

BOARD OF EDUCATION
BOROUGH OF PALMYRA SCHOOL DISTRICT
COUNTY OF BURLINGTON
AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

TABLE OF CONTENTS

	<u>Page</u>
Report of Independent Auditor.....	1
Scope of Audit.....	2
Administrative Practices and Procedures:	
Insurance.....	2
Official Bonds	2
Tuition Charges	2
Financial Planning, Accounting and Reporting:	
Examination of Claims.....	2
Payroll Account, Payroll Agency and Position Control Roster.....	3
Reserve for Encumbrances and Accounts Payable.....	3
Classification of Expenditures	
General Classifications	3
Administrative Classifications	3
Obligations of Federal Grant Awards and Requests for Reimbursement of Expenditures against those Federal Grant Awards.....	3
Certification of Income Tax Compliance.....	4
Board Secretary's Records.....	4
Treasurer's Records	4
Elementary and Secondary Education Act as amended by the Every Student Succeeds Act (ESSA).....	4
Other Special Federal and/or State Projects	5
T.P.A.F. Reimbursement.....	5
School Purchasing Programs:	
Contracts and Agreements Requiring Advertisement for Bids	5 - 6
School Food Service.....	6 - 7
Other Funds:	
S.A.C.C. Account	7
Student Body Activities	7
Application for State School Aid	7
Pupil Transportation	8
Facilities and Capital Assets.....	8
Testing for Lead of all Drinking Water in Educational Facilities	8
Follow-up on Prior Year Findings.....	8
Acknowledgment.....	8
Schedule of Audited Enrollments.....	9 - 11
Schedule of Meal Count Activity	12 - 13
Net Cash Resource Schedule.....	14
Excess Surplus Calculation	15 - 16
Audit Recommendations Summary.....	17

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REPORT OF INDEPENDENT AUDITORS

Honorable President and
Members of the Board of Education
Borough of Palmyra School District
County of Burlington, New Jersey 08065

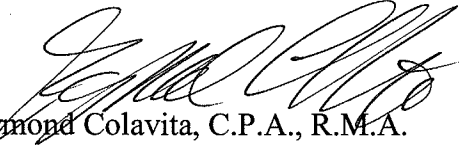
We have audited, in accordance with generally accepted auditing standards and **Government Auditing Standards** issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Borough of Palmyra School District in the County of Burlington for the year ended June 30, 2018, and have issued our report thereon dated January 31, 2019.

As part of our audit, we performed procedures required by the Division of Administration and Finance, 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 issued in conjunction with the Comprehensive Annual Financial report of the Board of Education of the Borough of Palmyra School, for the fiscal year ending June 30, 2018 and is intended for the information of the Palmyra Borough Board of Education's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.


Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant

No. 915

January 31, 2019

ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE

Scope of Audit

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

Administrative Practices and Procedures

Insurance

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

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

<u>Name</u>	<u>Position</u>	<u>Amount</u>
William R. Blatchley	School Business Administrator/ Board Secretary	\$ 175,000
Donna Gidjunis	Treasurer of School Moneys	\$ 250,000

There is a blanket dishonesty bond covering all other employees with the following coverage: \$100,000 per employee / \$500,000 per loss.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The Board appeared to make proper adjustment to the billings of sending districts for the adjustments in per pupil costs in accordance with N.J.A.C. 6A:23A-17.1(f)3.

Financial Planning, Accounting, and Reporting

Examination of Claims

An examination of claims paid during the period under audit did not indicate any reportable noncompliance 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 approved by the Superintendent and were certified by the President of the Board and the School Business Administrator/Board Secretary.

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

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

Employee Position Control Roster

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

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, 2018 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, 2018. Our sample did not indicate any reportable noncompliance with respect to classification of orders.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3. As a result of the procedures performed, a transaction error rate of .0% overall was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

- A. **General Classification Findings** - NONE
- B. **Administrative Classification Findings** - NONE

Obligations of Federal Grant Awards and Requests for Reimbursement of Expenditures Against Those Federal Grants Awards

No exceptions were noted.

Certification of Income Tax Compliance

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (Superintendent and Business Administrator) to the N.J. Department of Treasury appeared to be filed by the March 15 due date.

Board Secretary's Records

The financial records and board minutes of the Board Secretary were in satisfactory condition.

Acknowledgment of the Board's receipt of the Board Secretary's and Treasurer's monthly financial reports was included in the monthly minutes.

Purchase orders were found to be charged to the appropriate line item accounts in accordance with the State prescribed **Uniform Minimum Chart of Accounts (2R2) for New Jersey Public Schools**.

Monthly financial certifications of the Board Secretary and Board of Education for positive line item account status certification (N.J.A.C. 6:20-2.13) were approved monthly.

Treasurer's Records

Our audit of the financial and accounting records maintained by the Treasurer of School Moneys indicated they were in satisfactory condition.

The Treasury records were in agreement with the records of the Board Secretary. The Treasury reports were filed in a timely manner.

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

The E.S.E.A. financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the projects under Titles I-A and II-A of the Elementary and Secondary Education Act as amended and reauthorized.

Our audit of the E.S.E.A. 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 study of compliance for E.S.E.A. indicated that all E.S.E.A. programs were in compliance.

Financial Planning, Accounting and Reporting (Cont'd)

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. The study of compliance for special projects indicated no areas of noncompliance and/or questionable costs.

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.

TPAF Reimbursement to the State for Federal Salary Expenditures

The amount of the expenditure charged to the current year's Final Report(s) for all federal awards for the school district to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds was made prior to the end of the 60 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-1 et seq. (Public School Contracts Law), the associated rules and related information on the statute, and school contracts in general are available on the website:
http://www.state.nj.us/dca/divisions/dlgs/programs/ps_contracts.html.

The current statute is posted on the New Jersey Legislature website at:
http://lis.njleg.state.nj.us/cgi-bin/om_isapi.dll?clientID=1319801&depth=2&expandheadings=off&headingswithhits=on&infobase=statutes.nfo&softpage=TOC_Frame_pg42

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 for 2017-18.

School Purchasing Programs (Cont'd)

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

The District Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the fiscal 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.

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.

Based on the results of our examination, we did not note any individual payments, contracts, or agreements made for the performance of any work or goods or services, in excess of the statutory thresholds, where there had been no advertising for bids in accordance with the provisions of N.J.S.A. 18A:18A-4 as amended, with the exception of the following:

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

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977; therefore, the extent of such purchases could not reasonably be ascertained. Our examination did reveal, however, that Computers and Supplies were purchased from vendors approved for state contract.

The review of contracts and agreements did not disclose any areas of statutory noncompliance.

Although a particular contract is exempt from the formal requirements of public advertising and competitive bidding, N.J.S.A. 18A:18A-37 requires that quotations be obtained, whenever practical, for any contract less than the bid threshold but 15% or more of that amount, except for contracts for professional services. All contracts and agreements, which are subject to quotations, shall be awarded on the basis of the lowest responsible quotation received, which is most advantageous to the Board of Education, price and other factors considered.

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, or appropriate school food service personnel, as to whether the SFA had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted.

We also inquired of school management, or appropriate school food service personnel, as to whether the SFA's expenditures of school food service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

School Food Service (Cont'd)

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

Finding 2018-1 (CAFR Finding 2018-1)

Net cash resources exceeded three months average expenditures.

Recommendation

The Board should implement a corrective action plan to effectively reduce the net cash resources on hand through capital expenditure or otherwise.

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

S.A.C.C. Account (School Age Childcare)

S.A.C.C. activity (representing miscellaneous childcare program fee revenues and payment of related operating expenditures) is reported as an enterprise fund.

The analysis of Receipts and Disbursements submitted for audit, as adjusted, reconciled with the bank at June 30, 2018. Deposits were generally traceable to the monthly bank statements and made on a timely basis. Expenditures were supported by invoices and other documentation. Receipts and disbursements were reconciled to the bank account.

Student Body Activities

Our audit of the financial and accounting records for student activities indicated that they were in satisfactory condition.

Application for State School Aid

Our audit procedures included a test of the information reported in the October 13, 2017 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, 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 without exception. The information that was included on the workpapers was verified without exception.

The results of our procedures are presented in the Schedule of Audited Enrollments.

The District maintained workpapers on the prescribed state forms or their equivalent and 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 2017-18 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report, which is 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. No exceptions were noted in our review of transportation related purchases of goods and services.

Facilities, Capital Assets and Capital Leases

Our audit of the financial accounting records for facilities and capital assets indicated that they were in satisfactory condition. However, an audit adjustment of \$111,528 was necessary to align the District's Fixed Asset records to the outside appraisal report, as of June 30, 2018.

Testing for Lead of all Drinking Water in Educational Facilities

The school district adhered to all the requirements of NJAC 26-1.2 and 12.4 related to the testing for lead of all drinking water in educational facilities.

The test results were posted on the district's website as well as being available at the school facility.

Follow-up on Prior Year Findings

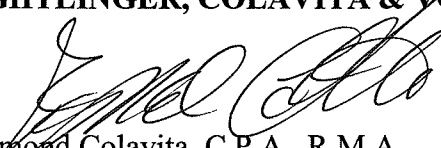
In accordance with government auditing standards, our procedures included a review of all prior year recommendations. Corrective action had been taken on all prior year recommendations.

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,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant
No. 915

SCHEDULE OF AUDITED ENROLLMENTS

PALMYRA BOROUGH BOARD OF EDUCATION
APPLICATION OR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 13, 2017

	<u>2018-2019 APPLICATION FOR STATE SCHOOL AID</u>						<u>SAMPLE FOR VERIFICATION</u>						<u>PRIVATE SCHOOLS FOR DISABLED</u>			
	<u>Reported On</u>		<u>Reported On</u>		<u>Errors</u>		<u>Sample</u>		<u>Verified per</u>		<u>Errors per</u>		<u>Reported On</u>			
	<u>A.S.S.A.</u>		<u>Workpapers</u>				<u>Selected From</u>		<u>Registers</u>		<u>Registers</u>		<u>A.S.S.A. as</u>			
	<u>On Roll</u>	<u>On Roll</u>	<u>On Roll</u>	<u>On Roll</u>	<u>Full</u>	<u>Shared</u>	<u>Full</u>	<u>Shared</u>	<u>Full</u>	<u>Shared</u>	<u>Full</u>	<u>Shared</u>	<u>Private</u>	<u>Sample for</u>	<u>Sample</u>	<u>Sample</u>
	<u>Full</u>	<u>Shared</u>	<u>Full</u>	<u>Shared</u>	<u>Full</u>	<u>Shared</u>	<u>Full</u>	<u>Shared</u>	<u>Full</u>	<u>Shared</u>	<u>Full</u>	<u>Shared</u>	<u>Schools</u>	<u>Verification</u>	<u>Verified</u>	<u>Errors</u>
Full Day Preschool 4 Years Old	8		8				2		2							
Full Day Kindergarten	57		57				14		14							
One	52		52				13		13							
Two	49		49				12		12							
Three	66		66				17		17							
Four	67		67				17		17							
Five	71		71				18		18							
Six	63		63				16		16							
Seven	64		64				16		16							
Eight	60		60				15		15							
Nine	72		72	0			18		18							
Ten	61		61	0			15		15							
Eleven	60		60	0			15		15	0						
Twelve	58		58	0			15		15	0						
Post-Graduate																
Adult H.S. (15+CR.)																
Adult H.S. (1-14 CR.)																
Subtotal	808	0	808	0	0	0	203	0	203	0	0	0	0	0	0	0
Special Ed - Elementary	47		47				12		12				3	2	2	
Special Ed - Middle	23		23				6		6				1			
Special Ed - High	46		46	0			12		12	0			7	6	6	
Subtotal	116	0	116	0	0	0	30	0	30	0	0	0	11	8	8	0
Totals	924	0	924	0	0	0	233	0	233	0	0	0	11	8	8	0
Percentage Error					0.00%	0.0%					0.00%	0.00%				0.00%

SCHEDULE OF AUDITED ENROLLMENTS

**PALMYRA BOROUGH BOARD OF EDUCATION
APPLICATION OR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 13, 2017**

	<u>Resident Low Income</u>			<u>Sample for Verification</u>			<u>Resident LEP Low Income</u>			<u>Sample for Verification</u>		
	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
Full Day Preschool 4 Years Old												
Full Day Kindergarten	21.0	21.0		10	10		1	1		1	1	
One	20.0	20.0		10	10							
Two	24.0	24.0		12	12							
Three	27.0	27.0		13	13							
Four	24.0	24.0		12	12		1	1		1	1	
Five	36.0	36.0		17	17							
Six	20.0	20.0		10	10							
Seven	22.0	22.0		11	11							
Eight	28.0	28.0		13	13							
Nine	17.0	17.0		8	8							
Ten	21.0	21.0		10	10		1	1		1	1	
Eleven	13.0	13.0		6	6							
Twelve	9.0	9.0		4	4							
Post Graduate												
Adult H.S. (15+CR.)												
Adult H.S. (1-14 CR.)												
Subtotal	282.0	282.0	0	136	136	0	3	3	0	3	3	0
Special Ed - Elementary	26.0	26.0		12	12							
Special Ed - Middle	17.0	17.0		8	8							
Special Ed - High	21.0	21.0		10	10							
Subtotal	64.0	64.0	0	30	30	0	0	0	0	0	0	0
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Totals	346.0	346.0	0	166	166	0	3	3	0	3	3	0
Percentage Error		<u>0.00%</u>			<u>0.00%</u>							

TRANSPORTATION

	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors		Reported	Re-Calculated
Reg. - Public Schools	29.0	29.0	0	22	22	0	Avg. Mileage - Regular Including Grade PK students	13.7	
Reg. - Special Ed.	1.0	1.0	0	1	1	0	Avg. Mileage - Regular Excluding Grade PK students	13.7	
AIL - Non-Public			0		0	0	Avg. Mileage - Special Ed with Special Needs	13.2	
Transported - Non-Public									
Special Needs - Public	22.0	22.0	0	17	17	0			
Totals	52.0	52.0	0	40.0	40.0	0			
Percentage Error		<u>0.0%</u>			<u>0.0%</u>				

SCHEDULE OF AUDITED ENROLLMENTS

PALMYRA BOROUGH BOARD OF EDUCATION
APPLICATION OR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 13, 2017

	<u>Resident LEP NOT Low Income</u>			<u>Sample for Verification</u>		
	<u>Report On A.S.S.A. as NOT Low Income</u>	<u>Report 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>
Full Day Preschool 4 Years Old						
Full Day Kindergarten	1	1		1	1	
One						
Two						
Three	1	1		1	1	
Four						
Five						
Six						
Seven	1	1		1	1	
Eight						
Nine						
Ten						
Eleven						
Twelve						
Post Graduate						
Adult H.S. (15+CR.)						
Adult H.S. (1-14 CR.)						
Subtotal	3	3	0	3	3	0
Special Ed - Elementary	1	1		1	1	
Special Ed - Middle						
Special Ed - High						
Subtotal	1	1	0	1	1	0
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	4	4	0	4	4	0
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

SCHEDULE OF MEAL COUNT ACTIVITY
BOROUGH OF PALMYRA SCHOOL DISTRICT
FOOD SERVICE FUND
NUMBER OF MEALS/MILKS SERVED AND (OVER)/UNDERCLAIM-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 (Regular Rate)	Paid	33,849	33,849	33,848	(1.00)	0.3300	\$ (0.33)
	Reduced	9,668	9,668	9,668	-	2.8500	-
	Free	37,622	37,622	37,622	-	3.2500	-
	TOTAL	<u>81,139</u>	<u>81,139</u>	<u>81,138</u>	<u>(1.00)</u>		<u>(0.33)</u>
HHFKA	Paid	33,849	33,849	33,848	(1.00)	0.0600	(0.06)
	Reduced	9,668	9,668	9,668	-	0.0600	-
	Free	37,622	37,622	37,622	-	0.0600	-
	TOTAL	<u>81,139</u>	<u>81,139</u>	<u>81,138</u>	<u>-</u>		<u>(0.06)</u>
School Breakfast	Paid	4,278	4,278	4,278	-	0.3000	-
	Reduced	1,786	1,786	1,786	-	1.7900	-
	Free	13,886	13,886	13,886	-	2.0900	-
	TOTAL	<u>19,950</u>	<u>19,950</u>	<u>19,950</u>	<u>-</u>		<u>-</u>
TOTAL NET (OVER) UNDER CLAIM							<u>\$ (0.39)</u>

SCHEDULE OF MEAL COUNT ACTIVITY
BOROUGH OF PALMYRA SCHOOL DISTRICT
FOOD SERVICE FUND
NUMBER OF MEALS/MILKS SERVED AND (OVER)/UNDERCLAIM-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 (Regular Rate)	Paid	33,849	33,849	33,848	(1.00)	0.0550	\$ (0.06)
	Reduced	9,668	9,668	9,668	-	0.0550	-
	Free	37,622	37,622	37,622	-	0.0500	-
	TOTAL	<u>81,139</u>	<u>81,139</u>	<u>81,138</u>	<u>(1.00)</u>		<u>(0.06)</u>
TOTAL NET (OVER) UNDER CLAIM							<u>\$ (0.06)</u>

**NET CASH RESOURCE SCHEDULE
BOROUGH OF PALMYRA SCHOOL DISTRICT
JUNE 30, 2018**

<u>Net Cash Resources:</u>		Food Service B - 4/5	
CAFR	*	Current Assets	
B-4		Cash & Cash Equiv.	\$ 157,214
B-4		Due from Other Gov'ts	8,854
B-4		Accounts Receivable	3,709
B-4		Investments	
CAFR		Current Liabilities	
B-4		Less Accounts Payable	
B-4		Less Accruals	
B-4		Less Due to Other Funds	
B-4		Less Deferred Revenue	(10,531)
		Net Cash Resources	\$ 159,246.00 (A)

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.	371,481	
B-5	Less Depreciation	(1,974)	
	Adj. Tot. Oper. Exp.	\$ 369,507.00 (B)	

Average Monthly Operating Expense:

B / 10	\$ 36,950.70 (C)
--------	-------------------------

Three times monthly Average:

3 X C	\$ 110,852.10 (D)
-------	--------------------------

TOTAL IN BOX A	\$ 159,246.00
LESS TOTAL IN BOX D	\$ 110,852.10
NET	\$ 48,393.90
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

BOROUGH OF PALMYRA SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION

SECTION 1

A. 2% Calculation of Excess Surplus

2017-18 Total General Fund Expenditures per the CAFR	\$	<u>17,467,766</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 & Social Security		<u>2,110,173</u>	(B2a)
Assets Acquired Under Capital Leases			(B2b)
 Adjusted 2017-18 General Fund Expenditures [(B)+(B1s)-(B2s)]		 <u><u>15,357,593</u></u>	 (B3)
 2% of Adjusted 2017-18 General Fund Expenditures			
[(B3) times .02]		<u>307,152</u>	(B4)
Enter Greater of (B4) or \$250,000		<u>307,152</u>	(B5)
Increased by: Allowable Adjustment*		<u>95,459</u>	(K)
 Maximum Unassigned/Undesignated-Unreserved Fund Balance[(B5)+(K)]			 \$ <u><u>402,611</u></u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6-30-18 (Per CAFR Budgetary Comparison Schedule C-1)	\$	<u>4,092,512</u>	(C)
Decreased by:			
Year-end Encumbrances		<u>-</u>	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures		<u>211,500</u>	(C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**		<u>746,232</u>	(C3)
Other Restricted Fund Balances****		<u>1,735,073</u>	(C4)
Assigned Fund balance Unreserved - Designated for Subsequent Year's Expenditures		<u>65,877</u>	(C5)
Additional Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures July 1, 2018 - August - 1, 2018			(C6) *****
 Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]			 \$ <u><u>1,333,830</u></u> (U1)

SECTION 3

Section 1 Restricted Fund Balance- Excess Surplus*** [(U1)-(M)] IF NEGATIVE ENTER -0-	\$	<u>931,219</u>	(E)
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Recapitulation of Excess Surplus as of JUNE 30, 2018

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures**		746,232	(C3)
Reserved Excess Surplus ***[(E)]		<u>931,219</u>	(E)
 Total Excess Surplus [(C3) + (E)]			 \$ <u><u>1,677,451</u></u> (D)

BOROUGH OF PALMYRA SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION

Footnotes:

- * Allowable adjustment to expenditures on line K must be detailed as follows. This adjustment line (as detailed below) is to be utilized when applicable for:
 - (H) Federal Impact Aid. The passage of P.L. 2015, c.46 amended N.J.S.A. 18A:7F-41 to permit a board of education to appropriate federal impact aid funds to establish or supplement a federal impact aid legal reserve in the general fund. Accordingly, effective for the year ending June 30, 2016 the Federal Impact Aid adjustment to expenditures is limited to the portion of Federal Impact Aid Section 8002 and Section 8003 received during the fiscal year and recognized as revenue on the General Fund Budgetary Comparison Schedule, but not transferred to the Federal Impact Aid Reserve-General (8002 or 8003) by board resolution during June 1 to June 30 of the fiscal year under audit. Amounts transferred to the reserve are captured on line (C4);
 - (I) Sale & 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	_____ 95,459 (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)]	 \$ _____ 95,459 (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 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 another type of government, such as the judicial branch of government, must have Departmental approval. District requests should be submitted to the Division of Administration and Finance prior to September 30.

***** Increase in Assigned Fund Balance - Unreserved - Designated for Subsequent Year's expenditures July 1, 2018 to August 1, 2018 resulting from decrease in state aid after adoption of 2018-19 district budget. Refer to Commissioner's Broadcast of July 13, 2018 at the NJDOE Broadcast webpage <https://homeroom5.doe.state.nj.us/broadcasts/> and to page 1-4.2 of this Audit Program.

Detail of Other Restricted Fund Balance

Statutory restrictions:	
Approved unspent separate proposal	\$ _____
Sale/lease-back reserve	_____
Capital reserve	_____ 948,572
Maintenance reserve	_____ 786,501
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 8007 and 8008)	_____
Impact Aid General Fund Reserve (Sections 8002 and 8003)	_____
Other state/government mandated reserve	_____
 [Other Restricted Fund Balance not noted above] *****	 _____
 Total Other Restricted Fund Balance	 \$ _____ 1,735,073 (C4)

AUDIT RECOMMENDATIONS SUMMARY
For the Fiscal Year Ended June 30, 2018
BOARD OF EDUCATION OF THE BOROUGH OF PALMYRA

Recommendations:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

None

3. School Purchasing Programs

None

4. School Food Service - Finding 2018 - 1

Recommendation - The Board should implement a corrective action plan to effectively reduce the net cash resources on hand through capital expenditure or otherwise.

5. Student Body Activities

None

6. Application for State School Aid

None

7. Charter School Enrollment System(CHE) (Applicable to audits of charter schools)

None

8. Pupil Transportation

None

9. Facilities and Capital Assets

None

10. Miscellaneous

None

11. 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.