



**SCHOOL DISTRICT OF NEPTUNE TOWNSHIP
NEPTUNE TOWNSHIP BOARD OF EDUCATION**

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

JUNE 30, 2017

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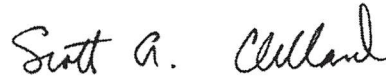

REPORT OF INDEPENDENT AUDITORS

Honorable President and Members
of the Board of Education
Neptune Township Board of Education
County of Monmouth, New Jersey

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 Neptune Township School District, County of Monmouth as of and for the year ended June 30, 2017, and have issued our report thereon dated November 27, 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 of the Neptune Township Board of Education's management, Board of Education members, and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.


Scott A. Clelland
Licensed Public School Accountant
No. 1049

WISS & COMPANY, LLP

Livingston, New Jersey
November 27, 2017

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator, 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

Insurance coverage was carried in the amounts as detailed on 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>
Peter J. Leonard	School Business Administration/Board Secretary	\$ 300,000
Peter I. Bartlett	Asst. Business Administrator/Asst. Board Secretary	300,000
Sandra Lampinen	Accountant I	300,000

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The District has an agreement with the sending districts that includes a fixed price per pupil.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period did not indicate any discrepancies with respect to signatures, certification or supporting documentation. No discrepancies or exceptions were noted.

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 Board Secretary/Business Administrator.

Salary withholdings were promptly remitted to the proper agencies, including health benefits premium amounts withheld due to the general fund.

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

An inquiry and subsequent review of the Position Control Roster did not identify any inconsistencies 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 for proper classification of orders as reserve for encumbrances and accounts payable. No exceptions were noted.

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, a transaction error rate of 0% overall was noted 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 no exceptions.

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 E.S.E.A. /I.A.S.A. /N.C.L.B. of the Elementary and Secondary School Education Act as amended and reauthorized.

The study of compliance for E.S.E.A. /I.A.S.A. /N.C.L.B. indicated no exceptions.

Other Special Federal and/or State Projects

The District's special projects were approved as listed on Schedules A (K-3) and B (K-4) located in the CAFR.

Our audit of the federal and state funds, on a test basis, indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

The study of compliance for the special projects indicated no instances of noncompliance that are required to be reported in accordance with 2 CFR 200.516(a) or State Circular 15-08. However, the following was identified:

Finding 2017-001

Finding:

During our testing over micro purchases over \$3,000 using federal funds, two instances were noted where vendors were paid for goods or services in excess of the federal quote threshold and the District did not obtain multiple quotes to ensure that the lowest vendor was selected or provide documentation that multiple quotes were solicited. We did note that the District did have quotes on hand for the vendors paid. It should be noted that the threshold for quotes over federal purchases is a lower threshold than the State of New Jersey's school contracts law. We tested ten out of eleven vendors paid over the threshold and therefore the finding was not deemed material to the grant.

Recommendation:

We suggest that the District ensure that all grant administrators obtain multiple quotes using federal thresholds for items when required if purchasing items with federal funds.

Finding 2017-002

Finding:

During our testing over the Preschool Education Aid grant, we noted that the District charged a salary for an individual who did not work for the program, although this individual was approved in the 2016-17 Annual Plan Update. The District did however have offsetting expenditures from those employees who replaced her during the year, however, the District did not record an adjustment to charge the correct individuals to the grant. Further, through our investigation, we noted that the individuals that performed the work for the program and were charged to the general fund exceeded the individual's salary that was approved and charged to the program, therefore, there were no questioned costs associated with this finding. We reviewed the Annual Update for the Five Year Pre-School Plan and noted that it is prepared six months prior to the start of the fiscal year, therefore, changes to the personnel are allowable, however, should be properly documented and approved.

Recommendation:

We suggest that the District properly track and record individuals who work for the program to ensure that any changes made subsequent to the Annual Plan Update submissions are properly approved and documented, as well as reflected in the underlying accounting records.

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 reports for all applicable 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.

Non-Public State Aid

Our review of non-public state aid did not disclose any exceptions.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

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 \$18,800 for 2016-17.

The District 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.

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 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.

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 and appropriate school food service personnel as to whether the SFA had any Child Nutrition Program reimbursement overclaims or underclaims and as to whether the SFA's expenditures of food service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

Exhibits reflecting Child Nutrition Program operations are included in the B-4 through B-6 section of the CAFR.

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

Student Body Activities

During our audit of the student activity funds, we noted the following opportunities for improvement:

Finding 2017-003

Finding

During our audit, we identified one item that was purchased from student activity funds that was not in compliance with the District's standard operating procedures manual or State guidelines. Additionally, we

noted that gift cards are being purchased from student activity funds and the purchases made subsequently were not documented, therefore we were unable to determine if the purchases were in compliance with the District's standard operating procedures manual or State guidelines.

Recommendation

We recommend the District implement a new policy effective 2017-2018 to enhance the accountability over the student activity funds, requiring the treasurer to provide support for purchases made with gift cards, and disallowing the payment of gift card fees, or disallowing the purchase of gift cards to be used to purchase other items in the future. The District implemented a new process in 2016-2017 that included a student activity disclosure statement to be signed by the designated school board employee with authority to deposit and disburse student activity funds to certify he or she has read and fully understands the student activity guidelines. Furthermore, the District is requiring a statement of purpose form to disclose the nature and purpose of all student activity purchases. This form will also contain a certifying statement signature line that the responsible party fully understands and complies with the student activity guidelines submitted to them by the District. This new process greatly decreased the amount of non-compliant items purchased. Since the District has already implemented the process to correct the findings, further recommendation is not warranted.

Finding 2017-004

Finding

In accordance with N.J.A.C. 6A:23A-6.12, adoption of a formal board policy that includes all financial and bookkeeping controls are adequate to ensure appropriate fiscal accountability and sound business practices, which includes timely deposit of funds in the bank. During our testing of student activity fund receipts, we noted three deposits that were not considered to meet the definition of deposited timely and nine deposits that were not supported by detailed information regarding the source and date of the receipt.

Recommendation

The District implemented a new process effective 2016-2017 to enhance the accountability over the student activity funds. This process includes a student activity disclosure statement to be signed by the designated school board employee with authority to deposit and disburse student activity funds to certify he or she has read and fully understands the student activity guidelines. The late deposits in question were delayed due to extenuating circumstances where the treasurer was unable to make the deposit timely. We recommend the District implement a process that would allow a designated individual to make deposits if the treasurer is unable. The District is implementing a new process in 2017-2018 to enhance the accountability over the student activity funds. The new process includes attaching additional support to deposits such as dated receipts or fundraiser request forms. Since the District has already implemented the process to correct the findings, further recommendation is not warranted.

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 workpapers without exception. The information that was included on the workpapers was verified with minor exceptions as presented in the Schedule of Audited Enrollments. The results of our procedures are presented in the Schedule of Audited Enrollments.

Finding 2017-005

Finding:

During our review of the District's ASSA, the following was identified:

- During our verification of the amounts reported on the ASSA with District internal workpapers, the following was noted:
 - The total number of students reported on the ASSA as receiving low income services was under-reported by 1 student.
 - The total number of students reported on the ASSA as receiving bilingual services was under-reported by 13 students.
- During our verification of the amounts reported on the ASSA we compared the amount of students reported with District attendance records, on a test-basis, the following was noted:
 - 1 additional student was included in the District Attendance records that was not reported on the ASSA as on-roll.
 - 4 additional students were included in the District Attendance records that was not reported on the ASSA as receiving low income services.
 - 3 additional students were included in the District Attendance records that was not reported on the ASSA as receiving bilingual services.
- During our verification of the amounts reported on the ASSA as enrolled in private school with District internal workpapers, we noted the District was unable to provide support for one student. Upon further review, it was noted the student was not attending the private school as reported. The District over-reported the number of students attending private school by 1.
- During our review of the District's DRTRS, the following was identified:
 - Nine students were reported as a Regular Special Education with Specialized Transportation Needs did not require specialized transportation per their individualized educational plan. Five of the nine students did not meet the mileage requirement for transportation.

Recommendation:

We suggest that the District strengthen its internal controls to ensure that the students listed on the ASSA and DRTRS reports are properly supported and reported.

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

The District 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 with no exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments with exceptions noted in the ASSA section.

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. The District did not purchase any buses during the 2016-2017 school year. No exceptions were noted in our review of transportation related purchases of goods and services.

Follow-up on Prior Year's Findings

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year recommendations. Corrective action has 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 finding 2016-002 and 2016-003.

- Disbursements outside the District's standard operating procedures manual or State guidelines (2017-003)
- Timeliness of student activity deposits (2017-004)

There were no audit reports issued by the Office of Fiscal Accountability and Compliance (OFAC) during the 2017 fiscal year.

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.

SCHEDULE OF AUDITED ENROLLMENTS

**Neptune Township Board of Education
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 14, 2016**

	2017-2018 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 Verifi- cation	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Half Day Preschool	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool	393	-	394	-	(1)	-	56	-	56	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	245	-	245	-	-	-	58	-	58	-	-	-	-	-	-	-
One	244	-	243	-	1	-	34	-	34	-	-	-	-	-	-	-
Two	233	-	233	-	-	-	48	-	48	-	-	-	-	-	-	-
Three	236	-	236	-	-	-	49	-	50	-	(1)	-	-	-	-	-
Four	219	-	219	-	-	-	34	-	34	-	-	-	-	-	-	-
Five	221	-	221	-	-	-	58	-	58	-	-	-	-	-	-	-
Six	231	-	231	-	-	-	231	-	231	-	-	-	-	-	-	-
Seven	191	-	191	-	-	-	191	-	191	-	-	-	-	-	-	-
Eight	206	-	206	-	-	-	206	-	206	-	-	-	-	-	-	-
Nine	255	-	255	-	-	-	255	-	255	-	-	-	-	-	-	-
Ten	278	-	278	-	-	-	278	-	278	-	-	-	-	-	-	-
Eleven	267	9	267	9	-	-	267	9	267	9	-	-	-	-	-	-
Twelve	283	14	283	14	-	-	283	14	283	14	-	-	-	-	-	-
Post-Graduate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (15+CR.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (1-14 CR.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	3,502	23	3,502	23	-	-	2,048	23	2,049	23	(1)	-	-	-	-	-
Special Ed - Elementary	253	-	253	-	-	-	36	-	36	-	-	-	20	10	10	-
Special Ed - Middle School	177	-	177	-	-	-	177	-	177	-	-	-	19	13	13	-
Special Ed - High School	240	59	240	59	-	-	240	59	240	59	-	-	64	48	47	1
Subtotal	670	59	670	59	-	-	453	59	453	59	-	-	103	71	70	1
Co. Voc. - Regular																
Co. Voc. Ft. Post Sec.																
Totals	4,172	82	4,172	82	-	-	2,501	82	2,502	82	(1)	-	103	71	70	1
Percentage Error					0.00%	0.00%					-0.04%	0.00%				1.41%

SCHEDULE OF AUDITED ENROLLMENTS

**Neptune Township Board of Education
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 14, 2016**

	<u>Resident Low Income</u>			<u>Sample for Verification</u>			<u>Resident LEP Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on A.S.S.A. as Low Income</u>	<u>Reported on Workpapers as Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Application and Register</u>	<u>Sample Errors</u>	<u>Reported on A.S.S.A. as LEP low Income</u>	<u>Reported on Workpapers as LEP low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Test Score and Register</u>	<u>Sample Errors</u>
Half Day Preschool	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	142	142	-	61	61	-	15	17	(2)	9	8	1
One	162	161	1	-	-	-	17	14	3	13	13	-
Two	151	151	-	28	27	1	6	6	-	4	4	-
Three	159	159	-	10	10	-	9	9	-	5	5	-
Four	120	120	-	5	5	-	5	5	-	2	2	-
Five	150	150	-	17	17	-	8	8	-	3	3	-
Six	133	133	-	67	65	2	6	5	1	5	5	-
Seven	126	126	-	-	-	-	3	3	-	2	2	-
Eight	127	127	-	3	3	-	7	7	-	5	5	-
Nine	133	133	-	39	39	-	6	9	(3)	2	2	-
Ten	141	141	-	-	-	-	-	3	(3)	-	0	-
Eleven	135	135	-	-	-	-	5	5	-	5	5	-
Twelve	126	126	-	-	-	-	6	8	(3)	8	8	-
Post-Graduate	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (15+CR.)	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (1-14 CR.)	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	<u>1,805</u>	<u>1,804</u>	<u>1</u>	<u>230</u>	<u>227</u>	<u>3</u>	<u>93</u>	<u>99</u>	<u>(7)</u>	<u>63</u>	<u>62</u>	<u>1</u>
Special Ed - Elementary	172	172	-	26	26	-	5	6	(1)	5	5	-
Special Ed - Middle	131	131	-	17	16	1	3	4	(1)	2	2	-
Special Ed - High	184	184	-	11	11	-	1	2	(1)	2	2	-
Subtotal	<u>487</u>	<u>487</u>	<u>-</u>	<u>54</u>	<u>53</u>	<u>1.00</u>	<u>9</u>	<u>12</u>	<u>(3)</u>	<u>9</u>	<u>9</u>	<u>-</u>
Co. Voc. - Regular	-	-	-	-	-	-	-	-	-	-	-	-
Co. Voc. Ft. Post Sec.	-	-	-	-	-	-	-	-	-	-	-	-
Totals	<u>2,291</u>	<u>2,290</u>	<u>1</u>	<u>284</u>	<u>280</u>	<u>4</u>	<u>102</u>	<u>111</u>	<u>(10)</u>	<u>72</u>	<u>71</u>	<u>1</u>
Percentage Error			<u>0.04%</u>			<u>1.41%</u>			<u>-9.36%</u>			<u>1.39%</u>

	<u>Transportation</u>					
	<u>Reported on DRTRS by DOE/county</u>	<u>Reported on DRTRS by District</u>	<u>Errors</u>	<u>Tested</u>	<u>Verified</u>	<u>Errors</u>
Reg. - Public Schools, col. 1	947	947	-	157	157	-
Reg -SpEd, col. 4	142	142	-	24	24	-
Transported - Non-Public, col. 3	269	269	-	45	45	-
Special Ed Spec, col. 6	266	266	-	83	74	9
Totals	<u>1,623</u>	<u>1,623</u>	<u>-</u>	<u>309</u>	<u>300</u>	<u>9</u>
Percentage Error						<u>2.91%</u>

	<u>Reported</u>	<u>Recalculated</u>
Reg Avg.(Mileage) = Regular Including Grade PK students (Part A)	3.7	3.7
Reg Avg.(Mileage) = Regular Excluding Grade PK students (Part B)	3.8	3.8
Spec Avg. = Special Ed with Special Needs	6.6	6.6

Neptune Township Board of Education

SCHEDULE OF AUDITED ENROLLMENTS

APPLICATION FOR STATE SCHOOL AID SUMMARY

ENROLLMENT AS OF OCTOBER 14, 2016

	<u>Resident LEP NOT Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on A.S.S.A. as NOT Low Income</u>	<u>Reported 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 Preschool	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-
Full Day Kindergarten	1	1	-	-	-	-
One	1	1	-	1	1	-
Two	1	1	-	1	1	-
Three	2	2	-	1	0	1
Four	2	2	-	3	3	-
Five	-	-	-	-	-	-
Six	1	-	1	-	-	-
Seven	-	-	-	-	-	-
Eight	1	1	-	-	-	-
Nine	2	4	(2)	1	-	1
Ten	1	1	-	1	1	-
Eleven	-	1	(1)	1	1	-
Twelve	2	4	(2)	2	2	-
Post-Graduate	-	-	-	-	-	-
Adult H.S. (15+CR.)	-	-	-	-	-	-
Adult H.S. (1-14 CR.)	-	-	-	-	-	-
Subtotal	<u>14</u>	<u>18</u>	<u>(4)</u>	<u>11</u>	<u>9</u>	<u>2</u>
Special Ed - Elementary	1	1	-	1	1	-
Special Ed - Middle	-	-	-	-	-	-
Special Ed - High	-	-	-	-	-	-
Subtotal	<u>1</u>	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>
Co. Voc. - Regular	-	-	-	-	-	-
Co. Voc. Ft. Post Sec.	-	-	-	-	-	-
Totals	<u>15</u>	<u>19</u>	<u>(4)</u>	<u>12</u>	<u>10</u>	<u>2</u>
Percentage Error			<u>-23.33%</u>			<u>16.67%</u>

NEPTUNE TOWNSHIP SCHOOL DISTRICT

EXCESS SURPLUS CALCULATION

JUNE 30, 2017

SECTION I - Regular District

B. 2% Calculation of Excess Surplus

	2016-17 Total General Fund Expenditures Reported on Exhibit C-1	\$92,682,686 (A)
	Increased by:	
	Transfer from Capital Outlay to Capital Projects Fund	\$ - (A1a)
	Transfer from Capital Reserve to Capital Projects Fund	\$ - (A1a)
	Transfer from General Fund to SRF for PreK-Regular	\$ - (A1a)
	Transfer from General Fund to SRF for PreK-Inclusion	\$ - (A1a)
	Less: Expenditures Allocated to Restricted Federal Sources as Reported on Exhibit D-2	\$ 1,673,869 (A1b)
	2016-17 Adjusted General Fund & Other State Expenditures [(A)+(A1a)-(A1b)]	\$91,008,817 (A2)
	Decreased by:	
	On-Behalf TPAF Pension & Social Security Assets Acquired Under Capital Leases	\$ 8,237,108 (A3)
	General Fund 10 Assets Acquired Under Capital Leases Reported on Exhibit C-1a	\$ - (A4)
	Add:	
	General Fund and State Resources Portion of Fund 15 Assets Acquired Under Capital Leases	\$ - (A5)
	Assets Acquired Under Capital Leases in Fund 15 Reported on Exhibit C-1a	\$ - (A5)
	Combined General Fund Contribution and State Resources Percent of Fund 15 Resources Reported on Exhibit D-2	96.36% (A6)
	General Fund and State Resources Portion of Fund 15 Assets Acquired Under Capital Leases [(A5) * (A6)]	\$ - (A7)
	Total Assets Acquired Under Capital Leases [(A4) + (A7)]	\$ - (A8)
	2016-17 General Fund Expenditures [(A2)-(A3)-(A8)]	\$82,771,709 (A9)
	2 percent of Adjusted 2016-17 General Fund Expenditures [(A9) times .02]	\$ 1,655,434 (A10)
	Enter Greater of (A10) or \$250,000	\$ 1,655,434 (A11)
	Increased by: Allowable Adjustment*	\$ 347,067 (K)
	Maximum Unassigned Fund Balance [(A11) + (K)]	\$ 2,002,501 (M)

NEPTUNE TOWNSHIP SCHOOL DISTRICT

EXCESS SURPLUS CALCULATION

JUNE 30, 2017

SECTION 2

Total General Fund – Fund Balances at June 30, 2017
(Per CAFR Budgetary Comparison Schedule C-1)
Decreased by:

(C1) Year-end Encumbrances \$ 3,825,095

(C2) Legally Restricted - Designated for Subsequent Year's Expenditures \$ 23,181

(C3) Excess Surplus - Designated for Subsequent Year's Expenditures*

(C4) Other Restricted Fund Balances*** \$ 9,293,018

(C5) Assigned Fund Balance - Designated for Subsequent Year's Expenditures \$ 626,819

(C6) Additional Assigned Fund Balance – Unreserved Designated for Subsequent Year's Expenditures July 1, 2017- August 1, 2017 \$ -

Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)] \$ 2,002,501

SECTION 3

Restricted Fund Balance - Excess Surplus *** [(U)-(M)] IF NEGATIVE ENTER -0-

(E) \$ -

Recapitulation of Excess Surplus as of June 30, 2017

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures **

(C3) \$ -

Restricted Excess Surplus *** [(E)]

(D) \$ -

Total [(C3)+(E)]

Detail of Allowable Adjustments

Impact Aid

(H) \$ -

Sales & Lease-back

(I) \$ -

Extraordinary Aid

(J1) \$ 332,605

Additional Nonpublic School Transportation Aid

(J2) \$ 14,462

Current Year School Bus Advertising Revenue Recognized

(J3) \$ -

Family Crisis Transportation Aid

(J4) \$ -

Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)]

(K) \$ 347,067

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

*** The amount entered must agree with the June 30, 2017 CAFR and Audit Summary Worksheet Line 90030.

**** Amount for Other Restricted/Reserved Fund Balance must be detailed for each source and request for approval to use amounts other than state imposed legal restrictions in the excess surplus calculation must be submitted to the Assistant Commissioner - Field Services prior to September 30.

NEPTUNE TOWNSHIP SCHOOL DISTRICT

EXCESS SURPLUS CALCULATION

JUNE 30, 2017

Detail of Other Restricted Fund Balance

Statutory Restrictions:	
Approved Unspent Separate Proposal	\$ -
Sale/Lease-Back Reserve	\$ -
Capital Reserve (N-1)	<u>\$ 7,693,018</u>
Maintenance Reserve (N-2)	<u>\$ 1,600,000</u>
Tuition Reserve (N-3)	\$ -
Emergency Reserve (N-4)	\$ -
School Bus Advertising 50% Fuel Offset Reserve - Current Year (N-5)	\$ -
School Bus Advertising 50% Fuel Offset Reserve - Prior Year (N-6)	\$ -
Impact Aid General Fund Reserve (Sections 8002 and 8003) (N-7)	\$ -
Impact Aid Capital Fund Reserve (Sections 8007 and 8008) (N-8)	\$ -
Other Restricted Fund Balance Not Noted Above****	<u>\$ -</u>
Total Other Restricted Fund Balance	<u>\$ 9,293,018 (C4)</u>

Neptune Township School District

Audit Recommendations Summary

We suggest the following:

Administrative Practices and Procedures

None

Financial Planning, Accounting and Reporting

2017-001 - The District ensure that all grant administrators obtain multiple quotes using federal thresholds for items when required if purchasing items with federal funds.

2017-002 - The District properly track and record individuals who work for the program to ensure that any changes made subsequent to the Annual Plan Update submissions are properly approved and documented, as well as reflected in the underlying accounting records.

School Purchasing Programs

None

School Food Service

None

Student Body Activities

2017-003 - The District implement a new policy effective 2017-2018 to enhance the accountability over the student activity funds, requiring the treasurer to provide support for purchases made with gift cards, and disallowing the payment of gift card fees or disallowing the purchase of gift cards to be used to purchase other items in the future

2017-004- The District implement a process that would allow a designated individual to make deposits if the treasurer is unable.

Application for State School Aid

2017-005 - The District strengthen its internal controls to ensure that the students listed on the ASSA and DRTRS reports are properly supported and reported.

Pupil Transportation

None

Facilities and Capital Assets

None

Miscellaneous

None

Status of Prior Year Findings

All prior year findings were correct, except the findings 2017-003 and 2017-004.