

**BOARD OF EDUCATION
BOROUGH OF RIVERTON
COUNTY OF BURLINGTON**

**AUDITORS MANAGEMENT REPORT
ON ADMINISTRATIVE FINDINGS
- FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED
JUNE 30, 2017**

INVERSO & STEWART
Marlton, New Jersey

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

	<u>Page No.</u>
Auditors' Management Report on Administrative Findings- Financial, Compliance and Performance.....	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 and Position Control Roster.....	2-3
Reserve for Encumbrances and Accounts Payable.....	3
Obligations of Federal Grant Awards and Requests for Reimbursement of Expenditures against those Federal Grant Awards.....	3
Travel	3
Classification of Expenditures.....	3
Board Secretary/Business Administrator's Records.....	3
Treasurer's Records.....	4
Elementary and Secondary Education Act, as amended by the No Child Left Behind Act of 2001 (N.C.L.B.).....	4
Other Special Federal and/or State Projects.....	4
T.P.A.F. Reimbursement.....	4
Nonpublic State Aid	4
School Purchasing Programs	
Contracts and Agreements Requiring Advertisement for Bids.....	5
School Food Service.....	5
Student Body Activities.....	5
Application for State School Aid.....	5
Pupil Transportation.....	5
Facilities and Capital Assets.....	6
Testing for Lead of all Drinking Water in Educational Facilities.....	6
Follow-up on Prior Year Findings.....	6
Acknowledgment.....	6
Schedule of Meal Count Activity.....	N/A
Net Cash Resource Schedule.....	N/A
Schedule of Audited Enrollment.....	7-9
Excess Surplus Calculation.....	10-11
Audit Recommendations Summary.....	12

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

The Honorable President and
Members of the Board of Education
Riverton School District
Riverton, New Jersey


I 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 Board of Education of the Riverton School District, in the County of Burlington for the year ended June 30, 2017, and have issued my report thereon dated October 12, 2017.

As part of my audit, I 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 Riverton Board of Education and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants



Robert P. Inverso
Public School Accountant

October 12, 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 Treasurer of School Moneys, 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 School District's CAFR.

Officials Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Donna Gidjunis	Board Secretary/School Business Administrator	\$ 80,000
Thomas Egan	Treasurer	175,000

There is a Comprehensive Crime policy covering all other employees with multiple coverage of \$100,000.

Tuition Charges

There were no tuition charges which would require the School District to make the necessary adjustment per *N.J.A.C. 6:23A-3.1(f)3*.

Financial Planning, Accounting and Reporting

Examination of Claims

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

Payroll Account

The net salaries of all employees of the School District 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, the Board Secretary/Business Administrator and the Chief School Administrator.

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

Financial Planning, Accounting and Reporting (Continued)

Payroll Account (Continued)

Payrolls were delivered to the Treasurer of School Moneys with a warrant made to his order for the full amount of each payroll.

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators to the NJ Dept. of Treasury was filed by the March 15 due date.

The Payroll Account records were maintained in good condition.

Employee Position Control Roster

No exceptions were noted during my examination of the Employee 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. My review did not indicate any material discrepancies with respect to classification of orders.

Obligations of Federal Grant Awards and Requests for Reimbursement of Expenditures against those Federal Grant Awards

No exceptions were noted during my examination of obligations of federal grant awards and requests for reimbursement of expenditures against those federal grant awards made during the period under audit.

Travel

No exceptions were noted in my study of compliance for travel expenses.

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 my test of transactions of randomly selected expenditure items. I also reviewed the coding of all expenditures included in my compliance and single audit testing procedures. In addition to randomly selecting a test sample, my sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with *N.J.A.C. 6A:23A-8.3*. My review did not indicate any material discrepancies with respect to classification of expenditures.

Board Secretary/Business Administrator's Record

The financial and accounting records of the Board Secretary/Business Administrator's office were maintained in excellent condition.

Financial Planning, Accounting and Reporting (Continued)

Treasurer's Records

The financial and accounting records of the Treasurer were maintained in excellent condition.

Elementary and Secondary Education Act of 1965 (E.S.E.A.)/Improving America's Schools Act (I.A.S.A.) as reauthorized by the No Child Left Behind Act of 2001 (N.C.L.B.)

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 II of the Elementary and Secondary Education Act, as amended and reauthorized.

The study of compliance for E.S.E.A./NCLB did not indicate any exceptions.

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.

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

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

The study of compliance for the special projects did not indicate any exceptions.

T.P.A.F. Reimbursement

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

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

The amount of the expenditure charged to the current year's Final Reports for all 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.

Nonpublic State Aid

The study of compliance for Nonpublic State Aid did not indicate any exceptions.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

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

The School District has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year.

Where question arises as to whether any contract or agreement might result in violation of the statute, the Solicitor's opinion should be sought before a commitment is made.

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

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

School Food Service

For the fiscal year ended June 30, 2017, the School District expended less than \$100,000 in federal and/or state funds for its Child Nutrition Program.

Student Body Activities

The financial records for the Student Activity Fund were maintained in satisfactory condition.

Application for State School Aid

My audit procedures included a 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, low-income and bilingual. I also performed a review of the School District procedures related to its completion. The information on the A.S.S.A. was compared to the School District workpapers without exception. The information that was included on the workpapers was verified without exception. The results of my procedures are presented in the Schedule of Audited Enrollments.

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

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

Pupil Transportation

My 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 my procedures are presented in the Schedule of Audited Enrollments.

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

Facilities and Capital Assets

Not Applicable

Testing for Lead of all Drinking Water in Educational Facilities

The School District adhered to all the requirements of N.J.A.C. 26-1.2 and 12.4 related to the testing for lead of all drinking water in educational facilities.

Follow-up on Prior Years' Findings

In accordance with government auditing standards, my procedures included a review of all prior year recommendations. There were no prior year audit findings.

Acknowledgment

I received the complete cooperation of all the officials of the Riverton School District and I greatly appreciate the courtesies extended to the members of my audit team.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants



Robert P. Inverso
Public School Accountant

October 12, 2017

SCHEDULE OF AUDITED ENROLLMENTS

Riverton School District

Application for State School Aid Summary

Enrollment as of October 15, 2016

7

	2017-2018 Application for State School Aid						Sample for Verification						Private Schools for Disabled			
	Reported on ASSA On Roll		Reported on Workpapers On Roll		Errors		Sample Selected From Workpapers		Verified per Registers On Roll		Errors per Registers On Roll		Reported on ASSA as Private Schools	Sample for Verifi- cation	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Half Day Preschool	8		8				8		8							
Full Day Kindergarten	36		36				36		36							
One	30		30				30		30							
Two	29		29				29		29							
Three	31		31				31		31							
Four	23		23				23		23							
Five	27		27				27		27							
Six	23		23				23		23							
Seven	27		27				27		27							
Eight	24		24				24		24							
Nine																
Ten																
Eleven																
Twelve																
Post - Graduate																
Adult H.S. (15+Cr.)																
Adult H.S. (1-14 Cr.)																
Subtotal	258	-	258	-	-	-	258	-	258	-	-	-	-	-	-	-
Special Education - Elementary	24		24				24		24							
Special Education - Middle School	9		9				9		9			1	1	1		
Special Education - High School												5	5	5		
Subtotal	33	-	33	-	-	-	33	-	33	-	-	6	6	6	-	-
Co. Voc. - Regular																
Co. Voc.Ft. Post Sec.																
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	291	-	291	-	-	-	291	-	291	-	-	6	6	6	-	-
Percentage Error					-	-					-	-				-

SCHEDULE OF AUDITED ENROLLMENTS

Riverton School District

Application for State School Aid Summary

Enrollment as of October 15, 2016

	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on ASSA as Low Income	Reported on Workpapers As Low Income	Errors	Sample Selected From Workpapers	Verified to Application and Register	Sample Errors Full	Reported on ASSA as Low Income	Reported on Workpapers as LEP low Income	Sample Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Half Day Preschool												
Full Day Preschool												
Half Day Kindergarten												
Full Day Kindergarten	4	4		4	4							
One	3	3		3	3							
Two	2	2		2	2							
Three	4	4		4	4							
Four	1	1		1	1							
Five	1	1		1	1							
Six	4	4		4	4							
Seven	1	1		1	1							
Eight	3	3		3	3							
Nine	2	2		2	2							
Ten												
Eleven	4	4		4	4							
Twelve	3	3		3	3							
Post - Graduate												
Adult H.S. (15+Cr.)												
Adult H.S. (1-14 Cr.)												
Subtotal	32	32	-	32	32	-	-	-	-	-	-	-
Special Education - Elementary	7	7		7	7							
Special Education - Middle School	2	2		2	2							
Special Education - High School												
Subtotal	9	9	-	9	9	-	-	-	-	-	-	-
Co. Voc. - Regular												
Co. Voc.Ft. Post Sec.												
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-
Totals	41	41	-	41	41	-	-	-	-	-	-	-
Percentage Error			-			-			-			-

Transportation

	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors	Reported	
							Reg Avg (Mileage) = Reg including Gr. PK students (Part A)	Recalculated
Reg. - Public Schools, col 1.	11	11		11	11		12.9	12.9
Special Ed. Spec. col.6	15	15		15	15		12.9	12.9
Spec. Avg.= Special Ed. With Special Needs							11.6	11.6
Total	26	26	-	26	26	-		
Percentage Error			-			-		

SCHEDULE OF AUDITED ENROLLMENTS

Riverton School District

Application for State School Aid Summary

Enrollment as of October 15, 2016

	<u>Resident LEP NOT Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on ASSA as Not Low Income</u>	<u>Reported on Workpapers as Not Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Application and Register</u>	<u>Sample Errors</u>
Half Day Preschool						
Full Day Preschool						
Half Day Kindergarten						
Full Day Kindergarten						
One						
Two						
Three						
Four						
Five						
Six	1	1		1	1	
Seven						
Eight						
Nine	1	1		1	1	
Ten						
Eleven						
Twelve						
Post-Graduate						
Adult H.S. (15+Cr.)						
Adult H.S. (1-14 Cr.)						
Subtotal	<u>2</u>	<u>2</u>	<u>-</u>	<u>2</u>	<u>2</u>	<u>-</u>
Special Ed. - Elementary						
Special Ed. - Middle						
Special Ed. - High School						
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Co. Voc. - Regular						
Co.Voc. - Ft. Post Sec.						
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>2</u>	<u>2</u>	<u>-</u>	<u>2</u>	<u>2</u>	<u>-</u>
Percentage Error			<u>-</u>			<u>-</u>

RIVERTON SCHOOL DISTRICT

EXCESS SURPLUS CALCULATION

SECTION 1 - Regular Districts

A. 2% Calculation of Excess Surplus

2016-17 Total General Fund Expenditures per the CAFR, Ex C-1	\$	<u>5,973,545</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>(588,435)</u>	(B2a)
Assets Acquired Under Capital Leases	\$	<u> </u>	(B2b)
 Adjusted 2016-17 General Fund Expenditures [(B)+(B1s)+(B2s)]	 \$	 <u>5,385,110</u>	 (B3)
 2% of Adjusted 2016-17. General Fund Expenditures			
[(B3) times .02]	\$	<u>107,702</u>	(B4)
Enter Greater of (B4) or \$250,000	\$	<u>250,000</u>	(B5)
Increased by: Allowable Adjustment	\$	<u> </u>	(K)
 Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]			 \$ <u><u>250,000</u></u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6-30-17			
(Per CAFR Budgetary Comparison Schedule C-1)	\$	<u>1,219,485</u>	(C)
Decreased by:			
Year-end Encumbrances	\$	<u>686,229</u>	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$	<u> </u>	(C2)
Legally Restricted Excess Surplus - Designated for Subsequent Year's Expenditures	\$	<u> </u>	(C3)
Other Restricted Fund Balances	\$	<u>283,256</u>	(C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	\$	<u> </u>	(C5)
Additional Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures July 1, 2017 - August 1, 2017	\$	<u> </u>	(C6)
 Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]			 \$ <u><u>250,000</u></u> (U1)

RIVERTON SCHOOL DISTRICT

EXCESS SURPLUS CALCULATION

SECTION 3 - All Districts

Restricted Fund Balance - Excess Surplus [(U2)-(M)] IF NEGATIVE ENTER -0- \$ (E)

Recapitulation of Excess Surplus as of June 30, 2017

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures \$ (C3)

Reserved Excess Surplus [(E)] \$ (E)

Total [(C3) + (E)] \$ (D)

Detail of Allowable Adjustments

Impact Aid \$ (H)

Sale & Lease-back \$ (I)

Extraordinary Aid \$ (J1)

Additional Nonpublic School Transportation Aid \$ (J2)

Current Year School Bus Advertising Revenue \$ (J3)

Family Crisis Transportation Aid \$ (J4)

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

Detail of Other Restricted Fund Balance

Statutory restrictions:

Approved unspent separate proposal \$

Sale/lease-back reserve \$

Capital reserve \$ 61,118

Maintenance reserve \$ 163,138

Emergency reserve \$

Tuition reserve \$ 59,000

School Bus Advertising 50% Fuel Offset Reserve - current year \$

School Bus Advertising 50% Fuel Offset Reserve - prior year \$

Impact Aid General Fund Reserve (Sections 8002 and 8003) \$

Impact Aid Capital Fund Reserve (Sections 8007 and 8008) \$

Other state/government mandated reserves \$

Other Restricted Fund Balance not noted above \$

Total Other Restricted Fund Balance \$ 283,256 (C4)

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

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 recommendations.