

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2019**

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

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LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
CHRIS SOHN, CPA

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, 2019, and have issued our report thereon dated November 20, 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
November 20, 2019

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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>
Jonathan Toth	Assistant Superintendent for Business/ Board Secretary	\$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.A.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, 2019**

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 maintained and reconciled with the monthly bank reconciliation.

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

Finding – Our audit revealed that the payroll agency bank account is not being reconciled in a timely manner and also contained numerous reconciling times that were deemed invalid.

Recommended – It is recommended that the payroll agency bank reconciliation be completed on a monthly basis and contain all proper reconciling items.

Employee Position Control Roster

The Board has implemented and maintains a personnel tracking and accounting (Position Control) system.

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 reviewed for propriety and to determine that goods were received and services were rendered, as of June 30.

Finding (CAFR Finding 2019-001) – Our audit of outstanding purchase orders in the General, Special Revenue and Capital Projects Funds revealed certain purchase orders classified as encumbrances were deemed invalid or were determined to be accounts payable.

Recommendation - Outstanding purchase orders be reviewed at year end to be properly classified as an accounts payable or reserve for encumbrance, or otherwise be cancelled.

Travel

The Board of Trustees has adopted a travel policy that complies with N.J.S.A. 18A:11-12.

Board Secretary's Records

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

The Board Secretary's and Treasurer's monthly financial reports were presented to the Board on a timely basis and were submitted to the Executive County Superintendent as prescribed by N.J.S.A. 18A:17-9 and 18A:17-36.

The prescribed contractual order system was followed.

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

Finding (CAFR Finding 2019-002) - Our audit of the general ledger account balances revealed certain adjusting journal entries were required to reconcile the Board records to agree with subsidiary records, supporting documentation and to correct beginning balances.

Recommendation - Internal controls over financial accounting and reporting be reviewed and enhanced to ensure financial transactions are properly recorded and reported in the District's internal accounting records.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Financial Planning, Accounting and Reporting (Continued)

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 2018/2019 school year the District utilized PMA Group as Claims Administrator. At June 30, 2019, the Claim Administrators estimated the value of loss reserves to be \$1,373,559. In addition, the District's actuary has estimated incurred but not reported claims to be \$187,318 at June 30, 2019. 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.

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.

Finding – Our audit of the Unemployment Compensation Insurance Trust Fund found that the District has not remitted to the State any quarterly reimbursement for claims for the entire 2019 fiscal year.

Recommendation – It is recommended that quarterly unemployment reimbursement claims be remitted to the State in a timely manner.

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.

Finding – The State cited the District for not achieving more than 90 percent participation of SEMI eligible students in the pre-budget year. The Board properly submitted a corrective action plan; therefore, no recommendation is warranted.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Financial Planning, Accounting and Reporting (Continued)

I.D.E.A. Part B

Separate accounting records were maintained for each approved project. Grant application approvals and acceptance of grant funds were made by Board resolution.

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. See CAFR Findings 2019-001 and 2019-002.

Nonpublic State Aid

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

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

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 Purchasing Manager 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.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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.

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 2019-003) – Our audit of food service operations revealed the net cash resources, including all respective assets less any associated liabilities, at June 30, 2019 exceeded three months average expenditures.

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

Finding- Our audit of the Cultural Arts Recreation Enrichment (C.A.R.E.) Program revealed the following:

- a. Program registration process was not consistently applied. The program began using an online registration program during the 2018-19 school year; however, not all program participants were entered into the online system.
- b. Collections were done both online and in-person but were not reconciled to accounting records.
- c. There is no formal accounting of receivables and program revenues.
- d. Deposits payable balance/report has not been reviewed for possible disposition.
- e. Revenues and expenses of the program are not being monitored. As a result, the fund reported a decrease in net position of \$283,852 and ended with an unrestricted net position at year-end of \$582.

Recommendation - It is recommended that the internal controls and accounting practices of the Cultural Arts Recreation Enrichment (C.A.R.E.) Program be reviewed and enhanced to ensure financial transactions are properly monitored, recorded and reported in the District's accounting records.

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 revealed that the High School student activity 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 District's student body accounts found 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 of the high school and middle school accounts revealed numerous instances where deposits were not made in a timely manner.

Recommendation- It is recommended that all deposits for student activity accounts be made in a timely manner.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2018 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 without exceptions. The information on the workpapers was verified without 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 2018-2019 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.

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, 2019**

SCHEDULE OF MEAL COUNT ACTIVITY

<u>Program</u>	<u>Meals Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>Difference</u>
National School Lunch	Paid	276,806	138,942	138,942	-
	Reduced	77,553	38,258	38,258	-
	Free	<u>334,734</u>	<u>164,314</u>	<u>164,314</u>	<u>-</u>
		<u>689,093</u>	<u>341,514</u>	<u>341,514</u>	<u>-</u>
National School Breakfast-Regular	Paid				
	Reduced				
	Free	<u> </u>	<u> </u>	<u> </u>	<u> </u>
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
National School Breakfast-Severe	Paid	151,975	75,941	75,941	-
	Reduced	55,068	26,670	26,670	-
	Free	<u>251,982</u>	<u>120,982</u>	<u>120,982</u>	<u>-</u>
		<u>459,025</u>	<u>223,593</u>	<u>223,593</u>	<u>-</u>
		<u>1,148,118</u>	<u>565,107</u>	<u>565,107</u>	<u>-</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
FOOD SERVICE FUND
NET CASH RESOURCE SCHEDULE
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Net Cash Resources:

CAFR	*	Current Assets		
B-4		Cash & Cash Equiv.	\$	1,613,925
B-4		Due from Other Gov'ts		507,330
B-4		Other Accounts Rec		
B-4		Investments		
 		Current Liabilities		
B-4		Less Accounts Payable		
B-4		Less Accruals		
B-4		Less Due to Other Funds	(464,765)	
B-4		Less Deferred Revenue	(49,344)	
			<u> </u>	
		Net Cash Resources	\$	<u>1,607,146</u>
				(A)

Net Adj. Total Operating Expense:

B-5		Tot. Operating Exp.	3,669,174	
B-5		Less Depreciation	(64,741)	
			<u> </u>	
		Adj. Tot. Oper. Exp.	\$	<u>3,604,433</u>
				(B)

Average Monthly Operating Expense:

B / 10	\$	<u>360,443</u>	(C)
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Three times monthly Average:

3 X C	\$	<u>1,081,329</u>	(D)
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TOTAL IN BOX A	\$	1,607,146	
LESS TOTAL IN BOX D	\$	1,081,329	
NET	\$	<u>(525,817)</u>	

From above:

**A is greater than D, cash exceeds 3 X average monthly operating expenses.
D is greater than A, cash does not exceed 3 X average monthly operating expenses.**

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

SOURCE - USDA resource management comprehensive review form

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
AS OF OCTOBER 15, 2018**

	2019-20 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		District Workpapers		Sample for Verifi- cation			
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Errors		Verifi- cation	Sample Verified	Sample Errors	
Half Day Preschool - 3 years					-	-														
Full Day Preschool - 3 years					-	-														
Half Day Preschool - 4 years					-	-														
Full Day Preschool - 4 years	283		283		-	-	24		24											
Half Day Kindergarten	-	-	-	-	-	-														
Full Day Kindergarten	459		459		-	-	68		68											
1st Grade	446		446		-	-	100		100											
2nd Grade	401		401		-	-	52		52											
3rd Grade	419		419		-	-	43		43											
4th Grade	421		421		-	-	47		47											
5th Grade	451		451		-	-	84		84											
6th Grade	428		428		-	-	234		234											
7th Grade	394		394		-	-	164		164											
8th Grade	440		440		-	-	237		237											
9th Grade	471	4	471	4	-	-	471	4	471	4										
10th Grade	447	3	447	3	-	-	447	3	447	3										
11th Grade	430	6	430	6	-	-	430	6	430	6										
12th Grade	468	4	468	4	-	-	468	4	468	4										
Subtotal	5,958	17	5,958	17	-	-	2,869	17	2,869	17	-	-	-	-	-	-	-	-	-	-
Spec Ed - Elementary	483		483		-	-	135		135				10	10	-		8	8		-
Spec Ed - Middle School	237		237		-	-	141		141				15	15	-		11	11		-
Spec Ed - High School	303	4	303	4	-	-	303	4	303	4			46	46	-		35	35		-
Subtotal	1,023	4	1,023	4	-	-	579	4	579	4	-	-	71	71	-	-	54	54	-	-
Totals	6,981	21	6,981	21	-	-	3,448	21	3,448	21	-	-	71	71	-	-	54	54	-	-
Percentage Error					<u>0.00%</u>	<u>0.00%</u>					<u>0.00%</u>	<u>0.00%</u>								<u>0.00%</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
AS OF OCTOBER 15, 2018**

	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.)			-			-			-			-
Half Day Kindergarten			-			-			-			-
Full Day Kindergarten	196	196	-	4	4	-	57	57	-	6	6	-
1st Grade	221	221	-	5	5	-	82	82	-	6	6	-
2nd Grade	196	196	-	4	4	-	50	50	-	4	4	-
3rd Grade	214	214	-	5	5	-	48	48	-	4	4	-
4th Grade	225	225	-	5	5	-	46	46	-	5	5	-
5th Grade	204	204	-	4	4	-	31	31	-	4	4	-
6th Grade	228	228	-	5	5	-	19	19	-	1	1	-
7th Grade	203	203	-	4	4	-	11	11	-	2	2	-
8th Grade	207	207	-	4	4	-	17	17	-	1	1	-
9th Grade	224.5	224.5	-	5	5	-	16	16	-	2	2	-
10th Grade	209.5	209.5	-	4	4	-	19	19	-	1	1	-
11th Grade	179.5	179.5	-	4	4	-	19	19	-	3	3	-
12th Grade	213.5	213.5	-	5	5	-	26	26	-	3	3	-
Subtotal	2,721.0	2,721.0	-	58	58	-	441	441	-	42	42	-
Spec Ed - Elementary	285	285	-	6	6	-	45	45	-	7	7	-
Spec Ed - Middle School	154	154	-	3	3	-	10	10	-			-
Spec Ed - High School	177	177	-	4	4	-	2	2	-			-
Subtotal	616	616	-	13	13	-	57	57	-	7	7	-
Spec Ed Alt Voc High	2	2	-			-			-			-
Totals	3,339	3,339	-	71	71	-	498	498	-	49	49	-
Percentage Error			<u>0.00%</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	4,402	4,402	-	77	77	-
Transported - Non-Public	471	471	-	8	8	-
AIL Non-Public	567	567	-	10	10	-
Regular - Spec.	540	540	-	10	10	-
Special Needs - Public	383	383	-	7	7	-
Totals	6,363	6,363	-	112	112	-
			<u>0.00%</u>			<u>0.00%</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
AS OF OCTOBER 15, 2018**

	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	40	40	-	3	3	-
1st Grade	27	27	-	4	4	-
2nd Grade	23	23	-	2	2	-
3rd Grade	21	21	-	1	1	-
4th Grade	12	12	-	1	1	-
5th Grade	10	10	-	1	1	-
6th Grade	4	4	-	-	-	-
7th Grade	7	7	-	1	1	-
8th Grade	5	5	-	-	-	-
9th Grade	11	11	-	1	1	-
10th Grade	5	5	-	1	1	-
11th Grade	6	6	-	1	1	-
12th Grade	-	-	-			-
Subtotal	171	171	-	16	16	-
Spec Ed - Elementary	4	4	-	1	1	-
Spec Ed - Middle School	-	-	-			-
Spec Ed - High School	1	1	-			-
Subtotal	5	5	-	1	1	-
Totals	176	176	-	17	17	-
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, 2019**

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

2018-2019 Total General Fund Expenditures per the CAFR	\$ 178,891,360
Increased by:	
Transfer from General Fund to Special Revenue Fund Pre-K	253,000
Decreased by:	
On-Behalf TPAF Pension & Social Security	\$ 19,436,767
Lease Purchase	3,295,214
	22,731,981
Adjusted 2018-2019 General Fund Expenditures	\$ 156,412,379
2% of Adjusted 2018-2019 General Fund Expenditures	\$ 3,128,248
Increased by:	
Allowable Adjustment *	573,605
Maximum Unassigned Fund Balance	\$ 3,701,853

SECTION 2

Total General Fund - Fund Balance at June 30, 2019 (Per CAFR Budgetary Comparison Schedule C-1)	\$ 22,481,735
Decreased by:	
Year-End Encumbrances	\$ 2,426,633
Other Restricted Fund Balance - Capital Reserve	10,847,530
Other Restricted Fund Balance - Maintenance Reserve	1,020,899
Restricted - Excess Surplus Designated for Subsequent Year's Expenditures	1,900,000
Assigned - Designated for Subsequent Year's Expenditures	634,820
	16,829,882
Total Unassigned Fund Balance	\$ 5,651,853

SECTION 3

Fund Balance - Excess Surplus	\$ 1,950,000
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Recapitulation of Excess Surplus as of June 30, 2019

Excess Surplus- Designated for 2019/20 Budget	\$ 1,900,000
Excess Surplus- Designated for 2020/21 Budget	1,950,000
	\$ 3,850,000

*** Detail of Allowable Adjustments**

Unbudgeted Excess Extraordinary Aid	\$ 296,514
Additional Nonpublic School Transportation Aid	277,091
Total Adjustments	\$ 573,605

**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 maintained and reconciled with the bank reconciliation on a monthly basis.
- 2. The payroll agency bank reconciliation be completed on a monthly basis and contain all proper reconciling items.
- 3. Outstanding purchase orders be reviewed at year end to be properly classified as accounts payable or reserve for encumbrance, or otherwise be cancelled.
- 4. Internal controls over financial accounting and reporting be reviewed and enhanced to ensure financial transactions are properly recorded and reported in the District's internal accounting records.
- 5. Quarterly unemployment reimbursement claims be remitted to the State in a timely manner.

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)

It is recommended that the internal controls and accounting practices of the Cultural Arts Recreation Enrichment (C.A.R.E.) Program be reviewed and enhanced to ensure financial transactions are properly monitored, recorded and reported in the District's accounting records.

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. All deposits for student activity accounts be made in a timely manner.

VII. Application for State School Aid

There are none.

VIII. Pupil Transportation

There are none.

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

IX. Facilities and Capital Assets

There are none.

X. Miscellaneous

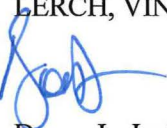
There are none.

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