

**FRANKLIN BOROUGH
SCHOOL DISTRICT**

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

**Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2024**

**Annual Comprehensive
Financial Report**

of the

FRANKLIN BOROUGH SCHOOL DISTRICT

Franklin, New Jersey

For the Fiscal Year Ended June 30, 2024

Prepared by

**Franklin Borough Board of Education
Finance Department**

FRANKLIN BOROUGH SCHOOL DISTRICT
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INTRODUCTORY SECTION
(UNAUDITED)

FRANKLIN BOROUGH SCHOOL

50 Washington Ave. ~ Franklin, NJ 07416
Phone: 973-827-9775 ~ Fax: 973-827-6522

John R. Giacchi, Ed.D
Superintendent

Lisa C. Vallacchi, Ed.D
Principal

Carlos Sarmiento
Business Administrator
Board Secretary

October 8, 2024

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, 2024. 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

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

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 516 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 superintendent 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 2023-2024 fiscal year with an average daily enrollment of 516 students, which is 29 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 educational 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.

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

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
2024-	\$648,436,213

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%
2023-	95.78%

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

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

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 (PTO) and the Franklin Education Foundation have donated many resources to assist our school programs.

Major Initiatives

The board maintains manageable class sizes, invests in staff development and increases technology opportunities. The budget included funds to purchase 105 Chromebooks for students and staff to maintain the one-to-one initiative. We have completed our second year with the 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 final year and will be replaced with Discovery Science in the 24/25 school year.

Phase II of a window project along with a number of minor facilities upgrades and improvements were completed in fiscal year 2024.

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.

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

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

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,

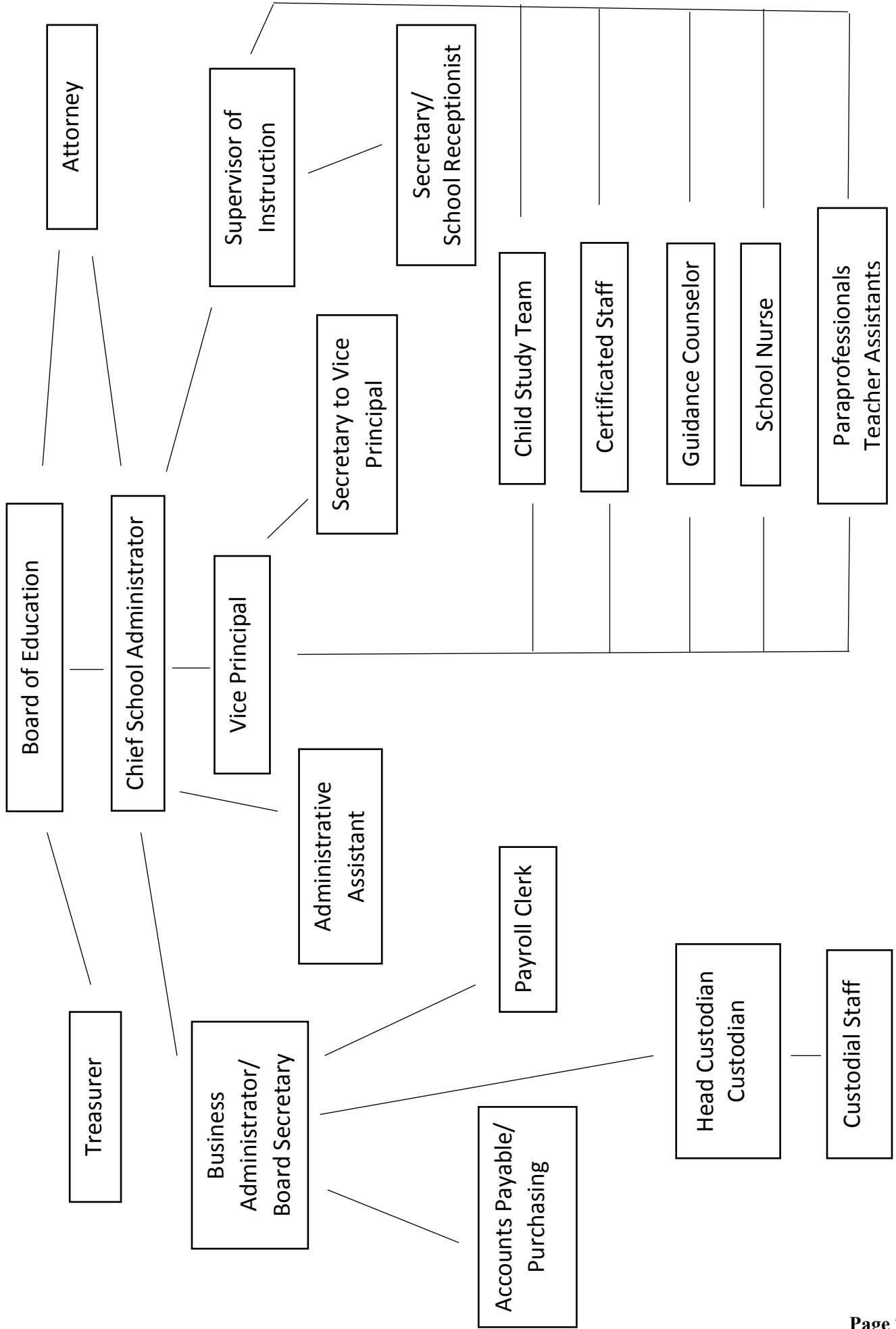


John R. Giacchi, Ed.D
Superintendent



Carlos Sarmiento
Business Administrator/Board Secretary

FRANKLIN BOROUGH BOARD OF EDUCATION Organization Chart



**FRANKLIN BOROUGH SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2024**

<u>Members of the Board of Education</u>		<u>Term Expires</u>
Kathleen Clohessey	President	2026
Wayne Bartron	Vice President	2026
John J. Friend	Member	2025
Erin Henry	Member	2024
Rachel Kabbash	Member	2026
Stephen Koger	Member	2025
Christopher Patterson	Member	2024
Stephanie Perna	Member	2025
Dr. James A. Saltzman	Member	2024

Other Officers

Dr. John R. Giacchi, Ed.D, Superintendent
 Carlos Sarmiento, 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, 2024, 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, 2024, 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 2, 2024 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 2, 2024
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, 2024**

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, 2024. 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.

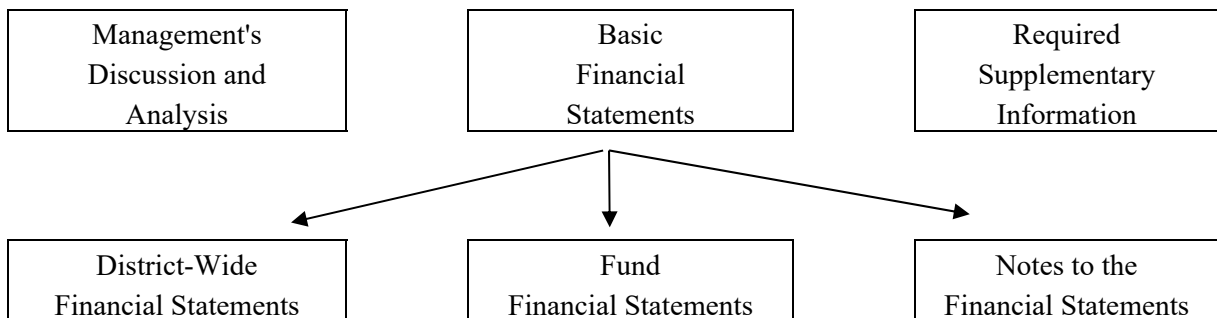
Overview of the Financial Statements

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, 2024**

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, 2024**

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
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**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024**

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 \$1,035,369 – from \$4,646,365 at June 30, 2023 to \$5,681,734 at June 30, 2024. Net position from governmental activities increased by \$982,412 and net position from business activities increased by \$52,957. Net investment in capital assets increased by \$1,554,859 restricted net position decreased by \$789,453, and unrestricted net position increased by \$269,963.

**Figure A-3
Condensed Statement of Net Position**

	Government Activities		Business-Type Activities		Total School District		Total Percentage Change
	2023/2024	2022/2023	2023/2024	2022/2023	2023/2024	2022/2023	
Current and Other Assets	\$ 2,938,523	\$ 3,870,313	\$ 263,984	\$ 234,306	\$ 3,202,507	\$ 4,104,619	
Capital Assets, Net	4,554,798	2,997,401	31,899	34,437	4,586,697	3,031,838	
Total Assets	<u>7,493,321</u>	<u>6,867,714</u>	<u>295,883</u>	<u>268,743</u>	<u>7,789,204</u>	<u>7,136,457</u>	9.15%
Deferred Outflows of Resources	<u>388,009</u>	<u>483,503</u>			<u>388,009</u>	<u>483,503</u>	-19.75%
Other Liabilities	606,422	913,716	3,872	29,689	610,294	943,405	
Long-Term Liabilities	<u>1,783,026</u>	<u>1,764,748</u>			<u>1,783,026</u>	<u>1,764,748</u>	
Total Liabilities	<u>2,389,448</u>	<u>2,678,464</u>	<u>3,872</u>	<u>29,689</u>	<u>2,393,320</u>	<u>2,708,153</u>	-11.63%
Deferred Inflows of Resources	<u>102,159</u>	<u>265,442</u>			<u>102,159</u>	<u>265,442</u>	-61.51%
Net Position:							
Net Investment in Capital Assets	4,554,798	2,997,401	31,899	34,437	4,586,697	3,031,838	
Restricted	2,199,240	2,988,693			2,199,240	2,988,693	
Unrestricted/(Deficit)	<u>(1,364,315)</u>	<u>(1,578,783)</u>	<u>260,112</u>	<u>204,617</u>	<u>(1,104,203)</u>	<u>(1,374,166)</u>	
Total Net Position	<u>\$ 5,389,723</u>	<u>\$ 4,407,311</u>	<u>\$ 292,011</u>	<u>\$ 239,054</u>	<u>\$ 5,681,734</u>	<u>\$ 4,646,365</u>	22.28%

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024**

Financial Analysis of the District as a Whole

Changes in Net Position. The District's combined net position was \$5,681,734 at June 30, 2024, or \$1,035,369 more than it was the year before. Net investment in capital assets increased by \$1,554,859 as a result of current year capital additions offset by of current year depreciation expense and deletions. Restricted net position decreased by \$789,453 due to changes in Capital Reserve, Maintenance Reserve, and Student Activities. Unrestricted net position increased by \$269,963 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 Percentage Change
	2023/2024	2022/2023	2023/2024	2022/2023	2023/2024	2022/2023	
Revenue:							
Program Revenue:							
Charges for Services	\$ 27,821	\$ 25,999	\$ 80,425	\$ 68,409	\$ 108,246	\$ 94,408	
Operating Grants and Contributions	3,929,512	3,187,324	233,265	205,012	4,162,777	3,392,336	
General Revenue:							
Property Taxes	6,422,549	6,296,617			6,422,549	6,296,617	
Unrestricted Federal and State Aid	3,030,010	3,030,374			3,030,010	3,030,374	
Other	161,597	53,817	5,499		167,096	53,817	
Total Revenue	<u>13,571,489</u>	<u>12,594,131</u>	<u>319,189</u>	<u>273,421</u>	<u>13,890,678</u>	<u>12,867,552</u>	7.95%
Expenses:							
Instruction	7,037,236	6,785,544			7,037,236	6,785,544	
Pupil and Instruction Services	3,145,553	2,634,260			3,145,553	2,634,260	
Administrative and Business	758,134	969,210			758,134	969,210	
Maintenance and Operations	1,032,332	1,402,496			1,032,332	1,402,496	
Transportation	519,193	552,789			519,193	552,789	
Capital Outlay	4,133	4,133			4,133	4,133	
Other	92,496	88,589	266,232	256,721	358,728	345,310	
Total Expenses	<u>12,589,077</u>	<u>12,437,021</u>	<u>266,232</u>	<u>256,721</u>	<u>12,855,309</u>	<u>12,693,742</u>	1.27%
Other Items				(2,174)		(2,174)	100.00%
Increase/(Decrease) in Net Position	<u>\$ 982,412</u>	<u>\$ 157,110</u>	<u>\$ 52,957</u>	<u>\$ 14,526</u>	<u>\$ 1,035,369</u>	<u>\$ 173,810</u>	495.69%

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District increased by \$982,412. 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.

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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	
	2023/2024	2022/2023	2023/2024	2022/2023
Instruction	\$ 7,037,236	\$ 6,785,544	\$ 4,973,184	\$ 4,819,468
Pupil and Instruction Services	3,145,553	2,634,260	1,864,862	1,620,978
Administrative and Business	758,134	969,210	664,890	862,006
Maintenance and Operations	1,032,332	1,402,496	570,223	1,329,346
Transportation	519,193	552,789	461,956	499,178
Capital Outlay	4,133	4,133	4,133	4,133
Other	92,496	88,589	92,496	88,589
	<u>\$ 12,589,077</u>	<u>\$ 12,437,021</u>	<u>\$ 8,631,744</u>	<u>\$ 9,223,698</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 \$52,957. 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.

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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 \$1,754,879 annual depreciation was \$200,020, (\$197,482 from governmental activities and \$2,538 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>2023/2024</u>	<u>2022/2023</u>	<u>2023/2024</u>	<u>2022/2023</u>	<u>2023/2024</u>	<u>2022/2023</u>	
Land	\$ 229,166	\$ 229,166			\$ 229,166	\$ 229,166	
Construction in Progress	1,088,375	73,150			1,088,375	73,150	
Site Improvements	448,277	477,190			448,277	477,190	
Buildings and							
Building Improvements	2,190,926	1,408,861			2,190,926	1,408,861	
Machinery and Equipment	598,054	809,034	\$ 31,899	\$ 34,437	629,953	843,471	
Total Capital Assets, Net	\$ 4,554,798	\$ 2,997,401	\$ 31,899	\$ 34,437	\$ 4,586,697	\$ 3,031,838	51.28%

**FRANKLIN BOROUGH SCHOOL DISTRICT
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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
	2023/2024	2022/2023	
Compensated Absences Payable	\$ 323,586	\$ 284,617	
Net Pension Liability	1,459,440	1,480,131	
	<u>\$ 1,783,026</u>	<u>\$ 1,764,748</u>	1.04%

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.

- The District has seen an increase in student enrollment resulting in the need for additional services for our general education and special education populations.
- In addition to academic needs, the District anticipates an increase in the need to better support the social and emotional wellness of all students.
- The increased need for unbudgeted, specialized, out-of-district programs to meet the needs of 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 Mr. Carlos Sarmiento, 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, 2024

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 1,485,678	\$ 233,068	\$ 1,718,746
Receivables from State Government	225,952	482	226,434
Receivables from Federal Government	12,903	9,232	22,135
Receivables from Other Governments	3,839		3,839
Other Receivables	11,388		11,388
Internal Balances	(477)	477	
Inventories		7,212	7,212
Restricted Cash and Cash Equivalents	1,199,240		1,199,240
Capital Assets, Net:			
Sites (Land) and Construction in Progress	1,317,541		1,317,541
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	3,237,257	31,899	3,269,156
Total Assets	<u>7,493,321</u>	<u>282,370</u>	<u>7,775,691</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows Related to Pensions	253,009		253,009
District Contribution Subsequent to the Measurement Date - Pensions	135,000		135,000
Total Deferred Outflows of Resources	<u>388,009</u>		<u>388,009</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	167,481		167,481
Unearned Revenue	438,941	3,872	442,813
Noncurrent Liabilities:			
Due Beyond One Year	1,783,026		1,783,026
Total Liabilities	<u>2,389,448</u>	<u>3,872</u>	<u>2,393,320</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows Related to Pensions	102,159		102,159
Total Deferred Inflows of Resources	<u>102,159</u>		<u>102,159</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	4,554,798	31,899	4,586,697
Restricted for:			
Capital Projects	751,280		751,280
Maintenance Reserve	442,933		442,933
Excess Surplus	1,000,000		1,000,000
Student Activities	5,027		5,027
Unrestricted/(Deficit)	(1,364,315)	246,599	(1,117,716)
Total Net Position	<u>\$ 5,389,723</u>	<u>\$ 278,498</u>	<u>\$ 5,668,221</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, 2024

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	\$ 4,450,603	\$ 36,068	\$ 1,118,605	\$ (3,295,930)	\$	\$ (3,295,930)
Special Education	1,796,080		799,167	(996,913)		(996,913)
Other Special Instruction	405,326		67,204	(338,122)		(338,122)
School Sponsored/Other Instruction	385,227		43,008	(342,219)		(342,219)
Support Services:						
Tuition	539,822		191,196	(348,626)		(348,626)
Student and Instruction Related Services	2,605,731	27,821	1,061,674	(1,516,236)		(1,516,236)
General Administrative Services	407,324		39,426	(367,898)		(367,898)
School Administrative Services	172,912		21,271	(151,641)		(151,641)
Central Services	177,898		32,547	(145,351)		(145,351)
Plant Operations and Maintenance	1,032,332		462,109	(570,223)		(570,223)
Pupil Transportation	519,193		57,237	(461,956)		(461,956)
Capital Outlay	4,133			(4,133)		(4,133)
Transfer of Funds to Charter School	92,496			(92,496)		(92,496)
Total Governmental Activities	12,589,077	63,889	3,893,444	(8,631,744)		(8,631,744)
Business-Type Activities:						
Food Service	266,232	66,912	233,265		\$ 33,945	33,945
Total Business-Type Activities	266,232	66,912	233,265		33,945	33,945
Total Primary Government	\$ 12,855,309	\$ 130,801	\$ 4,126,709	\$ (8,631,744)	\$ 33,945	\$ (8,597,799)

FRANKLIN BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 6,422,549		\$ 6,422,549
Federal, State and Local Aid not Restricted	3,030,010		3,030,010
Interest Earnings & Other Miscellaneous Income	161,597	\$ 5,499	167,096
Total General Revenues	9,614,156	5,499	9,619,655
Change in Net Position	982,412	39,444	1,021,856
Net Position - Beginning	4,407,311	239,054	4,646,365
Net Position - Ending	\$ 5,389,723	\$ 278,498	\$ 5,668,221

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, 2024

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 1,175,638	\$ 310,040	\$ 1,485,678
Receivables From State Government	225,952		225,952
Receivables From Federal Government		12,903	12,903
Receivables From Other Governments	3,839		3,839
Other Accounts Receivables	61	11,327	11,388
Restricted Cash and Cash Equivalents	1,194,213	5,027	1,199,240
Total Assets	\$ 2,599,703	\$ 339,297	\$ 2,939,000
LIABILITIES AND FUND BALANCES			
Liabilities:			
Interfund Payable	\$ 477		\$ 477
Accounts Payable	32,481		32,481
Unearned Revenue		\$ 438,941	438,941
Total Liabilities	32,958	438,941	471,899
Fund Balances:			
Restricted:			
Capital Reserve	751,280		751,280
Maintenance Reserve	442,933		442,933
Excess Surplus - 2023-2024	500,000		500,000
Excess Surplus - 2024-2025	500,000		500,000
Student Activities		5,027	5,027
Assigned:			
Year End Encumbrances	254,838		254,838
Unassigned/(Deficit)	117,694	(104,671)	13,023
Total Fund Balances/(Deficit)	2,566,745	(99,644)	2,467,101
Total Liabilities and Fund Balances	\$ 2,599,703	\$ 339,297	\$ 2,939,000

FRANKLIN BOROUGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

	<u>Total Governmental Funds</u>
Amounts Reported for <i>Governmental Activities</i> in the Statement of Net Position (A-1) are Different Because:	
Total Fund Balances from previous page	\$ 2,467,101
Capital Assets Used in Governmental Activities are not Financial Resources and Therefore are not reported in the Funds.	4,554,798
Long-Term Liabilities are not due and payable in the current period and therefore are not reported as liabilities in the Funds.	(323,586)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(1,459,440)
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	253,009
Deferred Inflows	<u>(102,159)</u>
Net Position of Governmental Activities	<u>\$ 5,389,723</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, 2024

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES:			
Local Sources:			
Local Tax Levy	\$ 6,422,549		\$ 6,422,549
Tuition from Other LEAs	36,068		36,068
Restricted Miscellaneous Revenue		\$ 27,821	27,821
Unrestricted Miscellaneous Revenue	165,496	12,523	178,019
Total - Local Sources	6,624,113	40,344	6,664,457
State Sources	6,121,444	1,303,462	7,424,906
Federal Sources	5,905	814,478	820,383
Total Revenues	12,751,462	2,158,284	14,909,746
EXPENDITURES:			
Current:			
Regular Instruction	2,437,860	679,043	3,116,903
Special Education Instruction	1,218,833	10,513	1,229,346
Other Special Instruction	263,461		263,461
School-Sponsored/Other Instruction	268,275		268,275
Support Services and Undistributed Costs:			
Tuition	348,626	191,196	539,822
Student and Other Instruction Related Services	1,233,828	958,675	2,192,503
General Administrative Services	325,460		325,460
School Administrative Services	98,348		98,348
Central Services	123,087		123,087
Plant Operations and Maintenance	991,918		991,918
Student Transportation	487,864		487,864
Unallocated Benefits	4,186,999		4,186,999
Capital Outlay	1,155,651	462,109	1,617,760
Transfer of Funds to Charter School	92,496		92,496
Total Expenditures	13,232,706	2,301,536	15,534,242
Excess/(Deficit) of Revenue Over/(Under) Expenditures	(481,244)	(143,252)	(624,496)
Other Financing Sources/(Uses):			
Transfers	(130,959)	130,959	
Total Other Financing Sources/(Uses)	(130,959)	130,959	
Net Change in Fund Balances	(612,203)	(12,293)	(624,496)
Fund Balance/(Deficit) - July 1	3,178,948	(87,351)	3,091,597
Fund Balance/(Deficit) - June 30	\$ 2,566,745	\$ (99,644)	\$ 2,467,101

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, 2024

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ (624,496)

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 differed from Capital
 Outlays
 in the period.

Depreciation Expense	\$ (197,482)	
Capital Outlays	<u>1,754,879</u>	1,557,397

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		20,691
Change in Deferred Outflows		(95,494)
Change in Deferred Inflows		163,283

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 (+).

(38,969)

Change in Net Position of Governmental Activities		<u><u>\$ 982,412</u></u>
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THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
 ARE AN INTEGRAL PART OF THIS STATEMENT

FRANKLIN BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2024

		Business-type Activities -
		<u>Enterprise Funds</u>
		<u>Food Service</u>
<u>ASSETS:</u>		
Current Assets:		
Cash and Cash Equivalents	\$	233,068
Interfund Receivable - General Fund		477
Intergovernmental Accounts Receivable:		
State		482
Federal		9,232
Inventories		7,212
		<hr/>
Total Current Assets		250,471
		<hr/>
Non-Current Assets:		
Capital Assets		165,531
Less: Accumulated Depreciation		(133,632)
		<hr/>
Total Non-Current Assets		31,899
		<hr/>
Total Assets		282,370
		<hr/>
<u>LIABILITIES:</u>		
Unearned Revenue:		
Prepaid Meals		2,309
Donated Commodities		1,563
		<hr/>
Total Liabilities		3,872
		<hr/>
<u>NET POSITION:</u>		
Investment in Capital Assets		31,899
Unrestricted		246,599
		<hr/>
Total Net Position	\$	<u>278,498</u>

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, 2024

	<u>Business-type Activities -</u>	<u>Enterprise Funds</u> <u>Food Service</u>
Operating Revenue:		
Local Sources:		
Daily Sales:		
Reimbursable Programs	\$	58,725
Non-Reimbursable Programs		8,187
		<hr/>
Total Operating Revenue		66,912
		<hr/>
Operating Expenses:		
Cost of Sales:		
Reimbursable Programs		127,188
Non-Reimbursable Programs		9,104
Salaries		74,630
Benefits and Payroll Taxes		23,475
Supplies, Insurance & Other Costs		19,817
Management Fee		9,480
Depreciation Expense		2,538
		<hr/>
Total Operating Expenses		266,232
		<hr/>
Operating Loss		(199,320)
Non-Operating Income:		
Local Sources:		
Interest Income		5,499
State Sources:		
State School Lunch Program		6,584
State School Breakfast Program		1,059
Federal Sources:		
National School Lunch Program		132,372
School Breakfast Program		37,644
Local Foods for School Grant		1,576
Supply Chain Assistance Funding		27,650
COVID 19 - Pandemic Electronic Benefit Transfer (P-EBT)		653
Food Distribution Program		25,727
		<hr/>
Total Non-Operating Income		238,764
		<hr/>
Change in Net Position		39,444
Net Position - Beginning of Year		239,054
		<hr/>
Net Position - End of Year	\$	278,498
		<hr/> <hr/>

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, 2024

	<u>Business-type Activities - Enterprise Funds Food Service</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 74,233
Payments to Food Service Contractor	(234,287)
Payments to Suppliers	(17,435)
	(177,489)
Net Cash Used for Operating Activities	
Cash Flows from Investing Activities:	
Interest Income	5,499
	5,499
Net Cash Provided by Investing Activities	
Cash Flows from Noncapital Financing Activities:	
Interfund Returned - General Fund	(477)
State Sources	7,506
Federal Sources	188,830
	195,859
Net Cash Provided by Noncapital Financing Activities	
Net Increase in Cash and Cash Equivalents	23,869
Cash and Cash Equivalents, July 1	209,199
Cash and Cash Equivalents, June 30	\$ 233,068
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (199,320)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	2,538
Food Distribution Program	25,727
Changes in Assets and Liabilities:	
(Decrease) in Unearned Revenue - Donated Commodities	(820)
(Decrease) in Unearned Revenue - Prepaid Sales	(588)
(Decrease) in Accounts Payable	(12,497)
(Increase) in Accounts Receivable	7,909
(Increase) in Inventory	(438)
	(177,489)
Net Cash Used for Operating Activities	\$ (177,489)

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$24,907 and utilized U.S.D.A. Commodities valued at \$25,727.

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, 2024

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, 2024

(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, 2024
(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, 2024
(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, 2024 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 and Special Revenue 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	\$ 12,759,867	\$ 2,173,449
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	335,575	89,256
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(343,980)	(104,671)
Total Revenues as Reported on the Statement of Revenues, Expenditures & Changes in Fund Balances - Governmental Funds.	\$ 12,751,462	\$ 2,158,284

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(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	\$ 13,232,706	\$ 2,301,286
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	\$ 13,232,706	\$ 2,301,536

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, 2024

(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, 2024.

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(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, 2024

(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, 2024.

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, 2024

(Continued)

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

T. Fund Balance Appropriated:

General Fund: Of the \$2,566,745 General Fund balance at June 30, 2024, \$751,280 is restricted in the capital reserve account; \$442,933 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, 2025; \$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, 2026; \$0 is assigned and has been appropriated and included as anticipated revenue for the fiscal year ended June 30,2024; and \$254,838 is assigned for encumbrances. The unassigned fund balance of \$117,694 is \$343,980 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, 2025.

Special Revenue Fund: Of the deficit of (\$99,644) in the Special Revenue Fund balance at June 30, 2024, \$5,027 is restricted in the student activities account and the unassigned/(deficit) fund balance of \$(104,671) is due to the final two state aid payments, which are not recognized on a GAAP Basis until the fiscal year ended June 30, 2025.

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, 2024 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, 2024
(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 \$1,364,315 deficit in unrestricted net position in the governmental activities at June 30, 2024 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 \$104,671 in the Special Revenue Fund as of June 30, 2024 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, 2024.

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(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 \$254,838 of assigned resources in the General Fund on the budgetary basis at June 30, 2024 for 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, 2024

(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, 2024

(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, 2024
(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, 2024, 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	\$ 1,718,746	\$ 751,280	\$ 442,933	\$ 5,027	\$ 2,917,986

The carrying amount of the Board's cash and cash equivalents at June 30, 2024, was \$2,917,986 and the bank balance was \$3,094,198. During the fiscal year ended June 30, 2024, the District did not hold any investments.

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(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, 2023 to June 30, 2024 fiscal year is as follows:

Beginning Balance, July 1, 2023		\$ 1,539,803
Increased by:		
Deposit by Board Resolution - June 2024	\$ 491,193	
Unexpended Balance from Capital Outlay	53,284	
		544,477
		2,084,280
Decreased by:		
Budgeted Withdrawal	1,135,000	
Withdrawn by Board Resolution	198,000	
		1,333,000
Ending Balance, June 30, 2024		\$ 751,280

The balance in the capital reserve account at June 30, 2024 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, 2024, 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 \$253,671 transferred for facilities acquisition and construction services.

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(Continued)

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2024 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 229,166			\$ 229,166
Construction in Progress	73,150	\$ 1,088,375	\$ (73,150)	1,088,375
Total Capital Assets Not Being Depreciated	<u>302,316</u>	<u>1,088,375</u>	<u>(73,150)</u>	<u>1,317,541</u>
Capital Assets Being Depreciated:				
Site Improvements	1,000,199			1,000,199
Buildings and Building Improvements	3,726,488	553,584	73,150	4,353,222
Machinery and Equipment	2,913,291	112,920		3,026,211
Total Capital Assets Being Depreciated	<u>7,639,978</u>	<u>666,504</u>	<u>73,150</u>	<u>8,379,632</u>
Governmental Activities Capital Assets	<u>7,942,294</u>	<u>1,754,879</u>		<u>9,697,173</u>
Less Accumulated Depreciation for:				
Site Improvements	(523,009)	(28,913)		(551,922)
Buildings and Building Improvements	(2,054,561)	(107,735)		(2,162,296)
Machinery and Equipment	(2,367,323)	(60,834)		(2,428,157)
	<u>(4,944,893)</u>	<u>(197,482)</u>		<u>(5,142,375)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 2,997,401</u>	<u>\$ 1,557,397</u>	<u>\$ -0-</u>	<u>\$ 4,554,798</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 165,531			165,531
Less Accumulated Depreciation	(131,094)	(2,538)		(133,632)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 34,437</u>	<u>\$ (2,538)</u>	<u>\$ -0-</u>	<u>\$ 31,899</u>

As of June 30, 2024, 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, 2024
(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 73,068
School Administrative Services	37,522
Plant Operations and Maintenance	86,892
	\$ 197,482

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2024, the following changes occurred in long-term liabilities reported in the District-wide financial statements:

	Beginning Balance	Accrued	Retired	Ending Balance
Compensated Absences Payable	\$ 284,617	\$ 42,969	\$ 4,000	\$ 323,586
Net Pension Liability	1,480,131		20,691	1,459,440
Total Long Term Liabilities	\$ 1,764,748	\$ 42,969	\$ 24,691	\$ 1,783,026

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, 2024.

B. Bonds Authorized But Not Issued:

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

C. Financed Purchase Payable:

As of June 30, 2024, the Board had no financed purchases payable.

D. Compensated Absences

The liability for compensated absences of the governmental fund types is recorded in current and long-term portions. The current portion of the compensated absences balance of the governmental funds is \$-0- and the long-term portion of compensated absences is \$323,586.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2024, no liability existed for compensated absences in the 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, 2024
(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, 2024 is \$-0- and the long-term portion is \$1,459,440. 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, 2024

(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 \$134,668 for the current fiscal year. During the fiscal year ended June 30, 2023, the State of New Jersey contributed \$46,188 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

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

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

At June 30, 2024, the District reported a liability of \$1,459,440 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. The 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, 2023, the District's proportion was 0.01008%, which was an increase of 0.00027% from its proportion measured as of June 30, 2022.

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(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, 2024, the District recognized an actual pension expense in the amount of \$46,188 related to the District's proportionate share of the net pension liability. Additionally, for the fiscal year ended June 30, 2023, the State recognized pension expense on behalf of the District in the amount of \$46,188 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2024 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	2019	5.21		\$ 7,928
	2020	5.16		72,134
	2021	5.13	\$ 3,206	
	2022	5.04		8,386
				3,206
Difference Between Expected and Actual Experience	2019	5.21	606	
	2020	5.16	4,019	
	2021	5.13		2,550
	2022	5.04		3,416
	2023	5.08	9,329	
			13,954	5,966
Net Difference Between Projected and Actual				
Investment Earnings on Pension Plan Investments	2020	5.00	22,601	
	2021	5.00	(187,964)	
	2022	5.00	223,631	
	2023	5.00	(51,547)	
			6,721	

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(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, 2022 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, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2023 are summarized in the following table:

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

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(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, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers 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, 2023 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, 2023		
	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	\$ 1,899,881	\$ 1,459,440	\$ 1,084,567

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, 2024
(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 2023, 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 2024, the State of New Jersey contributed \$1,651,083 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$489,200.

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(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, 2024, the State's proportionate share of the net pension liability associated with the District was \$19,912,810. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. The 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, 2023, the District's proportion was 0.039%, which was an increase of 0.001% from its proportion measured as of June 30, 2022.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>19,912,810</u>
Total	<u>\$ 19,912,810</u>

For the fiscal year ended June 30, 2023, the State recognized pension expense on behalf of the District in the amount of \$489,200 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2024 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	2016	8.30	\$ 391,340,712	
	2017	8.30		\$ 2,080,865,206
	2018	8.29		1,883,063,885
	2019	8.04		1,514,535,609
	2020	7.99	805,517,879	
	2021	7.93		9,179,534,541
	2022	7.83	<u>82,066,487</u>	
				<u>1,278,925,078</u>

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(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)

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	2016	8.30		\$ 4,866,656
	2017	8.30	\$ 37,022,988	
	2018	8.29	330,339,649	
	2019	8.04		58,842,090
	2020	7.99		4,293,040
	2021	7.93	121,815,868	
	2022	7.83		15,372,285
	2023	7.93	169,161,907	
			<u>658,340,412</u>	<u>83,374,071</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2020	5.00	241,395,539	
	2021	5.00	(1,777,316,905)	
	2022	5.00	2,489,500,994	
	2023	6.00	(477,296,442)	
			<u>476,283,186</u>	
			<u>\$ 2,413,548,676</u>	<u>\$ 14,741,373,312</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 Ending June 30,</u>	<u>Total</u>
2024	\$ (3,918,676,894)
2025	(3,446,016,070)
2026	(1,604,289,401)
2027	(1,742,641,843)
2028	(1,672,806,952)
Thereafter	<u>56,606,524</u>
	<u>\$ (12,327,824,636)</u>

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(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, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

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

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 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, 2022 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, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2023 are summarized in the following table:

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(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	28.00%	8.98%
Non-U.S. Developed Market Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the 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, 2023 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, 2023		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 23,607,040	\$ 19,912,810	\$ 17,207,610

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(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 \$23,789 for the fiscal year ended June 30, 2024. Employee contributions to DCRP amounted to \$43,607 for the fiscal year ended June 30, 2024.

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, 2024
(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, 2024 audit was not available as of the date of this report; however, selected, summarized financial information for the Fund as of June 30, 2023 is as follows:

	School Alliance Insurance Fund
Total Assets	\$ 55,099,784
Net Position	\$ 19,896,776
Total Revenue	\$ 53,694,497
Total Expenses	\$ 54,788,356
Change in Net Position	\$ (1,093,859)
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, 2024
(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, 2024
(Continued)

NOTE 13. MAINTENANCE RESERVE ACCOUNT (Cont'd)

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

Beginning Balance, July 1, 2023	\$ 446,985
Decreased by:	
Withdrawn by Board Resolution	(4,052)
Ending Balance, June 30, 2024	\$ 442,933

NOTE 14. ACCOUNTS PAYABLE.

	Governmental Funds	Total	District Contribution Subsequent to the	Total
	General Fund	Governmental Funds	Measurement Date	Governmental Activities
Vendors	\$ 18,850	\$ 18,850		\$ 18,850
Payroll Deductions and Withholdings	13,631	13,631		13,631
Due to State of New Jersey			\$ 135,000	135,000
	\$ 32,481	\$ 32,481	\$ 135,000	\$ 167,481

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, 2024
(Continued)

NOTE 15. CONTINGENT LIABILITIES (Cont'd)

Encumbrances

At June 30, 2024, there were encumbrances as detailed below in the governmental funds.

<u>General Fund</u>	<u>Total Governmental Funds</u>
\$ 254,838	\$ 254,838

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.

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.

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(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)

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-notices-opeb.shtml>.

Employees Covered by Benefit Terms

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

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	\$	152,383
Active Plan Members		217,212
Total	\$	369,595

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2023 was determined by an actuarial valuation as of June 30, 2022, which was rolled forward to June 30, 2023.

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% based on years of service	2.75 - 6.55% based on years of service	3.25 - 16.25% based on years of service

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

100% of active employees are considered to participate in the Plan upon retirement.

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, 2024
(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 6.50% and decreases to a 4.50% long term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 14.8% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is increasing to 17.4% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.50% and decreases to a 4.50% long term rate after seven 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 3.65%. 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, 2022	\$ 21,279,958
Changes for Year:	
Service Cost	839,663
Interest on the Total OPEB Liability	768,804
Changes of Assumptions	43,999
Differences between Expected and Actual Experience	(523,462)
Gross Benefit Payments by the State	(599,295)
Contributions from Members	19,702
Net Changes	549,411
Balance at June 30, 2023	\$ 21,829,369

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(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, 2023, 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, 2023		
	At 1% Decrease (2.65%)	At Discount Rate (3.65%)	At 1% Increase (4.65%)
Total OPEB Liability Attributable to the District	\$ 25,591,188	\$ 21,829,369	\$ 18,809,065

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, 2023, 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, 2023		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 18,121,742	\$ 21,829,369	\$ 26,680,809

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

For the fiscal year ended June 30, 2024 the District recognized OPEB expense of \$273,699 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, 2024

(Continued)

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

State Health Benefit Program Fund – Local Education Retired Employees Plan

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

At June 30, 2023, 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		\$ 786,595
	2018	9.51		814,196
	2019	9.29	\$ 119,782	
	2020	9.24	2,928,447	
	2021	9.24	16,667	
	2022	9.13		4,423,335
	2023	9.30	39,268	
			<u>3,104,164</u>	<u>6,024,126</u>
Differences Between Expected and Actual Experience	2018	9.51		769,668
	2019	9.29		1,409,830
	2020	9.24	2,729,428	
	2021	9.24		3,205,355
	2022	9.13	455,540	
	2023	9.30		364,785
			<u>3,184,968</u>	<u>5,749,638</u>
Changes in Proportion	N/A	N/A	<u>646,189</u>	<u>1,708,532</u>
			<u>\$ 6,935,321</u>	<u>\$ 13,482,296</u>

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

Fiscal Year Ending June 30,	Total
2024	\$ (1,088,610)
2025	(1,088,609)
2026	(946,155)
2027	(557,817)
2028	(114,178)
Thereafter	<u>(1,689,263)</u>
	<u>\$ (5,484,632)</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 TEN 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%	0.0082056800%
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	2024
District's proportion of the net pension liability	0.0078598307%	0.0084223261%	0.0083716712%	0.0098077946%	0.0100759636%
District's proportionate share of the net pension liability	\$ 1,416,222	\$ 1,373,461	\$ 991,750	\$ 1,480,131	\$ 1,459,440
District's covered employee payroll	\$ 552,106	\$ 635,598	\$ 694,319	\$ 745,690	\$ 766,300
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%	190.45%
Plan fiduciary net position as a percentage of the total pension liability	56.27%	58.32%	70.33%	62.91%	65.23%

FRANKLIN BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN 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	(87,415)	(76,229)	(82,289)	(79,816)	(81,772)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
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	2024
Contractually required contribution	\$ 76,651	\$ 92,136	\$ 98,042	\$ 123,681	\$ 134,668
Contributions in relation to the contractually required contribution	(76,651)	(92,136)	(98,042)	(123,681)	(134,668)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 635,598	\$ 694,319	\$ 745,690	\$ 766,300	\$ 809,356
Contributions as a percentage of covered employee payroll	12.06%	13.27%	13.15%	16.14%	16.64%

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 SEVEN FISCAL YEARS

	Fiscal Year Ending June 30,						
	2017	2018	2019	2020	2021	2022	2023
Total OPEB Liability							
Service Cost	\$ 866,865	\$ 717,602	\$ 633,586	\$ 657,342	\$ 1,212,047	\$ 1,021,415	\$ 839,663
Interest Cost	767,741	886,058	802,796	638,060	645,680	563,943	768,804
Changes of Benefit Terms					(26,492)		
Changes in Assumptions	(3,139,866)	(2,337,931)	265,552	5,180,147	24,556	(5,708,540)	43,999
Differences between Expected & Actual Experiences	20,720	(2,659,844)	(3,734,399)	4,551,559	(4,832,003)	1,053,515	(523,462)
Member Contributions	20,720	18,828	16,206	14,964	16,507	17,920	19,702
Gross Benefit Payments	(562,685)	(544,773)	(546,721)	(493,700)	(508,616)	(558,601)	(599,295)
Net Change in Total OPEB Liability	(2,047,225)	(3,920,060)	(2,562,980)	10,548,372	(3,468,321)	(3,610,348)	549,411
Total OPEB Liability - Beginning	26,340,520	24,293,295	20,373,235	17,810,255	28,358,627	24,890,306	21,279,958
Total OPEB Liability - Ending	<u>\$ 24,293,295</u>	<u>\$ 20,373,235</u>	<u>\$ 17,810,255</u>	<u>\$ 28,358,627</u>	<u>\$ 24,890,306</u>	<u>\$ 21,279,958</u>	<u>\$ 21,829,369</u>
District's Covered Employee Payroll *	\$ 4,514,044	\$ 4,579,180	\$ 4,455,772	\$ 4,025,938	\$ 4,772,740	\$ 5,017,412	\$ 5,320,019
Total OPEB Liability as a Percentage of Covered Employee Payroll	538%	445%	400%	704%	522%	424%	410%

* - Covered payroll for the fiscal years ending June 30, 2017 - 2023 are based on the payroll on the June 30, 2016 - 2022 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, 2018.

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

There were none.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2022 actuarial valuation the salary increases were 2.75 – 4.25% based on years of service while in the July 1, 2021 actuarial valuation the salary increases were 2.75% – 5.65% based on years of service.

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, 2023 was 3.65%. The discount rate for June 30, 2022 was 3.54%, a change of .11%.

The health care trend rates in the valuation as of June 30, 2023 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 6.50% and decreases to a 4.50% long term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 14.8% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is increasing to 17.4% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.50% and decreases to a 4.50% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

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.

BUDGETARY COMPARISON SCHEDULES

FRANKLIN BOROUGH SCHOOL
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Local Sources:					
Local Tax Levy	\$ 6,422,549		\$ 6,422,549	\$ 6,422,549	\$ 36,068
Tuition From Other LEAs Within the State					\$ 36,068
Unrestricted Miscellaneous Revenues	3,000		3,000	165,496	162,496
Total Revenues from Local Sources	6,425,549		6,425,549	6,624,113	198,564
Revenues from State Sources:					
Categorical Transportation Aid	49,243		49,243	49,243	
Extraordinary Aid				207,579	207,579
Categorical Special Education Aid	367,363		367,363	367,363	
Equalization Aid	2,830,931		2,830,931	2,830,931	
Categorical Security Aid	95,302		95,302	95,302	
Adjustment Aid	100,129		100,129	100,129	
Excess Nonpublic School Transportation Costs				4,095	4,095
Homeless Tuition Reimbursement				12,707	12,707
TPAF Post Retirement Contributions (Non-Budgeted)				449,364	449,364
TPAF Pension Contributions (Non-Budgeted)				1,632,466	1,632,466
TPAF Non-Contributory Insurance (Non-Budgeted)				18,617	18,617
TPAF Long-Term Disability Insurance (Non-Budgeted)				709	709
Reimbursed TPAF Social Security Contributions				361,344	361,344
Total Revenues from State Sources	3,442,968		3,442,968	6,129,849	2,686,881
Revenues from Federal Sources:					
Medicaid Reimbursement	18,670		18,670	5,905	(12,765)
Total Revenues from Federal Sources	18,670		18,670	5,905	(12,765)
TOTAL REVENUE	9,887,187		9,887,187	12,759,867	2,872,680

FRANKLIN BOROUGH SCHOOL
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
GENERAL CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 305,695	\$ (67,635)	\$ 238,060	\$ 224,273	\$ 13,787
Grades 1-5 - Salaries of Teachers	1,273,950		1,273,950	1,267,824	6,126
Grades 6-8 - Salaries of Teachers	734,495	734	735,229	735,229	
Regular Programs - Home Instruction:					
Salaries of Teachers	5,000	(500)	4,500	2,594	1,906
Purchased Professional-Educational Services		1,500	1,500	1,091	409
Regular Programs - Undistributed Instruction:					
Other Purchased Services (400-500 series)	107,000	(10,327)	96,673	87,999	8,674
General Supplies	104,000	7,681	111,681	109,758	1,923
Textbooks	23,200	(5,714)	17,486	9,092	8,394
Other Objects	750		750		750
Total Regular Programs - Instruction	2,554,090	(74,261)	2,479,829	2,437,860	41,969
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	366,355	(106,893)	259,462	240,484	18,978
Other Salaries for Instruction	94,805		94,805	90,900	3,905
General Supplies	1,450	1,220	2,670	2,670	
Total Learning and/or Language Disabilities	462,610	(105,673)	356,937	334,054	22,883
Behavioral Disabilities:					
Salaries of Teachers	65,535	12,720	78,255	75,532	2,723
Other Salaries for Instruction	31,905	(12,720)	19,185	2,675	16,510
General Supplies	350	(37)	313	313	
Total Behavioral Disabilities	97,790	(37)	97,753	78,520	19,233

FRANKLIN BOROUGH SCHOOL
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Resource Room/Resource Center:					
Salaries of Teachers	\$ 449,010	\$ 103,299	\$ 552,309	\$ 543,947	\$ 8,362
Other Salaries for Instruction	145,450	52,865	198,315	196,759	1,556
General Supplies	1,400	(200)	1,200	1,200	
Total Resource Room/Resource Center	595,860	155,964	751,824	741,906	9,918
Preschool Disabilities - Full-Time:					
Other Salaries for Instruction	98,055	(54,662)	43,393	38,447	4,946
General Supplies	250	(250)			
Total Preschool Disabilities - Full-Time	98,305	(54,912)	43,393	38,447	4,946
Home Instruction:					
Salaries of Teachers	5,000	276	5,276	5,276	
Purchased Professional-Educational Services	2,000	18,630	20,630	20,630	
Total Home Instruction	7,000	18,906	25,906	25,906	
TOTAL SPECIAL EDUCATION - INSTRUCTION	1,261,565	14,248	1,275,813	1,218,833	56,980
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	179,800	3,650	183,450	183,150	300
General Supplies	400	(242)	158	155	3
Total Basic Skills/Remedial - Instruction	180,200	3,408	183,608	183,305	303
Bilingual Education - Instruction:					
Salaries of Teachers	68,570	12,942	81,512	79,712	1,800
General Supplies	350	128	478	444	34
Total Bilingual Education - Instruction	68,920	13,070	81,990	80,156	1,834

FRANKLIN BOROUGH SCHOOL
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.:					
Salaries	\$ 40,000		\$ 40,000	\$ 39,383	\$ 617
Purchased Services (300-500 series)	2,200	\$ 200	2,400	2,400	
Supplies and Materials	3,000	1,679	4,679	4,401	278
Other Objects	500	(306)	194	194	
Transfers to Cover Deficit (Agency Funds)	15,000		15,000	15,000	
Total School-Spon. Cocurricular & Extracurricular Actvts. - Inst.	60,700	1,573.00	62,273	61,378	895
School-Sponsored Athletics - Instruction:					
Salaries	42,000	(422)	41,578	41,578	
Supplies and Materials	5,000	4,094	9,094	9,094	
Other Objects	750	(714)	36	36	
Transfers to Cover Deficit (Agency Funds)	4,200		4,200	4,200	
Total School-Sponsored Athletics - Instruction	51,950	2,958	54,908	54,872	36
Summer School - Instruction:					
Salaries of Teachers	22,000	(4,768)	17,232	17,232	
Other Salaries of Instruction	25,425	(14,871)	10,554	10,554	
Total Summer School - Instruction	47,425	(19,639)	27,786	27,786	
Other Supplemental/At Risk Programs - Instruction:					
Salaries of Teachers	71,385		71,385	70,032	1,353
Salaries of Reading Specialists	69,835		69,835	44,532	25,303
General Supplies	12,200	(10)	12,190	9,675	2,515
Other Objects	500		500		500
Total Other Supplemental/At Risk Programs - Instruction	153,920	(10)	153,910	124,239	29,671
TOTAL INSTRUCTION	4,378,770	(58,653)	4,320,117	4,188,429	131,688

FRANKLIN BOROUGH SCHOOL
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State-Special					
Tuition to Priv. Sch. for the Handicap. W/I State	\$ 204,735	46,572	\$ 46,572	\$ 36,589	\$ 9,983
Total Undistributed Expenditures - Instruction	204,735	107,302	312,037	312,037	
	204,735	153,874	358,609	348,626	9,983
Undistributed Expend. - Attend. & Social Work:					
Salaries	45,000	(2,898)	42,102	33,683	8,419
Total Undist. Expend. - Attendance and Social Work	45,000	(2,898)	42,102	33,683	8,419
Undistributed Expenditures - Health Services:					
Salaries	91,045	(15,017)	76,028	69,018	7,010
Purchased Professional and Technical Services	6,000		6,000	5,000	1,000
Other Purchased Services (400-500 series)	1,850		1,850	816	1,034
Supplies and Materials	9,000	(248)	8,752	2,353	6,399
Other Objects	350		350	199	151
Total Undistributed Expenditures - Health Services	108,245	(15,265)	92,980	77,386	15,594
Undistributed Expenditures - Speech, OT, PT, Related Services:					
Salaries	160,135	(95,346)	64,789	63,781	1,008
Purchased Professional - Educational Services	115,000	59,850	174,850	124,696	50,154
Supplies and Materials	5,700		5,700	952	4,748
Total Undistributed Expenditures - Speech, OT, PT, Related Services	280,835	(35,496)	245,339	189,429	55,910
Undistributed Expenditures - Other Support -Students - Extraordinary					
Salaries	91,755	88,650	180,405	178,427	1,978
Purchased Professional - Educational Services	15,000	(10,796)	4,204	3,600	604
Total Undistributed Expenditures - Other Support -Students - Extraordinary	106,755	77,854	184,609	182,027	2,582

FRANKLIN BOROUGH SCHOOL
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Guidance:					
Salaries of Other Professional Staff	\$ 71,510		\$ 71,510	\$ 65,473	6,037
Supplies and Materials	375		375	235	140
Total Undistributed Expenditures - Guidance	71,885		71,885	65,708	6,177
Undistributed Expenditures - Child Study Team:					
Salaries of Other Professional Staff	277,065	\$ (10,875)	266,190	253,190	13,000
Salaries of Secretarial and Clerical Assistants	45,635		45,635	44,634	1,001
Purchased Professional - Educational Services	9,500	58,621	68,121	61,901	6,220
Other Purchased Services (400-500 series)	3,900	44	3,944	3,944	
Supplies and Materials	6,350	(477)	5,873	3,132	2,741
Other Objects	150		150	150	
Total Undistributed Expenditures - Child Study Team	342,600	47,313	389,913	366,951	22,962
Undistributed Expenditures - Improvement of Instruction Services:					
Salaries of Supervisors of Instruction	77,545	2,356	79,901	79,901	
Salaries of Secretarial and Clerical Assistants	45,880	(10,333)	35,547	29,821	5,726
Other Salaries	10,000	(9,998)	2	2	
Unused Vacation Payment to Terminated/Retired Staff	4,290		4,290	3,658	632
Supplies and Materials	2,825		2,825	235	2,590
Other Objects	1,000		1,000		1,000
Total Undistributed Expenditures - Improvement of Instruction Services	141,540	3,424	144,964	135,014	9,950
Undistributed Expenditures - Education Media Services/School Library:					
Salaries	87,930		87,930	86,879	1,051
Salaries of Technology Coordinators	73,400		73,400	73,327	73
Unused Vacation Payment to Terminated/Retired Staff		1,410	1,410	1,410	
Supplies and Materials	6,135		6,135	5,717	418
Total Undistributed Expenditures - Education Media Services/School Library	167,465	1,410	168,875	167,333	1,542

FRANKLIN BOROUGH SCHOOL
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist.Expend.-Instructional Staff Training Services:					
Purchased Professional - Educational Service	\$ 25,000	(179)	\$ 24,821	\$ 8,978	\$ 15,843
Other Purchased Services (400-500 series)	26,250	179	26,429	7,319	19,110
Supplies and Materials	750		750		750
Total Undist.Expend.-Instructional Staff Training Services	52,000		52,000	16,297	35,703
Undistributed Expenditures - Support Services - General Administration					
Salaries	179,155	6,078	185,233	185,226	7
Legal Services	25,000	(4,707)	20,293	14,991	5,302
Audit Fees	33,500	2,200	35,700	35,700	
Architectural/Engineering Services	8,000	(5,012)	2,988		2,988
Communications / Telephone	19,875	228	20,103	19,541	562
BOE Other Purchased Services	5,700	60	5,760	5,339	421
Other Purch. Serv. (400-500 series other than 530 & 585)	36,825	979	37,804	33,772	4,032
General Supplies	6,500	(1,332)	5,168	3,621	1,547
BOE In-house training/ Meeting Supplies		24	24	24	
Miscellaneous Expenditures	5,440	1,672	7,112	7,112	
BOE Membership Dues and Fees	5,000	51	5,051	5,051	
Total Undistributed Expenditures - Support Services - General Administration	342,115	1,579	343,694	325,460	18,234
Undistributed Expenditures - Support Services - School Administration					
Salaries of Principals/Assistant Principals/Prog Director	88,535	17,139	105,674	83,200	22,474
Salaries of Secretarial and Clerical Assistants	14,635	(503)	14,132		14,132
Unused Vacation Payment to Terminated/Retired Staff	4,545	378	4,923	4,923	
Other Purchased Services (400-500 series)	3,985	(249)	3,736	3,359	377
Supplies and Materials	2,700	2,406	5,106	5,106	
Other Objects	2,250		2,250	1,760	490
Total Undistributed Expenditures - Support Services - School Administration	116,650	19,171	135,821	98,348	37,473

FRANKLIN BOROUGH SCHOOL
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Central Services:					
Salaries	\$ 134,930	\$ (48,933)	\$ 85,997	\$ 78,385	\$ 7,612
Miscellaneous Purchased Services (400-500 series other than 594)	24,995	1,684	26,679	26,513	166
Supplies and Materials	6,000	(3,189)	2,811	2,465	346
Other Objects	2,100	1,700	3,800	3,800	
Total Undistributed Expenditures - Central Services	168,025	(36,814)	131,211	123,087	8,124
Undistributed Expenditures - Required Maintenance for School Facilities:					
Salaries	83,450	11,051	94,501	94,501	
Cleaning, Repair, and Maintenance Services	220,581	(49,893)	170,688	165,286	5,402
Lead Testing of Drinking Water	7,000		7,000		7,000
Other Objects	300		300	258	42
Total Undistributed Expenditures - Required Maintenance for School Facilities	314,991	(38,568)	276,423	260,319	16,104
Undistributed Expenditures - Custodial Services:					
Salaries	270,430	(25,771)	244,659	240,410	4,249
Salaries of Non-Instructional Aides	27,370		27,370	17,777	9,593
Unused Vacation Payment to Terminated/Retired Staff	9,245		9,245	7,958	1,287
Cleaning, Repair, and Maintenance Services	50,000	(7,970)	42,030	18,305	23,725
Other Purchased Property Services	30,600		30,600	26,119	4,481
Insurance	137,325		137,325	135,595	1,730
Miscellaneous Purchased Services	9,500		9,500	8,017	1,483
General Supplies	85,620	(1,061)	84,559	72,930	11,629
Energy (Natural Gas)	80,000		80,000	58,433	21,567
Energy (Electricity)	80,000	(225)	79,775	61,506	18,269
Energy (Gasoline)	2,000	281	2,281	2,279	2
Other Objects	1,000	177	1,177	1,177	
Total Undistributed Expenditures - Custodial Services	783,090	(34,569)	748,521	650,506	98,015

FRANKLIN BOROUGH SCHOOL
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Care and Upkeep of Grounds:					
Salaries	\$ 29,045		\$ 29,045	\$ 28,764	\$ 281
Unused Vacation Payment to Terminated/Retired Staff	1,120		1,120	1,106	14
Cleaning, Repair, and Maintenance Services	8,000		8,000	487	7,513
General Supplies	12,000		12,000	9,008	2,992
Total Undistributed Expenditures - Care And Upkeep Of Grounds	50,165		50,165	39,365	10,800
Undistributed Expenditures - Security:					
Salaries	44,640		44,640	33,440	11,200
Purchased Professional and Technical Services	9,700	\$ (200)	9,500	2,850	6,650
Cleaning, Repair, and Maintenance Services	6,000		6,000	1,583	4,417
General Supplies	5,300	(1,307)	3,993	3,855	138
Total Undistributed Expenditures - Security	65,640	(1,507)	64,133	41,728	22,405
Undistributed Expenditures - Operations And Maintenance Of Plant Services	1,213,886	(74,644)	1,139,242	991,918	147,324
Undistributed Expenditures - Student Transportation Services:					
Salaries for Pupil Transportation (Between Home and School)-Regular	110,300		110,300	110,298	2
Management Fee - ESC&CTSA Transportation Program	25,000	(4,491)	20,509	13,404	7,105
Contract Services - Aid in Lieu of Payments - Nonpublic Students	8,180		8,180	6,990	1,190
Contract Services-Aid in Lieu of Payments - Choice Students	13,290	6,515	19,805	19,805	
Contract Services (Other than Between Home & School) - Vendors	24,000	3,211	27,211	24,042	3,169
Contract Services (Regular Students) - ESCs & CTAS	167,564	(91,890)	75,674	48,256	27,418
Contract Services(Special Education Students) - ESCs & CTAS	260,915	4,154	265,069	265,069	
Total Undistributed Expenditures - Student Transportation Services	609,249	(82,501)	526,748	487,864	38,884

FRANKLIN BOROUGH SCHOOL
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Unallocated Benefits:					
Group Insurance	\$ 6,500	\$ 1,836	\$ 8,336	\$ 8,336	
Social Security Contributions	141,000	44,717	185,717	185,717	
Other Retirement Contributions - PERS	135,000		135,000	134,668	\$ 332
Other Retirement Contributions - Regular	18,000	5,789	23,789	23,789	
Unemployment Compensation	25,000	710	25,710	25,710	
Workers Compensation	98,135		98,135	95,220	2,915
Health Benefits	1,575,050	(302,915)	1,272,135	1,177,672	94,463
Tuition Reimbursement	40,000		40,000	26,767	13,233
Other Employee Benefits	38,000	9,710	47,710	42,620	5,090
Unused Sick Payment to Terminated/Retired Staff	45,000	(23,171)	21,829	4,000	17,829
Total Unallocated Benefits	2,121,685	(263,324)	1,858,361	1,724,499	133,862
On-Behalf Contributions (Non-Budgeted)					
TPAF Post Retirement Contributions (Non-Budgeted)				449,364	(449,364)
TPAF Pension Contributions (Non-Budgeted)				1,632,466	(1,632,466)
TPAF Non-Contributory Insurance (Non-Budgeted)				18,617	(18,617)
TPAF Long-Term Disability Insurance (Non-Budgeted)				709	(709)
Reimbursed TPAF Social Security Contributions				361,344	(361,344)
Total On-Behalf Contributions (Non-Budgeted)				2,462,500	(2,462,500)
Total Personal Services -Employee Benefits	2,121,685	(263,324)	1,858,361	4,186,999	(2,328,638)
TOTAL UNDISTRIBUTED EXPENDITURES	6,092,670	(206,317)	5,886,353	7,796,130	(1,909,777)
TOTAL GENERAL CURRENT EXPENSE	10,471,440	(264,970)	10,206,470	11,984,559	(1,778,089)

FRANKLIN BOROUGH SCHOOL
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Undistributed:					
Undistributed Expenditures - Instruction	\$ 40,000	\$ 7,538	\$ 47,538	\$ 19,511	\$ 28,027
Undist. Expend. - Custodial Services		58,777	58,777	58,777	
Undistributed Expenditures - Care and Upkeep of Grounds		7,970	7,970		7,970
Undistributed Expenditures - Non-Inst. Serv.		2,461	2,461	2,461	
Total Equipment	<u>46,000</u>	<u>76,746</u>	<u>122,746</u>	<u>80,749</u>	<u>41,997</u>
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	33,100	(18,000)	15,100	15,100	
Construction Services	1,061,329	271,671	1,333,000	1,055,669	277,331
Assessment for Debt Service on SDA Funding	4,133		4,133	4,133	
Total Facilities Acquisition and Construction Services	<u>1,098,562</u>	<u>253,671</u>	<u>1,352,233</u>	<u>1,074,902</u>	<u>277,331</u>
TOTAL CAPITAL OUTLAY	<u>1,144,562</u>	<u>330,417</u>	<u>1,474,979</u>	<u>1,155,651</u>	<u>319,328</u>
Transfer of Funds to Charter Schools	86,850	5,646	92,496	92,496	
TOTAL EXPENDITURES	<u>11,702,852</u>	<u>71,093</u>	<u>11,773,945</u>	<u>13,232,706</u>	<u>(1,458,761)</u>
Excess/(Deficit) of Revenues Over/(Under) Expenditures	<u>(1,815,665)</u>	<u>(71,093)</u>	<u>(1,886,758)</u>	<u>(472,839)</u>	<u>1,413,919</u>

FRANKLIN BOROUGH SCHOOL
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Other Financing Sources/(Uses):					
Operating Transfer Out - Special Revenue Fund	\$	(130,959)	\$ (130,959)	\$ (130,959)	
Total Other Financing Sources/(Uses)		(130,959)	(130,959)	(130,959)	
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ (1,815,665)	(202,052)	(2,017,717)	(603,798)	\$ 1,413,919
Fund Balance, July 1	3,514,523		3,514,523	3,514,523	
Fund Balance, June 30	\$ 1,698,858	\$ (202,052)	\$ 1,496,806	\$ 2,910,725	\$ 1,413,919
<u>Recapitulation:</u>					
Restricted Fund Balance:				\$	
Excess Surplus - Restricted For 2025-2026				500,000	
Excess Surplus - Restricted For 2024-2025				500,000	
Capital Reserve				751,280	
Maintenance Reserve				442,933	
Assigned Fund Balance:				254,838	
Year End Encumbrances				461,674	
Unassigned Fund Balance				2,910,725	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				(343,980)	
Fund Balance per Governmental Funds (GAAP)	\$			2,566,745	

FRANKLIN BOROUGH SCHOOL
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		\$ 40,344	\$ 40,344	\$ 40,094	\$ (250)
State Sources	\$ 995,425	974,373	1,969,798	1,318,877	(650,921)
Federal Sources	263,223	631,947	895,170	814,478	(80,692)
Total Revenues	<u>1,258,648</u>	<u>1,646,664</u>	<u>2,905,312</u>	<u>2,173,449</u>	<u>(731,863)</u>
Other Financing Sources:					
Transfer In - Board Contribution - General Fund				130,959	130,959
Total Revenues and Other Financing Sources	<u>1,258,648</u>	<u>1,646,664</u>	<u>2,905,312</u>	<u>2,304,408</u>	<u>(600,904)</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	344,415	95,256	439,671	362,074	77,597
Other Salaries for Instruction	177,991	64,061	242,052	234,552	7,500
Purchased Professional and Technical Services	8,000	34,000	42,000	16,000	26,000
Other Purchased Services		55,123	55,123	31,590	23,533
Tuition	146,434	44,762	191,196	191,196	
General Supplies	25,000	31,986	56,986	42,053	14,933
Other Objects		4,537	4,537	3,037	1,500
Total Instruction	<u>701,840</u>	<u>329,725</u>	<u>1,031,565</u>	<u>880,502</u>	<u>151,063</u>
Support Services:					
Salaries of Supervisors of Instruction	33,950	38,427	72,377	72,377	
Salaries of Program Directors		102,274	102,274	102,274	
Salaries of Other Professional Staff	79,790	(33,692)	46,098	46,098	
Salaries of Secretarial and Clerical Assistants		31,679	31,679	31,679	
Other Salaries	48,540	57,998	106,538	101,567	4,971
Salaries of Master Teachers	60,000	3,472	63,472	63,472	
Personal Services - Employee Benefits	323,540	154,429	477,969	411,113	66,856
Purchased Professional and Technical Services	10,988	106,486	117,474	105,396	12,078
Cleaning, Repair and Maintenance Services		25,000	25,000		25,000
Travel		600	600		600
Supplies and Materials		5,000	5,000		5,000
Student Activities		27,821	27,821	24,699	3,122
Total Support Services	<u>556,808</u>	<u>519,494</u>	<u>1,076,302</u>	<u>958,675</u>	<u>117,627</u>
Facilities Acquisition:					
Construction Services		462,109	462,109	462,109	
Instructional Equipment		335,336	335,336		335,336
Total Facilities Acquisition		<u>797,445</u>	<u>797,445</u>	<u>462,109</u>	<u>335,336</u>
Total Expenditures	<u>\$ 1,258,648</u>	<u>\$ 1,646,664</u>	<u>\$ 2,905,312</u>	<u>\$ 2,301,286</u>	<u>\$ 604,026</u>

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" and Other Financing Sources from the Budgetary Comparison Schedule	\$ 12,759,867	\$ 2,173,449
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:		
Prior Year Encumbrances		250
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	335,575	89,256
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(343,980)	(104,671)
	\$ 12,751,462	\$ 2,158,284
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	\$ 13,232,706	\$ 2,301,286
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:		
Prior Year Encumbrances		250
	\$ 13,232,706	\$ 2,301,536
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 and special revenue funds. The budget for the fiscal year ended June 30, 2024 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, 2024

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, 2024

	SDA Emergent and Capital Maintenance Needs	Preschool Education Aid	I.D.E.A Part B	
			Basic	Preschool
REVENUES:				
Local Sources				
State Sources	\$ 32,706	\$ 1,286,171		
Federal Sources			\$ 191,196	\$ 10,513
Total Revenues	<u>32,706</u>	<u>1,286,171</u>	<u>191,196</u>	<u>10,513</u>
Other Financing Sources:				
Transfer In - Board Contribution - General Fund		130,959		
Total Revenues and Other Financing Sources	<u>32,706</u>	<u>1,417,130</u>	<u>191,196</u>	<u>10,513</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers		319,387		
Other Salaries for Instruction		171,539		10,513
Purchased Professional and Technical Services				
Other Purchased Services				
Tuition			191,196	
General Supplies		30,317		
Other Objects				
Total Instruction		<u>521,243</u>	<u>191,196</u>	<u>10,513</u>
Support Services:				
Salaries of Supervisors of Instruction		72,377		
Salaries of Program Directors		102,274		
Salaries of Other Professional Staff		46,098		
Salaries of Secretarial and Clerical Assistants		31,679		
Other Salaries		101,567		
Salaries of Master Teachers		63,472		
Personal Services - Employee Benefits		400,498		
Purchased Professional and Technical Services		77,922		
Student Activities				
Total Support Services		<u>895,887</u>		
Facilities Acquisition:				
Construction Services	32,706			
Total Facilities Acquisition	<u>32,706</u>			
Total Expenditures	<u>\$ 32,706</u>	<u>\$ 1,417,130</u>	<u>\$ 191,196</u>	<u>\$ 10,513</u>

FRANKLIN BOROUGH SCHOOL
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Elementary and Secondary Education Act		
	Title I	Title IIA	Title IV
REVENUES:			
Local Sources			
State Sources			
Federal Sources	\$ 84,590	\$ 15,730	\$ 10,000
Total Revenues	<u>84,590</u>	<u>15,730</u>	<u>10,000</u>
Other Financing Sources:			
Transfer In - Board Contribution - General Fund			
Total Revenues and Other Financing Sources	<u>84,590</u>	<u>15,730</u>	<u>10,000</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers			
Other Salaries for Instruction	52,500		
Purchased Professional and Technical Services			8,000
Other Purchased Services	31,590		
Tuition			
General Supplies			2,000
Other Objects	500		
Total Instruction	<u>84,590</u>		<u>10,000</u>
Support Services:			
Salaries of Supervisors of Instruction			
Salaries of Program Directors			
Salaries of Other Professional Staff			
Salaries of Secretarial and Clerical Assistants			
Other Salaries			
Salaries of Master Teachers			
Personal Services - Employee Benefits			
Purchased Professional and Technical Services		15,730	
Student Activities			
Total Support Services		<u>15,730</u>	
Facilities Acquisition:			
Construction Services			
Total Facilities Acquisition			
Total Expenditures	<u>\$ 84,590</u>	<u>\$ 15,730</u>	<u>\$ 10,000</u>

FRANKLIN BOROUGH SCHOOL
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<u>COVID 19 -American Rescue Plan</u>		
	<u>NJ High Impact Tutoring Competitive Grant</u>	<u>ESSER III</u>	<u>Beyond the School Day</u>
REVENUES:			
Local Sources			
State Sources			
Federal Sources	\$ 27,187	\$ 463,518	\$ 11,744
Total Revenues	<u>27,187</u>	<u>463,518</u>	<u>11,744</u>
Other Financing Sources:			
Transfer In - Board Contribution - General Fund			
Total Revenues and Other Financing Sources	<u>27,187</u>	<u>463,518</u>	<u>11,744</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	19,187	23,500	
Other Salaries for Instruction			
Purchased Professional and Technical Services	8,000		
Other Purchased Services			
Tuition			
General Supplies			
Other Objects			
Total Instruction	<u>27,187</u>	<u>23,500</u>	
Support Services:			
Salaries of Supervisors of Instruction			
Salaries of Program Directors			
Salaries of Other Professional Staff			
Salaries of Secretarial and Clerical Assistants			
Other Salaries			
Salaries of Master Teachers			
Personal Services - Employee Benefits		10,615	
Purchased Professional and Technical Services			11,744
Student Activities			
Total Support Services		<u>10,615</u>	<u>11,744</u>
Facilities Acquisition:			
Construction Services		429,403	
Total Facilities Acquisition		<u>429,403</u>	
Total Expenditures	<u>\$ 27,187</u>	<u>\$ 463,518</u>	<u>\$ 11,744</u>

FRANKLIN BOROUGH SCHOOL
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<u>Local Grants</u>	<u>Student Activities</u>	<u>Totals</u>
REVENUES:			
Local Sources	\$ 12,273	\$ 27,821	\$ 40,094
State Sources			1,318,877
Federal Sources			814,478
Total Revenues	<u>12,273</u>	<u>27,821</u>	<u>2,173,449</u>
Other Financing Sources:			
Transfer In - Board Contribution - General Fund			<u>130,959</u>
Total Revenues and Other Financing Sources	<u>12,273</u>	<u>27,821</u>	<u>2,304,408</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers			362,074
Other Salaries for Instruction			234,552
Purchased Professional and Technical Services			16,000
Other Purchased Services			31,590
Tuition			191,196
General Supplies	9,736		42,053
Other Objects	2,537		3,037
Total Instruction	<u>12,273</u>		<u>880,502</u>
Support Services:			
Salaries of Supervisors of Instruction			72,377
Salaries of Program Directors			102,274
Salaries of Other Professional Staff			46,098
Salaries of Secretarial and Clerical Assistants			31,679
Other Salaries			101,567
Salaries of Master Teachers			63,472
Personal Services - Employee Benefits			411,113
Purchased Professional and Technical Services			105,396
Student Activities		24,699	24,699
Total Support Services		<u>24,699</u>	<u>958,675</u>
Facilities Acquisition:			
Construction Services			<u>462,109</u>
Total Facilities Acquisition			<u>462,109</u>
Total Expenditures	<u>\$ 12,273</u>	<u>\$ 24,699</u>	<u>\$ 2,301,286</u>

FRANKLIN BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

District-Wide Total

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 319,387	\$ 319,387	
Other Salaries for Instruction	171,539	171,539	
General Supplies	30,317	30,317	
Total Instruction	<u>521,243</u>	<u>521,243</u>	
Support Services:			
Salaries of Supervisors of Instruction	72,377	72,377	
Salaries of Program Directors	102,274	102,274	
Salaries of Other Professional Staff	46,098	46,098	
Salaries of Secretaries and Clerical Assistants	31,679	31,679	
Other Salaries	101,567	101,567	
Salaries of Master Teachers	63,472	63,472	
Personal Services – Employee Benefits	400,498	400,498	
Purchased Professional and Technical Services	77,922	77,922	
Total Support Services	<u>895,887</u>	<u>895,887</u>	
Total Expenditures	<u>\$ 1,417,130</u>	<u>\$ 1,417,130</u>	<u>\$ -0-</u>

CALCULATION OF BUDGET & CARRYOVER

Total Revised 2023-2024 Preschool Education Aid Allocation	\$ 1,047,672
Actual Preschool Aid Carryover (June 30, 2023)	677,190
Add: Budgeted Transfer from General Fund 2023-2024	130,959
Add: Budgeted Tuition 2023-2024	-0-
Total Preschool Education Aid Funds Available for 2023-2024	<u>1,855,821</u>
Less: 2023-2024 Budgeted Preschool Education Aid Funds	<u>(1,417,130)</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2024	438,691
Add: June 30, 2024 Unexpended Preschool Education Aid	-0-
Add: Cancellation of Prior Year Encumbrances	-0-
Less: 2023-2024 Commissioner Approved Transfer to the General Fund	<u>-0-</u>
2023-2024 Carryover - Preschool Education Aid	<u>\$ 438,691</u>
Budgeted for Preschool Programs in 2024-2025	<u>\$ 438,691</u>

CAPITAL PROJECTS FUND
(NOT APPLICABLE)

PROPRIETARY FUNDS

FRANKLIN BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2024

ASSETS:

Current Assets:	
Cash and Cash Equivalents	\$ 233,068
Interfund Receivable - General Fund	477
Intergovernmental Accounts Receivable:	
State	482
Federal	9,232
Inventories	7,212
	<hr/>
Total Current Assets	250,471
	<hr/>
Non-Current Assets:	
Capital Assets	165,531
Less: Accumulated Depreciation	(133,632)
	<hr/>
Total Non-Current Assets	31,899
	<hr/>
Total Assets	282,370
	<hr/>

LIABILITIES:

Current Liabilities:	
Unearned Revenue:	
Prepaid Meals	2,309
Donated Commodities	1,563
	<hr/>
Total Liabilities	3,872
	<hr/>

NET POSITION:

Investment in Capital Assets	31,899
Unrestricted	246,599
	<hr/>
Total Net Position	\$ 278,498
	<hr/> <hr/>

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, 2024

Operating Revenue:	
Local Sources:	
Daily Sales:	
Reimbursable Programs	\$ 58,725
Non-Reimbursable Programs	8,187
	<hr/>
Total Operating Revenue	66,912
	<hr/>
Operating Expenses:	
Cost of Sales:	
Reimbursable Programs	127,188
Non-Reimbursable Programs	9,104
Salaries	74,630
Benefits and Payroll Taxes	23,475
Supplies, Insurance and Other Costs	19,817
Management Fee	9,480
Depreciation Expense	2,538
	<hr/>
Total Operating Expenses	266,232
	<hr/>
Operating Loss	(199,320)
Non-Operating Income:	
Local Sources:	
Interest Income	5,499
State Sources:	
State School Lunch Program	6,584
State School Breakfast Program	1,059
Federal Sources:	
National School Lunch Program	132,372
School Breakfast Program	37,644
Local Foods for School Grant	1,576
Supply Chain Assistance Funding	27,650
COVID 19 - Pandemic Electronic Benefit Transfer (P-EBT)	653
Food Distribution Program	25,727
	<hr/>
Total Non-Operating Income	238,764
	<hr/>
Change in Net Position	39,444
Net Position - Beginning of Year	239,054
	<hr/>
Net Position - End of Year	\$ 278,498
	<hr/> <hr/>

FRANKLIN BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 74,233
Payments to Food Service Contractor	(234,287)
Payments to Suppliers	(17,435)
	<hr/>
Net Cash Used for Operating Activities	(177,489)
Cash Flows from Investing Activities:	
Interest Income	5,499
	<hr/>
Net Cash Provided by Investing Activities	5,499
Cash Flows from Noncapital Financing Activities:	
Interfund Advanced - General Fund	(477)
State Sources	7,506
Federal Sources	188,830
	<hr/>
Net Cash Provided by Noncapital Financing Activities	195,859
Net Increase in Cash and Cash Equivalents	23,869
Cash and Cash Equivalents, July 1	209,199
	<hr/>
Cash and Cash Equivalents, June 30	\$ 233,068
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (199,320)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	2,538
Food Distribution Program	25,727
Changes in Assets and Liabilities:	
(Decrease) in Unearned Revenue - Donated Commodities	(820)
(Decrease) in Unearned Revenue - Prepaid Sales	(588)
(Decrease) in Accounts Payable	(12,497)
(Increase) in Accounts Receivable	7,909
(Increase) in Inventory	(438)
	<hr/>
Net Cash Used for Operating Activities	\$ (177,489)
	<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 \$24,907 and utilized U.S.D.A. Commodities valued at \$25,727.

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,

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental Activities										
Net Investment in Capital Assets	\$ 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	\$ 4,554,798
Restricted	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	2,199,240
Unrestricted/(Deficit)	(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)	(1,364,315)
Total Governmental Activities Net Position	\$ 186,260	\$ 523,996	\$ 634,052	\$ 955,023	\$ 1,260,269	\$ 1,888,318	\$ 2,824,363	\$ 4,250,201	\$ 4,407,311	\$ 5,389,723
Business-type Activities										
Investment in Capital Assets	\$ 22,859	\$ 27,153	\$ 24,610	\$ 23,248	\$ 21,887	\$ 20,525	\$ 19,163	\$ 19,978	\$ 34,437	\$ 31,899
Unrestricted	34,353	49,507	52,400	61,958	47,173	42,895	48,315	204,550	204,617	246,599
Total Business-type Activities Net Position	\$ 57,212	\$ 76,660	\$ 77,010	\$ 85,206	\$ 69,060	\$ 63,420	\$ 67,478	\$ 224,528	\$ 239,054	\$ 278,498
District-wide										
Net Investment in Capital Assets	\$ 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	\$ 4,586,697
Restricted	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	2,199,240
Unrestricted/(Deficit)	(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)	(1,117,716)
Total District Net Position	\$ 243,472	\$ 600,656	\$ 711,062	\$ 1,040,229	\$ 1,329,329	\$ 1,951,738	\$ 2,891,841	\$ 4,474,729	\$ 4,646,365	\$ 5,668,221

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

	Fiscal Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 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	\$ 4,450,603
Special Education	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	1,796,080
Other Special Education	149,879	192,107	236,397	154,783	182,560	237,287	404,047	353,510	362,731	405,326
School Sponsored/Other Instruction								306,004	246,464	385,227
Support Services:										
Tuition	240,643	205,752	211,412	177,504	173,351	282,231	184,226	153,615	331,373	539,822
Student & Instruction Related Services	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	2,605,731
General Administrative Services	269,481	326,741	431,185	300,607	287,679	192,191	302,820	433,899	454,086	407,324
School Administrative Services	424,057	391,912	354,562	376,740	420,342	328,425	382,822	249,606	228,923	172,912
Central Services	262,464	243,173	255,064	278,786	269,025	212,799	238,606	293,688	286,201	177,898
Plant Operations and Maintenance	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	1,032,332
Pupil Transportation	293,369	317,747	308,356	265,043	322,373	262,254	235,854	313,155	552,789	519,193
Transfer of Funds to Charter School	82,088	45,715	93,505	159,517	159,524	126,870	93,435	52,120	88,589	92,496
Capital Outlay	23,733	25,148	4,133	4,133	4,133	4,133	6,131		4,133	4,133
Unallocated Depreciation	66,132	91,150	101,685	101,989	99,441	112,781	110,314			
Total Governmental Activities Expenses	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	12,589,077
Business-type Activities:										
Food Service	177,280	177,935	171,043	148,613	186,577	137,589	170,791	280,766	256,721	266,232
Total Business-type Activities Expense	177,280	177,935	171,043	148,613	186,577	137,589	170,791	280,766	256,721	266,232
Total District Expenses	\$ 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	\$ 12,855,309
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)	\$ 46,043	\$ 46,016	\$ 33,907	\$ 123,902	\$ 123,352	\$ 22,933	\$ 57,577	\$ 24,689	\$ 25,999	\$ 27,821
Student & Instruction Related Services										
Operating Grants and Contributions	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	3,893,444
Total Governmental Activities Program Revenues	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	3,921,265
Business-type Activities:										
Charges for Services:										
Food Service	\$ 56,561	\$ 55,740	\$ 54,157	\$ 49,744	\$ 47,586	\$ 29,491	\$ 2,109	\$ 430,519	\$ 68,409	\$ 66,912
Operating Grants and Contributions - Food Service	110,473	111,579	117,149	106,969	122,724	102,390	172,679	205,012	205,012	233,265
Total Business-type Activities Program Revenues	167,034	167,319	171,306	156,713	170,310	131,881	174,788	430,519	273,421	300,177
Total District Program Revenues	\$ 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	\$ 4,221,442

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

	Fiscal Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Net (Expense)/Revenue:										
Governmental Activities	\$ (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)	\$ (8,667,812)
Business-type Activities	(10,246)	(10,616)	263	8,100	(16,267)	(5,708)	3,997	149,753	16,700	33,945
Total District-wide Net Expense	\$ (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)	\$ (8,633,867)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 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	\$ 6,422,549
Unrestricted Grants and Contributions	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	3,030,010
Investment Earnings & Other Miscellaneous Income	42,256	52,635	128,447	103,485	43,026	9,701	56,129	18,852	53,817	161,597
Cancellation of Prior Year Accounts Receivable								(41,559)		
Cancellation of Prior Year Accounts Payable		11,351								
Transfers		(30,000)								
Total Governmental Activities	\$ 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	\$ 9,614,156
Business-type Activities:										
Investment Earnings	\$ 71	\$ 64	\$ 87	\$ 96	\$ 121	\$ 68	\$ 61	\$ 8,385	\$ (2,174)	\$ 5,499
Transfers		30,000								
Disposals of Capital Assets, Net								(1,088)		
Cancellation of Prior Year Accounts Receivable								7,297	(2,174)	
Total Business-type Activities	\$ 71	\$ 30,064	\$ 87	\$ 96	\$ 121	\$ 68	\$ 61	\$ 7,297	\$ (2,174)	\$ 5,499
Total District-Wide	\$ 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	\$ 9,619,655
Change in Net Position										
Governmental Activities	\$ 293,107	\$ 337,736	\$ 110,056	\$ 320,971	\$ 305,246	\$ 628,049	\$ 936,045	\$ 1,425,838	\$ 157,110	\$ 946,344
Business-type Activities	(10,175)	19,448	350	8,196	(16,146)	(5,640)	4,058	157,050	14,526	39,444
Total District	\$ 282,932	\$ 357,184	\$ 110,406	\$ 329,167	\$ 289,100	\$ 622,409	\$ 940,103	\$ 1,582,888	\$ 171,636	\$ 985,788

Source: School District Financial Reports

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

June 30,

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Fund										
Restricted	\$ 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	\$ 2,194,213
Assigned	61,366	28,995	74,674	110,454	14,592	115,613	81,445	154,348	181,665	254,838
Unassigned							45,192	114,353	10,495	117,694
Total General Fund	\$ 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	\$ 2,566,745
All Other Governmental Funds										
Restricted							\$ 3,590	\$ 1,815	\$ 1,905	\$ 5,027
Unassigned/(Deficit)					\$ 41,118	\$ (65,205)	(129,977)	(86,238)	(89,256)	(104,671)
Total All Other Governmental Funds/(Deficit)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 41,118	\$ (65,205)	\$ (126,387)	\$ (84,423)	\$ (87,351)	\$ (99,644)
Total Governmental Funds	\$ 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	\$ 2,467,101

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,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues										
Tax Levy	\$ 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	\$ 6,422,549
Tuition Charges	46,043	46,016	33,907	123,902	12,352	22,933	57,577	24,689	25,999	36,068
Restricted Miscellaneous Revenue							40,374	38,311	75,966	178,019
Unrestricted Miscellaneous Revenue	49,659	52,935	131,547	104,485	58,499	40,209	56,129	6,564,451	6,765,620	7,424,906
State Sources	4,155,973	4,296,337	4,356,212	4,598,093	4,840,301	5,560,205	5,612,386	839,481	620,423	820,383
Federal Sources	366,544	370,870	369,404	333,393	321,771	299,167	412,788			
Total Revenue	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	14,909,746
Expenditures										
Instruction										
Regular Instruction	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	3,116,903
Special Education Instruction	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	1,229,346
Other Special Instruction	77,340	94,806	96,608	64,232	87,497	208,868	220,363	212,447	237,536	263,461
School-Sponsored/Other Instruction	82,426	94,537	92,671	103,028	106,772	174,179	107,143	222,870	188,587	268,275
Support Services:										
Tuition	240,643	205,752	211,412	177,504	173,351	282,231	184,226	153,615	331,373	539,822
Student & Other Instruction Related Services	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	2,192,503
General Administrative Services	326,451	326,793	350,929	299,736	315,537	348,124	332,398	319,947	352,518	325,460
School Administrative Services	160,539	180,564	174,726	181,550	151,483	163,348	157,267	153,434	143,043	98,348
Central Services	207,915	193,722	195,788	215,127	201,015	212,799	198,857	199,016	202,696	123,087
Plant Operations and Maintenance	858,763	871,810	918,127	895,646	854,313	976,778	981,264	1,125,218	1,053,454	991,918
Student Transportation	279,449	304,906	292,739	253,929	309,679	246,100	224,930	305,450	535,201	487,864
Unallocated Benefits	2,553,927	2,461,472	2,702,567	3,028,348	3,094,347	3,017,685	3,352,344	3,848,520	4,096,304	4,186,999
Transfer of Funds to Charter School	82,088	45,715	93,505	159,517	159,524	126,870	93,435	52,120	88,589	92,496
Capital Outlay	245,617	149,071	123,489	99,406	139,209	720,275	347,635	1,340,599	261,814	1,617,760
Total Expenditures	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	15,534,242
Excess/(Deficit) of Revenues Over/(Under) Expenditures	146,698	315,977	197,274	394,763	275,805	(8,348)	574,864	(111,570)	27,128	(624,496)

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

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2022	2023
Other Financing Sources/(Uses)										
Cancellation of Accounts Payable/Receivable		\$ 11,351				\$ 117,791	\$ 128,160	\$ (41,559)	\$ 137,450	\$ 130,959
Transfers In		(30,000)				(117,791)	(128,160)		(137,450)	(130,959)
Transfers Out		(18,649)						(41,559)		
Total Other Financing Sources/(Uses)										
Net Change in Fund Balances	\$ 146,698	\$ 297,328	\$ 197,274	\$ 394,763	\$ 275,805	\$ (8,348)	\$ 574,864	\$ (153,129)	\$ 27,128	\$ (624,496)
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
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
2024	136,426	36,068	1,343	23,242	4,485	201,564

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	Residential	Farm Regular	Farm Qualified	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)
2014 ^	\$ 12,909,900	\$ 248,180,400	\$ 4,097,500	\$ 222,500	\$ 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	247,749,100	4,259,500	226,100	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	248,846,800	3,950,200	210,400	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	248,664,900	4,000,100	210,500	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	248,416,400	4,000,100	189,700	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	248,081,900	4,000,100	189,700	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	248,772,600	4,270,500	178,400	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	248,494,600	4,270,500	158,000	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	248,192,900	4,245,100	158,200	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
2023 ^	23,622,000	389,010,200	5,988,700	160,200	159,854,900	26,839,500	17,367,700	2,420	622,845,620	78,127,400	700,973,020	1.03	583,832,893

^ - Reassessment of property was effective in 2014 and 2023

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	
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
2023	1.031	^ 1.031	^ 0.830	^ 0.484	^ 0.411	^ 2.756

^ - Reassessment of property was effective in 2014 and 2023

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 TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

	2023				2014			
	Taxpayer	Assessed Value	Rank	% of Total District Net Assessed Value	Taxpayer	Assessed Value	Rank	% of Total District Net Assessed Value
Wal-Mart	\$ 14,892,900	1	2.39%	Wal-Mart	\$ 11,988,700	1	3.06%	
IIP-NJ3 LLC	13,990,700	2	2.25%	Franklin 23	10,485,500	2	2.67%	
Franklin 23	12,949,900	3	2.08%	Weis Markets, Inc.	7,278,400	3	1.85%	
Weis Markets, Inc.	9,880,200	4	1.59%	Transbanc International Corp.	5,933,500	4	1.51%	
Braen Aggregates, LLC	8,735,400	5	1.40%	Wurtsboro Associates	5,782,900	5	1.47%	
Wurtsboro Associates	8,417,400	6	1.35%	Braen Aggregates, LLC	4,619,100	6	1.18%	
Silk City Rentals, LLC	8,320,000	7	1.34%	Hillside Estates at Franklin	4,588,800	7	1.17%	
Hillside Estates at Franklin	7,740,600	8	1.24%	Sterling Plaza, Inc	3,866,700	8	0.99%	
Walgreens	7,288,000	9	1.17%	KAJ Franklin, LLC	3,425,300	9	0.87%	
MDC Coast 23, LLC	4,405,400	10	0.71%	Durling Realty, LLC	2,671,900	10	0.68%	
Total	\$ 96,620,500		15.51%		\$ 60,640,800		15.46%	

Note - A reassessment of property was effective in 2023

Source: Franklin Borough Tax Assessor.

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^a</u>		<u>Collections in</u> <u>Subsequent</u> <u>Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
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 -
2024	6,422,549	6,422,549	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				
2015	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -
2016	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
2017	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
2018	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
2019	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
2020	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
2021	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
2022	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
2023	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
2024	- 0 -	- 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		
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 -
2024	- 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, 2023
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	\$ 2,823,022	100.00%	\$ 2,823,022
Sussex County General Obligation Debt	88,319,376	2.756%	2,433,886
Wallkill Valley Regional High School Debt	6,280,000	21.36%	<u>1,341,705</u>
Subtotal, Overlapping Debt as of December 31, 2023			6,598,613
Franklin Borough School District Direct Debt			<u>- 0 -</u>
Total Direct And Overlapping Debt			<u><u>\$ 6,598,613</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									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Debt Limit	\$ 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	\$ 15,945,331
Total Net Debt Applicable to Limit	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
Legal Debt Margin	\$ 12,703,824	\$ 12,309,935	\$ 12,383,647	\$ 12,325,133	\$ 12,269,395	\$ 12,323,109	\$ 12,598,261	\$ 15,945,331	\$ 14,647,112	\$ 15,945,331

Total Net Debt Applicable to the Limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
As a Percentage of Debt Limit										

Legal Debt Margin Calculation for Fiscal Year 2023		Equalized Valuation Basis
	Year	
	2021	\$ 488,421,640
	2022	539,168,794
	2023	566,942,654
		<u>\$1,594,533,088</u>
		<u>\$ 531,511,029</u>
		\$ 15,945,331
		<u>- 0 -</u>
		<u>\$ 15,945,331</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
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	355,989,857	71,671	4.60%
2023	5,008	358,928,368 ***	71,671 *	5.40%
2024	5,008 **	358,928,368 ***	71,671 *	N/A

* - Latest Sussex County per capita personal income available (2022) was used for calculation purposes.

** - Latest population data available (2023) was used for calculation purposes.

*** - Latest available population data (2023) and latest available Sussex County per capita personal income (2022) 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

	2024			2015		
	Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
Selective Insurance Group Inc.		1,000-4,999	1.43%-7.17%	Newton Medical Center	1,000-4,999	1.36%-6.78%
Crystal Springs Resort		1,000-4,999	0.72%-1.43%	Selective Insurance Group Inc.	1,000-4,999	1.36%-6.78%
Newton Medical Center		500-999	0.72%-1.43%	Mountain Creek Resort	500-999	0.68%-1.35%
Sussex County Offices		500-999	0.36%-0.72%	Thorlabs	500-999	0.68%-1.35%
Thorlabs		500-999	0.14%-0.36%	Sussex County Offices	500-999	0.68%-1.35%
Mountain Creek Resort		500-999	0.14%-0.36%	Ames Rubber Corp	250-499	0.34%-0.68%
Shop Rite		250-499	0.14%-0.36%	Raider Express	250-499	0.34%-0.68%
Sussex County Community College		250-499	0.14%-0.36%	Sussex County Community College	250-499	0.34%-0.68%
United Methodist Community Bristol Glen		250-499	0.14%-0.36%	Mountain Creek Waterpark	100-249	0.14%-0.34%
N/A				A&P Food Store	100-249	0.14%-0.34%
Total Employment - Sussex County		<u>75,673</u>		Total Employment	<u>73,505</u>	

N/A - Not Available

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>	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Instruction:										
Regular	35.3	36.9	36.7	32.2	31.5	33.6	32.5	34.6	35.5	36.0
Special Education	17.0	18.0	18.0	15.0	14.0	13.0	13.0	10.0	10.0	10.0
Other	2.2	2.2	2.2	2.1	2.4	2.7	2.0	2.0	2.0	2.0
Support Services:										
Student & Instruction Related Services	18.2	17.3	18.0	29.2	28.6	29.0	35.8	33.0	38.6	38.6
School Administrative Services	3.0	3.0	3.0	2.1	2.0	2.0	2.0	2.0	2.0	2.0
General Administrative Services	2.1	2.1	2.1	2.0	2.1	2.1	2.1	2.1	2.1	2.1
Central Services	3.0	3.0	3.0	3.0	3.0	3.0	2.5	2.6	2.6	2.6
Plant Operations and Maintenance	6.9	6.9	6.9	6.8	6.9	5.9	7.3	7.3	7.4	7.4
	<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>	<u>100.7</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	Elementary Schools				
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%	
2024	503	13,916,482	27,667	-0.16%	48.5	1:11.3	528	489	8.42%	92.61%	

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>
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
2024	114,480	810	503

Number of Schools at June 30, 2024

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>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<u>School Facilities:</u>						
Franklin Elementary	N/A	<u>\$ 67,261</u>	<u>\$ 131,917</u>	<u>\$ 138,747</u>	<u>\$ 96,959</u>	<u>\$ 112,161</u>

<u>Facility</u>	<u>Project #'(s)</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<u>School Facilities:</u>						
Franklin Elementary	N/A	<u>\$ 261,817</u>	<u>\$ 191,777</u>	<u>\$ 316,408</u>	<u>\$ 252,906</u>	<u>\$ 260,319</u>

N/A - Not Applicable

Source: Franklin Borough School District Records.

FRANKLIN BOROUGH SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2024
UNAUDITED

	Coverage		Deductible
<u>School Alliance Insurance Fund:</u>			
School Package Policy - School Alliance Insurance Fund	\$ 500,000	Occurrence	\$ 2,500
Building & Personal Property			
Auto Physical Damage			1,000
<u>General Liability including Auto, Employee Benefits:</u>			
Per Occurrence	10,000,000		Nil
General Aggregate	100,000,000		
Product/Completed Ops			
Personal Injury			
Fire Damage	2,500,000		
Medical Expenses			
(excluding students taking part in athletics)	10,000		
Automobile Coverage	10,000,000	Occurrence	Nil
Employee Benefits	5,000,000		\$1,000
Sexual Abuse/Molestation	10,000,000	Occurrence	Nil
Sexual Abuse/Molestation	28,000,000	Aggregate	
Security Guard Liability	Included		Nil
<u>Environmental Impairment Liability</u>	\$1,000,000/\$10,000,000	Fund Aggregate	50,000
First Party Fungi & Legionella	\$250,000	each claim	10,000
Third Party Fungi & Legionella	\$250,000	Aggregate	10,000
<u>Crime Coverage</u>	50,000	Inside/Outside	1,000
Blanket Dishonesty Bond	500,000		1,000
<u>Boiler and Machinery</u>	100,000,000		2,500
<u>School Board Legal Liability</u>	5,000,000	per claim/Agg.	5,000
<u>Cyber Liability</u>	750,000	Each Event	Various
	2,000,000	Aggregate	
<u>Workers' Compensation</u>	Statutory		
Employer's Liability	5,000,000		
Supplemental Liability	Statutory		
<u>Student Accident Insurance/ Bollinger</u>	All Students and Athletes		
<u>Selective Insurance:</u>			
Public Official Bond - School Business Administrator	200,000		
Effective 12/5/23-24			
Public Official Bond - Treasurer	200,000		
Effective 7/1/23-24			

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, 2024, 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 2, 2024.

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 2, 2024
Mount Arlington, New Jersey

Nisiroccia 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, 2024. 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, 2024.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (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 2

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 2, 2024
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, 2024

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Assistance Listing Number	Grant or State Project No.	Grant Period	Award Amount	Balance at June 30, 2023			Balance at June 30, 2024		
					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	7/1/23-6/30/24	\$ 16,963			\$ 24,907	\$ (23,344)		\$ 1,563
Food Distribution Program	10.555	N/A	7/1/22-6/30/23	26,718				(2,383)		
National School Lunch Program	10.555	N/A	7/1/23-6/30/24	132,372	\$ 2,383		125,355	(132,372)	\$ (7,017)	
National School Lunch Program	10.555	N/A	7/1/22-6/30/23	121,750	\$ (8,150)		8,150			
School Breakfast Program	10.553	N/A	7/1/23-6/30/24	37,644			35,429	(37,644)	(2,215)	
School Breakfast Program	10.553	N/A	7/1/22-6/30/23	28,653	(1,929)		1,929			
COVID 19 -Supply Chain Assistance	10.555	N/A	7/1/23-6/30/24	15,738			15,738	(15,738)		
COVID 19 -Supply Chain Assistance	10.555	N/A	7/1/22-6/30/23	36,185	(10,079)		211,508	(223,393)	(9,232)	1,563
Total Child Nutrition Cluster										
Local Foods for Schools	10.185	N/A	7/1/23-6/30/24	1,576			1,576	(1,576)		
Pandemic Electronic Benefit Transfer (P-EBT)	10.649	N/A	7/1/23-6/30/24	653			653	(653)		
Total U.S. Department of Agriculture					(10,079)	14,295	213,737	(225,622)	(9,232)	1,563
Total Federal Awards					\$ (47,541)	\$ 14,295	\$ 1,058,680	\$ (1,046,005)	\$ (18,609)	\$ 1,563
										\$ -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, 2024

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2023			Balance at June 30, 2024			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	24-495-034-5120-014	7/1/23-6/30/24	\$ 49,243			\$ 44,323	\$ (49,243)			\$ (4,920)	\$ 49,243
Equalization Aid	24-495-034-5120-078	7/1/23-6/30/24	2,830,931			2,548,098	(2,830,931)			(282,833)	2,830,931
Special Education Aid	24-495-034-5120-089	7/1/23-6/30/24	367,363			330,661	(367,363)			(36,702)	367,363
Security Aid	24-495-034-5120-084	7/1/23-6/30/24	95,302			85,781	(95,302)			(9,521)	95,302
Adjustment Aid	24-495-034-5120-085	7/1/23-6/30/24	100,129			90,125	(100,129)			(10,004)	100,129
Extraordinary Special Education Costs Aid	24-495-034-5120-044	7/1/23-6/30/24	207,579				(207,579)			(207,579)	207,579
Excess Nonpublic Transportation Costs	24-495-034-5120-014	7/1/23-6/30/24	4,095				(4,095)			(4,095)	4,095
Homeless Tuition Reimbursement	24-495-034-5120-005	7/1/23-6/30/24	12,707				(12,707)			(12,707)	12,707
Reimbursed TPAF Social Security Contributions	24-495-034-5094-003	7/1/23-6/30/24	361,344			359,773	(361,344)			(557)	361,344
On-Behalf TPAF Post Retirement Contributions	24-495-034-5094-001	7/1/23-6/30/24	449,364			449,364	(449,364)			(1,571)	449,364
On-Behalf TPAF Pension Contributions	24-495-034-5094-002	7/1/23-6/30/24	1,632,466			1,632,466	(1,632,466)				1,632,466
On-Behalf TPAF Non-Contributory Insurance	24-495-034-5094-004	7/1/23-6/30/24	18,617			18,617	(18,617)				18,617
On-Behalf TPAF Long-Term Disability Insurance	24-495-034-5094-004	7/1/23-6/30/24	709			709	(709)				709
Equalization Aid	23-495-034-5120-014	7/1/22-6/30/23	49,243				(4,920)				49,243
Transportation Aid	23-495-034-5120-078	7/1/22-6/30/23	2,808,501				(280,577)				2,808,501
Special Education Aid	23-495-034-5120-089	7/1/22-6/30/23	305,842				(30,554)				305,842
Security Aid	23-495-034-5120-084	7/1/22-6/30/23	95,302				(9,521)				95,302
Adjustment Aid	23-495-034-5120-085	7/1/22-6/30/23	100,129				(10,003)				100,129
Extraordinary Special Education Costs Aid	23-495-034-5120-044	7/1/22-6/30/23	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
Homeless Tuition Reimbursement	23-495-034-5120-005	7/1/22-6/30/23	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			34,094	(34,094)				335,375
Subtotal - General Fund						5,613,865	(6,129,849)			(225,952)	9,935,797
Special Revenue Fund Aid:											
Preschool Education Aid	23-495-034-5120-086	7/1/23-6/30/24	1,047,672			943,001	(1,047,672)			(104,671)	1,047,672
Preschool Education Aid	23-495-034-5120-086	7/1/22-6/30/23	893,425			89,256	(175,695)		\$ 438,691		454,734
Preschool Education Aid	22-495-034-5120-086	7/1/21-6/30/22	863,232			62,804	(62,804)				863,232
Subtotal - Special Revenue Fund						1,032,257	(1,286,171)		438,691	(104,671)	2,365,638
SDA Emergent and Capital Maintenance Needs											
Subtotal - Special Revenue Fund						32,706	(32,706)			(104,671)	32,706
Subtotal - Special Revenue Fund						1,064,963	(1,318,877)		438,691	(104,671)	2,398,344
State Department of Agriculture:											
Food Service Fund:											
State School Lunch Program	24-100-010-3350-023	7/1/23-6/30/24	6,584			6,187	(6,584)		(397)		6,584
State School Lunch Program	23-100-010-3350-023	7/1/22-6/30/23	4,641			307	(307)				4,641
State School Breakfast Program	24-100-010-3350-023	7/1/23-6/30/24	1,059			974	(1,059)		(85)		1,059
State School Breakfast Program	23-100-010-3350-023	7/1/22-6/30/23	588			38	(38)				588
Subtotal - Food Service Fund						7,506	(7,643)		(482)		12,872
Total State Department of Education						6,686,334	(7,456,369)		(226,434)	(675,085)	12,347,013
Total State Awards						6,686,334	(7,456,369)		(226,434)	(675,085)	12,347,013

TOWN OF NEWTON SCHOOL DISTRICT
SCHEDULE OF OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2023			Balance at June 30, 2024			MEMO	
				Budgetary Accounts Receivable	Budgetary Unearned Revenue	Cash Received	Budgetary Expenditures	GAAP Accounts Receivable	Budgetary Unearned Revenue	Budgetary Receivable	Cumulative Total Expenditures
Less: State Awards Not Subject to Single Audit Major Program Determination											
On-Behalf TPAF Pension System Contributions:											
On-Behalf TPAF Post Retirement Contributions	24-495-034-5094-001	7/1/23-6/30/24	\$ (449,364)				\$ 449,364				
On-Behalf TPAF Pension Contributions	24-495-034-5094-002	7/1/23-6/30/24	(1,632,466)				1,632,466				
On-Behalf TPAF Non-Contributory Insurance	24-495-034-5094-004	7/1/23-6/30/24	(18,617)				18,617				
On-Behalf TPAF Long-Term Disability Insurance	24-495-034-5094-004	7/1/23-6/30/24	(709)				709				
Subtotal - On-Behalf TPAF Pension System Contributions							2,101,156				
Total State Awards Subject to Single Audit Major Program Determination							\$ (5,355,213)				

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

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

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, 2024. 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 and Special Revenue Funds are 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 (\$8,405) for the General Fund and (\$15,165) 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, 2024
(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	\$ 5,905	\$ 6,121,444	\$ 6,127,349
Special Revenue Fund	814,478	1,303,462	2,117,940
Food Service Fund	225,622	7,643	233,265
Total Awards	\$ 1,046,005	\$ 7,432,549	\$ 8,478,554

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, 2024.

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

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP.

Unmodified

Internal control over financial reporting:

- 1.) Material weakness identified? _____ Yes _____ X No
- 2.) Significant deficiencies identified? _____ Yes _____ X None reported

Noncompliance material to basic financial statements noted? _____ Yes _____ X No

Federal Awards

The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2024 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.

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

Unmodified

Internal control over major programs:

- 1.) Material weakness identified? _____ Yes _____ X No
- 2.) Significant deficiencies identified? _____ Yes _____ X None reported

Noncompliance material to basic financial statements noted? _____ Yes _____ X No

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ Yes _____ X No

Identification of major programs:

Program Name or Cluster	Assistance Listing No.	Grant Period		Award Amount	Budgetary Expenditures
		Start	End		
Education Stabilization Fund:					
COVID 19 - ARP - ESSER III	84.425U	3/13/20	9/30/24	\$ 653,546	\$ 463,518
COVID-19 - ARP - Evidence-Based Comprehensive Beyond the School Day Activities	84.425U	3/13/20	9/30/24	40,000	11,744
COVID 19 - High Impact Tutoring	84.425C	10/11/23	8/31/24	75,992	27,187

Dollar threshold used to distinguish between Type A and B programs \$ 750,000

Auditee qualified as low-risk auditee? _____ Yes _____ X No

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

State Awards

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

Internal control over major programs:

- 1.) Material weakness identified? Yes X No
- 2.) Significant deficiencies identified? Yes X None reported

Noncompliance material to basic financial statements noted? Yes X No

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

Identification of major programs:

Program Name or Cluster	State Grant No.	Grant Period		Award Amount	Budgetary Expenditures
		Start	End		
State Aid Public:					
Equalization Aid	24-495-034-5120-078	7/1/23	6/30/24	\$ 2,830,931	\$ 2,830,931
Special Education Aid	24-495-034-5120-089	7/1/23	6/30/24	367,363	367,363
Security Aid	24-495-034-5120-084	7/1/23	6/30/24	95,302	95,302
Adjustment Aid	24-495-034-5120-085	7/1/23	6/30/24	100,129	100,129

Dollar threshold used to distinguish between Type A and B programs \$ 750,000

Auditee qualified as low-risk auditee? Yes X No

FRANKLIN BOROUGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Status of Prior Year Findings:

There were no prior year audit findings.