

**BOARD OF EDUCATION OF THE  
GLOUCESTER COUNTY VOCATIONAL TECHNICAL  
SCHOOL DISTRICT  
COUNTY OF GLOUCESTER**

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

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2018**



**GLOUCESTER COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**

Auditor's Management Report on Administrative  
Findings - Financial, Compliance and Performance

Table of Contents

	<u>Page</u>
Auditor's 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	2
Employee Position Control Roster	2
Encumbrances and Accounts Payable	3
Travel	3
Classification of Expenditures	3
• General Classifications	3
• Administrative Classifications	3
Board Secretary's Records	3
Treasurer's Records	N/A
Elementary and Secondary Education Act (E.S.E.A.) as amended by the Every Student Succeeds Act (E.S.S.A.)	3
Other Special Federal and / or State Projects	3
TPAF Reimbursement	3
TPAF Reimbursement to the State for Federal Salary Expenditures	3
School Purchasing Programs	4
Contracts and Agreements Requiring Advertisement for Bids	4
School Food Service	N/A
Student Body Activities	4
Application for State School Aid (ASSA)	4
Pupil Transportation	N/A
Facilities and Capital Assets	4
Miscellaneous	5
Follow-up on Prior Year Findings	5
Acknowledgment	5
Schedule of Meal Count Activity	N/A
Schedule of Net Cash Resources	N/A
Schedule of Audited Enrollments	6
Excess Surplus Calculation	9
Audit Recommendations Summary	11

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

The Honorable President and  
Members of the Board of Education  
Gloucester County Vocational Technical School District  
County of Gloucester, 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 Gloucester County Vocational Technical School District, a component unit of the County of Gloucester, State of New Jersey, as of and for the fiscal year ended June 30, 2018, which were separately issued in the Comprehensive Annual Financial Report dated February 20, 2019.

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 Board of Education of the Gloucester County Vocational Technical School District, for the fiscal year ended June 30, 2018, 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



Michael J. Welding  
Certified Public Accountant  
Public School Accountant No. CS 00886

Woodbury, New Jersey  
February 20, 2019

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

**SCOPE OF AUDIT**

The audit covered the financial transactions of the Board Secretary / School Business Administrator, 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>
Amy Capriotti	Board Secretary / School Business Administrator	\$220,000.00

There is a Public Employees' Faithful Performance Blanket Position Bond with New Jersey School Board Association Insurance Group covering all other employees with multiple coverage of \$250,000.00.

**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 who then deposited with warrants in separate bank accounts for net payroll and withholdings.

**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 2017-2018 budget review checklist.

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

**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 indicated that they were in satisfactory condition.

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

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 the projects under Titles I, II and IV 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 made prior to the end of the 90 day grant liquidation period 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 exceptions were noted.

**SCHOOL PURCHASING PROGRAMS**

**Contracts and Agreements Requiring Advertisement for Bids**

N.J.S.A. 18A:18A-1 et seq. (Public School Contracts Law), the associated rules and related information on the statute, and the school contracts in general, are available on the following website:

<https://www.state.nj.us/dca/divisions/dlgs/programs/lpcl.html>

Current statute is posted on the New Jersey Legislature website at:

<http://www.njleg.state.nj.us/>

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 \$19,000.00 for 2017-18.

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.

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

**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 13, 2017 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.

**FACILITIES AND CAPITAL ASSETS**

Our audit of the financial and accounting records for facilities and capital assets indicated that they were in satisfactory condition.

**MISCELLANEOUS**

**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.

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 YEAR'S FINDINGS**

There were no audit findings for the fiscal year ended June 30, 2017.

There were no Office of Fiscal Accountability and Compliance audit reports issued during the fiscal year ended June 30, 2018.

**ACKNOWLEDGMENT**

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

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



Michael J. Welding  
Public School Accountant No.00886

**GLOUCESTER COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**

Application for State School Aid Summary  
 Schedule of Audited Enrollments  
 Enrollment as of October 15, 2017

	2018-2019 Application for State School Aid				Sample for Verification				Private Schools for the Disabled					
	Reported on A.S.S.A. On Roll	Workpapers Reported on On Roll	Errors	Selected from Workpapers	Registers On Roll	Registers On Roll	Errors per Register On Roll	Reported on A.S.S.A. as Private Schools	Sample for Verification	Registers On Roll	Registers On Roll	Errors per Register On Roll	Sample for Verification	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
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	94	8	94	8	-	-	18	18	-	-	-	-	-	-
Special Education-Elementary	94	8	94	8	-	-	18	18	-	-	-	-	-	-
Special Education-Middle School	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Special Education-High School	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	1,295	14	1,295	14	-	-	216	216	-	-	-	-	-	-
Co. Voc. - Regular	173	-	173	-	-	-	30	30	-	-	-	-	-	-
Co. Voc. Ft. Post Sec.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	1,468	14	1,468	14	-	-	246	246	-	-	-	-	-	-
Totals	1,562	22	1,562	22	-	-	264	264	-	-	-	-	-	-
Percentage Error	-													

NOT APPLICABLE



**GLOUCESTER COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
 Application for State School Aid Summary  
 Schedule of Audited Enrollments  
 Enrollment as of October 15, 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	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on A.S.S.A. as LEP Low Income	Workpapers as LEP Low Income	Sample Selected from Workpapers	Verified to Application, Test Score 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	12	12	9	9					
Special Education-Elementary	12	12	9	9					
Special Education-Middle School									
Special Education-High School									
Subtotal	96	96	67	67					
Co. Voc. - Regular	96	96	67	67					
Co. Voc. Ft. Post Sec.									
Subtotal	108	108	76	76					
Totals									
Percentage Error									
Not Applicable Transportation									
	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Tested	Verified	Errors			Reported	Re-Calculated
Reg. - Public Schools, Col. 1									
Reg. - SpEd, Col. 4									
Transported - Non-Public, Col. 3									
Special Needs, Col. 6									
Totals									
Percentage Error									

Reg. Avg. (Mileage) = Regular Including Grade PK students (Part A)  
 Reg. Avg. (Mileage) = Regular Excluding Grade PK students (Part B)  
 Spec. Avg. (Mileage) = Special Ed. with Special Needs

Reg. - Public Schools, Col. 1  
 Reg. - SpEd, Col. 4  
 Transported - Non-Public, Col. 3  
 Special Needs, Col. 6

**GLOUCESTER COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
 Application for State School Aid Summary  
 Schedule of Audited Enrollments  
 Enrollment as of October 15, 2017

	Resident LEP NOT Low Income		Sample for Verification		
	Reported on A.S.A. as NOT Low Income	Reported on Workpapers as NOT Low Income	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
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					
Special Education-Elementary					
Special Education-Middle School					
Special Education-High School					
Subtotal					
Co. Voc. - Regular					
Co. Voc. Ft. Post Sec.					
Subtotal					
Totals					
Percentage Error					

NOT APPLICABLE

**EXCESS SURPLUS CALCULATION**

**COUNTY VOCATIONAL DISTRICTS**

**SECTION 1**

**A. 6% Calculation of Excess Surplus (2017-18 expenditures of \$100 million or less)**

2017-18 Total General Fund Expenditures Reported on CAFR Exhibit C-1	\$ 22,077,100.42	(B)
Increased by:		
Transfer from Capital Outlay to Capital Projects Fund	-	(B1a)
Transfer from Capital Reserve to Capital Projects Fund	-	(B1b)
Decreased by:		
On-Behalf TPAF Pension & Social Security	2,308,627.55	(B2a)
Assets Acquired Under Capital Leases	-	(B2b)
Adjusted 2017-18 General Fund Expenditures [(B)+(B1s)-(B2s)]	\$ 19,768,472.87	(B3)
6% of Adjusted 2017-18 General Fund Expenditures [(B3) times .06]	\$ 1,186,108.37	(B4)
Enter Greater of (B4) or \$250,000	1,186,108.37	(B5)
Increased by: Allowable Adjustment *	-	(K)
Maximum Unassigned Fund Balance [(B5) + (K)]	\$ 1,186,108.37	(M)

**B. 6% Calculation of Excess Surplus (2017-18 expenditures greater than \$100 million)**

2017-18 Total General Fund Expenditures Reported on CAFR Exhibit C-1	\$ -	(B)
Increased by:		
Transfer from Capital Outlay to Capital Projects Fund	-	(B1a)
Transfer from Capital Reserve to Capital Projects Fund	-	(B1b)
Decreased by:		
On-Behalf TPAF Pension & Social Security	-	(B2a)
Assets Acquired Under Capital Leases	-	(B2b)
Adjusted 2017-18 General Fund Expenditures [(B)+(B1s)-(B2s)]	\$ -	(B3)
2017-18 General Fund Expenditures in excess of \$100 million [(B3) minus \$100,000,000]	\$ -	(B4)
3% of General Fund Expenditures in excess of \$100 million [(B4) times .03]	-	(B5)
(B5) Plus \$6,000,000	-	(B6)
Increased by: Allowable Adjustment *	-	(K)
Maximum Unassigned Fund Balance [(B6) + (K)]	\$ -	(M)

**SECTION 2**

Total General Fund - Fund Balances at June 30, 2018 (Per CAFR Budgetary Comparison Schedule C-1)	\$ 3,993,126.92	(C)
Decreased by:		
Year-end Encumbrances	168,658.93	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	-	(C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	-	(C3)
Other Restricted Fund Balances ****	391,899.55	(C4)
Assigned Fund Balance - Designated for Subsequent Year's Expenditures	2,866,431.00	(C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	\$ 566,137.44	(U)

**EXCESS SURPLUS CALCULATION (CONT'D)**

**COUNTY VOCATIONAL DISTRICTS**

**SECTION 3**

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

**Recapitulation of Excess Surplus as of June 30, 2018**

Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ - (C3)
Restricted - Excess Surplus *** [(E)]	- (E)
Total Excess Surplus [(C3) + (E)]	\$ - (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, 2018 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.

**Detail of Allowable Adjustments**

Federal Impact Aid	\$ - (H)
Sale & Lease-back	- (I)
Extraordinary Aid	- (J1)
Additional Nonpublic School Transportation Aid	- (J2)
Current Year School Bus Advertising Revenue Recognized	- (J3)
Family Crisis Transportation Aid	- (J4)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)]	\$ - (K)

\*\* This amount represents the June 30, 2017 Excess Surplus (C3 above) and must be included in the Audit Summary Line 90031. This amount was to be appropriated in the 2018-2019 general fund budget.

\*\*\* 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.

**Detail of Other Restricted Fund Balance**

Statutory restrictions:

Approved unspent separate proposal	\$ -
Sale/lease-back reserve	-
Capital reserve	223,447.55
Maintenance reserve	168,452.00
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 \$ 391,899.55 (C4)

**GLOUCESTER COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
Audit Recommendations Summary  
For the Fiscal Year Ended June 30, 2018

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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  
N/A
8. Facilities and Capital Assets  
None
9. Miscellaneous  
None
10. Status of Prior Year Audit Findings/Recommendations  
There were no prior year findings requiring corrective action.