

BOARD OF EDUCATION
SCHOOL DISTRICT OF
PENNSVILLE TOWNSHIP
COUNTY OF SALEM
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 Auditors	1
Scope of Audit	2
Administrative Practices and Procedures:	
Insurance.....	2
Official Bonds	2
Tuition Charges	2
District Internal Control Policies.....	2
Financial Planning, Accounting and Reporting:	
Examination of Claims.....	2
Unemployment Compensation Insurance Trust Fund	3
Payroll Account and Position Control Roster.....	3
Workers' Compensation Insurance Trust Fund	3
Reserve for Encumbrances and Accounts Payable	3
Classification of Expenditures	
General Classifications	3
Administrative Classifications.....	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 Student Succeeds Act (E.S.S.A.)	4
Other Special Federal and/or State Projects	5
T.P.A.F. Reimbursement.....	5
T.P.A.F. Reimbursement to the State for Federal Salary Expenditures	5
School Purchasing Programs:	
Contracts and Agreements Requiring Advertisement for Bids	5 - 6
School Food Service	6 - 7
Other Funds:	
Student Body Activities	7
Internal Service	7
Application for State School Aid	7
Pupil Transportation	7
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.....	N/A
Net Cash Resource Schedule.....	N/A
Excess Surplus Calculation	12 - 13
Audit Recommendations Summary	14

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

(856) 629-3111
Fax (856) 728-2245
www.colavita.net

REPORT OF INDEPENDENT AUDITORS

Honorable President and
Members of the Board of Education
Pennsville Township School District
30 Church Street
Pennsville, New Jersey 08070

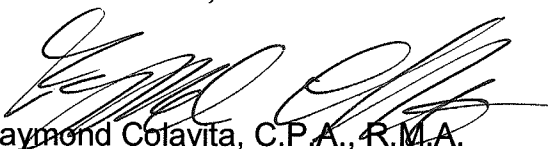
We have audited, in accordance with generally accepted auditing standards and **Government Auditing Standards** issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Pennsville Township School District in the County of Salem for the year ended June 30, 2018, and have issued our report thereon dated January 25, 2019.

As part of our audit, we performed procedures required by the 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 Pennsville Township School District, for the fiscal year ending June 30, 2018 and is intended for the information of the 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.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant
No. 915
January 25, 2019

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

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and the Financial Services Coordinator, District personnel entrusted with duties formally under the auspices of the Treasurer of School Monies, the activities of the School District, 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>
Richard Davidson	School Business Administrator/ Board Secretary	\$ 10,000
John Willadsen	Treasurer	\$ 250,000

Tuition Charges

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

District Internal Control Policies

District boards of education and administration are responsible for developing internal controls policies and procedures and maintaining a strong internal control environment. NJAC 6A:23A-6.4 requires that the district's internal control policies include specific requirements at NJAC 6A:23A-6.5 through 6.13.

Internal Control Policies were found in accordance with NJAC 6A:23A-6.5 through 6.13.

Examination of Claims

An examination of claims paid during the period under review did not indicate any material discrepancies with respect to signatures, certification, itemization and other documentation.

Financial Planning, Accounting, and Reporting

Unemployment Compensation Insurance Trust Fund

The Board has adopted the reimbursement method of payment and maintains an Unemployment Compensation Insurance Trust Fund, of which the amount payable at June 30, 2018 has been reflected in the financial statements.

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, and the Chief School Administrator.

Salary withholdings were promptly remitted to the proper agencies, including health benefit premium withholdings due to the general fund. In addition, we did not identify any instance of noncompliance with the provisions covering the flexible spending account.

Payrolls were delivered to the secretary of the board who then deposited 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.

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, no transaction errors were 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

Financial Planning, Accounting and Reporting (Cont'd)

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 found to be 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. Budgetary line item account transfers were approved monthly to cover any anticipated deficits.

Treasurer's Records – Board Secretary's Office

Board Secretary personnel performed cash reconciliations for the general operating account, payroll account and payroll agency account per **N.J.S.A. 18A:17-9**.

Cash receipts appeared to be deposited promptly.

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, II-A, and IV 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.

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** and labeled as Exhibits K-3 and K-4. 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.

T.P.A.F. 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/lpcl.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.

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.

School Purchasing Programs (Cont'd)

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

In as much 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.

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 not reveal any exceptions, with regard to purchases 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. Our examination indicated that the Board of Education complied with these provisions.

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.

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.

School Food Service (Cont'd)

Net cash resources did not exceed three months average expenditures.

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

Student Body Activities

Cash receipts and disbursements journals were maintained in good condition and reconciled to the monthly bank statements. Deposits were traceable to the bank and made on a timely basis. Expenditures were supported by invoices and other documentation.

Internal Service Funds

Cash receipts and disbursements journals were maintained in good condition and reconciled to the monthly bank statements. Deposits were traceable to the bank and made on a timely basis. Expenditures were supported by invoices and other documentation.

Application for State School Aid

Our audit procedures included a test of the information reported in the October 14, 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. The information that was included on the workpapers was verified with the exceptions as shown on the Schedule of Audited Enrollments.

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 with the exception of one student being listed as AIL non-public but the student had moved before the beginning of the school year and three students who did not meet the mileage requirement were counted in the eligible column. The average mileage did not change when re-calculated. The County Summary was also verified to the District's DRTRS Eligibility Summary Report. 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 were in compliance with applicable statutes. No exceptions were noted in our review of transportation related purchases of goods and services, as well as for any purchase of buses.

Facilities and Capital Assets

As part of the GASB 34 reporting format, fixed assets are recorded in accordance with GAAP, including a provision for depreciation expense. Our procedures included a review of the NJSDA grant agreements, if any, for consistency with recording SDA revenue, transfer of local funds from the general fund or from the capital reserve account, and awarding of contracts for eligible facilities construction. In the 2016-17 School Year, the District opened three new capital projects for various improvements, replacement of the fire alarm system, and replacement of windows and transom. The District entered into two NJSDA grant agreements and issued bonds to finance the projects described above. The District expects all of the ongoing projects to be completed in the 2018-19 school year.

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 put 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 was taken on 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 each member of our 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

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
APPLICATION OR 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 Verification	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared			
Half Day Preschool 3 Years Old	4		4		0		1		1								
Half Day Preschool 4 Years Old	15		15		0		2		2								
Full Day Kindergarten	119		119		0		19		19								
One	124		124		0		19		19								
Two	104		104		0		16		16								
Three	103		103		0		16		16								
Four	113		113		0		18		18								
Five	114		114		0		18		18								
Six	99		99		0		15		15								
Seven	118		118		0		18		18								
Eight	128		128		0		20		20								
Nine	88		88		0		14		14								
Ten	80		80		0		12		12								
Eleven	99	1	99	1	0		15		15								
Twelve	110	1	110	1	0		17	1	17	1							
Post-Graduate																	
Adult H.S. (15+CR.)																	
Adult H.S. (1-14 CR.)																	
Subtotal	1,418	2	1,418	2	0	0	220	1	220	1	0	0	0	0	0	0	0
Special Ed - Elementary	164		164				26		26				3	3	3		
Special Ed - Middle	76		73				12		12				4	3	3		
Special Ed - High	73	12	75	12			11	2	11	2			5	4	4		
Subtotal	313	12	312	12	0	0	49	2	49	2	0	0	12	10	10	0	0
Totals	1,731	14	1,730	14	0	0	269	3	269	3	0	0	12	10	10	0	0
Percentage Error					0.00%						0.00%						

SCHEDULE OF AUDITED ENROLLMENTS

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT
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
Half Day Preschool												
Full Day Kindergarten	35.0	35.0		12.0	12.0		3.0	3.0		3.0	3.0	
One	52.0	52.0		17.0	17.0		2.0	2.0		1.0	1.0	0.0
Two	29.0	29.0		10.0	10.0		1.0	1.0				0.0
Three	39.0	39.0		13.0	13.0		2.0	2.0		1.0	1.0	
Four	38.0	38.0		13.0	13.0		2.0	2.0		1.0	1.0	
Five	36.0	36.0		12.0	12.0		1.0	1.0				
Six	32.0	32.0		11.0	11.0		3.0	3.0		3.0	3.0	
Seven	40.0	40.0		13.0	13.0		1.0	1.0				
Eight	40.0	40.0		13.0	13.0		3.0	3.0		2.0	2.0	
Nine	22.0	22.0		7.0	7.0							
Ten	21.0	21.0		7.0	7.0							
Eleven	18.0	18.0		6.0	6.0							
Twelve	28.0	28.0		9.0	9.0							
Post Graduate												
Adult H.S. (15+CR.)												
Adult H.S. (1-14 CR.)												
Subtotal	430.0	430.0	0.0	143.0	143.0	0.0	18.0	18.0	0.0	11.0	11.0	0.0
Special Ed - Elementary	85.0	85.0		28.0	28.0		3.0	3.0		2.0	2.0	
Special Ed - Middle	40.0	40.0		13.0	13.0		2.0	2.0		1.0	1.0	
Special Ed - High	40.5	40.5		13.0	13.0		2.0	2.0		1.0	1.0	
Subtotal	165.5	165.5	0.0	54.0	54.0	0.0	7.0	7.0	0.0	4.0	4.0	0.0
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Totals	595.5	595.5	0.0	197.0	197.0	0.0	25.0	25.0	0.0	15.0	15.0	0.0
Percentage Error			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>

TRANSPORTATION

	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors	Avg. Mileage - Regular Including Grade PK students	Avg. Mileage - Regular Excluding Grade PK students	Avg. Mileage - Special Ed with Special Needs
Reg. - Public Schools	489.0	489.0		165	165				4.2
Aid in Lieu - Non-Public	12.0	12.0		4	3	1			4.2
Transported - Non-Public									
Reg. - Special Ed.	79.0	79.0		27	27				
Special Needs - Public	109.0	109.0		37	34	3			10.0
Totals	689.0	689.0	0	233.0	229.0	4			
Percentage Error			<u>0.00%</u>						<u>1.72%</u>

SCHEDULE OF AUDITED ENROLLMENTS

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
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>
Half Day Preschool						
Full Day Kindergarten	2	2		1	1	
One	2	2		1	1	
Two	3	3		1	1	
Three						
Four						
Five	1	1				
Six						
Seven	1	1				
Eight						
Nine						
Ten						
Eleven						
Twelve						
Post Graduate						
Adult H.S. (15+CR.)						
Adult H.S. (1-14 CR.)						
Subtotal	9	9	0	3	3	0
Special Ed - Elementary	1	1				
Special Ed - Middle	1	1				
Special Ed - High						
Subtotal	2	2	0	0	0	0
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	11	11	0	3	3	0
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
JUNE 30, 2018

SECTION 1

A. 2% Calculation of Excess Surplus

2017-18 Total General Fund Expenditures per the CAFR	\$ <u>34,107,406</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	_____	3,860,513 (B2a)
Assets Acquired Under Capital Leases	_____	(B2b)
 Adjusted 2017-18 General Fund Expenditures [(B)+(B1s)-(B2s)]	 <u>30,246,893</u>	 (B3)
 2% of Adjusted 2017-18 General Fund Expenditures [(B3) times .02]	 <u>604,938</u>	 (B4)
Enter Greater of (B4) or \$250,000	<u>604,938</u>	(B5)
Increased by: Allowable Adjustment*	<u>155,816</u>	(K)
 Maximum Unassigned/Undesignated-Unreserved Fund Balance[(B5)+(K)]		 <u>\$ 760,754</u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6-30-18 (Per CAFR Budgetary Comparison Schedule C-1)	\$ <u>2,305,314</u>	(C)
Decreased by:		
Year-end Encumbrances	_____	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	_____	(C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**	<u>600,375</u>	(C3)
Other Restricted Fund Balances****	<u>501,663</u>	(C4)
Assigned Fund balance Unreserved - Designated for Subsequent Year's Expenditures	<u>365,233</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>\$ 838,043</u> (U1)

PENNSVILLE TOWNSHIP SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION

SECTION 3

Restricted Fund Balance- Excess Surplus*** [(U1)-(M)] IF NEGATIVE ENTER -0- \$ 77,289 (E)

Recapitulation of Excess Surplus as of June 30, 2018

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures**	600,375 (C3)
Reserved Excess Surplus ***[(E)]	<u>77,289 (E)</u>
Total Excess Surplus [(C3) + (E)]	\$ <u><u>677,664</u></u> (D)

Footnotes:

- * Allowable adjustment to expenditures on line K must be detailed as follows. This adjustment line (as detailed below) is to be utilized when applicable for:
 - (H) Federal Impact Aid. The passage of P.L. 2015, c.46 amended N.J.S.A. 18A:7F-41 to permit a board of education to appropriate federal impact aid funds to establish or supplement a federal impact aid legal reserve in the general fund. Accordingly, effective for the year ending June 30, 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.

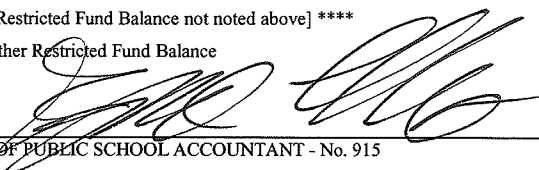
Detail of Allowable Adjustments

Impact Aid	\$ _____ (H)
Sale & Lease-Back	_____ (I)
Extraordinary Aid	<u>152,336 (J1)</u>
Additional Nonpublic School Transportation Aid	<u>3,480 (J2)</u>
Current Year School Bus Advertising Revenue Recognized	_____ (J3)
Family Crisis Transportation Aid	_____ (J4)
Total Adjustments [(H) + (I) + (J1) + (J2) + (J3) + (J4)]	\$ <u><u>155,816</u></u> (K)

- ** This amount represents the June 30, 2018 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line **90031**.
- *** Amounts must agree to the June 30, 2018 CAFR and 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	<u>1,163</u>
Maintenance reserve	<u>500,500</u>
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	\$ <u><u>501,663</u></u> (C4)



 SIGNATURE OF PUBLIC SCHOOL ACCOUNTANT - No. 915

AUDIT RECOMMENDATIONS SUMMARY
For the Fiscal Year Ended June 30, 2018
Pennsville Township School District

Recommendations:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

None

3. School Purchasing Programs

None

4. School Food Service

None

5. Student Body Activities

None

6. Application for State School Aid

None

7. 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.