

BOARD OF EDUCATION
MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)

**AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE
FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**

FISCAL YEAR ENDED JUNE 30, 2016

Prepared by

Gerard Stankiewicz, CPA, PSA

of the Firm

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MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
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REPORT OF INDEPENDENT AUDITORS

Honorable President and Members
of the Board of Education
Monmouth County Vocational School District
County of Monmouth, New Jersey

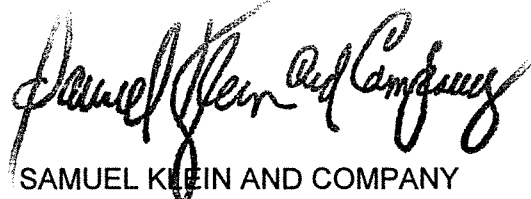
We have audited, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Monmouth County Vocational School District, a component unit of the County of Monmouth, in the County of Monmouth for the year ended June 30, 2016, and have issued our report thereon dated November 22, 2016.

As part of our audit, we performed procedures required by the New Jersey Department of Education, 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 of the Monmouth County Vocational School Board of Education's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.



Gerard Stankiewicz
Certified Public Accountant
Licensed Public School Accountant #912



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey
November 22, 2016

**ADMINISTRATIVE FINDINGS - FINANCIAL
COMPLIANCE AND PERFORMANCE
JUNE 30, 2016**

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and the activities of the Board of Education and the records of the various funds under the auspices of the Board of Education. This report is filed in conjunction with the District's Comprehensive Annual Financial Report (CAFR).

Administrative Practices and Procedures

Insurance

Fire insurance coverage was carried in the amounts as detailed on the Insurance Schedule contained in the Statistical Section (J-20) of the District's CAFR.

Officials' Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Timothy M. McCorkell	Superintendent of Schools	\$ 300,000.00
Collette C. Flatt	Board Secretary/Business Administrator	\$ 100,000.00

There is a Public Employees Faithful Performance Blanket Position Bond.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under audit was made as to affidavit or signed declaration, proper itemization and proper authorization by officials. The Board's voucher system is in accordance with R.S. 18:6-34, which requires a signed declaration by the vendor in place of an affidavit. In addition, all vouchers are signed by the Board Secretary. The actual signature for receipt of goods or services rendered is on the receiving copy of the purchase order set, which is attached to the purchase order and filed alphabetically. All claims approved for payment are listed by fund total in the Minutes.

**ADMINISTRATIVE FINDINGS - FINANCIAL
COMPLIANCE AND PERFORMANCE (CONTINUED)**
JUNE 30, 2016

Financial Planning, Accounting and Reporting (Continued)

Payroll Account

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 were approved by the Superintendent and were certified by the President of the Board and the Board Secretary/School Business Administrator.

Compensation records were tested, and for those individuals examined; it was determined that salaries paid were in accordance with the amounts authorized by the Board.

Salary withholdings were promptly remitted to the proper agencies, including required health benefits withholdings.

Tuition Charges

The Board made billings to the sending districts for the charge in per pupil costs and was consistently applied.

Unemployment Compensation Insurance Trust Fund

The Board has adopted the direct reimbursement method and has established an Unemployment Compensation Insurance Trust Fund.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, 2016 for proper classification of orders as reserved for encumbrances and accounts payable. The reserve for encumbrances and accounts payable have been determined to be proper.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23-2.2(g) as part of our test of transactions of randomly selected expenditure items. We also examined 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 classification to determine overall reliability and compliance with N.J.A.C. 6A:23A-2.4. As a result of the procedures performed, no transaction error rate was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

**ADMINISTRATIVE FINDINGS - FINANCIAL
COMPLIANCE AND PERFORMANCE (CONTINUED)**
JUNE 30, 2016

Financial Planning, Accounting and Reporting (Continued)

Travel Reimbursement Policy

The required travel and related reimbursement policy was in accordance with N.J.A.C. 6A:23B-1.2(a).

Student Body Activities Funds

Cash receipts and cash disbursements records were maintained in satisfactory condition.

All receipts were promptly deposited in the bank.

Board Secretary/School Business Administrator's Records

Our review of the financial and accounting records of the Board Secretary/School Business Administrator revealed that the records were properly maintained.

Acknowledgment of the Board's receipt of the Board Secretary's report was included in the minutes.

Treasurer's Records

The cash reports were found to be maintained properly.

Acknowledgment of the Board's receipt of the cash report was included in the minutes.

Elementary and Secondary Education Act of 1965 (E.S.E.A.) as Reauthorized by No Child Left Behind (NCLB) Act of 2001

The 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 project under Titles I and II-A of the NCLB as amended.

**ADMINISTRATIVE FINDINGS - FINANCIAL
COMPLIANCE AND PERFORMANCE (CONTINUED)**
JUNE 30, 2016

Financial Planning, Accounting and Reporting (Continued)

Other Special Federal and/or State Projects

The District's Special Projects were approved as listed on the Schedules of Federal and State Financial Assistance located in the CAFR.

Our audit of the federal and state funds on a test basis 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. Reimbursement

Our Audit procedures included a test of the bi-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.

Expendable and Nonexpendable Trust Funds

The accounts within this fund have been properly administered.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

Effective July 1, 2015 and thereafter the bid thresholds in accordance with N.J.S.A. 18A:18A-3 and 18A:39-3 are \$29,000 and \$18,200, respectively.

The board of education has elected to utilize the Qualified Purchasing Agent (QPA) higher bid threshold of \$40,000 since the School Business Administrator/Board Secretary is a qualified as such.

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 Attorney's opinion should be sought before a commitment is made.

ADMINISTRATIVE FINDINGS - FINANCIAL
COMPLIANCE AND PERFORMANCE (CONTINUED)
JUNE 30, 2016

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids (Continued)

Inasmuch as the system of records is not designed to 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.

The results of our examination indicated that no individual payments, contracts or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies," in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A. 18A:18A-4.

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

The minutes indicate that bids were advertised for the following:

IDEA/Perkins Instructional Equipment
and Supplies

Culinary Supplies and Equipment
Cosmetology Kits

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 revealed the following purchases were made through the use of State contracts.

Computer and Computer Related Products
Copy Machines
Office Equipment and Supplies
Carpet

Custodial Supplies
Maintenance Supplies
Science Supplies

Purchases were made through various other cooperative and governmental agency purchasing arrangements as well.

ADMINISTRATIVE FINDINGS - FINANCIAL
COMPLIANCE AND PERFORMANCE (CONTINUED)
JUNE 30, 2016

School Food Service

The financial transactions and statistical records of the school food services were maintained properly. The financial accounts, meal count record and eligibility applications were reviewed on a test-check basis. No exceptions were noted.

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 meals and free milk policy is uniformly administered. The required verification procedures for free and reduced price applications were completed and available for review. No exceptions were noted.

We examined on a test basis, expenditures for separate recording of food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food and supply items were currently maintained and properly applied in determining the cost of food and supplies used.

Exhibits reflecting child nutrition program operations are included in Section G of the CAFR.

The District is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34 and 19-1 through 19-4.1. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service. Due to the nature of the District, the Food Service operation is not a district-wide function but merely an accommodation to one of the district schools and therefore, the results of operation may be misleading.

Cash receipts and bank records were reviewed for timely deposit.

Net cash resources did not exceed three months average expenditures.

USDA Food Distribution Program (food and/or commodities) were received and a single inventory was maintained on a first-in, first-out basis. No exceptions were noted.

ADMINISTRATIVE FINDINGS - FINANCIAL
COMPLIANCE AND PERFORMANCE (CONTINUED)
JUNE 30, 2016

Application for State School Aid (ASSA)

Our audit procedures included a test of information reported in the October 15, 2015 Application for State School Aid (ASSA) for on-roll. We also performed a review of the district procedures related to its completion. The information on the ASSA was compared to the district workpapers. The information that was included on the workpapers was verified with a minor 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.

Capital Assets

The District authorized a complete capital (fixed) asset inventory as of June 30, 2016 in order to obtain an accurate detail. As a result of the inventory, the machinery and equipment portion had adjustments resulting in a significant reduction when compared to the prior complete inventory as of June 30, 2014. In addition, the useful lives of the buildings were extended to the maximum amount under generally accepted accounting principles. This change in useful lives adjustment lowered the annual depreciation and related accumulated depreciation. The adjustments were necessary in order to maintain the account accuracy. In addition, the capital (fixed) assets should be monitored on an ongoing basis for accuracy.

RECOMMENDATIONS
JUNE 30, 2016

None

FOLLOW-UP ON PRIOR YEAR'S FINDINGS

In accordance with government auditing standards, our procedures included a review of all prior year recommendations.

ACKNOWLEDGMENT

The foregoing comments and recommendations are not of sufficient materiality whereby they would affect our ability to express an opinion on the financial statements taken as a whole.

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

Respectfully submitted,



Gerard Stankiewicz
Certified Public Accountant
Public School Accountant #912

For The Firm
SAMUEL KLEIN AND COMPANY

**BOARD OF EDUCATION
MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
COUNTY OF MONMOUTH
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015**

	2016-2017 Application for State School Aid						Sample for Verification					
	Reported on A.S.S.A. On Roll		Report on Workpapers On Roll		Sent/Received		Sample Selected from Workpapers		Verified per Registers On Roll		Errors per Registers On Roll	
	Full	Shared	Full	Shared	Sent	Received	Full	Shared	Full	Shared	Full	Shared
Special Ed - H.S	12	688	12	690			4	228	4	228		
Subtotal	12	688	12	690			4	228	4	228		
County Voc-Regular	1,673	404	1,674	406		16	229	55	229	55	1	
County Voc-Post Secondary	221		221									
Subtotal	1,894	404	1,895	406		16	229	55	229	55	1	
Totals	<u>1,906</u>	<u>1,092</u>	<u>1,907</u>	<u>1,096</u>		<u>16</u>	<u>233</u>	<u>283</u>	<u>233</u>	<u>283</u>	<u>1</u>	
Percentage Error						<u>0.17%</u>						<u>0.0524%</u>

BOARD OF EDUCATION
MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
COUNTY OF MONMOUTH
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY (CONTINUED)
ENROLLMENT AS OF OCTOBER 15, 2015

	Low Income - Free Lunch			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
Special Ed - H.S	<u>229</u>	<u>229</u>	_____	_____	_____	_____
Subtotal	<u>229</u>	<u>229</u>	_____	_____	_____	_____
County Voc-Regular County Voc-Post Secondary	<u>111</u>	<u>111</u>	_____	_____	_____	_____
Subtotal	<u>111</u>	<u>111</u>	_____	_____	_____	_____
Totals	<u>340</u>	<u>340</u>	=====	=====	=====	=====
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

BOARD OF EDUCATION
MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
COUNTY OF MONMOUTH
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY (CONTINUED)
ENROLLMENT AS OF OCTOBER 15, 2015

	<u>Low Income - Reduced Lunch</u>			<u>Sample for Verification</u>		
	<u>Reported on A.S.S.A. as Low Income</u>	<u>Reported on Workpapers as Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Application and Register</u>	<u>Sample Errors</u>
Special Ed - H.S	<u>41</u>	<u>41</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Subtotal	<u>41</u>	<u>41</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
County Voc-Regular County Voc-Post Secondary	<u>45</u>	<u>45</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Subtotal	<u>45</u>	<u>45</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Totals	<u>86</u>	<u>86</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

BOARD OF EDUCATION
MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
COUNTY OF MONMOUTH, NEW JERSEY
FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

EXCESS SURPLUS CALCULATION
COUNTY VOCATIONAL DISTRICTS

SECTION 1

A. 6% Calculation of Excess Surplus (2015-16 expenditures of \$100 million or less)

2015-16 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ <u>44,838,366.90</u> (B)
Increased by:	
Transfer from Capital Outlay to Capital Projects Fund	\$ _____ (B1a)
Transfer from Capital Reserve to Capital Projects Fund	\$ _____ (B1b)
Decreased by:	
On-Behalf TPAF Pension & Social Security	\$ <u>3,316,412.00</u> (B2a)
Assets Acquired Under Capital Leases	_____ (B2b)
Adjusted 2015-16 General Fund Expenditures [(B)+(B1s)-(B2s)]	\$ <u>41,521,954.90</u> (B3)
6% of Adjusted 2015-16 General Fund Expenditures [(B3) times .06]	\$ <u>2,491,317.29</u> (B4)
Enter Greater of (B4) or \$250,000	\$ <u>2,491,317.29</u> (B5)
Increased by: Allowable Adjustment*	\$ _____ (K)
Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]	\$ <u>2,491,317.29</u> (M)

* This adjustment line (as detailed below) is to be utilized when applicable for: Impact Aid, Sale and Lease-back (Refer to the Audit Program Section II, Chapter 10), Extraordinary Aid, Additional Nonpublic School Aid and Transportation Aid. Refer to the Audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid and Additional Nonpublic School Transportation Aid.

B. 6% Calculation of Excess Surplus (2015-16 expenditures greater than \$100 million)

2015-16 Total General Fund Expenditures	\$ _____ (B)
Increased by:	
Transfer from Capital Outlay to Capital Projects Fund	\$ _____ (B1a)
Transfer from Capital Reserve to Capital Projects Fund	\$ _____ (B1b)
Decreased by:	
On-Behalf TPAF Pension & Social Security	\$ _____ (B2a)
Assets Acquired Under Capital Leases	\$ _____ (B2b)
Adjusted 2015-16 General Fund Expenditures [(B)+(B1s)-(B2s)]	\$ _____ (B3)
2015-16 General Fund Expenditures in excess of \$100 million [(B3) minus \$100,000,000]	\$ _____ (B4)
3% of General Fund Expenditures in excess of \$100 million [(B4) times .03]	\$ _____ (B5)
(B5) Plus \$6,000,000	\$ _____ (B6)
Increased by: Allowable Adjustment *	\$ _____ (K)
Maximum Unassigned Unreserved-Undesignated Fund Balance [(B6)+(K)]	\$ _____ (M)

BOARD OF EDUCATION
MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
COUNTY OF MONMOUTH, NEW JERSEY
FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)
(CONTINUED)

SECTION 2

Total General Fund - Fund Balances @ 6-30-2016 (Per CAFR Budgetary Comparison Schedule-C1)	\$ <u>11,744,998.05</u> (C)
Decreased by:	
Year-end Encumbrances	\$ <u>303,851.54</u> (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ _____ (C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ <u>1,410,990.13</u> (C3)
Other Restricted Fund Balances ****	\$ <u>2,835,220.40</u> (C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	\$ <u>2,000,000.00</u> (C5)
 Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	 \$ <u>5,194,935.98</u> (U1)

SECTION 3

Restricted Fund Balance - Excess Surplus***[(U1)-(M)] IF NEGATIVE ENTER -0-	\$ <u>2,703,618.69</u> (E)
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Recapitulation of Excess Surplus as of June 30, 2016

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ <u>1,410,990.13</u> (C3)
Reserved Excess Surplus***[(E)]	\$ <u>2,703,618.69</u> (E)
 Total Excess Surplus [(C3) + (E)]	 \$ <u>4,114,608.82</u> (D)

Footnotes:

* This adjustment line (as detailed below) is to be utilized for Impact Aid when applicable for: Impact Aid, Sale and Lease-back (Refer to the Audit Program Section II, Chapter 10), Extraordinary Aid, Additional Nonpublic School Transportation Aid, and Unbudgeted TPAF Wage Freeze Grant Funding. Refer to the Audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid and Additional Nonpublic School Transportation Aid.

Detail of Allowable Adjustments

Impact Aid	\$ _____ (H)
Sale & Lease-back	\$ _____ (I)
Extraordinary Aid	\$ _____ (J1)
Additional Nonpublic School Transportation Aid	\$ _____ (J2)
Current Year School Bus Advertising Revenue Recognized	\$ _____ (J3)
Family Crisis Transportation Aid	\$ _____ (J4)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)]	\$ _____ (K)

** This amount represents the June 30, 2016 Excess Surplus (C3 above) and must be included in the Audit Summary Line 90031

*** Amount must agree to the June 30, 2016 CAFR and Audit Summary Line 90030

BOARD OF EDUCATION
MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
COUNTY OF MONMOUTH, NEW JERSEY
FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)
(CONTINUED)

**** Amount for Other Reserved Fund Balances must be detailed for each source. Use in the excess surplus calculation of any legal reserve that is not state mandated or that is not legally imposed by an other type of government, such as the judicial branch of government, must have departmental approval. District requests should be submitted to the Division of Finance prior to September 30.

Detail of Other Restricted Fund Balance

Statutory restrictions:

Approved unspent separate proposal	\$ _____
Capital outlay for a district with a capital outlay cap waiver	\$ _____
Sale/lease-back reserve	\$ _____
Capital reserve	\$ 160,220.40
Maintenance reserve	\$ 2,675,000.00
Emergency reserve	\$ _____
Tuition reserve	\$ _____
School Bus Advertising 50% Fuel Offset Reserve - current year	\$ _____
School Bus Advertising 50% Fuel Offset Reserve - prior year	\$ _____
Impact Aid general fund reserve	\$ _____
Impact Aid capital fund reserve	\$ _____
Other state/government mandated reserve	\$ _____
Other Restricted Fund Balance not noted above****	\$ _____
 Total Other Restricted Fund Balance	 \$ 2,835,220.40 (C4)



GERARD STANKIEWICZ, CPA, PSA #912
SIGNATURE OF PUBLIC SCHOOL ACCOUNTANT

November 22, 2016
Date

**MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
COUNTY OF MONMOUTH NEW JERSEY**

NET CASH RESOURCE SCHEDULE

**Net Cash Resources Did Not Exceed Three Months of Expenditures
Proprietary Funds - Food Service
FYE 2016**

<u>Net Cash Resources:</u>		Food Service B - 4/5	
CAFR	*	Current Assets	
B-4		Cash & Cash Equiv.	\$ 26,330
B-4		Due from Other Gov'ts	-
B-4		Accounts Receivable	683
B-4		Investment	-
CAFR		Current Liabilities	
B-4		Less Accounts Payable	-
B-4		Less Accruals	
B-4		Less Due to Other Funds	
B-4		Less Deferred Revenue	-
		Net Cash Resources	<u><u>\$ 27,013</u></u> (A)
 <u>Net Adj. Total Operating Expense:</u>			
B-5		Total Operating Expense	92,318
B-5		Less Depreciation	-
		Adj. Total Operating Expense	<u><u>\$ 92,318</u></u> (B)
 <u>Average Monthly Operating Expense:</u>			
		B / 10	<u><u>\$ 9,232</u></u> (C)
 <u>Three Times Monthly Average:</u>			
		3 X C	<u><u>\$ 27,695</u></u> (D)

TOTAL IN BOX A	\$ 27,013
LESS TOTAL IN BOX D	\$ 27,695
NET	<u><u>\$ (682)</u></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