

**FRANKLIN BOROUGH
SCHOOL DISTRICT**

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

**Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2025**

Annual Comprehensive Financial Report

of the

FRANKLIN BOROUGH SCHOOL DISTRICT

Franklin, New Jersey

For the Fiscal Year Ended June 30, 2025

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 9, 2025

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 (the “District”) for the fiscal year ended June 30, 2025. 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 (the “Board”). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the District. This report will provide the taxpayers of the Franklin Borough School District with comprehensive financial data in a format enabling them to gain an understanding of the School District’s financial affairs.

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

- The Introductory Section contains a table of contents, this Letter of Transmittal, List of Principal Officials, and an Organization Chart of the School District.
- The Financial Section begins with the Independent Auditor’s Report and includes the Management’s Discussion and Analysis; the Basic Financial Statements and Notes providing an overview of the School District’s financial position and operating results, and other schedules providing detailed budgetary information.
- The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the School District, generally presented on a multi-year basis.
- The Single Audit Section - The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the independent auditor’s report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs (if any), are included in the single audit section of this report.

LEADING THE WAY TO EXCELLENCE

School District Organization

The Franklin Borough School District is one of 616 school districts in the State of New Jersey and one of 26 school districts in Sussex County. The School District provides education for its preschool through eighth grade students. Geographically, the District is comprised of the Borough of Franklin only. The School District's total area is 4.5 square miles. The 520 elementary students enrolled in the Franklin Borough School District attend the one school comprising the District. Students for 9th through 12th grade attend the Wallkill Valley Regional High School in Hardyston, N.J.

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

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

Reporting Entity

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

Economic Condition and Outlook

The District completed the 2024-2025 fiscal year with an average daily enrollment of 520 students, which is 4 students more than the previous year's average daily enrollment. The school district enrollment increased for this fiscal year. Over the last few years, the overall district enrollment has had minor increases. The District is experiencing some enrollment losses to the local charter and choice schools.

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

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

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

2014-	\$392,370,021
2015-	\$391,758,530
2016-	\$400,632,049
2017-	\$399,364,584
2018-	\$397,568,420
2019-	\$397,847,231
2020-	\$395,552,814
2021-	\$393,621,192
2022-	\$392,892,300
2023-	\$622,909,700
2024-	\$696,934,500

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%.

Educational Program

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

Major Initiatives

The Board continues to ensure that all students receive the necessary support and interventions. The District remains committed to investing in staff development and expanding access to technology. This year's budget included funding to purchase Chromebooks for both students and staff, supporting our one-to-one technology initiative.

We successfully completed the first year of implementing Discovery Science for students in kindergarten through eighth grade. Additionally, the 95% Phonics program was expanded to serve students in kindergarten through fourth grade, resulting in measurable improvements in phonemic awareness, phonics, and reading fluency, as evidenced by DIBELS assessment data. To further support student achievement, the district also enhanced math intervention services by introducing the i-Ready Math Toolbox for both teachers and students in kindergarten through eighth grade. This platform offers targeted lessons and individualized interventions tailored to student needs. These strategic efforts directly address areas of concern identified through multiple measures.

To address school culture, Franklin School has begun a three-year rollout of PBSIS (Positive Behavior Support in Schools) program, aimed at fostering a positive and inclusive learning environment.

Facility improvements also continued during fiscal year 2024. Two bathrooms were renovated to provide direct classroom access, and several other minor upgrades and enhancements were completed across the district.

Financial Information

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

As a recipient of federal awards and state financial assistance programs, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. The internal control system is also subject to periodic evaluation by the District management.

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

In addition to internal accounting controls, the District maintains budgetary controls. Annual appropriated budgets are adopted for the general fund and the special revenue fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The original budget, budget transfers during the year, and final budget amount for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriated balances reported as restrictions, commitments or assignments of fund balance at fiscal year-end.

Cash Management

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

Risk Management

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

Independent Audit

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

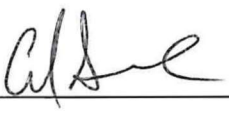
Honorable President and
Members of the Board of Education
Franklin Borough School District
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Acknowledgements

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

Respectively submitted,

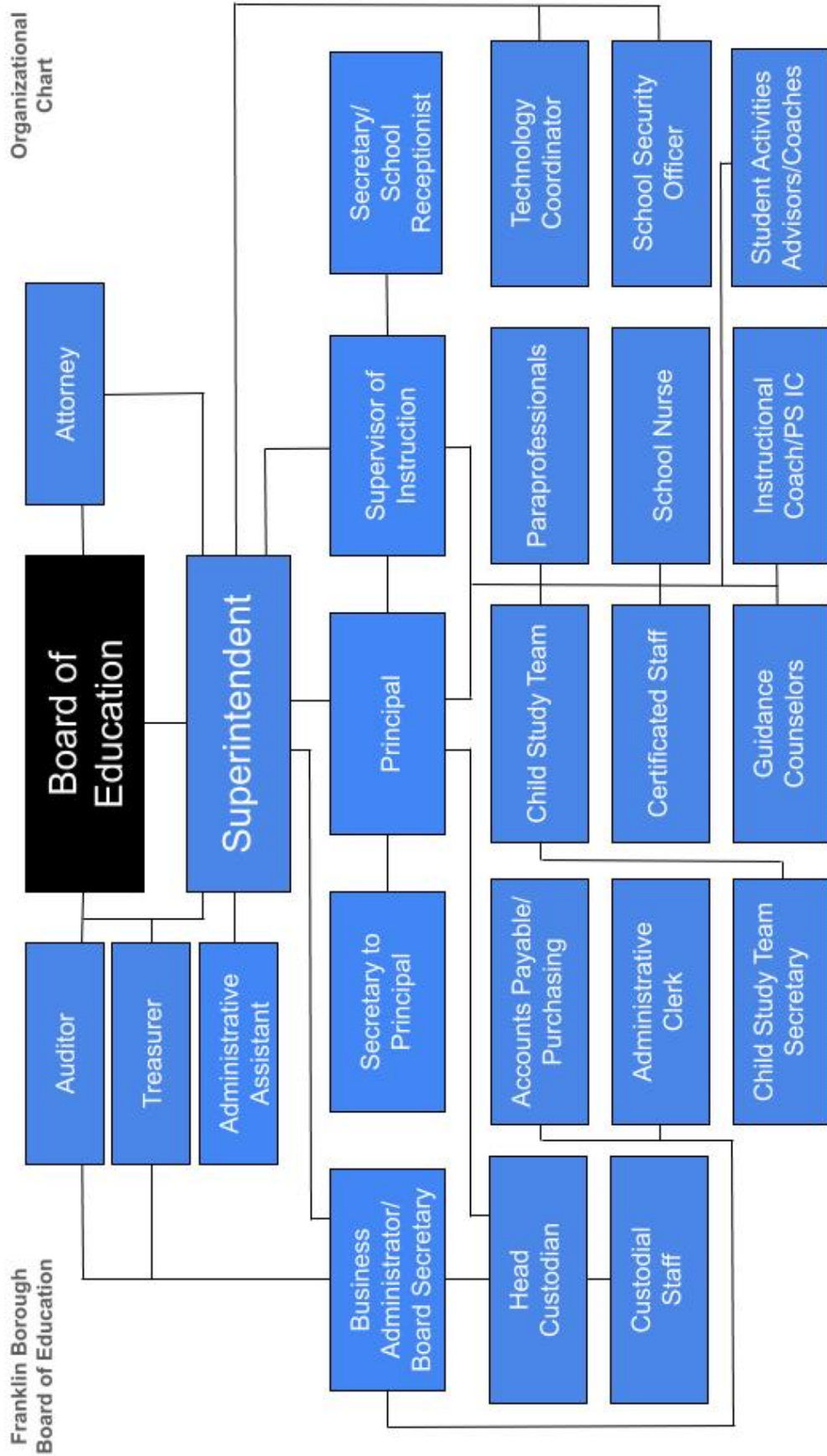
Signed: 
Title: Superintendent

Signed: 
Title: Business Administrator

POLICY

BOARD OF EDUCATION FRANKLIN BOROUGH

ADMINISTRATION
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Organizational Chart



**FRANKLIN BOROUGH SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2025**

<u>Members of the Board of Education</u>		<u>Term Expires</u>
Kathleen Clohessey	President	2026
Erin Henry	Vice President	2027
Wayne Bartron	Member	2026
John J. Friend	Member	2025
Rachel Kabbash	Member	2026
Stephen Koger	Member	2025
Christopher Patterson	Member	2027
Stephanie Perna	Member	2025
John Van Kampen	Member	2027

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

TD Bank
382 NJ 23
Franklin, NJ 07416

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, 2025, 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, 2025, 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

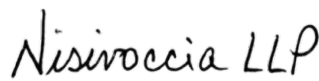
Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover 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 9, 2025 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 9, 2025
Mount Arlington, New Jersey


NISIVOC CIA LLP



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, 2025**

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, 2025. 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.

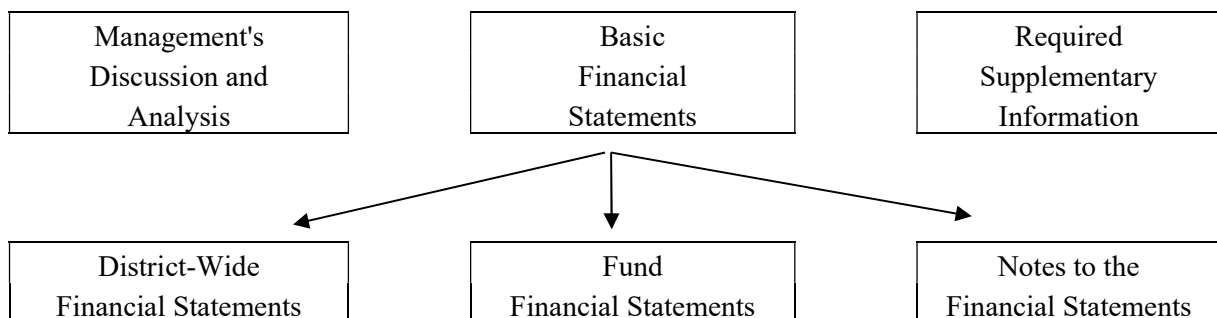
Overview of the Financial Statements

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, 2025**

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	• Statement of net position • Statement of activities	• Balance sheet • Statement of revenue, expenditures, and changes in fund balances	• 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, 2025**

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025**

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 \$844,348 – from \$5,688,221 at June 30, 2024 to \$6,512,569 at June 30, 2025. Net position from governmental activities increased by \$853,817 and net position from business activities decreased by \$9,469. Net investment in capital assets increased by \$158,835 restricted net position increased by \$704,758, and unrestricted net position decreased by \$19,245.

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

	Government Activities		Business-Type Activities		Total School District		Total Percentage Change
	2024/2025	2023/2024	2024/2025	2023/2024	2024/2025	2023/2024	
Current and Other Assets	\$ 3,749,405	\$ 2,938,523	\$ 266,506	\$ 250,471	\$ 4,015,911	\$ 3,188,994	
Capital Assets, Net	4,666,446	4,554,798	79,086	31,899	4,745,532	4,586,697	
Total Assets	8,415,851	7,493,321	345,592	282,370	8,761,443	7,775,691	12.68%
Deferred Outflows of Resources	304,588	388,009			304,588	388,009	-21.50%
Other Liabilities	706,525	606,422	76,563	3,872	783,088	610,294	
Long-Term Liabilities	1,640,807	1,783,026			1,640,807	1,783,026	
Total Liabilities	2,347,332	2,389,448	76,563	3,872	2,423,895	2,393,320	1.28%
Deferred Inflows of Resources	129,567	102,159			129,567	102,159	26.83%
Net Position:							
Net Investment in Capital Assets	4,666,446	4,554,798	79,086	31,899	4,745,532	4,586,697	
Restricted	2,903,998	2,199,240			2,903,998	2,199,240	
Unrestricted/(Deficit)	(1,326,904)	(1,364,315)	189,943	246,599	(1,136,961)	(1,117,716)	
Total Net Position	\$ 6,243,540	\$ 5,389,723	\$ 269,029	\$ 278,498	\$ 6,512,569	\$ 5,668,221	14.90%

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025**

Financial Analysis of the District as a Whole

Changes in Net Position. The District's *combined* net position was \$6,512,569 at June 30, 2025, or \$844,348 more than it was the year before. Net investment in capital assets increased by \$158,835 as a result of current year capital additions offset by of current year depreciation expense and deletions. Restricted net position increased by \$704,758 due to changes in Capital Reserve, Maintenance Reserve, and Student Activities. Unrestricted net position decreased by \$19,245 primarily due to changes in 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
	2024/2025	2023/2024	2024/2025	2023/2024	2024/2025	2023/2024	Change
Revenue:							
Program Revenue:							
Charges for Services		\$ 27,821	\$ 72,212	\$ 80,425	\$ 72,212	\$ 108,246	
Operating Grants and Contributions	\$ 3,385,719	3,929,512	267,444	233,265	3,653,163	4,162,777	
General Revenue:							
Property Taxes	6,717,544	6,422,549			6,717,544	6,422,549	
Unrestricted Federal and State Aid	3,846,112	3,030,010			3,846,112	3,030,010	
Other	185,460	161,597	7,551	5,499	193,011	167,096	
Total Revenue	14,134,835	13,571,489	347,207	319,189	14,482,042	13,890,678	4.26%
Expenses:							
Instruction	7,287,339	7,037,236			7,287,339	7,037,236	
Pupil and Instruction Services	3,396,298	3,145,553			3,396,298	3,145,553	
Administrative and Business	818,663	758,134			818,663	758,134	
Maintenance and Operations	1,152,008	1,032,332			1,152,008	1,032,332	
Transportation	526,490	519,193			526,490	519,193	
Capital Outlay	4,133	4,133			4,133	4,133	
Other	96,087	92,496	356,163	266,232	452,250	358,728	
Total Expenses	13,281,018	12,589,077	356,163	266,232	13,637,181	12,855,309	6.08%
Other Items			(513)		(513)		-100.00%
Increase/(Decrease) in Net Position	\$ 853,817	\$ 982,412	\$ (9,469)	\$ 52,957	\$ 844,348	\$ 1,035,369	-18.45%

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District increased by \$853,817. 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	
	2024/2025	2023/2024	2024/2025	2023/2024
Instruction	\$ 7,287,339	\$ 7,037,236	\$ 4,908,212	\$ 4,973,184
Pupil and Instruction Services	3,396,298	3,145,553	2,514,115	1,864,862
Administrative and Business	818,663	758,134	750,034	664,890
Maintenance and Operations	1,152,008	1,032,332	1,152,008	570,223
Transportation	526,490	519,193	470,710	461,956
Capital Outlay	4,133	4,133	4,133	4,133
Other	96,087	92,496	96,087	92,496
	<u>\$ 13,281,018</u>	<u>\$ 12,589,077</u>	<u>\$ 9,895,299</u>	<u>\$ 8,631,744</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 decreased by \$9,469. The decrease is mainly due to increased District purchases for the lunch program as they continue to utilize the funds for not only costs of the program but for assets to utilized by the program.

Financial Analysis of the District's Funds

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

**FRANKLIN BOROUGH SCHOOL DISTRICT
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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 \$465,950 (\$415,741 from governmental activities and \$50,209 from business-type activities) and annual depreciation was \$254,913, (\$252,404 from governmental activities and \$2,509 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>2024/2025</u>	<u>2023/2024</u>	<u>2024/2025</u>	<u>2023/2024</u>	<u>2024/2025</u>	<u>2023/2024</u>	
Land	\$ 229,166	\$ 229,166			\$ 229,166	\$ 229,166	
Construction in Progress		1,088,375				1,088,375	
Site Improvements	73,388	448,277			73,388	448,277	
Buildings and							
Building Improvements	3,737,414	2,190,926			3,737,414	2,190,926	
Machinery and Equipment	626,478	598,054	\$ 79,086	\$ 31,899	705,564	629,953	
Total Capital Assets, Net	<u>\$ 4,666,446</u>	<u>\$ 4,554,798</u>	<u>\$ 79,086</u>	<u>\$ 31,899</u>	<u>\$ 4,745,532</u>	<u>\$ 4,586,697</u>	3.46%

**FRANKLIN BOROUGH SCHOOL DISTRICT
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**Management's Discussion and Analysis
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Long-term Liabilities

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

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

	Total School District		Percentage
	2024/2025	2023/2024	Change
Compensated Absences Payable	\$ 324,753	\$ 323,586	
Net Pension Liability	1,316,054	1,459,440	
	<u>\$ 1,640,807</u>	<u>\$ 1,783,026</u>	-7.98%

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, 2025

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 1,597,969	\$ 103,026	\$ 1,700,995
Receivables from State Government	334,325	1,299	335,624
Receivables from Federal Government	43,725	12,793	56,518
Receivables from Other Governments	2,335		2,335
Other Receivables	1,776	8,191	9,967
Internal Balances	(134,723)	134,723	
Inventories		6,474	6,474
Restricted Cash and Cash Equivalents	1,903,998		1,903,998
Capital Assets, Net:			
Sites (Land)	229,166		229,166
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	4,437,280	79,086	4,516,366
Total Assets	<u>8,415,851</u>	<u>345,592</u>	<u>8,761,443</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows Related to Pensions	169,588		169,588
District Contribution Subsequent to the Measurement Date - Pensions	135,000		135,000
Total Deferred Outflows of Resources	<u>304,588</u>		<u>304,588</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	454,963	72,330	527,293
Unearned Revenue	251,562	4,233	255,795
Noncurrent Liabilities:			
Due Beyond One Year	1,640,807		1,640,807
Total Liabilities	<u>2,347,332</u>	<u>76,563</u>	<u>2,423,895</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows Related to Pensions	129,567		129,567
Total Deferred Inflows of Resources	<u>129,567</u>		<u>129,567</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	4,666,446	79,086	4,745,532
Restricted for:			
Capital Projects	1,247,625		1,247,625
Maintenance Reserve	654,826		654,826
Excess Surplus	1,000,000		1,000,000
Student Activities	1,547		1,547
Unrestricted/(Deficit)	(1,326,904)	189,943	(1,136,961)
Total Net Position	<u>\$ 6,243,540</u>	<u>\$ 269,029</u>	<u>\$ 6,512,569</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, 2025

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 4,589,530		\$ 1,359,927	\$ (3,229,603)		\$ (3,229,603)
Special Education	1,943,595		940,572	(1,003,023)		(1,003,023)
Other Special Instruction	370,649		47,668	(322,981)		(322,981)
School Sponsored/Other Instruction	383,565		30,960	(352,605)		(352,605)
Support Services:						
Tuition	716,652			(716,652)		(716,652)
Student and Instruction Related Services	2,679,646		882,183	(1,797,463)		(1,797,463)
General Administrative Services	430,652		31,217	(399,435)		(399,435)
School Administrative Services	187,184		16,449	(170,735)		(170,735)
Central Services	200,827		20,963	(179,864)		(179,864)
Plant Operations and Maintenance	1,152,008			(1,152,008)		(1,152,008)
Pupil Transportation	526,490		55,780	(470,710)		(470,710)
Capital Outlay	4,133			(4,133)		(4,133)
Transfer of Funds to Charter School	96,087			(96,087)		(96,087)
Total Governmental Activities	13,281,018		3,385,719	(9,895,299)		(9,895,299)
Business-Type Activities:						
Food Service	356,163	\$ 72,212	267,444		\$ (16,507)	(16,507)
Total Business-Type Activities	356,163	72,212	267,444		(16,507)	(16,507)
Total Primary Government	\$ 13,637,181	\$ 72,212	\$ 3,653,163	\$ (9,895,299)	\$ (16,507)	\$ (9,911,806)

FRANKLIN BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 6,717,544		\$ 6,717,544
Federal, State and Local Aid not Restricted	3,846,112		3,846,112
Interest Earnings & Other Miscellaneous Income	185,460	\$ 7,551	193,011
Other Items:			
Disposals of Capital Assets, Net		(513)	(513)
Total General Revenues	10,749,116	7,038	10,756,154
Change in Net Position	853,817	(9,469)	844,348
Net Position - Beginning	5,389,723	278,498	5,668,221
Net Position - Ending	<u>\$ 6,243,540</u>	<u>\$ 269,029</u>	<u>\$ 6,512,569</u>

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, 2025

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 1,249,970	\$ 117,719	\$ 230,280	\$ 1,597,969
Receivables From State Government	334,325			334,325
Receivables From Federal Government		43,725		43,725
Receivables From Other Governments	2,335			2,335
Other Accounts Receivables	246	1,530		1,776
Restricted Cash and Cash Equivalents	1,902,451	1,547		1,903,998
Total Assets	<u>\$ 3,489,327</u>	<u>\$ 164,521</u>	<u>\$ 230,280</u>	<u>\$ 3,884,128</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund Payable	\$ 134,723			\$ 134,723
Accounts Payable	302,975	\$ 16,988		319,963
Unearned Revenue	2,500	249,062		251,562
Total Liabilities	<u>440,198</u>	<u>266,050</u>		<u>706,248</u>
Fund Balances:				
Restricted:				
Capital Reserve	1,247,625			1,247,625
Maintenance Reserve	654,826			654,826
Excess Surplus - 2026-2027	500,000			500,000
Excess Surplus - 2025-2026	500,000			500,000
Student Activities		1,547		1,547
Committed:				
Capital Projects			\$ 230,280	230,280
Assigned:				
Year End Encumbrances	19,159			19,159
Unassigned/(Deficit)	127,519	(103,076)		24,443
Total Fund Balances/(Deficit)	<u>3,049,129</u>	<u>(101,529)</u>	<u>230,280</u>	<u>3,177,880</u>
Total Liabilities and Fund Balances	<u>\$ 3,489,327</u>	<u>\$ 164,521</u>	<u>\$ 230,280</u>	<u>\$ 3,884,128</u>

FRANKLIN BOROUGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

Total
Governmental
Funds

Amounts Reported for *Governmental Activities* in the Statement of Net Position
(A-1) are Different Because:

Total Fund Balances from previous page	\$ 3,177,880
Capital Assets Used in Governmental Activities are not Financial Resources and Therefore are not reported in the Funds.	4,666,446
Long-Term Liabilities are not due and payable in the current period and therefore are not reported as liabilities in the Funds.	(324,753)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(1,316,054)
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	169,588
Deferred Inflows	(129,567)
Net Position of Governmental Activities	\$ 6,243,540

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, 2025

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES:				
Local Sources:				
Local Tax Levy	\$ 6,717,544			\$ 6,717,544
Restricted Miscellaneous Revenue		\$ 27,655		27,655
Unrestricted Miscellaneous Revenue	185,460	5,691		191,151
Total - Local Sources	6,903,004	33,346		6,936,350
State Sources	7,158,395	1,223,977		8,382,372
Federal Sources	12,797	435,541		448,338
Total Revenues	14,074,196	1,692,864		15,767,060
EXPENDITURES:				
Current:				
Regular Instruction	2,616,545	849,575		3,466,120
Special Education Instruction	1,425,959	10,464		1,436,423
Other Special Instruction	258,919			258,919
School-Sponsored/Other Instruction	292,153			292,153
Support Services and Undistributed Costs:				
Tuition	519,345	197,307		716,652
Student and Other Instruction Related Services	1,490,251	760,571		2,250,822
General Administrative Services	349,758			349,758
School Administrative Services	104,720			104,720
Central Services	151,169			151,169
Plant Operations and Maintenance	971,609			971,609
Student Transportation	503,582			503,582
Unallocated Benefits	4,131,077			4,131,077
Capital Outlay	327,190			327,190
Transfer of Funds to Charter School	96,087			96,087
Total Expenditures	13,238,364	1,817,917		15,056,281

FRANKLIN BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Excess/(Deficit) of Revenue Over/(Under) Expenditures	\$ 835,832	\$ (125,053)		\$ 710,779
Other Financing Sources/(Uses):				
Transfers	(353,448)	123,168	\$ 230,280	
Total Other Financing Sources/(Uses)	(353,448)	123,168	230,280	
Net Change in Fund Balances	482,384	(1,885)	230,280	710,779
Fund Balance/(Deficit) - July 1	2,566,745	(99,644)		2,467,101
Fund Balance/(Deficit) - June 30	<u>\$ 3,049,129</u>	<u>\$ (101,529)</u>	<u>\$ 230,280</u>	<u>\$ 3,177,880</u>

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, 2025

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 710,779

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

Capital outlays related to capital assets are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which Depreciation Expense and deletions of Capital Assets differs from Capital Outlays in the period

Depreciation Expense	\$ (252,404)	
Deletion of Capital Assets, net of Accumulated Depreciation	(51,689)	
Capital Outlays	415,741	
		111,648

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	143,386
Change in Deferred Outflows	(83,421)
Change in Deferred Inflows	(27,408)

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 (+).

Change in Net Position of Governmental Activities	\$ 853,817
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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, 2025

	Business-type Activities - Enterprise Funds Food Service
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 103,026
Interfund Receivable - General Fund	134,723
Intergovernmental Accounts Receivable:	
State	1,299
Federal	12,793
Other Accounts Receivable	8,191
Inventories	6,474
Total Current Assets	266,506
Non-Current Assets:	
Capital Assets	168,361
Less: Accumulated Depreciation	(89,275)
Total Non-Current Assets	79,086
Total Assets	345,592
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable	72,330
Unearned Revenue:	
Prepaid Meals	2,543
Donated Commodities	1,690
Total Liabilities	76,563
<u>NET POSITION:</u>	
Investment in Capital Assets	79,086
Unrestricted	189,943
Total Net Position	\$ 269,029

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, 2025

	Business-type Activities - Enterprise Funds Food Service
Operating Revenue:	
Local Sources:	
Daily Sales:	
Reimbursable Programs	\$ 57,422
Non-Reimbursable Programs	14,790
Total Operating Revenue	72,212
Operating Expenses:	
Cost of Sales:	
Reimbursable Programs	127,114
Non-Reimbursable Programs	32,739
Salaries	86,120
Benefits and Payroll Taxes	27,589
Supplies, Insurance & Other Costs	65,092
Management Fee	15,000
Depreciation Expense	2,509
Total Operating Expenses	356,163
Operating Loss	(283,951)
Non-Operating Income:	
Local Sources:	
Interest Income	7,551
State Sources:	
State School Lunch Program	14,810
State School Breakfast Program	3,510
Federal Sources:	
National School Lunch Program	172,229
School Breakfast Program	48,741
Local Foods for School Grant	629
Summer Electronic Benefit Transfer Program	643
Food Distribution Program	26,882
Total Non-Operating Income	274,995
Change in Net Position Before Other Items	(8,956)
Other Items:	
Deletion of Capital Assets, Net of Accumulated Depreciation	(513)
Change in Net Position	(9,469)
Net Position - Beginning of Year	278,498
Net Position - End of Year	\$ 269,029

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, 2025

	Business-type Activities - Enterprise Funds Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 64,255
Payments to Food Service Contractor	(216,524)
Payments to Suppliers	(37,053)
Net Cash Used for Operating Activities	(189,322)
Cash Flows from Investing Activities:	
Interest Income	7,551
Net Cash Provided by Investing Activities	7,551
Cash Flows from Capital and Related Financing Activities:	
Purchase of Capital Assets	(50,209)
Net Cash Used for Capital and Related Financing Activities	(50,209)
Cash Flows from Noncapital Financing Activities:	
Interfund Returned - General Fund	(134,246)
State Sources	17,503
Federal Sources	218,681
Net Cash Provided by Noncapital Financing Activities	101,938
Net Decrease in Cash and Cash Equivalents	(130,042)
Cash and Cash Equivalents, July 1	233,068
Cash and Cash Equivalents, June 30	\$ 103,026
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (283,951)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	2,509
Food Distribution Program	26,882
Changes in Assets and Liabilities:	
Increase in Unearned Revenue - Donated Commodities	127
Increase in Unearned Revenue - Prepaid Sales	234
Increase in Accounts Payable	72,330
(Increase) in Accounts Receivable	(8,191)
Decrease in Inventory	738
Net Cash Used for Operating Activities	\$ (189,322)

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$27,009 and utilized U.S.D.A. Commodities valued at \$26,882.

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, 2025

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, 2025

(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, 2025
(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, 2025

(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, 2025 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.

The Capital Projects Fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of grants which are recognized on the budgetary basis in the fiscal year of award, but are not recognized on the GAAP basis until requested for reimbursement

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

(Continued)

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

D. Budgets/Budgetary Control (Cont'd)

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 14,175,225	\$ 1,702,848
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:		
Current Year Encumbrances		(11,579)
Prior Year State Aid Payments Recognized for GAAP Basis	343,980	104,671
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(445,009)	(103,076)
Total Revenues as Reported on the Statement of Revenues, Expenditures & Changes in Fund Balances - Governmental Funds.	<u>\$ 14,074,196</u>	<u>\$ 1,692,864</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 13,238,364	\$ 1,829,496
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:		
Current Year Encumbrances		(11,579)
Total Expenditures as Reported on the Statement of Revenue, Expenditures, & Changes in Fund Balances - Governmental Funds	<u>\$ 13,238,364</u>	<u>\$ 1,817,917</u>
	<u>Capital Projects Fund</u>	
	<u>Revenue</u>	<u>Fund Balance</u>
Revenue/Fund Balance per Governmental Fund - Budgetary Basis	\$ 441,349	\$ 441,349
Reconciliation to Governmental Funds Statements (GAAP):		
SDA Grant Receivable Recognized on GAAP Basis	(211,069)	(211,069)
Revenue/Fund Balance per Governmental Funds (GAAP)	<u>\$ 230,280</u>	<u>\$ 230,280</u>

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

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 pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

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. 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.

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

I. 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.

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, 2025.

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.

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

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.

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, 2025.

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.

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

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.

T. Fund Balance Appropriated:

General Fund: Of the \$3,049,129 General Fund balance at June 30, 2025, \$1,247,625 is restricted in the capital reserve account; \$654,826 is restricted in the maintenance reserve account; \$500,000 is restricted for prior year excess surplus 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, 2026; \$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, 2027; and \$19,159 is assigned for encumbrances. The unassigned fund balance of \$127,519 is \$445,009 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, 2026.

Special Revenue Fund: Of the deficit of \$(101,529) in the Special Revenue Fund balance at June 30, 2025, \$1,547 is restricted in the student activities account and the unassigned/(deficit) fund balance of \$(103,076) is due to the final two state aid payments, which are not recognized on a GAAP Basis until the fiscal year ended June 30, 2026.

Capital Projects Fund: The Capital Projects Fund fund balance at June 30, 2025 is \$230,280 and is committed which is \$211,069 less on GAAP basis due to grants not recognized until submitted for reimbursement.

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.

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

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, 2025 for pensions.

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

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 \$1,326,904 deficit in unrestricted net position in the governmental activities at June 30, 2025 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 \$103,076 in the Special Revenue Fund as of June 30, 2025 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.

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

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

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 committed resources in the Capital Projects Fund at June 30, 2025.

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 \$19,159 of assigned resources in the General Fund at June 30, 2025 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, 2025
(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, 2025
(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, 2025
(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, 2025, cash and cash equivalents of the District consisted of the following:

		Restricted			
	Cash and	Capital	Maintenance	Student	
	Cash	Reserve	Reserve	Activities	
	Equivalents	Account	Account	Account	Total
Checking Accounts	<u>\$ 1,700,995</u>	<u>\$ 1,247,625</u>	<u>\$ 654,826</u>	<u>\$ 1,547</u>	<u>\$ 3,604,993</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2025, was \$3,604,993 and the bank balance was \$3,747,011. During the fiscal year ended June 30, 2025, the District did not hold any investments.

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(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, 2024 to June 30, 2025 fiscal year is as follows:

Beginning Balance, July 1, 2024		\$ 751,280
Increased by:		
Deposit by Board Resolution - June 2025	\$ 663,063	
Unexpended Balance from Capital Outlay	<u>63,562</u>	
		<u>726,625</u>
		1,477,905
Decreased by:		
Budgeted Withdrawal		<u>230,280</u>
Ending Balance, June 30, 2025		<u>\$ 1,247,625</u>

The balance in the capital reserve account at June 30, 2025 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, 2025, 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 \$80,233 transferred for facilities acquisition and construction services.

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

(Continued)

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2025 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	<u>1,088,375</u>	\$ 209,625	\$ (1,298,000)	
Total Capital Assets Not Being Depreciated	<u>1,317,541</u>	<u>209,625</u>	<u>(1,298,000)</u>	<u>229,166</u>
Capital Assets Being Depreciated:				
Site Improvements	1,000,199		(530,737)	469,462
Buildings and Building Improvements	4,353,222	3,357	1,828,737	6,185,316
Machinery and Equipment	<u>3,026,211</u>	<u>202,759</u>	<u>(1,379,512)</u>	<u>1,849,458</u>
Total Capital Assets Being Depreciated	<u>8,379,632</u>	<u>206,116</u>	<u>(81,512)</u>	<u>8,504,236</u>
Governmental Activities Capital Assets	<u>9,697,173</u>	<u>415,741</u>	<u>(1,379,512)</u>	<u>8,733,402</u>
Less Accumulated Depreciation for:				
Site Improvements	(551,922)	(5,206)	161,054	(396,074)
Buildings and Building Improvements	(2,162,296)	(166,290)	(119,316)	(2,447,902)
Machinery and Equipment	<u>(2,428,157)</u>	<u>(80,908)</u>	<u>1,286,085</u>	<u>(1,222,980)</u>
	<u>(5,142,375)</u>	<u>(252,404)</u>	<u>1,327,823</u>	<u>(4,066,956)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 4,554,798</u>	<u>\$ 163,337</u>	<u>\$ (51,689)</u>	<u>\$ 4,666,446</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 165,531	\$ 50,209	\$ (47,379)	168,361
Less Accumulated Depreciation	<u>(133,632)</u>	<u>(2,509)</u>	<u>46,866</u>	<u>(89,275)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 31,899</u>	<u>\$ 47,700</u>	<u>\$ (513)</u>	<u>\$ 79,086</u>

As of June 30, 2025, the District has an active construction project for preschool bathroom renovations.

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 93,389
School Administrative Services	47,957
Plant Operations and Maintenance	<u>111,058</u>
	<u>\$ 252,404</u>

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2025, the following changes occurred in long-term liabilities reported in the District-wide financial statements:

	Beginning Balance	Accrued	Retired	Ending Balance
Compensated Absences Payable	\$ 323,586	\$ 10,239	\$ 9,072	\$ 324,753
Net Pension Liability	<u>1,459,440</u>		<u>143,386</u>	<u>1,316,054</u>
Total Long Term Liabilities	<u>\$ 1,783,026</u>	<u>\$ 10,239</u>	<u>\$ 152,458</u>	<u>\$ 1,640,807</u>

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, 2025.

B. Bonds Authorized But Not Issued:

As of June 30, 2025, the Board had no bonds authorized but not issued.

C. Financed Purchase Payable:

As of June 30, 2025, 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 \$324,753.

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, 2025, 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, 2025

(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, 2025 is \$-0- and the long-term portion is \$1,316,054. 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.nj.gov/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, 2025
(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. For fiscal year 2024, the State's pension contribution was more than the actuarial determined amount.

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

District contributions to PERS amounted to \$131,829 for the current fiscal year. During the fiscal year ended June 30, 2024, the State of New Jersey contributed \$4,243 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, 2025, the District reported a liability of \$1,316,054 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. 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, 2024, the District's proportion was 0.0097%, which was a decrease of 0.0003% from its proportion measured as of June 30, 2023.

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(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, 2025, the District recognized an actual pension expense of \$99,234 for PERS. Additionally, for the fiscal year ended June 30, 2024, the State recognized pension expense for PERS on behalf of the District in the amount of \$4,243 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2025 financial statements.

There was no state proportionate share of net pension liability attributable to the District as of June 30, 2024.

At June 30, 2025, 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	2020	5.16		\$ 9,564
	2021	5.13	\$ 1,635	
	2022	5.04		5,410
			<u>1,635</u>	<u>14,974</u>
Difference Between Expected and Actual Experience	2020	5.16	533	
	2021	5.13		1,300
	2022	5.04		2,204
	2023	5.08	6,770	
	2023	5.08	<u>19,060</u>	
			<u>26,363</u>	<u>3,504</u>
Net Difference Between Projected and Actual				
Investment Earnings on Pension Plan Investments	2021	5.00		90,339
	2022	5.00		(143,308)
	2023	5.00		37,162
	2024	5.00		<u>76,829</u>
				<u>61,022</u>

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

	Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Proportion	2020	5.16	3,925	
	2021	5.13		2,431
	2022	5.04	110,564	
	2023	5.08	27,101	
	2024	5.08		47,636
			<u>141,590</u>	<u>50,067</u>
District Contribution Subsequent to the Measurement Date	2023	1.00	<u>135,000</u>	
			<u>\$ 304,588</u>	<u>\$ 129,567</u>

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

Fiscal Year Ending June 30,	Total
2025	\$ (2,785)
2026	94,281
2027	(25,585)
2028	(25,328)
2029	(562)
	<u>\$ 40,021</u>

Actuarial Assumptions

The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate:

Price	2.75%
Wage	3.25%

Salary Increases 2.75 – 6.55% based on years of service

Investment Rate of Return 7.00%

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

(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, 2023 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, 2024) 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, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	28.00%	8.63%
Non-U.S. Developed Market Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Markets Equity	5.50%	10.66%
Private Equity	13.00%	12.40%
Real Estate	8.00%	10.95%
Real Assets	3.00%	8.20%
High Yield	4.50%	6.74%
Private Credit	8.00%	8.90%
Investment Grade Credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

(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, 2024. 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, 2024 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, 2024			
	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 \$	1,748,713	\$ 1,316,054	\$ 947,865

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.nj.gov/treasury/pensions/annual-reports.shtml.

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

(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:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and 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 2024, 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 2025, the State of New Jersey contributed \$1,613,108 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required benefit of (\$69,069).

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

(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, 2025, the District reported a liability of \$18,934,159 for its proportionate share of the net pension liability, which was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. 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, 2024, the District's proportion was 0.038%, which was a decrease of 0.001% from its proportion measured as of June 30, 2023.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	18,934,159
Total	<u>\$ 18,934,159</u>

For the fiscal year ended June 30, 2024, the State recognized pension benefit on behalf of the District in the amount of \$69,069 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2025 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	2017	8.30		\$ 480,199,664
	2018	8.29		1,060,765,245
	2019	8.04		1,016,333,107
	2020	7.99	\$ 603,633,698	
	2021	7.93		7,317,559,989
	2022	7.83	67,989,902	
			<u>671,623,600</u>	<u>9,874,858,005</u>

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

	<u>Deferral</u>	<u>in Years</u>	<u>Resources</u>	<u>Resources</u>
Difference Between Expected and Actual Experience	2017	8.30	8,543,764	
	2018	8.29	186,086,527	
	2019	8.04		39,486,140
	2020	7.99		3,217,090
	2021	7.93	97,106,767	
	2022	7.83		12,735,529
	2023	7.93	144,751,819	
	2024	7.84		211,440,707
			<u>436,488,877</u>	<u>266,879,466</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2021	5.00		888,658,452
	2022	5.00		(1,659,667,329)
	2023	5.00		357,972,332
	2024	5.00		816,400,864
				<u>403,364,319</u>
			<u>\$ 1,108,112,477</u>	<u>\$ 10,545,101,790</u>

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2025	\$ (3,681,028,670)
2026	(1,839,302,001)
2027	(1,977,654,443)
2028	(1,907,819,552)
2029	2,992,761
Thereafter	<u>(34,177,408)</u>
	<u>\$ (9,436,989,313)</u>

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

(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, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases	2.75 – 5.65% based on years of service
Investment Rate of Return	7.00%

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

The actuarial assumptions used in the July 1, 2023 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, 2024) 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, 2024 are summarized in the following table:

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

(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%	8.63%
Non-U.S. Developed Market Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Markets Equity	5.50%	10.66%
Private Equity	13.00%	12.40%
Real Estate	8.00%	10.95%
Real Assets	3.00%	8.20%
High Yield	4.50%	6.74%
Private Credit	8.00%	8.90%
Investment Grade Credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. 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 State's proportionate share of the net pension liability associated with the District as of June 30, 2024 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, 2024		
	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	\$ 22,505,929	\$ 18,934,159	\$ 15,926,054

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(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 \$33,263 for the fiscal year ended June 30, 2025. Employee contributions to DCRP amounted to \$60,982 for the fiscal year ended June 30, 2025.

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, 2025
(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, 2025 audit was not available as of the date of this report; however, selected, summarized financial information for the Fund as of June 30, 2024 is as follows:

	<u>School Alliance Insurance Fund</u>
Total Assets	<u>\$ 58,120,778</u>
Net Position	<u>\$ 19,408,763</u>
Total Revenue	<u>\$ 60,984,350</u>
Total Expenses	<u>\$ 61,472,363</u>
Change in Net Position	<u>\$ (488,013)</u>
Member Dividends	<u>\$ -0-</u>

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, 2025
(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, 2025

(Continued)

NOTE 13. MAINTENANCE RESERVE ACCOUNT (Cont'd)

The activity of the maintenance reserve for the July 1, 2024 to June 30, 2025 fiscal year is as follows:

Beginning Balance, July 1, 2024	\$ 442,933
Increased by:	
Unexpended Balance of Withdrawal Returned	232,493
	<u>675,426</u>
Decreased by:	
Withdrawn by Board Resolution	20,600
	<u>20,600</u>
Ending Balance, June 30, 2025	<u>\$ 654,826</u>

NOTE 14. ACCOUNTS PAYABLE.

	Governmental Funds		District Contribution Subsequent to the Measurement Date	Total Governmental Activities	Business- Type Activities Enterprise Funds
	General Fund	Special Revenue Fund			
Vendors	\$ 285,394	\$ 16,988		\$ 302,382	\$ 72,330
Payroll Deductions and Withholdings	17,581			17,581	
Due to State of New Jersey			\$ 135,000	135,000	
	<u>\$ 302,975</u>	<u>\$ 16,988</u>	<u>\$ 135,000</u>	<u>\$ 454,963</u>	<u>\$ 72,330</u>

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, 2025
(Continued)

NOTE 15. CONTINGENT LIABILITIES (Cont'd)

Encumbrances

At June 30, 2025, there were encumbrances as detailed below in the governmental funds.

	Special	Capital	Total
<u>General Fund</u>	<u>Revenue Fund</u>	<u>Projects Fund</u>	<u>Governmental Funds</u>
\$ 19,159	\$ 11,579	\$ 374,675	\$ 405,413

On the District's Governmental Funds Balance Sheet as of June 30, 2025, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$11,579 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized until paid and this non-recognition of encumbrances on a GAAP basis is also reflected as either a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund. The \$374,675 year-end encumbrances in the Capital Projects Fund are included in the committed fund balance amount on the Governmental Funds Balance Sheet as of June 30, 2025

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired Employees Plan

General Information about the OPEB Plan

Plan Description and Benefits Provided

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

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

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

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

(Continued)

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

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

General Information about the OPEB Plan (Cont'd)

Plan Description and Benefits Provided (Cont'd)

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

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

Employees Covered by Benefit Terms

At June 30, 2023, the plan membership consisted of the following:

Retirees Plan Members and Spouses of Retirees Currently Receiving Benefit Payments	153,556
Active Plan Members	<u>219,185</u>
Total	<u>\$ 372,741</u>

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2024 was determined by an actuarial valuation as of June 30, 2023, which was rolled forward to June 30, 2024.

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.

	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases:	2.75 - 5.65%	2.75 - 6.55%	3.25 - 16.25%
	based on years of service	based on years of service	based on years of service

The actuarial assumptions used in the June 30, 2023 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 members are considered to participate in the Plan upon retirement.

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(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

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 7.50% and decreases to a 4.50% long term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 19.36% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For HMO the trend is increasing to 22.88% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For prescription drug benefits, the initial trend rate is 12.25% and decreases to a 4.50% long term rate after nine 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 3.93%. This represents the municipal bond return 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.

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

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

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

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

	Total OPEB Liability
Balance at June 30, 2023	\$ 21,829,369
Changes for Year:	
Service Cost	822,792
Interest on the Total OPEB Liability	822,604
Changes of Assumptions	1,869,565
Differences between Expected and Actual Experience	252,143
Gross Benefit Payments by the State	(628,235)
Contributions from Members	21,511
Net Changes	3,160,380
Balance at June 30, 2024	\$ 24,989,749

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, 2024, 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 was calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2024		
	At 1% Decrease (2.93%)	At Discount Rate (3.93%)	At 1% Increase (4.93%)
Total OPEB Liability Attributable to the District	\$ 29,268,348	\$ 24,989,749	\$ 21,511,163

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

(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)

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, 2024, 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 was calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2024		
	1%	Healthcare	1%
	Decrease	Cost Trend Rate	Increase
Total OPEB Liability Attributable to the District	\$ 20,816,643	\$ 24,989,749	\$ 30,425,495

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

For the fiscal year ended June 30, 2025, the District recognized OPEB expense of \$3,628,992 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.

At June 30, 2024, the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the sources on the following page.

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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

	Year of Deferral	Original Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 479,244
	2018	9.51		585,079
	2019	9.29	\$ 92,310	
	2020	9.24	2,381,174	
	2021	9.24	14,064	
	2022	9.13		3,821,553
	2023	9.30	34,706	
	2024	9.33	1,669,183	
			<u>4,191,437</u>	<u>4,885,876</u>
Differences Between Expected and Actual Experience	2018	9.51		553,082
	2019	9.29		1,086,487
	2020	9.24	2,219,347	
	2021	9.24		2,704,842
	2022	9.13	393,565	
	2023	9.30		322,404
	2024	9.33	59,447	
			<u>2,672,359</u>	<u>4,666,815</u>
Changes in Proportion	N/A	N/A	<u>695,028</u>	<u>1,391,928</u>
			<u>\$ 7,558,824</u>	<u>\$ 10,944,619</u>

N/A - Not Available

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
2025	\$ (886,416)
2026	(743,265)
2027	(353,027)
2028	92,782
2029	(644,207)
Thereafter	<u>(154,762)</u>
	<u>\$ (2,688,895)</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,				
	2016	2017	2018	2019	2020
District's proportion of the net pension liability	0.0088666023%	0.0091535690%	0.0085801580%	0.0082056800%	0.0078598307%
District's proportionate share of the net pension liability	\$ 1,990,375	\$ 2,711,025	\$ 1,997,324	\$ 1,615,657	\$ 1,416,222
District's covered employee payroll	\$ 588,369	\$ 577,758	\$ 548,507	\$ 552,106	\$ 635,598
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	338.29%	469.23%	364.14%	292.64%	44.88%
Plan fiduciary net position as a percentage of the total pension liability	47.93%	40.14%	48.10%	53.60%	56.27%
Fiscal Year Ending June 30,					
	2021	2022	2023	2024	2025
District's proportion of the net pension liability	0.0084223261%	0.0083716712%	0.0098077946%	0.0100759636%	0.0096853838%
District's proportionate share of the net pension liability	\$ 1,373,461	\$ 991,750	\$ 1,480,131	\$ 1,459,440	\$ 1,316,054
District's covered employee payroll	\$ 694,319	\$ 745,690	\$ 766,300	\$ 809,356	\$ 829,623
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	197.81%	133.00%	193.15%	180.32%	158.63%
Plan fiduciary net position as a percentage of the total pension liability	58.32%	70.33%	62.91%	65.23%	68.22%

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,				
	2016	2017	2018	2019	2020
Contractually required contribution	\$ 76,229	\$ 82,289	\$ 79,816	\$ 81,772	\$ 76,651
Contributions in relation to the contractually required contribution	(76,229)	(82,289)	(79,816)	(81,772)	(76,651)
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	12.11%	13.99%	13.81%	14.91%	13.88%

	Fiscal Year Ending June 30,				
	2021	2022	2023	2024	2025
Contractually required contribution	\$ 92,136	\$ 98,042	\$ 123,681	\$ 134,668	\$ 131,829
Contributions in relation to the contractually required contribution	(92,136)	(98,042)	(123,681)	(134,668)	(131,829)
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 635,598	\$ 694,319	\$ 745,690	\$ 766,300	\$ 809,356
Contributions as a percentage of covered employee payroll	14.50%	14.12%	16.59%	17.57%	16.29%

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

	Fiscal Year Ending June 30,				
	2016	2017	2018	2019	2020
State's proportion of the net pension liability attributable to the District	0.0381650740%	0.0385951104%	0.0368979137%	0.0389657691%	0.0374974554%
State's proportionate share of the net pension liability attributable to the District	\$ 24,121,915	\$ 30,361,371	\$ 24,877,904	\$ 24,789,185	\$ 23,012,551
District's covered employee payroll	\$ 3,925,675	\$ 4,001,422	\$ 3,907,265	\$ 3,473,832	\$ 4,137,142
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	614.47%	758.76%	636.71%	713.60%	662.45%
Plan fiduciary net position as a percentage of the total pension liability	28.71%	22.33%	25.41%	26.49%	26.95%

	Fiscal Year Ending June 30,				
	2021	2022	2023	2024	2025
State's proportion of the net pension liability attributable to the District	0.0370215500%	0.0365991325%	0.0378011287%	0.0390197302%	0.0383087882%
State's proportionate share of the net pension liability attributable to the District	\$ 24,378,245	\$ 17,595,102	\$ 19,503,272	\$ 19,912,810	\$ 18,934,159
District's covered employee payroll	\$ 4,323,093	\$ 4,574,329	\$ 4,629,873	\$ 4,504,017	\$ 5,036,041
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	563.91%	384.65%	421.25%	442.11%	375.97%
Plan fiduciary net position as a percentage of the total pension liability	24.60%	35.52%	32.29%	34.68%	37.99%

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

	Fiscal Year Ending June 30,			
	2016	2017	2018	2019
Contractually required contribution	\$ 1,472,860	\$ 2,281,235	\$ 1,723,415	\$ 1,445,123
Contributions in relation to the contractually required contribution	(309,007)	(400,517)	(573,829)	(737,484)
Contribution deficiency/(excess)	\$ 1,163,853	\$ 1,880,718	\$ 1,149,586	\$ 707,639
District's covered employee payroll	\$ 3,925,675	\$ 4,001,422	\$ 3,907,265	\$ 3,473,832
Contributions as a percentage of covered employee payroll	7.87%	10.01%	14.69%	21.23%
				19.63%

	Fiscal Year Ending June 30,			
	2021	2022	2023	2024
Contractually required contribution	\$ 1,515,943	\$ 414,020	\$ 524,888	\$ 489,200
Contributions in relation to the contractually required contribution	(1,063,892)	(1,556,142)	(1,595,150)	(1,632,466)
Contribution deficiency/(excess)	\$ 452,051	\$ (1,142,122)	\$ (1,070,262)	\$ (1,143,266)
District's covered employee payroll	\$ 4,323,093	\$ 4,574,329	\$ 4,629,873	\$ 4,504,017
Contributions as a percentage of covered employee payroll	24.61%	34.02%	34.45%	36.24%
				32.03%

	Fiscal Year Ending June 30,					
	2017	2018	2019	2020	2021	2022
Total OPEB Liability						
Service Cost	\$ 866,865	\$ 717,602	\$ 633,586	\$ 657,342	\$ 1,212,047	\$ 1,021,415
Interest Cost	767,741	886,058	802,796	638,060	645,680	563,943
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)
Differences between Expected & Actual Experiences		(2,659,844)	(3,734,399)	4,551,559	(4,832,003)	1,053,515
Member Contributions	20,720	18,828	16,206	14,964	16,507	17,920
Gross Benefit Payments	(562,685)	(544,773)	(546,721)	(493,700)	(508,616)	(558,601)
Net Change in Total OPEB Liability	(2,047,225)	(3,920,060)	(2,562,980)	10,548,372	(3,468,321)	(3,610,348)
Total OPEB Liability - Beginning	26,340,520	24,293,295	20,373,235	17,810,255	28,358,627	24,890,306
Total OPEB Liability - Ending	\$ 24,293,295	\$ 20,373,235	\$ 17,810,255	\$ 28,358,627	\$ 24,890,306	\$ 21,279,958
District's Covered Employee Payroll *	\$ 4,514,044	\$ 4,579,180	\$ 4,455,772	\$ 4,025,938	\$ 4,772,740	\$ 5,017,412
Total OPEB Liability as a Percentage of Covered Employee Payroll	538%	445%	400%	704%	522%	424%
					\$ 5,320,019	\$ 5,396,173
					410%	463%

* - Covered payroll for the fiscal years ending June 30, 2017 - 2024 are based on the payroll on the June 30, 2016 - 2023 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, 2025

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, 2023 actuarial valuation the salary increases were 2.75 – 5.65% based on years of service while in the July 1, 2022 actuarial valuation the salary increases were 2.75% – 4.25% 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, 2024 was 3.93%. The discount rate for June 30, 2023 was 3.65%, a change of .28%.

The health care trend rates in the valuation as of June 30, 2024 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 7.50% and decreases to a 4.50% long term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 19.36% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For HMO the trend is increasing to 22.88% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For prescription drug benefits, the initial trend rate is 12.25% and decreases to a 4.50% long term rate after nine 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, 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%.

BUDGETARY COMPARISON SCHEDULES

FRANKLIN BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Local Sources:					
Local Tax Levy	\$ 6,717,544		\$ 6,717,544	\$ 6,717,544	
Unrestricted Miscellaneous Revenues	3,000		3,000	185,460	\$ 182,460
Total Revenues from Local Sources	6,720,544		6,720,544	6,903,004	182,460
Revenues from State Sources:					
Categorical Transportation Aid	49,243		49,243	49,243	
Extraordinary Aid				315,990	315,990
Categorical Special Education Aid	481,245		481,245	481,245	
Equalization Aid	3,727,526		3,727,526	3,727,526	
Categorical Security Aid	95,302		95,302	95,302	
Adjustment Aid	100,129		100,129	100,129	
Excess Nonpublic School Transportation Costs				6,538	6,538
Homeless Tuition Reimbursement				10,158	10,158
TPAF Post Retirement Contributions (Non-Budgeted)				477,190	477,190
TPAF Pension Contributions (Non-Budgeted)				1,613,108	1,613,108
TPAF Non-Contributory Insurance (Non-Budgeted)				19,982	19,982
TPAF Long-Term Disability Insurance (Non-Budgeted)				771	771
Reimbursed TPAF Social Security Contributions				362,242	362,242
Total Revenues from State Sources	4,453,445		4,453,445	7,259,424	2,805,979
Revenues from Federal Sources:					
Medicaid Reimbursement	21,306		21,306	12,797	(8,509)
Total Revenues from Federal Sources	21,306		21,306	12,797	(8,509)
TOTAL REVENUE	11,195,295		11,195,295	14,175,225	2,979,930

FRANKLIN BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
GENERAL CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 218,126	\$ (1,700)	\$ 216,426	\$ 210,681	\$ 5,745
Grades 1-5 - Salaries of Teachers	1,275,874	44,910	1,320,784	1,320,784	
Grades 6-8 - Salaries of Teachers	764,640	20,094	784,734	784,734	
Regular Programs - Home Instruction:					
Salaries of Teachers	5,000		5,000	2,420	2,580
Purchased Professional-Educational Services		195	195	195	
Regular Programs - Undistributed Instruction:					
Purchased Professional-Educational Services	114,867	1,700	1,700	1,700	
Other Purchased Services (400-500 series)	131,200	1,734	116,601	116,360	241
General Supplies	22,000	27,272	158,472	156,645	1,827
Textbooks	750	1,072	23,072	23,026	46
Other Objects			750		750
Total Regular Programs - Instruction	2,532,457	95,277	2,627,734	2,616,545	11,189
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	367,387	(134,733)	232,654	231,754	900
Other Salaries for Instruction	149,636	(84,531)	65,105	65,105	
General Supplies	1,450		1,450	1,304	146
Total Learning and/or Language Disabilities	518,473	(219,264)	299,209	298,163	1,046
Behavioral Disabilities:					
Salaries of Teachers	67,605		67,605		67,605
Other Salaries for Instruction	3,660	139	3,799	3,799	
General Supplies	350		350		350
Total Behavioral Disabilities	71,615	139	71,754	3,799	67,955

FRANKLIN BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Resource Room/Resource Center:					
Salaries of Teachers	\$ 526,461	\$ 23,397	\$ 549,858	\$ 549,858	
Other Salaries for Instruction	124,540	326,975	451,515	451,515	
General Supplies	1,400		1,400	939	\$ 461
Total Resource Room/Resource Center	652,401	350,372	1,002,773	1,002,312	461
Preschool Disabilities - Full-Time:					
Other Salaries for Instruction	149,935	(28,250)	121,685	121,685	
General Supplies	250		250		250
Total Preschool Disabilities - Full-Time	150,185	(28,250)	121,935	121,685	250
Home Instruction:					
Salaries of Teachers	5,000		5,000		5,000
Purchased Professional-Educational Services	10,000		10,000		10,000
Total Home Instruction	15,000		15,000		15,000
TOTAL SPECIAL EDUCATION - INSTRUCTION	1,407,674	102,997	1,510,671	1,425,959	84,712
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	188,301	601	188,902	188,902	
General Supplies	400		400	251	149
Total Basic Skills/Remedial - Instruction	188,701	601	189,302	189,153	149
Bilingual Education - Instruction:					
Salaries of Teachers	70,737	300	71,037	69,369	1,668
General Supplies	350	47	397	397	-
Total Bilingual Education - Instruction	71,087	347	71,434	69,766	1,668

FRANKLIN BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.:					
Salaries	\$ 52,530		\$ 52,530	\$ 44,196	\$ 8,334
Purchased Services (300-500 series)	2,400	\$ 250	2,650	2,650	
Supplies and Materials	4,500	(250)	4,250	3,470	780
Other Objects	3,000		3,000		3,000
Transfers to Cover Deficit (Agency Funds)	15,000		15,000	15,000	
Total School-Spon. Cocurricular & Extracurricular Actvts. - Inst.	77,430		77,430	65,316	12,114
School-Sponsored Athletics - Instruction:					
Salaries	42,000		42,000	38,817	3,183
Supplies and Materials	5,000	(603)	4,397	3,879	518
Other Objects	750		750		750
Transfers to Cover Deficit (Agency Funds)	4,200	(940)	3,260	2,000	1,260
Total School-Sponsored Athletics - Instruction	51,950	(1,543)	50,407	44,696	5,711
Summer School - Instruction:					
Salaries of Teachers	23,100		23,100	10,215	12,885
Other Salaries of Instruction	31,500	(18,526)	12,974	12,973	1
Total Summer School - Instruction	54,600	(18,526)	36,074	23,188	12,886
Total Summer School	54,600	(18,526)	36,074	23,188	12,886
Other Supplemental/At Risk Programs - Instruction:					
Salaries of Teachers	73,645	871	74,516	74,516	
Salaries of Reading Specialists	72,045		72,045	71,853	192
General Supplies	8,050	4,534	12,584	12,584	
Other Objects	500	(428)	72		72
Total Other Supplemental/At Risk Programs - Instruction	154,240	4,977	159,217	158,953	264
Total Other Supplemental/at-risk Programs	154,240	4,977	159,217	158,953	264
TOTAL INSTRUCTION	4,538,139	184,130	4,722,269	4,593,576	128,693

FRANKLIN BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State-Special	\$ 96,000	\$ 77,316	\$ 173,316	\$ 164,758	\$ 8,558
Tuition to Priv. Sch. for the Handicap. W/I State	495,332	(84,320)	411,012	354,587	56,425
Total Undistributed Expenditures - Instruction	591,332	(7,004)	584,328	519,345	64,983
Undistributed Expend. - Attend. & Social Work:					
Salaries	45,000	8,624	53,624	53,624	
Total Undist. Expend. - Attendance and Social Work	45,000	8,624	53,624	53,624	
Undistributed Expenditures - Health Services:					
Salaries	93,911	(13,092)	80,819	80,818	1
Purchased Professional and Technical Services	7,000		7,000	3,000	4,000
Other Purchased Services (400-500 series)	1,850		1,850	834	1,016
Supplies and Materials	9,000		9,000	8,340	660
Other Objects	350		350	149	201
Total Undistributed Expenditures - Health Services	112,111	(13,092)	99,019	93,141	5,878
Undistributed Expenditures - Speech, OT, PT, Related Services:					
Salaries	165,307	(8,765)	156,542	156,542	
Purchased Professional - Educational Services	121,500	36,513	158,013	157,993	20
Supplies and Materials	5,700		5,700	5,399	301
Total Undistributed Expenditures - Speech, OT, PT, Related Services	292,507	27,748	320,255	319,934	321
Undistributed Expenditures - Other Support -Students - Extraordinary					
Salaries	359,750	(163,527)	196,223	196,222	1
Purchased Professional - Educational Services	15,000	(12,327)	2,673	1,080	1,593
Total Undistributed Expenditures - Other Support -Students - Extraordinary	374,750	(175,854)	198,896	197,302	1,594

FRANKLIN BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Guidance:					
Salaries of Other Professional Staff	\$ 73,810	\$ 58,835	\$ 132,645	\$ 132,645	
Other Purchased Services (400-500 series)		145	145	145	
Supplies and Materials	375	(145)	230		\$ 230
Total Undistributed Expenditures - Guidance	74,185	58,835	133,020	132,790	230
Undistributed Expenditures - Child Study Team:					
Salaries of Other Professional Staff	285,943	(3,238)	282,705	282,076	629
Salaries of Secretarial and Clerical Assistants	47,085	(1,000)	46,085	46,015	70
Purchased Professional - Educational Services	62,500	(47,159)	15,341	15,334	7
Other Purchased Services (400-500 series)	4,340	100	4,440	4,440	
Supplies and Materials	6,350	3,693	10,043	9,871	172
Other Objects	150		150	150	
Total Undistributed Expenditures - Child Study Team	406,368	(47,604)	358,764	357,886	878
Undistributed Expenditures - Improvement of Instruction Services:					
Salaries of Supervisors of Instruction	85,373	(6,001)	79,372	79,372	
Salaries of Secretarial and Clerical Assistants	47,345		47,345	47,343	2
Other Salaries	10,000		10,000		10,000
Unused Vacation Payment to Terminated/Retired Staff	4,722		4,722	2,361	2,361
Sal of Facilitators, Math Coaches & Literacy Coaches	21,845	305	22,150	22,148	2
Supplies and Materials	2,825	(1,800)	1,025	599	426
Other Objects	1,000		1,000		1,000
Total Undistributed Expenditures - Improvement of Instruction Services	173,110	(7,496)	165,614	151,823	13,791
Undistributed Expenditures - Education Media Services/School Library:					
Salaries	90,680	1,650	92,330	92,326	4
Salaries of Technology Coordinators	75,711	(1,900)	73,811	69,811	4,000
Unused Vacation Payment to Terminated/Retired Staff		2,700	2,700	2,700	
Supplies and Materials	5,100	250	5,350	5,194	156
Total Undistributed Expenditures - Education Media Services/School Library	171,491	2,700	174,191	170,031	4,160

FRANKLIN BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist.Expend.-Instructional Staff Training Services:					
Purchased Professional - Educational Service	\$ 33,350	\$ (8,472)	\$ 24,878	\$ 7,665	\$ 17,213
Other Purchased Services (400-500 series)	26,250	(17,759)	8,491	6,055	2,436
Supplies and Materials	750		750		750
Total Undist.Expend.-Instructional Staff Training Services	60,350	(26,231)	34,119	13,720	20,399
Undistributed Expenditures - Support Services - General Administration					
Salaries	192,787	7,500	200,287	200,278	9
Legal Services	23,175	(7,521)	15,654	15,032	622
Audit Fees	34,505	145	34,650	34,650	
Architectural/Engineering Services	8,240	3,800	12,040	6,000	6,040
Purchased Technical Services	3,375	(3,375)			
Communications / Telephone	20,225	(370)	19,855	18,843	1,012
BOE Other Purchased Services	4,700	530	5,230	5,230	
Other Purch. Serv. (400-500 series other than 530 & 585)	59,655	3,375	63,030	58,933	4,097
General Supplies	6,500	(4,386)	2,114	1,192	922
BOE In-house training/ Meeting Supplies		91	91	91	
Miscellaneous Expenditures	4,875	(145)	4,730	4,533	197
BOE Membership Dues and Fees	5,000		5,000	4,976	24
Total Undistributed Expenditures - Support Services - General Administration	363,037	(356)	362,681	349,758	12,923
Undistributed Expenditures - Support Services - School Administration					
Salaries of Principals/Assistant Principals/Prog Director	99,120		99,120	89,120	10,000
Salaries of Secretarial and Clerical Assistants	16,085	(3,500)	12,585		12,585
Unused Vacation Payment to Terminated/Retired Staff	5,085		5,085	5,083	2
Other Purchased Services (400-500 series)	4,321		4,321	4,028	293
Supplies and Materials	2,700	1,956	4,656	4,554	102
Other Objects	2,250		2,250	1,935	315
Total Undistributed Expenditures - Support Services - School Administration	129,561	(1,544)	128,017	104,720	23,297

FRANKLIN BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Central Services:					
Salaries	\$ 113,575	\$ 2,111	\$ 115,686	\$ 115,686	
Unused Vacation Payment to Terminated/Retired Staff		5,242	5,242	5,242	
Miscellaneous Purchased Services (400-500 series other than 594)	25,210	989	26,199	26,094	\$ 105
Supplies and Materials	6,000	(1,556)	4,444	2,822	1,622
Other Objects	2,100		2,100	1,325	775
Total Undistributed Expenditures - Central Services	146,885	6,786	153,671	151,169	2,502
Undistributed Expenditures - Required Maintenance for School Facilities:					
Salaries	85,693	(16,917)	68,776	48,516	20,260
Unused Vacation Payment to Terminated/Retired Staff	3,755		3,755	3,755	3,755
Cleaning, Repair, and Maintenance Services	80,000		80,000	46,523	33,477
Lead Testing of Drinking Water	7,000	(972)	6,028	4,028	2,000
General Supplies		10,880	10,880	10,647	233
Other Objects	300	2,268	2,568	1,908	660
Total Undistributed Expenditures - Required Maintenance for School Facilities	176,748	(4,741)	172,007	111,622	60,385
Undistributed Expenditures - Custodial Services:					
Salaries	285,250	11,100	296,350	294,521	1,829
Salaries of Non-Instructional Aides	9,590	6,698	16,288	16,288	
Unused Vacation Payment to Terminated/Retired Staff	9,470		9,470	4,573	4,897
Cleaning, Repair, and Maintenance Services	19,175	1,462	20,637	20,214	423
Other Purchased Property Services	30,600	1,600	32,200	32,149	51
Insurance	155,935	(14,462)	141,473	140,743	730
Miscellaneous Purchased Services	6,300	(1,588)	4,712	3,443	1,269
General Supplies	85,610	1,243	86,853	85,975	878
Energy (Natural Gas)	80,000	(2,900)	77,100	73,337	3,763
Energy (Electricity)	80,000	1,588	81,588	80,504	1,084
Energy (Gasoline)	2,000		2,000	1,815	185
Other Objects	1,000		1,000	524	476
Total Undistributed Expenditures - Custodial Services	764,930	4,741	769,671	754,086	15,585

FRANKLIN BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Care and Upkeep of Grounds:					
Salaries	\$ 29,700		\$ 29,700	\$ 29,700	
Unused Vacation Payment to Terminated/Retired Staff	1,145		1,145	1,142	\$ 3
Cleaning, Repair, and Maintenance Services	8,000		8,000	6,604	1,396
General Supplies	12,000		12,000	8,378	3,622
Total Undistributed Expenditures - Care And Upkeep Of Grounds	50,845		50,845	45,824	5,021
Undistributed Expenditures - Security:					
Salaries	46,040		46,040	46,036	4
Purchased Professional and Technical Services	13,196		13,196	6,528	6,668
Cleaning, Repair, and Maintenance Services	6,000		6,000	1,905	4,095
General Supplies	5,300	\$ 308	5,608	5,608	
Total Undistributed Expenditures - Security	70,536	308	70,844	60,077	10,767
Undistributed Expenditures - Operations And Maintenance Of Plant Services	1,063,059	308	1,063,367	971,609	91,758
Undistributed Expenditures - Student Transportation Services:					
Salaries for Pupil Transportation (Between Home and School)-Regular	113,860		113,860	92,357	21,503
Management Fee - ESC&CTSA Transportation Program	25,000		25,000	10,172	14,828
Contract Services - Aid in Lieu of Payments - Nonpublic Students	8,180		8,180	7,525	655
Contract Services-Aid in Lieu of Payments - Choice Students	20,970		20,970	18,655	2,315
Contract Services (Other than Between Home & School) - Vendors	25,000	8,000	33,000	32,722	278
Contract Services (Regular Students) - ESCs & CTSA	175,000	(35,000)	140,000	51,076	88,924
Contract Services(Special Education Students) - ESCs & CTSA	265,000	27,000	292,000	291,075	925
Total Undistributed Expenditures - Student Transportation Services	633,010		633,010	503,582	129,428

FRANKLIN BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Unallocated Benefits:					
Group Insurance	\$ 6,500	\$ 5,171	\$ 11,671	\$ 11,641	\$ 30
Social Security Contributions	173,000	25,600	198,600	198,578	22
Other Retirement Contributions - PERS	135,000	(3,171)	131,829	131,829	
Other Retirement Contributions - Regular	21,265	12,007	33,272	33,263	9
Unemployment Compensation	27,500	2,000	29,500	29,493	7
Workers Compensation	98,656	9,008	107,664	105,354	2,310
Health Benefits	1,653,508	(254,284)	1,399,224	1,060,305	338,919
Tuition Reimbursement	43,410		43,410	32,202	11,208
Other Employee Benefits	45,790	500	46,290	46,047	243
Unused Sick Payment to Terminated/Retired Staff	45,000		45,000	9,072	35,928
Total Unallocated Benefits	2,249,629	(203,169)	2,046,460	1,657,784	388,676
On-Behalf Contributions (Non-Budgeted)					
TPAF Post Retirement Contributions (Non-Budgeted)				477,190	(477,190)
TPAF Pension Contributions (Non-Budgeted)				1,613,108	(1,613,108)
TPAF Non-Contributory Insurance (Non-Budgeted)				19,982	(19,982)
TPAF Long-Term Disability Insurance (Non-Budgeted)				771	(771)
Reimbursed TPAF Social Security Contributions				362,242	(362,242)
Total On-Behalf Contributions (Non-Budgeted)				2,473,293	(2,473,293)
Total Personal Services -Employee Benefits	2,249,629	(203,169)	2,046,460	4,131,077	(2,084,617)
TOTAL UNDISTRIBUTED EXPENDITURES	6,886,385	(377,349)	6,509,036	8,221,511	(1,712,475)
TOTAL GENERAL CURRENT EXPENSE	11,424,524	(193,219)	11,231,305	12,815,087	(1,583,782)

FRANKLIN BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Undistributed:					
Undistributed Expenditures - Instruction	\$ 112,816	\$ 1,200	\$ 114,016	\$ 105,672	\$ 8,344
Undist. Expend. - Required Maint for School Fac.		37,000	37,000	36,600	400
Undist. Expend. - Custodial Services	47,182	(47,182)			
Undistributed Expenditures - Care and Upkeep of Grounds	7,970	(1,200)	6,770		6,770
Total Equipment	167,968	(10,182)	157,786	142,272	15,514
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services		36,400	36,400	35,400	1,000
Construction Services	208,947	43,833	252,780	145,385	107,395
Assessment for Debt Service on SDA Funding	4,133		4,133	4,133	
Total Facilities Acquisition and Construction Services	213,080	80,233	293,313	184,918	108,395
TOTAL CAPITAL OUTLAY	381,048	70,051	451,099	327,190	123,909
Transfer of Funds to Charter Schools	164,161		164,161	96,087	68,074
TOTAL EXPENDITURES	11,969,733	(123,168)	11,846,565	13,238,364	(1,391,799)
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(774,438)	123,168	(651,270)	936,861	1,588,131
Other Financing Sources/(Uses):					
Local Cont. - Tran to Spec Rev Fund - Preschool Inclusion		(123,168)	(123,168)	(123,168)	
Capital Reserve - Transfer to Capital Projects	(230,280)		(230,280)	(230,280)	
Total Other Financing Sources/(Uses)	(230,280)	(123,168)	(353,448)	(353,448)	

FRANKLIN BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ (1,004,718)		\$ (1,004,718)	\$ 583,413	\$ 1,588,131
Fund Balance, July 1	2,910,725		2,910,725	2,910,725	
Fund Balance, June 30	\$ 1,906,007	\$ -0-	\$ 1,906,007	\$ 3,494,138	\$ 1,588,131
<u>Recapitulation:</u>					
Restricted Fund Balance:					
Excess Surplus - Restricted For 2026-2027				\$ 500,000	
Excess Surplus - Restricted For 2025-2026				500,000	
Capital Reserve				1,247,625	
Maintenance Reserve				654,826	
Assigned Fund Balance:				19,159	
Year End Encumbrances				572,528	
Unassigned Fund Balance				3,494,138	
Reconciliation to Governmental Funds Statement (GAAP):				(445,009)	
Last State Aid Payments not Recognized on GAAP basis					
Fund Balance per Governmental Funds (GAAP)				\$ 3,049,129	

FRANKLIN BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		\$ 36,826	\$ 36,826	\$ 33,346	\$ (3,480)
State Sources	\$ 1,472,806	(56,188)	1,416,618	1,233,961	(182,657)
Federal Sources	275,649	164,650	440,299	435,541	(4,758)
Total Revenues	1,748,455	145,288	1,893,743	1,702,848	(190,895)
Other Financing Sources:					
Transfer In - Board Contribution - General Fund		123,168	123,168	123,168	
Total Revenues and Other Financing Sources	1,748,455	268,456	2,016,911	1,826,016	(190,895)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	393,509	62,680	456,189	456,120	69
Other Salaries for Instruction	273,285	32,769	306,054	305,954	100
Purchased Professional and Technical Services	6,000	2,000	8,000	7,741	259
Other Purchased Services	25,000	(25,000)			
Tuition	152,957	44,350	197,307	197,307	
General Supplies	77,000	11,463	88,463	88,463	
Other Objects	2,000	831	2,831	2,831	
Total Instruction	929,751	129,093	1,058,844	1,058,416	428

FRANKLIN BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Support Services:					
Salaries of Supervisors of Instruction	\$ 33,378	\$ 10,000	\$ 43,378	\$ 43,378	
Salaries of Program Directors	33,040	62,285	95,325	95,325	
Salaries of Other Professional Staff	12,108	10,000	22,108	22,108	
Salaries of Secretarial and Clerical Assistants	42,285	(42,285)			
Other Salaries	48,540		48,540	48,540	
Salaries of Master Teachers	65,535	10,000	75,535	75,535	
Personal Services - Employee Benefits	486,046	(85,815)	400,231	400,177	\$ 54
Purchased Professional and Technical Services	12,584	(1,322)	11,262	5,645	5,617
Other Purchased Professional - Educational Services	6,000	22,000	28,000		28,000
Other Purchased Professional Services	7,000	34,693	41,693	41,693	
Supplies and Materials		76,980	76,980	11,024	65,956
Other Objects	1,000	5,000	6,000		6,000
Student Activities		27,655	27,655	27,655	
Total Support Services	747,516	129,191	876,707	771,080	105,627
Facilities Acquisition:					
Instructional Equipment	71,188	10,172	81,360		81,360
Total Facilities Acquisition	71,188	10,172	81,360		81,360
Total Expenditures	\$ 1,748,455	\$ 268,456	\$ 2,016,911	\$ 1,829,496	\$ 187,415
Deficit of Revenue Under Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ (3,480)	\$ (3,480)

FRANKLIN BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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"	\$ 14,175,225	\$ 1,702,848
Difference - Budgetary to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, Whereas the GAAP Basis does not:		
Current Year Encumbrances - State		(11,579)
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	343,980	104,671
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(445,009)	(103,076)
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 14,074,196</u>	<u>\$ 1,692,864</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 13,238,364	\$ 1,829,496
Differences - Budgetary to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes:		
Current Year Encumbrances - State		(11,579)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 13,238,364</u>	<u>\$ 1,817,917</u>

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, 2025 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, 2025

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, 2025

	Preschool Education Aid	I.D.E.A Part B	
		Basic	Preschool
REVENUES:			
Local Sources			
State Sources	\$ 1,233,961		
Federal Sources		\$ 197,307	\$ 10,464
Total Revenues	1,233,961	197,307	10,464
Other Financing Sources:			
Transfer In - Board Contribution - General Fund	123,168		
Total Revenues and Other Financing Sources	1,357,129	197,307	10,464
EXPENDITURES:			
Instruction:			
Salaries of Teachers	412,493		
Other Salaries for Instruction	128,197		10,464
Purchased Professional and Technical Services			
Tuition		197,307	
General Supplies	78,659		
Other Objects			
Total Instruction	619,349	197,307	10,464
Support Services:			
Salaries of Supervisors of Instruction	43,378		
Salaries of Program Directors	95,325		
Salaries of Other Professional Staff	22,108		
Other Salaries	48,540		
Salaries of Master Teachers	75,535		
Personal Services - Employee Benefits	400,177		
Purchased Professional and Technical Services			
Other Purchased Professional Services	41,693		
Supplies and Materials	11,024		
Student Activities			
Total Support Services	737,780		
Total Expenditures	\$ 1,357,129	\$ 197,307	\$ 10,464

FRANKLIN BOROUGH SCHOOL
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Elementary and Secondary Education Act		
	Title I	Title IIA	Title IV
REVENUES:			
Local Sources			
State Sources			
Federal Sources	\$ 151,761	\$ 5,645	\$ 9,737
Total Revenues	151,761	5,645	9,737
Other Financing Sources:			
Transfer In - Board Contribution - General Fund			
Total Revenues and Other Financing Sources	151,761	5,645	9,737
EXPENDITURES:			
Instruction:			
Salaries of Teachers			
Other Salaries for Instruction	150,293		
Purchased Professional and Technical Services			7,741
Tuition			
General Supplies			1,996
Other Objects	1,468		
Total Instruction	151,761		9,737
Support Services:			
Salaries of Supervisors of Instruction			
Salaries of Program Directors			
Salaries of Other Professional Staff			
Other Salaries			
Salaries of Master Teachers			
Personal Services - Employee Benefits			
Purchased Professional and Technical Services		5,645	
Other Purchased Professional Services			
Supplies and Materials			
Student Activities			
Total Support Services		5,645	
Total Expenditures	\$ 151,761	\$ 5,645	\$ 9,737

FRANKLIN BOROUGH SCHOOL
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	<u>COVID 19 -American Rescue Plan</u>	
	<u>NJ High</u>	
	<u>Impact Tutoring</u>	
	<u>Competitive</u>	
	<u>Grant</u>	
	<u>Beyond the</u>	
	<u>School Day</u>	
REVENUES:		
Local Sources		
State Sources		
Federal Sources	\$ 58,332	\$ 2,295
Total Revenues	58,332	2,295
Other Financing Sources:		
Transfer In - Board Contribution - General Fund		
Total Revenues and Other Financing Sources	58,332	2,295
EXPENDITURES:		
Instruction:		
Salaries of Teachers	41,332	2,295
Other Salaries for Instruction	17,000	
Purchased Professional and Technical Services		
Tuition		
General Supplies		
Other Objects		
Total Instruction	58,332	2,295
Support Services:		
Salaries of Supervisors of Instruction		
Salaries of Program Directors		
Salaries of Other Professional Staff		
Other Salaries		
Salaries of Master Teachers		
Personal Services - Employee Benefits		
Purchased Professional and Technical Services		
Other Purchased Professional Services		
Supplies and Materials		
Student Activities		
Total Support Services		
Total Expenditures	\$ 58,332	\$ 2,295

FRANKLIN BOROUGH SCHOOL
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Local Grants	Student Activities	Totals
REVENUES:			
Local Sources	\$ 9,171	\$ 24,175	\$ 33,346
State Sources			1,233,961
Federal Sources			435,541
Total Revenues	9,171	24,175	1,702,848
Other Financing Sources:			
Transfer In - Board Contribution - General Fund			123,168
Total Revenues and Other Financing Sources	9,171	24,175	1,826,016
EXPENDITURES:			
Instruction:			
Salaries of Teachers			456,120
Other Salaries for Instruction			305,954
Purchased Professional and Technical Services			7,741
Tuition			197,307
General Supplies	7,808		88,463
Other Objects	1,363		2,831
Total Instruction	9,171		1,058,416
Support Services:			
Salaries of Supervisors of Instruction			43,378
Salaries of Program Directors			95,325
Salaries of Other Professional Staff			22,108
Other Salaries			48,540
Salaries of Master Teachers			75,535
Personal Services - Employee Benefits			400,177
Purchased Professional and Technical Services			5,645
Other Purchased Professional Services			41,693
Supplies and Materials			11,024
Student Activities		27,655	27,655
Total Support Services		27,655	771,080
Total Expenditures	\$ 9,171	\$ 27,655	\$ 1,829,496

FRANKLIN BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

District-Wide Total

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 412,493	\$ 412,493	
Other Salaries for Instruction	128,197	128,197	
General Supplies	80,000	78,659	\$ 1,341
Total Instruction	<u>620,690</u>	<u>619,349</u>	<u>1,341</u>
Support Services:			
Salaries of Supervisors of Instruction	43,378	43,378	
Salaries of Program Directors	95,325	95,325	
Salaries of Other Professional Staff	22,108	22,108	
Other Salaries	48,540	48,540	
Salaries of Master Teachers	75,535	75,535	
Personal Services – Employee Benefits	400,177	400,177	
Purchased Professional and Technical Services	28,000		28,000
Other Purchased Professional Services	41,693	41,693	
Supplies and Materials	76,980	11,024	65,956
Other Objects	6,000		6,000
Total Support Services	<u>837,736</u>	<u>737,780</u>	<u>99,956</u>
Equipment:			
Instructional Equipment	81,360		81,360
Total Equipment	<u>81,360</u>		<u>81,360</u>
 Total Expenditures	 <u>\$ 1,539,786</u>	 <u>\$ 1,357,129</u>	 <u>\$ 182,657</u>
	State Grant Expenditures	\$ 1,233,961	
	Local Contribution Expenditures	<u>123,168</u>	
		<u>\$ 1,357,129</u>	

FRANKLIN BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

CALCULATION OF BUDGET & CARRYOVER

Total Revised 2024-2025 Preschool Education Aid Allocation	\$ 1,031,532
Actual Preschool Aid Carryover (June 30, 2024)	438,691
Add: Budgeted Transfer from General Fund 2024-2025	<u>123,168</u>
Total Preschool Education Aid Funds Available for 2023-2024	1,593,391
Less: 2024-2025 Budgeted Preschool Education Aid Funds	<u>(1,539,786)</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2025	53,605
Add: June 30, 2025 Unexpended Preschool Education Aid	<u>182,657</u>
Carryover - Preschool Education Aid	<u><u>\$ 236,262</u></u>
Available for Budgeting for Preschool Programs	<u>126,589</u>
Funding Unavailable to District for Budgeting Purposes	<u><u>\$ 109,673</u></u>

CAPITAL PROJECTS FUND

FRANKLIN BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Revenue and Other Financing Sources	
Federal Sources - Preschool Facilities Expansion Grant	\$ 211,069
Transfer from Capital Reserve	230,280
Total Revenue and Other Financing Sources	441,349
Excess of Revenue and Other Financing Sources Over Expenditures	441,349
Fund Balance - Beginning of Year	-0-
Fund Balance - End of Year	\$ 441,349
<u>Recapitulation:</u>	
Year-End Encumbrances	\$ 374,675
Committed	66,674
Total Fund Balance - Budgetary Basis	441,349
Reconciliation to Governmental Funds Statement (GAAP):	
Grants not Recognized on GAAP Basis	(211,069)
Fund Balance per Governmental Funds (GAAP)	\$ 230,280

FRANKLIN BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
PRESCHOOL FACILITIES EXPANSION PROJECT - BATHROOM RENOVATIONS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Current Year	Totals	Authorized Cost
Revenue and Other Financing Sources:			
Federal Sources - Preschool Facilities Expansion Grant	\$ 211,069	\$ 211,069	\$ 211,069
Transfer from Capital Reserve	230,280	230,280	230,280
Total Revenue and Other Financing Sources	441,349	441,349	441,349
Expenditures:			
Construction Services			441,349
Total Expenditures			441,349
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 441,349	\$ 441,349	\$ -0-
<u>Additional Project Information:</u>			
Project Numbers	N/A		
Grant Date	12/1/2024		
Original Authorized Cost	\$ 441,349		
Percentage Decrease Over Original Authorized Cost	0.00%		
Percentage Completion	0.00%		
Original Target Completion Date	6/30/2026		
Revised Target Completion Date	N/A		

PROPRIETARY FUNDS

FRANKLIN BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2025

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 103,026
Interfund Receivable - General Fund	134,723
Intergovernmental Accounts Receivable:	
State	1,299
Federal	12,793
Other Accounts Receivable	8,191
Inventories	6,474

Total Current Assets	<u>266,506</u>
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Non-Current Assets:

Capital Assets	168,361
Less: Accumulated Depreciation	<u>(89,275)</u>

Total Non-Current Assets	<u>79,086</u>
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Total Assets	<u>345,592</u>
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LIABILITIES:

Current Liabilities:

Accounts Payable	72,330
Unearned Revenue:	
Prepaid Meals	2,543
Donated Commodities	1,690

Total Liabilities	<u>76,563</u>
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NET POSITION:

Investment in Capital Assets	79,086
Unrestricted	<u>189,943</u>

Total Net Position	<u><u>\$ 269,029</u></u>
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FRANKLIN BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Operating Revenue:	
Local Sources:	
Daily Sales:	
Reimbursable Programs	\$ 57,422
Non-Reimbursable Programs	14,790
Total Operating Revenue	72,212
Operating Expenses:	
Cost of Sales:	
Reimbursable Programs	127,114
Non-Reimbursable Programs	32,739
Salaries	86,120
Benefits and Payroll Taxes	27,589
Supplies, Insurance and Other Costs	65,092
Management Fee	15,000
Depreciation Expense	2,509
Total Operating Expenses	356,163
Operating Loss	(283,951)
Non-Operating Income:	
Local Sources:	
Interest Income	7,551
State Sources:	
State School Lunch Program	14,810
State School Breakfast Program	3,510
Federal Sources:	
National School Lunch Program	172,229
School Breakfast Program	48,741
Local Foods for School Grant	629
Summer Electronic Benefit Transfer Program	643
Food Distribution Program	26,882
Total Non-Operating Income	274,995
Change in Net Position Before Other Items	(8,956)
Other Items:	
Deletion of Capital Assets, Net of Accumulated Depreciation	(513)
Change in Net Position	(9,469)
Net Position - Beginning of Year	278,498
Net Position - End of Year	\$ 269,029

FRANKLIN BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 64,255
Payments to Food Service Contractor	(216,524)
Payments to Suppliers	(37,053)
Net Cash Used for Operating Activities	(189,322)
Cash Flows from Investing Activities:	
Interest Income	7,551
Net Cash Provided by Investing Activities	7,551
Cash Flows from Capital and Related Financing Activities:	
Purchase of Capital Assets	(50,209)
Net Cash Used for Capital and Related Financing Activities	(50,209)
Cash Flows from Noncapital Financing Activities:	
Interfund Advanced - General Fund	(134,246)
State Sources	17,503
Federal Sources	218,681
Net Cash Provided by Noncapital Financing Activities	101,938
Net Decrease in Cash and Cash Equivalents	(130,042)
Cash and Cash Equivalents, July 1	233,068
Cash and Cash Equivalents, June 30	\$ 103,026
Reconciliation of Operating Loss to Net Cash	
Used for Operating Activities:	
Operating Loss	\$ (283,951)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	2,509
Food Distribution Program	26,882
Changes in Assets and Liabilities:	
Increase in Unearned Revenue - Donated Commodities	127
Increase in Unearned Revenue - Prepaid Sales	234
Increase in Accounts Payable	72,330
(Increase) in Accounts Receivable	(8,191)
Decrease in Inventory	738
Net Cash Used for Operating Activities	\$ (189,322)

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$27,009 and utilized U.S.D.A. Commodities valued at \$26,882.

FIDUCIARY ACTIVITIES
(NOT APPLICABLE)

LONG-TERM LIABILITIES

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

Exhibit

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,

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental Activities										
Net Investment in Capital Assets	\$ 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	\$ 4,666,446
Restricted	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	2,903,998
Unrestricted/(Deficit)	(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)	(1,326,904)
Total Governmental Activities Net Position	\$ 523,996	\$ 634,052	\$ 955,023	\$ 1,260,269	\$ 1,888,318	\$ 2,824,363	\$ 4,250,201	\$ 4,407,311	\$ 5,389,723	\$ 6,243,540
Business-type Activities										
Investment in Capital Assets	\$ 27,153	\$ 24,610	\$ 23,248	\$ 21,887	\$ 20,525	19,163	\$ 19,978	\$ 34,437	\$ 31,899	\$ 79,086
Unrestricted	49,507	52,400	61,958	47,173	42,895	48,315	204,550	204,617	246,599	189,943
Total Business-type Activities Net Position	\$ 76,660	\$ 77,010	\$ 85,206	\$ 69,060	\$ 63,420	67,478	\$ 224,528	\$ 239,054	\$ 278,498	\$ 269,029
District-wide										
Net Investment in Capital Assets	\$ 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	\$ 4,745,532
Restricted	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	2,903,998
Unrestricted/(Deficit)	(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)	(1,136,961)
Total District Net Position	\$ 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	\$ 6,512,569

Source: School District Financial Reports

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

	Fiscal Year Ended June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 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	\$ 4,589,530
Special Education	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	1,943,595
Other Special Education	192,107	236,397	154,783	182,560	237,287	404,047	353,510	362,731	405,326	370,649
School Sponsored/Other Instruction							306,004	246,464	385,227	383,565
Support Services:										
Tuition	205,752	211,412	177,504	173,351	282,231	184,226	153,615	331,373	539,822	716,652
Student & Instruction Related Services	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	2,679,646
General Administrative Services	326,741	431,185	300,607	287,679	192,191	302,820	433,899	454,086	407,324	430,652
School Administrative Services	391,912	354,562	376,740	420,342	328,245	382,822	249,606	228,923	172,912	187,184
Central Services	243,173	255,064	278,786	269,025	212,799	238,606	293,688	286,201	177,898	200,827
Plant Operations and Maintenance	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	1,152,008
Pupil Transportation	317,747	308,356	265,043	322,373	262,254	235,854	313,155	552,789	519,193	526,490
Transfer of Funds to Charter School	45,715	93,505	159,517	159,524	126,870	93,435	52,120	88,589	92,496	96,087
Capital Outlay	25,148	4,133	4,133	4,133	4,133	6,131		4,133	4,133	4,133
Unallocated Depreciation	91,150	101,685	101,989	99,441	112,781	110,314				
Total Governmental Activities Expenses	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	13,281,018
Business-type Activities:										
Food Service	177,935	171,043	148,613	186,577	137,589	170,791	280,766	256,721	266,232	356,163
Total Business-type Activities Expense	177,935	171,043	148,613	186,577	137,589	170,791	280,766	256,721	266,232	356,163
Total District Expenses	\$ 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	\$ 13,637,181
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)	\$ 46,016	\$ 33,907	\$ 123,902	\$ 12,352	\$ 22,933	\$ 57,577	\$ 24,689	\$ 25,999	\$ 27,821	\$ 3,385,719
Student & Instruction Related Services							3,994,793	3,187,324	3,893,444	
Operating Grants and Contributions	2,861,736	3,619,892	3,987,926	3,307,919	3,337,421	3,415,059				
Total Governmental Activities Program Revenues	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	3,385,719
Business-type Activities:										
Charges for Services:										
Food Service	\$ 55,740	\$ 54,157	\$ 49,744	\$ 47,586	\$ 29,491	\$ 2,109	\$ 430,519	\$ 68,409	\$ 66,912	\$ 72,212
Operating Grants and Contributions - Food Service	111,579	117,149	106,969	122,724	102,390	172,679		205,012	233,265	267,444
Total Business-type Activities Program Revenues	167,319	171,306	156,713	170,310	131,881	174,788	430,519	273,421	300,177	339,656
Total District Program Revenues	\$ 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	\$ 3,725,375

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

	Fiscal Year Ended June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Net (Expense)/Revenue:										
Governmental Activities	\$ (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)	\$ (9,895,299)
Business-type Activities	(10,616)	263	8,100	(16,267)	(5,708)	3,997	149,753	16,700	33,945	(16,507)
Total District-wide Net Expense	<u>\$ (7,668,942)</u>	<u>\$ (8,176,007)</u>	<u>\$ (8,064,474)</u>	<u>\$ (8,339,384)</u>	<u>\$ (8,133,766)</u>	<u>\$ (8,005,167)</u>	<u>\$ (7,486,604)</u>	<u>\$ (9,206,998)</u>	<u>\$ (8,633,867)</u>	<u>\$ (9,911,806)</u>
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 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	\$ 6,717,544
Unrestricted Grants and Contributions	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	3,846,112
Investment Earnings & Other Miscellaneous Income	52,635	128,447	103,485	43,026	9,701	56,129	18,852	53,817	161,597	185,460
Cancellation of Prior Year Accounts Receivable							(41,559)			
Cancellation of Prior Year Accounts Payable	11,351									
Transfers	(30,000)									
Total Governmental Activities	<u>7,996,062</u>	<u>8,286,326</u>	<u>8,393,545</u>	<u>8,628,363</u>	<u>8,756,107</u>	<u>8,945,209</u>	<u>9,062,195</u>	<u>9,380,808</u>	<u>9,614,156</u>	<u>10,749,116</u>
Business-type Activities:										
Investment Earnings	\$ 64	\$ 87	\$ 96	\$ 121	\$ 68	\$ 61	\$ 8,385		\$ 5,499	\$ 7,551
Transfers	30,000									(513)
Disposals of Capital Assets, Net							(1,088)	(2,174)		
Cancellation of Prior Year Accounts Receivable										
Total Business-type Activities	<u>30,064</u>	<u>87</u>	<u>96</u>	<u>121</u>	<u>68</u>	<u>61</u>	<u>7,297</u>	<u>(2,174)</u>	<u>5,499</u>	<u>7,038</u>
Total District-Wide	<u>\$ 8,026,126</u>	<u>\$ 8,286,413</u>	<u>\$ 8,393,641</u>	<u>\$ 8,628,484</u>	<u>\$ 8,756,175</u>	<u>\$ 8,945,270</u>	<u>\$ 9,069,492</u>	<u>\$ 9,378,634</u>	<u>\$ 9,619,655</u>	<u>\$ 10,756,154</u>
Change in Net Position										
Governmental Activities	\$ 337,736	\$ 110,056	\$ 320,971	\$ 305,246	\$ 628,049	\$ 936,045	\$ 1,425,838	\$ 157,110	\$ 946,344	\$ 853,817
Business-type Activities	19,448	350	8,196	(16,146)	(5,640)	4,058	157,050	14,526	39,444	(9,469)
Total District	<u>\$ 357,184</u>	<u>\$ 110,406</u>	<u>\$ 329,167</u>	<u>\$ 289,100</u>	<u>\$ 622,409</u>	<u>\$ 940,103</u>	<u>\$ 1,582,888</u>	<u>\$ 171,636</u>	<u>\$ 985,788</u>	<u>\$ 844,348</u>

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,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Restricted	\$ 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	\$ 2,902,451
Assigned	28,995	74,674	110,454	14,592	115,613	81,445	154,348	181,665	254,838	19,159
Unassigned						45,192	114,353	10,495	117,694	127,519
Total General Fund	\$ 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	\$ 3,049,129
All Other Governmental Funds										
Restricted						\$ 3,590	\$ 1,815	\$ 1,905	\$ 5,027	\$ 1,547
Committed						(129,977)	(86,238)	(89,256)	(104,671)	230,280
Unassigned/(Deficit)				\$ 41,118	\$ (65,205)					(103,076)
Total All Other Governmental Funds/(Deficit)	\$ -0-	\$ -0-	\$ -0-	\$ 41,118	\$ (65,205)	\$ (126,387)	\$ (84,423)	\$ (87,351)	\$ (99,644)	\$ 128,751
Total Governmental Funds	\$ 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	\$ 3,177,880

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,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues										
Tax Levy	\$ 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	\$ 6,717,544
Tuition Charges	46,016	33,907	123,902	12,352	22,933	57,577	24,689	25,999	36,068	27,655
Restricted Miscellaneous Revenue	52,935	131,547	104,485	58,499	40,209	56,129	38,311	75,966	178,019	191,151
Unrestricted Miscellaneous Revenue	4,296,337	4,356,212	4,598,093	4,840,301	5,560,205	5,612,386	6,564,451	6,765,620	7,424,906	8,382,372
State Sources	370,870	369,404	333,393	321,771	299,167	412,788	839,481	620,423	820,383	448,338
Federal Sources										
Total Revenue	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	15,767,060
Expenditures										
Instruction										
Regular Instruction	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	3,466,120
Special Education Instruction	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	1,436,423
Other Special Instruction	94,806	96,608	64,232	87,497	208,868	220,363	212,447	237,536	263,461	258,919
School-Sponsored/Other Instruction	94,537	92,671	103,028	106,772	174,179	107,143	222,870	188,587	268,275	292,153
Support Services:										
Tuition	205,752	211,412	177,504	173,351	282,231	184,226	153,615	331,373	539,822	716,652
Student & Other Instruction Related Services	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	2,250,822
General Administrative Services	326,793	350,929	299,736	315,537	348,124	332,398	319,947	352,518	325,460	349,758
School Administrative Services	180,564	174,726	181,550	151,483	163,348	157,267	153,434	143,043	98,348	104,720
Central Services	193,722	195,788	215,127	201,015	212,799	198,857	199,016	202,696	123,087	151,169
Plant Operations and Maintenance	871,810	918,127	895,646	854,313	976,778	981,264	1,125,218	1,053,454	991,918	971,609
Student Transportation	304,906	292,739	253,929	309,679	246,100	224,930	305,450	535,201	487,864	503,582
Unallocated Benefits	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	4,131,077
Transfer of Funds to Charter School	45,715	93,505	159,517	159,524	126,870	93,435	52,120	88,589	92,496	96,087
Capital Outlay	149,071	123,489	99,406	139,209	720,275	347,635	1,340,599	261,814	1,617,760	327,190
Total Expenditures	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	15,056,281
Excess/(Deficit) of Revenues Over/(Under) Expenditures	315,977	197,274	394,763	275,805	(8,348)	574,864	(111,570)	27,128	(624,496)	710,779

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,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Other Financing Sources/(Uses)										
Cancellation of Accounts Payable/Receivable	\$ 11,351				\$ 117,791	\$ 128,160	\$ (41,559)	\$ 137,450	\$ 130,959	\$ 353,448
Transfers In	(30,000)				(117,791)	(128,160)		(137,450)	(130,959)	(353,448)
Transfers Out	(18,649)						(41,559)			
Total Other Financing Sources/(Uses)										
Net Change in Fund Balances	\$ 297,328	\$ 197,274	\$ 394,763	\$ 275,805	\$ (8,348)	\$ 574,864	\$ (153,129)	\$ 27,128	\$ (624,496)	\$ 710,779
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

<u>Fiscal Year</u> <u>Ending</u> <u>June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Rentals</u> <u>Use of</u> <u>Facilities</u>	<u>Prior Year</u> <u>Refunds</u>	<u>Other</u>	<u>Total</u>
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
2025	165,144		300	17,064	2,952	185,460

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 School Tax Rate ^b	Actual (County Equalized Value)
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	1.02	583,832,893
2024	22,908,100	405,180,700	6,247,400	165,300	164,498,300	27,150,100	22,285,300	1,013	648,436,213	79,123,400	727,559,613	1.01	610,204,732

[^] - Reassessment of property was effective in 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.

Source: Franklin Borough Tax Assessor.

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	
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	1.021 ^	1.021 ^	0.830 ^	0.484 ^	0.421 ^	2.756
2024	1.014	1.014	0.829	0.443	0.368	2.654

^ - Reassessment of property was effective in 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 TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

	2024			2015				
	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	2.60%
IIP-NJ3 LLC		13,990,700	2	2.25%	Franklin 23	9,000,000	2	1.95%
Franklin 23		12,949,900	3	2.08%	Weis Markets, Inc.	7,278,400	3	1.58%
Weis Markets, Inc.		9,880,200	4	1.59%	Transbanc International Corp.	5,933,500	4	1.29%
Braen Aggregates, LLC		8,735,400	5	1.40%	Wurtsboro Associates	5,782,900	5	1.25%
Wurtsboro Associates		8,417,400	6	1.35%	Braen Aggregates, LLC	4,619,100	6	1.00%
Silk City Rentals, LLC		8,320,000	7	1.34%	Hillside Estates at Franklin	4,588,800	7	1.00%
Hillside Estates at Franklin		7,740,600	8	1.24%	Sterling Plaza, Inc	3,866,700	8	0.84%
Walgreens		7,288,000	9	1.17%	KAJ Franklin, LLC	3,276,500	9	0.71%
MDC Coast 23, LLC		4,405,400	10	0.71%	Durling Realty, LLC	2,814,200	10	0.61%
Total		\$ 96,620,500		15.51%		\$ 59,148,800		12.83%

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
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 -
2025	6,717,544	6,717,544	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				
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 -
2025	- 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		
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 -
2025	- 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, 2024
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	\$ 3,490,294	100.00%	\$ 3,490,294
Sussex County General Obligation Debt	79,054,107	2.952%	2,333,502
Wallkill Valley Regional High School Debt	5,955,000	21.36%	<u>1,272,270</u>
Subtotal, Overlapping Debt as of December 31, 2024			7,096,067
Franklin Borough School District Direct Debt			<u>- 0 -</u>
Total Direct And Overlapping Debt			<u>\$ 7,096,067</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									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Debt Limit	\$ 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	\$ 17,696,759
Total Net Debt Applicable to Limit	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
Legal Debt Margin	\$ 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	\$ 17,696,759
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Legal Debt Margin Calculation for Fiscal Year 2025										
								Year	Equalized Valuation Basis	
								2022	539,168,794	
								2023	566,942,654	
								2024	663,564,470	
									<u>\$1,769,675,918</u>	
								Average Equalized Valuation of Taxable Property		
								<u>\$ 589,891,973</u>		
								Debt Limit a (3% of average equalization value)		
								\$ 17,696,759		
								Net Bonded School Debt as of June 30, 2025		
								- 0 -		
								Legal Debt Limit		
								<u>\$ 17,696,759</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

<u>Year</u>	<u>Population ^a</u>	<u>Franklin Borough Income Personal Income ^b</u>	<u>Sussex County Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
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	377,422,912	75,364	5.40%
2024	5,059	381,266,476 ***	75,364 *	5.50%
2025	5,059 **	381,266,476 ***	75,364 *	N/A

* - Latest Sussex County per capita personal income available (2023) was used for calculation purposes.

** - Latest population data available (2024) was used for calculation purposes.

*** - Latest available population data (2024) and latest available Sussex County per capita personal income (2023) 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	1.29%-6.44%	Newton Medical Center	1,000-4,999	1.36%-6.78%
Crystal Springs Resort	1,000-4,999	1.29%-6.44%	Selective Insurance Group Inc.	1,000-4,999	1.36%-6.78%
Newton Medical Center	1,000-4,999	1.29%-6.44%	Mountain Creek Resort	500-999	0.68%-1.35%
Thorlabs	1,000-4,999	1.29%-6.44%	Thor Labs	500-999	0.68%-1.35%
County of Sussex	500-999	0.64%-1.29%	Sussex County Offices	500-999	0.68%-1.35%
Mountain Creek Resort	500-999	0.64%-1.29%	Ames Rubber Corp	250-499	0.34%-0.68%
Shop Rite	500-999	0.64%-1.29%	Raider Express	250-499	0.34%-0.68%
Sussex County Community College	250-499	0.32%-0.64%	Sussex County Community College	250-499	0.34%-0.68%
United Methodist Community Bristol Glen	250-499	0.32%-0.64%	Mountain Creek Waterpark	100-249	0.14%-0.34%
Franklin Mutual Insurance	100-249	0.13%-0.32%	A&P Food Store	100-249	0.14%-0.34%
Total Employment - Sussex County	77,594		Total Employment	73,505	

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>	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Instruction:										
Regular	36.9	36.7	32.2	31.5	33.6	32.5	34.6	35.5	36.0	38.5
Special Education	18.0	18.0	15.0	14.0	13.0	13.0	10.0	10.0	10.0	10.0
Other	2.2	2.2	2.1	2.4	2.7	2.0	2.0	2.0	2.0	2.0
Support Services:										
Student & Instruction Related Services	17.3	18.0	29.2	28.6	29.0	35.8	33.0	38.6	38.6	46.2
School Administrative Services	3.0	3.0	2.1	2.0	2.0	2.0	2.0	2.0	2.0	2.0
General Administrative Services	2.1	2.1	2.0	2.1	2.1	2.1	2.1	2.1	2.1	2.1
Central Services	3.0	3.0	3.0	3.0	3.0	2.5	2.6	2.6	2.6	2.6
Plant Operations and Maintenance	6.9	6.9	6.8	6.9	5.9	7.3	7.3	7.4	7.4	7.3
	<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>	<u>110.7</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					
2016	467	\$ 9,295,341	\$ 19,904	3.77%	45.9	1:10.2		467	446	-0.85%	95.50%
2017	491	9,751,459	19,860	-0.22%	45.3	1:10.2		491	464	5.14%	94.50%
2018	428	10,000,478	23,366	17.65%	49.3	1:11.2		488	462	-0.61%	94.67%
2019	428	10,469,378	24,461	4.69%	47.9	1:11.2		471	441	-3.48%	93.63%
2020	454	11,021,121	24,276	-0.76%	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%
2025	529	14,729,091	27,843	0.64%	49.5	1:11.3		510	481	-3.41%	94.31%

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 BuildingFranklin Elementary School:

<u>Fiscal Year</u>	<u>Square Feet</u>	<u>Capacity (Students)</u>	<u>Enrollment</u>
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
2025	114,480	810	529

Number of Schools at June 30, 2025

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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>School Facilities:</u>						
Franklin Elementary	N/A	<u>\$ 131,917</u>	<u>\$ 138,747</u>	<u>\$ 96,959</u>	<u>\$ 112,161</u>	<u>\$ 261,817</u>

<u>Facility</u>	<u>Project #'(s)</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<u>School Facilities:</u>						
Franklin Elementary	N/A	<u>\$ 191,777</u>	<u>\$ 316,408</u>	<u>\$ 252,906</u>	<u>\$ 260,319</u>	<u>\$ 111,622</u>

N/A - Not Applicable

Source: Franklin Borough School District Records.

FRANKLIN BOROUGH SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2025
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Alliance Insurance Fund:		
School Package Policy - School Alliance Insurance Fund	\$ 500,000 Occurrence	\$ 2,500
Building & Personal Property		
Boiler & Machinery Coverage	\$100,000,000	\$2,500
Auto Physical Damage		1,000
<u>General Liability including Auto, Employee Benefits:</u>		
Per Occurrence	10,000,000	Nil
General Aggregate	46,000,000	
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
Crisis Management	\$25,000	
<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	\$10,000
	2,000,000 Aggregate	
<u>Workers' Compensation</u>	Statutory	
Employer's Liability	6,000,000	
Supplemental Liability	Statutory	
<u>Student Accident Insurance/National Union Ins. Co.</u>	All Students and Athletes	
<u>Selective Insurance:</u>		
Public Official Bond - School Business Administrator	200,000	\$0
Public Official Bond - Treasurer	250,000	\$0

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, 2025, 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 9, 2025.

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

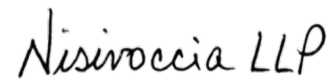
Report on Compliance and Other Matters

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 9, 2025
Mount Arlington, New Jersey


NISIVOCCA LLP



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

Report on Compliance For Each Major State Program:
Report on Internal Control Over Compliance Required by 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 State Program

Opinion on Each Major 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 *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2025. The District's major 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 state programs for the fiscal year ended June 30, 2025.

Basis for Opinion on Each Major 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 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
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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 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 9, 2025
Mount Arlington, New Jersey


NISIVOCCIA LLP


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

FRANKLIN BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Assistance Listing Number	Grant or State Project No.	Grant Period	Award Amount	Balance at June 30, 2024			Balance at June 30, 2025		
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor	Cash Received	Budgetary Expenditures	Budgetary Accounts Receivable
U.S. Department of Health and Human Services:										
General Fund:										
Medicaid Cluster:	93.778	N/A	7/1/24-6/30/25	\$ 12,797			\$ 12,797	\$ (12,797)		
Total U.S. Department of Health and Human Services/Total Medicaid Cluster										
U.S. Department of Education:										
Special Revenue Fund:										
Passed-through State Department of Education:										
Elementary and Secondary Education Act:										
Title I	84.010	ESEA157025	7/1/24-9/30/25	152,293			125,002	(151,761)	\$ (26,759)	
Title I	84.010	ESEA157024	7/1/23-9/30/24	117,123	\$ (7,800)		7,800	(151,761)	(26,759)	
Total Title I					(7,800)		132,802			
Title IIA	84.367	ESEA157025	7/1/24-9/30/25	15,990			5,645	(5,645)		
Total Title II							5,645	(5,645)		
Title IV	84.424	ESEA157025	7/1/24-9/30/25	10,000			9,537	(9,737)	(200)	
Total Title IV							9,537	(9,737)	(200)	
Education Stabilization Fund:										
COVID-19 - ARP - Evidence-Based Comprehensive										
Beyond the School Day Activities										
COVID 19 - High Impact Tutoring	84.425U	S425D210027	3/13/20-9/30/24	40,000			2,295	(2,295)		
Total Education Stabilization Fund	84.425C	E2400371	10/11/23-6/30/25	58,513	(3,525)		50,332	(58,332)	(11,525)	
					(3,525)		52,627	(60,627)	(11,525)	
Special Education Cluster (IDEA):										
I.D.E.A. Part B, Basic	84.027	IDEA157025	7/1/24-9/30/25	197,307			192,589	(197,307)	(4,718)	
I.D.E.A. Preschool	84.173	IDEA157025	7/1/24-9/30/25	10,464			9,941	(10,464)	(523)	
I.D.E.A. Preschool	84.173	IDEA157024	7/1/23-9/30/24	10,513	(1,577)		1,577	(207,771)	(5,241)	
Total Special Education Cluster (IDEA)					(1,577)		204,107			
Subtotal - Special Revenue Fund					(12,902)		404,718	(435,541)	(43,725)	
Total U.S. Department of Education					(12,902)		404,718	(435,541)	(43,725)	

FRANKLIN BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Assistance Listing Number	Grant or State Project No.	Grant Period	Award Amount	Balance at June 30, 2024			Balance at June 30, 2025				
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor	Cash Received	Budgetary Expenditures	Budgetary Accounts Receivable	Budgetary Unearned Revenue	Amounts Provided to Subrecipients
U.S. Department of Agriculture:												
Food Service Fund:												
Passed-through State Department of Agriculture:												
Child Nutrition Cluster:												
	10.555	N/A	7/1/24-6/30/25	\$ 27,009			\$ 27,009	\$ (25,319)		\$ 1,690		
	10.555	N/A	7/1/23-6/30/24	16,963		\$ 1,563		(1,563)				
	10.555	N/A	7/1/24-6/30/25	172,229			162,206	(172,229)	\$ (10,023)			
	10.555	N/A	7/1/23-6/30/24	132,372	\$ (7,017)		7,017					
	10.553	N/A	7/1/24-6/30/25	48,741			45,971	(48,741)	(2,770)			
	10.553	N/A	7/1/23-6/30/24	37,644	(2,215)		2,215					
					(9,232)	1,563	244,418	(247,852)	(12,793)	1,690		
	10.185	N/A	7/1/24-6/30/25	629			629	(629)				
	10.649	N/A	7/1/24-6/30/25	643			643	(643)				
					(9,232)	1,563	245,690	(249,124)	(12,793)	1,690		
					\$ (22,134)	\$ 1,563	\$ -0-	\$ 663,205	\$ (697,462)	\$ (56,518)	\$ 1,690	
											\$ -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, 2025

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2024			Balance at June 30, 2025			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	25-495-034-5120-014	7/1/24-6/30/25	\$ 49,243			\$ 44,322	\$ (49,243)		\$ (4,921)	\$ 49,243	
Equalization Aid	25-495-034-5120-078	7/1/24-6/30/25	3,727,526			3,355,054	(3,727,526)		(372,472)	3,727,526	
Special Education Aid	25-495-034-5120-089	7/1/24-6/30/25	481,245			433,157	(481,245)		(48,088)	481,245	
Security Aid	25-495-034-5120-084	7/1/24-6/30/25	95,302			85,779	(95,302)		(9,523)	95,302	
Adjustment Aid	25-495-034-5120-085	7/1/24-6/30/25	100,129			90,124	(100,129)		(10,005)	100,129	
Extraordinary Special Education Costs Aid	25-495-034-5120-044	7/1/24-6/30/25	315,990				(315,990)	\$ (315,990)	(315,990)	315,990	
Excess Nonpublic Transportation Costs	25-495-034-5120-014	7/1/24-6/30/25	6,538				(6,538)	(6,538)	(6,538)	6,538	
Homeless Tuition Reimbursement	25-495-034-5120-005	7/1/24-6/30/25	10,158				(10,158)	(10,158)	(10,158)	10,158	
Reimbursed TPAF Social Security Contributions	25-495-034-5094-003	7/1/24-6/30/25	362,242			360,603	(362,242)		(16,639)	362,242	
On-Behalf TPAF Post Retirement Contributions	25-495-034-5094-001	7/1/24-6/30/25	477,190			477,190	(477,190)		(16,639)	477,190	
On-Behalf TPAF Pension Contributions	25-495-034-5094-002	7/1/24-6/30/25	1,613,108			1,613,108	(1,613,108)			1,613,108	
On-Behalf TPAF Non-Contributory Insurance	25-495-034-5094-004	7/1/24-6/30/25	19,982			19,982	(19,982)			19,982	
On-Behalf TPAF Long-Term Disability Insurance	25-495-034-5094-004	7/1/24-6/30/25	771			771	(771)			771	
Equalization Aid	24-495-034-5120-014	7/1/23-6/30/24	49,243	\$ (4,920)		4,920				49,243	
Transportation Aid	24-495-034-5120-078	7/1/23-6/30/24	2,830,931	(282,833)		282,833				2,830,931	
Special Education Aid	24-495-034-5120-089	7/1/23-6/30/24	367,363	(36,702)		36,702				367,363	
Security Aid	24-495-034-5120-084	7/1/23-6/30/24	95,302	(9,521)		9,521				95,302	
Adjustment Aid	24-495-034-5120-085	7/1/23-6/30/24	100,129	(10,004)		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	(1,571)		1,571				361,344	
Subtotal - General Fund				(569,932)		7,050,022	(7,259,424)	(334,325)	(779,334)	11,288,117	
Special Revenue Fund Aid:											
Preschool Education Aid	25-495-034-5120-086	7/1/24-6/30/25	1,031,532			928,456	(904,943)		126,589	904,943	
Preschool Education Aid	24-495-034-5120-086	7/1/23-6/30/24	1,047,672	(104,671)		104,671				1,047,672	
Preschool Education Aid	23-495-034-5120-086	7/1/22-6/30/25	893,425	(104,671)	438,691	1,033,127	(329,018)		109,673	783,752	
					438,691		(1,233,961)		236,262	2,736,367	
Subtotal - Special Revenue Fund				(104,671)	438,691	1,033,127	(1,233,961)		236,262	2,736,367	
State Department of Agriculture:											
Food Service Fund:											
State School Lunch Program	25-100-010-3350-023	7/1/24-6/30/25	14,810			13,795	(14,810)	(1,015)		14,810	
State School Lunch Program	24-100-010-3350-023	7/1/23-6/30/24	6,584	(397)		397				6,584	
State School Breakfast Program	25-100-010-3350-023	7/1/24-6/30/25	3,510			3,226	(3,510)	(284)		3,510	
State School Breakfast Program	24-100-010-3350-023	7/1/23-6/30/24	1,059	(85)		85				1,059	
Subtotal - Food Service Fund				(482)		17,503	(18,320)	(1,299)	(1,299)	25,963	
Total State Department of Education				(675,085)	438,691	8,100,652	(8,511,705)	(335,624)	236,262	14,050,447	
Total State Awards				\$ (675,085)	\$ 438,691	\$ 8,100,652	\$ (8,511,705)	\$ (335,624)	\$ 236,262	\$ (883,709)	\$ 14,050,447

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, 2025

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, 2025. 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. Grant revenue in the capital projects fund is recognized on the budgetary basis in the fiscal year of award but is not recognized on the GAAP basis until expended and submitted for reimbursement.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$101,029) for the General Fund, (\$9,984) for the Special Revenue Fund and (\$211,069) for Capital Projects Fund Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General, Special Revenue and Capital Project Funds, respectively.

FRANKLIN BOROUGH SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 5. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 12,797	\$ 7,158,395	\$ 7,171,192
Special Revenue Fund	435,541	1,223,977	1,659,518
Food Service Fund	249,124	18,320	267,444
Total Awards	<u>\$ 697,462</u>	<u>\$ 8,400,692</u>	<u>\$ 9,098,154</u>

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, 2025.

NOTE 8. NEW JERSEY PRESCHOOL FACILITIES EXPANSION GRANT

The District has been awarded a grant in the amount of \$211,069 in the Capital Projects Fund for Preschool Facilities Expansion Grant. As of June 30, 2025, \$-0- of the grant funds have been expended and drawn down on a GAAP basis. In the Capital Projects Fund, the District realizes the full amount of grant revenue on a budgetary basis in the year awarded and realizes the grant revenue on a GAAP basis as it is expended and submitted for reimbursement. Expenditures, if any, reported on the Schedule of Expenditures of State Awards represent reimbursement requests submitted.

FRANKLIN BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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, 2025 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.

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		
Reimbursed TPAF Social Security Contributions	25-495-034-5094-003	7/1/24	6/30/25	\$ 362,242	\$ 362,242
Preschool Education Aid	25-495-034-5120-086	7/1/24	6/30/25	1,031,532	904,943
Preschool Education Aid	23-495-034-5120-086	7/1/22	6/30/25	893,425	329,018

Dollar threshold used to distinguish between Type A and B programs

\$ 750,000

Auditee qualified as low-risk auditee?	_____ X _____	Yes	_____	No
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FRANKLIN BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Section II - Financial Statement Findings - N/A

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs - N/A

FRANKLIN BOROUGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Status of Prior Year Findings:

There were no prior year audit findings.