,575	1,140,808	1,192,849	1,159,365	1,203,722	1,112,212	1,068,254	1,133,139	1,136,312	1,061,687
Special Education Instruction	66,966	77,340	94,806	96,608	64,232	87,497	208,868	220,363	212,447	237,536
Other Special Instruction	85,297	82,426	94,537	92,671	103,028	106,772	174,179	107,143	222,870	188,587
School-Sponsored/Other Instruction										
Support Services:										
Tuition	280,636	240,643	205,752	211,412	177,504	173,351	282,231	184,226	153,615	331,373
Student & Other Instruction Related Services	839,398	921,425	1,002,833	1,013,109	971,930	1,319,390	1,437,458	1,428,173	1,472,026	1,910,147
General Administrative Services	315,652	326,451	326,793	350,929	299,736	315,537	348,124	332,398	319,947	352,518
School Administrative Services	182,600	160,539	180,564	174,726	181,550	151,483	163,348	157,267	153,434	143,043
Central Services	219,411	207,915	193,722	195,788	215,127	201,015	212,799	198,857	199,016	202,696
Plant Operations and Maintenance	932,194	858,763	871,810	918,127	895,646	854,313	976,778	981,264	1,125,218	1,053,454
Student Transportation	232,714	279,449	304,906	292,739	253,929	309,679	246,100	224,930	305,450	535,201
Unallocated Benefits	2,231,685	2,353,927	2,461,472	2,702,567	3,028,348	3,094,347	3,017,685	3,352,344	3,848,520	4,096,304
Transfer of Funds to Charter School	91,239	82,088	45,715	93,505	159,517	159,524	126,870	93,435	52,120	88,589
Capital Outlay	40,344	245,617	149,071	123,489	99,406	139,209	720,275	347,635	1,340,599	261,814
Total Expenditures	8,932,048	9,278,159	9,444,412	9,874,948	10,099,884	10,608,587	11,741,396	11,585,939	13,679,682	13,757,497
Excess/(Deficit) of Revenues	146,694	146,698	315,977	197,274	394,763	275,805	(8,348)	574,864	(111,570)	27,128
Over/(Under) Expenditures										

FRANKLIN BOROUGH SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,

LAST TEN FISCAL YEARS

MODIFIED ACCRUAL BASIS OF ACCOUNTING

UNAUDITED

(Continued)

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Other Financing Sources/(Uses)			\$ 11,351				\$ 117,791	\$ 128,160	\$ (41,559)	137,450
Cancellation of Accounts Payable/Receivable							(117,791)	(128,160)		(137,450)
Transfers In			(30,000)							
Transfers Out			(18,649)						(41,559)	
Total Other Financing Sources/(Uses)										
Net Change in Fund Balances	\$ 146,694	\$ 146,698	\$ 297,328	\$ 197,274	\$ 394,763	\$ 275,805	\$ (8,348)	\$ 574,864	\$ (153,129)	\$ 27,128
Debt Service as a Percentage of Noncapital Expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

FRANKLIN BOROUGH SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ending June 30,	Interest on Investments	Tuition	Rentals Use of Facilities	Prior Year Refunds	Other	Total
2014	\$ 3,872	\$ 86,715	\$ 3,000	\$ 8,563	\$ 32,773	\$ 134,923
2015	4,379	46,043	3,000	56	34,821	88,299
2016	4,865	46,016	3,000	7,942	36,828	98,651
2017	5,004	33,907	3,000	47,011	73,432	162,354
2018	5,579	123,902		77,207	20,699	227,387
2019	3,907	12,352		39,119		55,378
2020	6,129	22,933		3,572		32,634
2021	6,641	57,577		49,488		113,706
2022	7,149			8,473	3,230	18,852
2023	7,232			38,118	8,467	53,817

Source: Franklin Borough School District Financial Reports.

FRANKLIN BOROUGH SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
UNAUDITED

Year Ended Dec. 31	Vacant Land	Farm		Residential	Commercial	Industrial	Apartment	Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Assessed Value	Total Direct School Tax Rate ^b	Actual (County Equalized Value)
		Regular	Qualified										
2013	\$ 14,492,100	\$ 5,104,600	\$ 226,100	\$ 308,457,400	\$ 111,148,900	\$ 12,949,100	\$ 7,213,800	\$ 1,397,027	\$ 460,989,027	\$ 57,681,000	\$ 518,670,027	\$ 0.99	\$ 447,347,266
2014	12,909,900	4,097,500	222,500	248,180,400	108,720,600	9,924,600	6,723,300	1,591,221	392,370,021	57,771,400	450,141,421	1.20	403,786,555
2015	13,861,600	4,259,500	226,100	247,749,100	107,220,100	9,924,600	6,657,700	1,859,830	391,758,530	58,016,800	449,775,330	1.25	418,389,622
2016	12,331,200	3,950,200	210,400	248,846,800	116,839,400	9,924,600	6,690,800	1,838,649	400,632,049	57,714,700	458,346,749	1.27	421,019,872
2017	12,135,200	4,000,100	210,500	248,664,900	115,978,000	9,924,600	6,690,800	1,760,484	399,364,584	57,793,900	457,158,484	1.32	417,593,307
2018	12,646,400	4,000,100	189,700	248,416,400	114,131,800	9,428,000	6,981,100	1,774,920	397,568,420	57,385,300	454,953,720	1.38	411,468,592
2019	12,628,900	4,000,100	189,700	248,081,900	110,923,500	9,428,000	10,587,700	2,007,431	397,847,231	54,890,400	452,737,631	1.44	406,210,837
2020	12,639,300	4,270,500	178,400	248,772,600	109,576,200	9,375,900	10,737,700	2,214	395,552,814	54,526,300	450,079,114	1.49	421,959,917
2021	11,834,700	4,270,500	158,000	248,494,600	108,597,600	9,375,900	10,887,700	2,192	393,621,192	54,031,600	447,652,792	1.55	436,813,801
2022	11,893,600	4,245,100	158,200	248,192,900	106,853,300	11,058,100	10,491,100	1,890	392,894,190	53,803,400	446,697,590	1.60	489,361,363

[^] - Reassessment of property was effective in 2014

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation. Reassessment occurs when ordered by the County Board of Taxation.

^a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.

^b Tax rates are per \$100 of Assessed Valuation.

FRANKLIN BOROUGH SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN YEARS

UNAUDITED

(Rate per \$100 of Assessed Value)

Year Ended December 31,	Direct School Rate		Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic School Rate ^a	Total Direct School Rate	Municipality	County	Regional High School	
2013	\$ 0.985	\$ 0.985	\$ 0.972	\$ 0.476	\$ 0.485	\$ 2.918
2014	1.197 [^]	1.197 [^]	1.183 [^]	0.536 [^]	0.565 [^]	3.481
2015	1.251	1.251	1.211	0.551	0.559	3.571
2016	1.270	1.270	1.172	0.575	0.544	3.561
2017	1.316	1.316	1.171	0.597	0.555	3.639
2018	1.382	1.382	1.173	0.600	0.575	3.730
2019	1.441	1.441	1.177	0.588	0.588	3.794
2020	1.491	1.491	1.226	0.623	0.634	3.974
2021	1.550	1.550	1.263	0.650	0.640	4.103
2022	1.603	1.603	1.295	0.700	0.628	4.226

[^] - Reassessment of property was effective in 2014

Note: NJSA 18A:7F-5d limits the amount that the district can submit for the General Fund tax levy. The levy when added to other components of the District's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

^a The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

^b Rates for debt service are based on each year's requirements.

Source: Franklin Borough Tax Collector and School Business Administrator.

FRANKLIN BOROUGH SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

	2023			2014		
	Assessed Value	Rank	% of Total District Net Assessed Value	Assessed Value	Rank	% of Total District Net Assessed Value
Taxpayer						
Wal-Mart	\$ 14,892,900	1	3.79%	\$ 11,988,700	1	3.06%
IIP-NJ3 LLC	13,990,700	2	3.56%	10,485,500	2	2.67%
Franklin 23	12,949,900	3	3.30%	5,933,500	3	1.51%
Weis Markets, Inc.	9,880,200	4	2.51%	7,278,400	4	1.85%
Braen Aggregates, LLC	8,735,400	5	2.22%	4,588,800	5	1.17%
Wurtsboro Associates	8,417,400	6	2.14%	5,782,900	6	1.47%
Silk City Rentals, LLC	8,320,000	7	2.12%	4,619,100	7	1.18%
Hillside Estates at Franklin	7,740,600	8	1.97%	3,866,700	8	0.99%
Wallgreens	7,288,000	9	1.85%	3,425,300	9	0.87%
MDC Coast 23, LLC	4,405,400	10	1.12%	2,671,900	10	0.68%
Total	\$ 96,620,500		24.59%	\$ 60,640,800		15.46%

Note - A reassessment of property was effective in 2014.

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Collected within the Fiscal</u> <u>Year of the Levy</u> ^a		<u>Collections in</u> <u>Subsequent</u> <u>Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
2014	\$ 4,586,239	\$ 4,586,239	100.00%	- 0 -
2015	4,806,638	4,806,638	100.00%	- 0 -
2016	4,994,231	4,994,231	100.00%	- 0 -
2017	5,181,152	5,181,152	100.00%	- 0 -
2018	5,334,774	5,334,774	100.00%	- 0 -
2019	5,651,469	5,651,469	100.00%	- 0 -
2020	5,810,534	5,810,534	100.00%	- 0 -
2021	5,981,549	5,981,549	100.00%	- 0 -
2022	6,101,180	6,101,180	100.00%	- 0 -
2023	6,296,617	6,296,617	100.00%	- 0 -

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

Source: Franklin Borough School District records including the Certificate and Report of School Taxes (A4F form)

FRANKLIN BOROUGH SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities			Business- Type Activities	Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Financed Purchases	Bond Anticipation Notes (BANs)	Financed Purchases			
2014	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -
2015	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
2016	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
2017	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
2018	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
2019	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
2020	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
2021	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
2022	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
2023	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -

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

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

Source: Franklin Borough School District Financial Reports.

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2014	\$ - 0 -	\$ - 0 -	\$ - 0 -	0.00%	\$ - 0 -
2015	- 0 -	- 0 -	- 0 -	0.00%	- 0 -
2016	- 0 -	- 0 -	- 0 -	0.00%	- 0 -
2017	- 0 -	- 0 -	- 0 -	0.00%	- 0 -
2018	- 0 -	- 0 -	- 0 -	0.00%	- 0 -
2019	- 0 -	- 0 -	- 0 -	0.00%	- 0 -
2020	- 0 -	- 0 -	- 0 -	0.00%	- 0 -
2021	- 0 -	- 0 -	- 0 -	0.00%	- 0 -
2022	- 0 -	- 0 -	- 0 -	0.00%	- 0 -
2023	- 0 -	- 0 -	- 0 -	0.00%	- 0 -

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

^a See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

^b See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

Source: Franklin Borough School District Financial Reports.

FRANKLIN BOROUGH SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2022
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Franklin Borough General Debt	\$ 2,612,680	100.00%	\$ 2,612,680
Sussex County General Obligation Debt	95,444,925	2.563%	2,446,230
Wallkill Valley Regional High School Debt	6,590,000	21.36%	<u>1,407,936</u>
Subtotal, Overlapping Debt as of December 31, 2022			6,466,846
Franklin Borough School District Direct Debt			<u>- 0 -</u>
Total Direct And Overlapping Debt			<u><u>\$ 6,466,846</u></u>

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 Franklin. This process recognizes that, when considering the District's ability to issue and repay long-term, 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 unit.

^a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable equalized property values. Applicable percentages were estimated by determining the portion of Franklin Borough's equalized property value that is within the Sussex County's boundaries and dividing it by Sussex County's total equalized property value.

Sources: Assessed value data used to estimate applicable percentages provided by the Sussex County Board of Taxation; debt outstanding data provided by each governmental unit.

FRANKLIN BOROUGH SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt Limit	\$ 13,535,302	\$ 12,703,824	\$ 12,309,935	\$ 12,383,647	\$ 12,325,133	\$ 12,269,395	\$ 12,323,109	\$ 12,598,261	\$ 13,459,777	\$ 14,647,112
Total Net Debt Applicable to Limit	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
Legal Debt Margin	\$ 13,535,302	\$ 12,703,824	\$ 12,309,935	\$ 12,383,647	\$ 12,325,133	\$ 12,269,395	\$ 12,323,109	\$ 12,598,261	\$ 14,647,112	\$ 14,647,112

Total Net Debt Applicable to the Limit
As a Percentage of Debt Limit

	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
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	Legal Debt Margin Calculation for Fiscal Year 2023	
	Year	Equalized Valuation Basis
	2020	\$ 437,120,787
	2021	488,421,640
	2022	539,168,794
		<u>\$1,464,711,221</u>
		<u>\$ 488,237,074</u>
		\$ 14,647,112
		- 0 -
		<u>\$ 14,647,112</u>

^a Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts.

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

FRANKLIN BOROUGH SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Year	Population ^a	Franklin Borough Income Personal Income ^b	Sussex County Per Capita Personal Income ^c	Unemployment Rate ^d
2014	4,899	\$ 265,114,284	\$ 54,116	8.20%
2015	4,833	269,304,426	55,722	6.30%
2016	4,793	274,768,311	57,327	6.20%
2017	4,763	281,702,872	59,144	5.80%
2018	4,746	292,026,126	61,531	5.20%
2019	4,728	303,934,752	64,284	4.60%
2020	4,697	318,522,358	67,814	11.50%
2021	4,938	350,889,342	71,059	7.60%
2022	4,967	352,950,053 ***	71,059 *	4.60%
2023	4,967 **	352,950,053 ***	71,059 *	N/A

* - Latest Sussex County per capita personal income available (2021) was used for calculation purposes.

** - Latest population data available (2022) was used for calculation purposes.

*** - Latest available population data (2022) and latest available Sussex County per capita personal income (2021) was used for calculation purposes.

N/A - Information not available

Sources:

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

^b Personal income has been estimated based upon the municipal population and per capita personal income presented

^c Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

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

FRANKLIN BOROUGH SCHOOL DISTRICT
PRINCIPAL EMPLOYERS, COUNTY OF SUSSEX
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

	2023		2014	
	Employer	Employees	Employer	Employees
				Percentage of Total Employment
Selective Insurance Group Inc.		1,000-4,999	Crystal Springs Golf and Spa Resort	2,000
Crystal Springs Resort		1,000-4,999	Newton Memorial Hospital	1,200
Newton Medical Center		500-999	Selective Insurance	900
Sussex County Offices		500-999	County of Sussex	830
Thorlabs		500-999	Mountain Creek Resort	800
Mountain Creek Resort		500-999	Ames Rubber Corp	445
Shop Rite		250-499	Shop Rite Supermarkets	301
Sussex County Community College		250-499	Andover Subacute & Rehab Center	300
United Methodist Community Bristol Glen		250-499	Sussex County Community College	300
Andover Subacute & Rehab Center		100-249	SCARC, Inc.	287
		<u>4,850-15,740</u>	Total	<u>7,363</u>
				<u>9.99%</u>
Total Employment - Sussex County		<u>74,747</u>	Total Employment	<u>73,737</u>

Source: County of Sussex

FRANKLIN BOROUGH SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

<u>Function/Program:</u>	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Instruction:										
Regular	35.3	35.3	36.9	36.7	32.2	31.5	33.6	32.5	34.6	35.5
Special Education	17.0	17.0	18.0	18.0	15.0	14.0	13.0	13.0	10.0	10.0
Other	2.2	2.2	2.2	2.2	2.1	2.4	2.7	2.0	2.0	2.0
Support Services:										
Student & Instruction Related Services	13.0	18.2	17.3	18.0	29.2	28.6	29.0	35.8	33.0	38.6
School Administrative Services	3.0	3.0	3.0	3.0	2.1	2.0	2.0	2.0	2.0	2.0
General Administrative Services	2.1	2.1	2.1	2.1	2.0	2.1	2.1	2.1	2.1	2.1
Central Services	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.5	2.6	2.6
Plant Operations and Maintenance	6.9	6.9	6.9	6.9	6.8	6.9	5.9	7.3	7.3	7.4
	<u>82.5</u>	<u>87.7</u>	<u>89.4</u>	<u>89.9</u>	<u>92.4</u>	<u>90.5</u>	<u>91.3</u>	<u>97.2</u>	<u>93.6</u>	<u>100.2</u>

Source: Franklin Borough School District Financial Reports.

FRANKLIN BOROUGH SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary Schools	Schools				
2014	464	\$ 8,893,718	\$ 19,167	5.62%	44.0	1:10.6	464	446	-5.69%	96.12%	
2015	471	9,034,557	19,182	0.07%	44.0	1:10.7	471	454	1.51%	96.39%	
2016	467	9,297,357	19,909	3.79%	45.9	1:10.2	467	446	-0.85%	95.50%	
2017	491	9,753,476	19,865	-0.22%	45.3	1:10.2	491	464	5.14%	94.50%	
2018	428	10,000,478	23,366	17.62%	49.3	1:11.2	488	462	-0.61%	94.67%	
2019	428	11,602,187	27,108	16.02%	47.9	1:11.2	471	441	-3.48%	93.63%	
2020	454	11,021,121	24,276	-10.45%	49.4	1:11.3	468	449	-0.64%	95.94%	
2021	472	11,238,304	23,810	-1.92%	47.5	1:11.3	473	430	1.07%	90.91%	
2022	490	12,339,083	25,182	5.76%	46.6	1:11.3	480	439	1.48%	91.46%	
2023	487	13,495,683	27,712	10.05%	47.5	1:11.3	487	455	1.46%	93.43%	

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).

^d The Cost per Pupil calculated above is the sum of the operating expenditures divided by enrollment. This cost per pupil may be different from State cost per pupil calculations.

Sources: Franklin Borough School District Records.

FRANKLIN BOROUGH SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

District Building

Franklin Elementary School:

<u>Fiscal Year</u>	<u>Square Feet</u>	<u>Capacity (Students)</u>	<u>Enrollment</u>
2014	114,480	810	464
2015	114,480	810	471
2016	114,480	810	467
2017	114,480	810	491
2018	114,480	810	488
2019	114,480	810	488
2020	114,480	810	454
2021	114,480	810	472
2022	114,480	810	479
2023	114,480	810	474

Number of Schools at June 30, 2023

Elementary = 1

Note: Enrollment is based on the annual October District count.

Source: Franklin Borough School District Records.

FRANKLIN BOROUGH SCHOOL DISTRICT
GENERAL FUND SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
UNAUDITED

UNDISTRIBUTED EXPENDITURES - REQUIRED
 MAINTENANCE FOR SCHOOL FACILITIES
 11-000-261-XXX

<u>Facility</u>	<u>Project #'(s)</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>School Facilities:</u>						
Franklin Elementary	N/A	<u>\$ 89,840</u>	<u>\$ 67,261</u>	<u>\$ 131,917</u>	<u>\$ 138,747</u>	<u>\$ 96,959</u>

<u>Facility</u>	<u>Project #'(s)</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>School Facilities:</u>						
Franklin Elementary	N/A	<u>\$ 112,161</u>	<u>\$ 261,817</u>	<u>\$ 191,777</u>	<u>\$ 316,408</u>	<u>\$ 252,906</u>

N/A - Not Applicable

Source: Franklin Borough School District Records.

FRANKLIN BOROUGH SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2023
UNAUDITED

	Coverage		Deductible
School Alliance Insurance Fund:			
School Package Policy - School Alliance Insurance Fund	\$ 500,000	Occurrence	\$ 2,500
Building & Personal Property			
Auto Physical Damage			1,000
General Liability including Auto, Employee Benefits:			
Per Occurrence	5,000,000		
General Aggregate		Agreed upon based on membership	
Product/Completed Ops			
Personal Injury			
Fire Damage	2,500,000		
Medical Expenses			
(excluding students taking part in athletics)	10,000		
Automobile Coverage	5,000,000	Occurrence	
Employee Benefits			
Security Guard Liability			
Environmental Impairment Liability	\$1,000,000/\$25,000,000	Fund Aggregate	10,000
First party Fungi & Legionella			100,000
Third party Fungi & Legionella			50,000
Crime Coverage	50,000	Inside/Outside	1,000
Blanket Dishonesty Bond	500,000		1,000
Boiler and Machinery	100,000,000		2,500
Excess Liability (AL/GL)	5,000,000		
School Board Legal Liability	5,000,000		10,000
Cyber Liability	750,000	in the Aggregate	
Workers' Compensation	Statutory		
Employer's Liability	5,000,000		
Supplemental Liability	Statutory		
Student Accident Insurance/ Bollinger	All Students and Athletes		
Selective Insurance:			
Public Official Bond - School Business Administrator	200,000		
Public Official Bond - Treasurer	200,000		

Source: Franklin Borough School District Records.

SINGLE AUDIT SECTION



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*

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Franklin Borough School District
County of Sussex, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Office"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Borough of Franklin (the "District"), in the County of Sussex, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 10, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District'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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

The Honorable President and Members
of the Board of Education
Franklin Borough School District
Page 2

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

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

October 10, 2023
Mount Arlington, New Jersey

Nisivocca LLP
NISIVOCCA LLP

Valerie A. Dolan

Valerie A. Dolan
Licensed Public School Accountant #2526
Certified Public Accountant

Report on Compliance For Each Major Federal and State Program;
Report on Internal Control Over Compliance Required by the Uniform Guidance and NJOMB 15-08

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Franklin Borough School District
County of Sussex, New Jersey

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the Board of Education of the Franklin Borough School District's (the "District's") compliance with the types of compliance requirements identified as subject to the audit 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 District's major federal and state programs for the fiscal year ended June 30, 2023. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

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

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

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

Responsibilities of Management for Compliance

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

The Honorable President and Members
of the Board of Education
Franklin Borough School District
Page 2

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey's OMB Circular 15-08, we

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

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

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a 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.

The Honorable President and Members
of the Board of Education
Franklin Borough School District
Page 3

Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

October 10, 2023
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Valerie A. Dolan

Valerie A. Dolan
Licensed Public School Accountant #2526
Certified Public Accountant

FRANKLIN BOROUGH SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Assistance Listing Number	Grant or State Project No.	Grant Period	Award Amount	Balance at June 30, 2022			Balance at June 30, 2023		
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor	Budgetary Accounts Receivable	Budgetary Unearned Revenue	Amounts Provided to Subrecipients
<u>U.S. Department of Health and Human Services:</u>										
<u>General Fund:</u>										
Medicaid Cluster:										
Medicaid Assistance Program	93-778	N/A	7/1/22-6/30/23	\$ 26,255			\$ 26,255			
Family First Coronavirus Response Act	93-778	N/A	1/1/21-12/31/21	2,433			2,433			
Total U.S. Department of Health and Human Services/Total Medicaid Cluster										
<u>U.S. Department of Education:</u>										
<u>Special Revenue Fund:</u>										
Passed-through State Department of Education:										
Elementary and Secondary Education Act:										
Title I	84-010	ESEA157023	7/1/22-9/30/23	83,811			78,711			
Title I	84-010	ESEA157022	7/1/21-9/30/22	98,900			67,810			
Total Title I										
Title IIA	84-367	ESEA157023	7/1/22-9/30/23	13,735			13,735			
Title IIA	84-367	ESEA157022	7/1/21-9/30/22	41,431			9,231			
Total Title II										
Title IV	84-424	ESEA157023	7/1/22-9/30/23	10,000			10,000			
Title IV	84-424	ESEA157022	7/1/21-9/30/22	15,339			15,339			
Total Title IV										
<u>Education Stabilization Fund:</u>										
COVID 19 - CRRSA - ESSER II	84-425D	S425D210027	3/13/20-9/30/23	290,797			222,687			
COVID 19 - CRRSA - Learning Acceleration	84-425D	S425D210027	3/13/20-9/30/23	25,000			11,607			
COVID 19 - CRRSA - Mental Health and Enrichment	84-425D	S425D210027	3/13/20-9/30/23	45,000			16,075			
COVID 19 - Evidence Based Summer Learning and Enrichment	84-425D	S425D210028	3/13/20-9/30/24	40,000			40,000			
COVID 19 - Evidence Based Comprehensive Beyond the School Day	84-425D	S425D210029	3/13/20-9/30/24	40,000			25,919			
COVID 19 - ARP - ESSER III	84-425U	S425D210027	3/13/20-9/30/24	653,546			160,073			
COVID 19 - ARP - Homless II	84-425U	S425D210027	3/13/20-9/30/24	4,822			4,822			
COVID 19 - ARP - Accelerated Learning Coach and Educator Support	84-425U	S425D210027	3/13/20-9/30/24	50,000			50,000			
COVID 19 - ARP - NITSS Mental Health Support Staffing	84-425U	S425D210027	3/13/20-9/30/24	45,000			42,593			
Total Education Stabilization Fund										
<u>Special Education Cluster (IDEA):</u>										
I.D.E.A. Part B, Basic	84-027	IDEA157023	7/1/22-9/30/23	183,042			183,042			
I.D.E.A. Part B, Basic	84-027	IDEA157022	7/1/21-9/30/22	182,795			20,553			
I.D.E.A. Presschool	84-173	IDEA157023	7/1/22-9/30/23	10,525			10,525			
Total Special Education Cluster (IDEA)										
Subtotal - Special Revenue Fund										
Total U.S. Department of Education										

FRANKLIN BOROUGH SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Assistance Listing Number	Grant or State Project No.	Grant Period	Award Amount	Balance at June 30, 2022			Balance at June 30, 2023				
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor	Budgetary Accounts Receivable	Budgetary Unearned Revenue	Amounts Provided to Subrecipients		
<u>U.S. Department of Agriculture:</u>												
<u>Food Service Fund:</u>												
Passed-through State Department of Agriculture:												
Child Nutrition Cluster:												
Food Distribution Program	10.555	N/A	7/1/22-6/30/23	\$ 26,718			\$ 26,718	\$ (24,335)		\$ 2,383		
Food Distribution Program	10.555	N/A	7/1/21-6/30/22	24,298				(772)				
National School Lunch Program	10.555	N/A	7/1/22-6/30/23	121,750			113,600	(121,750)	\$ (8,150)			
COVID 19 - Seamless Summer Option	10.555	N/A	7/1/21-6/30/22	381,748	\$ (30,297)		30,297					
School Breakfast Program	10.553	N/A	7/1/22-6/30/23	28,653			26,724	(28,653)	(1,929)			
Supply Chain Assistance	10.555	N/A	7/1/22-6/30/23	36,185			36,185	(24,273)		11,912		
Total Child Nutrition Cluster					(30,297)		233,524	(199,783)	(10,079)	14,295		
Total U.S. Department of Agriculture					(30,297)		233,524	(199,783)	(10,079)	14,295		
Total Federal Awards					\$ (458,746)	\$ 772	\$ -0-	\$ 1,244,934	\$ (820,206)	\$ (47,541)	\$ 14,295	\$ -0-

N/A - Not Applicable

SEE THE ACCOMPANYING NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FRANKLIN BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2022			Balance at June 30, 2023			MEMO	
				Budgetary Accounts Receivable	Budgetary Unearned Revenue	Cash Received	Budgetary Expenditures	GAAP Accounts Receivable	Budgetary Unearned Revenue	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:											
General Fund:											
Transportation Aid	23-495-034-5120-014	7/1/22-6/30/23	\$ 49,243		\$ 44,323	\$ (49,243)		\$ (4,920)	\$ 49,243		\$ 49,243
Equalization Aid	23-495-034-5120-078	7/1/22-6/30/23	2,808,501		2,527,924	(2,808,501)		(280,577)	2,808,501		2,808,501
Special Education Aid	23-495-034-5120-089	7/1/22-6/30/23	305,842		275,288	(305,842)		(30,554)	305,842		305,842
Security Aid	23-495-034-5120-084	7/1/22-6/30/23	95,302		85,781	(95,302)		(9,521)	95,302		95,302
Adjustment Aid	23-495-034-5120-085	7/1/22-6/30/23	100,129		90,126	(100,129)		(10,003)	100,129		100,129
Extraordinary Special Education Costs Aid	23-495-034-5120-044	7/1/22-6/30/23	91,702			(91,702)		(91,702)	91,702		91,702
Excess Nonpublic Transportation Costs	23-495-034-5120-014	7/1/22-6/30/23	4,368			(4,368)		(4,368)	4,368		4,368
Homeless Tuition Reimbursement	23-495-034-5120-005	7/1/22-6/30/23	15,486			(15,486)		(15,486)	15,486		15,486
Reimbursed TPAF Social Security Contributions	23-495-034-5094-003	7/1/22-6/30/23	335,375		301,281	(335,375)		(34,094)	335,375		335,375
On-Behalf TPAF Post Retirement Contributions	23-495-034-5094-001	7/1/22-6/30/23	424,856		424,856	(424,856)			424,856		424,856
On-Behalf TPAF Pension Contributions	23-495-034-5094-002	7/1/22-6/30/23	1,595,150		1,595,150	(1,595,150)			1,595,150		1,595,150
On-Behalf TPAF Non-Contributory Insurance	23-495-034-5094-004	7/1/22-6/30/23	22,131		22,131	(22,131)			22,131		22,131
On-Behalf TPAF Long-Term Disability Insurance	23-495-034-5094-004	7/1/22-6/30/23	716		716	(716)			716		716
Equalization Aid	22-495-034-5120-078	7/1/21-6/30/22	2,786,062	\$ (278,331)		2,786,062		(481,225)	2,786,062		2,786,062
Transportation Aid	22-495-034-5120-014	7/1/21-6/30/22	49,243	(4,920)		49,243			49,243		49,243
Special Education Aid	22-495-034-5120-089	7/1/21-6/30/22	303,322	(30,302)		303,322			303,322		303,322
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	95,302	(9,521)		95,302			95,302		95,302
Adjustment Aid	19-495-034-5120-085	7/1/21-6/30/22	100,129	(10,003)		100,129			100,129		100,129
Extraordinary Special Education Costs Aid	22-495-034-5120-044	7/1/21-6/30/22	43,585	(43,585)		43,585			43,585		43,585
Excess Nonpublic Transportation Costs	22-495-034-5120-014	7/1/21-6/30/22	3,089	(3,089)		3,089			3,089		3,089
Homeless Tuition Reimbursement	22-495-034-5120-005	7/1/21-6/30/22	36,453	(36,453)		36,453			36,453		36,453
Maintenance of Equity State Aid	22-495-034-5120-005	7/1/21-6/30/22	9,504	(9,504)		9,504			9,504		9,504
Securing Our Children's Future Bond Act (Alyssa's Law)	N/A	7/1/21-6/30/22	23,080	(16,790)		16,790			23,080		23,080
Reimbursed TPAF Social Security Contributions	22-495-034-5094-003	7/1/21-6/30/22	333,571	(23,080)		23,080			333,571		333,571
Subtotal - General Fund				(465,578)	5,456,492	(5,848,801)	(145,650)	(481,225)	9,632,141		9,632,141
Special Revenue Fund Aid:											
Preschool Education Aid	23-495-034-5120-086	7/1/22-6/30/23	893,425		804,169	(279,039)		(89,256)	279,039		279,039
Preschool Education Aid	22-495-034-5120-086	7/1/21-6/30/22	863,232	(86,238)	62,804	86,238		62,804	800,428		800,428
Preschool Education Aid	21-495-034-5120-086	7/1/20-6/30/21	1,299,774		643,296	(643,296)			1,299,774		1,299,774
Subtotal - Special Revenue Fund				(86,238)	706,100	(922,335)		(89,256)	2,379,241		2,379,241
State Department of Agriculture:											
Food Service Fund:											
State School Lunch Program	23-100-010-3350-023	7/1/22-6/30/23	4,641		4,334	(4,641)	(307)	(307)	4,641		4,641
COVID 19 - Seamless Summer Option	22-100-010-3350-023	7/1/21-6/30/22	5,914	(475)	475				5,914		5,914
State School Breakfast Program	23-100-010-3350-023	7/1/22-6/30/23	588		550	(588)	(38)	(38)	588		588
Subtotal - Food Service Fund				(475)	5,359	(5,229)	(345)	(345)	11,143		11,143
Total State Department of Education				(552,291)	706,100	(6,776,365)	(145,995)	(570,826)	12,022,525		12,022,525
Total State Awards				(552,291)	706,100	(6,776,365)	(145,995)	(570,826)	12,022,525		12,022,525

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards include the federal and state grant activity of the Franklin Borough School District Board of Education under programs of the federal and state governments for the fiscal year ended June 30, 2023. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

The District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The General Fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last two state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes those payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two state aid payments in the subsequent year. The Special Revenue Fund also does not recognize the June state aid payments in the current 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 revenue, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$2,498) for the General Fund and (\$3,268) for the Special Revenue Fund (for which (\$250) is for local projects). See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds, respectively.

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 5. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

Revenue from federal and state awards are reported on the Board’s basic financial statements on a GAAP basis as presented below:

	Federal	State	Total
General Fund	\$ 28,688	\$ 5,846,303	\$ 5,874,991
Special Revenue Fund	591,735	919,317	1,511,052
Food Service Fund	199,783	5,229	205,012
Total Awards	\$ 820,206	\$ 6,770,849	\$ 7,591,055

NOTE 6. 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 7. OTHER

Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent the amount reimbursed by the State for the employers’ share of social security contributions for TPAF members for the fiscal year ended June 30, 2023.

FRANKLIN BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Summary of Auditors' Results:

- The Independent Auditors’ Report expresses a unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in *the Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major federal and state programs disclosed during the audit as reported in the *Independent Auditors’ Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance Required by the Uniform Guidance and NJOMB 15-08*.
- The auditor’s report on compliance for the major federal and state programs for the District expresses an unmodified opinion on all major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey’s OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as major federal and state programs for the current fiscal year consisted of the following federal and state awards:

	<u>Assistance Listing/ State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>Federal:</u>				
Special Education Cluster (IDEA):				
I.D.E.A. Part B, Basic	84.027	7/1/21-9/30/22	\$ 182,795	\$ 3,089
I.D.E.A. Part B, Basic	84.027	7/1/22-9/30/23	183,042	183,042
I.D.E.A. Preschool	84.173	7/1/22-9/30/23	10,525	10,525
Child Nutrition Cluster:				
Food Distribution Program	10.555	7/1/22 - 6/30/23	26,718	24,335
Food Distribution Program	10.555	7/1/21 - 6/30/23	24,298	775
National School Lunch Program	10.555	7/1/22 - 6/30/23	121,750	121,750
School Breakfast Program	10.553	7/1/22 - 6/30/23	28,653	28,653
Supply Chain Assistance	10.555	7/1/22 - 6/30/23	36,185	24,273

FRANKLIN BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

Summary of Auditors' Results: (Cont'd)

	<u>Assistance Listing/ State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>State Aid Public</u>				
Equalization Aid	23-495-034-5120-078	7/1/22 - 6/30/23	\$ 2,808,501	\$ 2,808,501
Special Education Categorical Aid	22-495-034-5120-089	7/1/22 - 6/30/23	305,842	305,842
Security Aid	23-495-034-5120-084	7/1/22 - 6/30/23	95,302	95,302
Adjustment Aid	23-495-034-5120-085	7/1/22 - 6/30/23	100,129	100,129

- The threshold for distinguishing Type A and Type B state programs was \$750,000.
- The District was not determined to be a "low-risk" auditee for federal and state programs.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in 2 CFR 200.516(a) of the Uniform Guidance.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in 2 CFR 200.516(a) of the Uniform Guidance and New Jersey’s OMB Circular 15-08.

FRANKLIN BOROUGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Status of Prior Year Findings:

There were no prior year audit findings.