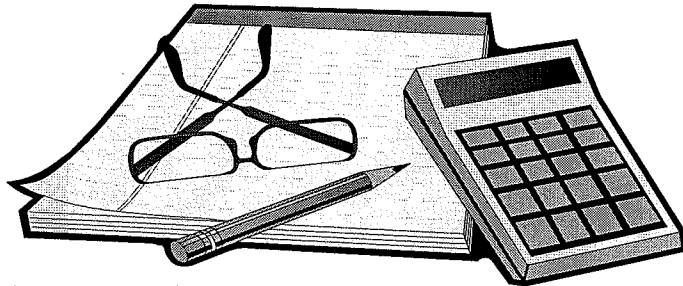


SCHOOL DISTRICT
OF
TOWNSHIP OF
FRANKLIN



Township of Franklin Board of Education
Franklinville, New Jersey

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2017

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

Township of Franklin Board of Education

Franklinville, New Jersey

For the Fiscal Year Ended June 30, 2017

Prepared by:

Franklin Township Board of Education

Finance Department

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE TOWNSHIP OF FRANKLIN BOARD OF EDUCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

TABLE OF CONTENTS

INTRODUCTORY SECTION

	<u>Page</u>
Letter of Transmittal	1-7
Organizational Chart	8
Roster of Officials	9
Consultants and Advisors	10

FINANCIAL SECTION

Independent Auditor's Report	11 - 13
-------------------------------------	---------

Required Supplementary Information - Part I Management's Discussion and Analysis (Unaudited)	14-22
---	-------

Basic Financial Statements

A. District-Wide Financial Statements:

A-1 Statement of Net Position	23
A-2 Statement of Activities	24

B. Fund Financial Statements:

Governmental Funds:

B-1 Balance Sheet	25
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	26
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	27

Proprietary Funds:

B-4 Statement of Net Position	28
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	29
B-6 Statement of Cash Flows	30

Fiduciary Funds:

B-7 Statement of Fiduciary Net Position	31
B-8 Statement of Changes in Fiduciary Net Position	32

Notes to the Financial Statements	33-62
--	-------

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE TOWNSHIP OF FRANKLIN BOARD OF EDUCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**TABLE OF CONTENTS
(Page 2)**

FINANCIAL SECTION (continued)

	<u>Page</u>
Required Supplementary Information - Part II	
C. Budgetary Comparison Schedules (Unaudited):	
C-1 Budgetary Comparison Schedule - General Fund	63-64c
C-1a Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	N/A
C-1b Community Development Block Grant – Budget and Actual	N/A
C-2 Budgetary Comparison Schedule – Special Revenue Fund	65
Notes to the Required Supplementary Information – Part II	
C-3 Budget-to-GAAP Reconciliation	66
Required Supplementary Information - Part III	
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68) (Unaudited)	
L-1 Schedule of the District’s Proportionate Share of the Net Pension Liability – PERS	67
L-2 Schedule of District Contributions – PERS	68
L-3 Schedule of the District’s Proportionate Share of the Net Pension Liability – TPAF	69
L-4 Schedule of the District Contribution	70
Notes to the Required Supplementary Information – Part III	
71	
Other Supplementary Information	
D. School Based Budget Schedules (if applicable)	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type – Actual	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures – Budgetary Basis	72
E-2 Preschool Education Aid Schedule(s) of Expenditures - Budgetary Basis	N/A
NOT USED	73

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE TOWNSHIP OF FRANKLIN BOARD OF EDUCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**TABLE OF CONTENTS
(Page 3)**

FINANCIAL SECTION (continued)

	<u>Page</u>
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	74
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis	75
F-2a Schedule(s) of Project Revenues, Expenditures, Project Balance, and Project Status – Budgetary Basis	76
F-2b Schedule(s) of Project Revenues, Expenditures, Project Balance, and Project Status – Budgetary Basis	77
G. Proprietary Funds:	
Enterprise Fund:	
G-1 Combining Schedule of Net Position	78
G-2 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position	79
G-3 Combining Schedule of Cash Flow	80
Internal Service Fund:	
G-4 Combining Schedule of Net Position	81
G-5 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position	82
G-6 Combining Schedule of Cash Flows	83
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Position	84
H-2 Combining Statement of Changes in Fiduciary Net Position	85
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	86
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	87
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds	88
I-2 Schedule of Obligations under Capital Leases	89
I-3 Debt Service Fund Budgetary Comparison Schedule	90

STATISTICAL SECTION (Unaudited)

Financial Trends Information/Schedules

J-1 Net Position by Component	91
J-2 Changes in Net Position	92
J-3 Fund Balances – Governmental Funds	93
J-4 Changes in Fund Balance, Governmental Funds	94
J-5 General Fund Other Local Revenue by Source	95

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE TOWNSHIP OF FRANKLIN BOARD OF EDUCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**TABLE OF CONTENTS
(Page 4)**

STATISTICAL SECTION (continued)

	<u>Page</u>
Revenue Capacity Information	
J-6 Assessed Value and Estimated Actual Value of Taxable Property	96
J-7 Direct and Overlapping Property Tax Rates	97
J-8 Principal Property Taxpayers	98
J-9 Property Tax Levies and Collections	99
Debt Capacity Information	
J-10 Ratios of Outstanding Debt by Type	100
J-11 Ratios of General Bonded Debt Outstanding	101
J-12 Direct and Overlapping Governmental Activities Debt	102
J-13 Legal Debt Margin Information	103
Demographic and Economical Information	
J-14 Demographic and Economic Statistics	104
J-15 Principal Employers	105
Operating Information	
J-16 Full-time Equivalent District Employees by Function/Program	106
J-17 Operating Statistics	107
J-18 School Building Information	108
J-19 Schedule of Required Maintenance Expenditures by School Facility	109
J-20 Insurance Schedule	110

SINGLE AUDIT SECTION

K-1	Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	111-112
K-2	Report on Compliance for Each Major Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures Required by Uniform Administrative Requirements, Cost Principles, And Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB Circular Letter 15-08	113-114
K-3	Schedule of Expenditures of Federal Awards, Schedule A	115
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	116
K-5	Notes to Schedules of Awards and Financial Assistance	117-118
K-6	Schedule of Findings and Questioned Costs- Summary of Auditor's Report	119-120
K-7	Schedule of Findings and Questioned Costs - Financial Statement Federal Awards and State Financial Assistance	121-122
K-8	Summary Schedule of Prior Year Audit Findings	123

INTRODUCTORY SECTION

TOWNSHIP OF FRANKLIN PUBLIC SCHOOLS

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FRANKLINVILLE, N. J. 08322-3029
Phone: 856-629-9500, Ext. 201
Fax: 856-629-1486
www.franklintwpschools.org

Troy Walton
Superintendent of Schools

Frank J. Domin
Interim School Business
Administrator/Board Secretary

November 15, 2017

Honorable President and Members
of the Board of Education
Township of Franklin Board of Education
Franklinville, New Jersey 08322

Dear Board Members/Citizens,

It is with pleasure that we submit the Comprehensive Annual Financial Report (CAFR) of the Township of Franklin School District (District) for the fiscal year ended June 30, 2017. This CAFR includes the District's Basic Financial Statement prepared in accordance with Governmental Accounting Standards Board Statement 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The CAFR is presented in four sections as follows:

- ◆ The Introductory Section contains a Table of Contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the School District;
- ◆ The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the School District's financial position and operating results, and other schedules providing detailed budgetary information;
- ◆ The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the District, generally presented on a multi-year basis; and
- ◆ The Single Audit Section - The District is required to undergo an annual audit in conformity with the provisions of Title 2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), "Audits of States, Local Governments, and Non-Profit Organizations" and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid." Information related to this single audit, including the independent auditors' report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, if any, is included in the single audit section of this report.

REPORTING ENTITY AND ITS SERVICES

The Township of Franklin School District is an independent reporting entity within the criteria adopted by the GASB as established by Statement No. 14. All funds of the District are included in this report. The Township of Franklin Board of Education and all its schools constitute the District's reporting entity.

The District continues to maintain a high quality of education. The District provides a full-range of programs and services appropriate to grades pre-K disabled through 6. These include regular education, programs for the very able students (gifted and talented), as well as a special education for handicapped children in- and out-of-district. Three elementary schools comprise the district's facilities.

Supervising district-wide goals is a superintendent, a school business administrator/board secretary, a curriculum supervisor, and a supervisor of special services. Technology services are contracted through the Delsea Board of Education as a shared service. Each of the three elementary schools has a principal.

The Board of Education, comprised of nine members, each elected to three-year terms, meets on the third Wednesday of each month for its regular board meeting (with some exceptions) and one time a month for committee meetings. During its committee meetings and board meeting, the board determines district goals and priorities and conducts the business of the Board of Education. Board meetings are open to the public and begin at 7:00 p.m.

PTAs are highly active in the District and provide community support for a variety of programs and activities for the children. To maintain effective communications, each school produces newsletters and the district maintains a website. Each of the schools follows district-wide goals and educational approaches in the teaching of children, while maintaining a unique personality that makes up that particular school. All curricula in our District have been aligned to the New Jersey Core Curriculum Content Standards/Common Core State Standards.

In July 2016, the New Jersey Department of Education released its Taxpayer's Guide to Education Spending for all school districts in the state. The guide compares districts with those who are similar in enrollment/configurations. The information on expenditures was taken from certified budgets on file with the State Department of Education. This report shows that the district spends \$ 15,999 per pupil while the average costs for similar districts are \$19,212. According to the report, per pupil costs range from a low of \$ 14,952 to a high of \$ 33,533 across the state. Of the 56 other K-6 school districts in the state, the Township of Franklin School District ranked ninth lowest in total budgeted cost per pupil.

Elementary Schools

Currently there are four elementary schools (Mary F. Janvier, Lake School, Main Road, and Caroline L. Reutter) that offer students in grades Pre-Kindergarten through 6 a comprehensive educational program.

Mary F. Janvier School – a Pre-Kindergarten to Grade 2 school of 605 students. There is one principal and a staff of 61 teachers and classroom teacher aides/one to one assistants. The school is located on 1532 Pennsylvania Avenue.

Lake School – up through June 2010, this location housed the preschool disabled and inclusion program. From 2010-11 through 2013-14 school year, this program was housed at Main Road School. Effective 2014-15, this program is housed at the Mary F. Janvier School. There are no students at this school.

Main Road School - grades 3-4 school of 418 students. There is one principal and a staff of 43 teachers and classroom teacher aides/one to one assistants. The school is located on 1452 Main Road.

Caroline L. Reutter School - a grades 5-6 school of 434 students. There is one principal and a staff of 49 teachers and classroom teacher aides/one to one assistants. The school is located on 2150 Delsea Drive.

Special Education

The Special Education program is an integral part of each school. In the 2016-17 school year, there were approximately 232 students classified as eligible to receive special education and related services, including 18 students who were placed in out of district settings. The district offers a number of special education programs including in-class resource or co-teaching, pull-out resource as well as self-contained classrooms. The district also offers related services including counseling, speech therapy, occupational therapy and physical therapy.

Core Curriculum Contents Standards

Our district curriculum has been aligned with the revised New Jersey Core Curriculum Standards/Common Core State Standards, according to state-defined timelines.

Staff Development

The Township of Franklin School District provides its teaching staff with many opportunities for professional development. In the beginning of the school year, all newly hired teachers are afforded the opportunity to participate in the Beginning Teacher Induction Program sponsored by Rowan University. The program encompasses training in instructional strategies, classroom management, curriculum, mentoring, and parent conferencing. Mentors are assigned to new staff members to provide support throughout the school year.

Professional in-service days are built into the school calendar to enable teachers to attend sessions related to instructional strategies, curricular updates, text orientation, and district-wide grade level meetings. Teachers are also afforded the opportunity to participate in various in-district workshops related to their PDPs and/or areas of interest.

Technology

District-wide technology is used to increase productivity, to enhance communication, and to enrich curriculum and instruction. Every classroom, computer lab and office in all three schools and the administration building are linked together in local and wide-area networks. All administrators and teachers, and some of the support staff have access to computers, printers, email accounts and the Internet within their work areas.

Pupil Enrollment

The district completed the 2016-17 fiscal year with an average daily enrollment of 1,447.4 students. Enrollment has fluctuated over the past five years; however, the District had an increase in enrollment this past year. The following details the changes in the student enrollment of the district over the last five years. The table presents the actual historical pupil enrollment as of October 15, for the school years 2012-13 through 2016-17.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2016-17	1447.4	2.05%
2015-16	1418.3	1.37%
2014-15	1399.2	1.03%
2013-14	1384.9	-1.51%
2012-13	1406.1	-2.53%

ECONOMIC CONDITION AND OUTLOOK

Overall enrollments have remained steady from 2014-15 to 2016-17. The district continues to work within the 2% local revenue cap to minimize the tax impact. It continues to incorporate efficiencies throughout the budget to fund initiatives to enhance educational programs.

MAJOR INITIATIVES-VISION 2019 STRATEGIC PLAN

The Township of Franklin Board of Education adopted a five-year strategic plan in June 2014. The Vision 2019 Strategic Plan remains the focal point of administrative and board discussions on planning for the future of our district. In June 2017, the superintendent reported to the Board of Education on the district's progress toward the six (6) goals defined in the strategic plan. The June report outlined thirty-six (36) current strategic activities individually tied to specific goals. This was the fifth scheduled progress update since adopting the plan in June 2014. In efforts to inform the community of progress toward our strategic plan goals, an invitation to the public presentation was sent home with every student in the district. Following the presentation, the updated report was electronically sent to all of the Vision 2019 participants, posted on the district's website and distributed via social media.

In March 2017, the superintendent and school business administrator presented an executive budget summary to the board members in preparation for adoption of the 2017-2018 budget. The summary tied spending and new staffing and/or initiatives to specific goals within the strategic plan. Moving forward, strategic plan progress reports are scheduled every six months for the duration of the plan. All of the goals, objectives, and proposed activities can be found on the district's website at www.franklintwpschools.org

PROFESSIONAL DEVELOPMENT ACTIVITIES

District personnel participated in a variety of professional development activities in accordance with the Township of Franklin's Professional Development Plan that incorporates district and school goals. Activities were also relevant to individual professional development plans, student achievement needs, curriculum development and content standards:

- Tuition reimbursement was provided to teachers for graduate course work.
- Grade level meetings were conducted district wide to implement district initiatives and to improve programs.
- Vertical articulation meetings within our district and with our constituent districts were held to discuss curriculum and standards.
- Teachers provided turnkey training and developed their own workshops in areas of expertise.
- All employees received school security and Harassment, Intimidation and Bullying training as well as other state mandated trainings.
- New teachers were provided with an in-district New Teacher Orientation that focused on district technology systems and effective instructional techniques.
- Specific teacher development included, but was not limited to:
 - Co-Teaching
 - RTI – Response To Intervention
 - DIBELS and DRA2 reading assessments and instruction
 - Differentiated instruction
 - Integration of technology into instruction
 - Using data to make decisions
 - Small group instruction

Achievements

All grade levels have implemented the NJ Model Curriculum and unit assessments in the areas of mathematics and language arts to further assist in guiding instruction for individual students. Franklin Township finished the installation of Smart Boards in the few remaining district classrooms without them. We have increased the integration of technology with a one-to-one initiative with chrome books in Grades three to six and a one-to-two initiative with chrome books in grades one and two.

Community Support

Resources and Links to Social Service Agencies:

Division of Youth and Family Services	Veterans of Foreign Wars - Loyalty Day
United Way of Gloucester County	Twp. of Franklin Police Dept. - DARE Program
N.J. State Police - Safety Patrol Program	Camden County Mental Health Assn.
U.S. Marine Corps - Toys for Tots	Gloucester County Sheriff - Fingerprinting Project
Together - Coats for Kids Program	N.J. Head Injury Assn. - Bicycle Safety
N.J. Dental Health Dept. - Fluoride Program	American Lung Association
Kessler Memorial Hospital Outreach Program	Epilepsy Foundation of America
American Heart Association	American Diabetes Association
American Red Cross	Lyme Disease Foundation
American Cancer Society	Library for the Blind and Handicapped
Gloucester County Dept. of Youth Services - Project Aware	Food Bank of South Jersey
	Commission for the Blind and Visually Impaired
	Child Assault Prevention
	Special Children's Health Services

Community Involvement

The district involved the community in the following ways during the 2016-17 school year:

- Malaga, Star Cross, Franklinville, Janvier, Forest Grove Fire Departments - Prevention Program
- Toys for Tots Collection Program - U.S. Marine Corps
- Holiday Music Programs
- Canned Goods Drive
- Recycling Projects
- Sentinel Newspaper - Publishing of School Events
- Gloucester County Times Newspaper - Publishing of School Events
- Safe Kids Program
- Township of Franklin Police Department - Assembly, School Violence Awareness
- Assembly Honoring Veterans - VFW Ladies Auxiliary
- Franklin Township Community Day
- Vision 2019 - Strategic Plan Process
- Community Survey
- Association of Art Educators of N.J. (AAENJ)
- Youth Art Show Participation
- Township of Franklin Annual Tree Lighting Ceremony

Parental Involvement

Library Parent Volunteer Program	Parent-Teacher Association
Fluoride Parent Volunteer Program	Child Assault Prevention Program
School Nurse Parent Volunteer Program	Family Fun Night
Parent Visitation Day	Budget Committee
Teacher-Parent Conferences	Participation As Members of the School
Back to School Night	Planning Teams
4 th Friday of the month	Curbing Hunger Program
Preschool Community Activity	Kindergarten Orientation Program
Project THINK	Reading Workshops
Musical Presentations	Bullies/Victims Program
Classroom Star of the Week Program	Grandparents' Day Program
Parent Education Workshops	Grade 3 Orientation
Vision 2019 - Strategic Plan Process	Student Fingerprinting
NJASK Family Night	School Safety Team

Grade 5 Orientation
Book Fairs
Grade 4 Student-Parent Dance
Student Birthdays

Parents for Positive Change
Field Trip Chaperones
Holiday Shop
Classroom Parties

INTERNAL ACCOUNTING CONTROLS

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

As a recipient of federal and state awards, the District is also responsible for ensuring that an adequate internal control is in place to ensure compliance with applicable laws, regulations, contracts and grants related to those programs. This internal control system is also subject to periodic evaluation by the District management. As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control system, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

BUDGETARY CONTROL

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved, as needed, for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at fiscal year end.

CASH MANAGEMENT

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

RISK MANAGEMENT

The Board carries various forms of insurance, including but not limited to general liability, automobile liability, and comprehensive/collision, hazard and theft insurance on property and contents, fidelity bonds and worker's compensation. A schedule of insurance coverage is found in J-20.

OTHER INFORMATION

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nightlinger, Colavita and Volpa, Pa. was appointed by the Board. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of the Title 2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and State of New Jersey Treasury Circular 15-08 OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. The auditor's report on the basic financial statements and combining and individual fund statements and schedules are included in the financial section of this report. The auditor's report related specifically to the single audit are included in the single audit section of this report.

ACKNOWLEDGMENTS

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

Respectfully submitted,



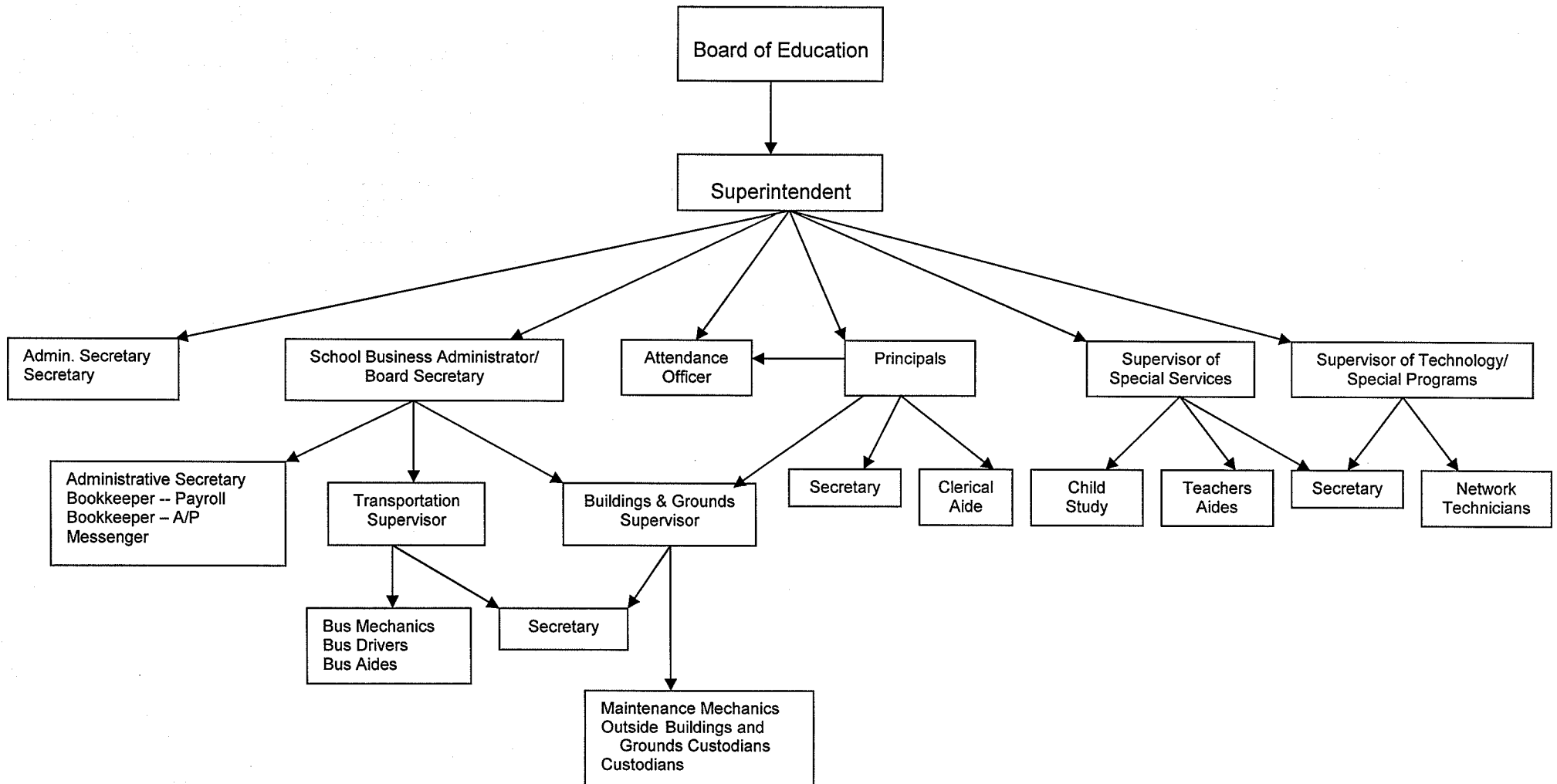
Troy Walton
Superintendent



Frank J. Domin
Interim School Business Administrator/
Board Secretary

TOWNSHIP OF FRANKLIN BOARD OF EDUCATION

Organizational Chart – Unit Control



**TOWNSHIP OF FRANKLIN BOARD OF EDUCATION
FRANKLINVILLE, NEW JERSEY**

**Roster of Officials
June 30, 2017**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Stephanie Starr, President	2017
Dawn Gelsi-Collins, Vice President	2018
Michelle Isner	2017
Barbara Ciancaglini	2018
Nicholas DeSilvo	2019
Michele Cunningham	2018
Desiree Miller	2017
Jason Brandt	2019
Coleen Barricelli Lahr	2019

<u>Other Officials</u>	<u>Amount of Bond</u>
Mr. Troy Walton, Superintendent	
Mrs. Elizabeth A. DiPietro, CPA, School Business Administrator	\$225,000
Mr. Frank Domin, Interim School Business Administrator (From October 18, 2017)	
B. Michael Borelli, Esq., Board Solicitor	

**TOWNSHIP OF FRANKLIN BOARD OF EDUCATION
CONSULTANTS AND ADVISORS**

ARCHITECT

Garrison Architects
713 Creek Road
Bellmawr, NJ 08031

AUDIT FIRM

Nightlinger, Colavita and Volpa, P.A.
P.O. Box 799
Williamstown, NJ 08094

ATTORNEY

B. Michael Borelli, Esq
40 N. Woodbury-Glassboro Rd.
Pitman, NJ 08071

ENGINEER(S)

Engineering Design Associates, PA
5 Cambridge Drive
Ocean View, NJ 08230

EPIC Environmental
1930 Brown Road
401 St. James Place
Newfield, NJ 08344

OFFICIAL DEPOSITORY

Newfield National Bank
18-24 West Boulevard
Newfield, NJ 08344

INSURANCE AGENTS

Glenn Insurance, Inc.
800 East Absecon Boulevard
PO Box 365
Absecon, NJ 08201

Conner Strong & Buckalew
40 Lake Center Executive Park
401 Rt. 70 North, Suite 300
P.O. Box 989
Marlton, NJ 08053

Brown and Brown Benefit Advisors
24 Arnett Avenue, Suite 110
Lambertville, NJ 08530

Ebcon Insurance Group, LLC
CU Financial Insurance Group
PO Box 247
Rancocas, NJ 08073

FINANCIAL SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

(856) 629-3111
Fax (856) 728-2245
www.colavita.net

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Franklin Township School District
County of Gloucester, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Franklin Township School District in the County of Gloucester, State of New Jersey, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Franklin Township School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.