

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2017**

**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
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLosi, CPA, PSA

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, 2017, and have issued our report thereon dated November 6, 2017.

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

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

Donna L. Japhet
Public School Accountant
PSA Number CS02314

Fair Lawn, New Jersey
November 6, 2017

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Scope of Audit

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

Administrative Practices and Procedures

Insurance

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

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
James H. Strimple, Jr.	Interim Assistant Superintendent for Business/ Board Secretary	\$150,000
Kim Esterman	Treasurer of School Monies	575,000

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.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Financial Planning, Accounting and Reporting (Continued)

Payroll/Personnel (Continued)

Salary withholdings were promptly remitted to the proper agencies.

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 2017-001) – Our audit of outstanding purchase orders in the Capital Projects Fund revealed that 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 accounts payable or reserved for encumbrance, or otherwise be cancelled.

Board Secretary's Records

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

Finding (CAFR Finding 2017-002) – 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 and supporting documentation. We noted the year to date interest earnings of \$496,968 in the Capital Projects Fund were not transferred to the General Fund in accordance with Board resolution. In addition, adjustments were necessary to record a certain deposit in transit of \$284,150 due from the Food Service Fund as well as reversing a duplicate transfer of \$1,164,340 from Capital Reserve.

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

The prescribed contractual order system was followed.

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

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

Treasurer's Records

The Treasurer did perform cash reconciliations for all accounts required.

All cash receipts were promptly deposited.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 2016/2017 school year the District utilized PMA Group as Claims Administrator. At June 30, 2017, the Claim Administrators estimated the value of loss reserves to be \$849,637. In addition, the District's actuary has estimated incurred but not reported claims to be \$63,367 at June 30, 2017. 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.)/Improving America's Schools Act (IASA) as Reauthorized by the No Child Left Behind Act of 2001

The E.S.E.A./NCLB 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, VI and V of the Elementary and Secondary Education Act, as amended.

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

Other Special Federal and/or State Projects

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

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

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

T.P.A.F. Reimbursements

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Financial Planning, Accounting and Reporting (Continued)

TPAF Reimbursement to the State for Federal Salary Expenditures

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

Nonpublic State Aid

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

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

Effective July 1, 2010 and thereafter, the bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (without a Qualified purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$18,800. The Board has designated the Assistant Superintendent for Business/Board Secretary as the qualified purchasing agent.

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

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

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Financial Planning, Accounting and Reporting (Continued)

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.

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 2017-003) – Our audit of food service operations revealed the net cash resources, including all respective assets less any associated liabilities, at June 30, 2017 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 elementary and middle schools were maintained in good condition.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Student Body Activities (Continued)

Finding- Our audit of the Franklin Park school account found that deposits were not made in a timely manner.

Recommendation- Franklin Park school account collections should be deposited in a timely manner.

Finding- Our audit of the student activity disbursements found numerous instances where payments were made to vendors based on estimates, quotations and/or statements and not from actual invoices.

Recommendation- It is recommended that payments to vendors be made only after invoices have been obtained.

Finding- Our audit of the Sampson G. Smith school account found certain disbursements selected do not appear to be for proper student activity related purchases.

Recommendation- It is recommended that the student activity account only be utilized for purposes connected with student activities and clubs.

Finding- Our audit of the High School athletic account and the Middle School account noted instances where checks were issued out of sequence.

Recommendation- It is recommended that checks be issued in sequential order.

Finding- Our audit of the High School General account and the High School Athletic account found that monthly cash receipts and cash disbursements ledgers were not being maintained. In addition, bank reconciliations were not being completed in a timely manner.

Recommendation- It is recommended that a monthly cash receipts and disbursements ledger be maintained for the High School General account and the High School Athletic account. In addition, bank reconciliations should be completed monthly.

Finding- Our audit of the High School General account and the High School Athletic account found that the records of the individual accounts were comingled and not segregated between the two separate accounts.

Recommendation- It is recommended that the general accounting and record keeping controls and procedures be enhanced for the High School General account and the High School Athletic account.

Application for State School Aid

Our audit procedures included a test of information reported in the October 14, 2016 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, 2017**

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2016-2017 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with isolated exception. 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.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

SCHEDULE OF MEAL COUNT ACTIVITY

<u>Program</u>	<u>Meals Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>
National School Lunch	Paid	288,395	123,608	123,608
	Reduced	74,508	32,068	32,068
	Free	<u>397,771</u>	<u>169,308</u>	<u>169,308</u>
		<u>760,674</u>	<u>324,984</u>	<u>324,984</u>
National School Breakfast-Regular	Paid			
	Reduced			
	Free	<u>-</u>	<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>	<u>-</u>
National School Breakfast-Severe	Paid	153,644	65,928	65,928
	Reduced	52,038	22,543	22,543
	Free	<u>297,018</u>	<u>127,461</u>	<u>127,461</u>
		<u>502,700</u>	<u>215,932</u>	<u>215,932</u>
	<u>1,263,374</u>	<u>540,916</u>	<u>540,916</u>	

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
FOOD SERVICE FUND
NET CASH RESOURCE SCHEDULE
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

		Food Service	
<u>Net Cash Resources:</u>			
CAFR	*	Current Assets	
B-4		Cash & Cash Equiv.	\$ 1,480,793
B-4		Due from Other Gov'ts	126,819
B-4		Other Accounts Rec	
B-4		Investments	
CAFR		Current Liabilities	
B-4		Less Accounts Payable	(11,469)
B-4		Less Accruals	
B-4		Less Due to Other Funds	(148,935)
B-4		Less Deferred Revenue	<u>(76,442)</u>
		Net Cash Resources	<u>\$ 1,370,766</u> (A)

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.	3,679,443	
B-5	Less Depreciation	<u>(44,187)</u>	
	Adj. Tot. Oper. Exp.	<u>\$ 3,635,256</u>	(B)

Average Monthly Operating Expense:

B / 10	<u>\$ 363,526</u>	(C)
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Three times monthly Average:

3 X C	<u>\$ 1,090,578</u>	(D)
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TOTAL IN BOX A	\$ 1,370,766
LESS TOTAL IN BOX D	<u>\$ 1,090,578</u>
NET	<u>\$ (280,188)</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
OCTOBER 14,2016**

	2017-18 Application for State School Aid						Sample for Verification						Private Schools for Disabled				
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Register On Roll		Errors per Registers On Roll		Reported on A.S.S.A. as Private Schools	Sample for Veri- cation	Sample Verified	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared					
Half Day Preschool - 3 years	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool - 3 years	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Preschool - 4 years	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool - 4 years	214	-	214	-	-	-	21	-	21	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	508	-	508	-	-	-	77	-	77	-	-	-	-	-	-	-	-
1st Grade	474	-	474	-	-	-	68	-	68	-	-	-	-	-	-	-	-
2nd Grade	446	-	446	-	-	-	59	-	59	-	-	-	-	-	-	-	-
3rd Grade	491	-	491	-	-	-	117	-	117	-	-	-	-	-	-	-	-
4th Grade	515	-	515	-	-	-	117	-	117	-	-	-	-	-	-	-	-
5th Grade	438	-	438	-	-	-	438	-	439	-	(1)	-	-	-	-	-	-
6th Grade	434	-	434	-	-	-	434	-	433	-	1	-	-	-	-	-	-
7th Grade	404	-	404	-	-	-	404	-	404	-	-	-	-	-	-	-	-
8th Grade	460	-	460	-	-	-	460	-	458	-	2	-	-	-	-	-	-
9th Grade	498	6	498	6	-	-	498	6	500	6	(2)	-	-	-	-	-	-
10th Grade	449	6	449	6	-	-	449	6	447	6	2	-	-	-	-	-	-
11th Grade	439	3	439	3	-	-	439	3	438	3	1	-	-	-	-	-	-
12th Grade	457	3	457	3	-	-	457	3	458	3	(1)	-	-	-	-	-	-
Subtotal	6,227	18	6,227	18	-	-	4,038	18	4,036	18	2	-	-	-	-	-	-
Spec Ed - Elementary	442	-	442	-	-	-	30	-	30	-	-	-	13	8	8	-	-
Spec Ed - Middle School	251	-	251	-	-	-	73	-	72	-	1	-	13	7	7	-	-
Spec Ed - High School	273	10	273	10	-	-	273	12	277	12	(4)	-	61	34	34	-	-
Subtotal	966	10	966	10	-	-	376	12	379	12	(3)	-	87	49	49	-	-
Totals	7,193	28	7,193	28	-	-	4,414	30	4,415	30	(1)	-	87	49	49	-	-
Percentage Error					0.00%	0.00%					-0.02%	0.00%					0.00%

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
OCTOBER 14, 2016**

	Low Income			Sample for Verification			LEP Low Income			Sample for Verification		
	Reported on A.S.S.A as	Reported on Workpapers as	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on A.S.S.A as	Reported on Workpapers as	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
	Low Income	Low Income					Low Income	Low Income				
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	227	227	-	5	5	-	61	61	-	8	8	-
1st Grade	229	229	-	5	5	-	48	48	-	6	6	-
2nd Grade	235	233	2	5	5	-	51	51	-	7	7	-
3rd Grade	247	246	1	5	5	-	44	44	-	5	5	-
4th Grade	245	243	2	5	5	-	31	31	-	4	4	-
5th Grade	218	218	-	5	5	-	14	14	-	2	2	-
6th Grade	192	192	-	4	4	-	16	16	-	2	2	-
7th Grade	212	211	1	5	5	-	9	9	-	1	1	-
8th Grade	229	229	-	5	5	-	13	13	-	2	2	-
9th Grade	245	245	-	5	5	-	23	23	-	3	3	-
10th Grade	223	220	3	5	5	-	24	24	-	3	3	-
11th Grade	189	188	1	4	4	-	13	13	-	2	2	-
12th Grade	185	182	3	4	4	-	16	16	-	2	2	-
Subtotal	2,876	2,863	13	62	62	-	363	363	-	47	47	-
Spec Ed - Elementary	250	250	-	6	6	-	26	26	-	3	3	-
Spec Ed - Middle School	148	149	(1)	3	3	-	-	-	-	-	-	-
Spec Ed - High School	168	168	-	3	3	-	-	-	-	-	-	-
Subtotal	566	567	(1)	12	12	-	26	26	-	3	3	-
Totals	3,442	3,430	12	74	74	-	389	389	-	50	50	-
Percentage Error			<u>0.35%</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	4,623	4,623	-	83	83	-
Transported - Non-Public	716	716	-	13	12	1
Regular - Spec.	727	727	-	13	13	-
Special Needs - Public	192	192	-	3	3	-
Totals	6,258	6,258	-	112	111	1
			<u>0.00%</u>			<u>0.89%</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
OCTOBER 14, 2016**

	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	35	35	-	4	4	-
1st Grade	10	10	-	1	1	-
2nd Grade	14	14	-	2	2	-
3rd Grade	5	5	-	1	1	-
4th Grade	5	5	-	1	1	-
5th Grade	3	3	-	1	1	-
6th Grade	2	2	-	1	1	-
7th Grade	1	1	-	1	1	-
8th Grade	7	7	-	1	1	-
9th Grade	5	5	-	1	1	-
10th Grade	5	5	-	1	1	-
11th Grade	3	3	-	1	1	-
12th Grade	1	1	-	1	1	-
Subtotal	96	96	-	17	17	-
Spec Ed - Elementary	3	3	-	1	1	-
Spec Ed - Middle School	-	-	-	-	-	-
Spec Ed - High School	-	-	-	-	-	-
Subtotal	3	3	-	1	1	-
Totals	99	99	-	18	18	-
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, 2017**

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

2016-2017 Total General Fund Expenditures per the CAFR	\$ 155,837,061
Increased by:	
Transfer from Capital Reserve to Capital Projects	1,665,460
Transfer from General Fund to Special Revenue Fund Pre-K	69,588
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>14,661,051</u>
Adjusted 2016-2017 General Fund Expenditures	<u>\$ 142,911,058</u>
2% of Adjusted 2016-2017 General Fund Expenditures	\$ 2,858,221
Increased by:	
Allowable Adjustment *	<u>618,666</u>
Maximum Unassigned Fund Balance	<u>\$ 3,476,887</u>

SECTION 2

Total General Fund - Fund Balance at June 30, 2017 (Per CAFR Budgetary Comparison Schedule C-1)	\$ 20,405,724
Decreased by:	
Year-End Encumbrances	\$ 253,335
Nonspendable Fund Balance - Prepaid Item	12,200
Other Restricted Fund Balance - Capital Reserve	11,092,613
Other Restricted Fund Balance - Maintenance Reserve	1,000,000
Restricted - Excess Surplus Designated for Subsequent Year's Expenditures	<u>2,777,212</u>
	<u>15,135,360</u>
Total Unassigned Fund Balance	<u>\$ 5,270,364</u>

SECTION 3

Fund Balance - Excess Surplus	<u>\$ 1,793,477</u>
<u>Recapitulation of Excess Surplus as of June 30, 2017</u>	
Excess Surplus- Designated for 2017/18 Budget	\$ 2,777,212
Excess Surplus- Designated for 2018/19 Budget	<u>1,793,477</u>
	<u>\$ 4,570,689</u>

*** Detail of Allowable Adjustments**

Unbudgetary Excess Extraordinary Aid	\$ 424,255
Additional Nonpublic School Transportation Aid	<u>194,411</u>
Total Adjustments	<u>\$ 618,666</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. Outstanding purchase orders be reviewed at year-end to be properly classified as accounts payable or reserved for encumbrances or otherwise be cancelled.
2. Internal controls over financial accounting and reporting procedures 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:

1. Franklin Park school account collections should be deposited in a timely manner.
2. Payments to vendors be made only after invoices have been obtained.
3. The student activity account only be utilized for purposes connected with student activities and clubs.
4. Checks be issued in sequential order.
5. A monthly cash receipts and disbursements ledger be maintained for the High School General account and the High School Athletic account. In addition, bank reconciliations should be completed monthly.
6. The general accounting and record keeping controls and procedures be enhanced for the High School General account and the High School Athletic account.

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 item 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