

ELK TOWNSHIP SCHOOL DISTRICT  
BOARD OF EDUCATION  
Aura, New Jersey

Auditor's Management Report on Administrative  
Findings – Financial, Compliance, and Performance  
For The Year Ended June 30, 2017

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

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# PETRONI & ASSOCIATES LLC

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## **Report of Independent Auditors**

Honorable President and  
Members of the Board of Education  
Elk Township School District  
900 Clems Run  
Glassboro, New Jersey 08028

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 Elk Township School District in the County of Gloucester for the year ended June 30, 2017, and have issued our report thereon dated November 30, 2017.

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 and use of the Elk Township Board of Education's Management, New Jersey Department of Education and other state and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

PETRONI & ASSOCIATES LLC

Nick L. Petroni  
Certified Public Accountant  
Licensed Public School Accountant #542

November 30, 2017

## Administrative Findings – Financial, Compliance, and Performance

### Scope of Audit

The audit covered the financial transactions of the Board Secretary/Business Administrator and the Treasurer of School Monies, the activities of the Board of Education, 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

| <u>Name</u>            | <u>Position</u>                         | <u>Amount</u> |
|------------------------|---|---------------|
| Joseph M. Collins, CPA | Board Secretary/ Business Administrator | \$ 20,000     |
| Stephen Considine      | Treasurer                               | \$161,300     |

#### Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs of the items tested were greater than the estimated costs charged. The Board should make the proper adjustment to the billings to sending districts for the increase in per pupil costs in accordance with NJAC 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, and supporting documentation.

#### 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.

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

Salary withholdings were promptly remitted to the proper agencies, including health benefits withholding due to the General Fund.

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (Superintendent, Assistant Superintendents, and Business Administrators to the NJ Department of the Treasury was filed by the March 15 due date.

Reporting of employee compensation for income tax related purposes complied with federal and state regulations regarding the compensation which is required to be reported.

The certifying officer maintained documentation of their analysis of the District's decision to classify a professional service provider (defined at NJSA 18A:18A-2(h) as an employee of the School District.

The Board of Education did not make merit bonus payments.

### **Employee Position Control Roster**

An inquiry and review of the Position Control Roster found the payroll records and the general ledger accounts to where wages are posted were in agreement with the Position Control Roster. There are internal control procedures in place to ensure that employee benefits are offered only to current employees and their eligible relations.

### **Unemployment Compensation 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 for proper classification of orders as reserve for encumbrances and accounts payable. District personnel performed an analysis of outstanding purchase orders at June 30 and prepared separate listings of purchase orders comprising the balance sheet account balances for accounts payable and reserve for encumbrances.

### **Travel**

The District has an approved board travel policy as required by NJAC 6A:23a-6.13 and NJSA 18A:11-12.

### **Classification of Expenditures**

The coding of expenditures was tested for proper classification in accordance with NJAC 6A:23-2.2(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 NJAC 6A:23A-2.4. As a result of the procedures performed, we found no errors in the classification of expenditures and no additional procedures were deemed necessary to test the propriety of expenditure classification.

### **Board Secretary's Records**

Our review of the financial and accounting records maintained by the Board Secretary disclosed the following items:

#### ***Finding 2017-001 (CAFR Finding 2017-001):***

Two out of five vendors tested were not issued a Form 1099 when required.

#### ***Recommendation:***

The District review the vendor listing at year-end to insure that vendors are issued a Form 1099 when required.

The monthly certification of positive line item account status by the Board Secretary and monthly certification that sufficient funds are available to meet the District's financial obligations by the Board were filed during the year and made a part of the recorded minutes.

Budgetary line accounts were not over-expended during the fiscal year or at June 30<sup>th</sup>.

Payments to vendors were made after the receipt of goods.

The capital asset records were updated for the additions and disposals of capital assets made during the year.

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

### **Board Secretary's Records (Continued)**

The District maximized its efforts under the Special Education Medicaid Initiative (SEMI) Program for obtaining federal funding for special education services.

The District made board approved line-item transfers during the year and maintained monthly transfer reports and year-to-date transfers in a format prescribed by the Commissioner or approved by the Executive County Superintendent.

Monthly bank reconciliations were reviewed and certified for the general operating account, payroll account, and payroll agency account (NJSA 18A:17-36).

The District does not have a potential liability or loss contingency relating to ongoing labor contract negotiations.

The Board Secretary deposited all funds of the District in a timely manner in accordance with NJSA 18A:17-34.

### **Treasurer's Records**

The Treasurer performed cash reconciliations for the general operating account, payroll account, and payroll agency account on a monthly basis. The Treasurer's cash balances were not in agreement with those of the Board Secretary and the reconciled cash balance as determined during the audit.

### **Elementary and Secondary Education Act (ESEA)/Improving America's Schools Act (IASA) as Reauthorized by the No Child Left Behind Act of 2001**

The ESEA/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 and VI of the Elementary and Secondary Education Act as amended.

### **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 Single Audit Section of the District's 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.

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

### **TPAF Reimbursement**

Our audit procedures included a test of the biweekly reimbursements 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 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.

## School Purchasing Programs

### Contracts and Agreements Requiring Advertisement for Bids

NJSA 18A:18A-3 states:

- a. When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by resolution of the Board of Education without public advertising for bids and bidding therefor, except that the Board of Education may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection (b) of section 9 of P.L. 1971, c.198 (C.40A:11-9) the Board of Education may establish that the bid threshold may be up to \$29,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.
- b. Commencing in the fifth year after the year in which P.L. 1999, c.440 takes effect, and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount and the higher threshold amount which the Board of Education is permitted to establish as set forth in subsection (a) of this section or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in NJSA18A:18A-2, and shall round the adjustment to the nearest \$1,000. The Governor shall notify all local school districts of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective July 1 of the year in which it is made.

NJSA 18A:18A-4 states, "Every contract for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the board of education to the lowest responsible bidder after public advertisement for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law."

The bid thresholds in accordance with NJSA 18A:18A-2 and 18A:39-3(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 contract under NJSA 18A:39-3 is currently \$18,800.

The District Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract 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.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or good or service, 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 did not indicate any instances of noncompliance.

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

## **School Food Service**

The School Food Service Program was not selected as a major federal and/or state program. However, the program expenditures exceeded \$100,000 in federal and/or state 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. One exception was noted. An overclaim of meals was made for one month.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets (CAFR Schedule B-5) does separate program and non-program revenue and program and non-program cost of goods sold.

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.

Cash receipts and bank records were reviewed for timely deposit.

The District utilizes a food service management company and is depositing and expending program monies in accordance with NJSA 18A:17-34, and 19-1 through 19-4.1. Provisions of the FSMC contract/addendum were reviewed and audited.

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 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.

### ***Finding 2017-002:***

Net cash resources exceeded three months average expenditures.

### ***Recommendation:***

The School Food Authority should take measures to improve food quality or other actions to improve the School Food Service.

Payroll records were maintained on all School Food Service employees authorized by the Board of Education. 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 claims were submitted/certified in a timely manner.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served was compared to the number of valid applications and/or to the list of directly certified students on file, times the number of operating days, on a school-by-school basis. The free and reduced price meal and free milk policy was reviewed for uniform administration throughout the school system. Sites approved to participate in Provisions I and II were examined for compliance with all counting and claiming requirements. The required verification procedures for free and reduced price applications were reviewed for completed and available for review. No exceptions noted.

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



### **School Food Service (Continued)**

The School District maintains the detailed revenue and expenditure information necessary in order to execute the USDA mandated Non-Program Food Revenue Tool at least annually.

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

### **Student Body Activities**

A review of the Student Activity Funds disclosed that cash receipts are being deposited promptly and disbursements had proper supporting documentation.

### **Application for State School Aid**

Our audit procedures included a test of information reported in the October 14, 2016, Application for State School Aid (ASSA) for on-roll, private schools for the handicapped, low income, and bilingual. We also performed a review of the District procedures related to its completion. The information on the ASSA was compared to the District's work papers. The information that was included on the work papers was verified. The results of our procedures are presented in the Schedule of Audited Enrollments.

The District maintained work papers on the prescribed state forms or their equivalent.

The District's written procedures appear to be adequate for the recording of student enrollment data.

### **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 without 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. No exceptions were noted in our review of transportation-related purchases of goods and services.

### **Miscellaneous**

The School District complied with continuing disclosure agreements made in relation to prior year's bond issuances. This obligation included filing audit reports on the Electronic Municipal Market Access (EMMA).

### **Follow-up on Prior Year Findings**

In accordance with government auditing standards, our procedures included a review of all prior year recommendations including findings. Corrective action had been taken on all prior year findings with the exception of the following, which is repeated in this year's recommendations noted as current year findings:

#### ***Finding 2017-001 (CAFR Finding 2017-001):***

Two out of five vendors tested were not issued a Form 1099 when required.

### **Acknowledgment**

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

ELK TOWNSHIP SCHOOL DISTRICT  
 SCHEDULE OF AUDITED ENROLLMENTS  
 APPLICATION FOR STATE SCHOOL AID SUMMARY  
 ENROLLMENT AS OF OCTOBER 14, 2016

|                             | 2016-2017 Application for State School Aid |          |                                 |          |        |              | Sample for Verification          |              |                                |            |                              |              | Private Schools for Disabled        |                         |                 |               |              |
|-----------------------------|--|----------|---------------------------------|----------|--------|--------------|----------------------------------|--------------|--------------------------------|------------|------------------------------|--------------|-------------------------------------|-------------------------|-----------------|---------------|--------------|
|                             | Reported on ASSA On Roll                   |          | Reported on Work papers On Roll |          | Errors |              | Sample Selected from Work papers |              | Verified per Registers On Roll |            | Errors per Registers On Roll |              | Reported on ASSA as Private Schools | Sample for Verification | Sample Verified | Sample Errors |              |
|                             | Full                                       | Shared   | Full                            | Shared   | Full   | Shared       | Full                             | Shared       | Full                           | Shared     | Full                         | Shared       |                                     |                         |                 |               |              |
|                             |  |          |                                 |          |        |              |                                  |              |                                |            |                              |              |                                     |                         |                 |               |              |
| Half Day Preschool - 3 Year | 20   |          | 20                              |          |        |              |                                  | 20           |                                | 20         |                              |              |                                     |                         |                 |               |              |
| Half Day Preschool - 4 Year | 45   |          | 45                              |          |        |              |                                  | 45           |                                | 45         |                              |              |                                     |                         |                 |               |              |
| Full Day Kindergarten       | 29   |          | 29                              |          |        |              |                                  | 29           |                                | 29         |                              |              |                                     |                         |                 |               |              |
| One                         | 38   |          | 38                              |          |        |              |                                  | 38           |                                | 38         |                              |              |                                     |                         |                 |               |              |
| Two                         | 41   |          | 41                              |          |        |              |                                  | 41           |                                | 41         |                              |              |                                     |                         |                 |               |              |
| Three                       | 43   |          | 43                              |          |        |              |                                  | 43           |                                | 43         |                              |              |                                     |                         |                 |               |              |
| Four                        | 50   |          | 50                              |          |        |              |                                  | 50           |                                | 50         |                              |              |                                     |                         |                 |               |              |
| Five                        | 27   |          | 27                              |          |        |              |                                  | 27           |                                | 27         |                              |              |                                     |                         |                 |               |              |
| Six                         |  |          |                                 |          |        |              |                                  |              |                                |            |                              |              |                                     |                         |                 |               |              |
|                             | <u>293</u>                                 | <u>0</u> | <u>293</u>                      | <u>0</u> |        | <u>0</u>     |                                  | <u>293</u>   | <u>0</u>                       | <u>293</u> | <u>0</u>                     | <u>0</u>     | <u>0</u>                            |                         |                 |               |              |
| Special Ed - Elementary     | 24   |          | 24                              |          |        |              |                                  | 24           |                                | 24         |                              |              |                                     | 2                       | 2               | 2             |              |
| Special Ed - Middle School  | 8  |          | 8                               |          |        |              |                                  | 8            |                                | 8          |                              |              |                                     |                         |                 |               |              |
|                             | <u>32</u>                                  | <u>0</u> | <u>32</u>                       | <u>0</u> |        | <u>0</u>     |                                  | <u>32</u>    | <u>0</u>                       | <u>32</u>  | <u>0</u>                     | <u>0</u>     | <u>0</u>                            | <u>2</u>                | <u>2</u>        | <u>2</u>      | <u>0</u>     |
|                             | <u>325</u>                                 | <u>0</u> | <u>325</u>                      | <u>0</u> |        | <u>0</u>     |                                  | <u>325</u>   | <u>0</u>                       | <u>325</u> | <u>0</u>                     | <u>0</u>     | <u>0</u>                            | <u>2</u>                | <u>2</u>        | <u>2</u>      | <u>0</u>     |
| Percentage Error            |  |          |                                 |          |        | <u>0.00%</u> |                                  | <u>0.00%</u> |                                |            |                              | <u>0.00%</u> | <u>0.00%</u>                        |                         |                 |               | <u>0.00%</u> |

|                            | Resident Low Income            |                                       |          | Sample for Verification          |                                       |               | Resident LEP Low Income        |                                       |              | Sample for Verification          |                                       |               |
|----------------------------|--------------------------------|---------------------------------------|----------|----------------------------------|---------------------------------------|---------------|--------------------------------|---------------------------------------|--------------|----------------------------------|---------------------------------------|---------------|
|                            | Reported on ASSA as Low Income | Reported on Work papers as Low Income | Errors   | Sample Selected from Work papers | Verified to Application and Registers | Sample Errors | Reported on ASSA as Low Income | Reported on Work papers as Low Income | Errors       | Sample Selected from Work papers | Verified to Application and Registers | Sample Errors |
|                            |                                |                                       |          |                                  |                                       |               |                                |                                       |              |                                  |                                       |               |
| Half Day Preschool         | 20                             | 19                                    | 1        | 18                               | 18                                    |               |                                |                                       |              |                                  |                                       |               |
| Full Day Kindergarten      | 5                              | 6                                     | (1)      | 5                                | 5                                     |               |                                |                                       |              |                                  |                                       |               |
| One                        | 11                             | 12                                    | (1)      | 9                                | 9                                     |               |                                |                                       |              |                                  |                                       |               |
| Two                        | 18                             | 17                                    | 1        | 15                               | 15                                    |               | 1                              | 1                                     |              | 1                                | 1                                     |               |
| Three                      | 11                             | 12                                    | (1)      | 9                                | 9                                     |               |                                |                                       |              |                                  |                                       |               |
| Four                       | 12                             | 12                                    |          | 12                               | 12                                    |               |                                |                                       |              |                                  |                                       |               |
| Five                       | 10                             | 9                                     | 1        | 9                                | 9                                     |               |                                |                                       |              |                                  |                                       |               |
| Six                        |                                |                                       |          |                                  |                                       |               |                                |                                       |              |                                  |                                       |               |
|                            | <u>87</u>                      | <u>87</u>                             |          | <u>77</u>                        | <u>77</u>                             | <u>0</u>      | <u>1</u>                       | <u>1</u>                              | <u>0</u>     | <u>1</u>                         | <u>1</u>                              | <u>0</u>      |
| Special Ed - Elementary    | 10                             | 10                                    |          | 10                               | 10                                    |               |                                |                                       |              |                                  |                                       |               |
| Special Ed - Middle School | 4                              | 4                                     |          | 4                                | 4                                     |               |                                |                                       |              |                                  |                                       |               |
|                            | <u>14</u>                      | <u>14</u>                             |          | <u>14</u>                        | <u>14</u>                             | <u>0</u>      | <u>0</u>                       | <u>0</u>                              | <u>0</u>     | <u>0</u>                         | <u>0</u>                              | <u>0</u>      |
|                            | <u>101</u>                     | <u>101</u>                            | <u>0</u> | <u>91</u>                        | <u>91</u>                             | <u>0</u>      | <u>1</u>                       | <u>1</u>                              | <u>0</u>     | <u>1</u>                         | <u>1</u>                              | <u>0</u>      |
| Percentage Error           |                                |                                       |          |                                  |                                       | <u>0.00%</u>  |                                |                                       | <u>0.00%</u> |                                  |                                       | <u>0.00%</u>  |

ELK TOWNSHIP SCHOOL DISTRICT  
 SCHEDULE OF AUDITED ENROLLMENTS  
 APPLICATION FOR STATE SCHOOL AID SUMMARY  
 ENROLLMENT AS OF OCTOBER 14, 2016  
 (CONTINUED)

|                            | Resident LEP NOT Low Income        |   |        | Sample for Verification          |                                       |               |
|----------------------------|------------------------------------|---|--------|----------------------------------|---------------------------------------|---------------|
|                            | Reported on ASSA as NOT Low Income | Reported on Work papers as NOT Low Income | Errors | Sample Selected from Work Papers | Verified to Application and Registers | Sample Errors |
| Half Day Preschool         |                                    |   |        |                                  |                                       |               |
| Full Day Kindergarten      |                                    |   |        |                                  |                                       |               |
| One                        |                                    |   |        |                                  |                                       |               |
| Two                        |                                    |   |        |                                  |                                       |               |
| Three                      |                                    |   |        |                                  |                                       |               |
| Four                       |                                    |   |        |                                  |                                       |               |
| Five                       |                                    |   |        |                                  |                                       |               |
| Six                        |                                    |   |        |                                  |                                       |               |
|                            | 0                                  | 0   | 0      | 0                                | 0                                     | 0             |
| Special Ed - Elementary    |                                    |   |        |                                  |                                       |               |
| Special Ed - Middle School |                                    |   |        |                                  |                                       |               |
|                            | 0                                  | 0   | 0      | 0                                | 0                                     | 0             |
|                            | 0                                  | 0   | 0      | 0                                | 0                                     | 0             |
| Percentage Error           |                                    |   | 0.00%  |                                  |                                       | 0.00%         |

|                                      | Transportation                 |                              |        |        |          |        |
|--------------------------------------|--------------------------------|------------------------------|--------|--------|----------|--------|
|                                      | Reported on DTRS by DOE/county | Reported on DTRS by District | Errors | Tested | Verified | Errors |
| Regular Public Schools               | 188                            | 188                          |        | 117    | 117      |        |
| Regular Special Education            | 10                             | 10                           |        | 10     | 10       |        |
| Transported Non-Public               | 8                              | 8                            |        | 8      | 8        |        |
| Special Needs - Public               | 29                             | 29                           |        | 26     | 26       |        |
| AIL Non-Public School Students       | 10                             | 10                           |        | 10     | 10       |        |
| Transported Non-Public 20.1-30 Miles |                                |                              |        |        |          |        |
|                                      | 245                            | 245                          | 0      | 171    | 171      | 0      |
| Percentage Error                     |                                |                              | 0.00%  |        |          | 0.00%  |

|   | Reported | Recalculated |
|---|----------|--------------|
| Reg. Avg. (Mileage) = Regular Including Grade PK (Part A) | 3.49     | 3.49         |
| Reg. Avg. (Mileage) = Regular Excluding Grade PK (Part B) | 3.90     | 3.90         |
| Spec Avg. = Special Ed. with Special Needs                | 3.89     | 3.89         |

## EXCESS SURPLUS CALCULATION

### REGULAR DISTRICT

#### SECTION 1

##### A. 2% Calculation of Excess Surplus

|  |                          |
|--|--------------------------|
| 2016-2017 Total General Fund Expenditures per the CAFR, Ex. C-1        | \$ <u>6,318,937</u> (B)  |
| Increased by:  |                          |
| Transfer from Capital Outlay to Capital Projects Fund                  | \$ _____ (B1a)           |
| Transfer from Capital Reserve to Capital Projects Fund                 | \$ _____ (B1b)           |
| Transfer from General Fund to SRF for Pre-K - Regular                  | \$ _____ (B1c)           |
| Transfer from General Fund to SRF for Pre-K - Inclusion                | \$ _____ (B1d)           |
| Decreased by:  |                          |
| On-Behalf TPAF Pension & Social Security                               | \$ <u>604,088</u> (B2a)  |
| Assets Acquired Under Capital Leases                                   | \$ <u>169,539</u> (B2b)  |
| Adjusted 2016-2017 General Fund Expenditures [(B)+(B1s)-(B2s)]         | \$ <u>5,545,310</u> (B3) |
| 2% of Adjusted 2016-2017 General Fund Expenditures<br>[(B3) times .02] | \$ <u>110,906</u> (B4)   |
| Enter Greater of (B4) or \$250,000                                     | \$ <u>250,000</u> (B5)   |
| Increased by: Allowable Adjustment *                                   | \$ <u>3,132</u> (K)      |
| Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]                | \$ <u>253,132</u> (M)    |

#### SECTION 2

|  |                         |
|--|-------------------------|
| Total General Fund - Fund Balances @ 6-30-2017<br>(Per CAFR Budgetary Comparison Schedule C-1) | \$ <u>1,471,482</u> (C) |
| Decreased by:  |                         |
| Year-end Encumbrances  | \$ <u>126,105</u> (C1)  |
| Legally Restricted - Designated for Subsequent Year's Expenditures                             | \$ _____ (C2)           |
| Legally Restricted - Excess Surplus - Designated<br>for Subsequent Year's Expenditures**       | \$ <u>458,566</u> (C3)  |
| Other Restricted Fund Balances****   | \$ <u>474,868</u> (C4)  |
| Assigned Fund Balance - Unreserved - Designated<br>for Subsequent Year's Expenditures**        | \$ <u>4,607</u> (C5)    |
| Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]                                   | \$ <u>407,336</u> (U1)  |

**SECTION 3**

Restricted Fund Balance - Excess Surplus\*\*\* [(U1)-(M)] IF NEGATIVE ENTER -0- \$ 154,204 (E)

**Recapitulation of Excess Surplus as of June 30, 2017**

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures\*\* \$ 458,566 (C3)

Reserved Excess Surplus\*\*\* [(E)] \$ 154,204 (E)

Total [(C3)+(E)] \$ 612,770 (D)

\* (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                                      | \$ _____        | (J1) |
| Additional Nonpublic School Transportation Aid         | \$ <u>3,132</u> | (J2) |
| Current Year School Bus Advertising Revenue Recognized | \$ _____        | (J3) |
| Family Crisis Transportation Aid                       | \$ _____        | (J4) |
| Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)]        | \$ <u>3,132</u> | (K)  |

\*\* This amount represents the June 30, 2017, Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

\*\*\* Amounts must agree to the June 30, 2017, 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 another 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  | \$ <u>474,868</u>      |
| Maintenance Reserve  | \$ _____               |
| Emergency Reserve  | \$ _____               |
| Waiver Offset Revenue  | \$ _____               |
| Tuition Reserve  | \$ _____               |
| School Bus Advertising 50% Fuel Offset Reserve - Current Year  | \$ _____               |
| School Bus Advertising 50% Fuel Offset Reserve - Prior Year    | \$ _____               |
| Other State/Government Mandated Reserve                        | \$ _____               |
| [Other Restricted Fund Balance not Noted Above]****            | \$ _____               |
| Total Other Restricted Fund Balance                            | \$ <u>474,868</u> (C4) |

**ELK TOWNSHIP SCHOOL DISTRICT  
BOARD OF EDUCATION  
PURSUANT TO NJSA 18A:23-4  
AUDIT RECOMMENDATIONS SUMMARY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Recommendations:

1. Administrative Practices and Procedures  
None
2. Financial Planning, Accounting, and Reporting  
None
3. School Purchasing Programs  
None
4. School Food Service  
None
5. Student Body Activities  
None
6. Application for State School Aid  
None
7. Pupil Transportation  
None
8. Facilities and Capital Assets  
None
9. Miscellaneous  
None
10. Status of Prior Year Audit Findings/Recommendations  
Not Applicable