



FRANKLIN SPECIAL SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2024

Matlock Clements

Certified Public Accountants

INTRODUCTORY SECTION

FRANKLIN SPECIAL SCHOOL DISTRICT

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FRANKLIN SPECIAL SCHOOL DISTRICT

Schedule of Principal Officials

June 30, 2024

<u>Name</u>	<u>Title</u>	
Robert Blair	Chairman, Board of Education	*
Allena Bell	Vice-Chairman, Board of Education	*
Tim Stillings	Member, Board of Education	*
Alicia Barker	Member, Board of Education	*
Robin Newman	Treasurer, Board of Education	*
Kevin Townsel	Secretary, Board of Education	*
David L. Snowden, Ph.D.	Director of Schools	**
* Elected at-Large		
** Appointed		

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Education and
The Director of Schools
Franklin Special School District
Franklin, Tennessee

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Franklin Special School District (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2024, and the respective changes in financial position and the budgetary comparison of the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

Eric Clements, CPA, CFE • Andy Matlock, CPA

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund statements and financial schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, financial schedules and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual nonmajor fund financial statements, financial schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section 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 December 16, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Matlock Clements, P.C.
Murfreesboro, Tennessee
December 16, 2024

FRANKLIN SPECIAL SCHOOL DISTRICT

Management's Discussion and Analysis

Our discussion and analysis of the Franklin Special School District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2024.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the District exceeded its liabilities and deferred inflows at the close of the fiscal year by \$53,678,095 (net position).
- The change in net position decreased \$940 thousand.
- Outlays for new capital assets totaled \$23,210,353 and consisted of various repairs and improvements, and construction in progress and various equipment purchases.

OVERVIEW OF THE FINANCIAL STATEMENTS

This comprehensive annual financial report consists of a series of financial statements, notes to those statements and required supplementary information. The statements are organized so the reader can understand the District as a whole and then proceed to a detailed look at specific financial activities.

Reporting the District as a Whole

The Statement of Net Position and Statement of Activities

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a manner that helps to answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by private-sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

These two statements report the District's net position and changes in the net position and begin on page 21. The change in net position provides the reader a tool to assist in determining whether the District's financial health is improving or deteriorating. Readers will need to consider other nonfinancial factors such as the property tax base, student enrollment growth and facility conditions in arriving at their conclusion regarding the overall health of the District.

Reporting the District's Most Significant Funds

Fund Financial Statements

The District's fund financial statements, the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance, begin on page 23 and provide detailed information about the District's most significant or "major" funds – not the District as a whole. Some funds are required to be established by State statute, while many other funds are established by the District to help manage money for particular purposes and compliance with various grant provisions.

FRANKLIN SPECIAL SCHOOL DISTRICT

Management's Discussion and Analysis

The District's funds are categorized as "governmental funds", which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending in future periods. Fund financial statements are reported using an accounting method called "modified accrual" accounting, which measures cash and other financial assets that can readily be converted to cash. This basis of accounting is different from the accrual basis used in the government-wide financial statements to report on the District as a whole.

The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides through its various funds. Governmental fund information helps the reader determine whether there are more or less financial resources available to spend in the near future to finance the District's programs. The relationship (or differences) between governmental activities (as reported in the Statement of Net Position and the Statement of Activities) and governmental funds (as reported in the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance) is reconciled in the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

As noted earlier, net position may serve over time as a useful indicator of a school district's financial position. In the case of the District, the net position was approximately \$53.68 million at the close of the fiscal year. A schedule of the District's net position at June 30, 2023 (for comparison) and 2024 follows:

	<i>Governmental Activities</i>	
	<i>2024</i>	<i>2023</i>
Current and other Assets	\$ 97,385,594	\$ 93,974,938
Capital Assets, net	125,208,808	106,433,218
Deferred Outflows	14,072,092	15,196,334
<i>Total assets and Deferred Outflows of Resources</i>	<i>236,666,494</i>	<i>215,604,490</i>
Long-term liabilities	121,825,513	105,954,868
Other liabilities	12,440,714	10,678,506
Deferred Inflows	48,722,172	44,353,232
<i>Total Liabilities and Deferred Inflows of Resources</i>	<i>182,988,399</i>	<i>160,986,606</i>
<i>Net position:</i>		
Invested in capital assets, net of related debt	28,890,219	29,712,697
Restricted-Nonspendable	86,978	63,474
Restricted for education	1,660	1,660
Restricted for pensions	6,464,783	7,362,844
Restricted for capital outlay	-	-
Unrestricted	18,234,455	17,477,209
<i>Total net position</i>	<i>\$ 53,678,095</i>	<i>\$ 54,617,884</i>

FRANKLIN SPECIAL SCHOOL DISTRICT

Management's Discussion and Analysis

The District's net position of approximately \$53.68 million is primarily composed of the District's investment in capital assets, net of related debt. The District uses capital assets to provide services to its roughly 3,176 public school students; consequently, these assets are not available for future spending. Although the District's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Changes in Net Position

The District's activities are categorized as "governmental" activities. The net position of the District's governmental activities decreased by \$939,789. The decrease in net position resulted primarily from total general expenditures exceeding the total net revenues of the primary governmental activities.

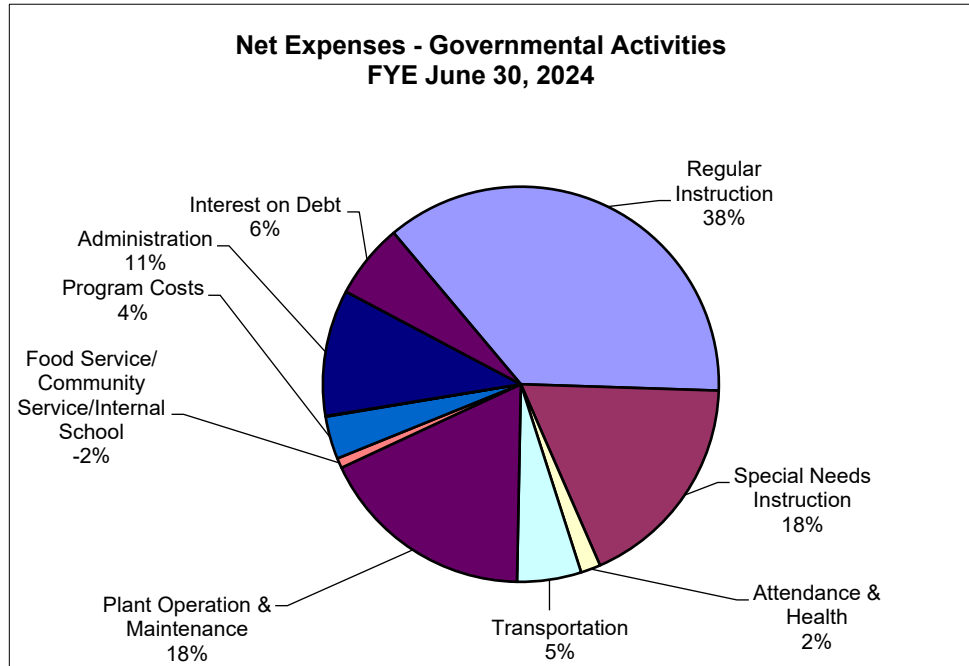
The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services.

The following table reflects the "total" cost of program services and the "net" cost of those services after taking into account the program revenues for the specific governmental activities.

<i>Change in Net Position - Governmental Activities</i>				
	<i>Total Cost of Services</i>	<i>Less: Program Revenues</i>	<i>Net Cost of Services</i>	<i>Net Cost of Services</i>
<i>Program Expenses:</i>			2024	2023
Instruction:				
Regular	\$38,853,694	\$(19,443,800)	\$ 19,409,894	\$ 14,971,678
Special needs	9,645,110	(145,537)	9,499,573	8,253,971
Support Services:				
Attendance and health	861,074	-	861,074	847,081
Transportation	2,773,111	-	2,773,111	2,245,346
Plant operations and maintenance	9,408,145	-	9,408,145	8,223,822
Food service	3,062,792	(2,630,311)	432,481	340,393
Program Costs	1,855,382	-	1,855,382	1,798,534
Community service	13,675	(1,508,332)	(1,494,657)	(1,923,027)
Administration	5,479,705	-	5,479,705	5,390,653
Internal School	953,779	(980,127)	(26,348)	(29,137)
Interest on debt	3,242,154	-	3,242,154	2,850,980
Total	<u>\$76,148,621</u>	<u>\$(24,708,107)</u>	51,440,514	42,970,294
<i>Less: General Revenues</i>			50,500,725	50,185,187
<i>Change in Net Position</i>			<u>\$ (939,789)</u>	<u>\$ 7,214,893</u>

FRANKLIN SPECIAL SCHOOL DISTRICT

Management's Discussion and Analysis



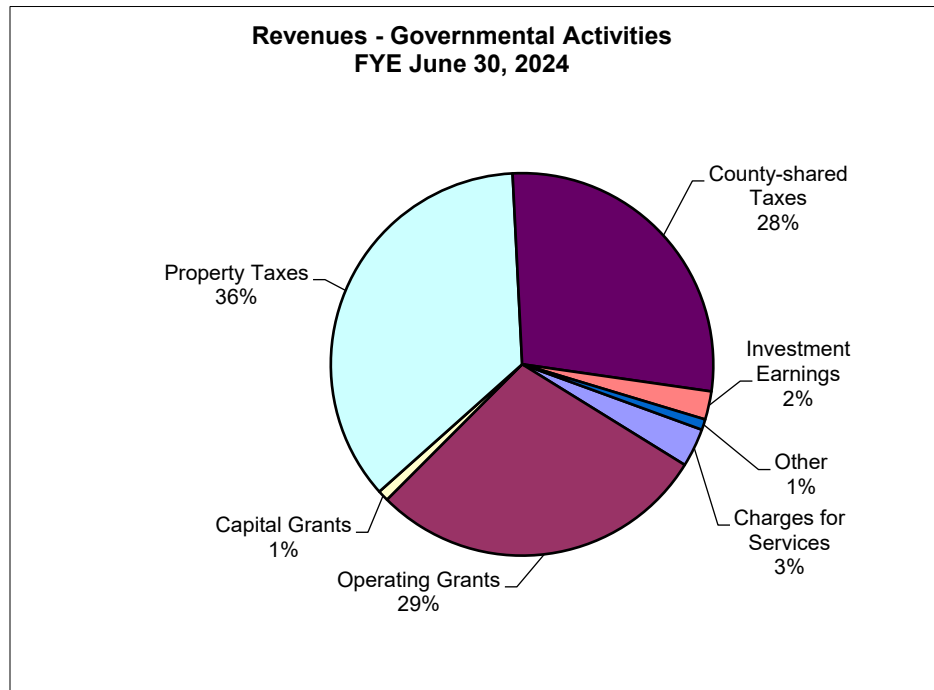
The net cost of regular instruction, plant operation and maintenance and special needs instruction represent the largest components of the District's governmental activities, 38%, 18% and 18%, respectively. The District relies on general revenues, including tax revenue and unrestricted State TISA funds, to support the net cost of its governmental activities.

As the table below indicates, \$50.50 million of general revenues were realized to support \$51.44 million of governmental activities.

	<i>Governmental 2024 Activities</i>		<i>Governmental 2023 Activities</i>	
		<i>%</i>		<i>%</i>
Program Revenues:				
Charges for services	\$ 2,454,993	3.3%	\$ 2,271,484	3.0%
Operating grants	21,564,147	28.7%	22,483,390	29.8%
Capital grants	688,967	0.9%	567,711	0.8%
	<u>24,708,107</u>	<u>32.9%</u>	<u>25,322,585</u>	<u>33.5%</u>
General Revenues:				
Property taxes	26,922,340	35.8%	27,434,866	36.3%
County-shared taxes	21,106,520	28.1%	21,235,445	28.1%
Investment earnings	1,793,616	2.4%	1,188,734	1.6%
Other	678,249	0.9%	326,142	0.4%
	<u>50,500,725</u>	<u>67.1%</u>	<u>50,185,187</u>	<u>66.5%</u>
Total Revenues	<u><u>\$ 75,208,832</u></u>	<u><u>100.0%</u></u>	<u><u>\$ 75,507,772</u></u>	<u><u>100.0%</u></u>

FRANKLIN SPECIAL SCHOOL DISTRICT

Management's Discussion and Analysis



Property taxes and county-shared taxes, including sales tax, accounted for most of the District's general revenues, contributing about 36 cents and 28 cents, respectively, of every dollar raised. Another 30% came from State and Federal funds for specific programs, and the remainder from fees charged for services and miscellaneous sources.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District's governmental funds (as presented on the Balance Sheet on page 23 reported a combined fund balance of \$38.1 million, a decrease of \$2,419,069 from the prior year. The schedule below indicates the fund balance and the total change in fund balance by fund as of June 30, 2024.

	Balance, June 30, 2024	Balance, June 30, 2023	Increase (Decrease)
General	\$ 13,902,266	\$ 14,098,134	\$ (195,868)
Debt Service	1,443,384	2,172,749	(729,365)
Nonmajor Funds:			
Food Service	118,668	355,842	(237,174)
Federal Projects	-	-	-
Community Service	-	260,797	(260,797)
Internal School Fund	638,589	612,249	26,340
Capital Outlay	21,974,162	22,996,367	(1,022,205)
Total	\$ 38,077,069	\$ 40,496,138	\$ (2,419,069)

FRANKLIN SPECIAL SCHOOL DISTRICT

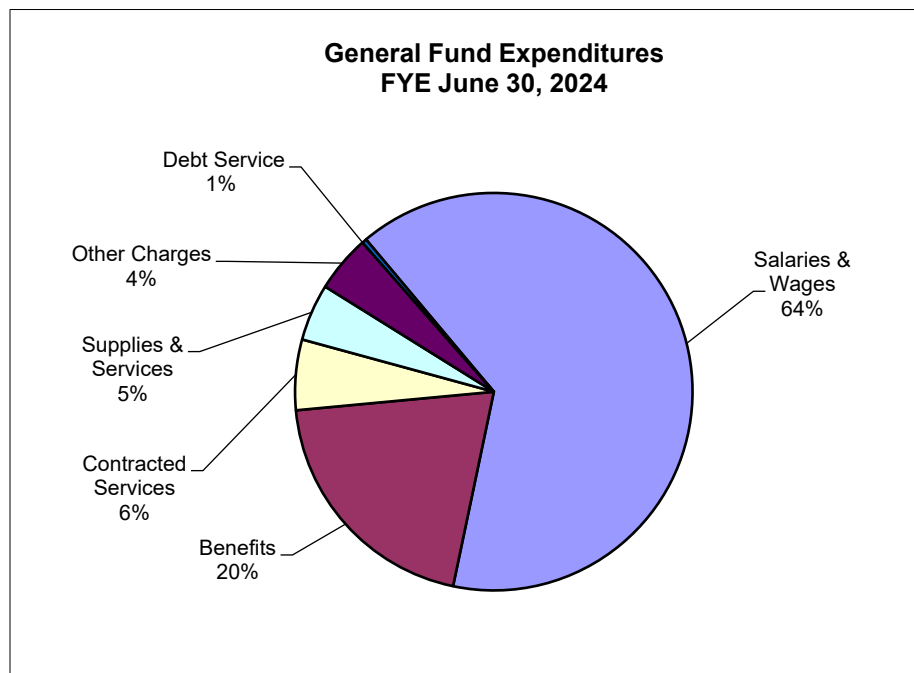
Management's Discussion and Analysis

General Fund

The General Fund is the chief operating fund of the District. At the end of the fiscal year, the total fund balance of the General Fund was \$13,902,266. The unassigned fund balance of \$13,045,344 million is available for spending at the District's discretion, \$69,468 is committed for education and support services, \$0 is classified as "nonspendable" and the remaining fund balance of \$787,454 is restricted for education and the Hybrid Retirement Stabilization Trust. As a measure of liquidity, the unassigned fund balance represents 21.66 % of total General Fund expenditures.

Expenditures exceeded revenues for the fiscal year, which resulted in a decrease to the fund balance of 195,868.

The District is a service entity and as such is labor intensive. As the table below illustrates, 84% of the General Fund expenditures are for employee salaries and benefits.



	2024	2023
Salaries & Wages	\$ 38,773,289	\$ 35,776,795
Benefits	12,171,738	11,579,534
Contracted Services	3,449,039	3,017,208
Supplies & Materials	2,791,513	2,283,528
Other Charges	2,794,671	2,525,414
Capital Outlay	-	-
Debt Service	224,724	236,747
Total	\$ 60,204,974	\$ 55,419,226

FRANKLIN SPECIAL SCHOOL DISTRICT

Management's Discussion and Analysis

Other Funds

The Debt Service Fund is used to account for funds reserved for the retirement of the District's debt. The fund balance of the District's Debt Service Fund decreased \$729,365. Expenditures exceeded revenues that were anticipated and reflected in the budget. The expenses of the Debt Service Fund include principal and interest payments for bond indebtedness as well as fiscal agent fees. Debt payments for tax anticipation notes are made through the general fund when needed.

The District operates a food service program in each of its eight schools. The Food Service Fund's fund balance decreased \$260,678 due to an increase in food and labor cost and no increase in the USDA food reimbursement rates. Revenues consist of meal and a-la-carte sales as well as reimbursements from the U.S. Department of Agriculture School Nutrition Program. Expenditures consist of food and supply costs in addition to employee labor and benefits.

The District provides morning and afternoon care for children through the Morning and Afternoon Care (MAC) program. The Community Service Fund's fund balance decreased \$260,797. The decrease was the result of increased expenditures in staffing and less funding from the American Rescue Plan Stabilization Grant.

The District operates an internal school fund in each of its eight schools. This fund is used to account for funds held at individual schools for internal school use such as the purchase of supplies, school clubs, and student activities. Collections from students and school activities are the foundational revenues of this fund. The fund balance of the District's internal school fund increased \$26,348.

The fund balance of the Capital Outlay Fund decreased \$1,022,205. Expenditures exceeded revenues that were anticipated and reflected in the budget. Revenue of this fund normally comes from the District's share of county impact fees. Expenditures consisted of various repairs and improvements, and construction in progress.

GENERAL FUND BUDGET INFORMATION

The District's budget is prepared in accordance with Tennessee law and is based on the modified accrual basis of accounting utilizing encumbrances. The most significant budgeted fund is the General Fund.

The District's original budget for General Fund expenditures totaled \$60.65 million and the estimated revenues and transfers totaled \$56.29 million. Final budgeted expenditures in the General Fund were \$62.64 million. Amendments related primarily to additional services related to Grants.

During the year, however, the District made an effort to spend conservatively. Consequently, expenditures were less than budgetary estimates by \$2,434,496 at year-end, and actual revenues were more than budgetary estimates by \$2,651,723. Subsequently, total expenditures exceeded revenues and transfers for the fiscal year, decreasing the fund balance by 195,868.

FRANKLIN SPECIAL SCHOOL DISTRICT

Management's Discussion and Analysis

CAPITAL ASSET AND DEBT ADMINISTRATION

Long-Term Debt

At June 30, 2024, the District had general obligation bonds outstanding of \$106,895,000, a liability for compensated absences of \$471,425 and a net OPEB obligation of \$7,552,194. This is as compared to the June 30, 2023, balances of \$90,265,000 for general obligation bonds, a liability for compensated absences of \$471,170 and a net OPEB obligation of \$8,443,174. The bonds are backed by the full faith and credit of the District. Total long-term debt of the District increased during the fiscal year due to issued general obligation bonds.

The District maintains an "Aa1" bond rating from Moody's for general obligation debt. Additional information about the District's long-term debt can be found in the notes to financial statements (see Note 6).

Capital Assets

The District has \$125.21 million invested in capital assets (net of accumulated depreciation of \$72.42 million). This investment is comprised of 201 acres of land, seven school buildings, two administrative office buildings, CO Eddy Lane buildings, land improvements (such as parking lots, athletic fields and lighting and drainage systems and retention ponds), furniture and equipment, and more than 30 school buses and maintenance vehicles and equipment.

Acquisitions consisted of buildings, vehicles, various improvements, equipment purchases and construction in progress that totaled \$24,105,247. Detailed information regarding capital asset activity is included in the notes to financial statements (see Note 3).

FRANKLIN SPECIAL SCHOOL DISTRICT

Management's Discussion and Analysis

The District's capital assets at June 30, 2024 as summarized by location follow:

<u>Location</u>	<u>Owned Acreage</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>2024 Cost, Net</u>	<u>2023 Cost, Net</u>
Franklin Elementary	16.7	\$ 21,518,031	\$ 10,471,462	\$11,046,569	\$ 11,635,412
Johnson Elementary	13.7	\$ 12,202,628	\$ 4,334,620	7,868,008	7,155,488
Liberty Elementary	37.0	\$ 19,661,448	\$ 7,388,781	12,272,667	13,023,357
Moore Elementary	20.0	\$ 12,048,780	\$ 8,266,414	3,782,366	4,136,036
Freedom Intermediate	25.0	\$ 19,264,666	\$ 14,276,767	4,987,899	5,727,271
Freedom Middle	37.4	\$ 15,794,211	\$ 8,948,386	6,845,825	6,994,708
Poplar Grove	37.3	\$ 24,775,455	\$ 12,638,841	12,136,614	40,830,775
Central Office	2.6	\$ 5,732,173	\$ 1,708,580	4,023,593	4,512,307
Central Office Annex	6.6	\$ 3,267,025	\$ 1,152,990	2,114,035	1,777,745
Transportation	-	\$ 3,185,938	\$ 2,298,104	887,834	641,009
PAC	-	\$ 28,359,685	\$ 565,284	27,794,401	641,009
Maintenance/Landscaping	-	\$ 498,827	\$ 283,071	215,756	180,251
C/O 205 Eddy Lane	4.7	\$ 31,315,831	\$ 82,590	31,233,241	9,818,859
Total	201.0	\$ 197,624,698	\$ 72,415,890	125,208,808	106,433,218
Less: Outstanding Debt				(96,318,589)	(76,720,521)
Net Investment in Capital Assets				\$28,890,219	\$ 29,712,697

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND TAX RATES

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

- The 2023 Tennessee General Assembly approved FSSD to issue an aggregate principal amount not to exceed \$20,000,000 of additional interest-bearing bonds to finance current and future capital projects. In March 2024, the FSSD received \$21,668,292 from this issuance inclusive of principal and premium.
- In the 2024-2025 budget, FSSD increased the current tax rate by \$0.11 to \$0.8151 with \$0.6111 committed to the General Fund and \$0.2040 to the Debt Service Fund. With the March 2024 bond issue of \$21,668,292, our Debt Service expenditures for FY2024-2025 are expected to exceed our revenues; therefore, reducing our Debt Service fund balance by approximately \$363,623. However, the fund balance is expected to remain healthy as compared to previous years. The 2025-2026 budget is going to require more funds committed toward the Debt Service Fund to maintain a healthy fund balance moving forward.

FRANKLIN SPECIAL SCHOOL DISTRICT

Management's Discussion and Analysis

- The FSSD chose to include a 4% COLA beyond step increases for the 2024-2025 General Fund.
- Total General Fund appropriations approved by the District's Board of Education for the 2024-2025 fiscal year is \$64,507,183.

All of these factors will have an impact upon the District's budget for the 2024-2025 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those interested in the District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Associate Director of Schools for Finance and Administration at 507 New Highway 96 West, Franklin, Tennessee 37064.

BASIC FINANCIAL STATEMENTS

FRANKLIN SPECIAL SCHOOL DISTRICT

Statement of Net Position

June 30, 2024

	Primary Government Governmental Activities
<u>Assets</u>	
Cash and cash equivalents	40,512,267
Receivables (net of allowance of uncollectibles):	
Taxes	24,254,426
Due from other governments	24,154,125
Accounts receivable	89,878
Inventories	87,642
Prepaid Expenses	2,294
Net pension asset	7,499,168
Non depreciable capital assets	5,910,485
Depreciable capital assets net accumulated depreciation	119,298,323
Restricted Assets:	
Amounts accumulated for Pension Benefits	785,794
Total Assets	222,594,402
<u>Deferred outflows of resources</u>	
Deferred outflows-pensions	9,874,286
Deferred outflows-OPEB	2,213,326
Deferred loss on bond refunding	1,984,480
Total Deferred Outflows of Resources	14,072,092
<u>Liabilities</u>	
Accounts payable	351,842
Accrued payroll and other liabilities	6,053,409
Retainage payable	35,990
Accrued interest	378,769
Advances in cafeteria charges	40,889
Advances in PAC charges	71,000
Advances in tuition	38,636
Net pension liability	1,820,179
Long-term liabilities due within one year	3,650,000
Long-term liabilities due in more than one year	121,825,513
Total Liabilities	134,266,227
<u>Deferred inflows of resources</u>	
Deferred inflows-pensions	586,342
Deferred inflows-OPEB	3,674,110
Deferred inflows for property taxes	44,461,720
Total Deferred Inflows of Resources	48,722,172
<u>Net Position</u>	
Net investment in capital assets	28,890,219
Restricted-Nonspendable	86,978
Restricted for education	1,660
Restricted for pensions	6,464,783
Unrestricted	18,234,455
Total Net Position	\$ 53,678,095

The notes to the financial statements are an integral part of this statement. See Independent Auditor's Report.

FRANKLIN SPECIAL SCHOOL DISTRICT

Statement of Activities

For the Year Ended June 30, 2024

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
			Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
<u>Functions / Programs:</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary Government:					
Governmental Activities:					
Regular instruction	\$ 38,853,694	\$ 381,360	\$ 18,373,473	\$ 688,967	\$ (19,409,894)
Special needs instruction	9,645,110	-	145,537	-	(9,499,573)
Attendance and health	861,074	-	-	-	(861,074)
Transportation	2,773,111	-	-	-	(2,773,111)
Plant operation and maintenance	9,408,145	-	-	-	(9,408,145)
Food service	3,062,792	935,578	1,694,733	-	(432,481)
Program Costs	1,855,382	-	-	-	(1,855,382)
Community service	13,675	1,138,055	370,277	-	1,494,657
Administration	5,479,705	-	-	-	(5,479,705)
Internal School	953,779	-	980,127	-	26,348
Interest of debt	3,242,154	-	-	-	(3,242,154)
 Total Governmental Activities	 \$ 76,148,621	 \$ 2,454,993	 \$ 21,564,147	 \$ 688,967	 \$ (51,440,514)
 General Revenues:					
Property taxes					26,922,340
County shared taxes					21,106,520
Unrestricted investment earnings and rental income					1,793,616
Other					678,249
 Total general revenues					 50,500,725
 Change in net position					 (939,789)
 Net position - beginning of year					 54,617,884
 Net position - end of year					 \$ 53,678,095

The notes to the financial statements are an integral part of this statement. See Independent Auditor's Report.

FRANKLIN SPECIAL SCHOOL DISTRICT

**Balance Sheet
Governmental Funds**

June 30, 2024

	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>Assets</u>					
Cash and cash equivalents	\$ 16,343,963	\$ 22,019,323	\$ 1,387,663	\$ 761,318	\$ 40,512,267
Taxes receivable	24,254,426	-	-	-	24,254,426
Due from other governments	15,598,365	73,494	7,918,148	564,118	24,154,125
Receivables	49,378	-	-	40,500	89,878
Inventory	-	-	-	87,642	87,642
Due from other funds	268,140	-	-	-	268,140
Prepaid Expenses	2,294	-	-	-	2,294
Restricted Assets	785,794	-	-	-	785,794
Total Assets	\$ 57,302,360	\$ 22,092,817	\$ 9,305,811	\$ 1,453,578	\$ 90,154,566
<u>Liabilities</u>					
Accounts payable	269,177	82,665	-	-	351,842
Accrued liabilities	5,704,753	-	-	348,656	6,053,409
Retainage payable	-	35,990	-	-	35,990
Due to other funds	-	-	-	268,140	268,140
Advance of cafeteria charges	-	-	-	40,889	40,889
Advance of PAC charges	71,000	-	-	-	71,000
Advance of tuition	-	-	-	38,636	38,636
Total Liabilities	6,044,930	118,655	-	696,321	6,859,906
<u>Deferred inflows of resources</u>					
Deferred inflows for property taxes	37,355,164	-	7,862,427	-	45,217,591
Total Deferred Inflows of Resources	37,355,164	-	7,862,427	-	45,217,591
<u>Fund Balances</u>					
Nonspendable:					
Inventory	-	-	-	86,978	86,978
Restricted:					
Restricted for Education	1,660	-	-	-	1,660
Restricted for Internal School	-	-	-	638,589	638,589
Restricted for Capital Outlay	-	-	-	-	-
Restricted for Hybrid Retirement Stabilization Trust	785,794	-	-	-	785,794
Committed:					
Committed for Debt Service	-	-	1,443,384	-	1,443,384
Committed for Capital Outlay	-	21,974,162	-	-	21,974,162
Committed for Education	54,815	-	-	-	54,815
Committed for Support Services	14,653	-	-	-	14,653
Committed for Food Service	-	-	-	31,690	31,690
Unassigned	13,045,344	-	-	-	13,045,344
Total Fund Balances	13,902,266	21,974,162	1,443,384	757,257	38,077,069
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 57,302,360	\$ 22,092,817	\$ 9,305,811	\$ 1,453,578	\$ 90,154,566

The notes to the financial statements are an integral part of this statement. See Independent Auditor's Report.

FRANKLIN SPECIAL SCHOOL DISTRICT

Reconciliation of the Balance Sheet to the Statement of Net Position of Governmental Activities

June, 30 2024

Amounts reported for fund balance - total governmental fund:		\$ 38,077,069
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		125,208,808
Net pension asset (liability) that is not due and payable in the current period, therefore, are not reported in the funds.		5,678,989
Deferred outflow of resources that is a consumption of net position that is applicable to a future reporting period.		
Employer contributions subsequent to the measurement date of the Net pension liability		9,874,286
OPEB		2,213,326
Deferred loss on bond refunding		1,984,480
Deferred inflow of resources in an acquisition of net position that is applicable to a future reporting period.		
County collected and shared taxes		755,871
OPEB		(3,674,110)
Changes in net pension liability not included in pension expense		(586,342)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditures are reported when due.		(378,769)
Loss on bond refunding discounts and premiums are amortized as a component of interest over the life of the bonds on the statement of net position.		(10,556,894)
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not recorded in the funds.		
General long-term bonds and notes	\$ (106,895,000)	
Other post employment benefits	(7,552,194)	
Compensated absences	(471,425)	(114,918,619)
Net position of governmental activities		<u><u>\$ 53,678,095</u></u>

FRANKLIN SPECIAL SCHOOL DISTRICT

**Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds**

For the Year Ended June 30, 2024

<u>Revenues</u>	<u>General</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Taxes	20,520,841	\$ -	\$ 6,418,591	\$ -	\$ 26,939,432
Intergovernmental	37,767,739	688,967	-	3,928,699	42,385,405
Charges for services	381,360	-	-	2,179,535	2,560,895
Uses of money and property	706,333	-	-	-	706,333
Internal School	-	-	-	980,127	980,127
Other	495,545	964,089	123,194	76,802	1,659,630
Total Revenue	<u>59,871,818</u>	<u>1,653,056</u>	<u>6,541,785</u>	<u>7,165,163</u>	<u>75,231,822</u>
<u>Expenditures</u>					
Current:					
Regular instruction	36,826,186	862,315	-	652,372	38,340,873
Special needs instruction	8,654,363	-	-	995,172	9,649,535
Attendance and health	840,224	-	-	24,595	864,819
Transportation	2,609,479	-	-	5,888	2,615,367
Plant operation and maintenance	5,132,759	-	-	52,015	5,184,774
Food service	-	-	-	3,032,443	3,032,443
Program Costs	-	-	-	1,855,382	1,855,382
Administration	5,917,239	-	128,458	-	6,045,697
Debt service	224,724	93,881	7,319,696	-	7,638,301
Internal School	-	-	-	953,779	953,779
Capital outlay	-	23,210,353	-	-	23,210,353
Total Expenditures	<u>60,204,974</u>	<u>24,166,549</u>	<u>7,448,154</u>	<u>7,571,646</u>	<u>99,391,323</u>
Excess (deficiency) revenues over expenditures	<u>(333,156)</u>	<u>(22,513,493)</u>	<u>(906,369)</u>	<u>(406,483)</u>	<u>(24,159,501)</u>
<u>Other Financing Sources (Uses)</u>					
Sale of Property/Equipment	48,644	-	-	-	48,644
Transfers from other funds	88,644	-	-	-	88,644
Transfers to other funds	-	(177,004)	177,004	(88,644)	(88,644)
Bond Proceeds	-	21,668,292	-	-	21,668,292
Bond Premium	-	-	-	-	-
Bond Costs	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>137,288</u>	<u>21,491,288</u>	<u>177,004</u>	<u>(88,644)</u>	<u>21,716,936</u>
Net Change in Fund Balance	(195,868)	(1,022,205)	(729,365)	(495,127)	(2,442,565)
Fund Balance, Beginning of Year	14,098,134	22,996,367	2,172,749	1,228,888	40,496,138
Change in inventory reserve	-	-	-	23,496	23,496
Fund Balance, End of Year	<u>\$ 13,902,266</u>	<u>\$ 21,974,162</u>	<u>\$ 1,443,384</u>	<u>\$ 757,257</u>	<u>\$ 38,077,069</u>

The notes to the financial statements are an integral part of this statement. See Independent Auditor's Report.

FRANKLIN SPECIAL SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2024

Amounts reported for net change in fund balance - total governmental fund: \$ (2,442,565)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the current period.

Cost of assets acquired	\$ 24,105,247	
Depreciation expense	(5,329,658)	
		18,775,589

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

County collected and shared taxes	(22,990)
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Net change in pension assets/liabilities and expenditures that are deferred or capitalized for the statement of activities.

1,147,530

Net change in bond loss that is deferred for the statement of activities

(432,485)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on net position.

Bond Proceeds	\$ (20,000,000)	
Bond Premium	(2,075,167)	
Current year principal payments	3,370,000	
Amortization of debt premium	1,663,798	(17,041,369)

Interest is accrued on the outstanding bonds in the statement of activities, whereas in the governmental funds, an interest expenditure is reported when due.

(56,270)

Expenses reported for governmental activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds.

Change in reserve for inventory	\$ 23,496	
Compensated absences	255	
Other post employment benefits	(890,980)	(867,229)

Change in net position of governmental activities

\$ (939,789)

FRANKLIN SPECIAL SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balance - Actual and Budget (GAAP Basis)

General Fund

For the Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Special School District taxes:				
Property tax - current year	\$20,297,649	\$ 20,297,649	\$ 20,308,550	\$ 10,901
Property tax - prior year	110,000	110,000	115,466	5,466
Property tax - pickup	75,000	75,000	66,901	(8,099)
Interest and penalty on delinquent taxes	30,000	30,000	29,924	(76)
Total special school district taxes	20,512,649	20,512,649	20,520,841	8,192
Intergovernmental revenue				
County Revenue:				
Property tax - current year	12,419,672	12,419,672	12,939,097	519,425
Property tax - prior year	35,000	35,000	35,566	566
Taxes - other	140,500	140,500	160,182	19,682
In lieu of tax payments	65,000	65,000	71,399	6,399
Interest and penalty on delinquent taxes	20,000	20,000	17,396	(2,604)
Local sales tax	7,300,000	7,300,000	7,888,778	588,778
Total county revenue	19,980,172	19,980,172	21,112,418	1,132,246
State Funds:				
TISA	14,729,100	14,729,100	15,198,140	469,040
Career ladder	40,000	40,000	42,974	2,974
Coordinated school health	80,000	-	-	-
On-behalf contribution OPEB	-	-	207,910	207,910
Other state funds	358,870	1,234,895	1,092,330	(142,565)
Total state funds	15,207,970	16,003,995	16,541,354	537,359
Federal Funds:				
Education of handicapped	-	113,967	113,967	-
Total federal funds received	-	113,967	113,967	-
Total Intergovernmental revenue	35,188,142	36,098,134	37,767,739	1,669,605
Charges for services				
Tuition - out-of-district students	50,000	50,000	111,768	61,768
Tuition summer school	169,812	169,812	171,671	1,859
Tuition other	40,000	40,000	68,974	28,974
Other Charges	25,000	25,000	28,947	3,947
Total charges for services	284,812	284,812	381,360	96,548
Other Revenue from Local Sources:				
Interest earnings	150,000	150,000	653,612	503,612
Facility rentals	20,000	20,000	52,721	32,721
Other	133,500	154,500	495,545	341,045
Total other revenues	303,500	324,500	1,201,878	877,378
Total Revenues	\$ 56,289,103	\$ 57,220,095	\$ 59,871,818	\$ 2,651,723

The notes to the financial statements are an integral part of this statement. See Independent Auditor's Report.

FRANKLIN SPECIAL SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in
Fund Balance - Actual and Budget (GAAP Basis), Continued

General Fund

For the Year Ended June 30, 2024

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Expenditures:				
Regular Instruction:				
Principals and assistant principals	\$ 2,169,546	\$ 2,237,046	\$ 2,230,998	\$ 6,048
Supervisors	523,816	523,816	531,886	(8,070)
Teachers	20,477,259	20,287,895	19,667,178	620,717
Guidance personnel	705,182	751,182	751,491	(309)
Library personnel	508,854	583,854	585,278	(1,424)
Other salaries and wages	3,191,528	3,442,096	3,207,061	235,035
Career ladder program	37,000	37,000	29,365	7,635
Benefits	7,987,070	8,108,232	7,958,990	149,242
Contracted services and consultants	866,322	876,900	932,648	(55,748)
Travel - instructional personnel	3,800	3,732	1,973	1,759
Instructional materials and supplies	863,365	942,304	827,110	115,194
Other	79,835	581,425	102,208	479,217
Total regular instruction	<u>37,413,577</u>	<u>38,375,482</u>	<u>36,826,186</u>	<u>1,549,296</u>
Special Needs Instruction				
Supervisor	126,510	126,510	128,486	(1,976)
Teachers	3,376,580	3,438,580	3,422,974	15,606
Psychological personnel	987,020	909,020	871,866	37,154
Substitute teachers	-	21,000	20,974	26
Other personnel	1,023,722	1,094,250	975,332	118,918
Career ladder	7,000	7,000	5,850	1,150
Contracts	367,476	566,596	603,020	(36,424)
Instruction materials and supplies	61,500	142,276	120,397	21,879
Benefits	1,871,533	1,987,328	1,973,540	13,788
Other	558,778	558,778	531,924	26,854
Total special needs instruction	<u>8,380,119</u>	<u>8,851,338</u>	<u>8,654,363</u>	<u>196,975</u>
Attendance and Health:				
Supervisor and other wages	638,275	643,987	602,401	41,586
Career ladder program	1,000	1,000	1,000	-
Benefits	198,193	199,159	186,473	12,686
Supplies and materials	18,490	20,690	17,182	3,508
Other	26,929	26,929	33,168	(6,239)
Total attendance and health	<u>882,887</u>	<u>891,765</u>	<u>840,224</u>	<u>51,541</u>
Transportation:				
Bus drivers and supervisors	1,467,033	1,517,033	1,372,163	144,870
Other salaries and wages	149,006	149,006	156,714	(7,708)
Benefits	574,584	616,238	600,828	15,410
Repairs and maintenance	241,000	227,901	223,437	4,464
Contracted services	16,700	99,900	17,869	82,031
Fuel	203,500	188,325	121,462	66,863
Insurance	62,123	62,123	62,204	(81)
Other	71,500	74,275	54,802	19,473
Total transportation	<u>2,785,446</u>	<u>2,934,801</u>	<u>2,609,479</u>	<u>325,322</u>

The notes to the financial statements are an integral part of this statement. See Independent Auditor's Report.

FRANKLIN SPECIAL SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balance - Actual and Budget (GAAP Basis), Continued

General Fund

For the Year Ended June 30, 2024

Expenditures, Continued:	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Plant Operation and Maintenance:				
Supervisors	111,451	111,451	113,498	(2,047)
Custodial services	1,536,947	1,484,847	1,469,957	14,890
Other salaries and wages	501,066	501,066	506,192	(5,126)
Benefits	742,872	744,201	733,859	10,342
Repairs and maintenance	189,500	425,686	375,331	50,355
Other contracted services	150,925	150,925	165,372	(14,447)
Utilities	1,136,000	1,136,000	1,143,262	(7,262)
Insurance	264,016	264,016	261,069	2,947
Other materials and supplies	308,500	370,500	362,890	7,610
Other	4,000	4,000	1,329	2,671
Total plant operation and maintenance	<u>4,945,277</u>	<u>5,192,692</u>	<u>5,132,759</u>	<u>59,933</u>
Administration:				
Director of schools	276,099	276,099	278,027	(1,928)
Accounting	568,352	568,352	577,597	(9,245)
Other salaries and wages	1,290,688	1,296,192	1,267,001	29,191
Benefits	527,680	527,680	510,138	17,542
Travel	53,310	52,766	42,950	9,816
Communications	110,000	103,000	57,593	45,407
Board services	359,099	359,099	338,516	20,583
Trustee commission	725,000	725,000	752,173	(27,173)
Insurance	248,189	248,189	250,328	(2,139)
Professional services	129,070	115,320	88,889	26,431
Other contracted services	737,000	718,716	601,441	117,275
Materials and supplies	208,400	279,063	196,958	82,105
Data processing	2,000	2,000	2,252	(252)
On-behalf payments OPEB	-	-	207,910	(207,910)
Other	755,758	869,192	745,466	123,726
Debt service	252,724	252,724	224,724	28,000
Total administration	<u>6,243,369</u>	<u>6,393,392</u>	<u>6,141,963</u>	<u>251,429</u>
 Total Expenditures	<u>60,650,675</u>	<u>62,639,470</u>	<u>60,204,974</u>	<u>2,434,496</u>
 Excess revenues over (under) expenditures	<u>(4,361,572)</u>	<u>(5,419,375)</u>	<u>(333,156)</u>	<u>5,086,219</u>
Other Financing Sources (Uses):				
Sale of property/equipment	15,000	15,000	48,644	33,644
Transfer in	40,000	40,000	88,644	48,644
Total Other Financing Sources (Uses)	<u>55,000</u>	<u>55,000</u>	<u>137,288</u>	<u>82,288</u>
 Net change in Fund Balance	<u>(4,306,572)</u>	<u>(5,364,375)</u>	<u>(195,868)</u>	<u>5,168,507</u>
 Fund Balance, Beginning of Year	<u>14,098,134</u>	<u>14,098,134</u>	<u>14,098,134</u>	<u>-</u>
 Fund Balance, End of Year	<u>\$ 9,791,562</u>	<u>\$ 8,733,759</u>	<u>\$ 13,902,266</u>	<u>\$ 5,168,507</u>

The notes to the financial statements are an integral part of this statement. See Independent Auditor's Report.

FRANKLIN SPECIAL SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2024

1.) Summary of Significant Accounting Policies

Reporting Entity

The financial statements of Franklin Special School District, Franklin, Tennessee have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board. The accompanying statements include all fund types of the Franklin Special School District. The District provides public schools to the Franklin City area for grades kindergarten through eighth. The District is a public and governmental body established by Chapter 563 of the Private Acts of 1949 of the State of Tennessee. The District is operated by six elected board members and an appointed Director of Schools.

In accordance with the Governmental Accounting Standards Board Statement 14, the financial statements of all entities over which the District is financially accountable are included in the General Purpose Financial Statements. Financial accountability ordinarily involves meeting both of the following criteria; the primary government is accountable for the potential component unit and the primary government is able to impose its will on the potential component unit, or there is a possibility that the potential component unit may provide specific financial benefits or impose specific financial burdens on the primary government. There were no components units considered to meet these criteria for the District.

The individual schools operate activity funds which are under the supervision of the principals and are not included in this report. Financial statements for these funds are available at the Board of Education.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Franklin Special School District has no business-type activities or fiduciary activities.

The statement of activities demonstrates the degree to which the direct expense of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (i) charges to customers or applicants (including fees and fines) who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (ii) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, and other items not properly included among program revenues are reported instead as general revenues.

Major individual governmental funds are reported as separate columns in the fund financial statements.

FRANKLIN SPECIAL SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2024

1.) Summary of Significant Accounting Policies-(Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. District property taxes are billed and collected by the county. Property taxes as well as shared tax revenues are recognized if remitted to the District within 60 days of year end. Property taxes are assessed by the District each January, however, the taxes are not available until the next fiscal year so the current year assessment is recorded as a deferred inflow of resources and recognized as revenue of the period to which they apply. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Sales taxes as well as the District's property taxes which are billed and collected by the county and other shared revenues through intermediary collecting governments are considered measurable and available if received within 30 days of year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Rents, after school fees, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period using the criteria specified in the paragraph above. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Capital Projects Fund accounts for financial resources to be used for the acquisition, construction, or maintenance of major capital assets as well as significant repairs, maintenance, materials, and supplies.

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of general long-term debt including principal, interest and related costs.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions are charges between the government's various functions whose eliminations would distort the direct costs and program revenues reported for the various functions concerned.

FRANKLIN SPECIAL SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2024

1.) Summary of Significant Accounting Policies-(Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Amounts reported as program revenues include (i) charges to customers or students (including fines and fees) for goods, services, or privileges provided; (ii) operation grants and contributions; (iii) capital grants and contributions. General revenues include all taxes internally dedicated resources.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash, Cash Equivalents and Investments

The District is authorized to deposit funds in local banks and purchase certificates of deposit in local banks as well as participate in the Local Government Investment Pool administered by the State of Tennessee. The pool contains investments in certificates of deposits, U.S. Treasury securities and Repurchase Agreements backed by the U.S. Treasury Securities. The investment pool is administered by the Treasurer of the State of Tennessee. District policy dictates that collateral meet certain requirements, such as, be deposited in an institution which participates in the State Collateral Pool or be deposited in an escrow account in another institution for the benefit of the Franklin Special School District and must be a minimum of 105% of the value of the deposits placed in the institution less the amount protected by federal deposit insurance. The state collateral pool is administered to pay an assessment to cover any deficiency.

Cash and cash equivalents consist of cash, savings accounts and short term certificates of deposit with an original maturity of three months or less. Due to liquidity, the District considers the funds deposited in the local government investment pool as a cash equivalent for financial statement and cash flow purposes. The fair value of the position in the investment pool is the same as the value of the pool shares.

Inventory

Inventories have been valued at lower of cost or market using the first-in, first-out method (FIFO). Inventory is accounted for using the purchase method in the fund financial statements and is expensed when purchased and adjustments are made to the beginning fund balance to record and report changes in inventory. Inventory consists primarily of food and supplies.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds."

All trade receivables and property tax receivables are shown net of an allowance for uncollectibles.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets consisting of certain improvements other than buildings, including roads, streets and sidewalks, and drainage systems are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

FRANKLIN SPECIAL SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2024

1.) Summary of Significant Accounting Policies-(Continued)

Capital Assets

All capital assets are valued at historical cost or estimated at historical cost, if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation has been provided over estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	25-50 years
Improvements	10-50 years
Equipment	5-20 years
Furniture and fixtures	5-20 years

Interfund Transactions

Transactions which constitute reimbursement of expenditures initially made from the fund, which are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

All interfund transactions except advances, quasi-external transactions and reimbursements are accounted for as transfers. Nonrecurring or nonroutine transfers of equity between funds are considered residual equity transfers and all other transfers are treated as operating transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide statements.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has sources from pensions, bond refunding and other post-employment benefits that qualify for reporting in this category. These amounts are deferred and recognized as an expense of resources in the period the amounts are consumed.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has revenue sources from property taxes, pensions, and other post-employment benefits that qualify for reporting in this category. These amounts are deferred and recognized as an inflow or resources in the period that the amounts become available.

FRANKLIN SPECIAL SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2024

1.) Summary of Significant Accounting Policies-(Continued)

Compensated Absences

General policy of the District permits the accumulation of unused sick leave; however, payments for accumulated sick leave upon termination are not permitted. District policy does permit payments upon retirement if certain guidelines are met. Employees are required to take vacations annually with no carryover or payment of unused vacation days allowed. All sick pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in government funds only if they have matured, for example, as a result of employee terminations or retirements.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

Bond and note premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the deferred loss on refunding and applicable discounts and premiums. Bond issuance costs are recognized as an expense in the period incurred.

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

Pensions

Teacher Retirement Plan of the Tennessee Consolidated Retirement System

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 Teacher Retirement Plan in the Tennessee Consolidated Retirement System (TCRS) and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Retirement Plan. Investments are reported at fair value.

Teacher Legacy Pension Plan of the Tennessee Consolidated Retirement System

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 Teacher Legacy Pension Plan in the Tennessee Consolidated Retirement System (TCRS) and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Legacy Pension Plan. Investments are reported at fair value.

FRANKLIN SPECIAL SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2024

1.) Summary of Significant Accounting Policies-(Continued)

Pensions – (Continued)

Public Employee Retirement Plan (Legacy) of the Tennessee Consolidated Retirement System

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 Franklin Special School District's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Franklin Special School District's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of the TCRS. Investments are reported at fair value.

TCRS Stabilization Trust

Legal Provisions. The Franklin Special School District is a member of the Tennessee Consolidated Retirement System (TCRS) Stabilization Reserve Trust. The School Department has placed funds into the irrevocable trust as authorized by statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the trust. Funds of trust members are held and invested in the name of the trust for the benefit of each member. Each member's funds are restricted for the payment of retirement benefits of that member's employees. Trust funds are not subject to the claims of general creditors of the School Department.

The trust is authorized to make investments as directed by the TCRS Board of Trustees. The Franklin Special School District may not impose any restrictions on investments placed by the trust on their behalf. It is the intent of the plan trustees to allocate these funds in the future to offset pension costs.

Investment Balances. Assets of the TCRS, including the Stabilization Reserve Trust, are invested in the Tennessee Retiree Group Trust (TRGT). The TRGT is not registered with the Securities and Exchange Commission (SEC) as an investment company. The State of Tennessee has not obtained a credit quality rating for the TRGT from a nationally recognized credit ratings agency. The fair value of investment positions in the TRGT is determined daily based on the fair value of the pool's underlying portfolio. Furthermore, TCRS had not obtained or provided any legally binding guarantees to support the value of participant shares during the fiscal year. There are no restrictions on the sale or redemption of shares.

Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the fair value of investments and interest and dividend income. Interest income is recognized when earned. Securities and securities transactions are recorded in the financial statements on a trade-date basis. The fair value of assets of the TRGT held at June 30, 2023, represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

FRANKLIN SPECIAL SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2024

1.) **Summary of Significant Accounting Policies-(Continued)**

TCRS Stabilization Trust – (Continued)

Assets held are categorized for fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

- Level 1 - Unadjusted quoted prices for identical assets or liabilities in active markets that can be accessed at the measurement date.
- Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; assets or liabilities that have a bid-ask spread price in an inactive dealer market, brokered market and principal-to-principal market; and Level 1 assets or liabilities that are adjusted.
- Level3-Valuations derived from valuation techniques in which significant inputs are unobservable

Investments where fair value is measured using the Net Asset Value (“NAV”) per share have no readily determinable fair value and have been determined to be calculated consistent with FASB principles for investment companies.

Where inputs used in the measurement of fair value fall into different levels of the hierarchy, fair value of the instrument in its entirety is categorized based on the lowest level input that is significant to the valuation. This assessment requires professional judgement and as such the management of the TRGT developed a fair value committee that worked in conjunction with the plan’s custodian and investment professionals to make these valuations. All assets held were valued individually and aggregated into classes to be represented in the table below.

Short-term securities generally include investments in money market-type securities reported at cost plus accrued interest.

Equity and equity derivative securities classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Equity and equity derivative securities classified in Level 2 are securities whose values are derived daily from associated traded securities. Equity securities classified in Level 3 are valued with last trade data having limited trading volume.

U.S. Treasury Bills, Bonds, Notes and Futures classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Debt and debt derivative securities classified in Level 2 are valued using a bid-ask spread price from multiple independent brokers, dealers, or market principals, which are known to be actively involved in the market. Level 3 debt securities are valued using proprietary information, a single pricing source, or other unobservable inputs related to similar assets or liabilities.

FRANKLIN SPECIAL SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2024

1.) Summary of Significant Accounting Policies-(Continued)

TCRS Stabilization Trust – (Continued)

Real estate investments classified in Level 3 are valued using the last valuations provided by external investment advisors or independent external appraisers. Generally, all direct real estate investments are appraised by a qualified independent appraiser(s) with the professional designation of Member of the Appraisal Institute (“MAI”), or its equivalent, every three (3) years beginning from the acquisition date of the property. The appraisals are performed using generally accepted valuation approaches applicable to the property type.

Investments in private mutual funds, traditional private equity funds, strategic lending funds and real estate funds that report using GAAP, the fair value, as well as the unfunded commitments, were determined using the prior quarter’s NAV, as reported by the fund managers, plus the current cash flows. These assets were then categorized by investment strategy. In instances where the fund investment reported using non-GAAP standards, the investment was valued using the same method, but was classified in Level 3.

On June 30, 2024, the Franklin Special School District had the following investments held by the trust on its behalf.

<u>Investment</u>	<u>(days)</u>	<u>Maturities</u>	<u>Value</u>
Investments at Fair Value:			
U.S. Equity	N/A	N/A	\$ 243,596
Developed Market International Equity	N/A	N/A	110,011
Emerging Market International Equity	N/A	N/A	31,432
U.S. Fixed Income	N/A	N/A	157,159
Real Estate	N/A	N/A	78,579
Short-term Securities	N/A	N/A	7,858
NAV - Private Equity and Strategic Lending	N/A	N/A	<u>157,159</u>
Total			<u><u>\$ 785,794</u></u>

FRANKLIN SPECIAL SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2024

1.) Summary of Significant Accounting Policies-(Continued)

TCRS Stabilization Trust – (Continued)

Investment by Fair Value Level	Fair Value 6-30-24	Fair Value Measurements Using			Amortized Cost NAV
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
U.S. Equity	\$ 243,596	\$ 243,596	\$ 0	\$ 0	0
Developed Market					
International Equity	110,011	110,011	0	0	0
Emerging Market					
International Equity	31,432	31,432	0	0	0
U.S. Fixed Income	157,159	0	157,159	0	0
Real Estate	78,579	0	0	78,579	0
Short-term Securities	7,858	0	7,858	0	0
Private Equity and Strategic Lending	157,159	0	0	0	157,159
Total	\$ 785,794	\$ 385,039	\$ 165,017	\$ 78,579	\$ 157,159

Risks and Uncertainties. The trust's investments include various types of investment funds, which in turn invest in any combination of stock, bonds and other investments exposed to various risks, such as interest rate, credit, and market risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported for trust investments.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Franklin Special School District does not have the ability to limit trust investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Franklin Special School District does not have the ability to limit the credit ratings of individual investments made by the trust.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. Franklin Special School District places no limit on the amount the county may invest in one issuer.

FRANKLIN SPECIAL SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2024

1.) Summary of Significant Accounting Policies-(Continued)

TCRS Stabilization Trust – (Continued)

Custodial Credit Risk. Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Pursuant to the trust agreement, investments are held in the name of the trust for the benefit of the Franklin Special School District to pay retirement benefits of the School Department employees.

For further information concerning the School Department's investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at <https://comptroller.tn.gov/content/dam/cot/sa/advanced-search/disclaimer/2020/ag20045.pdf>.

Fund Equity

The District has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance- amounts that are not in nonspendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance- amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance- amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority, the School Board. To be reported as committed, amounts cannot be used for any other purposes unless the Board takes the same highest level action to remove or change the constraint.
- Assigned fund balance-amounts the District intends to use for a specific purpose. Intent can be expressed by the School Board or by an official or body to which the Board delegates the authority.
- Unassigned fund balance- amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The Board establishes (and modifies and rescinds) fund balance commitments by passage of a resolution. Assigned fund balance is established by the School Board through adoption or amendment of the budget as intended for specific purpose. Assigned fund balances includes all remaining amounts, except for negative balances that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed.

FRANKLIN SPECIAL SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2024

1.) Summary of Significant Accounting Policies-(Continued)

Fund Equity (continued)

The details of the fund balances are included in the Governmental Funds Balance Sheet as listed in the table of contents. Restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the School Board or the Assignment has been changed by the Superintendent. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned Fund Balance becomes zero, then Assigned and Committed Fund Balances are used in that order.

Net Position

Net position in the government-wide financial statements is divided into three components, net investment in capital assets, restricted and unrestricted.

Property Taxes

The District is prorated a portion of the county tax levy for the schools based on averaged daily attendance. Taxes are also levied by the District on property within the Special School District boundaries. The county bears the collection responsibilities. Tax revenues are recognized if remitted to the District within 30 days for governmental fund financial statements and 60 days for government-wide financial statements. Taxes are levied October 1 and become delinquent February 28 each year. All taxes on real property are declared a lien on such realty from January 1 of the year the assessments are made. However, since the taxes are not available until the next fiscal year, the taxes are a deferred inflow of resources. The District tax rates per \$100 of assessed value are as follows:

	<u>2024</u>	<u>2023</u>
General Fund	\$.5371	\$.5371
Debt Service	.1680	.1680

2.) Deposits and Investments

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned or the District will not be able to recover the collateral securities in the possession of an outside party. The District's policy requires deposits to be 105% secured by collateral, less the amount of Federal Deposit Insurance Corporation insurance (FDIC) or deposited in an institution which participates in the State Collateral Pool. Deposited funds may be invested in certificated of deposit in institutions with and established record of fiscal health and service. Collateral agreements must be approved prior to deposit of funds as required by state statutes. The School Board approves and designates a list of authorized depository institutions based on evaluation of solicited responses and certifications provided by financial institutions and recommendations of District staff.

At June 30, 2024, there were no amounts exposed to custodial credit risk.

FRANKLIN SPECIAL SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2024

2.) Deposits and Investments-(Continued)

Investments

At June 30, 2024, the District's reporting entity had the following investments:

	Fair Value/ <u>Carrying Amount</u>	<u>Maturity</u>	<u>Rating</u>
Local Government Investment Pool	\$37,816,988	N/A	N/A
Less Liquid Investments (Cash Equivalents)	<u>(\$37,816,988)</u>		
Total Investments per financial statements	<u>\$ -</u>		

Interest Rate Risk:

The District does not have a formal investment policy that limits investment maturities as a means of exposure to fair value losses arising from increasing interest rates.

Credit Risk:

The District's general investment policy allows investments in certificates of deposit in local banks and investment in the Local Government Investment Pool.

Custodial Risk:

The District currently does not invest in securities held by counter parties other than the State Investment Pool.

3.) Capital Assets

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

<u>Asset</u>	<u>July 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2024</u>
<u>Capital assets not being depreciated:</u>				
Land	\$ 5,910,485	\$ -	\$ -	\$ 5,910,485
<u>Capital assets being depreciated:</u>				
Buildings	90,508,013	21,123,495	-	111,631,508
Improvements	67,233,281	1,833,330	-	69,066,611
Equipment	7,253,471	709,627	(410,806)	7,552,292
Vehicles	3,433,029	438,795	(408,023)	3,463,802
Total	<u>\$174,338,279</u>	<u>\$ 24,105,247</u>	<u>\$(818,829)</u>	<u>\$ 197,624,698</u>
<u>Accumulated Depreciation</u>	<u>July 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2024</u>
Buildings	\$ 33,148,036	\$1,690,620	\$ -	\$ 34,838,655
Improvements	24,995,876	3,381,451	-	28,377,325
Equipment	7,085,701	75,264	(410,806)	6,750,161
Vehicles	2,675,448	182,323	(408,023)	2,449,749
Total	<u>\$ 67,905,061</u>	<u>\$5,329,658</u>	<u>\$ (818,829)</u>	<u>\$72,415,890</u>
Governmental Activities Net Capital Assets	<u>\$106,433,218</u>			<u>\$ 125,208,808</u>

FRANKLIN SPECIAL SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2024

3.) Capital Assets-(Continued)

Depreciation expense, including depreciation on assets acquired through capital leases was charged to functions programs of the primary government as follows:

Instruction	\$ 36,739
Transportation	163,969
Plant Operation and Maintenance	5,117,790
Food Service	9,178
Administration	1,982
Total	<u>\$5,329,658</u>

4.) Deferred outflows of resources

Deferred outflows of resources consists of a consumption of net assets by the District that is applicable to a future reporting period. At year end the various components of deferred outflows of resources are as follows:

		Government -Wide <u>Statements</u>	Fund <u>Statements</u>
Teacher Legacy Pension Plan	\$6,806,772		
Teacher Pension Plan	386,977		
Public Employee Retirement Plan	<u>2,680,537</u>		
Total		\$ 9,874,286	\$ -
Other post-employment benefits		2,213,326	-
Loss on bond refunding		<u>1,984,480</u>	-
Total		<u>\$14,072,092</u>	<u>\$ -</u>

5.) Receivables and Deferred Inflows of Resources

A summary of receivables at June 30, 2024 is as follows:

	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Funds	Total
Property Taxes	\$ 24,254,426	\$ -	\$ -	\$ -	\$ 24,254,426
Customer and Other	49,378	-	-	40,500	89,878
Other Governments	<u>15,598,365</u>	<u>73,494</u>	<u>7,918,148</u>	<u>564,118</u>	<u>24,154,125</u>
Total	<u>\$ 39,902,169</u>	<u>\$ 73,494</u>	<u>\$7,918,148</u>	<u>\$ 604,618</u>	<u>\$48,498,429</u>

FRANKLIN SPECIAL SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2024

5.) Receivables and Deferred Inflows of Resources-(Continued)

Deferred inflows of resources consist of revenues that are not considered to be available to liquidate liabilities of the current period. At year end the various components of deferred inflow of resources are as follows:

		Government -Wide <u>Statements</u>	Fund <u>Statements</u>
Changes in Net Pension Liability not Included in Pension Expense			
Teacher Legacy Pension Plan	\$ 385,850		
Teacher Retirement Pension Plan	112,664		
Public Employee Retirement Plan	<u>\$ 87,828</u>		
Total		\$ 586,342	\$ -
Other post-employment benefits		3,674,110	
Unlevied Property Taxes (Unavailable)		31,409,646	31,409,646
Unlevied County Taxes (Unavailable)		13,052,074	13,052,074
County Collected and Shared (Unavailable)		-	755,871
		<u>\$48,722,172</u>	<u>\$45,246,254</u>

6.) Long-Term Debt and Other Obligations Payable

The government issues general obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities for general school purposes.

The following is a summary of changes in long-term liabilities for the year ended June 30, 2024:

	<u>July 1, 2023</u>	<u>Additions</u>	<u>Accreted Interest</u>	<u>Reductions</u>	<u>June 30, 2024</u>	<u>Due Within One Year</u>
Governmental Activities:						
General Obligation Bonds	\$90,265,000	\$20,000,000	\$ -	\$ 3,370,000	\$106,895,000	\$3,650,000
Compensated Absences	471,170	255	-	-	471,425	-
Total	<u>\$90,736,170</u>	<u>\$ 20,000,255</u>	<u>\$ -</u>	<u>\$ 3,370,000</u>	<u>\$107,366,425</u>	<u>\$3,650,000</u>
Discounts/Premiums	<u>10,145,524</u>				<u>10,556,894</u>	
	100,881,694				117,923,319	
Net OPEB obligation	<u>8,443,174</u>				<u>7,552,194</u>	
	<u>\$109,324,868</u>				<u>\$125,475,513</u>	

FRANKLIN SPECIAL SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2024

6.) **Long-Term Debt and Other Obligations Payable-(Continued)**

Long term debt payable at June 30, 2024 is comprised of the following:

2014 Series limited tax school refunding bonds issued September 2014 With interest rate ranging from 2% to 4%	1,250,000
2016 Series limited tax school refunding bonds issued September 2016 With interest rate ranging from 2% to 4%	4,670,000
2019 Series limited tax school bonds issued March 2019 With interest rates ranging from 3% to 5%	22,710,000
2020 Series limited tax school refunding bonds issued October 2020 With interest rate ranging from 2% to 4%	13,655,000
2021 Series limited tax school bonds issued May 2021 With interest rates ranging from 2% to 4%	18,895,000
2022 Series limited tax school bonds issued December 2022 With interest rates ranging from 3% to 5%	25,715,000
2024 Series limited tax school bonds issued March 2024 With interest rates ranging from 3% to 5%	<u>20,000,000</u>
	<u>\$ 106,895,000</u>

The annual requirements to amortize all bonds and notes outstanding as of June 30, 2024, including interest payments as follows:

<u>Year</u>	<u>Bonds</u>	<u>Notes</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 3,650,000	\$ -	\$ 4,545,228	\$ 8,195,228
2026	3,810,000	-	4,385,975	8,195,975
2027	3,980,000	-	4,218,188	8,198,188
2028	4,140,000	-	4,056,298	8,196,298
2029	4,260,000	-	3,937,385	8,197,385
2030-2034	22,525,000	-	17,497,690	40,022,690
2035-2039	23,665,000	-	12,499,500	36,164,500
2040-2049	40,865,000	-	8,915,850	49,780,850
	<u>\$ 106,895,000</u>	<u>\$ -</u>	<u>\$60,056,113</u>	<u>\$ 166,951,113</u>

The District normally liquidated bonds and capital notes from the Debt Service Fund and short term borrowings from the General Fund. Compensated absences and OPEB obligations are generally liquidated from the General Fund.

7.) **Pension Plans**

A. Teacher Legacy Pension Plan of the Tennessee Consolidated Retirement System

Plan description. The Tennessee Consolidated Retirement System (TCRS) was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

FRANKLIN SPECIAL SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2024

7.) Pension Plans-(Continued)

Teachers employed by Franklin Special School District with membership in the TCRS before July 1, 2014 are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014 but will continue providing benefits to existing members and retirees.

A. Teacher Legacy Pension Plan of the Tennessee Consolidated Retirement System-(Continued)

The Teacher Retirement Plan became effective July 1, 2014 for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan.

Benefits provided. Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit, or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive years average compensation and the member's service credit. A reduced early retirement benefit is available at age 55 if vested. Members are vested with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for non-service-related disability eligibility. The service related and non-service-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The LEAs make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by Franklin Special School District for the year ended June 30, 2024 to the Teacher Legacy Pension Plan were \$1,388,288 which is 6.81 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense (Negative Pension Expense), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension liability (assets). At June 30, 2024, the Franklin Special School District reported a liability (asset) of (\$7,332,293) for its proportionate share of net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date.

FRANKLIN SPECIAL SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2024

7.) Pension Plans-(Continued)

A. Teacher Legacy Pension Plan of the Tennessee Consolidated Retirement System-(Continued)

Franklin Special School District's proportion of the net pension liability was based on Franklin Special School District's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2023, Franklin Special School District's proportion was 0.621922 percent. The proportion measured as of June 30, 2022, was . 619559 percent.

Pension expense (negative pension expense). For the year ended June 30, 2024, Franklin Special School District recognized pension expense (negative pension expense) of \$1,837,922.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2024, Franklin Special School District reported deferred outflows of resources and deferred inflows of resources related to the Teacher Legacy Pension Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$ 1,746,926	\$ 340,267
Changes in assumptions	2,389,062	-
Net difference between projected and actual earnings on pension plan investments	1,272,191	-
Changes in proportion of Net Pension Liability (Asset)	10,305	45,583
LEA's contributions subsequent to the Measurement date of June 30, 2023	1,388,288	(not applicable)
Total	<u>\$ 6,806,772</u>	<u>\$ 385,850</u>

Franklin Special School District employer contributions of \$1,388,288 reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase in net pension liability (asset) in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized n pension expense as follows:

Year Ended June 30:

2025	\$ 1,728,078
2026	(1,032,674)
2027	4,327,262
2028	9,966
2029	-
Thereafter	-

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

FRANKLIN SPECIAL SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2024

7.) Pension Plans-(Continued)

A. Teacher Legacy Pension Plan of the Tennessee Consolidated Retirement System-(Continued)

Actuarial assumptions. The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	6.75 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.125 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2023, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. As a result of the 2020 actuarial experience study, investment and demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates 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 of 2.25 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. Equity	4.88%	31%
Developed market international equity	5.37%	14%
Emerging market international equity	6.09%	4%
Private Equity and strategic lending	6.57%	20%
U.S. fixed income	1.20%	20%
Real estate	4.38%	10%
Short-term securities	0.00%	1%
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees of 6.75 percent based on a blending of the three factors described above.

FRANKLIN SPECIAL SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2024

7.) Pension Plans-(Continued)

A. Teacher Legacy Pension Plan of the Tennessee Consolidated Retirement System-(Continued)

Discount rate. The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the all LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of net pension liability (asset) to changes in the discount rate. The following presents Franklin Special School District's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.75 percent, as well as what Franklin Special School district's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Franklin Special School District's proportionate share of the net pension liability (asset)	\$15,970,245	\$(7,332,293)	\$(26,713,434)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

Payable to the pension plan

At June 30, 2024, Franklin Special School District reported a payable of \$212,920 for the outstanding amount of contributions to the Teacher Legacy Pension Plan required at the year ended June 30, 2024.

B. Teacher Retirement Plan of the Tennessee Consolidated Retirement System

Plan description. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

FRANKLIN SPECIAL SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2024

7.) Pension Plans-(Continued)

B. Teacher Retirement Plan of the Tennessee Consolidated Retirement System-(Continued)

Teachers employed by Franklin Special School District with memberships in TCRS before July 1, 2014 are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014 but will continue providing benefits to existing members and retirees. The Teacher Retirement Plan became effective July 1, 2014 for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan.

Benefits provided. Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Retirement Plan are eligible to retire with an unreduced benefit at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive years average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 60 and vested or pursuant to the rule of 80. Members are vested with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for non-service-related disability eligibility. The service related and non-service-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLAs, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers contribute 5 percent of salary. The LEAs make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4 percent, except in years when the maximum funded level, as established by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by Franklin Special School District for the year ended June 30, 2024 to the Teacher Retirement Plan were \$187,718 which is 2.02 percent of covered payroll. In addition, employer contributions of \$184,001, which is 1.98 percent of covered payroll were made to the Pension Stabilization Reserve Trust Fund to fund future pension costs. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

FRANKLIN SPECIAL SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2024

7.) Pension Plans-(Continued)

B. Teacher Retirement Plan of the Tennessee Consolidated Retirement System-(Continued)

Pension Liabilities (Assets), Pension Expense (Negative Pension Expense), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension liabilities (assets). At June 30, 2024, Franklin Special School District reported a liability (asset) of (\$166,875) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2023, and the total pension asset used to calculate the net pension liability (asset) was determined by an actuarial value as of that date. Franklin Special School District's proportion of the net pension liability (asset) was based on Franklin Special School District's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2023, Franklin Special School District's proportion was 0.393541 percent. The proportion measured as of June 30, 2022 was .385035 percent.

Pension Expense (negative pension expense). For the year ended June 30, 2024, Franklin Special School District recognized pension expense of \$212,966.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2024, Franklin Special School District reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$ 5,621	\$ 97,401
Net difference between projected and actual earnings on pension plan investments	42,427	-
Changes in assumptions	125,547	-
Changes in proportion of Net Pension Liability (Asset)	25,664	15,263
LEA's contributions subsequent to the Measurement date of June 30, 2023	187,718	(not applicable)
Total	<u>\$ 386,977</u>	<u>\$ 112,664</u>

Franklin Special School District's employer contributions of \$187,718 reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase in net pension liability (asset) in the year ended June 30, 2025. Other amounts reported as deferred outflows or resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

FRANKLIN SPECIAL SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2024

7.) Pension Plans-(Continued)

B. Teacher Retirement Plan of the Tennessee Consolidated Retirement System-(Continued)

Year Ended June 30:

2025	\$	994
2026		(5,180)
2027		60,269
2028		4,780
2029		5,039
Thereafter		20,693

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Actuarial assumptions. The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	6.75 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.125 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2023 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. As a result of the 2020 actuarial experience study, investment and demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates 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 of 2.25 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. Equity	4.88%	31%
Developed market international equity	5.37%	14%
Emerging market international equity	6.09%	4%
Private Equity and strategic lending	6.57%	20%
U.S. fixed income	1.20%	20%
Real estate	4.38%	10%
Short-term securities	0.00%	1%
		100%

FRANKLIN SPECIAL SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2024

7.) Pension Plans-(Continued)

B. Teacher Pension Plan of the Tennessee Consolidated Retirement System-(Continued)

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees of 6.75 percent based on a blending of the three factors described above.

Discount rate. The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the all LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability

Sensitivity of the proportionate share of net pension liability (asset) to changes in the discount rate. The following presents Franklin Special School District's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.75 percent, as well as what Franklin Special School district's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Franklin Special School District's proportionate share of the net pension liability (asset)	\$ 767,616	(\$166,875)	(\$839,632)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

Payable to the Pension Plan

At June 30, 2023, Franklin Special School District reported a payable of \$78,791 for the outstanding amount of contributions to the Teacher Retirement Plan required at the year ended June 30, 2024.

Defined Contribution Component to the Teacher Retirement Plan

The Teacher Retirement Plan is a hybrid plan that consists of a define benefit plan plus a defined contribution plan. The District contributes 4% of payroll to the defined benefit component and 5% of payroll to the defined contribution component, for an aggregate contribution of 9%. The 5% contribution rate is established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees immediately vest in the employee and employer contributions to the defined contribution portion of the Hybrid Plan, therefore there are no forfeitures necessary. There are no assets accumulating in a trust related to the defined contribution component.

FRANKLIN SPECIAL SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2024

7.) Pension Plans-(Continued)

B. Teacher Pension Plan of the Tennessee Consolidated Retirement System-(Continued)

Defined Contribution Component to the Teacher Retirement Plan-Continued

The District contributed \$464,649 to the defined contribution plan for the fiscal year ended June 30, 2024, equal to 5% of the covered payroll of \$9,292,987.

C. Public Employee Retirement Plan (Legacy) of the Tennessee Consolidated Retirement System

Plan description. Employees of Franklin Special School District are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a public ally available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reportingand-Investment-Policies>.

Benefits provided. Tennessee Code Annotated, Title 8, Chapters 34-37, establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for non-service-related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees covered by benefit terms. At the measurement date of June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	271
Inactive employees or entitled to but not yet receiving benefits	326
Active employees	253
Total	<u>850</u>

FRANKLIN SPECIAL SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2024

7.) Pension Plans-(Continued)

C. Public Employee Retirement Plan (Legacy) of the Tennessee Consolidated Retirement System - (Continued)

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. Franklin Special School District makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2024, employer contributions for Franklin Special School District were \$1,002,071 at a base rate of 8.74% percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Franklin Special School District's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Franklin Special School District's net pension liability (asset) was measured as of June 30, 2023, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability as of June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	6.75 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.125 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2023 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

FRANKLIN SPECIAL SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2024

7.) Pension Plans-(Continued)

C. Public Employee Retirement Plan (Legacy) of the Tennessee Consolidated Retirement System - (Continued)

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates 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 of 2.25 percent. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	4.88%	31%
Developed market international equity	5.37%	14%
Emerging market international equity	6.09%	4%
Private equity and strategic lending	6.57%	20%
U.S. fixed income	1.20%	20%
Real estate	4.38%	10%
Short-term securities	0.00%	1%
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the three factors described above.

Discount rate. The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from Franklin Special School District will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

FRANKLIN SPECIAL SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2024

7.) Pension Plans-(Continued)

C. Public Employee Retirement Plan (Legacy) of the Tennessee Consolidated Retirement System - (Continued)

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance at 6/30/22	\$36,680,527	\$35,706,261	\$ 974,266
Changes for the year:			
Service Cost	989,656		989,656
Interest	2,485,265		2,485,265
Differences between Expected and actual experience	1,135,409		1,135,409
Changes of Benefit Terms	-		-
Changes in assumptions	-		-
Contributions- employer		895,608	(895,608)
Contributions- employees		512,362	(512,362)
Net investments income		2,389,118	(2,389,118)
Benefits paid including refunds including refunds of employee contributions	(1,702,878)	(1,702,878)	-
Administrative expense		(32,671)	32,671
Other Changes		-	-
Net changes	2,907,452	2,061,539	845,913
Balance at 6/30/23	\$39,587,979	\$37,767,800	\$ 1,820,179

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) of Franklin Special School District calculated using the discount rate of 6.75 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Franklin Special School District's net pension liability (asset)	\$6,635,815	\$ 1,820,179	(\$2,227,914)

FRANKLIN SPECIAL SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2024

7.) Pension Plans-(Continued)

C. Public Employee Retirement Plan (Legacy) of the Tennessee Consolidated Retirement System - (Continued)

Pension Expense (Negative Pension Expense) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension expense (negative pension expense). For the year ended June 30, 2024, Franklin Special School District recognized pension expense (negative pension expense) of \$1,323,452.

Deferred outflow of resources and inflow of resources. For the year ended June 30, 2024, Franklin Special School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 953,493	\$ 87,828
Net difference between projected and actual earnings on pension plan investments	287,579	-
Changes in Assumption	437,394	-
Contributions subsequent to the Measurement date of June 30, 2023	1,002,071	(not applicable)
Total	<u>\$ 2,680,537</u>	<u>\$ 87,828</u>

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2023,” will be recognized (increase) to net pension liability (asset) in the following measurement period.

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

Year Ended June 30:

2025	\$ 737,831
2026	60,287
2027	790,521
2028	2,000
2029	-
Thereafter	-

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Payable to the Pension Plan

At June 30, 2024, Franklin Special School District reported a payable of \$138,653 for the outstanding amount of contributions to the public employee retirement plan required at the year ended June 30, 2024.

FRANKLIN SPECIAL SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2024

8.) Commitments and Contingencies

Litigation

There were no pending lawsuits in which the District was involved, which would have material effect on the financial statements.

9.) Flexible Benefit Plan

The District allows its employees to participate in a Cafeteria Plan under Section 125 of the Internal Revenue Code. Employees have the opportunity to choose among various tax free benefits and to have those benefits paid directly by the District. The plan is funded entirely by salary conversion amounts. Any forfeiture must be used to pay costs of the plan, reduce costs of benefits or refund pro rata to participants.

10.) Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has obtained coverage from commercial insurance carriers. These insurance coverages minimize the loss from risks to which the District is exposed. There were no significant reductions in insurance coverage and settled claims for losses have not significantly exceeded insurance coverage in any of the past three years.

11.) On-Behalf Payments

The State of Tennessee pays health insurance premiums for retired teachers on behalf of the District. These payments are made by the state to the Teacher Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the State Annual Financial Report. Estimated payments made by the state to the Teacher Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2024, were \$157,214 and \$50,696 respectively. The District has recognized these on-behalf payments as revenues and expenditures in the General Purpose Fund.

12.) Budget Compliance and Accountability

Franklin Special School District is required by State statute to adopt annual budgets. The General Fund, Debt Service Fund, Capital Projects Fund, and Special Revenue Funds' (except the Internal School Fund) budgets are prepared on the basis where current available funds must be sufficient to meet current expenditures. Expenditures may not legally exceed appropriations authorized by the Board of Education and any authorized revisions.

The special revenue Internal School Fund does not have a legally adopted budget.

Appropriations lapse at the end of each fiscal year. The District's budgetary basis is consistent with generally accepted accounting principles. The budgetary level of control is at the major category level established by the State Uniform Chart of Accounts as prescribed by the Comptroller of the Treasury, State of Tennessee.

Also, during the fiscal year, the expenditure budgets were amended by increasing appropriations in the General Fund by \$1,988,795, primarily to fund instruction costs.

FRANKLIN SPECIAL SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2024

13.) **Other Postemployment Benefits (OPEB)**

A. Closed Teacher Group Insurance Plan

Plan Description

Employees of Franklin Special School District who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Teacher Group OPEB Plan (TGOP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be a multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. All eligible pre-65 retired teachers, support staff and disability participants of local education agencies, who choose coverage, participate in the TGOP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits Provided

The Franklin Special School District offer the TGOP to provide health insurance coverage to eligible pre-65 retired teachers, support staff and disabled participants of local education agencies. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-301 establishes and amends the benefit terms of the TGOP. All members have the option of choosing between the partnership promise preferred provider organization (PPO), no partnership promise PPO, standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members, of the TGOP, receives the same plan benefits as active employees, at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. The state, as a governmental non-employer contributing entity, provides a direct subsidy for eligible retiree's premiums, based on years of service. Therefore, retirees with 30 or more years of service will receive 45%; 20 but less than 30 years, 35%; and less than 20 years, 20% of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP. The TGOP is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Employees covered by benefit terms

At July 1, 2023, the following employees of Franklin Special School District were covered by the benefit terms of the TGOP:

Inactive employees currently receiving benefits	47
Inactive employees entitled to but not yet receiving benefits	2
Active employees	366
Total	<u>415</u>

An insurance committee, created in accordance with TCA 8-27-301, establishes the required payments to the TGOP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the Franklin Special School District paid \$493,113 to the TGOP for OPEB benefits as they came due.

FRANKLIN SPECIAL SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2024

13.) **Other Postemployment Benefits (OPEB)-(Continued)**

A. Closed Teacher Group Insurance Plan-(Continued)

Total OPEB Liability

Actuarial assumptions. The collective total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25 percent
Salary increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4.00 percent
Healthcare cost trend rates	8.37% for pre-65 in 2022, decreasing annually over a 7-year period to an ultimate rate of 4.50%. 8.99% for post-65 in 2022, decreasing annually over a 6 year period to an ultimate rate of 4.50%.
Retiree's share of benefit-related costs	Members are required to make monthly contributions in order to maintain their coverage. For the purpose of this Valuation a weighted average has been used with weights derived from the current distribution of members among plans offered.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2023, valuations were the same as those employed in the July 1, 2020 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2016 - June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The pre-retirement mortality rates employed in this valuation are taken from the PUB-2010 Headcount-weighted Employee mortality table for Teacher Employees projected generationally with MP-2021 from 2010. Post-retirement tables are Headcount-weighted Teacher Below Median Healthy Annuitant and adjusted with a 19% load for males and an 18% load for females, projected generationally from 2010 with MP-2021. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load, projected generationally from 2018 with MP-2021.

Discount rate. The discount rate used to measure the total OPEB liability was 3.65 percent. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Fidelity 20-Year Municipal GO AA index.

FRANKLIN SPECIAL SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2024

13.) Other Postemployment Benefits (OPEB)-(Continued)

A. Closed Teacher Group Insurance Plan-(Continued)

Changes in Collective Total OPEB Liability

TGOP

		Total OPEB Liability
Balances at June 30, 2023	\$	<u>11,501,867</u>
Charges for the year:		
Service cost		505,856
Interest		411,895
Change of benefit terms		(802,431)
Differences between expected and actual		(736,964)
Change in assumptions		737,137
Benefit payments		<u>(751,079)</u>
Net changes		<u>(635,586)</u>
Balances at June 30, 2024	\$	<u><u>10,866,281</u></u>
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$	3,314,087
Employer's proportionate share of the collective total OPEB liability	\$	7,552,194
Employer's proportion of the collective total OPEB liability		69.50%

The Franklin Special School District has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the TGOP. Franklin Special School District's proportionate share of the collective total OPEB liability was based on a projection of the employers long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The proportion changed -3.91% from the prior measurement date. Franklin Special School District recognized \$88,484 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the TGOP for Franklin Special School District's retirees.

Changes in assumptions. The discount rate was changed from 3.54% as of the beginning of the measurement period to 3.65% as of June 30, 2023. This change in assumption decreased the total OPEB liability.

FRANKLIN SPECIAL SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2024

13.) Other Postemployment Benefits (OPEB)-(Continued)

A. Closed Teacher Group Insurance Plan-(Continued)

Sensitivity of proportionate share of the collective total OPEB liability to changes in the discount rate. The following presents the proportionate share of the collective total OPEB liability related to the TGOP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65%) or 1-percentage-point higher (4.65%) than the current discount rate. (expressed in thousands)

	1% Decrease	Discount Rate	1% Increase
	(2.65%)	(3.65%)	(4.65%)
Proportionate share of collective total OPEB liability	\$ 8,067,849	\$ 7,552,194	\$ 7,059,615

Sensitivity of proportionate share of the collective total OPEB liability to changes in the healthcare cost trend rate. The following presents the proportionate share of the collective total OPEB liability related to the TGOP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (9.31%/11.44% decreasing to 3.50%) or 1-percentage-point higher (11.31%/13.44% decreasing to 5.50%) than the current healthcare cost trend rate. (expressed in thousands)

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
	(9.31%/11.44% decreasing to 3.50%)	(10.31%/12.44% decreasing to 4.50%)	(11.31%/13.44% decreasing to 5.50%)
Proportionate share of collective total OPEB liability	\$ 6,844,116	\$ 7,552,194	\$ 8,366,367

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

OPEB Expense. For the fiscal year ended June 30, 2024, Franklin Special School District recognized OPEB expense of \$379,321.

FRANKLIN SPECIAL SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2024

13.) Other Postemployment Benefits (OPEB)-(Continued)

A. Closed Teacher Group Insurance Plan-(Continued)

Deferred outflows of resources and deferred inflows of resources. For the fiscal year ended June 30, 2024, Franklin Special School District reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the TGOP from the following sources:

TGOP	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 507,173	\$ 1,817,104
Changes in assumptions	1,123,819	797,984
Changes in proportion and differences between amounts paid as benefits came due and proportionate share certain amounts paid by the employer and nonemployer contributors as the benefits came due.	89,221	1,059,022
Employer payments subsequent to the measurement date	493,113	-
Total	\$ 2,213,326	\$ 3,674,110

The amounts shown above for "Employer payments subsequent to the measurement date" will be included as a reduction to total OPEB liability in the following measurement period.

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

TGOP

Year Ended June 30:

2025	\$ (547,954)
2026	(534,677)
2027	(503,689)
2028	(162,340)
2029	(80,740)
Thereafter	(124,497)

In the table above, positive amounts will increase OPEB expense, while negative amounts will decrease OPEB expense.

FRANKLIN SPECIAL SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2024

13.) **Other Postemployment Benefits (OPEB)-(Continued)**

B. Closed Tennessee Plan

Plan Description

Employees of Franklin Special School District who were hired prior to July 1, 2015, are provided with post-65 retiree health insurance benefits through the closed Tennessee Plan (TNP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. All eligible post-65 retired teachers and disability participants of local education agencies, who choose coverage, participate in the TNP. The TNP also includes eligible retirees of the state, certain component units of the state, and certain local governmental entities. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits Provided

The state offers the TNP to help fill most of the coverage gaps created by Medicare for eligible post-65 retired teachers and disabled participants of local education agencies. Insurance coverage is the only postemployment benefit provided to retirees. The TN plan does not include pharmacy. In accordance with TCA 8-27-209, benefits of the TNP are established and amended by cooperation of insurance committees created by TCA 8-27-201, 8-27-301 and 8-27-701. Retirees and disabled employees of the state, component units, local education agencies, and certain local governments who have reached the age of 65, are Medicare eligible and also receives a benefit from the Tennessee Consolidated Retirement System may participate in this plan. All plan members receive the same plan benefits at the same premium rates. Participating employers determine their own policy related to subsidizing the retiree premiums. The state, as a governmental nonemployer contributing entity contributes to the premiums of eligible retirees of local education agencies based on years of service. Therefore, retirees with 30 years of service receive \$50 per month; 20 but less than 30 years, \$37.50; and 15 but less than 20 years, \$25. The TNP is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Employees covered by benefit terms

At June 30, 2023, the following employees of Franklin Special School District were covered by the benefit terms of the TNP:

Inactive employees currently receiving benefits	119
Inactive employees entitled to but not yet receiving benefits	62
Active employees	265
Total	<u>446</u>

In accordance with TCA 8-27-209, the state insurance committees established by TCAs 8-27-201, 8-27-301 and 8-27-701 determine the required payments to the plan by member employers and employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the Franklin Special School District did not make any payments to the TNP for OPEB benefits as they came due.

FRANKLIN SPECIAL SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2024

13.) Other Postemployment Benefits (OPEB)-(Continued)

B. Closed Tennessee Plan-(Continued)

Total OPEB Liability

Actuarial assumptions. The collective total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25 percent
Salary increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4.00 percent
Healthcare cost trend rates	The premium subsidies provided to retirees in the Tennessee Plan are assumed to remain unchanged for the entire projection, therefore trend rates are not applicable.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2023, valuations were the same as those employed in the July 1, 2020 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2016 - June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the headcount-weighted below median teachers PUB-2010 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2021. Post-retirement tables are adjusted with a 19% load for males and a 18% load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load with mortality improvement projected to all future years using Scale MP-2021.

Discount rate. The discount rate used to measure the total OPEB liability was 3.65 percent. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Fidelity 20-Year Municipal GO AA index.

Changes in Collective Total OPEB Liability

TNP

		<u>Total OPEB Liability</u>
Balances at June 30, 2023	\$	<u>989,731</u>
Charges for the year:		
Service cost		15,009
Interest		34,670
Differences between expected and actual		22,949
Change in assumptions		(10,962)
Benefit payments		<u>(51,196)</u>
Net changes		<u>10,470</u>
Balances at June 30, 2024	\$	<u><u>1,000,201</u></u>

FRANKLIN SPECIAL SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2024

13.) Other Postemployment Benefits (OPEB)-(Continued)

B. Closed Tennessee Plan-(Continued)

Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 1,000,201
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Employer's proportionate share of the collective total OPEB liability	\$ -
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Employer's proportion of the collective total OPEB liability	0%
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The Franklin Special School District has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the TNP. Franklin Special School District's proportionate share of the collective total OPEB liability was based on a projection of the employer's long-term share of benefits paid through the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The Franklin Special School District's proportion of 0% did not change from the prior measurement date. Franklin Special School District recognized \$8,129 in revenue for support provided by nonemployer contributing entities for benefits paid to the TNP for Franklin Special School District retired employees.

Changes in assumptions. The discount rate was changed from 3.54% as of the beginning of the measurement period to 3.65% as of June 30, 2023. This change in assumption decreased the total OPEB liability.

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

OPEB Expense. For the fiscal year ended June 30, 2024, Franklin Special School District recognized OPEB expense of \$8,129.

14.) Interfund Activity

Interfund balances at June 30, 2024, consisted of the following individual fund receivables and payables:

	Due From	Due To
Federal Projects Fund	\$ 268,140	\$ -
General Fund	-	268,140
	<u>\$ 268,140</u>	<u>\$ 268,140</u>

FRANKLIN SPECIAL SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2024

14.) **Interfund Activity-(Continued)**

In the fund financial statements, receivables and payables between funds resulting from short-term interfund loans are classified as “due to/from other funds.” These amounts are eliminated in the district-wide statement of net position.

Interfund transfers have been eliminated from the basic financial statements as appropriate. The federal projects fund advanced funds to the general fund for indirect costs.

15.) **Subsequent Events**

Subsequent events were evaluated through December 16, 2024, when the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

FRANKLIN SPECIAL SCHOOL DISTRICT

Required Supplementary Information

Schedule of Proportionate Share of the Net Pension Liability (Asset)
Teacher Legacy Pension Plan of TCRS

Fiscal Year Ended June 30

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Franklin Special School District's proportion of the net pension liability (asset)	\$ 93,556	\$ (93,556)	\$ 3,589,170	\$ (197,407)	\$ (2,037,843)	\$ (6,358,103)	\$ (4,762,851)	\$ (26,671,911)	\$ (7,598,310)	\$ (7,332,293)
Franklin Special School District's proportionate share of the net pension liability (asset)	0.575744%	0.575744%	0.574318%	0.603351%	0.579111%	0.618384%	0.624576%	0.618373%	0.619559%	0.621922%
Franklin Special School District's covered payroll	\$22,597,828	\$22,597,888	\$20,731,703	\$ 21,328,137	\$ 20,278,578	\$ 20,735,317	\$ 20,787,488	\$ 20,296,050	\$ 20,389,308	\$ 20,181,643
Franklin Special School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	41.00%	-0.41%	17.31%	-93.00%	-10.05%	-30.66%	-22.91%	-131.41%	-37.27%	-36.33%
Plan fiduciary net position as a percentage of the total pension liability	100.08%	100.08%	97.14%	100.14%	101.49%	104.28%	103.09%	116.13%	104.42%	104.11%

* GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68.

The information in this schedule is not required to be presented retroactively prior to the implementation date.

Please refer to previously supplied data from the TCRS GASB 68 website for prior year's data, if needed.

FRANKLIN SPECIAL SCHOOL DISTRICT

Required Supplementary Information

Schedule of Proportionate Share of the Net Pension Liability (Asset)

Teacher Retirement Plan of TCRS

Fiscal Year Ended June 30*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Franklin Special School District's proportion of the net pension liability (asset)	0.403554%	0.418332%	0.391343%	0.395914%	0.419984%	0.420740%	0.428053%	0.385035%	0.393541%
Franklin Special School District's proportionate share of the net pension liability (asset)	(\$16,235)	(\$43,550)	(\$103,249)	(\$179,558)	(\$237,075)	(\$239,250)	(\$463,672)	(\$116,637)	(\$166,875)
Franklin Special School District's covered payroll	\$838,473	\$1,840,680	\$2,568,530	\$3,459,811	\$4,444,257	\$5,309,412	\$6,177,713	\$6,575,275	\$7,827,730
Franklin Special School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-1.94%	(-2.37%)	-4.02%	-5.19%	-5.33%	-4.51%	-7.51%	-1.77%	-2.13%
Plan fiduciary net position as a percentage of the total pension liability	127.46%	121.88%	126.81%	126.97%	123.07%	116.52%	121.53%	104.55%	104.97%

* GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68.

The information in this schedule is not required to be presented retroactively prior to the implementation date.

Please refer to previously supplied data from the TCRS GASB 68 website for prior year's data, if needed.

FRANKLIN SPECIAL SCHOOL DISTRICT

Required Supplementary Information

Schedule of Contributions
Teacher Legacy Pension Plan of TCRS

Fiscal Year June 30 Ended

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Contractually required	\$ 1,988,098	\$ 1,874,144	\$ 1,928,064	\$ 1,841,295	\$ 2,168,914	\$ 2,209,711	\$ 2,084,405	\$ 2,100,099	\$ 1,753,785	\$ 1,388,288
Contribution in relation to the contractually required contribution	1,988,098	1,874,144	1,928,064	1,841,295	2,168,914	2,209,711	2,084,405	2,100,099	1,753,785	1,388,288
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Franklin Special School District's covered payroll	\$ 21,992,222	\$ 20,731,703	\$ 21,328,137	\$ 20,278,578	\$ 20,735,317	\$ 20,787,488	\$ 20,296,050	\$ 20,389,308	\$ 20,181,643	\$ 20,386,043
Contributions as a percentage of Franklin Special School District's covered payroll	9.04%	9.04%	9.04%	9.08%	10.46%	10.63%	10.27%	10.30%	8.69%	6.81%

* GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68.

The information in this schedule is not required to be presented retroactively prior to the implementation date.

Please refer to previously supplied data from the TCRS GASB 68 website for prior year's data, if needed.

Changes of assumptions. In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

FRANKLIN SPECIAL SCHOOL DISTRICT

Required Supplementary Information

Schedule of Contributions
Teacher Retirement Plan of TCRS

Fiscal Year ending June 30

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Actuarially Determined Contribution (ADC)	\$ 20,962	\$ 46,076	\$ 102,742	\$ 56,421	\$ 86,219	\$ 107,781	\$ 124,791	\$ 132,163	\$ 224,655	\$ 187,718
Contribution in relation to the actuarially determined contribution	33,539	73,627	102,742	138,393	86,219	107,781	124,791	132,163	224,655	187,718
Contribution deficiency (excess)	<u>\$ (12,577)</u>	<u>\$ (27,551)</u>	<u>\$ -</u>	<u>\$ (81,972)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Franklin Special School District's covered payroll	\$ 838,473	\$ 1,840,680	\$ 2,568,530	\$ 3,459,811	\$ 4,444,257	\$ 5,309,413	\$ 6,177,713	\$ 6,575,275	\$ 7,827,730	\$ 9,292,987
Contributions as a percentage of Franklin Special School District's covered payroll	2.50%	4.00%	4.00%	4.00%	1.94%	2.03%	2.02%	2.01%	2.87%	2.02%

* - Beginning in FY 2021 the School Department placed the actuarially determined contribution rate (2.02%) of covered payroll into the pension plan and placed 1.98 percent of covered payroll into the Pension Stabilization Reserve Trust.

* GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68.
The information in this schedule is not required to be presented retroactively prior to the implementation date.
Please refer to previously supplied data from the TCRS GASB 68 website for prior year's data, if needed.

Changes of assumptions. In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

FRANKLIN SPECIAL SCHOOL DISTRICT

Required Supplementary Information

Schedule of Changes of Net Pension Liability (Asset) and Related Ratios Based on Participation in the
Public Employee Pension Plan of TCRS

Last Fiscal Year ending June 30

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Service Cost	\$ 670,481	\$ 664,158	\$ 669,087	\$ 685,415	\$ 739,704	\$ 747,930	\$ 790,314	\$ 822,008	\$ 958,017	\$ 989,656
Interest	1,419,298	1,542,675	1,631,559	1,741,161	1,860,600	2,001,070	2,130,769	2,275,283	2,329,666	2,485,265
Changes in benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between actual and expected experience	285,850	(220,585)	41,085	437,423	463,364	255,533	428,074	(351,318)	589,660	1,135,409
Changes of assumptions	-	-	-	512,875	-	-	-	1,749,579	-	-
Benefit payments, including refunds of employee contributions	(693,788)	(754,786)	(857,322)	(936,086)	(1,030,287)	(1,238,477)	(1,277,447)	(1,497,674)	(1,504,733)	(1,702,878)
Net change in total pension liability	1,681,841	1,231,462	1,484,409	2,440,788	2,033,381	1,766,056	2,071,710	2,997,878	2,372,610	2,907,452
Total pension liability-beginning	18,600,392	20,282,233	21,513,695	22,998,104	25,438,892	27,472,273	29,238,329	31,310,039	34,307,917	36,680,527
Total pension liability-ending (a)	\$ 20,282,233	\$ 21,513,695	\$ 22,998,104	\$ 25,438,892	\$ 27,472,273	\$ 29,238,329	\$ 31,310,039	\$ 34,307,917	\$ 36,680,527	\$ 39,587,979
Plan fiduciary net position										
Contributions-employer	\$ 622,226	\$ 647,523	\$ 665,451	\$ 712,256	\$ 793,493	\$ 826,340	\$ 729,517	\$ 726,127	\$ 762,189	\$ 895,608
Contributions-employee	360,086	362,077	371,762	397,910	412,849	429,493	453,118	451,012	473,409	512,362
Net investment income	2,860,796	629,840	564,502	2,493,363	2,045,854	1,992,969	1,423,388	7,710,491	(1,426,196)	2,389,118
Benefit payments, including refunds of employee contributions	(693,788)	(754,786)	(857,322)	(936,086)	(1,030,287)	(1,238,477)	(1,277,447)	(1,497,674)	(1,504,733)	(1,702,878)
Administrative expense	(9,983)	(13,002)	(19,574)	(21,696)	(24,827)	(22,986)	(23,395)	(23,193)	(26,262)	(32,671)
Other	-	-	8,250	194	-	-	-	-	-	-
Net change in plan fiduciary net positions	3,139,337	871,652	733,069	2,645,941	2,197,082	1,987,339	1,305,181	7,366,763	(1,721,593)	2,061,539
Plan fiduciary net position-beginning	17,181,490	20,320,827	21,192,479	21,925,548	24,571,489	26,768,571	28,755,910	30,061,091	37,427,854	35,706,261
Plan fiduciary net position-ending (b)	\$ 20,320,827	\$ 21,192,479	\$ 21,925,548	\$ 24,571,489	\$ 26,768,571	\$ 28,755,910	\$ 30,061,091	\$ 37,427,854	\$ 35,706,261	\$ 37,767,800
Net Pension Liability (asset)-ending (a)-(b)	\$ (38,594)	\$ 321,216	\$ 1,072,556	\$ 867,403	\$ 703,702	\$ 482,419	\$ 1,248,948	\$ (3,119,937)	\$ 974,266	\$ 1,820,179
Plan fiduciary net position as a percentage of total pension liability	100.19%	98.51%	95.34%	96.59%	97.44%	98.35%	96.01%	109.09%	97.34%	95.40%
Covered-employee payroll	\$ 7,201,672	\$ 7,233,296	\$ 7,436,598	\$ 7,958,162	\$ 8,256,942	\$ 8,589,809	\$ 9,062,326	\$ 9,020,216	\$ 9,511,191	\$ 10,247,230
Net pension liability (asset) as a percentage of covered-employee payroll	-0.54%	4.44%	14.42%	10.90%	8.52%	5.62%	13.78%	-34.59%	10.24%	17.76%

Changes of assumptions . In 2021, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, and mortality improvements. 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth and mortality improvements.

* GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB website for prior year's data, if needed.

FRANKLIN SPECIAL SCHOOL DISTRICT

Required Supplementary Information

Schedule of Contributions Based on Participation in the
Public Employee Pension Plan of TCRS

Last Fiscal Year ending June 30

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Actuarially determined contribution	\$ 647,523	\$ 665,451	\$ 711,460	\$ 793,493	\$ 826,340	\$ 729,517	\$ 726,127	\$ 762,189	\$ 895,608	\$ 1,002,071
Contributions in relation to the actuarially determined contribution	647,523	665,451	712,256	793,493	826,340	729,517	726,127	762,189	895,608	1,002,071
Contribution deficiency (excess)	\$ -	\$ -	\$ (796)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 7,233,296	\$ 7,436,598	\$ 7,958,162	\$ 8,256,942	\$ 8,589,809	\$ 9,062,326	\$ 9,020,216	\$ 9,511,191	\$ 10,247,230	\$ 11,465,347
Contributions as a percentage covered-employee payroll	8.95%	8.95%	8.95%	9.61%	9.62%	8.05%	8.05%	8.01%	8.74%	8.74%

* GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB 68 website for prior year's data, if needed.

Notes to Schedule

Valuation date: Actuarially determined contribution rates for 2024 were calculated based on the June 30, 2022 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by Year
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	2.25 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment Rate of Return	6.75 percent, net of investment expense, including inflation
Retirement Age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	2.125 percent

Changes of assumptions. In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

FRANKLIN SPECIAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30

**Schedule of Changes in Franklin Special School Districts' Proportionate Share of Collective OPEB Liability
and Related Ratios**

Closed Teacher Group OPEB Plan

	2018	2019	2020	2021	2022	2023	2024
Total OPEB Liability							
Service cost	\$ 816	\$ 766	\$ 628,959	\$ 554,314	\$ 563,140	\$ 669,687	\$ 505,856
Interest	446	530	434,471	396,422	238,775	264,365	411,895
Changes of benefit terms	-	-	(17,860)	-	-	-	(802,431)
Differences between expected and actual experience	-	(3,692)	46,703	(1,509,940)	741,791	346,413	(736,964)
Changes of assumptions	(554)	638	(802,782)	923,848	523,198	(1,001,585)	737,137
Benefit payments	(978)	(1,101)	(910,227)	(935,243)	(787,468)	(689,185)	(751,079)
Net change in total OPEB liability	\$ (270)	\$ (2,857)	\$ (620,736)	\$ (570,599)	\$ 1,279,436	\$ (410,305)	\$ (635,586)
Total OPEB liability - beginning	14,951	14,681	11,824,071	11,203,335	10,632,736	11,912,172	11,501,867
Total OPEB liability - ending (a)	\$ 14,681	\$ 11,824	\$ 11,203,335	\$ 10,632,736	\$ 11,912,172	\$ 11,501,867	\$ 10,866,281
 Nonemployer contributing entities proportionate share of the collective total OPEB liability							
	\$ 2,654	\$ 1,937	\$ 2,221,128	\$ 2,436,481	\$ 3,012,171	\$ 3,058,693	\$ 3,314,087
 Employer's proportionate share of the collective total OPEB liability							
	\$ 12,027	\$ 9,887	\$ 8,982,207	\$ 8,196,255	\$ 8,900,001	\$ 8,443,174	\$ 7,552,194
 Covered-employee payroll							
	23,854	21,181	20,503,967	19,471,944	19,089,623	19,749,843	18,470,560
 Employer's proportionate share of collective total OPEB liability as a percentage of covered-employee payroll							
	50.42%	46.68%	43.81%	42.09%	46.62%	42.75%	40.89%

Notes to Schedule

There are no assets accumulating, in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB plan.

The amounts reported for each fiscal year were determined as of the prior fiscal year-end.

This schedule is intended to display ten years of information. Additional years will be displayed as they become available.

Prior year numbers expressed in thousands. Beginning FY 2020, numbers will be expressed in whole.

FRANKLIN SPECIAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30

**Schedule of Changes in Franklin Special School Districts' Proportionate Share of Collective OPEB Liability
and Related Ratios**

Closed Tennessee Plan

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Total OPEB Liability							
Service cost	\$ 25	\$ 21	\$ 17,706	\$ 20,881	\$ 30,569	\$ 24,346	\$ 15,009
Interest	36	41	34,590	40,695	31,334	25,771	34,670
Differences between expected and actual experience	-	(196)	169,480	(4,831)	(974)	(6,562)	22,949
Changes of assumptions	(106)	(8)	21,504	239,462	(229,618)	(197,207)	(10,962)
Benefit payments	(39)	(41)	(39,648)	(45,537)	(49,236)	(50,447)	(51,196)
Net change in total OPEB liability	<u>\$ (84)</u>	<u>\$ (182)</u>	<u>\$ 203,632</u>	<u>\$ 250,670</u>	<u>\$ (217,925)</u>	<u>\$ (204,099)</u>	<u>\$ 10,470</u>
Total OPEB liability - beginning	<u>1,224</u>	<u>1,140</u>	<u>957,453</u>	<u>1,161,085</u>	<u>1,411,755</u>	<u>1,193,830</u>	<u>989,731</u>
Total OPEB liability - ending (a)	<u><u>\$ 1,140</u></u>	<u><u>\$ 957</u></u>	<u><u>\$ 1,161,085</u></u>	<u><u>\$ 1,411,755</u></u>	<u><u>\$ 1,193,830</u></u>	<u><u>\$ 989,731</u></u>	<u><u>\$ 1,000,201</u></u>
 Nonemployer contributing entities proportionate share of the collective total OPEB liability							
	\$ 1,140	\$ 957	\$ 1,161,085	\$ 1,411,755	\$ 1,193,830	\$ 989,731	\$ 1,000,201
 Employer's proportionate share of the collective total OPEB liability							
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
 Covered-employee payroll							
	23,854	21,181	20,503,967	19,471,944	19,089,623	19,749,843	18,470,560
 Employer's proportionate share of collective total OPEB liability as a percentage of covered-employee payroll							
	0%	0%	0%	0%	0%	0%	0%

Notes to Schedule

There are no assets accumulating, in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB plan.

The amounts reported for each fiscal year were determined as of the prior fiscal year-end.

This schedule is intended to display ten years of information. Additional years will be displayed as they become available.

Prior year numbers expressed in thousands. Beginning FY 2020, numbers will be expressed in whole.

**COMBINING AND INDIVIDUAL NONMAJOR FUND
STATEMENTS AND SCHEDULES**

NONMAJOR GOVERNMENT FUNDS

Food Service Fund- This fund accounts for the operation of the school cafeterias.

Federal Projects Fund- This fund accounts for the federal and state grant revenues and expenditures.

Community Service Fund- This fund accounts for the operation of the before and after school child care program.

Internal School Fund – The Internal School Fund is used to account for funds held at the individual schools for internal school use such as the purchase of supplies, school clubs, and student activities.

FRANKLIN SPECIAL SCHOOL DISTRICT

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2024

	<u>Special Revenues Funds</u>				
	Food Service Fund	Federal Projects Fund	Community Service Fund	Internal School Fund	Total Nonmajor Governmental Funds
<u>Assets</u>					
Cash and cash equivalents	\$ 45,433	\$ -	\$ 78,843	\$ 637,042	\$ 761,318
Accounts receivable	64	-	39,503	933	40,500
Due from other governments	160,525	397,903	5,690	-	564,118
Inventory	86,978	-	-	664	87,642
 Total Assets	<u>\$ 293,000</u>	<u>\$ 397,903</u>	<u>\$ 124,036</u>	<u>\$ 638,639</u>	<u>\$ 1,453,578</u>
 <u>Liabilities</u>					
Accrued payroll and other liabilities	\$ 133,443	\$ 129,763	\$ 85,400	\$ 50	\$ 348,656
Due to other funds	-	268,140	-	-	268,140
Advance of cafeteria charges	40,889	-	-	-	40,889
Advance of tuition	-	-	38,636	-	38,636
 Total Liabilities	<u>174,332</u>	<u>397,903</u>	<u>124,036</u>	<u>50</u>	<u>696,321</u>
 <u>Fund Balances:</u>					
Nonspendable:					
Inventory	86,978	-	-	-	86,978
Restricted for Internal School	-	-	-	638,589	638,589
Committed for Food Service	31,690	-	-	-	31,690
Unassigned	-	-	-	-	-
Total Fund Balance	<u>118,668</u>	<u>-</u>	<u>-</u>	<u>638,589</u>	<u>757,257</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 293,000</u>	<u>\$ 397,903</u>	<u>\$ 124,036</u>	<u>\$ 638,639</u>	<u>\$ 1,453,578</u>

FRANKLIN SPECIAL SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures, & Changes in Fund Balance

Nonmajor Governmental Funds

June 30, 2024

	Special Revenues Funds				Total Nonmajor Governmental Funds
	Food Service Fund	Federal Projects Fund	Community Service Fund	Internal School Fund	
<u>Revenues</u>					
Intergovernmental:					
USDA and cafeteria related funds	\$ 1,694,733	\$ -	\$ -	\$ -	\$ 1,694,733
Federal instruction, learning center and safety funds	-	607,146	51,596	-	658,742
Special education/IDEA funds	-	1,076,929	-	-	1,076,929
Emergency relief funds/Grants	-	179,614	318,681	-	498,295
Charges for services:					
Cafeteria charges	935,578	-	-	-	935,578
Tuition and fees	-	-	1,138,055	-	1,138,055
Rebates and Other	105,902	-	-	-	105,902
Other Local Revenues:	-	-	-	980,127	980,127
Other	35,552	-	41,250	-	76,802
Total Revenues	<u>2,771,765</u>	<u>1,863,689</u>	<u>1,549,582</u>	<u>980,127</u>	<u>7,165,163</u>
<u>Expenditures</u>					
Food service:					
Labor	1,270,951	-	-	-	1,270,951
Employee benefits	362,666	-	-	-	362,666
Food	1,195,518	-	-	-	1,195,518
Other Costs	203,308	-	-	-	203,308
Regular instruction:					
Labor	-	186,853	-	-	186,853
Employee benefits	-	24,192	-	-	24,192
Supplies and materials	-	201,188	-	-	201,188
Other costs	-	240,139	-	-	240,139
Special needs instruction:					
Labor	-	651,588	-	-	651,588
Employee benefits	-	268,410	-	-	268,410
Supplies and materials	-	18,376	-	-	18,376
Other Costs	-	56,798	-	-	56,798
Attendance and health:					
Other Costs	-	24,595	-	-	24,595
Transportation:					
Contracted services	-	2,500	-	-	2,500
Repairs and Maintenance	-	3,388	-	-	3,388
Plant operation and maintenance:					
Labor	-	30,160	-	-	30,160
Equipment	-	21,855	-	-	21,855
Program Costs:					
Labor	-	-	1,300,785	-	1,300,785
Employee benefits	-	19,958	341,356	-	361,314
Supplies and materials	-	22,316	-	-	22,316
Other costs	-	2,729	168,238	-	170,967
Non-Instructional Services:	-	-	-	953,779	953,779
Total Expenditures	<u>3,032,443</u>	<u>1,775,045</u>	<u>1,810,379</u>	<u>953,779</u>	<u>7,571,646</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(260,678)</u>	<u>88,644</u>	<u>(260,797)</u>	<u>26,348</u>	<u>(406,483)</u>
Current:					
Transfer in (out)	-	(88,644)	-	-	(88,644)
Total Expenditures	<u>-</u>	<u>(88,644)</u>	<u>-</u>	<u>-</u>	<u>(88,644)</u>
Net Change in Fund Balance	(260,678)	-	(260,797)	26,348	(495,127)
Fund Balance, Beginning of Year	<u>355,842</u>	<u>-</u>	<u>260,797</u>	<u>612,249</u>	<u>1,228,888</u>
Change in reserve for inventory	<u>23,504</u>	<u>-</u>	<u>-</u>	<u>(8)</u>	<u>23,496</u>
Fund Balance, End of Year	<u>\$ 118,668</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 638,589</u>	<u>757,257</u>

FRANKLIN SPECIAL SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures, & Changes in Fund Balance

Nonmajor Governmental Funds

June 30, 2024

	Special Revenues Funds				Total Nonmajor Governmental Funds
	Food Service Fund	Federal Projects Fund	Community Service Fund	Internal School Fund	
Net Change in Fund Balance	(260,678)	-	(260,797)	26,348	(495,127)
Fund Balance, Beginning of Year	355,842	-	260,797	612,249	1,228,888
Change in reserve for inventory	23,504	-	-	(8)	23,496
Fund Balance, End of Year	<u>\$ 118,668</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 638,589</u>	<u>757,257</u>

FRANKLIN SPECIAL SCHOOL DISTRICT

Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Actual and Budget (GAAP Basis)

Food Service Fund

For the Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental revenues				
USDA reimbursements	\$ 1,581,652	\$ 1,581,652	\$ 1,505,388	\$ (76,264)
State matching	141,861	141,861	189,345	47,484
Total intergovernmental	<u>1,723,513</u>	<u>1,723,513</u>	<u>1,694,733</u>	<u>(28,780)</u>
Charges for services				
Student lunches	618,439	618,439	596,518	(21,921)
Adult lunches	46,796	46,796	51,544	4,748
Student breakfast	127,422	127,422	115,945	(11,477)
A-la-carte sales	160,000	160,000	171,571	11,571
Rebates and other	90,000	90,000	105,902	15,902
Total charges for services	<u>1,042,657</u>	<u>1,042,657</u>	<u>1,041,480</u>	<u>(1,177)</u>
Other				
Sale of Equipment	300	300	4,580	4,280
Other Revenue	10,000	10,000	30,972	20,972
Total other	<u>10,300</u>	<u>10,300</u>	<u>35,552</u>	<u>20,972</u>
Total Revenues	<u>2,776,470</u>	<u>2,776,470</u>	<u>2,771,765</u>	<u>(8,985)</u>
Expenditures:				
Food	1,029,652	1,242,680	1,195,518	47,162
Labor	1,133,061	1,223,166	1,270,951	(47,785)
Fringe benefits	301,678	301,678	362,666	(60,988)
Supplies	77,500	151,303	122,518	28,785
Transportation	9,500	9,500	11,263	(1,763)
Repairs and maintenance	20,000	36,426	37,931	(1,505)
Other	52,118	52,118	31,596	20,522
Total Expenditures	<u>2,623,509</u>	<u>3,016,871</u>	<u>3,032,443</u>	<u>(15,572)</u>
Excess (deficiency) revenues over expenditures (Net change in Fund Balance)	<u>152,961</u>	<u>(240,401)</u>	<u>(260,678)</u>	<u>(24,557)</u>
Fund Balance, Beginning of Year	<u>355,842</u>	<u>355,842</u>	<u>355,842</u>	<u>-</u>
Change in Reserve for Inventory	<u>-</u>	<u>-</u>	<u>23,504</u>	<u>23,504</u>
Fund Balance, End of Year	<u>\$ 508,803</u>	<u>\$ 115,441</u>	<u>\$ 118,668</u>	<u>\$ 3,227</u>

See Independent Auditor's Report.

FRANKLIN SPECIAL SCHOOL DISTRICT

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Actual and Budget (GAAP Basis)

Federal Projects Fund

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenues				
Title I	\$ 396,378	\$ 464,675	\$ 443,472	\$ (21,203)
Title II	91,107	129,293	83,255	(46,038)
Title III	42,623	49,014	43,594	(5,420)
Title IV Safe & Drug-Free Schools	25,779	28,500	28,194	(306)
Title IX	-	23,604	8,631	(14,973)
IDEA - part B and preschool	870,078	1,114,360	1,076,929	(37,431)
ESSER 3.0	-	179,614	179,614	-
Total Revenues	<u>1,425,965</u>	<u>1,989,060</u>	<u>1,863,689</u>	<u>(125,371)</u>
Expenditures:				
Regular instruction:				
Other salaries	199,712	177,884	186,853	(8,969)
Benefits	25,350	26,149	24,192	1,957
Instructional supplies and materials	104,331	221,196	201,188	20,008
Other	156,727	302,594	240,139	62,455
Total regular instruction	<u>486,120</u>	<u>727,823</u>	<u>652,372</u>	<u>75,451</u>
Special needs instruction:				
Teachers and assistants	539,301	666,751	651,588	15,163
Benefits	194,181	260,308	268,410	(8,102)
Supplies	6,005	24,317	18,376	5,941
Contracted services	72,500	74,500	55,972	18,528
Other	-	4,976	826	4,150
Total special needs instruction	<u>811,987</u>	<u>1,030,852</u>	<u>995,172</u>	<u>35,680</u>
Attendance and health:				
Other costs	24,000	24,595	24,595	-
Total attendance and health	<u>24,000</u>	<u>24,595</u>	<u>24,595</u>	<u>-</u>
Transportation:				
Benefits	40	40	-	40
Contracted services	-	2,500	2,500	-
Repairs and Maintenance	300	8,164	3,388	4,776
Total transportation	<u>340</u>	<u>10,704</u>	<u>5,888</u>	<u>4,816</u>
Plant operation and maintenance:				
Repair and Maintenance	-	30,160	30,160	-
Equipment	-	21,855	21,855	-
Total plant operation and maintenance	<u>-</u>	<u>52,015</u>	<u>52,015</u>	<u>-</u>
Program costs:				
Benefits	23,160	21,941	19,958	1,983
Supplies and materials	7,000	24,635	22,316	2,319
Other costs	13,000	7,851	2,729	5,122
Total program costs	<u>43,160</u>	<u>54,427</u>	<u>45,003</u>	<u>9,424</u>

See Independent Auditor's Report.

FRANKLIN SPECIAL SCHOOL DISTRICT

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Actual and Budget (GAAP Basis)

Federal Projects Fund

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Total Expenditures	<u>1,365,607</u>	<u>1,900,416</u>	<u>1,775,045</u>	<u>125,371</u>
Excess (deficiency) revenues over expenditures	60,358	88,644	88,644	-
Other Financing Sources (Uses):				
Transfers out	<u>(60,358)</u>	<u>(88,644)</u>	<u>(88,644)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(60,358)</u>	<u>(88,644)</u>	<u>(88,644)</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

FRANKLIN SPECIAL SCHOOL DISTRICT

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Actual and Budget (GAAP Basis)

Community Service Fund

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Learning center grant	\$ -	\$ 80,000	\$ 51,596	\$ (28,404)
Other Federal through State	-	357,320	318,681	38,639
Charges for services				
Tuition and fees	1,631,663	1,631,663	1,138,055	(493,608)
Total charges for services	1,631,663	2,068,983	1,508,332	(483,373)
Other				
Miscellaneous	39,000	39,000	41,250	2,250
Total other	39,000	39,000	41,250	2,250
Total Revenues	1,670,663	2,107,983	1,549,582	(481,123)
Expenditures:				
Labor	1,177,128	1,496,616	1,300,785	195,831
Fringe benefits	292,879	362,914	341,356	21,558
Supplies	83,500	123,617	56,483	67,134
Food	62,700	62,700	58,314	4,386
Other	52,445	60,125	53,441	6,684
Total Expenditures	1,668,652	2,105,972	1,810,379	295,593
Excess (deficiency) revenues over expenditures	2,011	2,011	(260,797)	(185,530)
Net change in Fund Balance	2,011	2,011	(260,797)	(185,530)
Fund Balance, Beginning of Year	260,797	260,797	260,797	-
Fund Balance, End of Year	\$ 262,808	\$ 262,808	\$ -	\$ (185,530)

FINANCIAL SCHEDULES

FRANKLIN SPECIAL SCHOOL DISTRICT

Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Actual and Budget (GAAP Basis)

Capital Projects Fund

For the Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental revenues				
Impact fees	\$ 600,000	\$ 600,000	\$ 688,967	\$ 88,967
Total intergovernmental revenues				
Other revenue from local sources:				
Interest earnings	250,500	968,600	964,089	(4,511)
Total Revenues	850,500	1,568,600	1,653,056	84,456
Expenditures:				
Current:				
Regular instruction	1,190,700	1,303,700	862,315	441,385
Other Debt Service	26,000	96,000	93,881	2,119
Total current expenditures	1,216,700	1,399,700	956,196	443,504
Capital outlay:	24,280,020	26,995,720	23,210,353	3,785,367
Total Expenditures	25,496,720	28,395,420	24,166,549	4,228,871
Excess (deficiency) revenues over expenditures	(24,646,220)	(26,826,820)	(22,513,493)	(4,313,327)
Other Financing Sources (Uses):				
Bond Proceeds	-	21,669,000	21,668,292	708
Transfers In (Out)	-	(177,005)	(177,004)	(1)
Total Other Financing Sources (Uses):	-	21,491,995	21,491,288	707
Net change in Fund Balance	(24,646,220)	(5,334,825)	(1,022,205)	(4,312,620)
Fund Balance, Beginning of Year	22,996,367	22,996,367	22,996,367	-
Fund Balance, End of Year	\$ (1,649,853)	\$ 17,661,542	\$ 21,974,162	\$ 4,313,327

FRANKLIN SPECIAL SCHOOL DISTRICT

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Actual and Budget (GAAP Basis)

Debt Service Fund

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Special School District taxes:				
Property tax - current year	6,348,920	6,348,920	6,352,189	\$ 3,269
Property tax - prior year	45,000	45,000	36,117	(8,883)
Property tax - pick-up	25,000	25,000	20,926	(4,074)
Interest and penalty on delinquent taxes	10,500	10,500	9,359	(1,141)
Total special school district taxes	6,429,420	6,429,420	6,418,591	(10,829)
Other revenue from local sources:				
Interest earnings	40,000	101,200	123,194	21,994
Total Revenues	6,469,420	6,530,620	6,541,785	11,165
Expenditures:				
Other:				
Trustee's commission	128,233	129,433	128,458	975
Debt Service:				
Principal on bonds, notes, and capital leases	3,370,000	3,370,000	3,370,000	-
Interest on bonds, notes, and capital leases	3,769,992	3,933,847	3,947,446	(13,599)
Other Debt Service	1,500	18,150	2,250	
Total Debt Service	7,141,492	7,321,997	7,319,696	(13,599)
Total Expenditures	7,269,725	7,451,430	7,448,154	(12,624)
Excess (deficiency) revenues over expenditures	(800,305)	(920,810)	(906,369)	14,441
Other Financing Sources (Uses):				
Transfers In	-	177,005	177,004	1
Total Other Financing Sources (Uses)	-	177,005	177,004	1
Net Change in Fund Balance	(800,305)	(743,805)	(729,365)	14,442
Fund Balance, Beginning of Year	2,172,749	2,172,749	2,172,749	-
Fund Balance, End of Year	\$ 1,372,444	\$ 1,428,944	\$ 1,443,384	\$ 14,440

FRANKLIN SPECIAL SCHOOL DISTRICT

Capital Assets Used in the Operation of Governmental Funds

Schedule By Function and Activity

June 30, 2024

Function and Activity	Land	Improvements	Buildings	Equipment	Vehicles	Total
Instruction	\$ -	\$ -	\$ -	\$ 4,754,098	\$ -	\$ 4,754,098
Attendance and health	-	-	-	28,747	-	28,747
Transportation	-	-	-	39,106	3,173,952	3,213,058
Plant operation and maintenance	5,910,485	69,066,611	111,631,508	484,825	289,850	187,383,279
Community services	-	-	-	-	-	-
Food service	-	-	-	1,582,325	-	1,582,325
Administration	-	-	-	663,191	-	663,191
	<u>\$ 5,910,485</u>	<u>\$ 69,066,611</u>	<u>\$ 111,631,508</u>	<u>\$ 7,552,292</u>	<u>\$ 3,463,802</u>	<u>\$ 197,624,698</u>

Franklin Special School District

Capital Assets Used in the Operation of Governmental Funds

Schedule of Changes in Capital Assets By Function and Activity

For the Year Ended June 30, 2024

Function and Activity	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Instruction	\$ 4,766,244	\$ 366,054	\$ (378,200)	\$ 4,754,098
Attendance and health	28,747	-	-	28,747
Transportation	3,154,978	410,794	(352,714)	3,213,058
Plant operation and maintenance	164,211,743	23,251,671	(80,135)	187,383,279
Community services	-	-	-	-
Food service	1,513,376	76,729	(7,780)	1,582,325
Administration	663,191	-	-	663,191
	<u>\$ 174,338,279</u>	<u>\$ 24,105,248</u>	<u>\$ (818,829)</u>	<u>\$ 197,624,698</u>

FRANKLIN SPECIAL SCHOOL DISTRICT

Schedule of Cash and Cash Equivalents

All Funds

June 30, 2024

	<u>Interest Rate</u>	<u>Amount</u>
Major Funds:		
<u>General Fund</u>		
Checking and savings accounts	Various	\$ 894,244
Local government investment pool	Various	<u>15,449,719</u>
Total General Fund		<u>16,343,963</u>
<u>Debt Service Fund</u>		
Checking and savings accounts	Various	387,702
Local government investment pool	Various	<u>999,961</u>
		<u>1,387,663</u>
<u>Capital Projects Fund</u>		
Checking and savings accounts	Various	652,015
Local government investment pool	Various	<u>21,367,308</u>
		<u>22,019,323</u>
Nonmajor Funds:		
<u>Federal Projects Fund</u>		
Checking and savings account		<u>-</u>
<u>Food Service Fund</u>		
Checking and savings accounts		<u>45,433</u>
<u>Community Service Fund</u>		
Cash		<u>78,843</u>
<u>Internal School Fund</u>		
Cash		<u>637,042</u>
Total		<u><u>\$ 40,512,267</u></u>

FRANKLIN SPECIAL SCHOOL DISTRICT

Schedule of Long-Term Debt Requirements

June 30, 2024

Fiscal Year	2014 Series	2016 Series	2019 Series	2020 Series	2021 Series	2022 Series	2024 Series	Total Principal	Interest	Total Principal & Interest
2025	615,000	1,320,000	1,050,000	270,000	155,000	100,000	140,000	3,650,000	4,545,228	8,195,228
2026	635,000	1,385,000	1,105,000	275,000	160,000	100,000	150,000	3,810,000	4,385,975	8,195,975
2027		1,455,000	1,160,000	930,000	170,000	100,000	165,000	3,980,000	4,218,188	8,198,188
2028			1,220,000	2,475,000	170,000	100,000	175,000	4,140,000	4,056,298	8,196,298
2029			1,280,000	2,510,000	180,000	100,000	190,000	4,260,000	3,937,385	8,197,385
2030			1,345,000	2,555,000	185,000	100,000	200,000	4,385,000	3,810,015	8,195,015
2031			1,410,000	2,600,000	195,000	100,000	215,000	4,520,000	3,675,375	8,195,375
2032			1,480,000	1,240,000	465,000	1,070,000	410,000	4,665,000	3,532,925	8,197,925
2033		510,000	1,555,000	800,000	440,000	1,125,000	425,000	4,855,000	3,341,525	8,196,525
2034			1,630,000		570,000	1,180,000	720,000	4,100,000	3,137,850	7,237,850
2035			1,715,000		585,000	1,240,000	755,000	4,295,000	2,938,550	7,233,550
2036			1,800,000		610,000	1,305,000	790,000	4,505,000	2,729,650	7,234,650
2037			1,890,000		635,000	1,370,000	825,000	4,720,000	2,510,500	7,230,500
2038			1,985,000		660,000	1,435,000	870,000	4,950,000	2,280,850	7,230,850
2039			2,085,000		685,000	1,510,000	915,000	5,195,000	2,039,950	7,234,950
2040					1,655,000	1,585,000	970,000	4,210,000	1,787,050	5,997,050
2041					1,720,000	1,645,000	1,025,000	4,390,000	1,608,950	5,998,950
2042					1,780,000	1,710,000	1,085,000	4,575,000	1,423,100	5,998,100
2043					1,855,000	1,780,000	1,135,000	4,770,000	1,229,250	5,999,250
2044					1,930,000	1,870,000	1,190,000	4,990,000	1,009,300	5,999,300
2045					2,005,000	1,965,000	1,250,000	5,220,000	779,100	5,999,100
2046					2,085,000	2,060,000	1,300,000	5,445,000	550,650	5,995,650
2047						2,165,000	1,520,000	3,685,000	312,250	3,997,250
							1,755,000	1,755,000	143,200	1,898,200
							1,825,000	1,825,000	73,000	1,898,000
Total	<u>\$ 1,250,000</u>	<u>\$ 4,670,000</u>	<u>\$ 22,710,000</u>	<u>\$ 13,655,000</u>	<u>18,895,000</u>	<u>25,715,000</u>	<u>20,000,000</u>	<u>106,895,000</u>	<u>60,056,114</u>	<u>166,951,114</u>

See Independent Auditor's Report.

FRANKLIN SPECIAL SCHOOL DISTRICT

Schedule of Surety Bond and Insurance Coverage

June 30, 2024

Insurance Company	Type of Insurance	Amount	Coverage
The Ohio Casualty Insurance Co.	Public Official Bond	\$ 1,272,033	Director of Schools
The Netherlands Insurance Company	Crime Coverage:		
\$500 Deductible per Occurrence	Forgery and Alteration	150,000	Per Occurrence
\$500 Deductible per Occurrence	Blanket Public Employee Dishonesty	150,000	Per Occurrence
\$500 Deductible per Occurrence	Theft, Disappearance and Destruction - Inside Limit	150,000	Per Occurrence
\$500 Deductible per Occurrence	Theft, Disappearance and Destruction - Outside Limit	150,000	Per Occurrence
\$500 Deductible per Occurrence	Computer Fraud	150,000	Per Occurrence
\$500 Deductible per Occurrence	Money Orders and Paper Counterfeit Currency	150,000	Per Occurrence
\$500 Deductible per Occurrence	Funds Transfer Fraud	100,000	Per Occurrence
The Netherlands Insurance Company	Property Coverage:		
\$1,000 Deductible	Blanket Building & Contents	163,285,446	Limit All Locations
Per Occurrence	Equipment Breakdown	100,000,000	Limit All Locations
	Business Income/Extra Expense	100,000	Limit All Locations
	Extra Expense	1,000,000	Per Occurrence
	Ordinance or Law	500,000	Per Occurrence
	Valuable Papers & Records	100,000	Per Occurrence
	Paved Surfaces	100,000	Per Occurrence
	Signs	100,000	Per Occurrence
	Property Off-Premises	50,000	Per Occurrence
	Outdoor Property	100,000	Per Occurrence
	Accounts Receivable	100,000	Per Occurrence
\$500 Deductible	Miscellaneous Property	64,700	Per Occurrence
\$500 Deductible	Radios and Cameras	50,000	Per Occurrence
\$500 Deductible	EDP - Hardware & Software	6,552,735	Per Occurrence & Annual Aggregate
5% Deductible	Earthquake	1,000,000	Per Occurrence & Annual Aggregate
\$25,000 Deductible	Flood	1,500,000	Per Occurrence & Annual Aggregate
The Netherlands Insurance Company	General Liability	2,000,000	Aggregate Limit
	Each Occurrence Limit	1,000,000	
	Personal & Advertising Injury Limit	1,000,000	Aggregate Limit
	Damages to Premises Rented to You	500,000	Per Occurrence
	Medical Expense Limit	15,000	Any One Person
	Sexual Misconduct or Sexual Molestation	1,000,000	Per Occurrence & Annual Aggregate
\$1,000 Deductible	Employee Benefits Coverage	1,000,000	Each Employee/\$3,000,000 Aggregate
	Innocent Party Defense Coverage	300,000	Each Occurrence & Annual Aggregate
	Violent Event Response Coverage	300,000	Each Occurrence & Annual Aggregate
\$1,000 Deductible	Law Enforcement Professional Liability	1,000,000	Per Occurrence & Annual Aggregate
	Non-Monetary Relief Defense	100,000	Per Occurrence
Beazley Insurance Company	Cyber Defense, Liability and Breach Response Expense	1,000,000	Per Occurrence & Annual Aggregate
The Netherlands Insurance Company	Automobile Liability	1,000,000	Bodily Injury & Property Damage
All Per Occurrence			Liability Combined Per Occurrence
\$500 Comprehensive Deductible	Auto Physical Damage		Replacement Cost for Buses 5 Years
\$1,000 Collision Deductible-Buses			Old or Newer
\$500 Collision Deductible-All Others			Actual Cash Value for all other Vehicles
	Uninsured & Underinsured Motorist	1,000,000	Per Occurrence for Bodily Injury
			And Property Damage
	Medical Payments	5,000	# Per Person
The Netherlands Insurance Company	School Leaders Errors and Omissions Liability	1,000,000	Per Claim & Annual Aggregate
\$2,500 Deductible	Non-Monetary Relief Defense	100,000	Per Claim & Annual Aggregate
Peerless Insurance Company	Umbrella	5,000,000	Per Occurrence & Annual Aggregate
Key Risk-StarNet Insurance	Workers' Compensation:	Statutory Limits	
	Bodily Injury by Accident	1,000,000	Each Accident
	Bodily Injury by Disease	1,000,000	Each Employee
	Bodily Injury by Disease	1,000,000	Policy Limit

See Independent Auditor's Report.

SINGLE AUDIT SECTION

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

Members of the Board of Education and
The Director of Schools
Franklin Special School District
Franklin, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Franklin Special School District (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 16, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of 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 may exist that have not been identified.

Compliance and Other Matters

As a 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 determination of the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our test disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in blue ink that reads "Matlock Clements, P.C." in a cursive script.

Matlock Clements, P.C.
December 16, 2024

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Members of the Board of Education and
the Director of Schools
Franklin Special School District
Franklin, Tennessee

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Franklin Special School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Franklin Special School District's major federal programs for the year ended June 30, 2024. Franklin Special School District's major federal programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Franklin Special School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists.

Eric Clements, CPA, CFE • Andy Matlock, CPA

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 Franklin Special School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, 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 Franklin Special School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Franklin Special School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Franklin Special School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies 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. Accordingly, this report is not suitable for any other purpose.



Matlock Clements, P.C.

December 16, 2024

FRANKLIN SPECIAL SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal ALN Number	Pass-Through Entity Identifying Number	Expenditures/ Uses
U.S. Department of Education			
<i>Special Education (IDEA)- Cluster</i>			
Department of Education Pass-Through			
Programs From:			
Tennessee Department of Education -IDEA Part B	84.027	H027A150052	\$ 1,136,633
Tennessee Department of Education - IDEA Preschool	84.173	H173A150095	39,369
<i>Total Special Education (IDEA)- Cluster</i>			<u>1,176,002</u>
Department of Education Pass-Through			
Programs From:			
Tennessee Department of Education -Title I	84.010 A	S010A150042	443,472
Tennessee Department of Education - Title II, Part A	84.367 A	S013A150042	83,255
Tennessee Department of Education - Title III, Part A	84.365 A	S365A150042	43,594
Tennessee Department of Education - Title IV	84.424 A	S424A170044	28,194
Title X, McKinney-Vento Homeless Assistance	84.196 A	S196A160044	<u>8,631</u>
COVID 19 - Education Stabilization Fund -Elementary and Secondary School Emergency Relief Fund (ESSER III)	* 84.425 D	N/A	179,614
COVID 19 - Education Stabilization Fund - Literacy Training Teacher Stipend Grant	* 84.425 B	N/A	-
COVID 19 - Education Stabilization Fund -Elementary and Secondary School Emergency Relief Fund-Homeless Children and Youth	* 84.425 W	N/A	<u>14,895</u>
Total Department of Education			1,977,657
U.S. Department of Agriculture			
<i>Child Nutrition- Cluster</i>			
Department of Agriculture Pass-Through			
Programs From:			
Tennessee Department of Agriculture-			
National School Lunch Program- Cash	* 10.555	HC16AAX16	943,126
National School Lunch Program- Commodities	* 10.555	HC16AAX16	172,254
School Breakfast Program	* 10.553	HC16AAX16	291,357
Tennessee Department of Education-			
Pandemic-EBT Administrative Costs Grant	* 10.649	N/A	3,256
<i>Total Child Nutrition Cluster</i>			1,409,993
Tennessee Department of Agriculture-			
Child and Adult Care Food Program	10.558	HF16AAX16	<u>95,395</u>
Total Department of Agriculture			1,505,388
U.S. Department of Health and Human Services			
Department of Health and Human Services Pass-Through			
Programs From:			
Tennessee Department of Education- COVID 19			
Child Care and Development Block Grant	95.575	N/A	<u>357,320</u>
Total U.S. Department of Health and Human Services			357,320
Total Expenditures of Federal Awards			<u><u>\$ 3,840,365</u></u>

* Major Program

See Independent Auditor's Report and Notes to the Schedule of Expenditures of Federal Awards.

FRANKLIN SPECIAL SCHOOL DISTRICT

Schedule of Federal and State Financial Assistance Programs

For the Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal ALN Number	Pass-Through Entity Identifying Number	Balance July 1, 2023	Receipts	Expenditures/ Uses	Balance June 30, 2024
U.S. Department of Education						
<i>Special Education (IDEA)- Cluster</i>						
Department of Education Pass-Through						
Programs From:						
Tennessee Department of Education -IDEA Part B	84.027	H027A150052	\$ (240,413)	\$ 1,117,796	\$ 1,136,633	\$ (259,250)
TN Department of Education - IDEA Preschool	84.173	H173A150095	(6,702)	34,334	39,369	(11,737)
<i>Total Special Education (IDEA)- Cluster</i>			<u>(247,115)</u>	<u>1,152,130</u>	<u>1,176,002</u>	<u>(270,987)</u>
Department of Education Pass-Through						
Programs From:						
Tennessee Department of Education -Title I	84.010 A	S010A150042	(60,766)	431,491	443,472	(72,747)
Tennessee Department of Education - Title II, Part A	84.367 A	S013A150042	(15,937)	86,107	83,255	(13,085)
Tennessee Department of Education - Title III, Part A	84.365 A	S365A150042	(7,772)	49,633	43,594	(1,733)
Tennessee Department of Education -Title IV	84.424 A	S424A170044	(2,079)	25,008	28,194	(5,265)
Tennessee Department of Education - Title X, McKinney-Vento Homeless Assistance	84.196 A	S196A160044	(1,037)	4,376	8,631	(5,292)
COVID 19 - Education Stabilization Fund -Elementary and Secondary School Emergency Relief Fund (ESSER III)	* 84.425 D	N/A	<u>(817,075)</u>	<u>970,899</u>	<u>179,614</u>	<u>(25,790)</u>
<i>Total COVID 19 - Education Stabilization Fund -Elementary and Secondary School Emergency Relief Fund</i>			<u>(817,075)</u>	<u>970,899</u>	<u>179,614</u>	<u>(25,790)</u>
COVID 19 - Education Stabilization Fund -Elementary and Secondary School Emergency Relief Fund-Homeless Children and Youth	* 84.425 W	N/A	<u>(100)</u>	<u>11,991</u>	<u>14,895</u>	<u>(3,004)</u>
Total U.S. Department of Education			<u>(1,151,881)</u>	<u>2,727,259</u>	<u>1,977,657</u>	<u>(397,903)</u>

* Major Program

See Independent Auditor's Report and Notes to the Schedule of Expenditures of Federal Awards.

FRANKLIN SPECIAL SCHOOL DISTRICT

Schedule of Federal and State Financial Assistance Programs

For the Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal ALN Number	Pass-Through Entity Identifying Number	Balance July 1, 2023	Receipts	Expenditures/ Uses	Balance June 30, 2024
U.S. Department of Agriculture						
<i>Child Nutrition- Cluster</i>						
Department of Agriculture Pass-Through						
Programs From:						
Tennessee Department of Education-						
National School Lunch Program-Cash	* 10.555	HC16AAX16	(132,656)	1,032,530	943,126	(43,252)
National School Lunch Program-Commodities	* 10.555	HC16AAX16	-	172,254	172,254	-
Tennessee Department of Education-						
School Breakfast Program	* 10.553	HC16AAX16	(19,505)	295,307	291,357	(15,555)
Tennessee Department of Education-						
Pandemic-EBT Administrative Costs Grant	* 10.649	N/A	-	3,256	3,256	-
Total Child Nutrition Cluster			<u>(152,161)</u>	<u>1,503,347</u>	<u>1,409,993</u>	<u>(58,807)</u>
 Tennessee Department of Agriculture-						
Child and Adult Care Food Program	10.558	N/A	-	95,395	95,395	-
Total U.S. Department of Agriculture			<u>(152,161)</u>	<u>1,598,742</u>	<u>1,505,388</u>	<u>(58,807)</u>
 U.S. Department of Health and Human Services						
Department of Health and Human Services Pass-Through						
Programs From:						
Tennessee Department of Education						
Epidemiology & Laboratory Capacity (ELC)	93.323	N/A	-	-	-	-
Resilient Schools Communities Grant (RSC)	93.354	N/A	(19,438)	19,438	-	-
Child Care and Development Block Grant	95.575	N/A	121,720	357,320	357,320	121,720
Total U.S. Department of Health and Human Services			102,282	376,758	357,320	121,720
 Total Expenditures of Federal Awards			<u>\$ (1,201,760)</u>	<u>\$ 4,702,759</u>	<u>\$ 3,840,365</u>	<u>\$ (334,990)</u>

* Major Program

See Independent Auditor's Report and Notes to the Schedule of Expenditures of Federal Awards.

FRANKLIN SPECIAL SCHOOL DISTRICT

Schedule of Federal and State Financial Assistance Programs

For the Year Ended June 30, 2024

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal ALN Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Balance July 1, 2023</u>	<u>Receipts</u>	<u>Expenditures/ Uses</u>	<u>Balance June 30, 2024</u>
<u>State Grants</u>	<u>State Number</u>					
Tennessee Department of Education Direct Programs:						
Lottery for Pre K/Pre K Pilot	N/A		\$ (63,006)	\$ 296,951	\$ 307,654	\$ (73,709)
Lottery for Education After School	N/A		(10,421)	56,327	51,596	(5,690)
Coordinated School Health Grant	N/A		(5,867)	5,867	-	-
Public School Security Grant	N/A		-	138,186	138,186	-
State Special Education Preschool Grant	N/A		-	6,557	13,590	(7,033)
Summer Learning Camps	N/A		(383,946)	383,946	416,555	(416,555)
Innovative School Models	N/A		-	63,130	83,456	(20,326)
Parental Leave Grant	N/A		-	105,094	124,676	(19,582)
Learning Camp Transportation	N/A		(25,646)	24,656	35,588	(36,578)
TISA	N/A		(360,910)	15,186,728	15,171,089	(345,271)
Child Nutrition -State Match	N/A		-	16,473	16,473	-
LFS Grant	N/A		-	71,154	149,996	(78,842)
Healthy Meals Incentive Grant	N/A		-	23,035	23,035	-
USDA Equipment Grant	N/A		-	-	22,875	(22,875)
Career Ladder	N/A		(1,163)	42,992	42,596	(767)
			<u>\$ (850,959)</u>	<u>\$ 16,421,096</u>	<u>\$ 16,597,365</u>	<u>\$ (1,027,228)</u>

* Major Program

See Independent Auditor's Report and Notes to the Schedule of Expenditures of Federal Awards.

FRANKLIN SPECIAL SCHOOL DISTRICT

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2024

1.) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of Franklin Special School District under programs of the federal government for the year ended June 30, 2024. The information in this schedule 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). Because the schedule presents only a selected portion of the operations of Franklin Special School District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Franklin Special School District.

2.) Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. 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 shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3.) Indirect Cost Rates

Franklin Special School District uses a 5.16 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

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

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Type of auditor's report issued on compliance for major programs:	Unmodified
Internal control over major federal programs:	
• Material weaknesses identified?	No
• Significant deficiencies identified?	None reported
Audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of Major Programs:

- FAL # 10.553 National School Breakfast (Child Nutrition Cluster)
- FAL # 10.555 National School Lunch – Cash (Child Nutrition Cluster)
- FAL # 10.555 National School Lunch – Non-Cash (Child Nutrition Cluster)
- FAL # 84.425 COVID 19 – Education Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
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Auditee qualified as low-risk auditee?	Yes
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II. Financial Statement Findings – Required to be reported in Accordance With Government Auditing Standards.

No matters were reported.

III. Federal Award Findings – Required to be reported in Accordance with 2 CFR 200.516(a) of the Uniform Guidance

No matters were reported.

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

I. Prior Year Financial Statement Findings – Required to be reported in Accordance with Government Auditing Standards.

There were no prior findings reported.

II. Prior Year Federal Award Findings – Required to be reported in Accordance with 2 CFR 200.516(a) of the Uniform Guidance.

There were no prior findings reported.