

BOARD OF EDUCATION
SCHOOL DISTRICT OF
PENNSVILLE TOWNSHIP
COUNTY OF SALEM
AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED
JUNE 30, 2017

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REPORT OF INDEPENDENT AUDITORS

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

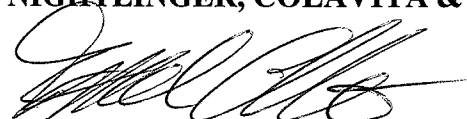
We have audited, in accordance with generally accepted auditing standards and **Government Auditing Standards** issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Pennsville Township School District in the County of Salem for the year ended June 30, 2017, and have issued our report thereon dated November 6, 2017.

As part of our audit, we performed procedures required by the Division of Administration and Finance, New Jersey Department of Education, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is issued in conjunction with the Comprehensive Annual Financial report of the Board of Education of the Pennsville Township School District, for the fiscal year ending June 30, 2017 and is intended for the information of the School District's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



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

November 6, 2017

ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and the Financial Services Coordinator, District personnel entrusted with duties formally under the auspices of the Treasurer of School Monies, the activities of the School District, and the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

Fire insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule, contained in the District's **CAFR**.

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

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

Tuition Charges

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

District Internal Control Policies

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

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

Examination of Claims

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

Financial Planning, Accounting, and Reporting

Unemployment Compensation Insurance Trust Fund

The Board has adopted the reimbursement method of payment and maintains an Unemployment Compensation Insurance Trust Fund, of which the amount payable at June 30, 2017 has been reflected in the financial statements.

Payroll Account

The net salaries of all employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

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

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

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

Employee Position Control Roster

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

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, 2017 for goods not yet received or services not yet rendered, and it was determined that no blanket purchase orders were included in the balance of the reserves for encumbrances. Also, unpaid purchase orders included in the balance of accounts payable were reviewed for propriety and to determine that goods were received and services were rendered as of June 30, 2017.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3. As a result of the procedures performed, no transaction errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

- A. **General Classification Findings** - NONE
- B. **Administrative Classification Findings** - NONE

Financial Planning, Accounting and Reporting (Cont'd)

Certification of Income Tax Compliance

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

Board Secretary's Records

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

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

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

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

Finding 2017-1

Transfers regarding payroll agency were inadvertently omitted from the approved transfer resolution and exceeded ten percent of the total original budget without Executive County Superintendent approval.

Recommendation

Procedures to record and approve budget transfers should be revised, in order to assure all transfers are reflected in the transfer resolution. In addition, Executive County Superintendent should be requested for any transfer to an advertised administrative account that is cumulatively more than 10 percent of that amount.

Treasurer's Records – Board Secretary's Office

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

Cash receipts appeared to be deposited promptly.

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

The Treasury reports were filed in a timely manner.

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

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

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

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

Other Special Federal and/or State Projects

The District's special projects were approved, as listed on Schedule A and Schedule B located in the CAFR and labeled as Exhibits K-3 and K-4. Our audit of the federal and state funds, on a test basis, indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

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

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

T.P.A.F. Reimbursement

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

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

The amount of the expenditure charged to the current year's Final Report(s) for all federal awards for the school district to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds was made prior to the end of the 60 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

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

School Purchasing Programs (Cont'd)

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

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

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$18,800 for 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 fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Solicitor's opinion should be sought before a commitment is made.

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

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

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

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977; therefore, the extent of such purchases could not reasonably be ascertained. Our examination did not reveal any exceptions, with regard to purchases from vendors approved for state contract.

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

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

School Food Service

The financial transactions and statistical records of the school food service fund were reviewed. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis. No exceptions were noted.

Cash receipts and bank records were reviewed for timely deposit. No exceptions were noted.

The district utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34, and 19-1 through 19-4.1. Provisions of the FSMC contract/addendum were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will break even. The operating results provision has been met.

Expenditures should be separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food and supply items were currently maintained and properly applied in determining the cost of food and supplies used. No exceptions were noted.

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service.

Net cash resources did not exceed three months average expenditures.

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all School Food Services employees authorized by the board of education/board of trustees. No exceptions were noted.

The number of meals claimed for reimbursement was compared to sales and meal count records. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement claims were submitted/certified in a timely manner. An immaterial overclaim of \$83.80 was noted in the after school snack.

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

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

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

School Food Service

The school district did provide the detailed revenue and expenditure information necessary in order to execute the USDA mandated Non-Program Food Revenue Tool at least annually.

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

Student Body Activities

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

Internal Service Funds

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

Application for State School Aid

Our audit procedures included a test of the information reported in the October 14, 2016 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, and low-income. We also performed a review of the district procedures related to its completion. The information on the A.S.S.A was compared to the district workpapers. The information that was included on the workpapers was verified with the exceptions as shown on the Schedule of Audited Enrollments.

Finding 2017-2

The District does not appear to have sufficiently detailed written internal procedures, with respect to designating personnel assigned to on-roll counts.

Recommendation

The District should develop written internal procedures for on roll counts that meet the minimum requirements outlined by the New Jersey Department of Education. In addition, procedures over on roll reporting should be reviewed and revised, in order to assure final reports are printed and kept with supporting workpapers.

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2016-17 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with the exception of two students being listed as special education instead of regular education. The County Summary was also verified to the District's DRTRS Eligibility Summary Report. 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. Bid specifications were in compliance with applicable statutes. No exceptions were noted in our review of transportation related purchases of goods and services, as well as for any purchase of buses.

Facilities and Capital Assets

As part of the GASB 34 reporting format, fixed assets are recorded in accordance with GAAP, including a provision for depreciation expense. Our procedures included a review of the NJSDA grant agreements, if any, for consistency with recording SDA revenue, transfer of local funds from the general fund or from the capital reserve account, and awarding of contracts for eligible facilities construction. During the 2016-17 School Year, the District opened three new capital projects for various improvements, replacement of the fire alarm system, and replacement of windows and transom. The District entered into two NJSDA grant agreements and issued bonds to finance the projects described above.

Testing for Lead of all Drinking Water in Educational Facilities

The school district adhered to all the requirements of NJAC 26-1.2 and 12.4 related to the testing for lead of all drinking water in educational facilities.

The test results were put on the district's website as well as being available at the school facility.

Follow-up on Prior Year Findings


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

Acknowledgment

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

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.


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

SCHEDULE OF AUDITED ENROLLMENTS

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
APPLICATION OR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 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 Verification	Sample Verified	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared						
Half Day Preschool 4 Years Old	21		21		0			3		3								
Full Day Kindergarten	126		125		(1)			20		20								
One	101		101		0			16		16								
Two	107		109		2			17		17								
Three	120		119		(1)			19		19								
Four	116		116		0			18		18								
Five	94		93		(1)			15		15								
Six	123		123		0			20		20								
Seven	127		126		(1)			20		20								
Eight	102		102		0			16		16								
Nine	86		86		0			14		14								
Ten	95		93		(2)			15		15								
Eleven	106	1	106	1	0			17		17								
Twelve	83	4	85	4	2			14	1	14	1							
Post-Graduate																		
Adult H.S. (15+CR.)																		
Adult H.S. (1-14 CR.)																		
Subtotal	1,407	5	1,405	5	(2)	0		224	1	224	1	0	0	0	0	0	0	0
Special Ed - Elementary	141		139		(2)			22		22				1	1	1		
Special Ed - Middle	73		73					12		12				3	3	3		
Special Ed - High	75	11	75	11				12	2	12	2			4	3	3		
Subtotal	289	11	287	11	(2)	0		46	2	46	2	0	0	8	7	7	0	0
Totals	1,696	16	1,692	16	(4)	0		270	3	270	3	0	0	8	7	7	0	0
Percentage Error					-0.24%						0.00%							

SCHEDULE OF AUDITED ENROLLMENTS

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
APPLICATION OR 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 Kindergarten	44.0	44.0		15.0	15.0			1.0	(1.0)			
One	30.0	30.0		10.0	10.0			1.0	(1.0)			
Two	38.0	38.0		13.0	13.0		3.0	2.0	1.0	3.0	2.0	(1.0)
Three	38.0	38.0		13.0	13.0		2.0	3.0	(1.0)	2.0	2.0	1.0
Four	44.0	44.0		15.0	15.0		1.0	1.0		1.0	1.0	
Five	33.0	33.0		11.0	11.0		3.0	2.0	1.0	4.0	4.0	
Six	45.0	45.0		15.0	15.0		2.0	1.0	1.0	2.0	2.0	
Seven	33.0	33.0		11.0	11.0		1.0	3.0	(2.0)	1.0	1.0	
Eight	22.0	22.0		8.0	8.0							
Nine	29.0	29.0		10.0	10.0		1.0	1.0	0.0	1.0	1.0	
Ten	20.0	20.0		7.0	7.0							
Eleven	33.0	33.0		11.0	11.0							
Twelve	18.5	18.5		6.0	6.0		1.0		1.0	1.0	1.0	
Post Graduate												
Adult H.S. (15+CR.)												
Adult H.S. (1-14 CR.)												
Subtotal	427.5	427.5	0.0	145.0	145.0	0.0	14.0	15.0	(1.0)	15.0	15.0	0.0
Special Ed - Elementary	67.0	67.0			0.0		4.0	4.0		4.0	4.0	
Special Ed - Middle	32.0	32.0			0.0			1.0	(1.0)			
Special Ed - High	50.0	50.0			0.0		1.0	1.0		1.0	1.0	
Subtotal	149.0	149.0	0.0	0.0	0.0	0.0	5.0	6.0	(1.0)	5.0	5.0	0.0
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Totals	576.5	576.5	0.0	145.0	145.0	0.0	19.0	21.0	(2.0)	20.0	20.0	0.0
Percentage Error			0.00%			0.00%			-10.53%			0.00%

TRANSPORTATION

	<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>		
							<u>Reported</u>	<u>Re-Calculated</u>
Reg. - Public Schools	478.0	478.0		164	166	(2)		
Aid in Lieu - Non-Public	14.0	14.0		5	5			
Transported - Non-Public	11.0	11.0		4	4			
Reg. - Special Ed.	62.5	62.5		21	19	2		
Special Needs - Public	110.5	110.5		38	38			
Totals	676.0	676.0	0	232.0	232.0	0		
Percentage Error			0.00%			0.00%		
							Avg. Mileage - Regular Including Grade PK students	4.3
							Avg. Mileage - Regular Excluding Grade PK students	4.3
							Avg. Mileage - Special Ed with Special Needs	8.5

SCHEDULE OF AUDITED ENROLLMENTS

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
APPLICATION OR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 14, 2016**

	<u>Resident LEP NOT Low Income</u>			<u>Sample for Verification</u>		
	<u>Report On A.S.S.A. as NOT Low Income</u>	<u>Report On Workpapers as NOT Low Income</u>	<u>Errors</u>	<u>Sample Selected From Workpapers</u>	<u>Verified to Application and Register</u>	<u>Sample Errors</u>
Half Day Preschool						
Full Day Kindergarten						
One	3	3	(1)	3	3	
Two						
Three						
Four						
Five						
Six	1	1		1	1	
Seven	1		1			
Eight						
Nine		1	(1)			
Ten						
Eleven						
Twelve						
Post Graduate						
Adult H.S. (15+CR.)						
Adult H.S. (1-14 CR.)						
Subtotal	5	6	(1)	4	4	0
Special Ed - Elementary						
Special Ed - Middle						
Special Ed - High						
Subtotal	0	0	0	0	0	0
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	5	6	(1)	4	4	0
Percentage Error			<u>-20.00%</u>			<u>0.00%</u>

SCHEDULE OF MEAL COUNT ACTIVITY
PENNSVILLE TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE FUND
NUMBER OF MEALS/MILKS SERVED AND (OVER)/UNDERCLAIM-FEDERAL
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

<u>PROGRAM</u>	<u>MEAL CATEGORY</u>	<u>MEALS CLAIMED</u>	<u>MEALS TESTED</u>	<u>MEALS VERIFIED</u>	<u>DIFFERENCE</u>	<u>RATE</u>	<u>(OVER) UNDER CLAIM (b)</u>
National School Lunch (Severe Need Rate)	Paid	57,621	57,621	57,621		\$ 0.30	\$
	Reduced	8,830	8,830	8,830		2.76	
	Free	58,924	58,924	58,924		3.16	
	TOTAL	125,375	125,375	125,375			
National School Lunch	HHFKA - PB Lunch Only	125,375	125,375	125,375		0.06	
School Breakfast (Severe Need Rate)	Paid	8,268	8,268	8,268		0.29	
	Reduced	1,113	1,113	1,113		1.74	
	Free	17,038	17,038	17,038		2.04	
	TOTAL	26,419	26,419	26,419			
After School Snack	Paid	1,154	1,154	1,339	185	0.07	12.95
	Reduced	192	192	193	1	0.43	0.43
	Free	928	928	815	(113)	0.86	(97.18)
Total Net Over/(Under) Claim							\$ (83.80)

SCHEDULE OF MEAL COUNT ACTIVITY
PENNSVILLE TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE FUND
NUMBER OF MEALS/MILKS SERVED AND (OVER)/UNDERCLAIM-STATE
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

<u>PROGRAM</u>	<u>MEAL CATEGORY</u>	<u>MEALS CLAIMED</u>	<u>MEALS TESTED</u>	<u>MEALS VERIFIED</u>	<u>DIFFERENCE</u>	<u>RATE</u>	<u>(OVER) UNDER CLAIM</u>
State Reimbursement - National School Lunch (Regular Rate)	Paid	57,621	57,621	57,621	0	\$ 0.040	\$ 0.00
	Reduced	8,830	8,830	8,830	0	0.055	0.00
	Free	58,924	58,924	58,924	0	0.055	0.00
	TOTAL	<u>125,375</u>	<u>125,375</u>	<u>125,375</u>			
Total Net Overclaim							<u>\$ 0.00</u>

NET CASH RESOURCE SCHEDULE

**Net cash resources did/did not exceed three months of expenditures
Proprietary Funds - Food Service
FYE 2017**

PENNSVILLE TOWNSHIP SCHOOL DISTRICT

		Food Service B - 4/5	
<u>Net Cash Resources:</u>			
CAFR	*	Current Assets	
B-4		Cash & Cash Equiv.	\$ 2,060.00
B-4		Due from Other Gov'ts	
B-4		Accounts Receivable	77,028.00
B-4		Investments	
CAFR		Current Liabilities	
B-4		Less Accounts Payable	
B-4		Less Accruals	
B-4		Less Due to Other Funds	(92,022.00)
B-4		Less Deferred Revenue	<u>(8,034.00)</u>
		Net Cash Resources	<u>\$ (20,968.00)</u> (A)

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.	644,463.00	
B-5	Less Depreciation	<u>(659.00)</u>	
		Adj. Tot. Oper. Exp.	<u>\$ 643,804.00</u> (B)

Average Monthly Operating Expense:

B / 10 **\$ 64,380.40** (C)

Three times monthly Average:

3 X C **\$ 193,141.20** (D)

TOTAL IN BOX A	<u>\$ (20,968.00)</u>
LESS TOTAL IN BOX D	<u>\$ 193,141.20</u>
NET	<u>\$ (214,109.20)</u>

From above:

A is greater than D, cash exceeds 3 X average monthly operating expenses.

D is greater than A, cash does not exceed 3 X average monthly operating expenses.

* Inventories are not to be included in total current assets.

SOURCE - USDA resource management comprehensive review form

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION

SECTION 1

A. 2% Calculation of Excess Surplus

2016-17 Total General Fund Expenditures per the CAFR	\$ <u>32,984,757</u> (B)
Increased by:	
Transfer from Capital Outlay to Capital Projects Fund	<u> </u> (B1a)
Transfer from Capital Reserve to Capital Projects Fund	<u> </u> (B1b)
Transfer from General Fund to SRF for PreK-Regular	<u> </u> (B1c)
Transfer from General Fund to SRF for PreK-Inclusion	<u> </u> (B1d)
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>3,384,138</u> (B2a)
Assets Acquired Under Capital Leases	<u> </u> (B2b)
 Adjusted 2016-17 General Fund Expenditures [(B)+(B1s)-(B2s)]	 <u>29,600,619</u> (B3)
 2% of Adjusted 2016-17 General Fund Expenditures [(B3) times .02]	 <u>592,012</u> (B4)
Enter Greater of (B4) or \$250,000	<u>592,012</u> (B5)
Increased by: Allowable Adjustment*	<u>105,190</u> (K)
 Maximum Unassigned/Undesignated-Unreserved Fund Balance[(B5)+(K)]	 \$ <u>697,202</u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6-30-17 (Per CAFR Budgetary Comparison Schedule C-1)	\$ <u>1,978,769</u> (C)
Decreased by:	
Year-end Encumbrances	<u>30,035</u> (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	<u> </u> (C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**	<u>438,797</u> (C3)
Other Restricted Fund Balances****	<u>101,157</u> (C4)
Assigned Fund balance Unreserved - Designated for Subsequent Year's Expenditures	<u>111,203</u> (C5)
Additional Assigned Fund Balance - Unreserved - Designated for Subsequent Year's July 1, 2017 - August - 1, 2017	<u> </u> (C6) *****
 Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]	 \$ <u>1,297,577</u> (U1)

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION

SECTION 3

Restricted Fund Balance- Excess Surplus*** [(U1)-(M)] IF NEGATIVE ENTER -0- \$ 600,375 (E)

Recapitulation of Excess Surplus as of June 30, 2017

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures**	438,797 (C3)
Reserved Excess Surplus ***[(E)]	<u>600,375 (E)</u>
Total Excess Surplus [(C3) + (E)]	\$ <u>1,039,172 (D)</u>

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, 2016 the Federal Impact Aid adjustment to expenditures is limited to the portion of Federal Impact Aid Section 8002 and Section 8003 received during the fiscal year and recognized as revenue on the General Fund Budgetary Comparison Schedule, but not transferred to the Federal Impact Aid Reserve-General (8002 or 8003) by board resolution during June 1 to June 30 of the fiscal year under audit. Amounts transferred to the reserve are captured on line (C4);
 - (I) Sale & Lease-Back (Refer to the Audit Program Section II, Chapter 10);
 - (J1) Extraordinary Aid;
 - (J2) Additional Nonpublic School Transportation Aid;
 - (J3) Recognized current year School Bus Advertising Revenue; and
 - (J4) Family Crisis Transportation Aid.

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

Detail of Allowable Adjustments

Impact Aid	\$ _____ (H)
Sale & Lease-Back	_____ (I)
Extraordinary Aid	<u>102,754 (J1)</u>
Additional Nonpublic School Transportation Aid	<u>2,436 (J2)</u>
Current Year School Bus Advertising Revenue Recognized	_____ (J3)
Family Crisis Transportation Aid	_____ (J4)
Total Adjustments [(H) + (I) + (J1) + (J2) + (J3) + (J4)]	\$ <u>105,190 (K)</u>

- ** This amount represents the June 30, 2017 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.
- *** Amounts must agree to the June 30, 2017 CAFR and must agree to Audit Summary Worksheet Line 90030.
- **** Amount for Other Reserved Fund Balances must be detailed for each source. Use in the excess surplus calculation of any legal reserve that is not state mandated or that is not legally imposed by an other type of government, such as the judicial branch of government, must have Departmental approval. District requests should be submitted to the Division of Finance and Regulatory Compliance prior to September 30.
- ***** 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. Refer to Commissioner's Broadcast and to page 1-4.2 of this Audit Program.

Detail of Other Restricted Fund Balance

Statutory restrictions:	
Approved unspent separate proposal	\$ _____
Sale/lease-back reserve	_____
Capital reserve	<u>1,157</u>
Maintenance reserve	<u>100,000</u>
Emergency Reserve	_____
Tuition reserve	_____
School Bus Advertising 50% Fuel Offset Reserve - Current Year	_____
School Bus Advertising 50% Fuel Offset Reserve - Prior Year	_____
Impact Aid General Fund Reserve (Sections 8007 and 8008)	_____
Impact Aid General Fund Reserve (Sections 8002 and 8003)	_____
Other state/government mandated reserve	_____
[Other Restricted Fund Balance not noted above] ****	_____
Total Other Restricted Fund Balance	\$ <u>101,157 (C4)</u>

AUDIT RECOMMENDATIONS SUMMARY

For the Fiscal Year Ended June 30, 2017

Pennsville Township School District

Recommendations:

1. Administrative Practices and Procedures - None
2. Financial Planning, Accounting and Reporting

Finding 2017-1

Recommendation:

Procedures to record and approve budget transfers should be revised, in order to assure all transfers are reflected in the transfer resolution. In addition, Executive County Superintendent should be requested for any transfer to an advertised administrative account that is cumulatively more than 10 percent of that amount.

3. School Purchasing Programs - None
4. School Food Service - None
5. Student Body Activities - None
6. Application for State School Aid

Finding 2017-2

Recommendation:

The District should develop written internal procedures for on roll counts that meet the minimum requirements outlined by the New Jersey Department of Education. In addition, procedures over on roll reporting should be reviewed and revised, in order to assure final reports are printed and kept with supporting workpapers.

7. Pupil Transportation - None
8. Facilities and Capital Assets - None
9. Miscellaneous

None

10. Status of Prior Year Audit Findings/Recommendations

A review was performed on the prior year recommendations and corrective action was taken on all prior year findings.