

**AUDITORS MANAGEMENT REPORT
ON ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
SCHOOL DISTRICT OF THE
TOWN OF GUTTENBERG
COUNTY OF HUDSON, NEW JERSEY
JUNE 30, 2018**

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REPORT OF INDEPENDENT AUDITORS

Honorable President and
Members of the Board of Education
Town of Guttenberg School District
County of Hudson, 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 Town of Guttenberg School District in the County of Hudson for the year ended June 30, 2018, and have issued our report thereon dated January 25, 2019.

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

This report is intended for the information of the Town of Guttenberg 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.

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January 25, 2019

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

GENERAL COMMENTS

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 of the District's CAFR.

Officials Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Jolene Mantineo	Board Secretary/School Business Administrator	\$250,000

Financial Planning, Accounting and Reporting

Examination of Claims

Our examination of claims submitted for payment for the period under review did not indicate any discrepancies with respect to signatures, certifications 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 being approved by the Superintendent and were certified by the President of the Board, the Board Secretary/School Business Administrator and the Chief School Administrator.

Salary withholdings were promptly remitted to the proper agencies, including health benefits withholdings due to the General Fund.

Payrolls were delivered to the secretary of the Board who then deposited with warrants in separate bank accounts for net payroll and withholdings.

Financial Planning, Accounting and Reporting, (continued)

Payroll Account, (continued)

The Board of Education made a merit bonus payment that a quantitative merit criterion or a qualitative merit criterion had been satisfied with prior approval by the district Board of Education and Executive County Superintendent, as required by N.J.A.C.6A:23A-3.1(e)10.iv.

Finding 2018-01: A review of employee health benefits related deductions revealed that there were errors made regarding health benefit deduction calculations.

Recommendation: District personnel review all health benefits deduction calculations to ensure they are correct.

Finding 2018-02: A review of employee health benefits revealed two instances where an employee was not receiving the correct coverage.

Recommendation: District personnel review all health benefits enrollment forms to ensure individuals are receiving the correct coverage.

Employee Position Control Roster

Inquiry and subsequent review of the District's Position Control Roster found no inconsistencies between payroll records, employee benefit records and the general ledger accounts to which the wages are posted and the Position Control Roster.

Reserve for Encumbrances, Liability for Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, for goods not yet received or services not yet rendered and it was determined that no blanket purchase orders were included in the balance of the reserves for encumbrances. Also, unpaid purchase orders included in the balance of accounts payable were reviewed for propriety and to determine that goods were received and services were rendered, as of June 30.

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 expenditures. 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-8.2. As a result of the procedures performed, a transaction error rate of 1.98% was noted while testing the propriety of expenditure classification.

Financial Planning, Accounting and Reporting, (continued)

Classification of Expenditures, (continued)

***Finding 2018-03:** Expenditures in the following categories were not charged to the appropriate line item account in accordance with the Uniform Minimum Chart of Accounts for New Jersey Public Schools: Required Maintenance, Support Services – General Administration, Special Education – Instruction, Personal Services – Employee Benefits, BOE – Other Purchased Service & Custodial services.

***Recommendation:** The District should reference the *Uniform Minimum Chart of Accounts for New Jersey Public Schools, 2018 Edition* and other available reference materials, such as Budget Guidelines for the proper classifications required to be in compliance with N.J.A.C. 6A:23-2.3(f).

Board Secretary's Records

The Board Secretary's records were reviewed and found to be in good condition.

Fixed Assets

The general fixed asset records were updated for the additions and disposals of general fixed assets made during the year.

Treasurer's Records

The District does not have a Treasurer.

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 in the Special Revenue section of the CAFR. This section of the CAFR documents the financial position pertaining to the projects under Titles I, II, III and IV of the Elementary and Secondary Education Act as amended.

Other Special Federal and/or State Projects

The District's Special Projects were approved as listed on Schedule A and Schedule B located in the CAFR.

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

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

Financial Planning, Accounting and Reporting, (continued)

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursements filed with the Department of Education for the District employees who are members of the Teachers Pension and Annuity Fund. The following exception was noted:

Finding 2018-04: The audit team was unable to reconcile teachers' pensionable salary reimbursements filed with the Department of Education for District employees who are members of the Teachers' Pension and Annuity Fund to payroll reports.

Recommendation: The District should provide payroll records that indicate teachers' pensionable salary amounts for each pay period.

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 90 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-2 contains definitions for terms used throughout N.J.S.A. 18A:18A-1 et seq. It includes as subsection (p) the term 'competitive contracting', which is defined as "the method described in N.J.S.A. 18A:18A-4.1 through 18A:18A-4.5 and in rules promulgated by DCA at N.J.A.C. 5:34-4 of contracting for specialized goods and services in which formal proposals are solicited from vendors; formal proposals are evaluated by the purchasing agent or counsel or school business administrator; and the board of education awards a contract to a vendor or vendors from among the formal proposals received." Also, subsection (aa) defines the term 'concession' to exclude vending machines.

N.J.S.A. 18A:18A-3(a) sets forth the bid threshold and requires award by board resolution. There is a higher threshold when there is a "Qualified Purchasing Agent" (QPA) in the district as defined at N.J.A.C. 5:34-1.1 and certified upon approval of an application submitted to DCA. Pursuant to N.J.S.A. 18A:18A-3(b), the bid threshold may be adjusted by the Governor, in consultation with the Department of Treasury, every five years.

N.J.S.A. 18A:18A-4.4 provides boards of education the authority to pass a resolution authorizing the use of competitive contracting. "In order to initiate competitive contracting, the board of education shall pass a resolution authorizing the use of competitive contracting each time specialized goods or services enumerated in sections 45 of L. 1999, c.440 are desired to be contracted."

School Purchasing Programs, (continued)

Contracts and Agreements Requiring Advertisement for Bids, (continued)

Effective July 1, 2015 and thereafter, 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 currently \$19,000.

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 the furnishing or hiring of any materials or supplies," 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 contract 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 maintained in satisfactory condition. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis. The number of meals claimed for reimbursement was verified against 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 meals were reviewed for completeness and accuracy. The number of free and reduced meals claimed as served did not exceed the number of valid applications on file, times the number of operating days, on a school by school basis. The free and reduced meal policy is uniformly administered throughout the School System. The required verification procedures for free applications was completed and available for review.

The District utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with *N.J.S.A.* 18A:17-34, and 19-1 through 19-4.1. Provisions of the FSMC contract/addendum were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will return a profit of at least \$20,000. The operating results provision has been met. All vendor discounts, rebates and credits from the FSMC were tracked and credited to the Food Service Account and reconciled to supporting documentation at least annually.

Expenditures were separately recorded for food purchases 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.

School Food Service, (continued)

The cash disbursement 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.

Timesheets were reviewed and labor costs verified. Payroll records were maintained on all School Food Service employees authorized by the Board of Education. No exceptions were noted.

Cash receipts and bank records were reviewed for timely deposit.

U.S.D.A. commodities were received and a separate inventory was maintained on a first in first out basis. No exceptions were noted.

Net cash resources did not exceed three month's average expenditures.

The District maintains the detailed revenue and expenditure information necessary in order to execute the USDA mandated Non-Program Food Revenue Tool at least annually.

The statement of revenues, expenses and changes in net position (CAFR schedule B-5) does separate program and non-program revenues and program and non-program cost of goods sold.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Section G of the Comprehensive Annual Financial Report.

Student Body Activities

A cash receipts and disbursements record is maintained in satisfactory condition.

Cash disbursements had proper signatures and supporting documentation.

Application for State School Aid

Our audit procedures included a test of information reported in the October 14, 2017 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, bilingual and low-income. We also performed a review of the District procedures related to its completion. The information on the A.S.S.A. was compared to the District workpapers with exceptions noted. The information that was included on the workpapers was verified with exception. The results of our procedures are presented in the Schedule of Audited Enrollment.

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.

Application for State School Aid, (continued)

Finding 2018-05: Our audit of the schedule of audited enrollments found reporting errors in the following categories: On roll students (3), Low Income (15), LEP Low Income (6) and LEP Not Low Income (6). Many of these errors were the result of inaccuracies in the recording of free and reduced priced eligible students on the District workpapers used in the preparation of the Application for State School Aid.

Recommendation: The District conduct a more thorough review of student counts and cross reference the student's free and reduced price status to the District's master eligibility report when preparing the workpapers for use in the Application for State School Aid to ensure the accurateness of information.

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 without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Finding 2018-06: The District included a student in its DRTRS count who never attended the reported school during school year 2017-2018.

Recommendation: The District should only include students who are attending school in their annual DRTRS count as of October 15.

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

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 did submit the annual Statement of Assurance to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

Suggestions to Management

- Invoices should be paid in a timely manner.
- The Position Control Roster should be reviewed on a regular basis to ensure proper and consistent financial reporting.

Follow-up on Prior Year Findings

A review was performed on all prior year recommendations and corrective action was taken on all, except those noted with an “*”.

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.

Respectfully submitted,

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Certified Public Accountants
Pompton Lakes, New Jersey

January 25, 2019

SCHEDULE OF MEAL COUNT ACTIVITY
GUTTENBERG SCHOOL DISTRICT
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIMED - FEDERAL
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

<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 (High Rate)	Paid	12,793	3,138	3,138		0.330	\$	
National School Lunch (High Rate)	Reduced	9,562	2,784	2,784		2.850		
National School Lunch (High Rate)	Free	<u>78,476</u>	<u>22,277</u>	<u>22,277</u>		3.250		
	Total	<u>100,831</u>	<u>28,199</u>	<u>28,199</u>				
School Breakfast (Severe Needs Rate)	Paid	1,683	472	472		0.30		
	Reduced	1,924	573	573		1.79		
	Free	<u>21,635</u>	<u>6,448</u>	<u>6,448</u>		2.09		
	Total	<u>25,242</u>	<u>7,493</u>	<u>7,493</u>				
Total (Over)/Under Claim							\$	<u> </u>

SCHEDULE OF MEAL COUNT ACTIVITY

**GUTTENBERG SCHOOL DISTRICT
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIMED - STATE
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<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>	
State Reimbursement - National School Lunch (High Rate)	Paid	12,793	3,138	3,138		0.050	\$	
State Reimbursement - National School Lunch (High Rate)	Reduced	9,562	2,784	2,784		0.055		
State Reimbursement - National School Lunch (High Rate)	Free	<u>78,476</u>	<u>22,277</u>	<u>22,277</u>	<u> </u>	0.055	<u> </u>	
	Total	<u>100,831</u>	<u>28,199</u>	<u>28,199</u>	<u> </u>		<u> </u>	
Total (Over)/Under Claim							\$	<u> </u>

**TOWN OF GUTTENERG
BOARD OF EDUCATION**

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

<u>Net Cash Resources:</u>		Food Service B - 4/5	
CAFR	*	Current Assets	
B-4		Cash & Cash Equiv.	\$ 86,944
B-4		Due from Other Gov'ts	25,919
CAFR		Current Liabilities	
B-4		Less Accounts Payable	(18,925)
B-4		Less Due to Other Funds	<u>(28,633)</u>
		Net Cash Resources	<u>\$ 65,305</u> (A)

Net Adj. Total Operating Expense:

B-5		Tot. Operating Exp.	450,833	
B-5		Less Depreciation	<u>(1,975)</u>	
		Adj. Tot. Oper. Exp.	<u>\$ 448,858</u>	(B)

Average Monthly Operating Expense:

		B / 10	<u>\$ 44,886</u>	(C)
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Three times monthly Average:

		3 X C	<u>\$ 134,657</u>	(D)
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TOTAL IN BOX A	\$	<u>65,305</u>	
LESS TOTAL IN BOX D	\$	<u>134,657</u>	
NET	\$	<u>(69,352)</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.			

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

SOURCE - USDA resource management comprehensive review form

SCHEDULE OF AUDITED ENROLLMENTS

**TOWN OF GUTTENBERG
BOARD OF EDUCATION**

**Application for State School Aid Summary
Enrollment as of October 15, 2017**

Year ended June 30, 2018

Enrollment category	2018-19 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 Full	Errors Shared	Sample Selected from Workpapers Full	Sample Selected from Workpapers Shared	Registers on roll Full	Registers on roll Shared	Errors Full	Errors Shared	Reported on A.S.S.A. Schools	Sample for Verification	Sample Verified	Errors
Half Day Preschool 4yrs	33	33	-	-	33	-	33	-	-	-	-	-	-	-
Full Day Kindergarten	100	100	-	-	100	-	101	(1)	-	-	-	-	-	-
One	105	105	-	-	105	-	104	1	-	-	-	-	-	-
Two	90	90	-	-	90	-	90	-	-	-	-	-	-	-
Three	86	86	-	-	86	-	88	(2)	-	-	-	-	-	-
Four	104	104	-	-	104	-	104	-	-	-	-	-	-	-
Five	96	96	-	-	96	-	96	-	-	-	-	-	-	-
Six	92	92	-	-	92	-	92	-	-	-	-	-	-	-
Seven	103	103	-	-	103	-	103	-	-	-	-	-	-	-
Eight	98	98	-	-	98	-	99	(1)	-	-	-	-	-	-
Nine	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ten	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Eleven	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Twelve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	907	907	-	-	907	-	910	(3)	-	-	-	-	-	-
Special Ed - Elementary	59	59	-	-	46	-	46	-	-	-	5	4	4	-
Special Ed - Middle School	34	34	-	-	25	-	25	-	-	-	3	1	1	-
Special Ed - High School	1,000	1,000	-	-	978	-	981	(3)	-	-	8	5	5	-
Percentage								0%						

SCHEDULE OF AUDITED ENROLLMENTS

**TOWN OF GUTTENBERG
BOARD OF EDUCATION**

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

Year ended June 30, 2018

Enrollment category	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	Errors	Reported on A.S.S.A. as LEP Low Income	Reported on Workpapers LEP Low Income	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											
One	80	80	10	10	-	20	20	-	10	10	-
Two	88	88	21	20	1	17	17	-	8	7	1
Three	81	81	20	20	-	23	23	-	10	10	-
Four	81	81	27	26	1	15	15	-	13	12	1
Five	70	70	25	22	3	15	15	-	11	9	2
Six	83	82	23	19	4	8	8	-	5	5	-
Seven	79	79	30	26	4	12	12	-	7	7	-
Eighth	85	85	32	32	-	12	12	-	9	8	1
Subtotal	87	86	36	35	1	16	16	-	14	14	-
	735	732	224	217	14	138	138	-	87	82	5
Special Ed - Elementary	42	37	5	4	1	12	12	-	5	4	1
Special Ed - Middle School	32	30	3	3	-	3	3	-	3	3	-
Subtotal	74	67	8	7	1	15	15	-	8	7	1
Totals	809	799	232	224	15	153	153	-	95	89	6
Percentage					1%						7%

Category	Transportation			Re-calc.
	Reported on DRTS by DOE	Reported on DRTS by District	Errors	
Special Ed Spec, col. 6	20	18	17	
Totals	20	18	17	
Percentage				6%

Avg. Mileage - Special Ed with Special Needs

SCHEDULE OF AUDITED ENROLLMENTS

**TOWN OF GUTTENBERG
BOARD OF EDUCATION**

**Application for State School Aid Summary
Enrollment as of October 15, 2017**

Year ended June 30, 2018

Enrollment category	Resident LEP NOT Low Income			Sample for Verification		
	Reported on A.S.A. As NOT Low Income	Reported on workpapers as NOT Low Income	Errors	Sample selected from workpapers	Verified to Test Scores and Register	Errors
Half Day Preschool						
Full Day Preschool						
Half Day Kindergarten						
Full Day Kindergarten						
One	5	5	-	5	5	-
Two	3	3	-	3	1	2
Three	4	4	-	4	3	1
Four	2	2	-	2	1	1
Five	2	2	-	2	2	-
Six	3	3	-	3	2	1
Seven	2	2	-	2	1	1
Eight	1	1	-	1	1	-
Subtotal	23	23	-	23	17	6
Special Ed - Elementary						
Special Ed - Middle School						
Special Ed - High School						
Subtotal	-	-	-	-	-	-
Totals	23	23	-	23	17	6
Percentage						35%

**GUTTENBERG BOARD OF EDUCATION
EXCESS SURPLUS CALCULATION**

REGULAR DISTRICT

SECTION 1

A. 2% Calculation of Excess Surplus

2017-18 Total General Fund Expenditures per the CAFR, Ex. C-1		\$	<u>19,069,087</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>1,771,829</u>		(B2a)
Assets Acquired Under Capital Leases		\$	<u> </u>		(B2b)
Adjusted 17-18 General Fund Expenditures [(B)+(B1's)-(B2's)]		\$	<u>17,297,258</u>		(B3)
2% of Adjusted 2017-18 General Fund Expenditures [(B3) times .02]		\$	<u>345,945</u>		(B4)
Enter Greater of (B4) or \$250,000		\$	<u>345,945</u>		(B5)
Increased by: Allowable Adjustment *		\$	<u>78,768</u>		(K)
Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]		\$	<u>424,713</u>		(M)

SECTION 2

Total General Fund - Fund Balances @ 6-30-18 (Per CAFR Budgetary Comparison Schedule C-1))		\$	<u>3,506,637</u>		(C)
Decreased by:					
Year-end Encumbrances		\$	<u>386,296</u>		(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures		\$	<u> </u>		(C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **		\$	<u>1,450,493</u>		(C3)
Other Restricted Fund Balances****		\$	<u>1</u>		(C4)
Assigned Fund Balance - Unreserved -- Designated for Subsequent Year's Expenditures		\$	<u>21,582</u>		(C5)
Additional Assigned Fund Balance - Unreserved- Designated for Subsequent Year's Expenditures July 1, 2018 - August 1, 2018		\$	<u> </u>		(C6)*****
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]		\$	<u>1,648,265</u>		(U1)

GUTTENBERG BOARD OF EDUCATION
EXCESS SURPLUS CALCULATION

SECTION 3

Restricted Fund Balance - Excess Surplus*** [(U1)-(M)] IF NEGATIVE ENTER -0- \$ 1,223,552 (E)

Recapitulation of Excess Surplus as of June 30, 2018

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ <u>1,450,493</u> (C3)
Reserved Excess Surplus ***[(E)]	\$ <u>1,223,552</u> (E)
Total [(C3) + (E)]	\$ <u>2,674,045</u> (D)

- * 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>78,768</u> (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)]	\$ <u>78,768</u> (K)

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

*** Amounts must agree to the June 30, 2018 CAFR and the sum of the two lines must agree to Audit Summary Worksheet Line 90030.

**** Amount for Other Reserved 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 an other type of government, such as the judicial branch of government, must have Departmental approval. District requests should be submitted to the Division of 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.

GUTTENBERG BOARD OF EDUCATION
EXCESS SURPLUS CALCULATION

Detail of Other Reserved Fund Balance

Statutory restrictions:		
Approved unspent separate proposal	\$	_____
Sale/Lease-back reserve	\$	_____
Capital Reserve	\$	1
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	 \$	 1 (C4)

**TOWN OF GUTTENBERG
BOARD OF EDUCATION**

**AUDIT RECOMMENDATIONS SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

Finding 2018-01: A review of employee health benefits related deductions revealed that there were errors made regarding health benefit deduction calculations.

Recommendation: District personnel review all health benefits deduction calculations to ensure they are correct.

Finding 2018-02: A review of employee health benefits revealed two instances where an employee was not receiving the correct coverage.

Recommendation: District personnel review all health benefits enrollment forms to ensure individuals are receiving the correct coverage.

***Finding 2018-03:** Expenditures in the following categories were not charged to the appropriate line item account in accordance with the Uniform Minimum Chart of Accounts for New Jersey Public Schools: Required Maintenance, Support Services – General Administration, Special Education – Instruction, Personal Services – Employee Benefits, BOE – Other Purchased Service & Custodial services.

***Recommendation:** The District should reference the *Uniform Minimum Chart of Accounts for New Jersey Public Schools, 2018 Edition* and other available reference materials, such as Budget Guidelines for the proper classifications required to be in compliance with N.J.A.C. 6A:23-2.3(f).

Finding 2018-04: The audit team was unable to reconcile teachers' pensionable salary reimbursements filed with the Department of Education for District employees who are members of the Teachers' Pension and Annuity Fund to payroll reports.

Recommendation: The District should provide payroll records that indicate teachers' pensionable salary amounts for each pay period.

3. School Purchasing Programs

None

**TOWN OF GUTTENBERG
BOARD OF EDUCATION**

**AUDIT RECOMMENDATIONS SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)**

4. School Food Service

None

5. Student Activity Fund

None

6. Application for State School Aid

Finding 2018-05: Our audit of the schedule of audited enrollments found reporting errors in the following categories: On roll students (3), Low Income (15), LEP Low Income (6) and LEP Not Low Income (6). Many of these errors were the result of inaccuracies in the recording of free and reduced priced eligible students on the District workpapers used in the preparation of the Application for State School Aid.

Recommendation: The District conduct a more thorough review of student counts and cross reference the student's free and reduced price status to the District's master eligibility report when preparing the workpapers for use in the Application for State School Aid to ensure the accurateness of information.

7. Pupil Transportation

Finding 2018-06: The District included a student in its DRTRS count who never attended the reported school during school year 2017-2018.

Recommendation: The District should only include students who are attending school in their annual DRTRS count as of October 15.

8. Facilities and Capital Assets

None

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 except for those marked with an “*”.