



**NEPTUNE TOWNSHIP BOARD OF EDUCATION
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE**

JUNE 30, 2018

**NEPTUNE TOWNSHIP BOARD OF EDUCATION
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS-
FINANCIAL, COMPLIANCE AND PERFORMANCE**

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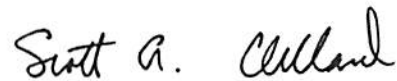
REPORT OF INDEPENDENT AUDITORS

Honorable President and Members
of the Board of Education
Neptune Township Board of Education
County of Monmouth, New Jersey

We have audited, in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Neptune Township School District, County of Monmouth as of and for the year ended June 30, 2018, and have issued our report thereon dated February 6, 2019.

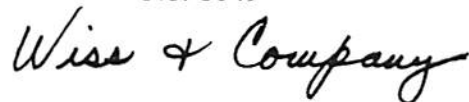
As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

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



Scott A. Clelland

Licensed Public School Accountant
No. 1049



WISS & COMPANY, LLP

Livingston, New Jersey
February 6, 2019

**NEPTUNE TOWNSHIP BOARD OF EDUCATION
AUDITORS' MANAGEMENT REPORT ON 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

Insurance coverage was carried in the amounts as detailed on J-20, Insurance Schedule contained in the District's CAFR.

Official Bonds *N.J.S.A. 18A:17-26, 18A:17-32, 18A:13-13*

| <u>Name</u> | <u>Position</u> | <u>Amount</u> |
|-------------------|--|---------------|
| Peter J. Leonard | School Business Administration/Board Secretary | \$ 300,000 |
| Peter I. Bartlett | Asst. Business Administrator/Asst. Board Secretary | 300,000 |
| Sandra Lampinen | Accountant I | 300,000 |

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The District has an agreement with the sending districts that includes a fixed price per pupil.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period did not indicate any discrepancies with respect to signatures, certification or supporting documentation. No discrepancies or exceptions were noted.

Payroll Account and Position Control Roster

The net salaries of all employees of the Board were deposited in the payroll account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the payroll agency account.

All payrolls were approved by the Superintendent and were certified by the President of the Board and the Board Secretary/Business Administrator.

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

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

An inquiry and subsequent review of the Position Control Roster did not identify any inconsistencies between the payroll records, employee benefit records, the general ledger accounts to where wages are posted, and the Position Control Roster.

The following items were identified relating to payroll and human resources testing procedures:

Finding 2018-001

Finding

In accordance with NJSA 18A:17-14.4, the school business administrator, or any other person designated by the board of education, is required to certify to the Department of Treasury that all documentation prepared for income tax related purposes, in regard to superintendents of schools, assistant superintendents of schools and school business administrators, complies fully with the requirements of federal and state laws and regulations regarding the types of compensation which are required to be reported. This certification is due on or before March 15 for the certification year. During our review of the form, we noted the District did not meet the deadline and submitted the form on May 2, 2018.

Recommendation

We suggest the District ensure timely submission of the certificate in future years.

Finding 2018-002

Finding

During our review of employee health benefit contributions, we were unable to agree two employees' health benefit contributions to the applicable health benefit rates for pay periods in July and August. Per discussion with the District, the rates changed during that time period due to joining the State Health Benefit Plan. Due to the constraints of the District's financial system, they were unable to determine which rates were used during July and August 2017.

Recommendation

We suggest the District strengthen controls over its health benefit contribution reporting process, specifically the changing of health benefit rates.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30 for proper classification of orders as reserve for encumbrances and accounts payable. No exceptions were noted.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with *N.J.A.C. 6A:23A-16.2(f)* as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with *N.J.A.C. 6A:23A-8.3*. As a result of the procedures performed, a

**NEPTUNE TOWNSHIP BOARD OF EDUCATION
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transaction error rate of 0% overall was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

Our review of the financial and accounting records maintained by the Board Secretary disclosed no exceptions.

Elementary and Secondary Education Act (ESEA) as amended by the Every Student Succeeds Act (ESSA)

The ESEA financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the projects under Titles I and VI of the Elementary and Secondary School Education Act as amended and reauthorized.

The study of compliance for E.S.E.A indicated no exceptions.

Other Special Federal and/or State Projects

The District's special projects were approved as listed on Schedules A (K-3) and B (K-4) located in the CAFR.

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

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.

The study of compliance for the special projects indicated no instances of noncompliance that are required to be reported in accordance with 2 CFR 200.516(a) or State Circular 15-08.

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursement forms 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 for Federal Salary Expenditures

The amount of the expenditure charged to the current year's final reports for all applicable 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.

Non-Public State Aid

Our review of non-public state aid did not disclose any exceptions.

**NEPTUNE TOWNSHIP BOARD OF EDUCATION
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School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

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 \$19,000 for 2017-18.

The District 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.

Procedures were performed on a test basis, to indicate if 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.

The following area of improvement was identified:

Finding 2018-003

Finding

During the review of the Food Service Management Contract, we noted that several disbursements were made outside of the contract parameters to a maintenance vendor upon the request of the District. Total payments and invoices for the vendor exceeded the statutory bid threshold and the District did not go through the formal bid process.

Recommendation

We suggest the District bid for all goods and services purchased that are expected to exceed the statutory threshold in a given year.

School Food Service

The school food service program was not selected as a major federal and/or State program. However, the program expenditures exceeded \$100,000 in federal and/or State support. Accordingly, we inquired of school management and appropriate school food service personnel as to whether the SFA had any Child Nutrition Program reimbursement overclaims or underclaims and as to whether the SFA's expenditures of food service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

Exhibits reflecting Child Nutrition Program operations are included in the B-4 through B-6 section of the CAFR.

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The Statement of Revenues, Expenses, and Changes in Fund Net Position (CAFR Schedule B-5) does separate program and non-program revenue and program and non-program cost of goods sold.

Student Body Activities

During our audit of the student activity funds, no exceptions were noted.

Application for State School Aid

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

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

The District has adequate written procedures for the recording of student enrollment data.

Pupil Transportation

Our audit procedures included a test of on-roll status reported in the 2017-2018 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with no exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments with minor exceptions as identified in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the District complied with proper bidding procedures and award of contracts. The District did not purchase any buses during the 2017-2018 school year. 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 District adhered to all the requirements of N.J.A.C. 26-1.2 and 12.4 related to the testing for lead for 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)*.

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Follow-up on Prior Year's Findings

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

There were no audit reports issued by the Office of Fiscal Accountability and Compliance (OFAC) during the 2018 fiscal year.

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.

SCHEDULE OF AUDITED ENROLLMENTS

**Nentune Township Board of Education
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 13, 2017**

| | 2018-2019 Application for State School Aid | | | | | | Sample for Verification | | | | | | Private Schools for Disabled | | | |
|----------------------------|--|-----------|--------------------------------|-----------|--------------|--------------|---------------------------------|-----------|--------------------------------|-----------|------------------------------|--------------|---|------------------------------|-----------------|---------------|
| | Reported on A.S.S.A. On Roll | | Reported on Workpapers On Roll | | Errors | | Sample Selected from Workpapers | | Verified per Registers On Roll | | Errors per Registers On Roll | | Reported on A.S.S.A. as Private Schools | Sample for Veri- fication | Sample Verified | Sample Errors |
| | Full | Shared | Full | Shared | Full | Shared | Full | Shared | Full | Shared | Full | Shared | | | | |
| Half Day Preschool | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Full Day Preschool | 395 | - | 395 | - | - | - | 106 | - | 106 | - | - | - | - | - | - | - |
| Half Day Kindergarten | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Full Day Kindergarten | 233 | - | 233 | - | - | - | 50 | - | 50 | - | - | - | - | - | - | - |
| One | 216 | - | 216 | - | - | - | 36 | - | 36 | - | - | - | - | - | - | - |
| Two | 201 | - | 201 | - | - | - | 60 | - | 60 | - | - | - | - | - | - | - |
| Three | 218 | - | 218 | - | - | - | 39 | - | 39 | - | - | - | - | - | - | - |
| Four | 219 | - | 219 | - | - | - | 24 | - | 24 | - | - | - | - | - | - | - |
| Five | 189 | - | 189 | - | - | - | 47 | - | 47 | - | - | - | - | - | - | - |
| Six | 188 | - | 188 | - | - | - | 188 | - | 188 | - | - | - | - | - | - | - |
| Seven | 225 | - | 225 | - | - | - | 225 | - | 225 | - | - | - | - | - | - | - |
| Eight | 183 | - | 183 | - | - | - | 183 | - | 183 | - | - | - | - | - | - | - |
| Nine | 248 | - | 248 | - | - | - | 248 | - | 248 | - | - | - | - | - | - | - |
| Ten | 255 | - | 255 | - | - | - | 255 | - | 255 | - | - | - | - | - | - | - |
| Eleven | 265 | 6 | 265 | 6 | - | - | 265 | 6 | 265 | 6 | - | - | - | - | - | - |
| Twelve | 263 | 14 | 263 | 14 | - | - | 263 | 14 | 263 | 14 | - | - | - | - | - | - |
| Post-Graduate | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Adult H.S. (15+CR.) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Adult H.S. (1-14 CR.) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Subtotal | <u>3,298</u> | <u>20</u> | <u>3,298</u> | <u>20</u> | - | - | <u>1,989</u> | <u>20</u> | <u>1,989</u> | <u>20</u> | - | - | - | - | - | - |
| Special Ed - Elementary | 245 | - | 245 | - | - | - | 44 | - | 44 | - | - | - | 25 | 20 | 20 | - |
| Special Ed - Middle School | 145 | - | 145 | - | - | - | 145 | - | 145 | - | - | - | 17 | 13 | 13 | - |
| Special Ed - High School | 235 | 58 | 235 | 58 | - | - | 235 | 58 | 235 | 58 | - | - | 61 | 38 | 38 | - |
| Subtotal | <u>625</u> | <u>58</u> | <u>625</u> | <u>58</u> | - | - | <u>424</u> | <u>58</u> | <u>424</u> | <u>58</u> | - | - | <u>103</u> | <u>71</u> | <u>71</u> | - |
| Co. Voc. - Regular | | | | | | | | | | | | | | | | |
| Co. Voc. Ft. Post Sec. | | | | | | | | | | | | | | | | |
| Totals | <u>3,923</u> | <u>78</u> | <u>3,923</u> | <u>78</u> | - | - | <u>2,413</u> | <u>78</u> | <u>2,413</u> | <u>78</u> | - | - | <u>103</u> | <u>71</u> | <u>71</u> | - |
| Percentage Error | | | | | <u>0.00%</u> | <u>0.00%</u> | | | | | <u>0.00%</u> | <u>0.00%</u> | | | | <u>0.00%</u> |

SCHEDULE OF AUDITED ENROLLMENTS

**Neptune Township Board of Education
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 13, 2017**

| | Resident Low Income | | | Sample for Verification | | | Resident LEP Low Income | | | Sample for Verification | | |
|-------------------------|------------------------------------|--------------------------------------|--------|---------------------------------|--------------------------------------|---------------|--|--|--------|---------------------------------|-------------------------------------|---------------|
| | Reported on A.S.S.A. as Low Income | Reported on Workpapers as Low Income | Errors | Sample Selected from Workpapers | Verified to Application and Register | Sample Errors | Reported on A.S.S.A. as LEP low Income | Reported on Workpapers as LEP low Income | Errors | Sample Selected from Workpapers | Verified to Test Score and Register | Sample Errors |
| Half Day Preschool | - | - | - | - | - | - | - | - | - | - | - | - |
| Full Day Preschool | 218 | 218 | - | 24 | 24 | - | - | - | - | - | - | - |
| Half Day Kindergarten | - | - | - | - | - | - | - | - | - | - | - | - |
| Full Day Kindergarten | 138 | 138 | - | 13 | 13 | - | 22 | 22 | - | 14 | 14 | - |
| One | 127 | 127 | - | 61 | 61 | - | 16 | 16 | - | 12 | 12 | - |
| Two | 126 | 126 | - | 59 | 59 | - | 12 | 12 | - | 6 | 6 | - |
| Three | 145 | 145 | - | 1 | 1 | - | 4 | 4 | - | 3 | 3 | - |
| Four | 144 | 144 | - | 3 | 3 | - | 4 | 4 | - | 2 | 2 | - |
| Five | 111 | 111 | - | 28 | 28 | - | 5 | 5 | - | 4 | 4 | - |
| Six | 125 | 125 | - | 5 | 5 | - | 3 | 3 | - | 1 | 1 | - |
| Seven | 120 | 120 | - | 11 | 11 | - | 8 | 8 | - | 4 | 4 | - |
| Eight | 123 | 123 | - | - | - | - | 6 | 6 | - | 3 | 3 | - |
| Nine | 128 | 128 | - | 2 | 2 | - | 11 | 11 | - | 9 | 9 | - |
| Ten | 134 | 134 | - | 18 | 18 | - | 11 | 11 | - | 8 | 8 | - |
| Eleven | 130 | 130 | - | 3 | 3 | - | 10 | 10 | - | 5 | 5 | - |
| Twelve | 119 | 119 | - | 3 | 3 | - | 11 | 11 | - | 8 | 8 | - |
| Post-Graduate | - | - | - | - | - | - | - | - | - | - | - | - |
| Adult H.S. (15+CR.) | - | - | - | - | - | - | - | - | - | - | - | - |
| Adult H.S. (1-14 CR.) | - | - | - | - | - | - | - | - | - | - | - | - |
| Subtotal | 1,888 | 1,888 | - | 231 | 231 | - | 123 | 123 | - | 79 | 79 | - |
| Special Ed - Elementary | 169 | 169 | - | 28 | 28 | - | 12 | 12 | - | 5 | 5 | - |
| Special Ed - Middle | 108 | 108 | - | 13 | 13 | - | 3 | 3 | - | 2 | 2 | - |
| Special Ed - High | 172 | 172 | - | 13 | 13 | - | 4 | 4 | - | 3 | 3 | - |
| Subtotal | 449 | 449 | - | 54 | 54 | - | 19 | 19 | - | 10 | 10 | - |
| Co. Voc. - Regular | - | - | - | - | - | - | - | - | - | - | - | - |
| Co. Voc. Ft. Post Sec. | - | - | - | - | - | - | - | - | - | - | - | - |
| Totals | 2,337 | 2,337 | - | 285 | 285 | - | 142 | 142 | - | 89 | 89 | - |
| Percentage Error | | | 0.00% | | | 0.00% | | | 0.00% | | | 0.00% |

| | Transportation | | | | | |
|----------------------------------|---------------------------------|-------------------------------|--------|--------|----------|--------|
| | Reported on DRTRS by DOE/county | Reported on DRTRS by District | Errors | Tested | Verified | Errors |
| Reg. - Public Schools, col. 1 | 969 | 970 | (1) | 159 | 159 | - |
| Reg -SpEd, col. 4 | 145 | 145 | - | 24 | 18 | 6 |
| Transported - Non-Public, col. 3 | 264 | 264 | - | 43 | 43 | - |
| Special Ed Spec, col. 6 | 292 | 292 | - | 46 | 46 | - |
| Totals | 1,670 | 1,671 | (1) | 272 | 266 | 6 |
| Percentage Error | | | -0.06% | | | 2.21% |

| | Reported | Recalculated |
|--|----------|--------------|
| Reg Avg.(Mileage) = Regular Including Grade PK students (Part A) | 3.8 | 3.8 |
| Reg Avg.(Mileage) = Regular Excluding Grade PK students (Part B) | 3.9 | 3.9 |
| Spec Avg. = Special Ed with Special Needs | 6.0 | 6.0 |

Neptune Township Board of Education

SCHEDULE OF AUDITED ENROLLMENTS

APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 13, 2017

| | <u>Resident LEP NOT Low Income</u> | | | <u>Sample for Verification</u> | | |
|-------------------------|---|---|---------------|--|---|--------------------------|
| | <u>Reported on A.S.S.A. as NOT Low Income</u> | <u>Reported on Workpapers as NOT Low Income</u> | <u>Errors</u> | <u>Sample Selected from Workpapers</u> | <u>Verified to Application and Register</u> | <u>Sample Errors</u> |
| Half Day Preschool | - | - | - | - | - | - |
| Full Day Preschool | - | - | - | - | - | - |
| Half Day Kindegarten | - | - | - | - | - | - |
| Full Day Kindergarten | 1 | 1 | - | - | - | - |
| One | 3 | 3 | - | 2 | 2 | - |
| Two | 2 | 2 | - | 1 | 1 | - |
| Three | - | - | - | - | - | - |
| Four | - | - | - | - | - | - |
| Five | 1 | 1 | - | 1 | 1 | - |
| Six | 1 | 1 | - | - | - | - |
| Seven | 1 | 1 | - | - | - | - |
| Eight | 1 | 1 | - | 1 | 1 | - |
| Nine | 5 | 5 | - | 2 | 2 | - |
| Ten | 1 | 1 | - | - | - | - |
| Eleven | 2 | 2 | - | 1 | 1 | - |
| Twelve | 6 | 6 | - | 6 | 6 | - |
| Post-Graduate | - | - | - | - | - | - |
| Adult H.S. (15+CR.) | - | - | - | - | - | - |
| Adult H.S. (1-14 CR.) | - | - | - | - | - | - |
| Subtotal | <u>24</u> | <u>24</u> | <u>-</u> | <u>14</u> | <u>14</u> | <u>-</u> |
| Special Ed - Elementary | - | - | - | - | - | - |
| Special Ed - Middle | 1 | 1 | - | 1 | 1 | - |
| Special Ed - High | - | - | - | - | - | - |
| Subtotal | <u>1</u> | <u>1</u> | <u>-</u> | <u>1</u> | <u>1</u> | <u>-</u> |
| Co. Voc. - Regular | - | - | - | - | - | - |
| Co. Voc. Ft. Post Sec. | - | - | - | - | - | - |
| Totals | <u>25</u> | <u>25</u> | <u>-</u> | <u>15</u> | <u>15</u> | <u>-</u> |
| Percentage Error | | | <u>0.00%</u> | | | <u>0.00%</u> |

NEPTUNE TOWNSHIP SCHOOL DISTRICT

EXCESS SURPLUS CALCULATION

JUNE 30, 2018

SECTION 1 - Regular District

B. 2% Calculation of Excess Surplus

| | |
|--|---------------------------|
| 2017-18 Total General Fund Expenditures Reported on Exhibit C-1 | <u>\$88,079,769</u> (A) |
| Increased by: | |
| Transfer from Capital Outlay to Capital Projects Fund | <u>\$ -</u> (A1a) |
| Transfer from Capital Reserve to Capital Projects Fund | <u>\$ -</u> (A1a) |
| Transfer from General Fund to SRF for PreK-Regular | <u>\$ -</u> (A1a) |
| Transfer from General Fund to SRF for PreK-Inclusion | <u>\$ -</u> (A1a) |
| Less: Expenditures Allocated to Restricted Federal Sources as Reported on Exhibit D-2 | <u>\$ 1,735,587</u> (A1b) |
| 2017-18 Adjusted General Fund & Other State Expenditures [(A)+(A1a)-(A1b)] | <u>\$86,344,182</u> (A2) |
| Decreased by: | |
| On-Behalf TPAF Pension & Social Security | <u>\$ 9,494,767</u> (A3) |
| Assets Acquired Under Capital Leases: | |
| General Fund 10 Assets Acquired Under Capital Leases Reported on Exhibit C-1a | <u>\$ -</u> (A4) |
| Add: | |
| General Fund and State Resources Portion of Fund 15 Assets Acquired Under Capital Leases: | |
| Assets Acquired Under Capital Leases in Fund 15 Reported on Exhibit C-1a | <u>\$ -</u> (A5) |
| Combined General Fund Contribution and State Resources Percent of Fund 15 Resources Reported on Exhibit D-2 | <u>96.36%</u> (A6) |
| General Fund and State Resources Portion of Fund 15 Assets Acquired Under Capital Leases [(A5) * (A6)] | <u>\$ -</u> (A7) |
| Total Assets Acquired Under Capital Leases [(A4) + (A7)] | <u>\$ -</u> (A8) |
| 2017-18 General Fund Expenditures [(A2)-(A3)-(A8)] | <u>\$76,849,415</u> (A9) |
| 2 percent of Adjusted 2017-18 General Fund Expenditures [(A9) times .02] | <u>\$ 1,536,988</u> (A10) |
| Enter Greater of (A10) or \$250,000 | <u>\$ 1,536,988</u> (A11) |
| Increased by: Allowable Adjustment* | <u>\$ 41,968</u> (K) |
| Maximum Unassigned Fund Balance [(A11) + (K)] | <u>\$ 1,578,956</u> (M) |

NEPTUNE TOWNSHIP SCHOOL DISTRICT

EXCESS SURPLUS CALCULATION

JUNE 30, 2018

SECTION 2

| | |
|---|--------------------------|
| Total General Fund – Fund Balances at June 30, 2018 (Per CAFR Budgetary Comparison Schedule C-1) | <u>\$ 16,267,797</u> (C) |
| Decreased by: | |
| Year-end Encumbrances | <u>\$ 1,469,739</u> (C1) |
| Legally Restricted - Designated for Subsequent Year's Expenditures | <u>\$ _____</u> (C2) |
| Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures** | <u>\$ _____</u> (C3) |
| Other Restricted Fund Balances**** | <u>\$ 9,112,815</u> (C4) |
| Assigned Fund Balance - Designated for Subsequent Year's Expenditures | <u>\$ 2,106,287</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>\$ 3,578,956</u> (U) |

SECTION 3

| | |
|---|-------------------------|
| Restricted Fund Balance - Excess Surplus *** [(U)-(M)] IF NEGATIVE ENTER -0- | <u>\$ 2,000,000</u> (E) |
|---|-------------------------|

Recapitulation of Excess Surplus as of June 30, 2018

| | |
|---|-------------------------|
| Restricted Excess Surplus - Designated for Subsequent Year's Expenditures ** | <u>\$ _____</u> (C3) |
| Restricted Excess Surplus *** [(E)] | <u>\$ 2,000,000</u> (E) |
| Total [(C3)+(E)] | <u>\$ 2,000,000</u> (D) |

Detail of Allowable Adjustments

| | |
|--|-----------------------|
| Impact Aid | <u>\$ _____</u> (H) |
| Sales & Lease-back | <u>\$ _____</u> (I) |
| Extraordinary Aid | <u>\$ 25,130</u> (J1) |
| Additional Nonpublic School Transportation Aid | <u>\$ 16,838</u> (J2) |
| Current Year School Bus Advertising Revenue Recognized | <u>\$ _____</u> (J3) |
| Family Crisis Transportation Aid | <u>\$ _____</u> (J4) |
| Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)] | <u>\$ 41,968</u> (K) |

** This amount represents the June 30, 2017 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

*** The amount entered must agree with the June 30, 2018 CAFR and Audit Summary Worksheet Line 90030.

**** Amount for Other Restricted/Reserved Fund Balance must be detailed for each source and request for approval to use amounts other than state imposed legal restrictions in the excess surplus calculation must be submitted to the Assistant Commissioner - Field Services prior to September 30.

NEPTUNE TOWNSHIP SCHOOL DISTRICT

EXCESS SURPLUS CALCULATION

JUNE 30, 2018

Detail of Other Restricted Fund Balance

| | |
|---|--------------------------|
| Statutory Restrictions: | |
| Approved Unspent Separate Proposal | \$ - |
| Sale/Lease-Back Reserve | \$ - |
| Capital Reserve (N-1) | \$ 7,314,815 |
| Maintenance Reserve (N-2) | \$ 1,798,000 |
| Tuition Reserve (N-3) | \$ - |
| Emergency Reserve (N-4) | \$ - |
| School Bus Advertising 50% Fuel Offset Reserve - Current Year (N-5) | \$ - |
| School Bus Advertising 50% Fuel Offset Reserve - Prior Year (N-6) | \$ - |
| Impact Aid General Fund Reserve (Sections 8002 and 8003) (N-7) | \$ - |
| Impact Aid Capital Fund Reserve (Sections 8007 and 8008) (N-8) | \$ - |
| Other Restricted Fund Balance Not Noted Above**** | \$ - |
| Total Other Restricted Fund Balance | \$ 9,112,815 (C4) |

**NEPTUNE TOWNSHIP BOARD OF EDUCATION
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS-
FINANCIAL, COMPLIANCE AND PERFORMANCE**

Neptune Township School District

Audit Recommendations Summary

We suggest the following:

Administrative Practices and Procedures

None

Financial Planning, Accounting and Reporting

2018-001 - The District ensure timely submission of the annual tax certificate in future years.

2018-002 - The District strengthen controls over its health benefit contribution reporting process, specifically the changing of health benefit rates.

School Purchasing Programs

2018-003 - The District bid for all goods and services purchased that exceed the threshold in a given year.

School Food Service

None

Student Body Activities

None

Application for State School Aid

None

Pupil Transportation

None

Facilities and Capital Assets

None

Miscellaneous

None

Status of Prior Year Findings

All prior year findings were corrected.