

**WOODSTOWN-PILESGROVE REGIONAL SCHOOL DISTRICT
COUNTY OF SALEM**

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

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2017**

WOODSTOWN-PILESGROVE REGIONAL SCHOOL DISTRICTAuditor's Management Report on Administrative
Findings - Financial, Compliance and Performance

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

The Honorable President and
Members of the Board of Education
Woodstown-Pilesgrove Regional School District
County of Salem, 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 Woodstown-Pilesgrove Regional School District, in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2017, which were separately issued in the Comprehensive Annual Financial Report dated November 30, 2017.

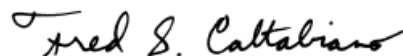
As part of our audit, we also performed procedures required by the Division of Administration and Finance, Department of Education, State of New Jersey, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is issued in conjunction with the Comprehensive Annual Financial Report of the Woodstown-Pilesgrove Regional School District, for the fiscal year ended June 30, 2017, and is intended for the information of the School District's management and the Division of Administration and Finance, Department of Education, State of New Jersey. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Fred S. Caltabiano
Certified Public Accountant
Public School Accountant No. CS00238100

Woodbury, New Jersey
November 30, 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 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 Comprehensive Annual Financial Report (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>
Andrew Eubanks (1/17/17 – 8/1/17) Frank Rizzo (7/1/16 – 1/16/17)	Board Secretary / School Business Administrator	\$ 200,000.00
James Hackett	Treasurer of School Moneys	\$ 220,000.00

There is a blanket dishonesty bond covering all other employees with coverage of \$100,000 per loss.

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 costs in accordance with N.J.A.C. 6A:23A-17.1(f)3.

FINANCIAL PLANNING, ACCOUNTING, AND REPORTING**Examination of Claims**

Sampled claims paid during the fiscal year under audit did not indicate any reportable noncompliance with respect to signatures, certification, or supporting documentation.

Payroll Account

The net salaries of sampled employees of the School District were deposited in the net payroll account. Employees' payroll deductions and the 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 Board Secretary / School Business Administrator.

Sampled salary withholdings were promptly remitted to the proper agencies, including health benefit premium withholdings due to the general fund.

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

FINANCIAL PLANNING, ACCOUNTING, AND REPORTING (CONT'D)

Employee Position Control Roster

A sample of the Employee Position Control Roster indicated that it was in satisfactory condition and was approved by the county office submission with the 2016-2017 budget review checklist.

Encumbrances and Accounts Payable

A sample of outstanding issued purchase orders was made as of June 30 for proper classification of orders as encumbrances and accounts payable. Our sample did not indicate any reportable noncompliance with respect to classification of orders.

Travel

A sample of travel expenditures during the fiscal year under audit did not indicate any reportable noncompliance.

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 randomly sampled expenditure transactions. We also tested the coding of all expenditures included in our compliance and single audit sampling procedures. In addition, a sample was selected that specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3. Our samples did not indicate any reportable noncompliance with respect to classification of expenditures.

Board Secretary's Records

Our audit of the financial and accounting records maintained by the Board Secretary noted the following exceptions.

Finding 2017-002 (CAFR Finding No. 2017-002)

Required maintenance expenditures are not accounted for by school building in the accounting software.

Recommendation

Required maintenance expenditures should be accounted for by school building in the accounting software.

Finding 2017-004 (CAFR Finding No. 2017-004)

The food service enterprise fund has had a deficit net position since at least June 30, 2014.

Recommendation

Procedure should be implemented to prevent a deficit net position in the food service enterprise fund.

Finding 2017-005 (CAFR Finding No. 2017-005)

Capital Projects Fund 30 accounting software reports were not in agreement with the School District's financial statements and the expenditures reported on the School Development Authority (SDA) grants reimbursement requests.

Recommendation

Capital Projects Fund 30 accounting software reports must be in agreement with the School District's financial statements and the expenditures reported on the SDA grants reimbursement requests.

FINANCIAL PLANNING, ACCOUNTING, AND REPORTING (CONT'D)

Treasurer of School Moneys' Records

Our audit of the financial and accounting records maintained by the Treasurer of School Moneys indicated that they were in satisfactory condition.

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 (N.C.L.B.) 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 and II of the Elementary and Secondary Education Act as amended and reauthorized.

The audit of compliance for E.S.E.A. did not indicate any reportable noncompliance.

Other Special Federal and / or State Projects

The School District's other special projects were approved as listed on exhibits K-3 and K-4 located in the CAFR.

Our audit of the federal and state funds on a sample 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 other special projects.

The audit of compliance for other special projects did not indicate any reportable noncompliance.

TPAF Reimbursement

Our audit procedures included a sample 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.

TPAF 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 not made within 90 days after year-end as required by the Office of Grants Management and N.J.S.A. 18A:66-90. The expenditure was inspected subsequent to the reimbursement and no other exceptions were noted.

Finding 2017-003 (CAFR Finding No. 2017-003)

Reimbursement to the State of New Jersey per NJSA 18A:66-90 for pension and social security – federally funded programs, was not paid within 90 days and it was not charged to the budget before year-end close, thus resulting in an over-expenditure of two budget line items.

Recommendation

Reimbursements to the State of New Jersey per NJSA 18A:66-90 for pension and social security – federally funded programs, must be paid within 90 days and expenditures should be posted timely and properly to avoid over-expenditures.

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 the school contracts in general, are available on the following 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&headingswithhits=on&infobase=statutes.nfo&oftpage=TOC Frame Pg42

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$40,000.00 (with a Qualified Purchasing Agent) and \$29,000.00 (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 \$18,800.00 for 2016-17.

The School District's 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 audit, we did not note any individual payments, contracts, or agreements made for the performance of any work or goods or services, in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A. 18A:18A-4, 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 financial transactions and statistical records of the school food service fund were audited. The financial accounts, meal count records, and eligibility applications were tested on a sample basis. No exceptions were noted.

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

Expenditures should be separately recorded as food, labor, and other costs. Vendor invoices were sampled 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.

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.

Sampled time sheets were tested and labor costs verified. Payroll records were maintained on all sampled school food service employees authorized by the School District. 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.

SCHOOL FOOD SERVICE (CONT'D)

Sampled applications for free and reduced price meals were tested for completeness and accuracy. The number of free and reduced price meals claimed as served was compared to the number of valid applications and / 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 inspected for uniform administration throughout the school system. The required verification procedures for free and reduced price applications were completed and available for audit.

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 position (CAFR exhibit B-5) does separate program and non-program revenue and program and non-program cost of goods sold.

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

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

APPLICATION FOR STATE SCHOOL AID

Our audit procedures included a sample of information reported in the October 15, 2016 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the disabled, low-income, and bilingual. We also performed an inspection 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 our 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

Our audit procedures included a sample of on-roll status reported in the 2016-2017 District Report of Transported Resident Students (DRTRS). The information that was reported 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 sample of transportation related contracts and purchases. Based on our sample, the School District complied with proper bidding procedures and award of contracts. No exceptions were noted in our sample of transportation related purchases of goods and services.

FACILITIES AND CAPITAL ASSETS

Our audit of the financial and accounting records for facilities and capital assets noted the following exceptions.

Finding 2017-001 (CAFR Finding No. 2017-001)

A capital asset ledger is not properly maintained.

Recommendation

A capital asset ledger must be properly maintained.

MISCELLANEOUS

Continuing Disclosure Agreements

The School District complied with its most recent continuing disclosure agreements made in relation to prior year bond issuances.

Testing for Lead of All Drinking Water in Education Facilities

The School District did comply with all the requirements of N.J.A.C. 6A:26-1.2 and 12.4 related to the testing for lead of all drinking water in educational facilities.

FOLLOW-UP ON PRIOR YEAR'S FINDINGS

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year recommendations. Corrective action had been taken on all prior year findings.

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

ACKNOWLEDGMENT

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

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Fred S. Caltabiano

Fred S. Caltabiano
Public School Accountant No. CS00238100

WOODSTOWN-PILESGROVE REGIONAL SCHOOL DISTRICT
 Schedule of Meal Count Activity
 Food Service Fund
 Number of Meals Served and (Over) / Underclaim - Federal
 Enterprise Fund
 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>Estimated (Over) / Under Claim</u>
National School Lunch (Regular Rate)	Paid	55,102	4,192	4,192	-	\$ 0.30	\$ -
	Reduced	7,726	587	587	-	2.76	-
	Free	<u>36,382</u>	<u>2,736</u>	<u>2,736</u>	<u>-</u>	3.16	<u>-</u>
	Total	<u>99,210</u>	<u>7,515</u>	<u>7,515</u>			<u>-</u>
National School Lunch	HHFKA - PB Lunch Only	<u>99,210</u>	<u>7,515</u>	<u>7,515</u>	-	0.06	<u>-</u>
School Breakfast	Paid	1,725	141	141	-	0.29	-
	Reduced	812	65	65	-	1.41 / 1.74	-
	Free	<u>7,455</u>	<u>556</u>	<u>556</u>	<u>-</u>	1.71 / 2.04	<u>-</u>
	Total	<u>9,992</u>	<u>762</u>	<u>762</u>	<u>-</u>		<u>-</u>
Special Milk	Paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	0.1975	<u>-</u>
After School Snacks	Paid	-	-	-	-	0.07	-
	Reduced	-	-	-	-	0.43	-
	Free (Area Eligible)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	0.86	<u>-</u>
	Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>-</u>
CACFP (d) - Food	Free	-	-	-	-	3.16	-
CACFP (d) - Cash-in-lieu of USDA Foods	Free	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	0.23	<u>-</u>
Total Net Underclaim / (Overclaim)							<u>\$ -</u>

WOODSTOWN-PILESGROVE REGIONAL SCHOOL DISTRICT
 Schedule of Net Cash Resources
 Net Cash Resources Did/Did Not Exceed Three Months of Expenditures
 Proprietary Funds - Food Service Fund
 For the Fiscal Year Ended June 30, 2017

<u>Net Cash Resources:</u>	<u>Food Service B - 4/5</u>	
CAFR	Current Assets	
B-4	Cash & Cash Equivalents	\$ (29,267.04)
B-4	Due from Other Governments	9,407.78
B-4	Due from Other Funds	-
B-4	Accounts Receivable	
CAFR	Current Liabilities	
B-4	Less Accounts Payable	-
B-4	Less Accruals	-
B-4	Less Due to Other Funds	(21,892.00)
B-4	Less Unearned Revenue	-
	 Net Cash Resources	 <u><u>\$ (41,751.26)</u></u> (A)

Net Adjusted Total Operating Expense:

B-5	Total Operating Expenditures	\$ 552,868.46	
B-5	Less Depreciation	(9,026.00)	
	 Adjusted Total Operating Expense	 <u><u>\$ 543,842.46</u></u> (B)	

Average Monthly Operating Expense:

B / 10	\$ 54,384.25	(C)
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Three Times Monthly Average:

3 X C	\$ 163,152.74	(D)
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TOTAL IN BOX A	\$ (41,751.26)
LESS TOTAL IN BOX D	\$ 163,152.74
NET	<u><u>\$ (204,904.00)</u></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.

WOODSTOWN-PILESGROVE REGIONAL SCHOOL DISTRICT
 Application for State School Aid Summary
 Schedule of Audited Enrollments
 Enrollment as of October 15, 2016

	2017-2018 Application for State School Aid						Sample for Verification						Private Schools for the 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 Veri- cation	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Half Day Preschool	28		28					28		28						
Full Day Preschool																
Half Day Kindergarten																
Full Day Kindergarten	102		102					102		102						
One	88		88					88		88						
Two	72		72					72		72						
Three	73		73					73		73						
Four	62		62					62		62						
Five	63		63					63		63						
Six	73		73					73		73						
Seven	73		73					73		73						
Eight	77		77					77		77						
Nine	130		130					130		130						
Ten	131		131					131		131						
Eleven	113		113					113		113						
Twelve	156		156					156		156						
Post-Graduate																
Adult H.S. (15+CR.)																
Adult H.S. (1-14CR.)																
Subtotal	1,241	-	1,241	-	-	-		1,241	-	1,241	-	-	-	-	-	-
Special Education-Elementary	66	9	66	9				22	9	22	9		1	1	1	
Special Education-Middle School	43		43					5		5			1	1	1	
Special Education-High School	80	24	80	24				8	24	8	24		5	5	5	
Subtotal	189	33	189	33	-	-		35	33	35	33	-	7	7	7	-
Co. Voc. - Regular																
Co. Voc. Ft. Post Sec.																
Subtotal	-	-	-	-	-	-		-	-	-	-	-	-	-	-	-
Totals	1,430	33	1,430	33	-	-		1,276	33	1,276	33	-	7	7	7	-
Percentage Error					-	-						-				-

WOODSTOWN-PILEGROVE REGIONAL SCHOOL DISTRICT
 Application for State School Aid Summary
 Schedule of Audited Enrollments
 Enrollment as of October 15, 2016

	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on A.S.S.A. as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on A.S.S.A. as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Application, Test Score and Register	Sample Errors
Half Day Preschool												
Full Day Preschool												
Half Day Kindergarten												
Full Day Kindergarten	29	29		15	15		2	2		2	2	
One	26	26		15	15		2	2		2	2	
Two	15	15		10	10							
Three	24	24		10	10		1	1		1	1	
Four	17	17		9	9							
Five	17	17		10	10							
Six	18	18		9	9							
Seven	20	20		11	11							
Eight	20	20		8	8							
Nine	17	17		9	9							
Ten	17	17		8	8							
Eleven	13	13		8	8							
Twelve	15	15		8	8							
Post-Graduate												
Adult H.S. (15+CR.)												
Adult H.S. (1-14CR.)												
Subtotal	248	248	-	130	130	-	5	5	-	5	5	-
Special Education-Elementary	34	34		22	22		1	1		1	1	
Special Education-Middle School	23	23		17	17							
Special Education-High School	27.5	27.5		21	21		1	1		1	1	
Subtotal	84.5	84.5	-	60	60	-	2	2	-	2	2	-
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-
Totals	332.5	332.5	-	190	190	-	7	7	-	7	7	-
Percentage Error			-			-			-			-

	Transportation						Reported	Re-Calculated	
	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors			
Reg. - Public Schools, Col. 1	369	369		160	160		Reg. Avg. (Mileage) = Regular Including Grade PK students (Part A)	5.1	5.1
Reg. - SpEd, Col. 4	64.5	64.5		35	35		Reg. Avg. (Mileage) = Regular Excluding Grade PK students (Part B)	5.1	5.1
Transported - Non-Public, Col. 3	-	-		-	-		Spec. Avg. (Mileage) = Special Ed. with Special Needs	8.8	8.8
Special Needs, Col. 6	42.5	42.5		31	31				
Totals	476.0	476.0	-	226	226	-			
Percentage Error			-			-			

WOODSTOWN-PILESGROVE REGIONAL SCHOOL DISTRICT

Application for State School Aid Summary

Schedule of Audited Enrollments

Enrollment as of October 15, 2016

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

EXCESS SURPLUS CALCULATION

REGULAR DISTRICT / CHARTER SCHOOL / RENAISSANCE SCHOOL PROJECT

SECTION 1

2% Calculation of Excess Surplus

2016-17 Total General Fund Expenditures Reported on CAFR Exhibit C-1	<u>\$ 25,246,754.53</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>2,931,743.43</u> (B2a)
Assets Acquired Under Capital Leases	<u> -</u> (B2b)
Adjusted 2016-17 General Fund Expenditures [(B)+(B1s)-(B2s)]	<u>22,315,011.10</u> (B3)
2% of Adjusted 2016-17 General Fund Expenditures [(B3) times .02]	<u>446,300.22</u> (B4)
Enter Greater of (B4) or \$250,000	<u>446,300.22</u> (B5)
Increased by: Allowable Adjustment *	<u>26,892.00</u> (K)
Maximum Unassigned Fund Balance [(B5) + (K)]	<u>\$ 473,192.22</u> (M)

SECTION 2

Total General Fund - Fund Balances at June 30, 2017 (Per CAFR Budgetary Comparison Schedule, Ex. C-1)	<u>\$ 740,713.18</u> (C)
Decreased by:	
Year-End Encumbrances	<u>38,546.42</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>18,930.00</u> (C4)
Assigned Fund Balance - Designated for Subsequent Year's Expenditures	<u>200,000.00</u> (C5)
Additional Assigned Fund Balance - Designated for Subsequent Year's Expenditures July 1, 2017-August 1, 2017	<u>12,304.00</u> (C6) *****
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]	<u>470,932.76</u> (U1)

SECTION 3

Restricted Fund Balance - Excess Surplus *** [(U1)-(M)] IF NEGATIVE ENTER -0-	<u>\$ -</u> (E)
<u>Recapitulation of Excess Surplus as of June 30, 2017</u>	
Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	<u>\$ -</u> (C3)
Restricted - Excess Surplus *** [(E)]	<u>-</u> (E)
Total Excess Surplus [(C3)+(E)]	<u>\$ -</u> (D)

EXCESS SURPLUS CALCULATION (CONT'D)

REGULAR DISTRICT / CHARTER SCHOOL / RENAISSANCE SCHOOL PROJECT

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 and 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

Federal Impact Aid	\$ - (H)
Sale & Lease-back	- (I)
Extraordinary Aid	<u>19,062.00 (J1)</u>
Additional Nonpublic School Transportation Aid	<u>7,830.00 (J2)</u>
Current Year School Bus Advertising Revenue Recognized	- (J3)
Family Crisis Transportation Aid	<u>- (J4)</u>
 Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)]	 <u>\$ 26,892.00 (K)</u>

** This amount represents the June 30, 2016 Excess Surplus (C3 above) and must be included in the Audit Summary Line 90031. This amount was to be appropriated in the 2017-2018 general fund budget.

*** Amounts must agree to the June 30, 2017 CAFR and must agree to Audit Summary 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 state mandated or 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 - 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 I-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>1.00</u>
Maintenance reserve	<u>18,929.00</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 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	 <u>\$ 18,930.00 (C4)</u>

WOODSTOWN-PILESGROVE REGIONAL SCHOOL DISTRICT
Audit Recommendation Summary
For the Fiscal Year Ended June 30, 2017

Recommendations:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

Required maintenance expenditures should be accounted for by school building in the accounting software.

Procedure should be implemented to prevent a deficit net position in the food service enterprise fund.

Capital Projects Fund 30 accounting software reports must be in agreement with the School District's financial statements and the expenditures reported on the SDA grants reimbursement requests.

Reimbursements to the State of New Jersey per NJSA 18A:66-90 for pension and social security – federally funded programs, must be paid within 90 days and expenditures should be posted timely and properly to avoid over-expenditures.

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

A capital asset ledger must be properly maintained.

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.