

**SUMMIT PUBLIC SCHOOLS
AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL COMPLIANCE AND PERFORMANCE
JUNE 30, 2018**

**SUMMIT PUBLIC SCHOOLS
TABLE OF CONTENTS**

**AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS
- FINANCIAL, COMPLIANCE AND PERFORMANCE**

	<u>Page No.</u>
Report of Independent Auditors	1
Scope of Audit	2
Administrative Practices and Procedures	2
Financial Planning, Accounting and Reporting	2-5
School Purchasing Programs	5-6
School Food Service	6-7
Flash Program	7
Student Activity Funds	7
Application for State School Aid	7
Pupil Transportation	8
Facilities and Capital Assets	8
Miscellaneous	8
Follow-Up on Prior Year Findings	8
Schedule of Meal Count Activity - Not Applicable	9
Schedule of Net Cash Resource	10
Schedule of Audited Enrollments	11-13
Calculation of Excess Surplus	14
Recommendations	15-16
Acknowledgment	16



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
CHRIS SOHN, CPA

INDEPENDENT AUDITOR'S MANAGEMENT REPORT

Honorable President and Members
of the Board of Trustees
City of Summit Public Schools
Summit, New Jersey

We have audited in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Summit Public Schools as of and for the fiscal year ended June 30, 2018, and have issued our report thereon dated January 28, 2019.

As part of our audit, we performed procedures required by the Office of School Finance, Department of Education, State of New Jersey 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 management, the Board of Trustees, others within the District and the New Jersey State Department of Education. However, this report is a matter of public record and its distribution is not limited.


LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants


Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
January 28, 2019

**SUMMIT PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Scope of Audit

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

Administrative Practices and Procedures

Insurance

Fire insurance coverage was carried in the amounts as reported on Exhibit J-20 as contained in the district's Comprehensive Annual Financial Report (the "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>
Mr. Louis J. Pepe	Board Secretary/Assistant Superintendent for Business	\$150,000
Ms. Margaret Gerba	Treasurer of School Monies	\$375,000

There is Employees' Dishonesty with Faithful Performance coverage with Selective Insurance Company of America covering all other employees.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under review did not reveal any material discrepancies with respect to signatures, certification 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 certified by the President of the Board and the Board Secretary/Business Administrator and approved by the Chief School Administrator.

Salary withholdings were promptly remitted to the proper agencies, including health benefits premium withholding due to the General Fund.

The School Business Administrator completed and filed the required Certification of Compliance with Federal and State Law respecting the reporting of compensation for certain employees.

**SUMMIT PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Financial Planning, Accounting and Reporting (Continued)

Payroll Account (Continued)

Finding - Our audit of the payroll agency bank reconciliation and analysis of agency payments revealed the following:

- The monthly payroll bank reconciliation was not properly calculated based on actual cash disbursements to the respective agencies; there were numerous outstanding items on the bank reconciliation that had cleared the bank in previous months. In addition a monthly analysis of payroll agency cash receipts and disbursements for the respective agencies was not completed. The bank reconciliation has been corrected for financial statement presentation.
- There were several unidentified deposits reported on the monthly bank reconciliation.
- Based upon auditor's recalculation of amounts paid to Prudential, it appears that the District remitted more than what was deducted from the respective employees resulting in an over-payment.

Recommendation - It is recommended that the District:

- Calculate the payroll agency monthly bank reconciliations based on the monthly payroll agency cash receipts and disbursements to the respective agencies. In addition, analysis of the payroll agency cash receipts and disbursements for the respective agencies be prepared on a monthly basis
- Investigate the unidentified deposits in the payroll agency bank account from 2017-18 to determine if these receipts are the result of over-payments and if they are due back to the respective employee or the District.
- Seek refunds for all payroll agency overpayments.

Finding - Our audit of the payroll salaries revealed the following:

- There were two individuals who were paid the incorrect salary; one individual was reviewed with the District and they have notified the employee and the employee will be reimbursing the District for the overpayment.
- There were two individuals who were paid the incorrect daily rate. It appears the daily rate was calculated on the incorrect amount of annual days; 240 days verses 260 days.

Recommendation - It is recommended that the District review employee's salary and wages to ensure all employees are being paid the correct amounts.

Employee Position Control Roster

The District maintained an employee position control roster.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, 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.

**SUMMIT PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Financial Planning, Accounting and Reporting (Continued)

Travel

The District had an approved board travel policy as required by N.J.A.C. 6A:23A-6.13 and N.J.S.A. 18A:11-12.

Payments made to employees for a travel event were in accordance with the approved travel policy.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23-A-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.

Board Secretary's Records

The financial records, books of account and minutes maintained by the Board Secretary were in very good condition.

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

The prescribed contractual order system was followed.

Bids received were summarized in the minutes.

Treasurer's Records

The Treasurer did perform cash reconciliations for all the accounts as required (N.J.S.A. 18A:17-36).

All cash receipts were promptly deposited.

The Treasurer's records were in agreement with the records of the Board Secretary.

Unemployment Compensation Insurance Trust Fund

The Board 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.

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

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

Our examination 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.

**SUMMIT PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Financial Planning, Accounting and Reporting (Continued)

Other Special Federal and/or State Projects

The district's Special Projects were approved as listed Exhibits K-3 and K-4 located in the CAFR.

Our examination 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 Fund section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

T.P.A.F. Reimbursements

Our audit procedures included a test of the semi-monthly 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 reimbursement to the State for the amount of the expenditure charged to the current year's Final Report 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 subsequent to the end of the 60 day grant liquidations period, but prior to the 90 days required by N.J.S.A. 18A:66-90. Accordingly, the expenditure was made in accordance with State law (90 days) and properly reported as obligated and not expended and as an unliquidated balance in the current year's Final Report for all federal awards.

Non-Public State Aid

Project completion reports were finalized and transmitted to the State by the due date.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$40,000 (with a qualifying purchasing agent) and \$29,000 (without a qualifying purchasing agent), respectively. On May 16, 2011 the Board appointed the Business Administrator/Board Secretary as the District's qualified purchasing agent which increased the bid threshold to \$40,000. 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 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 Board Attorney's opinion should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or goods or service, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

The results of our examination indicated that no individual payments, contracts, or agreements were made for the performance of any work or goods or services, in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A. 18:A18-4.

**SUMMIT PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

School Purchasing Programs (Continued)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

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 the district purchased items through the use of State contracts.

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 School Food Authority (SFA) has 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.

The financial transactions and statistical records of the school food services were maintained in good condition.

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 will break even. The operating results provision has been met. All vendor discounts rebates and credits from vendors and/or FSMC were tracked and credited to the Food Service Account and reconciled to supporting documentation.

Expenditures were 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.

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.

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.

**SUMMIT PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

School Food Service (Continued)

USDA Food Distribution Program commodities were reviewed and a single inventory was maintained on a first-in, first-out basis. No exceptions were noted.

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

Summer Flash Program

The records for the Summer Flash Program were in good condition.

Student Activity Funds

The District had a policy and procedures in place for regulating the student activity funds.

Finding - Our audit of the Middle School Student Activity Account revealed that an employee of the District was paid through the Student Activity account for travel coordinating duties. It was also noted that the Student Activity funds were used for two faculty advisors to attend a conference.

Recommendation - It is recommended that District employees are paid through payroll and that the Student Activity Account reimburse the District. Furthermore, it is recommended that the Student Activity Account funds be utilized for only student related purposes.

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 school for the handicapped, low-income, related services and bilingual education. We also performed a review of the district procedures related to its completion. The information on the A.S.S.A. was compared to the district workpapers with isolated exceptions. The information that was included on the workpapers was verified with isolated exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments.

The district maintained workpapers on the prescribed state forms of their equivalent.

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

Pupil Transportation

Our audit procedures included a test of on-roll status reported in the 2017-2018 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with isolated exceptions. 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. No exceptions were noted in our review of transportation related purchases of goods and services.

**SUMMIT PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Facilities and Capital Assets

Our procedures included a review of SDA grant agreement for consistency with recording SDA revenue, transfer of Local Funds from the General Fund or from the Capital Reserve Account, and awarding contracts for eligible facilities construction.

Miscellaneous

The District has submitted the annual Statement of Assurance to the Department of Education for testing of lead on all drinking water in educational facilities.

Follow-Up on Prior Year Findings

A review was performed on all prior year findings and corrective action was taken on all.

**SUMMIT PUBLIC SCHOOLS
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOT APPLICABLE

**SUMMIT PUBLIC SCHOOLS
NET CASH RESOURCE SCHEDULE**

**Proprietary Funds - Food Service
Fiscal Year Ended June 30, 2018**

<u>Net Cash Resources:</u>		Food Service B - 4/5	
CAFR	*	Current Assets	
B-4		Cash & Cash Equiv.	\$ 71,249
B-4		Due from Other Gov'ts	23,202
CAFR		Current Liabilities	
B-4		Less Accounts Payable	(34,987)
B-4		Less Accruals	
B-4		Less Due to Other Funds	
B-4		Less Deferred Revenue	<u>(55,748)</u>
		Net Cash Resources	<u>\$ 3,716</u> (A)
 <u>Net Adj. Total Operating Expense:</u>			
B-5		Tot. Operating Exp.	1,785,850
B-5		Less Depreciation	<u>(42,984)</u>
		Adj. Tot. Oper. Exp.	<u>\$ 1,742,866</u>
 <u>Average Monthly Operating Expense:</u>			
		B / 10	<u>\$ 174,287</u> (C)
 <u>Three times monthly Average:</u>			
		3 X C	<u>\$ 522,860</u> (D)

TOTAL IN BOX A		3,716	
LESS TOTAL IN BOX D		<u>522,860</u>	
NET	\$	<u>(519,144)</u>	

D is greater than A, cash does not exceed 3 X average monthly operating expenses.

**SUMMIT PUBLIC SCHOOLS
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 13, 2017**

	2018/19 Application for State School Aid						Sample for Verification						Private Schools for Disabled			
	Reported on		Reported on				Sample		Verified per		Errors per		Reported on	Sample	Sample	Sample
	A.S.S.A.		Workpapers				Selected from		Register		Registers		A.S.S.A. as	for		
	On Roll		On Roll		Errors		Workpapers		On Roll		On Roll		Private	Verifi-	Verified	Errors
Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Schools	cation	Verified	Errors	
Half Day Pre K (3yrs)	10		10		-	-		9		9		-	-	-	-	-
Full Day Pre K (3yrs)			-		-	-						-	-	-	-	-
Half Day Pre K (4yrs)	17		18		(1)	-		10		9		1	-	-	-	-
Full Day Pre K (4yrs)			-		-	-						-	-	-	-	-
Half Day Kindergarten	166		164		2	-		75		76		(1)	-	-	-	-
Full Day Kindergarten		121		119	-	2						-	-	-	-	-
Grade 1	283		284		(1)	-		57		57		-	-	-	-	-
Grade 2	315		314		1	-		55		55		-	-	-	-	-
Grade 3	289		289		-	-		66		65		1	-	-	-	-
Grade 4	299		298		1	-		49		49		-	-	-	-	-
Grade 5	305		306		(1)	-		71		71		-	-	-	-	-
Grade 6	287		287		-	-		287		287		-	-	-	-	-
Grade 7	260		260		-	-		260		260		-	-	-	-	-
Grade 8	274		274		-	-		274		274		-	-	-	-	-
Grade 9	260		260		-	-		260		260		-	-	-	-	-
Grade 10	263		261		2	-		261		261		-	-	-	-	-
Grade 11	272	1	273	-	(1)	1		273	-	274	-	(1)	-	-	-	-
Grade 12	267	3	264	3	3	-		264	-	264	-	-	-	-	-	-
Subtotal	3,567	125	3,562	122	5	3		2,271	-	2,271	-	-	-	-	-	-
Sp Ed- Elementary	172		168		4	-		10		9		1		7	7	7
Sp Ed - Middle School	101		101		-	-		10		10		-		6	6	6
Sp Ed - High School	113	16	113	16	-	-		10	-	10	-	-		10	7	7
Subtotal	386	16	382	16	4	-		30	-	29	-	1	-	23	20	20
Totals	3,953	141	3,944	138	9	3		2,301	-	2,300	-	1	-	23	20	20
Percentage Error	<u>0.23% 2.13%</u>						<u>0.04% 0.00%</u>						<u>0.00%</u>			

**SUMMIT PUBLIC SCHOOLS
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 13, 2017
SCHEDULE OF AUDITED ENROLLMENTS**

	Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on	Reported on	Errors	Sample	Verified to	Sample	Reported on	Reported on	Errors	Sample	Verified to	Sample
	A.S.S.A	Workpapers		Selected from	Application		Workpapers	A.S.S.A		Workpapers	Selected from	
Half Day Pre K (3yrs)	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Pre K (3yrs)	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Pre K (4yrs)												
Full Day Pre K (4yrs)												
Half Day Kindergarten	23	23	-	23	23	-	6	8	(2)	8	8	-
Full Day Kindergarten	-	-	-	0	-	-	-	-	-	-	-	-
Grade 1	29	29	-	14	14	-	15	15	-	10	10	-
Grade 2	31	31	-	19	19	-	12	12	-	10	10	-
Grade 3	37	37	-	19	19	-	9	11	(2)	11	11	-
Grade 4	36	36	-	6	6	-	6	6	-	4	4	-
Grade 5	30	30	-	9	9	-	3	3	-	3	3	-
Grade 6	32	32	-	10	10	-	4	4	-	3	3	-
Grade 7	26	26	-	10	10	-	3	3	-	1	1	-
Grade 8	30	30	-	10	10	-	4	4	-	3	3	-
Grade 9	32	32	-	10	10	-	6	6	-	5	5	-
Grade 10	35	35	-	10	10	-	8	8	-	4	4	-
Grade 11	34	34	-	10	9	1	4	4	-	4	4	-
Grade 12	41	41	-	10	10	-	6	6	-	3	3	-
Subtotal	416	416	-	160	159	1	86	90	(4)	69	69	-
Sp Ed - Elementary	42	41	1	17	16	(1)	1	1	-	-	-	-
Sp Ed - Middle School	42	42	-	10	10	-	-	-	-	-	-	-
Sp Ed - High School	37	37	-	10	10	-	2	-	2	-	-	-
Subtotal	121	120	1	37	36	1	3	1	2	-	-	-
Totals	537	536	1	197	195	2	89	91	(2)	69	69	-

Percentage Error 0.19% -1.02% 2.25% 0.00%

	Transportation					
	Reported on	Reported on	Errors	Tested	Verified	Errors
	DRTRS by	DRTRS by				
Reg. - Public Schools	45	45		31	31	-
Reg Special Ed. - Public	5	5.0		5	4	(1)
Transported - Non - Public	-	-		-	-	-
Special Ed w. Special Need	55	55.0		35	33	(2)
	105	105.0	-	71	68	(3)

Percentage Error 0.00% -4.23%

**SUMMIT PUBLIC SCHOOLS
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 13, 2017
SCHEDULE OF AUDITED ENROLLMENTS**

13

	Resident LEP Not Low Income			Sample for Verification		
	Reported on A.S.S.A	Reported on Workpapers	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Half Day Pre K (3yrs)	-	-	-	-	-	-
Full Day Pre K (3yrs)	-	-	-	-	-	-
Half Day Pre K (4yrs)	-	-	-	-	-	-
Full Day Pre K (4yrs)	-	-	-	-	-	-
Half Day Kindergarten	6	5	1	5	5	-
Full Day Kindergarten	-	-	-	-	-	-
Grade 1	11	11	-	11	11	-
Grade 2	7	7	-	7	7	-
Grade 3	7	7	-	7	7	-
Grade 4	4	4	-	4	4	-
Grade 5	2	2	-	2	2	-
Grade 6	1	1	-	1	1	-
Grade 7	1	1	-	1	1	-
Grade 8	2	2	-	1	1	-
Grade 9	-	-	-	-	-	-
Grade 10	3	3	-	-	-	-
Grade 11	2	2	-	-	-	-
Grade 12	-	-	-	-	-	-
Subtotal	46	45	1	39	39	-
Sp Ed - Elementary	-	-	-	-	-	-
Sp Ed - Middle School	-	-	-	-	-	-
Sp Ed - High School	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
Totals	46	45	1	39	39	-
			<u>-2.17%</u>		<u>0.00%</u>	

**SUMMIT PUBLIC SCHOOLS
CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

SECTION 1A - Two Percent (2%) - Calculation of Excess surplus (2017-2018 expenditures of \$100 million or less)

2017-2018 Total General Fund Expenditures per the CAFR	\$ 77,576,569
Increased by:	
Capital Reserve Transfer to Capital Projects Fund	600,000
Decreased by:	
On-Behalf TPAF Pension & Social Security	10,452,643
Adjusted 2017-2018 General Fund Expenditures	\$ 67,723,926
2% of Adjusted 2017-2018 General Fund Expenditures	1,354,479
Increased by: Allowable Adjustment- Extraordinary Aid	109,899
Maximum Unassigned Fund Balance	\$ 1,464,378

SECTION 2

Total General Fund - Fund Balance at June 30, 2018	\$ 6,825,820
Decreased by:	
Year End Encumbrances	88,065
Legally Restricted- Excess Surplus- Designated for Subsequent Year's Expenditures	1,351,430
Other Restricted Fund Balances	2,422,082
Assigned Fund Balance-Unreserved-Designated for Subsequent Year's Expenditures	160,431
Total Unassigned Fund Balance	\$ 2,803,812

SECTION 3

Reserved Fund Balance - Excess Surplus	\$ 1,339,434
---	---------------------

Recapitulation of Excess Surplus as of June 30, 2018

Reserve Excess Surplus- Designated for Subsequent Year's Expenditures	\$ 1,351,430
Reserve Excess Surplus	1,339,434
Total Excess Surplus	\$ 2,690,864

Detail of Restricted Fund Balances

Capital Reserve	\$ 2,001,931
Emergency Reserve	20,151
Maintenance Reserve	400,000
	\$ 2,422,082

SUMMIT PUBLIC SCHOOLS

RECOMMENDATIONS

I. **Administration Practices and Procedures**

There are none.

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

It is recommended that the District:

- Calculate the payroll agency monthly bank reconciliations based on the monthly payroll agency cash receipts and disbursements to the respective agencies. In addition, an analysis of payroll agency cash receipts and disbursements for the respective agencies be prepared on a monthly basis.
- Investigate the unidentified deposits in the payroll agency bank account from 2017-18 to determine if these receipts are the result of over-payments and if they are due back to the respective employee or the District.
- Seek refunds for all payroll agency overpayments.
- Review employee's salary and wages to ensure all employees are being paid the correct amounts.

III. **School Purchasing Program**

There are none.

IV. **Food Service Fund**

There are none.

V. **Flash Program**

There are none.

VI. **Student Body Activities**

It is recommended that District employees are paid through payroll and that the Student Activity Account reimburse the District. Furthermore, it is recommended that Student Activity Account funds be utilized for only student related purposes.

VII. **Application for State School Aid**

There are none.

VIII. **Pupil Transportation**

There are none.

IX. **Facilities and Capital Assets**

There are none.

SUMMIT PUBLIC SCHOOLS

RECOMMENDATIONS

(Continued)

X. **Miscellaneous**

There are none.

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

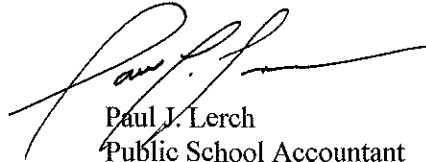
In accordance with government auditing standards, our procedures included a review of the prior year recommendations; corrective action has not been taken on the prior year recommendations related to the Student Activity Fund.

ACKNOWLEDGEMENT

We received the complete cooperation of all the officials of the school district and we greatly appreciate the courtesies extended to us.

Respectfully submitted,

LERCH, VINCI & HIGGINS, LLP



Paul J. Lerch
Public School Accountant
Certified Public Accountant