

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
AUDITOR'S MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS -  
FINANCIAL, COMPLIANCE AND PERFORMANCE  
JUNE 30, 2018**

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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## AUDITOR'S MANAGEMENT REPORT

Honorable President and  
Members of the Board of Trustees  
Franklin Township Public Schools  
Somerset, New Jersey

We have audited in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Franklin Township Public Schools in the County of Somerset as of and for the fiscal year ended June 30, 2018, and have issued our report thereon dated January 23, 2019.

As part of our audit, we performed procedures required by the Office of School Finance, Department of Education, State of New Jersey and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended solely for the information and use of management, the Board of Trustees, others within the District and the New Jersey State Department of Education. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Public School Accountants

Donna L. Japhet  
Public School Accountant  
PSA Number CS02314

Fair Lawn, New Jersey  
January 23, 2019

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Scope of Audit**

The audit covered the financial transactions of the Assistant Superintendent for Business/Board Secretary and Treasurer of School Monies, the activities of the Board of Education, the records of the various funds under the auspices of the Board of Education.

**Administrative Practices and Procedures**

**Insurance**

Fire insurance coverage was carried in the amounts as detailed on the Schedule of Insurance contained in the Statistical Section of the District's Comprehensive Annual Financial Report (the "CAFR").

**Official Bonds**

<u>Name</u>	<u>Position</u>	<u>Amount</u>
James H. Strimple, Jr.	Interim Assistant Superintendent for Business/ Board Secretary (7/17/17-8/21/17)	\$150,000
Jonathan Toth	Assistant Superintendent for Business/ Board Secretary (8/22/17-6/30/18)	\$600,000
Kim Esterman	Treasurer of School Monies	\$600,000

There is a Public Employees' Faithful Performance Blanket Bond with the Selective Insurance Company covering all other employees with multiple coverage of \$50,000.

**Tuition Charges**

A comparison of tentative tuition charged and actual certified tuition charges was made. The Board made a proper adjustment, as applicable, to the billings to the sending districts in accordance with N.J.S.C. 6A:23A-17.1(f)3.

**Financial Planning, Accounting and Reporting**

**Examination of Claims**

An examination of claims paid during the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

**Classification of Expenditures**

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) as part of our test of transactions of expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3.

**Payroll/Personnel**

The net salaries of all employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

All payrolls tested were approved by the Superintendent and were certified by the President of the Board, the Assistant Superintendent for Business/Board Secretary, and the Chief School Administrator.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Financial Planning, Accounting and Reporting (Continued)**

Payroll/Personnel (Continued)

Salary withholdings were promptly remitted to the proper agencies.

**Finding** – The payroll agency ledger by deduction is not being reconciled with the monthly bank reconciliation.

**Recommendation** – The payroll agency ledger by deduction be reconciled with the bank reconciliation on a monthly basis.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, for goods not yet received or services not yet rendered to determine that no blanket purchase orders were included in the balance of the reserves for encumbrances. Also, unpaid purchase orders included in the balance of accounts payable were received for propriety and to determine that goods were received and services were rendered, as of June 30.

**Finding (CAFR Finding 2018-001)** – Our audit revealed that certain capital contracts were not encumbered when awarded and furthermore, were not encumbered by year-end.

**Recommendation** – Contracts be properly encumbered in internal accounting records when the contract is awarded.

Board Secretary's Records

The financial records, books of account and minutes maintained by the Board Secretary were in good condition.

The prescribed contractual order system was followed.

Bids received were summarized in the minutes (N.J.S.A. 18A:18A-21).

Acknowledgement of the Board's receipt of the Board Secretary and Treasurer's monthly financial reports was included in the minutes. The monthly certification of the availability of line item appropriations and fund balances were also approved.

Treasurer's Records

The Treasurer did perform cash reconciliations for all accounts required.

All cash receipts were promptly deposited.

Worker's Compensation Insurance Trust Fund

The District has adopted a self-insurance plan for worker's compensation and the financial transactions of this account are reported in the General Fund.

During the 2017/2018 school year the District utilized PMA Group as Claims Administrator. At June 30, 2018, the Claim Administrators estimated the value of loss reserves to be \$967,661. In addition, the District's actuary has estimated incurred but not reported claims to be \$217,160 at June 30, 2018. These reserves have not been reduced for potential recoveries for losses which were incurred in the prior school years that exceeded the aggregate stop loss. The District's risk manager has estimated the recoverable claims to be minimal. Consequently, the financial statements have not been adjusted for any potential recoveries.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Financial Planning, Accounting and Reporting (Continued)**

Unemployment Compensation Insurance Trust Fund

The Board has adopted the direct reimbursement method and has established an Unemployment Compensation Insurance Trust Fund. The financial transactions of this fund are reported in the Expendable Trust Fund.

Elementary and Secondary Education Act (E.S.E.A.)/Improving America's Schools Act (IASA) as Amended by the Every Student Succeeds Act (ESSA)

The E.S.E.A. financial exhibits are contained within the Special Revenue section of the CAFR. This section of the CAFR documents the financial position pertaining to the projects under Title I, II, III and IV of the Elementary and Secondary Education Act, as amended.

The audit indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

Other Special Federal and/or State Projects

The district's Special Projects were approved as listed on Exhibit K-3 and Exhibit K-4 located in the CAFR.

Our audit indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits are contained within the Special Revenue section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

T.P.A.F. Reimbursements

Our audit procedures included a test of the semi-monthly reimbursement forms filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

TPAF Reimbursement to the State for Federal Salary Expenditures

The amount of the expenditure charged to the current year's Final Reports for all federal awards for the school district to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds was made prior to the end of the 90 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

Nonpublic State Aid

Project Completion Reports were finalized and transmitted to the State by the due date.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**School Purchasing Programs**

**Contracts and Agreements Requiring Advertisement for Bids**

Effective July 1, 2010 and thereafter, the bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (without a Qualified purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$19,000. The Board has designated the Assistant Superintendent for Business/Board Secretary as the qualified purchasing agent.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Board Attorney's opinion should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained. Our examination did reveal, however, that purchases were made through the use of State contracts.

**School Food Service**

The financial transactions and statistical records of the school food services were maintained in good condition. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis. No exceptions were noted.

Cash receipts and bank records were reviewed for timely deposit. No exceptions were noted.

The number of meals claimed for reimbursement was verified against sales and meal count records. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement vouchers were timely filed, and meals claimed agreed with meal count records, as detailed on the Schedule of Meal Activity.

All vendor discounts, rebates and credits from vendors were tracked and credited to the Food Service account and reconciled to supporting documentation at least annually.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served did not exceed the number of valid applications on file, times the number of operating days, on a school-by-school basis. The free and reduced price meal and free milk policy is uniformly administered throughout the school system. The required verification procedures for free and reduced price applications were completed and available for review.

Expenses were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food supply items were currently maintained and properly applied in determining the cost of food and supplies used.

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all school food services employees authorized by the board of education.

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expense records were maintained in order to substantiate the non-profit status of the school food service.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**School Food Service (Continued)**

U.S.D.A. commodities were received and a separate inventory was maintained on a first-in, first-out basis.

The Statement of Revenues, Expenses, and Changes in Fund Net Position (CAFR Schedule B-5) does separate program and non-program revenue and program and non-program cost of goods sold.

Exhibits reflecting Child Nutrition Program operations are included in the section of the CAFR entitled Enterprise Funds.

**Finding (CAFR Finding 2018-002)** – Our audit of food service operations revealed the net cash resources, including all respective assets less any associated liabilities, at June 30, 2018 exceeded three months average expenditures.

**Recommendation** – Appropriate action be taken to ensure net cash resources do not exceed three month average expenditures.

The New Jersey State Department of Agriculture, Bureau of Child Nutrition, conducted a Coordinated Review Effort (CRE) administrative review of the National School Lunch Program. The District received a perfect review summary which required no corrective action.

**Cultural Arts Recreation Enrichment (C.A.R.E.) Program**

The financial records of the C.A.R.E. were maintained in good condition.

**Student Body Activities**

The Board has a policy which clearly established the regulation of student activity funds.

Cash receipts and disbursements records for the elementary and middle schools were maintained in good condition.

**Finding-** Our audit of the High School account found that the account is not being reconciled on a monthly basis. In addition, bank reconciliation provided for audit did not contain all reconciling items.

**Recommendation-** It is recommended that bank reconciliations for the High School account be completed on a monthly basis and bank reconciliations contain all reconciling items.

**Finding-** Our audit of the High School account found that there is no formal accounting of funds collected for trips.

**Recommendation-** A formal accounting of funds collected for trips be maintained and reconciled to the expenses associated with the trip.

**Finding-** Our audit revealed numerous reimbursements to individuals.

**Recommendation-** It is recommended that efforts be made to limit reimbursements paid to individuals.



**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Application for State School Aid**

Our audit procedures included a test of information reported in the October 13, 2017 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the disabled, bilingual and low-income. We also performed a review of the District procedures related to its completion. The information on the A.S.S.A. was compared to District workpapers with immaterial exceptions. The information on the workpapers was verified with immaterial exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments.

The District maintained workpapers on the prescribed state forms or their equivalent.

The District has adequate written procedures for the recording of student enrollment data.

**Pupil Transportation**

Our audit procedures included a test of on roll status reported in the 2017-2018 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the District complied with proper bidding procedures and award of contracts. No exceptions were noted in our review of transportation related purchases of goods and services.

**Facilities and Capital Assets**

Our procedures included a review of the SDA grant agreements for consistency with recording SDA revenue, transfer of local funds from the General Fund or from the Capital Reserve Account and awarding of contracts per eligible facilities construction.

**Finding** – Our audit of capital assets revealed that balances per the capital assets report are not in agreement with audit balances due to prior year additions being duplicated in the capital asset report.

**Recommendation** – The capital asset report be reviewed and reconciled to audit balances.

**Testing for Lead of all Drinking Water in Educational Facilities**

The school district adhered to all requirements of N.J.A.C. 26-1.2 and 12.4 related to the testing for lead of all drinking water in educational facilities.

The school district submitted the annual Statement of Assurance to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
FOOD SERVICE FUND  
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM  
ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**SCHEDULE OF MEAL COUNT ACTIVITY**

<u>Program</u>	<u>Meals Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>
National School Lunch	Paid	286,305	142,403	142,403
	Reduced	66,920	34,123	34,123
	Free	<u>366,993</u>	<u>185,924</u>	<u>185,924</u>
		<u>720,218</u>	<u>362,450</u>	<u>362,450</u>
National School Breakfast-Regular	Paid			
	Reduced			
	Free	<u>-</u>	<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>	<u>-</u>
National School Breakfast-Severe	Paid	151,134	75,793	75,793
	Reduced	47,876	25,024	25,024
	Free	<u>272,532</u>	<u>141,941</u>	<u>141,941</u>
		<u>471,542</u>	<u>242,758</u>	<u>242,758</u>
	<u>1,191,760</u>	<u>605,208</u>	<u>605,208</u>	

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
FOOD SERVICE FUND  
NET CASH RESOURCE SCHEDULE  
ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Net Cash Resources:**

<b>CAFR</b>	*	<b>Current Assets</b>		
B-4		Cash & Cash Equiv.	\$	1,617,976
B-4		Due from Other Gov'ts		219,219
B-4		Other Accounts Rec		
B-4		Investments		
<b>CAFR</b>		<b>Current Liabilities</b>		
B-4		Less Accounts Payable		(13,775)
B-4		Less Accruals		
B-4		Less Due to Other Funds		(151,075)
B-4		Less Deferred Revenue		<u>(55,990)</u>
		 <b>Net Cash Resources</b>	 <b>\$</b>	 <b><u>1,616,355</u></b>
				<b>(A)</b>

**Net Adj. Total Operating Expense:**

B-5		Tot. Operating Exp.		3,207,689
B-5		Less Depreciation		<u>(44,753)</u>
		 Adj. Tot. Oper. Exp.	 <b>\$</b>	 <b><u>3,162,936</u></b>
				<b>(B)</b>

**Average Monthly Operating Expense:**

	B / 10	<b>\$</b>	<b><u>316,294</u></b>	<b>(C)</b>
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**Three times monthly Average:**

	3 X C	<b>\$</b>	<b><u>948,882</u></b>	<b>(D)</b>
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TOTAL IN BOX A	\$	1,616,355	
LESS TOTAL IN BOX D	\$	948,882	
NET	\$	<u>(667,473)</u>	
From above:			
<b>A is greater than D, cash exceeds 3 X average monthly operating expenses.</b>			
<b>D is greater than A, cash does not exceed 3 X average monthly operating expenses.</b>			

\* Inventories are not to be included in total current assets.

SOURCE - USDA resource management comprehensive review form

**FRANKLIN TOWNSHIP BOARD OF EDUCATION  
APPLICATION FOR SCHOOL STATE AID  
SCHEDULE OF AUDITED ENROLLMENTS  
OCTOBER 13, 2017**

	2018-19 Application for State School Aid						Sample for Verification						Private Schools for Disabled				
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Register On Roll		Errors per Registers On Roll		Reported on A.S.S.A. as Private Schools	Sample for Veri- cation	Sample Verified	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared					
Half Day Preschool - 3 years	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool - 3 years	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Preschool - 4 years	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool - 4 years	196	-	196	-	-	-	24	-	24	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	468	-	468	-	-	-	56	-	56	-	-	-	-	-	-	-	-
1st Grade	452	-	452	-	-	-	63	-	63	-	-	-	-	-	-	-	-
2nd Grade	438	-	438	-	-	-	60	-	60	-	-	-	-	-	-	-	-
3rd Grade	430	-	430	-	-	-	101	-	101	-	-	-	-	-	-	-	-
4th Grade	475	-	475	-	-	-	113	-	113	-	-	-	-	-	-	-	-
5th Grade	475	-	475	-	-	-	475	-	475	-	-	-	-	-	-	-	-
6th Grade	388	-	388	-	-	-	388	-	388	-	-	-	-	-	-	-	-
7th Grade	437	-	437	-	-	-	437	-	437	-	-	-	-	-	-	-	-
8th Grade	395	-	395	-	-	-	395	-	395	-	-	-	-	-	-	-	-
9th Grade	485	3	485	3	-	-	485	3	485	3	-	-	-	-	-	-	-
10th Grade	468	8	468	8	-	-	468	8	468	8	-	-	-	-	-	-	-
11th Grade	439	5	439	5	-	-	439	5	439	5	-	-	-	-	-	-	-
12th Grade	478	2	478	2	-	-	478	2	478	2	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>6,024</b>	<b>18</b>	<b>6,024</b>	<b>18</b>	<b>-</b>	<b>-</b>	<b>3,982</b>	<b>18</b>	<b>3,982</b>	<b>18</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Spec Ed - Elementary	491	-	491	-	-	-	39	-	39	-	-	-	12	9	9	-	-
Spec Ed - Middle School	229	-	229	-	-	-	81	-	81	-	-	-	16	13	13	-	-
Spec Ed - High School	316	5	316	5	-	-	316	5	316	5	-	-	48	36	36	-	-
<b>Subtotal</b>	<b>1,036</b>	<b>5</b>	<b>1,036</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>436</b>	<b>5</b>	<b>436</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>76</b>	<b>58</b>	<b>58</b>	<b>-</b>	<b>-</b>
<b>Totals</b>	<b>7,060</b>	<b>23</b>	<b>7,060</b>	<b>23</b>	<b>-</b>	<b>-</b>	<b>4,418</b>	<b>23</b>	<b>4,418</b>	<b>23</b>	<b>-</b>	<b>-</b>	<b>76</b>	<b>58</b>	<b>58</b>	<b>-</b>	<b>-</b>
<b>Percentage Error</b>					<u>0.00%</u>	<u>0.00%</u>					<u>0.00%</u>	<u>0.00%</u>				<u>0.00%</u>	

**FRANKLIN TOWNSHIP BOARD OF EDUCATION  
APPLICATION FOR SCHOOL STATE AID  
SCHEDULE OF AUDITED ENROLLMENTS  
OCTOBER 13, 2017**

	Low Income			Sample for Verification			LEP Low Income			Sample for Verification		
	Reported on A.S.S.A as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on A.S.S.A as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Half Day Preschool (3 Yrs)	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool (3 Yrs)	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Preschool (4 Yrs)	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool (4 Yrs)	81	81	-	2	2	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	213	213	-	5	5	-	82	82	-	8	8	-
1st Grade	206	206	-	4	4	-	56	56	-	6	6	-
2nd Grade	223	223	-	5	5	-	54	54	-	5	5	-
3rd Grade	226	226	-	5	5	-	49	49	-	5	5	-
4th Grade	222	222	-	5	5	-	44	44	-	5	5	-
5th Grade	230	230	-	5	5	-	25	25	-	3	3	-
6th Grade	197	197	-	4	4	-	13	13	-	1	1	-
7th Grade	188	188	-	4	4	-	12	12	-	1	1	-
8th Grade	190	190	-	4	4	-	7	7	-	1	1	-
9th Grade	213	212	1	4	4	-	23	23	-	2	2	-
10th Grade	210	210	-	4	4	-	23	23	-	2	2	-
11th Grade	197	197	-	4	4	-	21	21	-	2	2	-
12th Grade	200	200	-	4	4	-	20	20	-	2	2	-
<b>Subtotal</b>	<b>2,796</b>	<b>2,795</b>	<b>1</b>	<b>59</b>	<b>59</b>	<b>-</b>	<b>429</b>	<b>429</b>	<b>-</b>	<b>43</b>	<b>43</b>	<b>-</b>
Spec Ed - Elementary	247	249	(2)	5	5	-	39	39	-	5	5	-
Spec Ed - Middle School	137	137	-	3	3	-	2	2	-	-	-	-
Spec Ed - High School	173	173	-	4	4	-	2	2	-	-	-	-
<b>Subtotal</b>	<b>557</b>	<b>559</b>	<b>(2)</b>	<b>12</b>	<b>12</b>	<b>-</b>	<b>43</b>	<b>43</b>	<b>-</b>	<b>5</b>	<b>5</b>	<b>-</b>
<b>Totals</b>	<b>3,353</b>	<b>3,354</b>	<b>(1)</b>	<b>71</b>	<b>71</b>	<b>-</b>	<b>472</b>	<b>472</b>	<b>-</b>	<b>48</b>	<b>48</b>	<b>-</b>
Percentage Error			<u>-0.03%</u>			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>

	Transportation			Tested	Verified	Errors
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors			
Regular - Public Schools	4,740	4,740	-	81	81	-
Transported - Non-Public	782	782	-	13	13	-
Regular - Spec.	906	906	-	15	15	-
Special Needs - Public	179	179	-	3	3	-
<b>Totals</b>	<b>6,607</b>	<b>6,607</b>	<b>-</b>	<b>112</b>	<b>112</b>	<b>-</b>
		<u>0.00%</u>			<u>0.00%</u>	

**FRANKLIN TOWNSHIP BOARD OF EDUCATION  
APPLICATION FOR SCHOOL STATE AID  
SCHEDULE OF AUDITED ENROLLMENTS  
OCTOBER 13, 2017**

	LEP Not Low Income			Sample for Verification		
	Reported on A.S.S.A as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Register	Sample Errors
Half Day Preschool (3 Yrs)	-	-	-	-	-	-
Full Day Preschool (3 Yrs)	-	-	-	-	-	-
Half Day Preschool (4 Yrs)	-	-	-	-	-	-
Full Day Preschool (4 Yrs)	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-
Full Day Kindergarten	44	44	-	4	4	-
1st Grade	26	26	-	3	3	-
2nd Grade	17	17	-	2	2	-
3rd Grade	12	12	-	1	1	-
4th Grade	7	7	-	1	1	-
5th Grade	8	8	-	1	1	-
6th Grade	3	3	-	-	-	-
7th Grade	5	5	-	-	-	-
8th Grade	4	4	-	-	-	-
9th Grade	8	8	-	1	1	-
10th Grade	4	4	-	1	1	-
11th Grade	7	7	-	1	1	-
12th Grade	4	4	-	-	-	-
<b>Subtotal</b>	<b>149</b>	<b>149</b>	<b>-</b>	<b>15</b>	<b>15</b>	<b>-</b>
Spec Ed - Elementary	5	5	-	3	3	-
Spec Ed - Middle School	-	-	-	-	-	-
Spec Ed - High School	-	-	-	-	-	-
<b>Subtotal</b>	<b>5</b>	<b>5</b>	<b>-</b>	<b>3</b>	<b>3</b>	<b>-</b>
<b>Totals</b>	<b>154</b>	<b>154</b>	<b>-</b>	<b>18</b>	<b>18</b>	<b>-</b>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
CALCULATION OF EXCESS SURPLUS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**SECTION 1A - Two Percent (2%) - Calculation of Excess**

2017-2018 Total General Fund Expenditures per the CAFR	\$ 161,065,014
Increased by:	
Transfer from Capital Reserve to Capital Projects	4,502,480
Transfer from General Fund to Special Revenue Fund Pre-K	338,697
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>17,306,627</u>
Adjusted 2017-2018 General Fund Expenditures	<u>\$ 148,599,564</u>
2% of Adjusted 2017-2018 General Fund Expenditures	\$ 2,971,991
Increased by:	
Allowable Adjustment *	<u>448,812</u>
Maximum Unassigned Fund Balance	<u>\$ 3,420,803</u>

**SECTION 2**

Total General Fund - Fund Balance at June 30, 2018 \$ 22,371,037  
(Per CAFR Budgetary Comparison Schedule C-1)

Decreased by:	
Year-End Encumbrances	\$ 947,873
Nonspendable Fund Balance - Prepaid Item	12,200
Other Restricted Fund Balance - Capital Reserve	12,713,038
Other Restricted Fund Balance - Maintenance Reserve	1,005,315
Restricted - Excess Surplus Designated for Subsequent Year's Expenditures	1,793,477
Assigned - Designated for Subsequent Year's Expenditures	<u>578,331</u>
	<u>17,050,234</u>
Total Unassigned Fund Balance	<u>\$ 5,320,803</u>

**SECTION 3**

**Fund Balance - Excess Surplus** \$ 1,900,000

**Recapitulation of Excess Surplus as of June 30, 2018**

Excess Surplus- Designated for 2018/19 Budget	\$ 1,793,477
Excess Surplus- Designated for 2019/20 Budget	<u>1,900,000</u>
	<u>\$ 3,693,477</u>

**\* Detail of Allowable Adjustments**

Unbudgeted Excess Extraordinary Aid	\$ 149,927
Additional Nonpublic School Transportation Aid	<u>298,885</u>
Total Adjustments	<u>\$ 448,812</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
RECOMMENDATIONS**

**I. Administrative Practices and Procedures**

There are none.

**II. Financial Planning, Accounting and Reporting**

It is recommended that:

1. The payroll agency ledger by deduction be reconciled with the bank reconciliation on a monthly basis.
2. Contracts be properly encumbered in internal accounting records when the contract is awarded.

**III. School Purchasing Program**

There are none.

**IV. School Food Services**

- \* It is recommended that appropriate action be taken to ensure net cash resources do not exceed three month average expenditures.

**V. Cultural Arts Recreation Enrichment (C.A.R.E. Program)**

There are none.

**VI. Student Body Activities**

It is recommended that:

- \*
  1. Bank reconciliations for the High School account be completed on a monthly basis and bank reconciliations contain all reconciling items.
  2. A formal accounting of funds collected for trips be maintained and reconciled to the expenses associated with the trip.
  3. Efforts be made to limit reimbursements paid to individuals.

**VII. Application for State School Aid**

There are none.

**VIII. Pupil Transportation**

There are none.

**IX. Facilities and Capital Assets**

It is recommended that the capital asset report be reviewed and reconciled to audit balances.

**X. Miscellaneous**

There are none.



**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
RECOMMENDATIONS  
(Continued)**

**XI. Status of Prior Years' Audit Findings/Recommendations**

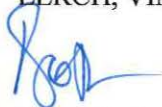
A review was performed on all prior years' recommendations and corrective action was taken on all, except the items denoted with an asterisk (\*).

**ACKNOWLEDGEMENT**

We received the complete cooperation of all the officials of the school district and we greatly appreciate the courtesies extended to us.

Respectfully submitted,

LERCH, VINCI & HIGGINS, LLP



Donna L. Japhet  
Certified Public Accountant  
Public School Accountant