

**School District of Piscataway Township
Piscataway, New Jersey
MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS—
FINANCIAL, COMPLIANCE AND PERFORMANCE
June 30, 2018**

**AUDITOR’S MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS–
FINANCIAL, COMPLIANCE AND PERFORMANCE**

TABLE OF CONTENTS

	<u>Page No.</u>
Independent Auditors’ Report	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 and Position Control Roster	2
Reserve for Encumbrances and Accounts Payable.....	3
Classification of Expenditures	3
• General Classifications	
• Administrative Classifications	
Board Secretary’s Records	3
Unemployment Compensation Insurance Trust Fund.....	3
Elementary and Secondary Education Act (E.S.E.A.)/ As amended by the Every Student Succeeds Act (ESSA).....	4
Other Special Federal and/or State Projects.....	4
T.P.A.F. Reimbursement.....	6
School Purchasing Programs	
Contracts and Agreements Requiring Advertisement for Bids	7
School Food Service	7
Student Body Activities	8
Application for State School Aid.....	8
Pupil Transportation	9
Facilities and Capital Assets	9
Follow-up on Prior Year Findings.....	9
Acknowledgment.....	10
Schedule of Meal County Activity.....	11
Net Cash Resource Schedule.....	13
Schedule of Audited Enrollments	14
Excess Surplus Calculation	17
Audit Recommendations Summary.....	20



INDEPENDENT AUDITORS' REPORT

Honorable President and Members
of the Board of Education
Piscataway Township School District
County of Middlesex, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Piscataway Township School District, County of Middlesex as of and for the year ended June 30, 2018, and have issued our report thereon dated February 8, 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 and use of the Piscataway Township Board of Education's management and Board members and the New Jersey Department of Education and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP
Cranford, New Jersey
February 8, 2019

A handwritten signature in black ink that reads "David J. Gannon".

David J. Gannon
Licensed Public School Accountant
No. 2305

**PISCATAWAY TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE**

JUNE 30, 2018

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>
David Oliveira	Board Secretary/School Business Administrator	\$455,000

There is a Public Employees' Faithful Performance Blanket Position Bond with the New Jersey School Boards Association Insurance Group covering all other employees with coverage of \$1,000,000.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The Board made a proper adjustment ("billing") to sending Districts for the increase (decrease) in per pupil costs in accordance with *N.J.A.C. 6A:23A-17.1(f)3*, which is performed as part of the District's annual budget process.

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 and no 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.

PISCATAWAY TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE

JUNE 30, 2018

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

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

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

Our review of the payroll accounts did not reveal any exceptions.

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 and 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 our selected test samples, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with *N.J.A.C. 6A:23A-8.3*. No exceptions were noted.

Board Secretary's Records

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

Unemployment Compensation Insurance Trust Fund

The District has adopted the direct reimbursement method and has established an Unemployment Compensation Insurance Trust Fund. The financial transactions of this fund are reported in the Fiduciary Fund. No exceptions were noted.

PISCATAWAY TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE

JUNE 30, 2018

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

The E.S.E.A./NCLB 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 Title I and Title VI of the Elementary and Secondary Education Act as amended and reauthorized.

The study of compliance for E.S.E.A./N.C.L.B. indicated no instances of noncompliance and/or questionable costs.

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 the following instances of noncompliance.

Finding 2018-001
Material Weakness (Allowable Costs) – Extraordinary Aid

Criteria:

In accordance with the School Funding Reform Act of 2008, extraordinary aid is available to school districts with students that have high educational costs. To receive extraordinary aid, the District is required to submit an application listing the students that have high educational costs and have an individualized education program (IEP) that requires the provision of intensive services.

Extraordinary aid is awarded by the State of New Jersey to reimburse school districts for excessive special education costs to fulfill the needs of special education students. The amount of extraordinary aid is based on the placement of the student and the type of eligible cost. Eligible school districts are those where the cost of providing education for an individual student with a disability, who is provided at least one intensive service, exceeds the following maximum thresholds:

PISCATAWAY TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE

JUNE 30, 2018

- If a special education student is educated in an in-district public school program with non-disabled peers, the district will receive aid based on 90% of the costs in excess of \$40,000;
- If a special education student is educated in a separate public school program for students with disabilities, the district will receive aid based on 75% of the costs in excess of \$40,000;
- Lastly, if a special education student is educated in a separate private school for students with disabilities the district will receive aid based on 75% of the costs in excess of \$55,000.

Eligible cost are calculated in the following two ways:

- Actual costs for each class prorated by the number of students in each class;
- Using the certified tuition rates for the most recently completed year. If those certified tuition rates do not reasonably reflect the costs in the current year due to a significant difference in costs or number of students, the District may use the budgeted tuition rates from the current school year.

Condition:

The District received more extraordinary aid than it was entitled to, based on an unintentional overstatement of eligible costs. The District used an estimated tuition rate to calculate qualified classroom costs for in-district students. The 2016-2017 certified tuition rate was made available before the final extraordinary aid submission deadline of May 24, 2018 and should have been used to determine the eligible costs. Since the actual 2016-2017 certified tuition rates were less than the estimated rates utilized by the District in the aid application, costs were submitted on the application in excess of the amount permitted.

Cause:

Prior to the certified tuition rates being published each year in February, the District develops estimated tuition rates for internal use. When completing the application for Extraordinary Aid, the District utilized the estimated tuition rates in error instead of the 2016-2017 certified tuition rates.

Effect:

The difference between the actual 2016-2017 certified tuition rates and the District's estimated rates yielded an overstatement of extraordinary aid received by the District. Violations of grant requirements could lead to the return of funds. The conditions that attributed to this overstatement were isolated to the extraordinary aid award and do not impact any other federal awards or state financial assistance.

**PISCATAWAY TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE**

JUNE 30, 2018

Questioned Costs:

All of the in-district students listed on the extraordinary aid application were recalculated using the actual 2016-2017 certified tuition rates. Based on the revised calculation using actual 2016-2017 certified tuition rates in lieu of estimated rates, the eligible costs decreased by \$210,987. Of that amount, 90.00% is subject to aid prior to proration. The prorated percentage for 2017-2018 was 50.3148%, and therefore the overstatement attributed to known questioned costs was \$95,542.

Context:

During our testing of State awards, we reviewed the extraordinary aid application in order to determine if the expenditures were eligible. Our testing included confirmation of out of district tuition and examination of in-district classroom costs. The New Jersey Department of Education sets forth the required sample size, which in this case required the testing of 76% of the population, or 66 students. As a result of the errors noted, the sample size was expanded to include all of the students included on the District's application, which was 86 students.

Recommendation:

The District should enhance its internal controls over the review process of the extraordinary aid application to ensure that all costs included on the application for aid are for eligible 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 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.

PISCATAWAY TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE

JUNE 30, 2018

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

Effective July 1, 2015 and thereafter, the bid thresholds in accordance with *N.J.S.A. 18A:18A-2* and *18A:18A-3(a)* are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under *N.J.S.A. 18A:39-3* is currently \$19,000.

The 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.

The results of our examination, performed on a test basis, indicated the following are for improvement.

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

School Food Service

The financial transactions and statistical records of the school food service fund were reviewed. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

Cash receipts and bank records were reviewed for timely deposit.

The district utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with *N.J.S.A. 18A:17-34*, and 19-1 through 19-4.1. Provisions of the FSMC contract/addendum were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will return a profit of at least \$150,000. The operating results provision has been met. All vendor discounts, rebates, and credits from vendors and/or the FSMC were tracked and credited to the Food Service Account and reconciled to supporting documentation at least annually.

Expenditures should be separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food and supply items were currently maintained and properly applied in determining the cost of food and supplies used.

PISCATAWAY TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE

JUNE 30, 2018

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service.

Net cash resources did not exceed three months average expenditures.

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all School Food Services employees authorized by the board of education/board of trustees. No exceptions were noted.

The number of meals claimed for reimbursement was compared to sales and meal count records. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement claims were submitted/certified in a timely manner.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served was compared to the number of valid applications or to the list of directly certified students on file, times the number of operating days, on a school-by-school basis. The free and reduced price meal and free milk policy was reviewed for uniform administration throughout the school system. The required verification procedures for free and reduced price applications were completed and available for review.

USDA Food Distribution Program (food and/or commodities) were received and a single inventory was maintained on a first-in, first-out basis. No exceptions were noted.

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.

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

Student Body Activities

During our audit of the student activity funds, we did not note any exceptions.

Application for State School Aid

Our audit procedures included a test of information reported in the October 13, 2017 Application for State School Aid (A.S.S.A.) 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 A.S.S.A. was compared to

PISCATAWAY TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE

JUNE 30, 2018

the District workpapers without exception. The information that was included on the work papers 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. 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 without exception. The results of our procedures are presented in the Schedule of Audited Enrollments without material exception.

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 bid specifications for the purchase of buses were in compliance with applicable statutes. No exceptions were noted in our review of transportation related purchases of goods and services.

Facilities and Capital Assets

Our procedures included a review of the New Jersey Schools Development Authority (“NJSDA”) grant agreements for consistency with recording NJSDA revenue, transfer of local funds from the general fund or from the capital reserve account, and awarding of contracts for eligible facilities construction. No exceptions were noted in our review of NJSDA expenditures.

Testing for Lead of All Drinking Water in Educational Facilities

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

The school district submitted the annual Statement of Assurance to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g)

Follow-up on Prior Year Findings

There were no prior year recommendations.

**PISCATAWAY TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE**

JUNE 30, 2018

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.

PISCATAWAY TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE FUND

SCHEDULE OF MEAL COUNT ACTIVITY

NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM -FEDERAL
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 (a)</u>	<u>(OVER) UNDER CLAIM (b)</u>
National School Lunch (Regular Rate)	Paid	233,786	233,786	233,786	0	0.31	0.00
National School Lunch (Regular Rate)	Reduced	69,425	69,425	69,425	0	2.83	0.00
National School Lunch (Regular Rate)	Free	219,395	219,395	219,395	0	3.23	0.00
	TOTAL	522,606	522,606	522,606			0.00
School Breakfast (Regular Rate)	Paid	30,844	30,844	30,844	0	0.30	0.00
	Reduced	17,134	17,134	17,134	0	1.79	0.00
	Free	79,788	79,788	79,788	0	2.09	0.00
	TOTAL	127,766	127,766	127,766			0.00
							0.00

Auditor Notation:

(a) Reimbursement rates are subject to annual change. Rates indicated in this sample schedule are for illustrative purposes only. Refer to the detailed schedule of reimbursement rates presented on page II-60.27 of this Audit Program. (b) Overclaims or underclaims must be reflected by program on the Schedule of Findings and Questioned Costs (where applicable) and in the AMR. (c) If underclaims are identified and total \$100.00 or more by program, please contact the DOA for requirements to request reimbursement from USDA. Underclaim requests may or may not be approved by USDA for reimbursement. (d) Child and Adult Care Food Program-(CACFP)-At-Risk Dinners

PISCATAWAY TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE FUND

SCHEDULE OF MEAL COUNT ACTIVITY

NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM -STATE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

PROGRAM	MEAL CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE (a)	(OVER) UNDER CLAIM (b)
State Reimbursement - National School Lunch (Regular Rate)	Paid	233,786	233,786	233,786	0	0.050	0.00
State Reimbursement - National School Lunch (Regular Rate)	Reduced	69,425	69,425	69,425	0	0.055	0.00
State Reimbursement - National School Lunch (Regular Rate)	Free	219,395	219,395	219,395	0	0.055	0.00
	TOTAL	522,606	522,606	522,606			

Total Net Overclaim

0.00

Auditor Notation:

(a) Reimbursement rates are subject to annual change. Rates indicated in this sample schedule are for illustrative purposes only. Refer to the detailed schedule of reimbursement rates presented on page II-60.27 of this Audit Program. (b) Overclaims or underclaims must be reflected by program on the Schedule of Findings and Questioned Costs (where applicable) and in the AMR. (c) State underclaims identified are not eligible for reimbursement.

PISCATAWAY TOWNSHIP SCHOOL DISTRICT

**Net cash resources did/did not exceed three months of expenditures
Proprietary Funds - Food Service
FYE 2018**

		Food Service B - 4/5	
<u>Net Cash Resources:</u>			
CAFR	*	Current Assets	
B-4		Cash & Cash Equiv.	\$ 534,988
B-4		Due from Other Gov'ts	84,357
B-4		Accounts Receivable	303,247
B-4		Investments	
CAFR		Current Liabilities	
B-4		Less Accounts Payable	610,076
B-4		Less Accruals	0
B-4		Less Due to Other Funds	133,947
B-4		Less Unearned Revenue	50,067
		Net Cash Resources	<u>\$ 128,502</u> (A)
<u>Net Adj. Total Operating Expense:</u>			
B-5		Tot. Operating Exp.	3,583,663
B-5		Less Depreciation	(22,295)
		Adj. Tot. Oper. Exp.	<u>\$ 3,561,368</u> (B)
<u>Average Monthly Operating Expense:</u>			
		B / 10	<u>\$ 356,137</u> (C)
<u>Three times monthly Average:</u>			
		3 X C	<u>\$ 1,068,410</u> (D)

TOTAL IN BOX A	\$ 128,502
LESS TOTAL IN BOX D	\$ 1,068,410
NET	<u>\$ (939,908)</u>
From above:	
A is greater than D, cash exceeds 3 X average monthly operating expenses.	
D is greater than A, cash does not exceed 3 X average monthly operating expenses.	

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

SOURCE - USDA resource management comprehensive review form

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

SCHEDULE OF AUDITED ENROLLMENTS

	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 Verifi-cation	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Half Day Preschool	67	-	67	-	-	-	67	67	-	-	-	-	-	-	-	-
Full Day Preschool	502	-	502	-	-	-	381	381	-	-	-	-	-	-	-	-
Full Day Kindergarten	498	-	498	-	-	-	498	498	-	-	-	-	-	-	-	-
One	476	-	476	-	-	-	369	369	-	-	-	-	-	-	-	-
Two	487	-	487	-	-	-	487	487	-	-	-	-	-	-	-	-
Three	454	-	454	-	-	-	454	454	-	-	-	-	-	-	-	-
Four	492	-	492	-	-	-	492	492	-	-	-	-	-	-	-	-
Five	410	-	410	-	-	-	248	248	-	-	-	-	-	-	-	-
Six	469	-	469	-	-	-	469	469	-	-	-	-	-	-	-	-
Seven	469	-	469	-	-	-	469	469	-	-	-	-	-	-	-	-
Eight	511	-	511	-	-	-	511	511	-	-	-	-	-	-	-	-
Nine	512	-	512	-	-	-	512	512	-	-	-	-	-	-	-	-
Ten	507	-	507	-	-	-	507	507	-	-	-	-	-	-	-	-
Eleven	476	-	476	-	-	-	476	476	-	-	-	-	-	-	-	-
Twelve																
Post-Graduate																
Adult H.S. (15+CR.)																
Adult H.S. (1-14 CR.)																
Subtotal	6,330	-	6,330	-	-	-	5,940	-	5,940	-	-	-	-	-	-	-
Special Ed - Elementary	308		308		-	-	308		308		-	-	3	3	3	
Special Ed - Middle School	207		207		-	-	207		207		-	-	5	4	4	
Special Ed - High School	282	16	282	16	-	-	282	16	282	16	-	-	11	10	10	
Subtotal	797	16	797	16	-	-	797	16	797	16	-	-	19	17	17	-
Co. Voc. - Regular																
Co. Voc. Ft. Post Sec.																
Totals	7,127	16	7,127	16	-	-	6,737	16	6,737	16	-	-	19	17	17	-
Percentage Error					0.00%	0.00%					0.00%	0.00%				0.00%

SCHEDULE OF AUDITED ENROLLMENTS

**PISCATAWAY TOWNSHIP SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY (continued)
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 Application and Register	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared				Full	Shared	Full	Shared	Full	Shared				Full
Full Day Preschool 4 Years	51		51				8	8	-										
Full Day Kindergarten	157		157		-		11	11	-	47		47				29	29	-	
One	142		142		-		13	13	-	39		39				16	16	-	
Two	161		161		-		12	12	-	22		22				11	11	-	
Three	157		157		-		25	25	-	11		11				2	2	-	
Four	138		138		-		30	30	-	16		16				14	14	-	
Five	169		169		-		16	16	-	15		15				3	3	-	
Six	141		141		-		21	21	-	6		6				1	1	-	
Seven	187		187		-		28	28	-	8		8				3	3	-	
Eight	161		161		-		22	22	-	8		8				1	1	-	
Nine	196		196		-		27	27	-	6		6				2	2	-	
Ten	191		191		-		23	23	-	11		11				8	8	-	
Eleven	155		155		-		21	21	-	10		10				4	4	-	
Twelve	162		162		-		28	28	-	13		13				3	3	-	
Subtotal	2,168	-	2,168	-	-	-	285	285	-	212	-	212	-	-	-	97	97	-	
Sp Ed - Elementary	106		106		-		2	2	-	6		6				2	2	-	
Sp Ed - Middle School	108		108		-		2	2	-	-		-				-	-	-	
Sp Ed - High School	144		144		-		2	2	-	-		-				-	-	-	
Subtotal	358	-	358	-	-	-	6	6	-	6	-	6	-	-	-	2	2	-	
Total	2,526	-	2,526	-	-	-	291	291	-	218	-	218	-	-	-	99	99	-	

Percentage Error 0.00% 0.00% 0.00% 0.00% 0.00%

	Reported on DRTRS by District	Reported on DRTRS by County	Errors	Tested	Verified	Errors
	Regular - Public School	3,541				
Non-Public Transportation	229	229	-	16	16	-
ALL Non-public	2	2	-	-	-	-
Regular Special Education	216	216	-	15	15	-
Special Needs	383	383	-	27	27	-
Totals	4,371	4,371	-	303	302	1

	Reported	Recalculated
Average mileage - regular including Grade PK students	3.7	3.7
Average mileage - regular excluding Grade PK students	4.1	4.1
Average mileage - special education with special needs	4.1	4.1

Percentage Error 0.00% 0.33%

SCHEDULE OF AUDITED ENROLLMENTS

**PISCATAWAY TOWNSHIP SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY (continued)
ENROLLMENT AS OF OCTOBER 13, 2017**

	Resident LEP NOT Low Income			Sample for Verification		
	Reported on ASSA as Not Low Income	Reported on Workpapers as Not Low Income	Errors	Sample Selected from Workpapers	Verified to Application & Register	Sample Errors
Full Day Preschool						
Full Day Kindergarten	91	91	-	47	47	-
One	37	37	-	15	15	-
Two	19	19	-	7	7	-
Three	19	19	-	5	5	-
Four	7	7	-	7	7	-
Five	4	4	-	2	2	-
Six	6	6	-	1	1	-
Seven	4	4	-	2	2	-
Eight	1	1	-	1	1	-
Nine	2	2	-	2	2	-
Ten	6	6	-	4	4	-
Eleven	3	3	-	2	2	-
Twelve	3	3	-	1	1	-
Subtotal	<u>202</u>	<u>202</u>	<u>-</u>	<u>96</u>	<u>96</u>	<u>-</u>
Sp Ed - Elementary	10	10	-	2	2	-
Sp Ed - Middle School	-	-	-	-	-	-
Sp Ed - High School	-	-	-	-	-	-
Subtotal	<u>10</u>	<u>10</u>	<u>-</u>	<u>2</u>	<u>2</u>	<u>-</u>
Total	<u>212</u>	<u>212</u>	<u>-</u>	<u>98</u>	<u>98</u>	<u>-</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

PISCATAWAY 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 per the CAFR, Ex. C-1	\$ 120,725,545	(B)
Increased by:		
Transfer from Capital Outlay to Capital Projects Fund		(B1a)
Transfer from Capital Reserve to Capital Projects Fund	\$ 389,500	(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	\$ 15,540,513	(B2a)
Assets Acquired Under Capital Leases		(B2b)
Adjusted 2017-18 General Fund Expenditures [(B) + (B1s) - (B2s)]	\$ 105,574,532	(B3)
2% of Adjusted 2017-18 General Fund Expenditures [(B3) times .02]	\$ 2,111,491	(B4)
Enter Greater of (B4) or \$250,000	\$ 2,111,491	(B5)
Increased by: Allowable Adjustment*	\$ 158,075	(K)
Maximum Unreserved/Undesignated Fund Balance [(B5) + (K)]	\$ 2,269,566	(M)

SECTION 2

Total General Fund - Fund Balances at 6-30-2018 (Per CAFR Budgetary Comparison Schedule C-1)	\$ 28,725,026	(C)
Decreased by:		
Year-end Encumbrances	\$ 676,712	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ -	(C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ 6,000,000	(C3)
Other Restricted Fund Balances****	\$ 14,843,165	(C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	\$ -	(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)]	\$ 7,205,149	(U1)

PISCATAWAY TOWNSHIP SCHOOL DISTRICT

EXCESS SURPLUS CALCULATION

June 30, 2018

SECTION 3

Restricted Fund Balance - Excess Surplus ***	
[(U1)-(M)] IF NEGATIVE ENTER -0-	<u>\$ 4,935,583 (E)</u>

Recapitulation of Excess Surplus as of June 30, 2017

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	<u>\$ 6,000,000 (C3)</u>
Reserved Excess Surplus *** [(E)]	<u>\$ 4,935,583 (E)</u>
 Total Excess Surplus [(C3)+(E)]	 <u>\$ 10,935,583 (D)</u>

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, 2017 the Federal Impact Aid adjustment to expenditures is limited to the portion of Federal Impact Aid Section 8002 and Section 8003 received during the fiscal year and recognized as revenue on the General Fund Budgetary Comparison Schedule, but not transferred to the Federal Impact Aid Reserve – General (8002 or 8003) by board resolution during June 1 to June 30 of the fiscal year under audit. Amounts transferred to the reserve are captured on line (C4);

(I) Sale and Lease-back (Refer to the Audit Program Section II, Chapter 10);

(J1) Extraordinary Aid;

(J2) Additional Nonpublic School Transportation Aid;

(J3) Recognized current year School Bus Advertising Revenue; and

(J4) Family Crisis Transportation Aid.

Detail of Allowable Adjustments

Impact Aid	<u>\$ - (H)</u>
Sales & Lease-back	<u>\$ - (I)</u>
Extraordinary Aid	<u>\$ 72,023 (J1)</u>
Additional Nonpublic School Transportation Aid	<u>\$ 86,052 (J2)</u>
Current Year School Bus Advertising Revenue Recognized	<u>\$ - (J3)</u>
Family Crisis Transportation Aid	<u>\$ - (J4)</u>
 Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)]	 <u>\$ 158,075 (K)</u>

PISCATAWAY TOWNSHIP SCHOOL DISTRICT

EXCESS SURPLUS CALCULATION

June 30, 2018

- ** This amount represents the June 30, 2018 Excess Surplus (C3 above) and must be included in the Audit Summary Line 90031.
- *** Amount must agree to the June 30, 2018 CAFR and the sum of the two lines must agree to Audit Summary 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 any other type of government, such as the judicial branch of government, must have Departmental approval. District requests should be submitted to the Office of School 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 the 2018-19

3

Detail of Other Restricted Fund Balance

Statutory restrictions:

Approved unspent separate proposal	\$	-
Sale/lease-back reserve	\$	-
Capital reserve	\$	12,833,344
Maintenance reserve	\$	2,009,821
Emergency reserve	\$	-
Waiver offset reserve - Designated for subsequent year	\$	-
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	\$	-
Impact Aid Capital Fund Reserve	\$	-
Other state/government mandated reserve	\$	-
[Other Restricted Fund Balance not noted above]*****	\$	-
 Total Other Restricted Fund Balance	 \$	 <u>14,843,165</u> (C4)

PISCATAWAY TOWNSHIP SCHOOL DISTRICT
COUNTY OF MIDDLESEX

RECOMMENDATIONS

June 30, 2018

I. **Administration Practices and Procedures**

There are none.

II. **Financial Planning, Accounting and Reporting**

2018-001 The District should enhance its internal controls over the review process of the extraordinary aid application to ensure that all costs included on the application for aid are for eligible costs.

III. **School Purchasing Program**

There are none.

IV. **School Food Service**

There are none.

V. **Student Body Activities**

There are none.

VI. **Application for State School Aid**

There are none.

VII. **Pupil Transportation**

There are none.

VIII. **Facilities and Capital Assets**

There are none.

IX. **Miscellaneous**

There are none.

X. **Status of Prior Year Audit Findings/Recommendations**

There are none.