

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
AUDITOR'S MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS -  
FINANCIAL, COMPLIANCE AND PERFORMANCE  
JUNE 30, 2015**

**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  
Franklin Township, 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, 2015, and have issued our report thereon dated December 9, 2015.

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

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

Respectfully submitted,

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

Donna L. Japhet  
Public School Accountant  
PSA Number CS02314

Fair Lawn, New Jersey  
December 9, 2015

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**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>
John Calavano	Assistant Superintendent for Business/ Board Secretary (7/1/14-9/30/14)	\$150,300
Arlene Biesiada	Interim Assistant Superintendent for Business/ Board Secretary (10/1/14-6/30/15)	150,300
Kim Esterman	Treasurer of School Monies	550,000

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

**Finding** – Our audit of the surety bond coverage for the Treasurer of School Monies revealed the coverage for the 2014/15 year was below the minimum required by the New Jersey Administrative Code. The coverage was subsequently increased for the 2015/16 year.

**Recommendation** – The Treasurer of School Monies surety bond coverage should be maintained at a level in accordance with the New Jersey Administrative Code.

**Tuition Charges**

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

**Financial Planning, Accounting and Reporting**

**Examination of Claims**

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

**Classification of Expenditures**

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

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.

**Finding** – The District did not file the “Certification of Compliance with Federal and State Law Respecting the Reporting of Compensation for Certain Employees” form (E-CERT 1) by the required March 15 due date. The District however subsequently filed this form, therefore, no recommendation is warranted.

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.

Board Secretary's Records

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

**Finding** – Our audit revealed two budget appropriation lines overexpended – one in General Fund and the other in Special Revenue Fund. The overexpended amounts are deemed immaterial and therefore, no recommendation is deemed warranted.

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.

**Finding (CAFR Finding 2015-001)** – The District is not maximizing its efforts under the Special Education Medicaid Initiative (SEMI) program for obtaining Federal reimbursement for special education services.

**Recommendation** – Continued efforts should be made to ensure the District maximizes its efforts under SEMI for obtaining Federal reimbursement for special education services.

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, 2015**

**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 2014/2015 school year the District utilized Inservco Inc. as Claims Administrator. At June 30, 2015, the Claim Administrators estimated the value of loss reserves to be \$1,298,996. In addition, the District's actuary has estimated incurred but not reported claims to be \$45,704 at June 30, 2015. 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.

**Finding (CAFR Finding 2015-002)** – Our audit of the District's Extraordinary Aid Application noted numerous instances where the intensive service and/or related service indicated in the application did not agree to what was in the students' Individualized Education Plan (IEP) and/or District workpapers. In addition, the District used the incorrect in-district tuition rates for Category 1 (in-district) students. District used 2015/2016 tuition rates instead of the 2014/2015 tuition rates.

**Recommendation** – Greater care be exercised over the preparation of the Extraordinary Aid Application.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

**T.P.A.F. Reimbursements**

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

**TPAF Reimbursement to the State for Federal Salary Expenditures**

The amount of the expenditure charged to the current year's Final Report(s) 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 60 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 \$36,000 (with a Qualified Purchasing Agent) and \$26,000 (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 \$18,300. 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, 2015**

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

**School Purchasing Programs (Continued)**

**Contracts and Agreements Requiring Advertisement for Bids (Continued)**

**Finding** – Our audit indicated that the District did not provide notification to the Office of the State Comptroller of two contracts awarded for amounts exceeding \$2 million in accordance with NJSA 52:15C-10.

**Recommendation** – Notification be provided to the Office of the State Comptroller of all contracts awarded by the District which exceed \$2 million in accordance with NJSA 52:15C-10.

**Finding** – Our audit revealed that certain contracts awarded as not to exceed are not properly amended for services performed which exceed original amount awarded.

**Recommendation** – Contracts awarded as not to exceed be properly monitored and modified for additional services prior to services actually being performed.

**Finding** – Our audit indicated that certain bid contract amounts initially approved by the Board only contained base bid amounts and did not contain the alternates which were included in the total contract awarded.

**Recommendation** – Bid contract awards approved by Board resolution contain both base bid and approved alternate amounts.

**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.

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.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**School Food Service (Continued)**

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

**Finding** – Net cash resources (current assets less current liabilities) exceeded three months average expenditures at June 30, 2015 by approximately \$44,000.

**Recommendation** – Efforts be made to ensure net cash resources do not exceed three months 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.

**Finding** – Our audit of the High School Athletics account found that deposits are not being made timely.

**Recommendation** – High School athletics account collections should be deposited in a timely manner.

**Finding** – Our audit of Sampson G. Smith account found that numerous instances where checks were presigned.

**Recommendation** – The practice of presigning checks from the Sampson G. Smith account be discontinued.

**Application for State School Aid**

Our audit procedures included a test of information reported in the October 15, 2014 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 numerous exceptions. The information on the workpapers was verified with exception. 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.

**Finding (CAFR Finding 2015-003)** – Differences were noted between the Application for School State Aid (ASSA) and District workpapers.

**Recommendation** – Internal control procedures over the preparation of the ASSA be reviewed and enhanced to ensure all amounts reported agree to District workpapers.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Pupil Transportation**

Our audit procedures included a test of on roll status reported in the 2014-2015 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with immaterial 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.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
FOOD SERVICE FUND  
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM  
ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**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	295,991	143,438	143,438
	Reduced	70,056	34,603	34,603
	Free	<u>385,213</u>	<u>191,075</u>	<u>191,075</u>
		<u>751,260</u>	<u>369,116</u>	<u>369,116</u>
National School Breakfast-Regular	Paid	20,807	10,623	10,623
	Reduced	3,515	1,804	1,804
	Free	<u>15,500</u>	<u>8,199</u>	<u>8,199</u>
		<u>39,822</u>	<u>20,626</u>	<u>20,626</u>
National School Breakfast-Severe	Paid	113,815	53,448	53,448
	Reduced	39,908	19,246	19,246
	Free	<u>236,644</u>	<u>113,432</u>	<u>113,432</u>
		<u>390,367</u>	<u>186,126</u>	<u>186,126</u>
		<u>1,181,449</u>	<u>575,868</u>	<u>575,868</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
FOOD SERVICE FUND  
NET CASH RESOURCE SCHEDULE  
ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

		<b>Food Service</b>	
<b><u>Net Cash Resources:</u></b>			
<b>CAFR</b>	*	<b>Current Assets</b>	
B-4		Cash & Cash Equiv.	\$ 1,154,036
B-4		Due from Other Gov'ts	218,596
B-4		Due from Other Funds	40,615
<b>CAFR</b>		<b>Current Liabilities</b>	
B-4		Less Accounts Payable	(276,438)
B-4		Less Deferred Revenue	(81,828)
		<b>Net Cash Resources</b>	<b>\$ 1,054,981</b>
			<b>(A)</b>
<b><u>Net Adj. Total Operating Expense:</u></b>			
B-5		Tot. Operating Exp.	3,415,527
B-5		Less Depreciation	(45,412)
		Adj. Tot. Oper. Exp.	<b>3,370,115</b>
			<b>(B)</b>
<b><u>Average Monthly Operating Expense:</u></b>			
		B / 10	<b>\$ 337,012</b>
			<b>(C)</b>
<b><u>Three times monthly Average:</u></b>			
		3 X C	<b>\$ 1,011,036</b>
			<b>(D)</b>

TOTAL IN BOX A	\$	1,054,981	
LESS TOTAL IN BOX D	\$	1,011,036	
NET	\$	43,945	
<p>From above:</p> <p><b>A is greater than D, cash exceeds 3 X average monthly operating expenses.</b></p> <p><b>D is greater than A, cash does not exceed 3 X average monthly operating expenses.</b></p>			

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

**FRANKLIN TOWNSHIP BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
SCHEDULE OF AUDITED ENROLLMENTS  
OCTOBER 15, 2014**

	2015-16 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 Verifi- cation	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Half Day Preschool - 3 years	9	-	5	-	4	-	9	-	5	-	4	-				
Full Day Preschool - 3 years	-	-	-	-	-	-	-	-	-	-	-	-				
Half Day Preschool - 4 years	135	-	133	-	2	-	16	-	16	-	-	-				
Full Day Preschool - 4 years	54	-	54	-	-	-	18	-	18	-	-	-				
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-				
Full Day Kindergarten	540	-	538	-	2	-	110	-	110	-	-	-				
1st Grade	562	-	559	-	3	-	78	-	77	-	1	-				
2nd Grade	561	-	562	-	(1)	-	145	-	145	-	-	-				
3rd Grade	513	-	513	-	-	-	64	-	64	-	-	-				
4th Grade	501	-	502	-	(1)	-	65	-	65	-	-	-				
5th Grade	437	-	437	-	-	-	437	-	437	-	-	-				
6th Grade	466	-	466	-	-	-	466	-	466	-	-	-				
7th Grade	434	-	432	-	2	-	434	-	432	-	2	-				
8th Grade	484	-	484	-	-	-	484	-	484	-	-	-				
9th Grade	535	5	535	5	-	-	530	5	530	5	-	-				
10th Grade	451	5	446	5	5	-	446	5	441	5	5	-				
11th Grade	402	2	401	2	1	-	400	2	399	2	1	-				
12th Grade	465	3	470	3	(5)	-	462	3	467	3	(5)	-				
<b>Subtotal</b>	<b>6,549</b>	<b>15</b>	<b>6,537</b>	<b>15</b>	<b>12</b>	<b>-</b>	<b>4,164</b>	<b>15</b>	<b>4,156</b>	<b>15</b>	<b>8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Spec Ed - Elementary	414	-	412	-	2	-	34	-	34	-	-	-	13	8	8	-
Spec Ed - Middle School	264	-	263	-	1	-	99	-	99	-	-	-	21	9	9	-
Spec Ed - High School	301	2	292	2	9	-	299	2	290	2	9	-	60	32	32	-
<b>Subtotal</b>	<b>979</b>	<b>2</b>	<b>967</b>	<b>2</b>	<b>12</b>	<b>-</b>	<b>432</b>	<b>2</b>	<b>423</b>	<b>2</b>	<b>9</b>	<b>-</b>	<b>94</b>	<b>49</b>	<b>49</b>	<b>-</b>
<b>Totals</b>	<b>7,528</b>	<b>17</b>	<b>7,504</b>	<b>17</b>	<b>24</b>	<b>-</b>	<b>4,596</b>	<b>17</b>	<b>4,579</b>	<b>17</b>	<b>17</b>	<b>-</b>	<b>94</b>	<b>49</b>	<b>49</b>	<b>-</b>
<b>Percentage Error</b>					<u><u>0.32%</u></u>	<u><u>0.00%</u></u>					<u><u>0.37%</u></u>	<u><u>0.00%</u></u>				<u><u>0.00%</u></u>

FRANKLIN TOWNSHIP BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
SCHEDULE OF AUDITED ENROLLMENTS  
OCTOBER 15, 2014

	Low Income			Sample for Verification			LEP Low Income			Sample for Verification		
	Reported on A.S.S.A as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on A.S.S.A as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Half Day Preschool (3 Yrs)	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool (3 Yrs)	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Preschool (4 Yrs)	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool (4 Yrs)	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	221	221	-	8	8	-	56	56	-	7	7	-
1st Grade	243	243	-	9	9	-	63	63	-	8	8	-
2nd Grade	233	233	-	9	9	-	43	42	1	5	5	-
3rd Grade	229	229	-	8	8	-	39	40	(1)	5	5	-
4th Grade	198	198	-	7	7	-	16	16	-	2	2	-
5th Grade	205	205	-	8	8	-	14	14	-	2	2	-
6th Grade	203	203	-	7	7	-	10	10	-	1	1	-
7th Grade	170	170	-	6	6	-	9	9	-	1	1	-
8th Grade	209	209	-	8	8	-	13	13	-	2	2	-
9th Grade	230	230	-	8	8	-	21	21	-	3	3	-
10th Grade	144	144	-	5	5	-	14	14	-	2	2	-
11th Grade	127	127	-	5	5	-	11	11	-	1	1	-
12th Grade	143	143	-	5	5	-	12	11	1	1	1	-
<b>Subtotal</b>	<b>2,555</b>	<b>2,555</b>	<b>-</b>	<b>93</b>	<b>93</b>	<b>-</b>	<b>321</b>	<b>320</b>	<b>1</b>	<b>40</b>	<b>40</b>	<b>-</b>
Spec Ed - Elementary	186	186	-	7	7	-	9	13	(4)	1	1	-
Spec Ed - Middle School	141	141	-	5	5	-	1	1	-	1	1	-
Spec Ed - High School	136	136	-	5	5	-	1	1	-	1	1	-
<b>Subtotal</b>	<b>463</b>	<b>463</b>	<b>-</b>	<b>17</b>	<b>17</b>	<b>-</b>	<b>11</b>	<b>15</b>	<b>(4)</b>	<b>3</b>	<b>3</b>	<b>-</b>
<b>Totals</b>	<b>3,018</b>	<b>3,018</b>	<b>-</b>	<b>110</b>	<b>110</b>	<b>-</b>	<b>332</b>	<b>335</b>	<b>(3)</b>	<b>43</b>	<b>43</b>	<b>-</b>
Percentage Error		<u>0.00%</u>			<u>0.00%</u>			<u>-0.90%</u>			<u>0.00%</u>	

	Transportation			Tested	Verified	Errors
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors			
Regular - Public Schools	4,603	4,603	-	83	83	-
Transported - Non-Public	703	702	1	13	13	-
Regular - Spec.	739	740	(1)	13	12	1
Special Needs - Public	159	157	2	3	3	-
<b>Totals</b>	<b>6,204</b>	<b>6,202</b>	<b>2</b>	<b>112</b>	<b>111</b>	<b>1</b>
		<u>0.03%</u>			<u>0.89%</u>	

**FRANKLIN TOWNSHIP BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
SCHEDULE OF AUDITED ENROLLMENTS  
OCTOBER 15, 2014**

	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	39	39	-	5	5	-
1st Grade	20	20	-	2	2	-
2nd Grade	15	16	(1)	2	2	-
3rd Grade	14	13	1	1	1	-
4th Grade	8	8	-	1	1	-
5th Grade	5	5	-	1	1	-
6th Grade	9	9	-	1	1	-
7th Grade	7	7	-	1	1	-
8th Grade	5	5	-	1	1	-
9th Grade	10	10	-	1	1	-
10th Grade	7	7	-	1	1	-
11th Grade	3	3	-	1	1	-
12th Grade	4	4	-	1	1	-
<b>Subtotal</b>	<b>146</b>	<b>146</b>	<b>-</b>	<b>19</b>	<b>19</b>	<b>-</b>
Spec Ed - Elementary	2	10	(8)	1	1	-
Spec Ed - Middle School	4	3	1	1	1	-
Spec Ed - High School	-	-	-	-	-	-
<b>Subtotal</b>	<b>6</b>	<b>13</b>	<b>(7)</b>	<b>2</b>	<b>2</b>	<b>-</b>
<b>Totals</b>	<b>152</b>	<b>159</b>	<b>(7)</b>	<b>21</b>	<b>21</b>	<b>-</b>
Percentage Error			<u>-4.61%</u>			<u>0.00%</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
CALCULATION OF EXCESS SURPLUS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

2014-2015 Total General Fund Expenditures per the CAFR	\$ 146,219,194
Increased by:	
Transfer from Capital Reserve to Capital Projects	4,077,285
Transfer from General Fund to Special Revenue Fund Pre-K	233,728
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>11,172,102</u>
Adjusted 2014-2015 General Fund Expenditures	<u>\$ 139,358,105</u>
2% of Adjusted 2014-2015 General Fund Expenditures	\$ 2,787,162
Increased by:	
Allowable Adjustment *	<u>197,987</u>
Maximum Unassigned Fund Balance	<u>\$ 2,985,149</u>

**SECTION 2**

Total General Fund - Fund Balance at June 30, 2015 (Per CAFR Budgetary Comparison Schedule C-1)	\$ 12,051,107
Decreased by:	
Year-End Encumbrances	\$ 69,387
Nonspendable Fund Balance - Prepaid Item	35,335
Other Restricted Fund Balance - ARRA SEMI	29,409
Other Restricted Fund Balance - Capital Reserve	4,797,055
Restricted - Excess Surplus Designated for Subsequent Year's Expenditures	909,720
Assigned - Designated for Subsequent Year's Expenditures	<u>1,090,280</u>
	<u>6,931,186</u>
Total Unassigned Fund Balance	<u>\$ 5,119,921</u>

**SECTION 3**

<b>Fund Balance - Excess Surplus</b>	<u>\$ 2,134,772</u>
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**Recapitulation of Excess Surplus as of June 30, 2015**

Excess Surplus- Designated for 2015/16 Budget	\$ 909,720
Excess Surplus- Designated for 2016/17 Budget	<u>2,134,772</u>
	<u>\$ 3,044,492</u>

**\* Detail of Allowable Adjustments**

Additional Nonpublic School Transportation Aid	<u>\$ 197,987</u>
Total Adjustments	<u>\$ 197,987</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
RECOMMENDATIONS**

**I. Administrative Practices and Procedures**

It is recommended that the Treasurer of School Monies surety bond coverage should be maintained at a level in accordance with the New Jersey Administrative Code.

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

It is recommended that:

- \* 1. Continued efforts should be made to ensure the District maximizes its efforts under SEMI for obtaining Federal reimbursement for special education services.
- 2. Greater care be exercised over the preparation of the Extraordinary Aid Application.

**III. School Purchasing Program**

It is recommended that:

- 1. Notification be provided to the Office of the State Comptroller of all contracts awarded by the District which exceed \$2 million in accordance with NJSA 52:15C-10.
- 2. Contracts awarded as not to exceed be properly monitored and modified for additional services prior to services actually being performed.
- 3. Bid contract awards approved by Board resolution contain both base bid and approved alternate amounts.

**IV. School Food Services**

It is recommended that efforts be made to ensure net cash resources do not exceed three months average expenditures.

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

There are none.

**VI. Student Body Activities**

It is recommended that:

- 1. High School athletic account collections should be deposited in a timely manner.
- 2. The practice of presigning checks from the Sampson G. Smith account be discontinued.

**VII. Application for State School Aid**

It is recommended that internal control procedures over the preparation of the ASSA be reviewed and enhanced to ensure all amounts reported agree to District workpapers.

**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**

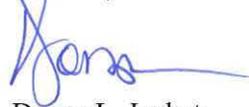
A review was performed on all prior years' recommendations and corrective action was taken on all, except the item denoted with an asterisk (\*).

**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