

**PEMBERTON TOWNSHIP SCHOOL DISTRICT**

**Pemberton, New Jersey  
County of Burlington**

**Auditor's Management Report on Administrative Findings -  
Financial, Compliance and Performance  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**



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

**TABLE OF CONTENTS**

|   | <b>PAGE</b> |
|---|-------------|
| Report of Independent Auditors - Auditor's Management Report on<br>Administrative Findings, Financial Compliance and Performance  | 1           |
| Scope of Audit  | 3           |
| Administrative Practices and Procedures:  |             |
| Insurance   | 3           |
| Official Bonds  | 3           |
| Tuition Charges   | 3           |
| Financial Planning, Accounting and Reporting:   |             |
| Examination of Claims   | 3           |
| Payroll Account   | 3           |
| Employee Position Control Roster  | 4           |
| Reserve for Encumbrances and Accounts Payable   | 4           |
| Classification of Expenditures  | 4           |
| Board Secretary's Records   | 4           |
| Elementary & Secondary School Education Act (E.S.E.A.), as amended<br>by the Improving America's Schools Act of 1994 (I.A.S.A.), as Reauthorized<br>by the No Child Left Behind Act of 2001 | 4           |
| Other Special Federal and/or State Project  | 5           |
| T.P.A.F. Reimbursement  | 5           |
| T.P.A.F. Reimbursement to the State for Federal Salary Expenditures   | 5           |
| School Purchasing Programs:   |             |
| Contracts & Agreements Requiring Advertisement for Bids   | 5           |
| School Food Service   | 6           |
| Student Body Activities   | 6           |
| Application for State School Aid  | 6           |
| Pupil Transportation  | 6           |
| Facilities and Capital Assets   | 7           |
| Miscellaneous   | N/A         |
| Follow-up on Prior Year Findings  | 7           |
| Review of OFAC Findings   | 7           |
| Acknowledgment  | 7           |
| Additional Information:   |             |
| Schedule of Audited Enrollments   | 11          |
| Excess Surplus Calculation  | 15          |
| Audit Recommendations Summary   | 19          |

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

Honorable President and Members  
of the Board of Education  
Pemberton Township School District  
County of Burlington  
Pemberton, New Jersey 08068

We have audited, in accordance with generally accepted audit standards and *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Pemberton Township School District in the County of Burlington for the year ended June 30, 2017, and have issued our report thereon dated November 28, 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 for the information of the Pemberton Township School District's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin P. Frenia  
Certified Public Accountant  
Public School Accountant, No. 1011

Medford, New Jersey  
November 28, 2017

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**ADMINISTRATIVE FINDINGS -  
FINANCIAL, COMPLIANCE AND PERFORMANCE**

**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**

Fire insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the School 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> |
|-----------------|---|---------------|
| Patricia Austin | Board Secretary/School Business Administrator | \$510,000     |

**Tuition Charges**

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were less than estimated costs. The School District made a proper adjustment to the billings to sending districts for the decrease in per pupil cost in accordance with *N.J.A.C.6A:23A-17.1(f)3*.

**Financial Planning, Accounting and Reporting**

**Examination of Claims**

A sample examination of claims paid during the period under the review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

**Payroll Account**

The net salaries of sampled employees of the board were deposited in the Payroll Account. Employee's payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

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

**Financial Planning, Accounting and Reporting (continued)**

Sampled 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 School Business Administrator/Board Secretary who then deposited with warrants in separate bank accounts for net payroll and withholdings.

**Employee Position Control Roster**

A sample inquiry and subsequent review of the Position Control Roster found no inconsistencies between the payroll records, employee benefit records (e.g. pension reports and health benefit coverage reports), the general ledger accounts to where wages are posted (administrative versus instruction), and the Position Control Roster.

**Reserve for Encumbrances and Accounts Payable**

A sample 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:23 A-16.29(f)* as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of a sample of 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% percent 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 were found to be in satisfactory condition.

**Treasurer's Records**

The School District does not maintain a Treasurer.

**Elementary and Secondary Education Act (E.S.E.A.)/Improving America's Schools Act (I.A.S.A.) as Reauthorized by the No Child Left Behind Act of 2001.**

The E.S.E.A. / N.C.L.B. financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the projects under Titles I, II, and III of the Elementary and Secondary Education Act as amended and reauthorized.



### **Other Special Federal and/or State Projects**

The School 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 sample test basis indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

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

### **T.P.A.F. Reimbursement**

Our audit procedures included a sample test of the biweekly reimbursements forms filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

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

The amount of the expenditure charged to the current year's Final Report(s) for all federal awards for the school district to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds was made prior to the end of the 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**

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

Current statute is posted on the New Jersey Legislature website at: [http://lis.njleg.state.nj.us/cgi-bin/om\\_isapi.dll?clientID=1319801&depth=2&expandheadings=off&headigswithhits=on&infobase=statutes.nfo&softpage=TOC\\_Frame\\_Pg42](http://lis.njleg.state.nj.us/cgi-bin/om_isapi.dll?clientID=1319801&depth=2&expandheadings=off&headigswithhits=on&infobase=statutes.nfo&softpage=TOC_Frame_Pg42)

The bid thresholds in accordance with *N.J.S.A. 18A:18A-2* and *18A:18A-3(a)* are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under *N.J.S.A. 18A:39-3* is \$18,800 for 2016-17.

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.

Based on the results of our tests on sample basis, 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

## **School Purchasing Programs**

### **Contracts and Agreements Requiring Advertisement for Bids (continued)**

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, or 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.

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

### **Student Body Activities**

Our review of the financial and accounting records for student activities indicated they were in satisfactory condition.

### **Application for State School Aid (ASSA)**

Our audit procedures included a sample test of information reported in the October 15, 2016 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped and low-income, and bilingual. We also performed a review on a sample basis of the School District's procedures related to its completion. The information on the ASSA was compared to the School District workpapers without exception. The information that was included on the workpapers was verified without exception. The results of our procedures are presented in the Schedule of Audited Enrollments

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

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

### **Pupil Transportation**

Our audit procedures included a sample 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 exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

**Pupil Transportation (continued)**

Our procedures also included a sample of transportation contracts and purchases. Based on our sample, the School District complied with proper bidding procedures and award of contracts. The bid specifications for the purchase of buses were in compliance with applicable statutes. No exceptions were noted in our sampling of transportation related purchases of goods and services.

**Facilities and Capital Assets**

Our review of the financial and accounting records for capital assets indicated they were in satisfactory condition.

**Follow-up on Prior Year Findings**

In accordance with audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, our procedures included a review of all prior year findings reported in the prior year's Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance. There were no prior year findings.

**Office of Fiscal Accountability and Compliance (OFAC) Findings**

There were no Office of Fiscal Accountability and Compliance (OFAC) audit reports issued during the fiscal year ended June 30, 2017.

**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.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin P. Frenia  
Certified Public Accountant  
Public School Accountant, No. 1011

Medford, New Jersey  
November 28, 2017

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**ADDITIONAL INFORMATION**

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SCHEDULE OF AUDITED ENROLLMENTS (1)

PEMBERTON 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               |        | Workpapers |        | Selected from Workpapers |        | Registers On Roll |        | Registers On Roll            |        | Reported on A.S.S.A. as Private Schools |        | Sample for Verification |        |
|                                | Full                                       | Shared | Full       | Shared | Full                     | Shared | Full              | Shared | Full                         | Shared | Full                                    | Shared | Full                    | Shared |
| Full Day Preschool - 3 Yr. Old | 192  | -      | 192        | -      | 15                       | -      | 15                | -      | -                            | -      | -                                       | -      | -                       | -      |
| Full Day Preschool - 4 Yr. Old | 314  | -      | 314        | -      | 25                       | -      | 25                | -      | -                            | -      | -                                       | -      | -                       | -      |
| Full Day Kindergarten          | 360  | -      | 360        | -      | 20                       | -      | 20                | -      | -                            | -      | -                                       | -      | -                       | -      |
| One                            | 357  | -      | 357        | -      | 20                       | -      | 20                | -      | -                            | -      | -                                       | -      | -                       | -      |
| Two                            | 333  | -      | 333        | -      | 20                       | -      | 20                | -      | -                            | -      | -                                       | -      | -                       | -      |
| Three                          | 324  | -      | 324        | -      | 20                       | -      | 20                | -      | -                            | -      | -                                       | -      | -                       | -      |
| Four                           | 350  | -      | 350        | -      | 25                       | -      | 25                | -      | -                            | -      | -                                       | -      | -                       | -      |
| Five                           | 287  | -      | 287        | -      | 15                       | -      | 15                | -      | -                            | -      | -                                       | -      | -                       | -      |
| Six                            | 293  | -      | 293        | -      | 15                       | -      | 15                | -      | -                            | -      | -                                       | -      | -                       | -      |
| Seven                          | 279  | -      | 279        | -      | 15                       | -      | 15                | -      | -                            | -      | -                                       | -      | -                       | -      |
| Eight                          | 280  | -      | 280        | -      | 15                       | -      | 15                | -      | -                            | -      | -                                       | -      | -                       | -      |
| Nine                           | 221  | -      | 221        | -      | 15                       | -      | 15                | -      | -                            | -      | -                                       | -      | -                       | -      |
| Ten                            | 217  | -      | 217        | -      | 15                       | -      | 15                | -      | -                            | -      | -                                       | -      | -                       | -      |
| Eleven                         | 206  | -      | 206        | -      | 15                       | -      | 15                | -      | -                            | -      | -                                       | -      | -                       | -      |
| Twelve                         | 182  | -      | 182        | -      | 13                       | -      | 13                | -      | -                            | -      | -                                       | -      | -                       | -      |
| Subtotal                       | 4,195                                      | -      | 4,195      | -      | 263                      | -      | 263               | -      | -                            | -      | -                                       | -      | -                       | -      |
| Special Ed - Elementary        | 336  | -      | 336        | -      | 15                       | -      | 15                | -      | -                            | -      | 10                                      | 9      | 9                       | 9      |
| Special Ed - Middle School     | 174  | -      | 174        | -      | 10                       | -      | 10                | -      | -                            | -      | 5                                       | 4      | 4                       | 4      |
| Special Ed - High School       | 185  | -      | 185        | -      | 15                       | -      | 15                | -      | -                            | -      | 31                                      | 27     | 27                      | 27     |
| Subtotal                       | 695  | -      | 695        | -      | 40                       | -      | 40                | -      | -                            | -      | 46                                      | 40     | 40                      | 40     |
| Totals                         | 4,890                                      | -      | 4,890      | -      | 303                      | -      | 303               | -      | -                            | -      | 46                                      | 40     | 40                      | 40     |

Percentage Error

-

-

-

-

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SCHEDULE OF AUDITED ENROLLMENTS (2)

PEMBERTON TOWNSHIP BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 14, 2016

|                            | Resident Low Income                |                          |        | Sample for Verification         |                                      |               | Reported on A.S.S.A. as Low Income |                              |        | Resident LEP Low Income         |                                   |               |
|----------------------------|------------------------------------|--------------------------|--------|---------------------------------|--------------------------------------|---------------|------------------------------------|------------------------------|--------|---------------------------------|-----------------------------------|---------------|
|                            | Reported on A.S.S.A. as Low Income | Workpapers as Low Income | Errors | Sample Selected from Workpapers | Verified to Application and Register | Sample Errors | Reported on LEP low Income         | Workpapers as LEP low Income | Errors | Sample Selected from Workpapers | Verified to Test Score & Register | Sample Errors |
| Full Day Kindergarten      | 175                                | 175                      | -      | 22                              | 22                                   | -             | 1                                  | 1                            | -      | 1                               | 1                                 | -             |
| One                        | 196                                | 196                      | -      | 22                              | 22                                   | -             | 6                                  | 6                            | -      | 5                               | 5                                 | -             |
| Two                        | 164                                | 164                      | -      | 22                              | 22                                   | -             | 5                                  | 5                            | -      | 3                               | 3                                 | -             |
| Three                      | 164                                | 164                      | -      | 22                              | 22                                   | -             | 5                                  | 5                            | -      | 4                               | 4                                 | -             |
| Four                       | 186                                | 186                      | -      | 22                              | 22                                   | -             | -                                  | -                            | -      | -                               | -                                 | -             |
| Five                       | 157                                | 157                      | -      | 22                              | 22                                   | -             | 1                                  | 1                            | -      | 1                               | 1                                 | -             |
| Six                        | 162                                | 162                      | -      | 22                              | 22                                   | -             | -                                  | -                            | -      | -                               | -                                 | -             |
| Seven                      | 138                                | 138                      | -      | 17                              | 17                                   | -             | -                                  | -                            | -      | -                               | -                                 | -             |
| Eight                      | 156                                | 156                      | -      | 22                              | 22                                   | -             | 1                                  | 1                            | -      | 1                               | 1                                 | -             |
| Nine                       | 128                                | 128                      | -      | 17                              | 17                                   | -             | 1                                  | 1                            | -      | 1                               | 1                                 | -             |
| Ten                        | 102                                | 102                      | -      | 17                              | 17                                   | -             | 1                                  | 1                            | -      | 1                               | 1                                 | -             |
| Eleven                     | 117                                | 117                      | -      | 22                              | 22                                   | -             | 1                                  | 1                            | -      | 1                               | 1                                 | -             |
| Twelve                     | 76                                 | 76                       | -      | 14                              | 14                                   | -             | 1                                  | 1                            | -      | 1                               | 1                                 | -             |
| Subtotal                   | 1,921                              | 1,921                    | -      | 263                             | 263                                  | -             | 23                                 | 23                           | -      | 19                              | 19                                | -             |
| Special Ed - Elementary    | 227                                | 227                      | -      | 7                               | 7                                    | -             | 5                                  | 5                            | -      | 4                               | 4                                 | -             |
| Special Ed - Middle School | 122                                | 122                      | -      | 7                               | 7                                    | -             | 2                                  | 2                            | -      | 2                               | 2                                 | -             |
| Special Ed - High School   | 131                                | 131                      | -      | 7                               | 7                                    | -             | -                                  | -                            | -      | -                               | -                                 | -             |
| Subtotal                   | 480                                | 480                      | -      | 21                              | 21                                   | -             | 7                                  | 7                            | -      | 6                               | 6                                 | -             |
| Totals                     | 2,401                              | 2,401                    | -      | 284                             | 284                                  | -             | 30                                 | 30                           | -      | 25                              | 25                                | -             |
| Percentage Error           | -                                  | -                        | -      | -                               | -                                    | -             | -                                  | -                            | -      | -                               | -                                 | -             |

  

|                               | Transportation                 |                              |        |
|-------------------------------|--------------------------------|------------------------------|--------|
|                               | Reported on DRTS by DOE/county | Reported on DRTS by District | Errors |
| Reg. - Public Schools, col. 1 | 2,900                          | 2,900                        | -      |
| Reg -SpEd, col. 4             | 613                            | 613                          | -      |
| All., col. 2                  | 69                             | 69                           | -      |
| Special Ed Spec, col. 6       | 173                            | 173                          | -      |
| Totals                        | 3,755                          | 3,755                        | -      |
| Percentage Error              | -                              | -                            | -      |



**SCHEDULE OF AUDITED ENROLLMENTS (3)**

**PEMBERTON TOWNSHIP BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 14, 2016**

|                            | Resident LEP NOT Low Income                     |   |                 | Sample for Verification               |  |                  |
|----------------------------|---|---|-----------------|---------------------------------------|--|------------------|
|                            | Reported on<br>A.S.S.A. as<br>NOT Low<br>Income | Reported on<br>Workpapers<br>as NOT Low<br>Income | Errors          | Sample<br>Selected from<br>Workpapers | Verified to<br>Application<br>& Register | Sample<br>Errors |
| Full Day Kindergarten      | -   | -   | -               | -                                     | -  | -                |
| One                        | -   | -   | -               | -                                     | -  | -                |
| Two                        | 4   | 4   | -               | 4                                     | 4  | -                |
| Three                      | 1   | 1   | -               | 1                                     | 1  | -                |
| Four                       | 1   | 1   | -               | 1                                     | 1  | -                |
| Five                       | -   | -   | -               | -                                     | -  | -                |
| Six                        | 1   | 1   | -               | 1                                     | 1  | -                |
| Seven                      | 1   | 1   | -               | 1                                     | 1  | -                |
| Eight                      | -   | -   | -               | -                                     | -  | -                |
| Nine                       | -   | -   | -               | -                                     | -  | -                |
| Ten                        | -   | -   | -               | -                                     | -  | -                |
| Eleven                     | -   | -   | -               | -                                     | -  | -                |
| Twelve                     | -   | -   | -               | -                                     | -  | -                |
| Subtotal                   | <u>8</u>  | <u>8</u>  | <u>-</u>        | <u>8</u>                              | <u>8</u>                                 | <u>-</u>         |
| Special Ed - Elementary    | -   | -   | -               | -                                     | -  | -                |
| Special Ed - Middle School | -   | -   | -               | -                                     | -  | -                |
| Special Ed - High School   | -   | -   | -               | -                                     | -  | -                |
| Subtotal                   | <u>-</u>  | <u>-</u>  | <u>-</u>        | <u>-</u>                              | <u>-</u>                                 | <u>-</u>         |
| Totals                     | <u><u>8</u></u>                                 | <u><u>8</u></u>                                   | <u><u>-</u></u> | <u><u>8</u></u>                       | <u><u>8</u></u>                          | <u><u>-</u></u>  |
| Percentage Error           |   |   | <u><u>-</u></u> |                                       |  | <u><u>-</u></u>  |

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**EXCESS SURPLUS CALCULATION**

**SECTION 1**

Calculation A: 2% Excess Surplus:

All Districts required to use school-based budgeting are required to complete this calculation using 2% on line A10.

|   |  |    |                         |       |
|---|--|----|-------------------------|-------|
| 2016-2017 Total General Fund Expenditures Reported on Exhibit (C-1)                                       |  | \$ | <u>109,465,384</u>      | (A)   |
| .   |  |    |                         |       |
| Increased by Applicable Operating Transfers:  |  |    |                         |       |
| Transfer from Capital Outlay to Capital Projects  |  | \$ | <u>-</u>                | (A1a) |
| Transfer from Capital Reserve to Capital Projects   |  | \$ | <u>3,636,000</u>        | (A1a) |
| Transfer from General Fund to SRF for PreK-Regular  |  | \$ | <u>-</u>                | (A1a) |
| Transfer from General Fund to SRF for PreK-Inclusion  |  | \$ | <u>-</u>                | (A1a) |
|   |  |    |                         |       |
| Less: Expenditures Allocated to Restricted Federal Resources as Reported on Exhibit D-2                   |  | \$ | <u>-</u>                | (A1b) |
|   |  |    |                         |       |
| 2016-2017 Adjusted General Fund & Other State Expenditures [(A)-(A1)]                                     |  |    | <u>\$ 113,101,384</u>   | (A2)  |
|   |  |    |                         |       |
| Decreased by:   |  |    |                         |       |
| On-Behalf TPAF Pension & Social Security Assets Acquired Under Capital Leases:                            |  |    | <u>\$ 11,983,574</u>    | (A3)  |
| General Fund 2017 Assets Acquired Under Capital Leases reported on Exhibit C-1a                           |  | \$ | <u>-</u>                | (A4)  |
|   |  |    |                         |       |
| Add: General Fund & State Resources Portion of Fund 15 Assets Acquired Under Capital Leases:              |  |    |                         |       |
| Assets Acquired Under Capital Leases in Fund 15 Reported on Exhibit C-1a                                  |  | \$ | <u>-</u>                | (A5)  |
|   |  |    |                         |       |
| Combined General Fund Contribution & State Resources Percent of Fund 15 Resources Reported on Exhibit D-2 |  |    | <u>100.00%</u>          | (A6)  |
|   |  |    |                         |       |
| General Fund & State Resources Portion of Fund 15 Assets Acquired Under Capital Leases [(A5)*(A6)]        |  | \$ | <u>-</u>                | (A7)  |
|   |  |    |                         |       |
| Total Assets Acquired Under Capital Leases [(A4)+(A7)]  |  | \$ | <u>-</u>                | (A8)  |
|   |  |    |                         |       |
| 2016-2017 General Fund Expenditures [(A-2)-(A-3)-(A-8)]   |  | \$ | <u>101,117,810</u>      | (A9)  |
|   |  |    |                         |       |
| 2% of Adjusted 2016-2017 General Fund Expenditures [(A9) times .02]                                       |  | \$ | <u>2,022,356</u>        | (A10) |
|   |  |    |                         |       |
| Enter Greater of (A10) or \$250,000   |  | \$ | <u>2,022,356</u>        | (A11) |
|   |  |    |                         |       |
| Increased by: Allowable Adjustment *  |  | \$ | <u>263,136</u>          | (K)   |
|   |  |    |                         |       |
| Maximum Unassigned Fund Balance [(A11)+(K)]   |  | \$ | <u><u>2,285,492</u></u> | (M)   |

**EXCESS SURPLUS CALCULATION (continued):**

**SECTION 2:**

|  |                             |
|--|-----------------------------|
| Total General Fund - Fund Balances @ 06/30/2017 (Per CAFR Budgetary Comparison Schedule C-1)                                 | \$ <u>32,394,572</u> (C)    |
| Decreased by:  |                             |
| Year-End Encumbrances  | \$ <u>2,543,465</u> (C1)    |
| Legally Restricted - Designated for Subsequent Year's Expenditures   | \$ <u>8,929,806</u> (C2)    |
| Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**  | \$ <u>-</u> (C3)            |
| Other Restricted Fund Balances ****  | \$ <u>15,818,820</u> (C4)   |
| Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures   | \$ <u>2,778,767</u> (C5)    |
| Additional Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures (July 1, 2017- August 1, 2017) | \$ <u>21,233</u> (C6)*****  |
| <br>Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]  | <br>\$ <u>2,302,481</u> (U) |

**SECTION 3**

|  |                          |
|--|--------------------------|
| Restricted Fund Balance - Excess Surplus *** {(U)-(M)} IF NEGATIVE ENTER -0- | \$ <u>16,989</u> (E)     |
| Restricted Excess Surplus - Designated for Subsequent Year's Expenditures ** | \$ <u>-</u> (C3)         |
| Restricted Excess Surplus *** {(E)}  | \$ <u>16,989</u> (E)     |
| <br>Total [(C3) + (E)]   | <br>\$ <u>16,989</u> (D) |

**Footnotes:**

\* Allowable adjustment to expenditures on line K must be detailed as follows. This adjustment line (as detailed below) is to be utilized when applicable for:

(H) Federal Impact Aid. The passage of P.L. 2015, c.46 amended N.J.S.A. 18A:7F-41 to permit a board of education to appropriate federal impact aid funds to establish or supplement a federal impact aid legal reserve in the general fund. Accordingly, effective for the year ending June 30, 2015 the Federal Impact Aid adjustment to expenditures is limited to the portion of Federal Impact Aid Section 8002 and Section 8003 received during the fiscal year and recognized as revenue on the General Fund Budgetary Comparison Schedule, but not transferred to the Federal Impact Aid Reserve - General (8002 or 8003) by board resolution during June 1 to June 30 of the fiscal year under audit. Amounts transferred to the reserve are captured on line (C4);

(I) Sale and Lease-back (Refer to the Audit Program Section II, Chapter 10);

(J1) Extraordinary Aid;

(J2) Additional Nonpublic Transportation Aid;

(J3) Recognized current year School Bus Advertising Revenue; and

(J4) Family Crisis Transportation Aid.

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   | \$ <u>-</u> (H)           |
| Sale & Lease-back                                      | \$ <u>-</u> (I)           |
| Extraordinary Aid                                      | \$ <u>251,130</u> (J1)    |
| Additional Nonpublic School Transportation Aid         | \$ <u>12,006</u> (J2)     |
| Current Year School Bus Advertising Revenue Recognized | \$ <u>-</u> (J3)          |
| Family Crisis Transportation Aid                       | \$ <u>-</u> (J4)          |
| <br>Total Adjustments {(H)+(I)+(J1)+(J2)+(J3)}         | <br>\$ <u>263,136</u> (K) |

**EXCESS SURPLUS CALCULATION (continued):**

**SECTION 3 (continued):**

- \*\* This amount represents the June 30, 2016 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.
- \*\*\* Amount entered must agree with the June 30, 2017 CAFR and Audit Summary Worksheet Line 90030
- \*\*\*\* Amount for Other Restricted Fund Balances must be detailed for each source. Use in the excess surplus calculation of any legal reserve 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 Administration and Finance prior to September 30.
- \*\*\*\*\* Increase in Assigned Fund Balance-Unreserved-Designated for Subsequent Year's expenditures July 1, 2017 to August 1, 2017 resulting from decrease in state aid after adoption of 2017-18 district budget.

*Detail of Other Reserved Fund Balance*

Statutory Restrictions:

|   |                                 |
|---|---------------------------------|
| Approved Unspent Separate Proposal                            | \$ <u>          -</u>           |
| Sale/Lease-Back Reserve                                       | \$ <u>          -</u>           |
| Capital Reserve   | \$ <u>      700,000</u>         |
| Maintenance Reserve   | \$ <u>      7,050,000</u>       |
| Emergency Reserve   | \$ <u>      1,000,000</u>       |
| Tuition Reserve   | \$ <u>      304,299</u>         |
| School Bus Advertising 50% Fuel Offset Reserve - current year | \$ <u>                  -</u>   |
| School Bus Advertising 50% Fuel Offset Reserve - prior year   | \$ <u>                  -</u>   |
| Impact Aid General Fund Reserve (Sections 8002 and 8003)      | \$ <u>      6,764,521</u>       |
| Impact Aid Capital Fund Reserve (Sections 8007 and 8008)      | \$ <u>                  -</u>   |
| Other State/Government Mandated Reserve                       | \$ <u>                  -</u>   |
| Other Restricted/Reserved Fund Balance Not Noted Above ****   | \$ <u>                  -</u>   |
| Total Other Restricted/Reserved Fund Balance                  | \$ <u>      15,818,820</u> (C4) |

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AUDIT RECOMMENDATIONS SUMMARY  
For the Fiscal Year Ended June 30, 2017  
Pemberton Township School District

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  
There were no prior year findings.