

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2020**

**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, 2020, and have issued our report thereon dated February 5, 2021.

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 Franklin Township Public Schools' matter of public record and its distribution is not limited.

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

Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
February 5, 2021

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

Finding – A comparison of tentative tuition charges and actual certified tuition charges was not made.

Recommendation – The District review tuition charges and actual State certified tuition rates and adjust the billings to sending districts, accordingly.

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.

Salary withholdings were promptly remitted to the proper agencies.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Financial Planning, Accounting and Reporting (Continued)

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

Finding (CAFR Finding 2020-001) – Our audit of outstanding purchase orders revealed the purchase order for TPAF reimbursement to the State for federally funded grant salaries was improperly classified as an encumbrance was determined to be accounts payable. In addition the TPAF reimbursement to the State was not made prior to the end of the 90 day grant liquidation period required by the Office of Grants Management.

Recommendation – The TPAF reimbursement to the State for federally funded grant salaries be properly accrued as accounts payable at year end and be paid prior to the end of the 90 day grant liquidation period required by the Office of Grants Management.

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 were maintained by the Board Secretary.

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 2020-002) - 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.

Finding – One Special Revenue Fund budget appropriation was overexpended at June 30, 2020. This appears to be an isolated situation; therefore a recommendation is not warranted.

Treasurer's Records

The Treasurer did perform cash reconciliations for all accounts required.

All cash receipts were promptly deposited.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Financial Planning, Accounting and Reporting (Continued)

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 2019/2020 school year the District utilized PMA Group as Claims Administrator. At June 30, 2020, the Claim Administrators estimated the value of loss reserves to be \$1,876,883. In addition, the District's actuary has estimated incurred but not reported claims to be \$381,978 at June 30, 2020. 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.

Elementary and Secondary Education Act (E.S.E.A.) 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.

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.

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 not made prior to the end of the 90 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed.

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, 2020**

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.

School Food Service

COVID – 19 EMERGENCY

In accordance with the Governor's Declaration of Emergency pertaining to the COVID 19 Virus all Public, Charter, Non-Public schools were ordered to close effective as of March 18, 2020 for an undetermined period to limit the spread of the virus. As a result, School Food Authorities (SFA) were required to institute alternate procedures to provide meals to Free and Reduced Price eligible students during the period of school closures.

SFAs were notified of the requirement to maintain and report separate meal count records and financial records of all applicable costs incurred in providing meals to all free and reduced price meal eligible students during the emergency.

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.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

School Food Service (Continued)

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 – Our audit of food service operations revealed the net cash resources, including all respective assets less any associated liabilities, at June 30, 2020 exceeded three months average expenditures.

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

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 student activity funds were maintained in good condition.

Finding- Our audit of the High School Athletics account revealed three instances where checks were made payable to cash.

Recommendation- All checks issued from the High School Athletics account be paid to a designated payee and not the order of “cash”.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2019 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.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2019-2020 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 current year additions of \$7,267,362 for governmental activities and \$189,352 for business-type activities were not added to the capital asset inventory report. The financial statements have been adjusted to reflect the unrecorded additions.

Recommendation – All current year additions be properly reflected in the District’s capital asset inventory.

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).

Suggestions to Management

- Continued efforts be made to collect the outstanding School Development Authority capital grants receivable.
- Outstanding checks and other reconciling items on the District’s bank reconciliations be reviewed and cleared of record.

Acknowledgement

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 FOOD SERVICE FUND
 NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM
 ENTERPRISE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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	183,547	100,070	100,070	-
	Reduced	51,013	27,814	27,814	-
	Free	226,673	122,960	122,960	-
	SSO	44,490			
		<u>322,176</u>	<u>250,844</u>	<u>250,844</u>	<u>-</u>
National School Breakfast-Regular	Paid				
	Reduced				
	Free				
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
National School Breakfast-Severe	Paid	94,522	50,528	50,528	-
	Reduced	33,272	17,986	17,986	-
	Free	163,193	87,023	87,023	-
	SSO	44,492			
		<u>335,479</u>	<u>155,537</u>	<u>155,537</u>	<u>-</u>
	<u>670,958</u>	<u>406,381</u>	<u>406,381</u>	<u>-</u>	

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
FOOD SERVICE FUND
NET CASH RESOURCE SCHEDULE
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Food Service
<u>Net Cash Resources:</u>	
Current Assets	
Cash & Cash Equiv.	\$ 1,164,507
Due from Other Gov'ts	96,482
Due from Other Funds	<u>11,767</u>
	1,272,756
Current Liabilities	
Less Unearned Revenue	<u>(107,227)</u>
Net Cash Resources	<u>\$ 1,165,529</u>
<u>Net Adj. Total Operating Expense:</u>	
Total Operating Expense	3,087,479
Less Depreciation	<u>(55,981)</u>
Adjusted Total Operating Expense	<u>\$ 3,031,498</u>
<u>Average Monthly Operating Expense:</u>	<u>\$ 303,150</u>
<u>Three Times Monthly Average:</u>	<u>\$ 909,449</u>
Net Cash Resources	\$ 1,165,529
Three Times Monthly Average	<u>909,449</u>
Excess Net Cash Resources	<u>\$ 256,080</u>

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
AS OF OCTOBER 15, 2019

	2020-21 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		Sample Verified	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	
Full Day Kindergarten	450		449		1	-	68		68		-	-									
1st Grade	451		452		(1)	-	76		76		-	-									
2nd Grade	419		418		1	-	75		75		-	-									
3rd Grade	408		407		1	-	50		50		-	-									
4th Grade	413		413		-	-	55		55		-	-									
5th Grade	406		406		-	-	73		73		-	-									
6th Grade	408		408		-	-	244		244		-	-									
7th Grade	419		419		-	-	196		196		-	-									
8th Grade	423		424		(1)	-	248		248		-	-									
9th Grade	504	3	503	4	1	(1)	500	4	500	4	-	-									
10th Grade	429	5	431	4	(2)	1	425	4	425	4	-	-									
11th Grade	441	3	442	3	(1)	-	442	3	442	3	-	-									
12th Grade	456	6	453	6	3	-	446	6	446	6	-	-									
Subtotal	5,974	17	5,971	17	3	-	2,926	17	2,926	17	-	-	-	-	-	-	-	-	-	-	-
Spec Ed - Elementary	517		515		2	-	166		166		-	-	8	8			-	6	6		-
Spec Ed - Middle School	254		251		3	-	149		148		1	-	14	14			-	11	11		-
Spec Ed - High School	315		312		3	-	305	1	304	1	1	-	44	44			-	33	33		-
Subtotal	1,086	-	1,078	-	8	-	620	1	618	1	2	-	66	66	-	-	-	50	50	-	-
Totals	7,060	17	7,049	17	11	-	3,546	18	3,544	18	2	-	66	66	-	-	-	50	50	-	-
Percentage Error					<u>0.16%</u>	<u>0.00%</u>					<u>0.06%</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, 2019**

	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
Full Day Kindergarten	200	200	-	4	4	-	49	49	-	4	4	-
1st Grade	223	223	-	5	5	-	73	73	-	7	7	-
2nd Grade	229	228	1	5	5	-	83	83	-	7	7	-
3rd Grade	196	196	-	4	4	-	41	41	-	4	4	-
4th Grade	213	213	-	4	4	-	42	42	-	4	4	-
5th Grade	220	221	(1)	5	5	-	40	40	-	4	4	-
6th Grade	213	212	1	4	4	-	26	26	-	2	2	-
7th Grade	224	225	(1)	5	5	-	13	13	-	1	1	-
8th Grade	212	211	1	5	5	-	15	15	-	1	1	-
9th Grade	233	230	3	5	5	-	20	20	-	2	2	-
10th Grade	200	196	4	4	4	-	21	21	-	2	2	-
11th Grade	197	197	-	4	4	-	19	19	-	2	2	-
12th Grade	194	192	2	4	4	-	6	6	-	2	2	-
Subtotal	2,754.0	2,744.0	10	58	58	-	448	448	-	42	42	-
Spec Ed - Elementary	293	288	5	6	6	-	57	57	-	7	7	-
Spec Ed - Middle School	174	173	1	3	3	-	11	11	-	1	1	-
Spec Ed - High School	178	172	6	4	4	-	4	4	-	-	-	-
Subtotal	645	633	12	13	13	-	72	72	-	8	8	-
Totals	3,399	3,377	22	71	71	-	520	520	-	50	50	-
Percentage Error		<u>0.65%</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	4,722	4,722	-	80	80	-
Transported - Non-Public	432	432	-	7	7	-
ALL Non-Public	493	493	-	8	8	-
Regular - Spec.	495	495	-	9	9	-
Special Needs - Public	442	442	-	8	8	-
Totals	6,584	6,584	-	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, 2019**

	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
Full Day Kindergarten	35	35	-	2	2	-
1st Grade	24	24	-	2	2	-
2nd Grade	14	14	-	1	1	-
3rd Grade	25	25	-	2	2	-
4th Grade	15	15	-	1	1	-
5th Grade	6	6	-	-	-	-
6th Grade	9	9	-	1	1	-
7th Grade	4	4	-	-	-	-
8th Grade	9	9	-	1	1	-
9th Grade	9	9	-	1	1	-
10th Grade	5	5	-	-	-	-
11th Grade	5	5	-	1	1	-
12th Grade	18	18	-	1	1	-
Subtotal	178	178	-	13	13	-
Spec Ed - Elementary	13	13	-	3	3	-
Spec Ed - Middle School			-			-
Spec Ed - High School			-			-
Subtotal	13	13	-	3	3	-
Totals	191	191	-	16	16	-
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, 2020**

2019-2020 Total General Fund Expenditures per the CAFR	\$ 174,510,825
Increased by:	
Transfer from Capital Reserve to Capital Projects	3,325,000
Transfer from Capital Outlay to Capital Projects	<u>1,158,091</u>
	178,993,916
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>20,164,180</u>
Adjusted 2019-2020 General Fund Expenditures	<u>\$ 158,829,736</u>
2% of Adjusted 2019-2020 General Fund Expenditures	\$ 3,176,595
Increased by:	
Allowable Adjustment *	<u>236,843</u>
Maximum Unassigned Fund Balance	<u>\$ 3,413,438</u>
Total General Fund - Fund Balance at June 30, 2020 (Per CAFR Budgetary Comparison Schedule C-1)	\$ 22,082,257
Decreased by:	
Year-End Encumbrances	\$ 1,226,734
Other Restricted Fund Balances	
Emergency Reserve	1,000,000
Capital Reserve	9,650,693
Maintenance Reserve	2,031,420
Restricted - Excess Surplus Designated for Subsequent Year's Budget	1,950,000
Assigned - Designated for Subsequent Year's Budget	<u>389,844</u>
	<u>16,248,691</u>
Total Unassigned Fund Balance	<u>\$ 5,833,566</u>
Fund Balance - Excess Surplus	<u>\$ 2,420,128</u>
<u>Recapitulation of Excess Surplus as of June 30, 2020</u>	
Excess Surplus- Designated for 2020/21 Budget	\$ 1,950,000
Excess Surplus- Designated for 2021/22 Budget	<u>2,420,128</u>
	<u>\$ 4,370,128</u>
* <u>Detail of Allowable Adjustments</u>	
Unbudgeted Excess Extraordinary Aid	\$ 116,209
Additional Nonpublic School Transportation Aid	<u>120,634</u>
Total Adjustments	<u>\$ 236,843</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
RECOMMENDATIONS**

I. Administrative Practices and Procedures

It is recommended that the District review tuition charges and actual State certified tuition rates and adjust the billings to sending districts, accordingly.

II. Financial Planning, Accounting and Reporting

It is recommended that:

1. The TPAF reimbursement to the State for federally funded grant salaries be properly accrued as accounts payable at year end and be paid prior to the end of the 90-day grant liquidation period required by the Office of Grants Management.
- * 2. 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.

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 all checks issued from the High School Athletics account be paid to a designated payee and not the order of "cash".

VII. Application for State School Aid

There are none.

VIII. Pupil Transportation

There are none.

IX. Facilities and Capital Assets

It is recommended that all current year additions be properly reflected in the District's capital asset inventory.

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 (*).