

MENDHAM TOWNSHIP SCHOOL DISTRICT
COUNTY OF MORRIS
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
YEAR ENDED JUNE 30, 2018

MENDHAM TOWNSHIP SCHOOL DISTRICT
COUNTY OF MORRIS
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE
FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
YEAR ENDED JUNE 30, 2018
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January 18, 2019

The Honorable President and Members
of the Board of Education
Mendham Township School District
County of Morris, 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 financial statements of the Board of Education of the Mendham Township School District in the County of Morris for the fiscal year ended June 30, 2018, and have issued our report thereon dated January 18, 2019.

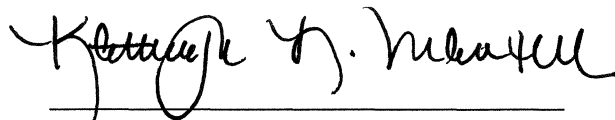
As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents. This letter does not affect our report dated January 18, 2019, on the financial statements of the Board.

We will review the status of the comments during our next audit engagement. We have already discussed these comments and suggestions with various management personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations or suggestions, if any.

This report is intended for the information of the Mendham Township School District's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.



NISIVOCCIA LLP



Kathryn L. Mantell
Licensed Public School Accountant #884
Certified Public Accountant

MENDHAM TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
YEAR ENDED JUNE 30, 2018

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Monies, the activities of the Board of Education, the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

Multi-peril insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the district's CAFR.

Officials in Office and Surety Bonds

| <u>Name</u> | <u>Position</u> | <u>Coverage</u> |
|---------------|--|-----------------|
| Liz George | Treasurer of School Monies | \$ 200,000 |
| Thomas Kryger | Business Administrator/Board Secretary | 200,000 |

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were less than estimated costs. The Board 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:23-3.1(f)3.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid on a test basis, during the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

Finding:

Invoices were submitted for payment without having been processed through the purchase requisition and purchase order system.

Recommendation:

It is recommended that all purchases are initiated through the purchase requisition and purchase order system before the purchase is made and the invoice is received.

Management's Response:

The current School Business Administrator has prepared a purchasing manual and has communicated proper purchasing procedures to all District personnel.

MENDHAM TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
YEAR ENDED JUNE 30, 2018

(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Payroll Account and Position Control Roster

The net salaries of 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 Chief School Administrator and certified by the President of the Board, the 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.

The required certification (E-Cert1) of compliance with requirements for income tax on compensation of administrators (superintendent, assistant superintendents and business administrator) to the New Jersey Department of Treasury was filed by the March 15th due date.

Finding:

The Position Control Roster had not been updated to reflect recent changes in positions and employees.

Recommendation:

It is recommended that the Position Control Roster is updated to reflect all changes in and current positions and employees.

Management's Response:

The School Business Administrator has updated Position Control Roster to accurately reflect the current status of positions and employees in the District.

Reserve for Encumbrances and Accounts Payable

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

Classification of Expenditures – General and Administrative

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23-2.2(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 as a test sample, we also reviewed administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23-8.2. As a result of the procedures performed, no transaction errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

MENDHAM TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
YEAR ENDED JUNE 30, 2018
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Board Secretary's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Board Secretary's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have the following comments:

Findings:

1. The written job descriptions for Business Office personnel contained many related duties for preparation of the financial records which were concentrated in one individual and were not adequately segregated.
2. Cash receipts were not always posted to the appropriate revenue and general ledger accounts, expenditures were not charged to the Special Revenue grants and Enterprise Funds as costs were incurred, and the general ledger balances were not adequately documented or accurately stated. Therefore, extensive investigations, review and analysis was required to revise entries to ensure that the financial records were accurate.
3. The Board Secretary's Reports were submitted monthly to the Board for approval; however, they contained many errors as noted above.

Recommendations:

1. The written job descriptions and duties for preparation of the financial records are evaluated and reassigned so that related duties are adequately segregated for the Business Office personnel.
2. That the general ledger is reviewed on a monthly basis to ensure that cash receipts are posted to the appropriate revenue and general ledger accounts, expenditures for Special Revenue grants and Enterprise Funds are charged as costs are incurred, and the general ledger balances are accurate.
3. That the monthly Board Secretary's Reports are reviewed for accuracy before they are presented to the Board for approval.

Management's Response:

1. The current School Business Administrator has prepared job descriptions and has reviewed and reassigned duties for all Business Office staff, for the preparation of the financial records to adequately segregate related duties.
2. The current School Business Administrator reviews the general ledger on a monthly basis to ensure its accuracy.
3. The current School Business Administrator reviews the Board Secretary's Reports on a monthly basis to ensure their accuracy.

MENDHAM TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
YEAR ENDED JUNE 30, 2018
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Treasurer's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Treasurer's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have the following comment.

Finding:

Due to errors in the financial records and Board Secretary's Reports, bank reconciliations could not and were not prepared for the months of August through November of 2017. A new Treasurer was appointed, and bank reconciliations were prepared from December 2017 through June 30, 2018. Also, the Treasurer's Report did not include all of the funds and accounts maintained by the District.

Recommendation:

It is recommended that the bank reconciliations are consistently prepared and included in the monthly Treasurer's Reports when submitted to the Board for approval, and that the Treasurer's Report include all funds and accounts of the District.

Management's Response:

The new Treasurer has consistently prepared the bank reconciliations and included them as part of the monthly Treasurer's Report. The current School Business Administrator will ensure that all of the District's funds and accounts are included in the monthly Treasurer's Report.

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 District's CAFR. This section of the CAFR documents the financial position pertaining to projects under Title I, Title II and Title IV of the Elementary and Secondary Education Act as amended and reauthorized.

Findings:

1. Expenditures were not charged to the grants on an ongoing basis.
2. Grant reimbursement requests were not submitted for current year expenditures.
3. Prior year receivables have not been collected and unearned revenue has not been evaluated.

Recommendations:

1. That grant expenditures are charged to the grants on an ongoing basis.
2. That grant reimbursement requests are submitted on a regular basis.
3. That the status of prior year receivables and unearned revenue is evaluated.

MENDHAM TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
YEAR ENDED JUNE 30, 2018
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Elementary and Secondary Education Act (E.S.E.A.) as amended by the Every Student Succeeds Act (ESSA)
(Cont'd)

Management's Response:

The current School Business Administrator has established policies and procedures to ensure that grant expenditures are charged to the grants on a ongoing basis, grant reimbursement requests are submitted on a regular basis, and that prior year receivables and unearned revenue will be evaluated for their continued recognition in the District's financial statements.

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 pertaining to the aforementioned special projects.

T.P.A.F. Reimbursement

Our audit procedures included a test of the bi-weekly reimbursements filed with the Department of Education for district employees who are members of the Teachers' Pension and Annuity Fund. No exceptions were noted.

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

The T.P.A.F. Reimbursement to the State for Federal Salary Expenditures was remitted to the State of New Jersey prior to the required deadline of October 1, 2018. The reimbursement form was reviewed, 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 \$17,500, 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 the Board of Education may establish that the bid threshold may be up to \$25,000. 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.

MENDHAM TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
YEAR ENDED JUNE 30, 2018
(Continued)

School Purchasing Programs (Cont'd)

Contracts and Agreements Requiring Advertisement for Bids (Cont'd)

N.J.S.A. 18A:18A-3 states:

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 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."

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."

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 Attorney's opinion should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. General compliance was noted.

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 material or supplies", in excess of the statutory thresholds where there had been no advertising in accordance with the provisions 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.

MENDHAM TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
YEAR ENDED JUNE 30, 2018
(Continued)

School Food Service

The School Food Service (Milk Fund) Program was not selected as a major federal program. We inquired of school management as to whether the SFA had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted.

Exhibits reflecting the Child Nutrition Program operations are included in the section entitled "Proprietary Funds", Section G of the CAFR.

Student Body Activities

In planning and performing our audit of the financial statements of the Board, we considered the condition of the records of the Student Activities Fund for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have the following comment.

Finding:

The schools did not maintain comprehensive records of cash receipts and disbursements which includes the amount received and disbursed for each activity.

Recommendation:

It is recommended that the schools maintain comprehensive cash receipt and disbursement records which indicate the amount received and disbursed for each activity.

Management's Response:

The current School Business Administrator has addressed this issue and will generate all student activity records through the District's financial software effective January 1, 2019.

Application for State School Aid

Our audit procedures included a test of enrollments and related services reported in the October 13, 2017 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, bilingual education 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 several exceptions. The information that was included on the workpapers was verified on a test basis with several exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

Findings:

1. The District did not have adequate written procedures for the recording of student enrollment data.
2. The enrollment reported on the A.S.S.A. did not agree with the District's A.S.S.A. workpapers for regular and special education as well as "resident LEP not low income" categories. Additionally, our sample revealed errors in reporting the regular education and "resident LEP not low income" categories.

MENDHAM TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
YEAR ENDED JUNE 30, 2018
(Continued)

Application for State School Aid (Cont'd)

Recommendations:

1. That the District develop adequate written procedures for the recording of student enrollment data.
2. That the District ensure that enrollments reported in the Application for State School Aid are accurate.

Management's Response:

The current School Business Administrator has developed adequate written procedures for the recording of student enrollment data and will ensure that the amounts reported in the A.S.S.A. are accurate.

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 one offsetting exception. 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. Bid specifications for the purchase of buses for compliance with applicable statutes.

Facilities and Capital Assets

During 2017/2018 there were no current facilities projects in progress.

Travel Expense and Reimbursement Policy

Travel regulations require each District to adopt a formal travel policy and procedure pertaining to travel expenses and reimbursements for its employees and board members. The regulations require the District to establish a maximum travel amount for the year and to account for these expenses within a separate account in the budget to ensure that the maximum is not exceeded. The regulations also require that all travel be approved by the Board prior to the event and that the approval list the event, total event cost and the individuals attending.

Our review of the travel policies and records revealed that the District is in general compliance with the travel regulations.

Testing for Lead of All Drinking Water in Educational Facilities

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

MENDHAM TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
YEAR ENDED JUNE 30, 2018
(Continued)

Management Suggestions

Student Activities Funds

We believe it is important that the District be aware that any pupil organization which is part of the activity program of the School District, places at least indirect responsibility for supervision and control of that organization with the Board of Education. We suggest that the Board formally approve each school club or activity. As directed by the New Jersey Department of Education, collections related to fund raising for outside organizations should not be maintained in the District's Student Activity Funds.

Additionally, the District should ensure that District-wide standard policies and procedures are implemented for all Student Activity Funds. These policies should indicate the student activities funds are to be utilized for the benefit of the student activity or club and not to be utilized for enhancement of instructional programs or school facilities. The District should at least at a minimum communicate to school personnel on an annual basis the District's policies and procedures regarding Student Activity Funds. We suggest that these policies include guidance regarding timely deposits of funds and the safeguarding of funds prior to deposit as well as the appropriate purchasing guidelines for student activities disbursements.

System and Organization Controls (SOC) Reports

Many school districts contract with service providers to perform functions such as the processing of payroll and provision of food service management services. In conjunction with these services, the service provider will engage an auditor to perform a SOC 1 (System and Organization Controls) engagement which results in a SOC 1 report. There are two different types of SOC 1 reports - a Type 1 and a Type 2 report. Both report on the fairness of the presentation of management's description of the service organization's system and the design of the controls to achieve the related control objectives through a specific period. The Type 2 report also reviews the operating effectiveness of the controls included in the description, identifies the individual controls and which controls were tested, and the results of the testing.

We suggest that the District review these SOC 1 reports to determine if there are any exceptions noted in the opinion in the Independent Auditors' Report. Additionally, for SOC 1 Type 2 reports we suggest that the District review the test results related to the individual control testing to determine if there were any exceptions noted. If exceptions are noted in the report the District should contact the service provider and inquire what steps the service provider is taking to address these exceptions.

Status of Prior Year's Findings/Recommendations

There were no prior year recommendations.

MENDHAM TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 13, 2017

| | 2018-2019 Application for State School Aid | | | | | | Sample for Verification | | | | | |
|--------------------------------|--|--------|-------------|--------|--------|--------|-------------------------|--------|--------------|--------|------------|--------|
| | Reported on | | Reported on | | Errors | | Sample | | Verified per | | Errors per | |
| | Full | Shared | Full | Shared | Full | Shared | Full | Shared | Full | Shared | Full | Shared |
| Full Day Preschool 3 Years Old | 13 | | 11 | | 2 | | 13 | | 11 | | 2 | |
| Full Day Preschool 4 Years Old | 23 | | 27 | | (4) | | 23 | | 27 | | (4) | |
| Full Day Kindergarten | 50 | | 49 | | 1 | | 50 | | 49 | | 1 | |
| Grade One | 58 | | 52 | | 6 | | 58 | | 52 | | 6 | |
| Grade Two | 45 | | 38 | | 7 | | 45 | | 38 | | 7 | |
| Grade Three | 75 | | 66 | | 9 | | 75 | | 66 | | 9 | |
| Grade Four | 53 | | 49 | | 4 | | 53 | | 49 | | 4 | |
| Grade Five | 72 | | 68 | | 4 | | 72 | | 68 | | 4 | |
| Grade Six | 63 | | 57 | | 6 | | 63 | | 57 | | 6 | |
| Grade Seven | 66 | | 64 | | 2 | | 66 | | 64 | | 2 | |
| Grade Eight | 85 | | 83 | | 2 | | 85 | | 83 | | 2 | |
| Subtotal | 603 | | 564 | | 39 | | 603 | | 564 | | 39 | |
| Special Education: | | | | | | | | | | | | |
| Elementary School | 38 | | 74 | | (36) | | 6 | | 6 | | | |
| Middle School | 48 | | 50 | | (2) | | 7 | | 7 | | | |
| Subtotal | 86 | | 124 | | (38) | | 13 | | 13 | | | |
| Totals | 689 | - 0 - | 688 | - 0 - | 1 | - 0 - | 616 | | 577 | | 39 | - 0 - |
| Percentage Error | | | | | 0.15% | 0.00% | | | | | 6.76% | 0.00% |

MENDHAM TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 13, 2017

| | Private Schools for Disabled | | | | Resident Low Income | | | | |
|--------------------|-------------------------------------|-------------------------|-----------------|---------------|--------------------------------|--------------------------------------|---------------------------------|--------------------------------------|---------------|
| | Reported on ASSA as Private Schools | Sample for Verification | Sample Verified | Sample Errors | Reported on ASSA as Low Income | Reported on Workpapers as Low Income | Sample Selected from Workpapers | Verified to Application and Register | Sample Errors |
| Special Education: | | | | | | | | | |
| Elementary | 2 | 2 | 2 | | | | | | |
| Middle School | 3 | 3 | 3 | | | | | | |
| Subtotal | 5 | 5 | 5 | | | | | | |
| Totals | 5 | 5 | 5 | - 0 - | | | - 0 - | | - 0 - |
| Percentage Error | | | | 0.00% | | | 0.00% | | 0.00% |

MENDHAM TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 13, 2017

| | Resident LEP Not Low Income | | | Sample for Verification | | |
|------------------------|---|---|----------------|--|--|------------------|
| | Reported on ASSA as LEP Not Low Income | Reported on Workpapers as LEP Not Low Income | Errors | Sample Selected from Workpapers | Verified to Test Scores, Application and Register | Sample Errors |
| Full Day Preschool - 3 | | 1 | 1 | | | |
| Full Day Preschool - 4 | | 1 | 1 | 1 | | (1) |
| Full Day Kindergarten | | 1 | 1 | | | |
| Grade One | | 1 | 1 | 1 | | (1) |
| Grade Two | | 1 | 1 | | | |
| Grade Three | | 1 | 1 | | | |
| Grade Four | | 1 | 1 | 1 | | (1) |
| Grade Five | | 1 | 1 | | | |
| Grade Six | | 1 | 1 | | | |
| Grade Seven | | 1 | 1 | 1 | | (1) |
| Grade Eight | | 1 | 1 | | | |
| Totals | - 0 - | 11 | 11 | 4 | - 0 - | (4) |
| Percentage Error | | | <u>100.00%</u> | | | <u>100.00%</u> |

MENDHAM TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 13, 2017

| | <u>Resident LEP Low Income</u> | | | <u>Sample for Verification</u> | | |
|------------------|---|---|---------------|--|--|--------------------------------|
| | <u>Reported on</u> <u>ASSA as</u> <u>LEP Not</u> <u>Low Income</u> | <u>Reported on</u> <u>Workpapers</u> <u>as LEP Not</u> <u>Low Income</u> | <u>Errors</u> | <u>Sample</u> <u>Selected</u> <u>from</u> <u>Workpapers</u> | <u>Verified to</u> <u>Test Scores,</u> <u>Application</u> <u>and Register</u> | <u>Sample</u> <u>Errors</u> |
| Totals | <u>- 0 -</u> | <u>- 0 -</u> | <u>-0-</u> | <u>- 0 -</u> | <u>- 0 -</u> | <u>- 0 -</u> |
| Percentage Error | | | <u>0.00%</u> | | | <u>0.00%</u> |

MENDHAM TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 13, 2017

| | Transportation | | | | | |
|-----------------------------|--------------------------|-------------------------------|--------------|-----------|-----------|--------------|
| | Reported on DRTRS by DOE | Reported on DRTRS by District | Errors | Tested | Verified | Errors |
| Regular - Public Schools | 362 | 363 | (1) | 16 | 16 | |
| Regular - Special Education | 45 | 45 | | 2 | 2 | |
| AIL - Non Public | 100 | 99 | 1 | 4 | 4 | |
| Special Needs - Public | 35 | 35 | | 2 | 2 | |
| Special Needs - Private | 4 | 4 | | 1 | 1 | |
| Totals | 546 | 546 | - 0 - | 25 | 25 | - 0 - |
| Percentage Error | | | <u>0.00%</u> | | | <u>0.00%</u> |

| | Reported | Recalculated |
|--|----------|--------------|
| Average Mileage - Regular Including Grade PK Students | 4.6 | 4.6 |
| Average Mileage - Regular Excluding Grade PK Students | 4.6 | 4.6 |
| Average Mileage - Special Education with Special Needs | 3.9 | 3.9 |

MENDHAM TOWNSHIP SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
YEAR ENDED JUNE 30, 2018

REGULAR DISTRICT

SECTION 1

2% Calculation of Excess Surplus

| | | |
|---|---------------------|-----------------------|
| 2017-2018 Total General Fund Expenditures Reported on Exhibit C-1 | <u>\$18,910,248</u> | (B) |
| Increased by: | | |
| Transfer from Capital Outlay to Capital Projects Fund | _____ | (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 and Social Security | <u>2,035,584</u> | (B2a) |
| Assets Acquired Under Capital Leases | <u>209,691</u> | (B2b) |
| Adjusted 2017-2018 General Fund Expenditures [(B)+(B1's)-(B2's)] | <u>\$16,664,973</u> | (B3) |
| 2% of Adjusted 2017-2018 General Fund Expenditures [(B3) times .02] | <u>\$ 333,300</u> | (B4) |
| Enter Greater of (B4) or \$250,000 | <u>333,300</u> | (B5) |
| Increased by: Allowable Adjustments | <u>163,593</u> | (K) |
| Maximum Unassigned Fund Balance [(B5)+(K)] | | <u>\$ 496,893</u> (M) |

SECTION 2

| | | |
|--|------------------|-------------------------|
| Total General Fund - Fund Balances @ 6/30/2018 (Per CAFR Budgetary Comparison Schedule C-1) | <u>3,283,635</u> | (C) |
| Decreased by: | | |
| Year-End Encumbrances | <u>7,179</u> | (C1) |
| Legally Restricted - Designated for Subsequent Year's Expenditures | _____ | (C2) |
| Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures | <u>1,459,331</u> | (C3) |
| Other Restricted/Reserved Fund Balance | <u>414,121</u> | (C4) |
| Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures | _____ | (C5) |
| Assigned Fund Balance | _____ | (C6) |
| Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)] | | <u>\$1,403,004</u> (U1) |

MENDHAM TOWNSHIP SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
YEAR ENDED JUNE 30, 2018

SECTION 3 - All Districts

Restricted Fund Balance - Excess Surplus [(U1)-(M)] IF NEGATIVE, ENTER -0- \$ 906,111 (E)

Recapitulation of Excess Surplus as of June 30, 2018

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures 1,459,331 (C3)

Restricted Excess Surplus [(E)] \$ 906,111 (E)

Total [(C3)+(E)] \$2,365,442 (D)

Detail of Allowable Adjustments

Impact Aid (H)

Sale and Lease Back (I)

Extraordinary Aid \$ 138,312 (J1)

Additional Nonpublic School Transportation Aid 25,281 (J2)

Current Year School Bus Advertising Revenue Recognized (J3)

Family Crisis Transportation Aid (J4)

Total Adjustments [(H)+(I)+(J1)+(J2)] \$ 163,593 (K)

Detail of Other Restricted Fund Balances

Statutory Restrictions:

Approved unspent separate proposal _____

Sale/lease-back reserve _____

Emergency reserve _____

Capital reserve \$ 278,064

Maintenance reserve 136,057

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/governmental mandated reserve _____

Total Other Restricted/Reserved Fund Balance \$ 414,121 (C4)

MENDHAM TOWNSHIP SCHOOL DISTRICT
SUMMARY OF RECOMMENDATIONS
YEAR ENDED JUNE 30, 2018

It is recommended that:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

- a) All purchases are initiated through the purchase requisition and purchase order system before the purchase is made and the invoice is received.
- b) The Position Control Roster is updated to reflect all changes in and current positions and employees.
- c) Written job descriptions and duties for preparation of the financial records are evaluated and reassigned so that related duties are adequately segregated for the Business Office personnel.
- d) The general ledger is reviewed on a monthly basis to ensure that cash receipts are posted to the appropriate revenue and general ledger accounts, expenditures for Special Revenue grants and Enterprise Funds are charged as costs are incurred, and the general ledger balances are accurate.
- e) The monthly Board Secretary's Reports are reviewed for accuracy before they are presented to the Board for approval.
- f) Bank reconciliations are consistently prepared and included in the monthly Treasurer's Reports when submitted to the Board for approval, and that the Treasurer's Report include all funds and accounts of the District.
- g) Grant expenditures are charged to the grants on an ongoing basis.
- h) Grant reimbursement requests are submitted on a regular basis.
- i) The status of prior year receivables and unearned revenue is evaluated.

3. School Purchasing Program

None

4. School Food Service

None

5. Student Body Activities

- a) The schools maintain comprehensive cash receipt and disbursement records which indicate the amount received and disbursed for each activity.

MENDHAM TOWNSHIP SCHOOL DISTRICT
SUMMARY OF RECOMMENDATIONS
YEAR ENDED JUNE 30, 2018

It is recommended that:

- 6. Application for State School Aid
 - a) That the District develop adequate written procedures for the recording of student enrollment data.
 - b) That the District ensure that enrollments reported in the Application for State School Aid are accurate.

- 7. Pupil Transportation

None

- 8. Facilities and Capital Assets

None

- 9. Status of Prior Year's Findings/Recommendations

There were no prior year recommendations.