

**BRICK TOWNSHIP  
BOARD OF EDUCATION  
COUNTY OF OCEAN, NEW JERSEY**

**AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE  
FINDINGS  
FINANCIAL, COMPLIANCE AND PERFORMANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

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INDEPENDENT AUDITOR'S REPORT

Honorable President and  
Members of the Board of Education  
Brick Township  
County of Ocean, New Jersey

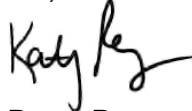
We have audited, in accordance with generally accepted audit standards and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Brick Township Board of Education in the County of Ocean for the year ended June 30, 2018, and have issued our report thereon dated January 31, 2019.

As part of our audit, we performed procedures required by the New Jersey Department of Education, 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 Brick Township Board of Education'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,

JUMP, PERRY AND COMPANY, L.L.P.  
Toms River, New Jersey



Kathryn Perry, Partner  
Public School Accountant  
No. CS 20CS00226400

January 31, 2019

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

### **Scope of Audit**

The audit covered the financial transactions of the School Business Administrator/Board Secretary and 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 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>
James W. Edwards, Jr., CPA	Business Administrator/ Board Secretary	\$ 550,000
Richard M. Larsen	Treasurer	\$ 550,000

There is a Public Employees' Faithful Performance Blanket Position Bond covering all other employees with multiple coverage of \$250,000.

#### **Tuition Charges**

A comparison of tentative tuition charges and actual certified tuition charges was made. Our comparison revealed that tuition appeared to be charged correctly.

#### **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 Business Administrator/Board Secretary.

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

Payrolls were delivered to the treasurer of school moneys with a warrant made to his order for the full amount of each payroll.

### **Employee Position Control Roster**

A review of the Position Control Roster was made and found that proper and consistent financial reporting, and that employee benefits are offered only to current employees and their eligible relations.

### **Reserve for Encumbrances and Accounts Payable**

A review of outstanding issued purchase orders was made as of June 30, 2018 for proper classification of orders as reserve for encumbrances and accounts payable.

### **Travel**

No findings.

### **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, a transaction error rate of 0.00 percent overall was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

### **Board Secretary's Records**

Our review of the financial and accounting records maintained by the board secretary disclosed the following items.

No findings.

### **Treasurer's Records**

The following items were noted during our review of the records of the Treasurer.

No findings.

### **Elementary and Secondary Education Act (E.S.E.A.) as amended by the Every Student Succeeds Act (ESSA)**

The E.S.E.A. financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to projects under the 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 K-3 and Schedule K-4 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 during the fiscal year or project period for which the project was approved.

## **Other Special Federal and/or State Projects (cont'd)**

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 biweekly reimbursement filed with the Department of Education for 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 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-3* states:

- a. When the cost or price of any contract awarded by the purchasing agent in the aggregate does not exceed in a contract year the total sum of \$26,000, the contract may be awarded by a purchasing agent when so authorized by resolution of the Board of Education without public advertising for bids and bidding therefore, except that the Board of Education may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L.1971, c.198 (C.40A:11-9) the Board of Education may establish that the bid threshold may be up to \$40,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.
- b. Commencing in the fifth year after the year in which P.L.1999,c.440 takes effect and every five years thereafter, the Governor, in consultation with the Department of the Treasury, shall adjust the threshold amount and the higher threshold amount which the Board of Education is permitted to establish as set forth in subsection a. of this section or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in N.J.S.A. 18A:18A-2, and shall round the adjustment to the nearest \$1,000. The Governor shall notify all local school districts of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of the year in which it is made.

Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection a. of N.J.S.A. 18A:18A-5 may be awarded for a period not exceeding 12 consecutive months.

## **Contracts and Agreements Requiring Advertisement for Bids (cont'd)**

*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 bid threshold 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 \$19,000 for 2017-2018.

The 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.

The results of our examination indicated that no 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.

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 reveal however, that the purchases were made through the use of State contracts.

## **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. Cash receipts and bank records were reviewed for timely deposit.

Expenditures were 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.

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.

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. The required verification procedures for free and reduced price applications were completed and available for review.

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.

### **Student Body Activities**

During our review of the student activity funds, the following items were noted.

No findings.

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

Our audit procedures included a test of information reported on the October 13, 2017 Application for State School Aid (ASSA) for on-roll, private schools for the handicapped, low-income and bilingual. We also performed a review of the district procedures related to its completion. The information on the ASSA was compared to the district workpapers without exception. The information that was included on the workpapers was verified with exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Exceptions noted during testing:

- Two students were declassified but included in the special education student count.

This exception did not rise to a recommendation. The error rate was 0.34% for that section and has been deemed insignificant and isolated.

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 2017-2018 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with exceptions. 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. The



bid specifications for the purchase of buses were in compliance with applicable statutes. No exceptions were noted in our review of transportation related purchases of goods and services.

### **Facilities and Capital Assets**

Our procedures included a review of the EDA grant agreement for consistency with recording EDA revenue, transfer of local funds from the general fund or from the capital reserve account, and awarding of contracts for eligible facilities construction.

### **Miscellaneous**

#### **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.

The school district submitted the annual Statement of Assurance to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

#### **Follow-up on Prior Years' Findings**

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

#### **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.

Brick Township Board of Education

Food Service Fund

Number of Meals Served and (Over) Underclaim - Federal

for the Fiscal Year ended June 30, 2018

Schedule of Meal Count Activity

<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>
National School Lunch (Regular Rate)	Paid	201,475	201,475	201,475	-	0.33	\$ -
	Reduced	57,122	57,122	57,122	-	2.85	-
	Free	265,771	265,771	265,771	-	3.25	-
	Total	<u>524,368</u>	<u>524,368</u>	<u>524,368</u>	<u>-</u>		<u>-</u>
National School Lunch (PB Lunch Only)	HHFKA	<u>524,368</u>	<u>524,368</u>	<u>524,368</u>	<u>-</u>	0.06	<u>-</u>
School Breakfast (Regular Rate)	Paid	9,332	9,332	9,332	-	0.30	
	Reduced	1,645	1,645	1,645	-	1.45	
	Free	5,470	5,470	5,470	-	1.75	
	Total	<u>16,447</u>	<u>16,447</u>	<u>16,447</u>	<u>-</u>		<u>-</u>
School Breakfast (Severe Needs Rate)	Paid	93,582	93,582	93,582	-	0.30	
	Reduced	32,127	32,127	32,127	-	1.79	
	Free	198,120	198,120	198,120	-	2.09	
	Total	<u>323,829</u>	<u>323,829</u>	<u>323,829</u>	<u>-</u>		<u>-</u>
Special Milk	Paid	467	467	467	-	0.2075	-
	Free	4,252	4,252	4,252	-	average cost	-
	Total	<u>4,719</u>	<u>4,719</u>	<u>4,719</u>	<u>-</u>		<u>-</u>
TOTAL NET (OVER) UNDERCLAIM							<u>-</u>

Brick BOE

Food Service Fund

Number of Meals Served and (Over) Underclaim - State

for the Fiscal Year ended June 30, 2018

Schedule of Meal Count Activity

<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>
National School Lunch (Regular Rate)	Paid	201,475	201,475	201,475	-	0.050 \$	-
	Reduced	57,122	57,122	57,122	-	0.055	-
	Free	265,771	265,771	265,771	-	0.055	-
	<b>Total</b>	<u>524,368</u>	<u>524,368</u>	<u>524,368</u>	<u>-</u>		<u>-</u>

**BRICK TOWNSHIP SCHOOL DISTRICT  
NET CASH RESOURCE SCHEDULE**

**Net cash resources did not exceed three months of expenditures  
Proprietary Funds - Food Service  
June 30, 2018**

<u>Net Cash Resources:</u>			<b>Food Service B - 4/5</b>	
<b>CAFR</b>	<b>*</b>	<b>Current Assets</b>		
B-4		Cash & Cash Equiv.	\$ 454,861	
B-4		Due from Other Gov'ts	119,087	
B-4		Accounts Receivable	4,812	
B-4		Investments	-	
<b>CAFR</b>		<b>Current Liabilities</b>		
B-4		Less Accounts Payable	(49,555)	
B-4		Less Accruals	(49,495)	
B-4		Less Due to Other Funds	-	
B-4		Less Unearned Revenue	0	
		<b>Net Cash Resources</b>	<b>\$ 479,710</b>	<b>(A)</b>

<u>Net Adj. Total Operating Expense:</u>				
B-5		Tot. Operating Exp.	\$ 2,938,264	
B-5		Less Depreciation	(30,188)	
		<b>Adj. Tot. Oper. Exp.</b>	<b>\$ 2,908,076</b>	<b>(B)</b>

<u>Average Monthly Operating Expense:</u>				
		B / 10	\$ 290,808	<b>(C)</b>

<u>Three times monthly Average:</u>				
		3 X C	\$ 872,424	<b>(D)</b>

TOTAL IN BOX A	\$ 479,710
LESS TOTAL IN BOX D	\$ 872,424
<b>NET</b>	<b>\$ (392,714)</b>
From above:	
<b>A is greater than D, cash exceeds 3 X average monthly operating expenses.</b>	
<b>D is greater than A, cash does not exceed 3 X average monthly operating expenses.</b>	

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

SOURCE - USDA resource management comprehensive review form

**SCHEDULE OF AUDITED ENROLLMENTS**

**BRICK TOWNSHIP BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 13, 2017**

	2018-2019 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 Verifi-cation	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Half Day Preschool - 3yr	21	-	21	-	-	-	1	-	1	-	-	-	-	-	-	-
Half Day Preschool - 4yr	42	-	42	-	-	-	2	-	2	-	-	-	-	-	-	-
Full Day Preschool - 3 yr	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool - 4yr	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	575	-	575	-	-	-	25	-	25	-	-	-	-	-	-	-
One	551	-	551	-	-	-	24	-	24	-	-	-	-	-	-	-
Two	517	-	517	-	-	-	23	-	23	-	-	-	-	-	-	-
Three	482	-	482	-	-	-	21	-	21	-	-	-	-	-	-	-
Four	561	-	561	-	-	-	25	-	25	-	-	-	-	-	-	-
Five	463	-	463	-	-	-	20	-	20	-	-	-	-	-	-	-
Six	531	-	531	-	-	-	23	-	23	-	-	-	-	-	-	-
Seven	544	-	544	-	-	-	24	-	24	-	-	-	-	-	-	-
Eight	567	-	567	-	-	-	25	-	25	-	-	-	-	-	-	-
Nine	560	-	560	-	-	-	25	-	25	-	-	-	-	-	-	-
Ten	574	-	574	-	-	-	25	-	25	-	-	-	-	-	-	-
Eleven	533	62	533	62	-	-	24	3	24	3	-	-	-	-	-	-
Twelve	552	53	552	53	-	-	25	2	25	2	-	-	-	-	-	-
Post-Graduate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (15+CR.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (1-14 CR.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	7,073	115	7,073	115	-	-	312	5	312	5	-	-	-	-	-	-
Special Ed - Elementary	613	-	613	-	-	-	115	-	114	-	1	-	16	12	12	-
Special Ed - Middle School	389	-	389	-	-	-	73	-	73	-	-	-	22	17	17	-
Special Ed - High School	449	71	449	71	-	-	84	13	83	13	1	-	51.5	39	39	-
Subtotal	1,451	71	1,451	71	-	-	272	13	270	13	2	-	89.5	68	68	-
Co. Voc. - Regular	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Co. Voc. Ft. Post Sec.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	8,524	186	8,524	186	-	-	584	18	582	18	2	-	89.5	68	68	-
Percentage Error											0.34%					

SCHEDULE OF AUDITED ENROLLMENTS

BRICK TOWNSHIP BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 13, 2017

	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 Test Score and Register	Sample Errors
Half Day Preschool - 3yr	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Preschool - 4yr	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool - 3yr	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool - 4yr	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	178	178	-	18	18	-	30	30	-	17	17	-
One	183	183	-	19	19	-	35	35	-	20	20	-
Two	181	181	-	18	18	-	39	39	-	22	22	-
Three	171	171	-	17	17	-	29	29	-	17	17	-
Four	205	205	-	21	21	-	12	12	-	7	7	-
Five	153	153	-	15	15	-	6	6	-	4	4	-
Six	189	189	-	19	19	-	9	9	-	5	5	-
Seven	162	162	-	16	16	-	6	6	-	3	3	-
Eight	171	171	-	17	17	-	5	5	-	3	3	-
Nine	148	148	-	15	15	-	5	5	-	3	3	-
Ten	152	152	-	15	15	-	10	10	-	6	6	-
Eleven	130.5	130.5	-	13	13	-	4	4	-	2	2	-
Twelve	132.5	132.5	-	13	13	-	3	3	-	2	2	-
Post-Graduate	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (15+CR.)	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (1-14 CR.)	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	2,156	2,156	-	216	216	-	193	193	-	111	111	-
Special Ed - Elementary	321	321	-	33	33	-	25	25	-	14	14	-
Special Ed - Middle	193	193	-	21	21	-	-	-	-	-	-	-
Special Ed - High	197.5	197.5	-	21	21	-	3	3	-	2	2	-
Subtotal	711.5	711.5	-	75	75	-	28	28	-	16	16	-
Res. Mental Health CTR	1	1	-	-	-	-	-	-	-	-	-	-
Train Sch/Secure Care	1	1	-	-	-	-	-	-	-	-	-	-
Juvenile Community CTR	2	2	-	-	-	-	-	-	-	-	-	-
Juvenile Detention CTR	2	2	-	-	-	-	-	-	-	-	-	-
Co. Voc. - Regular	-	-	-	-	-	-	-	-	-	-	-	-
Co. Voc. Ft. Post Sec.	-	-	-	-	-	-	-	-	-	-	-	-
Totals	2,873.5	2,873.5	-	291.0	291.0	-	221	221	-	127	127	-
Percentage Error			-			-			-			-

Transportation

	Reported on DRTRS by DOE/county		Reported on DRTRS by District		Errors	Tested	Verified	Errors	Reported	Recalculated
Reg. - Public Schools, col. 1	3,092		3,092	-		184	185	(1)	4.1	4.1
Reg -SpEd, col. 4	1,036.0		1,036.0	-		61	60	1	4.1	4.1
Transported - All, col. 2 & Non-Public, Col. 3	583		583	-		35	35	-	5.5	5.5
Special Ed Spec, col. 6	544.0		544.0	-		32	26	6		
Totals	5,255		5,255	-		312	306	6		
Percentage Error							1.92%			

**SCHEDULE OF AUDITED ENROLLMENTS**

**BRICK TOWNSHIP BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 13, 2017**

	<u>Resident LEP NOT Low Income</u>			<u>Sample for Verification</u>		
	Reported on A.S.S.A. as NOT Low Income	Reported on Workpapers as NOT Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
	Half Day Preschool - 3yr	-	-	-	-	-
Half Day Preschool - 4yr	-	-	-	-	-	-
Full Day Preschool - 3yr	-	-	-	-	-	-
Full Day Preschool - 4yr	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-
Full Day Kindergarten	4	4	-	3	3	-
One	4	4	-	3	3	-
Two	3	3	-	3	3	-
Three	5	5	-	4	4	-
Four	3	3	-	3	3	-
Five	1	1	-	1	1	-
Six	-	-	-	-	-	-
Seven	1	1	-	1	1	-
Eight	1	1	-	1	1	-
Nine	4	4	-	3	3	-
Ten	4	4	-	3	3	-
Eleven	2	2	-	2	2	-
Twelve	5	5	-	5	5	-
Post-Graduate	-	-	-	-	-	-
Adult H.S. (15+CR.)	-	-	-	-	-	-
Adult H.S. (1-14 CR.)	-	-	-	-	-	-
Subtotal	<u>37</u>	<u>37</u>	<u>-</u>	<u>32</u>	<u>32</u>	<u>-</u>
Special Ed - Elementary	-	-	-	-	-	-
Special Ed - Middle	2	2	-	2	2	-
Special Ed - High	-	-	-	-	-	-
Subtotal	<u>2</u>	<u>2</u>	<u>-</u>	<u>2</u>	<u>2</u>	<u>-</u>
Co. Voc. - Regular	-	-	-	-	-	-
Co. Voc. Ft. Post Sec.	-	-	-	-	-	-
Totals	<u>39</u>	<u>39</u>	<u>-</u>	<u>34</u>	<u>34</u>	<u>-</u>
Percentage Error			<u>-</u>			<u>-</u>

## Excess Surplus Calculation- Regular Districts/Charter School/Renaissance School Project

### Section 1

A. 2% Calculation of Excess Surplus	
2017-18 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ 165,205,608 (B)
Increased by:	
Transfer from Capital Outlay to Capital Projects Fund	\$ 7,860 (B1a)
Transfer from Capital Reserve to Capital Projects Fund	\$ _____ (B1b)
Transfer from General Fund to SRF for PreK-Regular	\$ _____ (B1c)
Transfer from General Fund to SRF for PreK-Inclusion	\$ _____ (B1d)
Decreased by:	
On-Behalf TPAF Pension & Social Security	\$ 19,841,546 (B2a)
Assets Acquired Under Capital Leases	\$ 450,000 (B2b)
Adjusted 2017-18 General Fund Expenditures [(B)+(B1s)-(B2s)]	\$ 144,921,922 (B3)
2% of Adjusted 2017-18 General Fund Expenditures [(B3) times .02]	\$ 2,898,438 (B4)
Enter Greater of (B4) or \$250,000	\$ 2,898,438 (B5)
Increased by: Allowable Adjustment *	\$ 1,427,901 (K)
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]	\$ 4,326,339 (M)

### Section 2

Total General Fund - Fund Balances @ 6/30/2018

(Per CAFR Budgetary Comparison Schedule C-1)

Decreased by:	
Year-end Encumbrances	\$ 8,298,777 (C)
Legally Restricted – Designated for Subsequent Year’s Expenditures	\$ 331,728 (C1)
Legally Restricted - Excess Surplus – Designated for Subsequent Year’s Expenditures **	\$ 3,335,746 (C2)
Other Restricted Fund Balances ****	\$ _____ (C3)
Assigned Fund Balance – Unreserved- Designated for Subsequent Year’s Expenditures	\$ 797 (C4)
Additional Assigned Fund Balance – Unreserved- Designated for Subsequent Year’s Expenditures	\$ _____ (C5)
July 1, 2018-August 1, 2018	\$ _____ (C6)*****
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]	\$ 4,630,506 (U1)

### SECTION 3



Section 1  
 Restricted Fund Balance – Excess Surplus\*\*\*[(U1)-(M)] IF NEGATIVE ENTER -0 -\$ 304,167 (E)

Recapitulation of Excess Surplus as of June 30, 2018

Reserved Excess Surplus – Designated for Subsequent Year’s Expenditures **	\$ _____ (C3)
Reserved Excess Surplus ***[(E)]	\$ <u>304,167</u> (E)
Total Excess Surplus [(C3) + (E)]	\$ <u>304,167</u> (D)

**Footnotes:**

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

- (H) Federal Impact Aid. The passage of P.L.2015, c.46 amended N.J.S.A. 18A:7F-41 to permit a board of education to appropriate federal impact aid funds to establish or supplement a federal impact aid legal reserve in the general fund. Accordingly, effective for the year ending June 30, 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***

Impact Aid	\$ _____ (H)
Sale & Lease-back	\$ _____ ( I )
Extraordinary Aid	\$ <u>1,254,844</u> (J1)
Additional Nonpublic School Transportation Aid	\$ <u>173,057</u> (J2)
Current Year School Bus Advertising Revenue Recognized	\$ _____ (J3)
Family Crisis Transportation Aid	\$ _____ (J4)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)]	\$ <u>1,427,901</u> (K)

\*\* This amount represents the June 30, 2018 Excess Surplus (C3 above) and must be included in the Audit Summary Line 90031.

\*\*\* Amounts must agree to the June 30, 2018 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-Unreserved-Designated for Subsequent Year’s expenditures July 1, 2018 to August 1, 2018 resulting from decrease in state aid after adoption of 2018-19 district

budget. Refer to the Commissioner’s Broadcast of July 13, 2018 at the [NJDOE Broadcast webpage https://homeroom5.doe.state.nj.us/broadcasts/](https://homeroom5.doe.state.nj.us/broadcasts/) 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	\$ 797
Maintenance reserve	\$ _____
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 reserve	\$ _____
[Other Restricted Fund Balance not noted above]****	\$ _____
 Total Other Restricted Fund Balance	 \$ 797 (C4)

*The following example illustrates the proper calculation of the 2 percent excess surplus for districts not required to use school-based budgeting (SBB). Note that the references (a), (b), etc. are for purposes of this illustration only.*

**Example:** The school district had total general fund expenditures (from exhibit C-1 of CAFR) of \$7,500,000. Included in the general fund expenditures were “On-Behalf State Aid Payments” (TPAF Pension & Social Security) of \$405,000 and Assets Acquired Under Capital Lease of \$182,000. General fund transfers to other funds not included in the general fund expenditures of the CAFR, but added to the calculation, Transfer from Capital Outlay to Capital Projects of \$60,000; Transfer from Capital Reserve to Capital Projects (augment SCC/SDA grant) of \$12,000; Trans. from General Fund to SRF for Preschool - Regular of \$10,000; and Trans. from General Fund to SRF for Preschool - Inclusion of \$5,000. The district received \$2,000 in federal impact aid revenue during 2017-18 and recognized \$1,000 of School Bus Advertising Revenue during 2017-18. In the June 30, 2018 general ledger reflects that the district had the following: \$4,900 of year-end “other purposes” encumbrances reported in the “Committed” fund balance category (GASBS 54); \$9,000 legally restricted reported in the “Restricted” fund balance category (GASBS 54) from an unexpended 2016-17 additional spending proposal required to be designated/appropriated in the 2018-19 budget; \$45,000 reserved June 30, 2017 excess surplus required to be designated/appropriated in the 2018-19 budget reported in the “Restricted” fund balance category (GASBS 54); \$10,000 additional assigned fund balance – Unreserved-Designated for Subsequent year’s Expenditures July 1, 2018-August 1, 2018 by special board resolution in response to the 2018-19 decrease in state aid; \$90,000 unreserved and designated in the 2018-19 budget reported in the “Assigned” fund balance category (GASBS 54); and \$395,000 unreserved/undesignated reported in the “Unassigned” fund balance category (GASBS 54) prior to calculating June 30, 2018 excess surplus.

2017-18 Total General Fund Expenditures			\$7,500,000	(a)
Increased by Applicable Operating transfers:	\$60,000	(b)		
Transfer from Capital Outlay to Capital Projects	12,000	(b)		
Transfer from Capital Reserve to Capital Projects	10,000	(b)		
Trans. from General Fund to SRF for Preschool (Regular)	5,000	(b)		

BRICK TOWNSHIP SCHOOL DISTRICT  
AUDIT RECOMMENDATION SUMMARY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

It is recommended that:

1. Administrative Practices and Procedures  
None
2. Financial Planning, Accounting and Reporting  
None
3. School Purchasing Program  
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's Findings/Recommendations  
None.