

BOARD OF EDUCATION
SCHOOL DISTRICT OF
PENNSVILLE TOWNSHIP
COUNTY OF SALEM
AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED
JUNE 30, 2016

TABLE OF CONTENTS

	<u>Page</u>
Auditor's Management Report on Administrative Findings - Financial, Compliance, and Performance	1
Scope of Audit.....	2
Administrative Practices and Procedures:	
Insurance	2
Official Bonds.....	2
Tuition Charges.....	2
District Internal Control Policies	2
Financial Planning, Accounting and Reporting:	
Examination of Claims	2
Unemployment Compensation Insurance Trust Fund.....	3
Payroll Account and Position Control Roster	3
Workers' Compensation Insurance Trust Fund	3
Reserve for Encumbrances and Accounts Payable	3
Classification of Expenditures	
General Classifications	3
Administrative Classifications	3
Certification of Income Tax Compliance	4
Board Secretary's Records	4
Treasurer's Records.....	4
Elementary and Secondary Education Act/Improving America's Schools Act as reauthorized by the No Child Left Behind Act of 2001 (NCLB).....	5
Other Special Federal and/or State Projects.....	5
T.P.A.F. Reimbursement.....	5
T.P.A.F. Reimbursement to the State for Federal Salary Expenditures.....	5
School Purchasing Programs:	
Contracts and Agreements Requiring Advertisement for Bids	5 - 6
School Food Service	7 - 8
Other Funds:	
Student Body Activities	8
Internal Service	8
Application for State School Aid.....	8
Pupil Transportation.....	9
Facilities and Capital Assets	9
Follow-up on Prior Year Findings	9
Acknowledgment.....	10
Schedule of Audited Enrollments	11 - 13
Schedule of Meal Count Activity.....	N/A
Excess Surplus Calculation.....	14 - 15

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

November 23, 2016

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

Honorable President and
Members of the Board of Education
Pennsville Township School District
30 Church Street
Pennsville, New Jersey 08070

We have audited, in accordance with generally accepted auditing standards and **Government Auditing Standards** issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Pennsville Township School District in the County of Salem for the year ended June 30, 2016, and have issued our report thereon dated November 23, 2016.

As part of our audit, we performed procedures required by the Division of Administration and Finance, 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 issued in conjunction with the Comprehensive Annual Financial report of the Board of Education of the Pennsville Township School District, for the fiscal year ending June 30, 2016 and is intended for the information of the School District's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant
No. 915

ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and the Financial Services Coordinator, District personnel entrusted with duties formally under the auspices of the Treasurer of School Monies, the activities of the School District, and 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 Exhibit J-20, Insurance Schedule, contained in the District's CAFR.

Official Bonds (N.J.S.A. 18A:17-26, 18A:17-32, 18A:13-13)

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Richard Davidson	School Business Administrator/ Board Secretary	\$ 10,000
John Willadsen	Treasurer	\$ 250,000

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made and the actual costs were different than the estimated costs. The Board appeared to make proper adjustment to the billings to sending districts for the adjustments in per pupil costs in accordance with N.J.A.C. 6A:23A-17.1(f) 3.

District Internal Control Policies

District boards of education and administration are responsible for developing internal controls policies and procedures and maintaining a strong internal control environment. NJAC 6A:23A-6.4 requires that the district's internal control policies include specific requirements at NJAC 6A:23A-6.5 through 6.13.

Internal Control Policies were found in accordance with NJAC 6A:23A-6.5 through 6.13.

Examination of Claims

An examination of claims paid during the period under review did not indicate any material discrepancies with respect to signatures, certification, itemization and other documentation.

Financial Planning, Accounting, and Reporting

Unemployment Compensation Insurance Trust Fund

The Board has adopted the reimbursement method of payment and maintains an Unemployment Compensation Insurance Trust Fund, of which the amount payable at June 30, 2016 has been reflected in the financial statements.

Payroll Account and Position Control Roster

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 School Business Administrator/Board Secretary, and the Chief School Administrator.

Salary withholdings were promptly remitted to the proper agencies, including health benefit premium withholdings due to the general fund. In addition, we did not identify any instance of noncompliance with the provisions covering the flexible spending account.

Payrolls were delivered to the secretary of the board who then deposited warrants in separate bank accounts for net payroll and withholdings.

Employee Position Control Roster

An inquiry and subsequent review of the Position Control Roster did not find any discrepancies between the payroll records, employee benefit records, the general ledger accounts to where wages are posted, and the Position Control Roster.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, 2016 for goods not yet received or services not yet rendered, and it was determined 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, 2016.

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 randomly selected 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. As a result of the procedures performed, no transaction errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

A. **General Classification Findings** - NONE

B. **Administrative Classification Findings** - NONE

Financial Planning, Accounting and Reporting (Cont'd)

Certification of Income Tax Compliance

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (Superintendent and Business Administrator) to the N.J. Department of Treasury appeared to be filed by the March 15 due date.

Board Secretary's Records

Finding 2016-1

Numerous adjustments to the general ledger were required to be submitted as part of the audit.

Recommendation

Prior to the year-end close out of the accounting system, various adjustments should be identified and recorded in the general ledger.

The financial records and board minutes of the Board Secretary were found to be in satisfactory condition.

Acknowledgment of the Board's receipt of the Board Secretary's and Treasurer's monthly financial reports was included in the monthly minutes.

Purchase orders were found to be charged to the appropriate line item accounts in accordance with the State prescribed **Uniform Minimum Chart of Accounts (2R2) for New Jersey Public Schools**.

Monthly financial certifications of the Board Secretary and Board of Education for positive line item account status certification (N.J.A.C. 6:20-2.13) were approved monthly.

Treasurer's Records – Board Secretary's Office

Board Secretary personnel performed cash reconciliations for the general operating account, payroll account and payroll agency account per N.J.S.A. 18A:17-9.

Cash receipts appeared to be deposited promptly.

The Treasury records were in agreement with the records of the Board Secretary.

The Treasury reports were filed in a timely manner.

Financial Planning, Accounting and Reporting (Cont'd)

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 (NCLB)

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 Titles I, II and III of the Elementary and Secondary Education Act as amended and reauthorized.

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 study of compliance for E.S.E.A. indicated no areas of noncompliance and/or questionable costs.

Other Special Federal and/or State Projects

The District's special projects were approved, as listed on Schedule A and Schedule B located in the CAFR and labeled as Exhibits K-3 and K-4. 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.

The study of compliance for special projects indicated no areas of noncompliance and/or questionable costs.

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly 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.

T.P.A.F. 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.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-1 et seq. (Public School Contracts Law), the associated rules and related information on the statute, and school contracts in general are available on the website: <http://www.state.nj.us/dca/divisions/dlgs/programs/lpcl.html>.

School Purchasing Programs (Cont'd)

Contracts and Agreements Requiring Advertisement for Bids (Cont'd)

The current statute is posted on the New Jersey Legislature website at:
http://lis.njleg.state.nj.us/cgi-bin/om_isapi.dll?clientID=1319801&depth=2&expandheadings=off&headingswithhits=on&infobase=statutes.nfo&softpage=TOC_Frame_pg42

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 for 2015-16.

The District 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 Solicitor's opinion should be sought before a commitment is made.

In as much 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.

Based on the results of our examination, we did not note any individual payments, contracts, or agreements made for the performance of any work or goods or services, in excess of the statutory thresholds, where there had been no advertising for bids in accordance with the provisions of N.J.S.A. 18A:18A-4 as amended.

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 not reveal any exceptions, with regard to purchases from vendors approved for state contract.

The review of contracts and agreements did not disclose any areas of statutory noncompliance.

Although a particular contract is exempt from the formal requirements of public advertising and competitive bidding, N.J.S.A. 18A:18A-37 requires that quotations be obtained, whenever practical, for any contract less than the bid threshold but 15% or more of that amount, except for contracts for professional services. All contracts and agreements, which are subject to quotations, shall be awarded on the basis of the lowest responsible quotation received, which is most advantageous to the Board of Education, price and other factors considered. Our examination indicated that the Board of Education complied with these provisions.

School Food Service

The School Food Service Program was not selected as a major Federal program. However, the program expenditures exceeded \$100,000 in Federal support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether the SFA had any Child Nutrition Program reimbursement overclaims or underclaims and whether the SFA's expenditures of food service were limited to allowable direct and indirect costs. No exceptions were noted.

The financial transactions and statistical records of the School Food Service Fund were reviewed. The financial accounts, meal and milk count records and eligibility applications were reviewed on a test-check basis. During our examination no exceptions were noted.

Cash receipts and bank records were reviewed for timely deposit. Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Section G of the CAFR.

The number of meals and milks 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 claims were submitted and certified in a timely manner.

Applications for free and reduced price meals and free milks were reviewed for completeness and accuracy. The number of free and reduced price meals and free milks claimed as served for the entire school year 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 which includes two schools. The required verification procedures for free and reduced price applications were completed and available for review.

Time sheets and labor costs are maintained on all school food service employees by the management service company. During our examination no exceptions were noted.

Food Distribution commodities were received and a single inventory was maintained on a first-in, first-out basis by food-service employees under the supervision of the management service company, Metz.

The District entered into a management service contract with Metz and is depositing and expending program monies in accordance with N.J.S.A.18A:17-34 and 19-1 through 19-4.I. The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service and the Non-program Food Revenue Tool was utilized. Net cash resources did not exceed three months average expenditures. In accordance with AICPA Statement on Auditing Standards (SAS) #70, as amended by SAS#88 and SSAE No.16, a report on the Food Service Management Company's control structure, policies and procedures was received. An independent audit firm performed this audit. Provisions of the FSMC contract/ addendum were reviewed and audited. The FSMC contract contains a guarantee that the bottom line on the operational financial report for 2015-16 school year shall be a profit of \$10,733. No exceptions were noted with respect to this provision.

School Food Service (Cont'd)

Expenditures 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. The examination did not and could not determine the quality, quantity or proper price of non-bid goods or services for which payments had been made. These details were necessarily covered by the approval of such claims. Revenues and receipts were established and verified as to the source and amount only insofar as the records permitted.

The Board of Education subsidized the Food Service Program in the amount of \$11,937 for the 2015-16 year. The business office is monitoring the operations of the Food Service Fund to determine what steps should be taken to decrease the need for a board subsidy in the future.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food and supply items were currently maintained and appeared to be properly applied in determining the cost of food and supplies used.

Student Body Activities

Cash receipts and disbursements journals were maintained in good condition and reconciled to the monthly bank statements. Deposits were traceable to the bank and made on a timely basis. Expenditures were supported by invoices and other documentation.

Internal Service Funds

Cash receipts and disbursements journals were maintained in good condition and reconciled to the monthly bank statements. Deposits were traceable to the bank and made on a timely basis. Expenditures were supported by invoices and other documentation.

Application for State School Aid

Our audit procedures included a test of the information reported in the October 15, 2015 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, 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 the district workpapers without exception. The information that was included on the workpapers was verified without exception.

The results of our procedures are presented in the Schedule of Audited Enrollments.

Finding 2016-2

In several instances, the total number of students reflected on the ASSA report did not agree with the supporting workpapers.

Recommendation

Written procedures for ASSA reporting should be revised, in order to assure the supporting workpapers are in agreement with numbers reflected in the ASSA report.

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2015-16 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report. The DRTRS Eligibility Summary Report was compared to the County Summary Report. This information is 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. Bid specifications were in compliance with applicable statutes. No exceptions were noted in our review of transportation related purchases of goods and services, as well as for any purchase of buses.

Finding 2016-3

There was one student reported on the DRTRS Report as special education who was verified as a regular education student.

Recommendation

There should be an additional check made of the special education students to the list of special education students provided by the Child Study Team.

Facilities and Capital Assets

As part of the GASB 34 reporting format, fixed assets are recorded in accordance with GAAP, including a provision for depreciation expense.

Our procedures included a review of the NJSDA grant agreements, if any, for consistency with recording SDA revenue, transfer of local funds from the general fund or from the capital reserve account, and awarding of contracts for eligible facilities construction. During the 2015-16 School Year, the District opened three new capital projects for various improvements, replacement of the fire alarm system, and replacement of windows and transom. The District entered into two NJSDA grant agreements and issued bonds to finance the projects described above.

Follow-up on Prior Year Findings

In accordance with government auditing standards, our procedures included a review of all prior year recommendations. Corrective action was taken on prior year recommendations except for the following:

Finding 2015-2

In several instances, the total number of students reflected on the ASSA report did not agree with the supporting workpapers.

Recommendation

Written procedures for ASSA reporting should be revised, in order to assure the supporting workpapers are in agreement with numbers reflected in the ASSA report.

Acknowledgment

We received the complete cooperation of all the officials of the School District, and we greatly appreciate the courtesies extended to each member of our audit team.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.

A handwritten signature in cursive script, appearing to read "Raymond Colavita".

Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant
No. 915

SCHEDULE OF AUDITED ENROLLMENTS

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
APPLICATION OR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015**

	2016-2017 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 Registers On Roll		Errors per Registers On Roll		Reported On A.S.S.A. as Private Schools		Sample for Verification	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Private Schools	Sample for Verification	Sample Verified	Sample Errors	
Half Day Preschool 4 Years Old	20		20					3		3							
Full Day Kindergarten	107		107					17		17							
One	114		114					18		18							
Two	125		125					20		20							
Three	114		114					18		18							
Four	99		99					16		16							
Five	121		121					19		19							
Six	122		122					19		19							
Seven	108		107		(1)			17		17							
Eight	125		125					20		20							
Nine	97		99			2		15		15							
Ten	101		101					16		16							
Eleven	77	5	77	5				12	1	12	1						
Twelve	107	2	108	2	1			17	0	17	0						
Post-Graduate																	
Adult H.S. (15+CR.)																	
Adult H.S. (1-14 CR.)																	
Subtotal	1,437	7	1,439	7	2	0		227	1	227	1	0	0	0	0	0	0
Special Ed - Elementary	120		119		(1)			19		19							
Special Ed - Middle	70		71		1			11		11			1				
Special Ed - High	76	13	76	13				12	2	12	2		3	1	1		
Subtotal	266	13	266	13	0	0		42	2	42	2	0	4	1	1	0	0
Totals	1,703	20	1,705	20	2	0		269	3	269	3	0	4	1	1	0	0
Percentage Error					0.12%							0.00%					

SCHEDULE OF AUDITED ENROLLMENTS

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
APPLICATION OR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015**

	Resident Low Income			Sample for Verification			Resident 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 LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected From Workpapers	Verified to Test Score and Register	Sample Errors
Half Day Preschool	1.0	1.0			0.0							
Full Day Kindergarten	32.0	32.0		11.0	11.0							
One	43.0	43.0		15.0	15.0		3.0	3.0		2.0	2.0	
Two	50.0	50.0		17.0	17.0		1.0	1.0		1.0	1.0	
Three	44.0	44.0		15.0	15.0							
Four	31.0	31.0		11.0	11.0		3.0	3.0		2.0	2.0	
Five	43.0	43.0		15.0	15.0		2.0	2.0		2.0	2.0	
Six	35.0	35.0		12.0	12.0		1.0	1.0		1.0	1.0	
Seven	28.0	28.0		10.0	10.0							
Eight	36.0	36.0		12.0	12.0							
Nine	23.0	23.0		8.0	8.0							
Ten	28.0	28.0		10.0	10.0							
Eleven	18.5	18.5		6.0	6.0		1.0	1.0		1.0	1.0	
Twelve	27.5	27.5		9.0	9.0		1.0	1.0		1.0	1.0	
Post Graduate												
Adult H.S. (15+CR.)												
Adult H.S. (1-14 CR.)												
Subtotal	440.0	440.0	0.0	151.0	151.0	0.0	12.0	12.0	0.0	10.0	10.0	0.0
Special Ed - Elementary	56.0	56.0		19.0	19.0						0.0	
Special Ed - Middle	38.0	38.0		13.0	13.0		1.0	1.0			0.0	
Special Ed - High	44.0	44.0		15.0	15.0						0.0	
Subtotal	138.0	138.0	0.0	47.0	47.0	0.0	1.0	1.0	0.0	0.0	0.0	0.0
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Totals	578.0	578.0	0.0	198.0	198.0	0.0	13.0	13.0	0.0	10.0	10.0	0.0
Percentage Error		<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>	

TRANSPORTATION

	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors		
							Reported	Re-Calculated
Reg. - Public Schools	511.5	511.5		170	170			
Aid in Lieu - Non-Public	12.0	12.0		4	4			
Transported - Non-Public	22.5	22.5		7	7			
Reg. - Special Ed.	57.0	57.0		19	18	1	Avg. Mileage - Regular Including Grade PK students	4.0
Special Needs - Public	96.0	96.0		32	32		Avg. Mileage - Regular Excluding Grade PK students	4.0
Totals	699.0	699.0	0	232.0	231.0		Avg. Mileage - Special Ed with Special Needs	7.8
Percentage Error		<u>0.000%</u>			<u>0.43%</u>			

SCHEDULE OF AUDITED ENROLLMENTS

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
APPLICATION OR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015

	<u>Resident LEP NOT Low Income</u>			<u>Sample for Verification</u>		
	<u>Report On A.S.S.A. as NOT Low Income</u>	<u>Report On Workpapers as NOT Low Income</u>	<u>Errors</u>	<u>Sample Selected From Workpapers</u>	<u>Verified to Application and Register</u>	<u>Sample Errors</u>
Half Day Preschool						
Full Day Kindergarten						
One						
Two						
Three						
Four						
Five	1	1		1	1	
Six						
Seven						
Eight						
Nine						
Ten						
Eleven						
Twelve						
Post Graduate						
Adult H.S. (15+CR.)						
Adult H.S. (1-14 CR.)						
Subtotal	1	1	0	1	1	0
Special Ed - Elementary						
Special Ed - Middle						
Special Ed - High						
Subtotal	0	0	0	0	0	0
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	1	1	0	1	1	0
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION

SECTION 1

A. 2% Calculation of Excess Surplus

2015-16 Total General Fund Expenditures per the CAFR	\$	<u>31,491,207</u>	(B)
Increased by:			
Transfer from Capital Outlay to Capital Projects Fund		<u>222,360</u>	(B1a)
Transfer from Capital Reserve to Capital Projects Fund		<u>753,984</u>	(B1b)
Transfer from General Fund to SRF for PreK-Regular			(B1c)
Transfer from General Fund to SRF for PreK-Inclusion			(B1d)
Decreased by:			
On-Behalf TPAF Pension & Social Security		<u>3,113,532</u>	(B2a)
Assets Acquired Under Capital Leases			(B2b)
Adjusted 15-16 General Fund Expenditures [(B)+(B1s)-(B2s)]		<u>29,354,019</u>	(B3)
2% of Adjusted 2015-16 General Fund Expenditures [(B3) times .02]		<u>587,080</u>	(B4)
Enter Greater of (B4) or \$250,000		<u>587,080</u>	(B5)
Increased by: Allowable Adjustment*		<u>67,055</u>	(K)
Maximum Unassigned/Undesignated-Unreserved Fund Balance[(B5)+(K)]	\$	<u>654,135</u>	(M)

SECTION 2

Total General Fund - Fund Balances @ 6-30-16 (Per CAFR Budgetary Comparison Schedule C-1)	\$	<u>1,682,667</u>	(C)
Decreased by:			
Year-end Encumbrances			(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures			(C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**			(C3)
Other Restricted Fund Balances****		<u>101,147</u>	(C4)
Assigned Fund balance Unreserved - Designated for Subsequent Year's Expenditures		<u>488,588</u>	(C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	\$	<u>1,092,932</u>	(U1)

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION

SECTION 3

Restricted Fund Balance- Excess Surplus*** [(U1)-(M)] IF NEGATIVE ENTER -0- \$ 438,797 (E)

Recapitulation of Excess Surplus as of June 30, 2016

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures**	-	(C3)
Reserved Excess Surplus ***[(E)]	<u>438,797</u>	(E)
Total Excess Surplus [(C3) + (E)]	<u>\$ 438,797</u>	(D)

Footnotes:

- * Allowable adjustment to expenditures on line K must be detailed as follows. This adjustment line (as detailed below) is to be utilized when applicable for:
- (H) Federal Impact Aid. The passage of P.L. 2015, c.46 amended N.J.S.A. 18A:7F-41 to permit a board of education to appropriate federal impact aid funds to establish or supplement a federal impact aid legal reserve in the general fund. Accordingly, effective for the year ending June 30, 2015 the Federal Impact Aid adjustment to expenditures is limited to the portion of Federal Impact Aid Section 8002 and Section 8003 received during the fiscal year and recognized as revenue on the General Fund Budgetary Comparison Schedule, but not transferred to the Federal Impact Aid Reserve-General (8002 or 8003) by board resolution during June 1 to June 30 of the fiscal year under audit. Amounts transferred to the reserve are captured on line (C4);
 - (I) Sale & Lease-Back (Refer to the Audit Program Section II, Chapter 10);
 - (J1) Extraordinary Aid;
 - (J2) Additional Nonpublic School Transportation Aid;
 - (J3) Recognized current year School Bus Advertising Revenue; and
 - (J4) Family Crisis Transportation Aid.

Notes to auditor: Refer to the Audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid, Family Crisis Transportation Aid, and Additional Nonpublic School Transportation Aid.

Detail of Allowable Adjustments

Impact Aid	\$ _____	(H)
Sale & Lease-Back	_____	(I)
Extraordinary Aid	<u>64,160</u>	(J1)
Additional Nonpublic School Transportation Aid	<u>2,895</u>	(J2)
Current Year School Bus Advertising Revenue Recognized	_____	(J3)
Family Crisis Transportation Aid	_____	(J4)
Total Adjustments [(H) + (I) + (J1) + (J2) + (J3) + (J4)]	<u>\$ 67,055</u>	(K)

- ** This amount represents the June 30, 2015 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.
- *** Amounts must agree to the June 30, 2015 CAFR and must agree to Audit Summary Worksheet Line 90030.
- **** 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 and Regulatory Compliance prior to September 30.

Detail of Other Restricted Fund Balance

Statutory restrictions:		
Approved unspent separate proposal	\$ _____	
Sale/lease-back reserve	_____	
Capital reserve	<u>1,147</u>	
Maintenance reserve	<u>100,000</u>	
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 (Sections 8007 and 8008)	_____	
Impact Aid General Fund Reserve (Sections 8002 and 8003)	_____	
Other state/government mandated reserve	_____	
[Other Restricted Fund Balance not noted above] ****	_____	
Total Other Restricted Fund Balance	<u>\$ 101,147</u>	(C4)

