

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
COUNTY OF MORRIS  
AUDITORS' MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS - FINANCIAL,  
COMPLIANCE AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2017

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
COUNTY OF MORRIS  
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE  
FINDINGS - FINANCIAL,  
COMPLIANCE AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2017  
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November 10, 2017

The Honorable President and Members  
of the Board of Education  
Lincoln Park Borough School District  
County of Morris, NJ


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 Lincoln Park Borough School District in the County of Morris for the fiscal year ended June 30, 2017, and have issued our report thereon dated November 10, 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 letter does not affect our report dated November 10, 2017, on the financial statements of the Board.

We will review the status of the comments and suggestions if any, during our next audit engagement. We have already discussed these comments, recommendations and suggestions if any, with various management personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended for the information of the Lincoln Park Borough 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.

  
NISIVOCCIA LLP

  
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Francis J. Jones, Jr.  
Licensed Public School Accountant #01154  
Certified Public Accountant

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2017

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Moneys, the activities of the Board of Education, the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

Multi-peril insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the district's CAFR.

Officials in Office and Surety Bonds

<u>Name</u>	<u>Position</u>	<u>Coverage</u>
Adrian Pollio	Business Administrator/Board Secretary	\$220,000
Gary Stranz	Treasurer of School Monies	210,000

Financial Planning, Accounting and Reporting

Examination of Claims

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

Payroll Account and Position Control Roster

The net salaries of 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 and the Board Secretary/School Business 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 superintendent, and business administrator) to the NJ Department of Treasury was filed in a timely manner.

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

Classification of Expenditures General and Administration

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-8.2. As a result of the procedures performed, a transaction error rate of 0% was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Finding:

- 1) During our audit, it was noted that the proper transfers during the year were not made to avoid over-expenditures of line items.
- 2) We noted during our testing that there were increases made to the budget in Fiscal 2017 by the Business Administrator. We were unable to locate, within the minutes of the District, the approval necessary to make the changes to the Fiscal 2017 budget. It appears as though the increases to the 2017 budget were made without the knowledge and approval by the Board.
- 3) We noted during our testing of expenditures that there were items purchased which may not be directly related to school expenses. Although reimbursement is being requested for these items, the District is continuing has still incurred the costs of these items in the Fiscal 2017 budget.

Recommendation:

- 1) It is recommended that the District make the proper transfers during the year to avoid over-expenditures of line items.
- 2) It is recommended that all changes made to the annual budget obtain the prior approval by the Board, and be recorded into the minutes of the District.
- 3) It is recommended that great care be taken when purchasing items for the District, and that all items purchased be directly related to school expenses.

Management's Response:

- 1) The District will ensure that the proper transfers are made during the year to avoid over-expenditures of line items.
- 2) All proposed changes to the budget will be voted on by the Board prior to action being taken.
- 3) The District will seek reimbursement for the items purchased in 2017 which may not be directly related to school expenses, and will work to ensure that all purchases in the future be directly related to school expenses.

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Board Secretary's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Board Secretary's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have the below comment.

Finding:

- 1) During our audit, it was noted that the June Board Secretary's and Treasurer Reports were not submitted to the County Superintendent by August 1<sup>st</sup>.
- 2) During our audit, it was noted that not all receipts and disbursements were posted to the accounting systems during the last two months of the year.
- 3) During our review, it was noted that the District has not turned over funds due to grantor for over one year. At the time of our field work, the interim Business Administrator returned funds due to grantor. At this time a formal recommendation is not deemed necessary.

Recommendation:

- 1) It is recommended that the District submitted the June Board Secretary's and Treasurer Reports to the County Superintendent in a timely manner.
- 2) It is recommended that all transactions are posted to the accounting system.

Management's Response:

- 1) The District will ensure that June Board Secretary's and Treasurer Reports are submitted to the County Superintendent in a timely manner.
- 2) The District will ensure that all transactions are posted to the accounting system.

Treasurer's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Treasurer's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records.

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

No Child Left Behind (N.C.L.B.)

The N.C.L.B. financial exhibits are contained herein within the Special Revenue Section of the District's CAFR. This section of the CAFR documents the financial position pertaining to projects under Title I, Title II and Title III of the No Child Left Behind Act.

The study of compliance for the N.C.L.B. did not indicate any area of noncompliance.

Other Special Federal and/or State Projects

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 District's Special Projects were approved as listed on Schedule A and Schedule B 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 study of compliance for the special projects did not indicate any areas of noncompliance.

T.P.A.F. 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.

T.P.A.F. Reimbursement to State for Federal Salary Expenditures

The T.P.A.F. Reimbursement to the State for Federal Salary Expenditures was remitted to the State of New Jersey prior to the required deadline of October 1, 2016. The reimbursement form was reviewed and there was one exception as noted below.

Finding:

During our audit, it was noted that TPAF Reimbursement to the State has not been turned over to the State since 2014.

Recommendation:

It is recommended that the District turn over all funds due to the state for TPAF Reimbursement.

Management's Response:

The District will ensure that all funds due to the state are turned over to the state for TPAF Reimbursement.

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 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 therefore, 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 the Board of Education may establish that the bid threshold may be up to \$25,000. 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 N.J.S.A. 18A: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 on July 1 of the year in which it is made . . . ."

N.J.S.A. 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 advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law . . . ."

Effective July 1, 2015 and thereafter the bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A 18A:39-3 is currently \$18,800.

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

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

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 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.



LINCOLN PARK BOROUGH SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

School Food Service

The school food service program was not selected as a major federal and/or state program. We inquired of school management, or the appropriate school food service personnel, as to whether the SFA had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted.

We also inquired of school management, or appropriate school food service personnel, as to whether the SFA's expenditures of school food service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

Non-program foods were purchased, prepared or offered for sale. The Statement of Revenue, Expenses and Changes in Net Position in the CAFR Schedule B-5 does separate program and non-program revenue and program and non-program cost of goods sold.

Bank Reconciliations

The District's Food Service Fund bank reconciliations for the year had a number of items shown as outstanding which should not have been included as they do not affect the reconciliation of the bank balance to the book balance.

Finding:

It was found that the District was including items that are not actual reconciling items including interfunds, receivables, and payables on their bank reconciliations in the Food Service account for the year.

Recommendation:

It is recommended that the District take greater care in the preparation of bank reconciliations for the Food Service accounts and only include actual items that are reconciling items, not interfunds, receivables, or payables.

Management's Response:

The District will use greater care when preparing the bank reconciliations.

Student Body Activities

In planning and performing our audit of the financial statements of the Board, we considered the condition of the records of the Student Activities Fund for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records.

Application for State School Aid

Our audit procedures included a test of information reported in the October 14, 2016 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, bilingual education and low income students. 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 with several exceptions. The information that was included on the workpapers was verified with several exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments.

The District maintained workpapers on the prescribed State forms or their equivalent.

The District has adequate written procedures for the recording of student enrollment data.

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

Application for State School Aid (Cont'd)

Finding:

- 1) During our review of the A.S.S.A, we noted several discrepancies between the workpapers and the report.

Recommendation:

- 1) It is recommended that the District use greater care when preparing the A.S.S.A. report.

Management's Response:

- 1) The District will use greater care when preparing the A.S.S.A report.

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 on a test basis. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the District complied with proper bidding procedures and award of contracts. No exceptions were noted in our review of transportation related purchases of goods and services.

Finding:

- 1) During our review of the DRTRS report, we noted the District did not obtain copies of the B&Ts for the non-public students being transported. We also noted that students reported as special needs public should have been removed from the listing prior to October 14, 2016.

Recommendation:

- 1) It is recommended that the District obtain all required documentation for transported non-public students and students be properly recorded as special needs.

Management's Response:

- 1) The District will make sure that all required documentation for transported non-public students is obtained and that special needs students are properly reported.

Travel Expense and Reimbursement Policy

Travel regulations require each District to adopt a formal policy and procedure pertaining to travel and expense reimbursement for its employees and board members. The regulations require the District to establish a maximum travel for the year and to ensure that the maximum is not exceeded. The regulations also require that all travel be preapproved by the Board of Education and that the approval must be itemized by event, event total cost, and individuals attending.

Facilities and Capital Assets

Our procedures included a review of, the transfer of local funds from SDA agreements, the general fund or from the capital reserve account, and awarding of contracts for eligible facilities construction.

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

Management Suggestions

Governmental Accounting Standards Board Statements

The next Governmental Accounting Standards Board (“GASB”) statement which will have a significant impact on the District will be GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which will be effective for the fiscal year ending June 30, 2018. This standard replaces GASB No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. It is similar to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* in that successful implementation of this standard will require the provision of certain key financial and non-financial information from the New Jersey Division of Pensions.

Student Activities

It has recently been determined that certain School District personnel may not be completely aware of the limitations and restrictions on the use of Student Activity Funds. We believe it is important that the District be aware that any pupil organization which is part of the activity program of the School District, places at least indirect responsibility for supervision and control of that organization with the Board of Education. We suggest that the Board formally approve each school club or activity. As directed by the New Jersey Department of Education, collections related to fund raising for outside organizations should not be maintained in the District’s Student Activity Funds.

Additionally, the District should ensure that District-wide standard policies and procedures are implemented for all Student Activity Funds. These policies should indicate the student activities funds are to be utilized for the benefit of the student activity or club and not to be utilized for enhancement of instructional programs or school facilities. The District should at least at a minimum communicate to school personnel on an annual basis the District’s policies and procedures regarding Student Activity Funds. We suggest that these policies include guidance regarding timely deposits of funds and the safeguarding of funds prior to deposit as well as the appropriate purchasing guidelines for student activities disbursements.

Status of Prior Year's Findings/Recommendations

The prior year audit findings and recommendations related to Net Payroll checks outstanding for more than one year, classification of accounts payable and encumbrances, Board approval for increases of the budget during the year, and overexpenditures of grant appropriations were corrected and are not included in the current year findings and recommendations. The prior year audit findings and recommendations related to the preparation and accuracy of the A.S.S.A. report, and the recording of students correctly in the D.R.T.R.S. report were not cleared in the current year and are included in the current year findings and recommendations.

LINCOLN PARK BOARD OF EDUCATION  
SCHEDULE OF AUDITED ENROLLMENT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 14, 2016

	2016-2017 Application for State School Aid						Sample for Verification					
	Reported on Revised ASSA		Reported on Workpapers		Errors		Sample Selected from Workpapers		Verified per Registers		Errors	
	On Roll	Shared	On Roll	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Half Day Preschool 3 Years Old	9		9				9		9			
Half Day Preschool 4 Years Old	9		9				9		9			
Full Day Kindergarten	73		73				73		73			
Grade One	82		82				82		82			
Grade Two	83		83				83		83			
Grade Three	92		92				92		92			
Grade Four	98		98				98		98			
Grade Five	87		87				87		87			
Grade Six	85		85				85		85			
Grade Seven	94		94				94		94			
Grade Eight	69		69				69		69			
Subtotal	781		781				781		781			
Special Education:												
Elementary	74		75		(1)		8		8			
Middle	57		57				5		5			
Subtotal	131	0	132	0	(1)		13		13			
Totals	912	0	913	0	(1)		794	0	794	0	-0-	-0-
Percentage Error					-0.11%						0.00%	0.00%

LINCOLN PARK BOARD OF EDUCATION  
 SCHEDULE OF AUDITED ENROLLMENT  
 APPLICATION FOR STATE SCHOOL AID SUMMARY  
 ENROLLMENT AS OF OCTOBER 14, 2016

	Private Schools for Disabled				Resident Low Income						
	Reported on ASOA as Private Schools	Reported on Workpapers as Private Schools	Sample for Verification	Sample Verified	Sample Errors	Reported on ASOA as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Kindergarten											
Grade One						12	15	3	2	1	-1
Grade Two						15	14	-1	2	2	
Grade Three						11	11		1	1	
Grade Four						20	20		2	2	
Grade Five						22	22		3	2	-1
Grade Six						20	20		2	1	-1
Grade Seven						11	11		1	1	-1
Grade Eight						14	14		1		-1
Grade Eight						13	13		1	1	
Subtotal						138	140	2	15	10	-5
Special Education:											
Elementary School	2	2	1	1		13	13		2	2	
Middle School	1	1	1	1		14	14		1	1	
Subtotal	3	3	2	2		27	27		3	3	
Totals	3	3	2	2		165	167	2	18	13	-5
Percentage Error			0.00%					1.21%			-27.78%

LINCOLN PARK BOARD OF EDUCATION  
SCHEDULE OF AUDITED ENROLLMENT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 14, 2016

	Resident LEP Low Income					
	Reported on ASSA as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Test Scores, Application and Register	Sample Errors
Full Day Kindergarten	6	6		3	3	
Grade One	2	2		2	1	-1
Grade Two	5	5		2	2	
Grade Three	3	3		2	1	-1
Grade Four	2	2		1	1	
Grade Six	1	1		1	1	
Grade Seven	1	1		1	1	
Subtotal	<u>20</u>	<u>20</u>		<u>12</u>	<u>10</u>	<u>-2</u>
Totals	<u>20</u>	<u>20</u>		<u>12</u>	<u>10</u>	<u>(2)</u>
Percentage Error						<u>-16.67%</u>

LINCOLN PARK BOARD OF EDUCATION  
SCHEDULE OF AUDITED ENROLLMENT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 14, 2016

	Resident LEP Not Low Income					
	Reported on ASSA as LEP Not Low Income	Reported on Workpapers as LEP Not Low Income	Errors	Sample Selected from Workpapers	Verified to Test Scores and Register	Sample Errors
Full Day Kindergarten	5	5		2	2	
Grade One	5	5		2	2	
Grade Two	4	4		1	1	
Grade Three	3	3		1		(1)
Grade Four	1	1		1		(1)
Grade Five	1	1		1		(1)
Subtotal	<u>19</u>	<u>19</u>		<u>8</u>	<u>5</u>	<u>(3)</u>
Totals	<u>19</u>	<u>19</u>		<u>8</u>	<u>5</u>	<u>(3)</u>
Percentage Error			<u>0.00%</u>			<u>-37.50%</u>

LINCOLN PARK BOARD OF EDUCATION  
SCHEDULE OF AUDITED ENROLLMENT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 14, 2016

	Transportation					
	<u>Reported on DRTRS by DOE</u>	<u>Reported on DRTRS by District</u>	<u>Errors</u>	<u>Tested</u>	<u>Verified</u>	<u>Errors</u>
Regular - Public Schools	584	584		25	25	
Regular - Special Education	24	24		4	4	
Transported - Non Public	49	49		5		5
AIL - Non Public	49	49		4		4
Special Needs - Public	43	43		3	3	
Special Needs - Private	9	9		2	2	
Totals	<u>758.0</u>	<u>758.0</u>		<u>43</u>	<u>34</u>	<u>9</u>
Percentage Error			<u>0.00%</u>			<u>20.93%</u>

	<u>Reported</u>	<u>Recalculated</u>
Average Mileage - Regular Including Grade PK Students	6.1	6.1
Average Mileage - Regular Excluding Grade PK Students	6.1	6.1
Average Mileage - Special Education with Special Needs	6.7	6.7



LINCOLN PARK BOROUGH SCHOOL DISTRICT  
EXCESS SURPLUS CALCULATION  
YEAR ENDED JUNE 30, 2017

Section 1 - REGULAR DISTRICT

2016-2017 Total General Fund Expenditures per the CAFR	<u>\$ 22,015,841</u> (B)	
Increased by:		
Transfer from Capital Reserve to Capital Projects Fund	<u>\$ 465,000</u> (B1b)	
Decreased by:		
On-Behalf TPAF Pension and Social Security	<u>\$ 1,705,971</u> (B2a)	
Assets Acquired Under Capital Leases	<u>\$ -0-</u> (B2b)	
Adjusted 2016-2017 General Fund Expenditures [(B)+(B1's)-(B2's)]	<u>\$ 20,774,870</u> (B3)	
2% of Adjusted 2016-2017 General Fund Expenditures [(B5) times .02]	<u>\$ 415,497</u> (B4)	
Enter Greater of (B4) or \$250,000	<u>\$ 415,497</u> (B5)	
Increased by: Allowable Adjustment	<u>\$ 14,886</u> (K)	
Maximum Unassigned Fund Balance [(B5)+(K)]		<u>\$ 430,383</u> (M)

Section 2

Total General Fund - Fund Balances @ 6/30/2017 (Per CAFR Budgetary Comparison Schedule C-1)	<u>\$ 2,858,945</u> (C)	
Decreased by:		
Assigned - Year End Encumbrances	<u>\$ 1,857</u> (C1)	
Legally Restricted - Designated for Subsequent Year's Expenditures	<u>\$ -0-</u> (C2)	
Excess Surplus - Designated for Subsequent Year's Expenditures	<u>\$ 314,661</u> (C3)	
Other Restricted Fund Balances	<u>\$ 1,447,640</u> (C4)	
Assigned - Designated for Subsequent Year's Expenditures	<u>\$ 308,851</u> (C5)	
Assigned - Designated for Subsequent Year's Expenditures - July 1, 2017 - August 31, 2017	<u>\$ -0-</u> (C6)	
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]		<u>\$ 785,936</u> (U1)

Section 3

Restricted Fund Balance - Excess Surplus [(U1)-(M)] IF NEGATIVE, ENTER -0-		<u>\$ 355,553</u> (E)
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LINCOLN PARK BOROUGH SCHOOL DISTRICT  
EXCESS SURPLUS CALCULATION  
YEAR ENDED JUNE 30, 2017

Section 3

Recapitulation of Excess Surplus as of June 30, 2017

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures	\$ 314,661 (C3)
Restricted Excess Surplus [(E)]	<u>\$ 355,553 (E)</u>
Total [(C3)+(E)+(F)]	<u><u>\$ 670,214 (D)</u></u>

Detail of Allowable Adjustments

Impact Aid	<u>\$ -0- (H)</u>
Sale and Lease Back	<u>\$ -0- (I)</u>
Extraordinary Aid	<u>\$ -0- (J1)</u>
Additional Nonpublic School Transportation Aid	<u>\$ 14,886 (J2)</u>
Total Adjustments [(H)+(I)+(J1)+(J2)]	<u><u>\$ 14,886 (K)</u></u>

Detail of Other Restricted Fund Balances

Statutory Restrictions:	
Approved Unspent Separate Proposal	<u>\$ -0-</u>
Sale/Lease-Back Reserve	<u>\$ -0-</u>
Capital Reserve	<u>\$ 1,006,190</u>
Maintenance Reserve	<u>\$ 441,450</u>
Emergency Reserve	<u>\$ -0-</u>
Tuition Reserve	<u>\$ -0-</u>
Waiver Offset Reserve	<u>\$ -0-</u>
Other State/Governmental Mandated Reserve	<u>\$ -0-</u>
Other Restricted Fund Balance not Noted Above	<u>\$ -0-</u>
Total Other Restricted Fund Balances	<u><u>\$ 1,447,640</u></u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
SUMMARY OF RECOMMENDATIONS  
YEAR ENDED JUNE 30, 2017

It is recommended that:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

- 1) The District make the proper transfers during the year to avoid over-expenditures of line items.
- 2) All changes made to the annual budget obtain the prior approval by the Board, and be recorded in the minutes of the District.
- 3) Greater care be taken when purchasing items for the District, and that all items purchased be directly related to school expenses.
- 4) The District submitted the June Board Secretary's and Treasurer Reports to the County Superintendent in a timely manner.
- 5) That all transactions are posted to the accounting system.
- 6) The District turn over all funds due to the state for TPAF Reimbursement.

3. School Purchasing Program

None

4. School Food Service

The District take greater care in the preparation of bank reconciliations for the Food Service accounts and only include actual items that are reconciling items, not interfunds, receivables, or payables.

5. Student Body Activities

None

6. Application for State School Aid

The District use greater care when preparing the A.S.S.A report.

7. Pupil Transportation

The District obtain all required documentation for transported non-public students and student be properly recorded as special needs.

8. Facilities and Capital Assets

None

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
SUMMARY OF RECOMMENDATIONS  
YEAR ENDED JUNE 30, 2017

9. Status of Prior Year's Findings/Recommendations

The prior year audit findings and recommendations related to Net Payroll checks outstanding for more than one year, classification of accounts payable and encumbrances, and overexpenditures of grant appropriations were corrected and are not included in the current year findings and recommendations. The prior year audit findings and recommendations related to Board approval for increases of the budget during the year, the preparation and accuracy of the A.S.S.A. report, and the recording of students correctly in the D.R.T.R.S. report were not cleared in the current year and are included in the current year findings and recommendations.