

CITY OF PORT REPUBLIC SCHOOL DISTRICT

**Auditors' Management Report
Administrative Findings
Financial – Compliance – Performance**

For the Fiscal Year Ended June 30, 2017

CITY OF PORT REPUBLIC SCHOOL DISTRICT

**Auditors' Management Report
Administrative Findings
Financial – Compliance – Performance**

For the Fiscal Year Ended June 30, 2017

**City of Port Republic Board of Education
County of Atlantic
Port Republic, New Jersey**

Tax ID Number 21-6000290

**AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS
FINANCIAL - COMPLIANCE - PERFORMANCE**

TABLE OF CONTENTS

	PAGE
Independent Auditors' Report	1
Scope of Audit	2
Administrative Practices and Procedures	
Insurance	2
Official Bonds	2
Tuition Charges	2
Financial Planning, Accounting and Reporting	
Examination of Claims	2
Payroll Account	2
Employee Position Control Roster	3
Reserve for Encumbrances and Accounts Payable	3
Travel	3
Classification of Expenditures	
General Classifications	3
Administrative Classifications	3
Business Administrator - Board Secretary's Records	3
Treasurer's Records	3
Elementary and Secondary Education Act/Improving America's School Act as reauthorized by No Child Left Behind Act of 2001	3
Other Special Federal and/or State Projects	4
T.P.A.F. Reimbursement	4
T.P.A.F. Reimbursement to State for Federal Salary Expenditures	4
School Purchasing Programs	
Contracts and Agreements Requiring Advertisement for Bids	4
School Food Service	5
Student Body Activities	5
Application for State School Aid	5
Pupil Transportation	5
Facilities and Capital Assets	N/A
Miscellaneous	N/A
Follow-Up on Prior Year Findings	5
Acknowledgment	6
Schedule of Meal Count Activity	N/A
Schedule of Audited Enrollments	7 - 10
Excess Surplus Calculation	11
Summary of Audit Recommendations	12

PREZIOSI • NICHOLSON

& ASSOCIATES PA

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Honorable President and
Members of the Board of Education
City of Port Republic School District
County of Atlantic
Port Republic, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the City of Port Republic School District (a component unit of the City of Port Republic) in the County of Atlantic for the year ended June 30, 2017, and have issued our report thereon dated November 24, 2017.

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

This report is intended solely for the information and use of the City of Port Republic Board of Education's management, the New Jersey Department of Education and other state and federal agencies and is not intended to be and should not be used by anyone other than these specified parties.

PREZIOSI • NICHOLSON & ASSOCIATES

Certified Public Accountants



James M. Preziosi
Certified Public Accountant
Public School Accountant No. CS 01141

November 24, 2017
Millville, NJ

**CITY OF PORT REPUBLIC SCHOOL DISTRICT
Administrative Findings
Financial - Compliance - Performance**

SCOPE OF AUDIT

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

ADMINISTRATIVE PRACTICES AND PROCEDURES

Insurance

Insurance coverage was carried in the amounts as detailed on the Insurance Schedule (Exhibit J-20) contained in the district's CAFR.

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Todd D'Anna	Board Secretary/School Business Administrator	\$ 75,000.00

There is a Public Employees' Faithful Performance Blanket Position Bond covering all other employees with multiple coverage of \$50,000.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The District does not receive students from any other School Districts therefore, no adjustments were required.

FINANCIAL PLANNING, ACCOUNTING AND REPORTING

Examination of Claims

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

Payroll Account

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

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 withholding due to the general fund.

The required certification of compliance with requirements for income tax on compensation of administrators to the NJ Department of Treasury was filed.

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

Employee Position Control Roster

A review of the Position Control Roster found no inconsistencies between payroll records, employee benefit records, the general ledger accounts to where expenditures 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. Our review did not indicate any material discrepancies with respect to classification of orders.

Travel

In accordance with internal control policy N.J.A.C. 6A:23A-6.13, the District has approved a board travel policy. No exceptions were noted in our study of compliance for travel expenses.

Classification of Expenditures

A. General Classification

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23-16.2(f) as part four 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. As a result of the procedures performed, a transaction error rate of 0.00% was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

B. Administrative Classifications

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 0.0% was noted and no additional procedures were deemed necessary to test the propriety of administrative classifications.

Business Administrator - Board Secretary's Records

The financial and accounting records maintained by the Board Secretary were found to be in good condition.

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

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

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 and VI of the Elementary and Secondary Education Act as amended and reauthorized.

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. 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.

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursements filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund.

Finding 2017-01

The biweekly request for reimbursement were not timely filed.

Recommendation 2017-01

We suggest that the District implement additional procedures to ensure biweekly TPAF request for reimbursement are submitted timely.

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. 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.

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursements filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund.

Finding 2017-01

The biweekly request for reimbursement were not timely filed.

Recommendation 2017-01

We suggest that the District implement additional procedures to ensure biweekly TPAF request for reimbursement are submitted timely.

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

The amount of expenditures charged to the current year for all federal awards to reimburse the State of New Jersey for the TPAF/FICA payments made by the State of New Jersey on-behalf of the District for those employees whose salaries are identified as being paid from federal funds was made prior to the end of the grant liquidation period. The expenditure was reviewed and no exceptions were noted.

SCHOOL PURCHASING PROGRAMS

Contracts and Agreements Requiring Advertisement for Bids

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

The board of education may, by resolution approved by a majority of the board of education and subject to subsections b. and c. of this section, disqualify a bidder, if the board of education finds that it has had prior negative experience with the bidder.

Effective July 1, 2015 and thereafter the bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18-3(a) are \$40,000.00 (with a Qualified Purchasing Agent) and \$29,000 (without a Qualified Purchasing Agent) respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$18,800.

The board of education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the 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.

Based on the results of our examination, we did not note any individual payments, contracts, or agreements were 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, amended.

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 Port Republic School District transferred authority to operate the National School Lunch Program to the Galloway Township Public School District. All legal and financial authority for operating the program has been transferred the Galloway Township Public School District.

STUDENT BODY ACTIVITIES

During our review, we found the student body activities records to be in satisfactory condition.

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

APPLICATION FOR STATE SCHOOL AID

Our audit procedures included a test of information reported in the October 14, 2016 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, and low-income and bilingual. 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 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 district maintained workpapers on the prescribed state forms or their equivalent.

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

PUPIL TRANSPORTATION

Our audit procedures included a test of on roll status reported in the 2016-2017 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

FACILITIES AND CAPITAL ASSETS

There were no SDA grant agreements or any other open capital projects for the year ending June 30, 2017.

FOLLOW-UP ON PRIOR YEAR FINDINGS

In accordance with government auditing standards, our procedures included a review of all prior year recommendations including findings. The previous year audit finding has been corrected.

The District did not have any reports issued by the Office of Fiscal Accountability and Compliance (OFAC).

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.

PREZIOSI • NICHOLSON & ASSOCIATES

Certified Public Accountants

A handwritten signature in black ink that reads "James M. Preziosi". The signature is written in a cursive style with a prominent initial "J" and a stylized "P".

James M. Preziosi
Certified Public Accountant
Public School Accountant No. CS 01141

CITY OF PORT REPUBLIC SCHOOL DISTRICT
 (A Component Unit of the City of Port Republic)
Schedule of Audited Enrollments
Application For State School Aid Summary
Enrollment as of October 15, 2016

	Application For State School Aid						Sample For Verification						
	Reported On A.S.S.A.		Reported On Workpapers		Errors		Sample Selected From Workpapers		Verified Per Registers		Errors Per Registers On Roll		
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	
Half Day Preschool													
Full Day Preschool													
Half Day Kindergarten													
Full Day Kindergarten			10		10								
One			12		12								
Two			13		13								
Three			18		18								
Four			12		12								
Five			13		13								
Six			8		8								
Seven			12		12								
Eight			8		8								
Nine													
Ten													
Eleven													
Twelve													
Post-Graduate													
Adult H.S. (15+CR)													
Adult H.S. (1-14CR)													
Subtotal	106	0	106	0	0	0	0	106	0	0	0	0	0
Special Ed - Elementary	5		5					5					
Special Ed - Middle School	7		7					7					
Special Ed - High School													
Subtotal	12	0	12	0	0	0	0	12	0	0	0	0	0
Sent to CSSD													
Subtotal	0	0	0	0	0	0	0	0	0	0	0	0	0
Totals	118	0	118	0	0	0	0	118	0	0	0	0	0
Percentage Error					0.00%		0.00%				0.00%		0.00%

CITY OF PORT REPUBLIC SCHOOL DISTRICT
 (A Component Unit of the City of Port Republic)
 Schedule of Audited Enrollments
 Application For State School Aid Summary
 Enrollment as of October 15, 2016

	Private Schools For Disabled			Resident Low Income		Sample For Verification		
	Reported on A.S.S.A. as Private Schools	Sample Verification	Sample Errors	Reported On A.S.S.A. as Low Income	Reported Workpaper as Low Income	Sample Selected From Workpapers	Verified to Application and Register	Sample Errors
Half Day Preschool								
Full Day Preschool								
Half Day Kindergarten								
Full Day Kindergarten								
One				1	1	1	1	1
Two				2	2	2	2	2
Three				3	3	3	3	3
Four				2	2	2	2	2
Five				2	2	2	2	2
Six				2	2	2	2	2
Seven				0	0	0	0	0
Eight				3	3	3	3	3
Nine				1	1	1	1	1
Ten				2	2	2	2	2
Eleven				1	1	1	1	1
Twelve				1	1	1	1	1
Post-Graduate								
Adult H.S. (15+CR)								
Adult H.S. (1-14CR)								
Subtotal	0	0	0	20	20	20	20	0
Special Ed - Elementary								
Special Ed - Middle School								
Special Ed - High School								
Subtotal	0	0	0	3	3	3	3	0
Sent to CSSD								
Co. Voc. - Post Sec								
Subtotal	0	0	0	0	0	0	0	0
Totals	0	0	0	23	23	23	23	0
Percentage Error			0.00%					0.00%

CITY OF PORT REPUBLIC SCHOOL DISTRICT
 (A Component Unit of the City of Port Republic)
 Schedule of Audited Enrollments
 Application For State School Aid Summary
 Enrollment as of October 15, 2016

	Resident LEP Low Income		Sample For Verification		Resident LEP NOT Low Income		Sample For Verification	
	Reported On A.S.S.A. as LEP Low Income	Reported On Workpapers as LEP Low Income	Sample Selected From Workpapers	Sample Verified	Reported On A.S.S.A. as NOT Low Income	Reported On Workpapers as NOT Low Income	Sample Selected From Workpapers	Sample Verified to Application and Register
Half Day Preschool								
Full Day Preschool								
Half Day Kindergarten								
Full Day Kindergarten								
One								
Two								
Three								
Four								
Five								
Six								
Seven								
Eight								
Nine								
Ten								
Eleven								
Twelve								
Post-Graduate								
Adult H.S. (15+CR)								
Adult H.S. (1-14CR)								
Subtotal	0	0	0	0	0	0	0	0
Special Ed - Elementary								
Special Ed - Middle School								
Special Ed - High School								
Subtotal	0	0	0	0	0	0	0	0
Sent to CSSD								
Co. Voc. - Post Sec								
Subtotal	0	0	0	0	0	0	0	0
Totals	0	0	0	0	0	0	0	0
Percentage Error								

CITY OF PORT REPUBLIC SCHOOL DISTRICT
 (A Component Unit of the City of Port Republic)
 Schedule of Audited Enrollments
 Application For State School Aid Summary
 Enrollment as of October 15, 2016

	Transportation					
	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	48	48		48	48	
Transported - Non-Public	13	13		13	13	
AIL Non-Public	8	8		8	8	
Special Education	1	1		1	1	
Totals	70	70	0	70	70	0
Percentage Error			0.00%			0.00%

	Reported	Recalculated
Average Mile		
Regular Including Grade PK Students (Part A)	7.90	7.90
Regular Excluding Grade PK Students (Part B)	7.90	7.90
Special Education With Special Needs	7.50	7.50

CITY OF PORT REPUBLIC SCHOOL DISTRICT
(A Component Unit of the City of Port Republic)
EXCESS SURPLUS CALCULATION
2% Calculation of Excess Surplus
For The Fiscal Year Ended June 30, 2017

Total General Fund Expenditures	\$	3,058,536.08	
Increased By			
Transfer to Food Service Fund		13,848.92	
Transfer from Capital Outlay to Capital Projects			
Transfer from Capital Reserve to Capital Projects			
Decreased By			
On-Behalf State Aid Payments		(242,179.38)	
Assets Acquired Under Capital Leases			
Adjusted General Fund Expenditures		2,830,205.62	
Applicable Excess Surplus Percentage		2.00%	
Subtotal	(A)	\$ 56,604.11	
Greater of (A) or \$250,000.00	\$	250,000.00	
Increased By			
Additional Nonpublic School Transportation Aid			
Maximum Unreserved/Undesignated Fund Balance	\$		250,000.00
Total General Fund Balance	\$	418,278.74	
Decreased By			
Restricted Balances			
Capital Reserve		(613.63)	
Excess Surplus - Designated for Subsequent Year's Expenditures		(82,383.48)	
Assigned Balances			
Designated for Subsequent Year's Expenditures			
Encumbrances		-	
Total Unassigned Fund Balance			335,281.63
Restricted Fund Balance - Excess Surplus			\$ 85,281.63
 Recapitulation of Excess Surplus			
For The Fiscal Year Ended June 30, 2017			
Designated for Subsequent Year's Expenditures			\$ 82,383.48
Current Year			85,281.63
Total Restricted Excess Surplus			\$ 167,665.11

CITY OF PORT REPUBLIC SCHOOL DISTRICT

**Administrative Findings
Financial - Compliance - Performance**

**SUMMARY OF AUDIT RECOMMENDATIONS
For the Fiscal Year Ended June 30, 2017**

ADMINISTRATIVE PRACTICES AND PROCEDURES

None

FINANCIAL PLANNING – ACCOUNTING AND REPORTING

Recommendation 2017-01

We suggest that the District implement additional procedures to ensure biweekly TPAF request for reimbursement are submitted timely.

SCHOOL PURCHASING PROGRAM

None

SCHOOL FOOD SERVICE

None

STUDENT BODY ACTIVITIES

None

APPLICATION FOR STATE SCHOOL AID

None

TRANSPORTATION

None

MISCELLANEOUS

None

A corrective action plan, which outlines actions the Board of Education will take to correct any findings that are listed above, will be prepared in accordance with federal and state agency requirements. A copy of the corrective action will be placed on file and made available for public inspection in the Office of the Board Secretary.