

**BOARD OF EDUCATION
TOWNSHIP OF WESTAMPTON
COUNTY OF BURLINGTON**

**AUDITORS MANAGEMENT REPORT
ON ADMINISTRATIVE FINDINGS
- FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

INVERSO & STEWART
Marlton, New Jersey

**AUDITORS MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS
- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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Financial Planning, Accounting, and Reporting (Continued)

Payroll Account (Continued)

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

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators to the NJ Dept. of Treasury was filed by the March 15 due date.

The Payroll Account records were maintained in good condition.

Position Control Roster

No exceptions were noted during my examination of the Employee Position Control Roster

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. My review did not indicate any material discrepancies with respect to classification of orders.

Obligations of Federal Grant Awards and Requests for Reimbursement of Expenditures against those Federal Grant Awards

No exceptions were noted during my examination of obligations of federal grant awards and requests for reimbursement of expenditures against those federal grant awards made during the period under audit.

Travel

No exceptions were noted in my study of compliance for travel expenses.

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 my test of transactions of randomly selected expenditure items. I also reviewed the coding of all expenditures included in my compliance and single audit testing procedures. In addition to randomly selecting a test sample, my sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with *N.J.A.C. 6A:23A-8.2*. My review did not indicate any material discrepancies with respect to classification of expenditures.

Board Secretary/Business Administrator's Record

The financial and accounting records of the Board Secretary/Business Administrator's office were maintained in good condition.

Treasurer's Records

The financial and accounting records of the Treasurer were maintained in good condition.

Financial Planning, Accounting, and Reporting (Continued)

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

The E.S.E.A/ESSA 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, III, and IV of the Elementary and Secondary Education Act, as amended and reauthorized.

The study of compliance for E.S.E.A/ESSA did not indicate any exceptions.

Other Special Federal and/or State Projects

The School District's Special Projects were approved as listed on Schedule A and Schedule B located in the CAFR.

My 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 did not indicate any exceptions.

T.P.A.F. Reimbursement

My audit procedures included a test of the biweekly reimbursements filed with the Department of Education for School District employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

T.P.A.F. Reimbursement to the State for Federal Salary Expenditures

The amount of the expenditure charged to the current year's Final Reports for all federal awards for the school district to reimburse the state for 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.

Nonpublic State Aid

The study of compliance for Nonpublic State Aid did not indicate any exceptions.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

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

The School 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.

School Purchasing Programs (Continued)

Based on the results of my examination, I 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 provision 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.

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) had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted.

Student Body Activities

The financial records for the Student Activity Fund were maintained in satisfactory condition.

Application for State School Aid

My audit procedures included a test of information reported in the October 15, 2017 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, low-income and bilingual. I also performed a review of the School District procedures related to its completion. The information on the A.S.S.A. was compared to the School District workpapers without exception. The information that was included on the workpapers was verified without exception. The results of my procedures are presented in the Schedule of Audited Enrollments.

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

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

Pupil Transportation

My 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 my procedures are presented in the Schedule of Audited Enrollments.

My procedures also included a review of transportation related contracts and purchases. Based on my review, the School District complied with proper bidding procedures and award of contracts. No exceptions were noted in my review of transportation related purchases of goods and services.

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.

Follow-up on Prior Years' Findings

In accordance with government auditing standards, my procedures included a review of all prior year findings. Corrective action was taken on the prior year finding.

Acknowledgment

I received the complete cooperation of all the officials of the Westampton Township School District and I greatly appreciate the courtesies extended to the members of the audit team.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants



Robert P. Inverso
Public School Accountant

January 31, 2019

SCHEDULE OF MEAL COUNT ACTIVITY

WESTAMPTON TOWNSHIP SCHOOL DISTRICT
 FOOD SERVICE FUND
 NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM
 ENTERPRISE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

PROGRAM	MEALS CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE	(OVER) UNDER CLAIM
National School Lunch (Regular rate)	Paid	57,061	57,061	57,061	0	0.31	
	Reduced	8,959	8,959	8,959	0	2.83	
	Free	<u>28,688</u>	<u>28,688</u>	<u>28,688</u>	<u>0</u>	3.23	
	Total	<u>94,708</u>	<u>94,708</u>	<u>94,708</u>	<u>0</u>		<u>0</u>
National School Lunch	HHFKA - PB Lunch Only	<u>94,708</u>	<u>94,708</u>	<u>94,708</u>	<u>0</u>	0.06	<u>0</u>
School Breakfast	Paid	1,512	1,512	1,512	0	0.30	
	Reduced	501	501	501	0	1.45	
	Free	<u>3,472</u>	<u>3,472</u>	<u>3,472</u>	<u>0</u>	1.75	
	Total	<u>5,485</u>	<u>5,485</u>	<u>5,485</u>	<u>0</u>		<u>0</u>
School Breakfast Severe Need	Paid	1,584	1,584	1,584	0	0.30	
	Reduced	384	384	384	0	1.79	
	Free	<u>3,828</u>	<u>3,828</u>	<u>3,828</u>	<u>0</u>	2.09	
	Total	<u>5,796</u>	<u>5,796</u>	<u>5,796</u>	<u>0</u>		<u>0</u>
Special Milk	Paid	0	0	0	0		
	Free	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>		
	Total	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>		<u>0</u>
TOTAL NET OVERCLAIM - FEDERAL							<u>\$ -</u>

PROGRAM	MEALS CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE	(OVER) UNDER CLAIM
State Reimbursement - National School Lunch (Regular rate)	Paid	57,061	57,061	57,061	0	0.050	
	Reduced	8,959	8,959	8,959	0	0.055	
	Free	<u>28,688</u>	<u>28,688</u>	<u>28,688</u>	<u>0</u>	0.055	
	Total	<u>94,708</u>	<u>94,708</u>	<u>94,708</u>	<u>0</u>		<u>0</u>
TOTAL NET OVERCLAIM - STATE							<u>\$ -</u>

**WESTAMPTON TOWNSHIP SCHOOL DISTRICT
NET CASH RESOURCE SCHEDULE**

**Net cash resources did not exceed three months of expenditures
Proprietary Funds - Food Service
For the fiscal year ended June 30, 2018**

<u>Net Cash Resources:</u>		Food Service B - 4/5	
CAFR	* Current Assets		
B-4	Cash & Cash Equivalents	\$ 42,974	
B-4	Intergovernmental Accounts Receivable	12,989	
B-4	Interfund Accounts Receivable	77,389	
B-4	Other Accounts Receivable	7,202	
 CAFR Current Liabilities			
B-4	Less: Accounts Payable		
B-4	Less: Compensated Absences Payable		
B-4	Less: Interfund Accounts Payable	(1,199)	
B-4	Less: Unearned revenue	(6,310)	
	Net Cash Resources	\$ 133,045	(A)
 <u>Net Adjustment To Total Operating Expense:</u>			
B-5	Total Operating Expense	513,676	
B-5	Less: Depreciation	(21,274)	
	Adjusted Total Operating Expense	\$ 492,402	(B)
 <u>Average Monthly Operating Expense:</u>			
	B / 10	\$ 49,240	(C)
 <u>Three times monthly Average:</u>			
	3 X C	\$ 147,721	(D)

TOTAL IN BOX A	\$ 133,045	
LESS TOTAL IN BOX D	(147,721)	
NET	(14,676)	
 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.

SCHEDULE OF AUDITED ENROLLMENTS

Westampton Township School District
Application for State School Aid Summary
Enrollment as of October 15, 2017

	2018-2019 Application for State School Aid						Sample for Verification						Private Schools for Disabled			
	Reported on ASSA On Roll		Reported on Workpapers On Roll		Errors		Sample Selected From Workpapers		Verified per Registers On Roll		Errors per Registers On Roll		Reported on ASSA as Private Schools	Sample for Verifi- cation	Sample Varified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Half Day Pre K 3	4		4					4		4						
Half Day Pre K 4	7		7					7		7						
Full Day K	89		89					89		89						
One	93		93					93		93						
Two	82		82					82		82						
Three	82		82					82		82						
Four	98		98					98		98						
Five	92		92					92		92						
Six	92		92					92		92						
Seven	93		93					93		93						
Eight	104		104					104		104						
Subtotal	836	-	836	-	-	-	836	-	836	-	-	-	-	-	-	-
SpEd Elementary	125		125				125		125				2	2	2	
SpEd Middle School	38		38				38		38				2	2	2	
Subtotal	163	-	163	-	-	-	163	-	163	-	-	-	4	4	4	-
Totals	999	-	999	-	-	-	999	-	999	-	-	-	4	4	4	-
Percentage Error					0.00%	-0-					0.00%	-0-			-0-	-0-

Schedule of Audited Enrollments

Westampton Township School District

Application for State School Aid Summary

Enrollment as of October 15, 2017

	<u>Resident LEP NOT Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on ASSA as NOT Low Income</u>	<u>Reported on Workpapers as NOT Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Application and Register</u>	<u>Sample Errors</u>
Half Day Pre K 3						
Half Day Pre K 4						
Full Day K	9	9		9	9	
One	3	3		3	3	
Two	2	2		2	2	
Three	2	2		2	2	
Four						
Five						
Six						
Seven						
Eight	1	1		1	1	
Subtotal	<u>17</u>	<u>17</u>	<u>-</u>	<u>17</u>	<u>17</u>	<u>-</u>
SpEd Elementary						
SpEd Middle School						
Subtotal			<u>-</u>			<u>-</u>
Totals	<u>17</u>	<u>17</u>	<u>-</u>	<u>17</u>	<u>17</u>	<u>-</u>
Percentage Error			<u>-</u>			<u>-</u>

Schedule of Audited Enrollments

Westampton Township School District

Application for State School Aid Summary

Enrollment as of October 15, 2017

	<u>Resident Low Income</u>			<u>Sample for Verification</u>			<u>Resident LEP Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on ASSA as Low Income</u>	<u>Reported on Workpapers as Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Application and Register</u>	<u>Sample Errors</u>	<u>Reported on ASSA as LEP Low Income</u>	<u>Reported on Workpapers as LEP Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Test Score and Register</u>	<u>Sample Errors</u>
Half Day Pre K 3												
Half Day Pre K 4												
Full Day K												
One	20	20		20	20		2	2		2	2	
Two	22	22		22	22		1	1		1	1	
Three	20	20		20	20		1	1		1	1	
Four	20	20		20	20		1	1		1	1	
Five	30	30		30	30							
Six	23	23		23	23							
Seven	23	23		23	23							
Eight	20	20		20	20							
	23	23		23	23		1	1		1	1	
	<u>201</u>	<u>201</u>	<u>-</u>	<u>201</u>	<u>201</u>	<u>-</u>	<u>6</u>	<u>6</u>	<u>-</u>	<u>6</u>	<u>6</u>	<u>-</u>
SpEd Elementary	45	45		45	45							
SpEd Middle School	13	13		13	13							
Subtotal	<u>58</u>	<u>58</u>	<u>-</u>	<u>58</u>	<u>58</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>259</u>	<u>259</u>	<u>-</u>	<u>259</u>	<u>259</u>	<u>-</u>	<u>6</u>	<u>6</u>	<u>-</u>	<u>6</u>	<u>6</u>	<u>-</u>
Percentage Error			<u>-</u>			<u>-</u>			<u>-</u>			<u>-</u>

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	<u>Transportation</u>							
	<u>Reported on DRTRS by DOE</u>	<u>Reported on DRTRS by District</u>	<u>Errors</u>	<u>Tested</u>	<u>Verified</u>	<u>Errors</u>	<u>Reported</u>	<u>Recalculated</u>
Reg. Public School , col. 1	446	446		446	446			
Reg. Special Education, col. 4	76	76		76	76		Avg. Mileage - Regular Including Grade PK students	3.6 3.6
Transported-Non-Public, col. 2	0	0					Avg. Mileage - Regular Excluding Grade PK students	3.6 3.6
Special Needs, Col. 6	42	42		42	42		Avg. Mileage - Special Ed. with Special Needs	3.2 3.2
	<u>564</u>	<u>564</u>	<u>-</u>	<u>564</u>	<u>564</u>	<u>-</u>		
Percentage Error			<u>-</u>			<u>-</u>		

WESTAMPTON SCHOOL DISTRICT

EXCESS SURPLUS CALCULATION

SECTION 1 - Regular Districts

A. 2% Calculation of Excess Surplus

2017-2018 Total General Fund Expenditures per the CAFR, Ex C-1	\$	<u>14,929,096</u>	(B)
Increased by:			
Transfer from Capital Outlay to Capital Projects Fund	\$	<u> </u>	(B1a)
Transfer from Capital Reserve to Capital Projects Fund	\$	<u> </u>	(B1b)
Transfer from General Fund to SRF for PreK-Regular	\$	<u> </u>	(B1c)
Transfer from General Fund to SRF for PreK-Inclusion	\$	<u> </u>	(B1d)
Decreased by:			
On-Behalf TPAF Pension & Social Security	\$	<u>(1,804,941)</u>	(B2a)
Assets Acquired Under Capital Leases	\$	<u> </u>	(B2b)
Adjusted 2017-18 General Fund Expenditures [(B)+(B1s)+(B2s)]	\$	<u>13,124,155</u>	(B3)
2% of Adjusted 2017-18 General Fund Expenditures [(B3) times .02]	\$	<u>262,483</u>	(B4)
Enter Greater of (B4) or \$250,000	\$	<u>262,483</u>	(B5)
Increased by: Allowable Adjustment	\$	<u>41,180</u>	(K)
Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]			\$ <u><u>303,663</u></u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6-30-18 (Per CAFR Budgetary Comparison Schedule C-1)	\$	<u>4,127,364</u>	(C)
Decreased by:			
Year-end Encumbrances	\$	<u>110,836</u>	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$	<u> </u>	(C2)
Legally Restricted Excess Surplus - Designated for Subsequent Year's Expenditures	\$	<u>884,563</u>	(C3)
Other Restricted Fund Balances	\$	<u>2,214,557</u>	(C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	\$	<u>5,760</u>	(C5)
Additional Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures July 1, 2018 - August 1, 2018	\$	<u> </u>	(C6)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]			\$ <u><u>911,648</u></u> (U1)

WESTAMPTON SCHOOL DISTRICT

EXCESS SURPLUS CALCULATION

SECTION 3 - All Districts

Restricted Fund Balance - Excess Surplus [(U2)-(M)] IF NEGATIVE ENTER -0-	\$	<u>607,985</u>	(E)
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Recapitulation of Excess Surplus as of June 30, 2018

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	\$	<u>884,563</u>	(C3)
Reserved Excess Surplus [(E)]	\$	<u>607,985</u>	(E)
 Total [(C3) + (E)]	 \$	 <u>1,492,548</u>	 (D)

Detail of Allowable Adjustments

Impact Aid	\$	_____	(H)
Sale & Lease-back	\$	_____	(I)
Extraordinary Aid	\$	<u>26,390</u>	(J1)
Additional Nonpublic School Transportation Aid	\$	<u>14,790</u>	(J2)
Current Year School Bus Advertising Revenue	\$	_____	(J3)
Family Crisis Transportation Aid	\$	_____	(J4)
 Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)]	 \$	 <u>41,180</u>	 (K)

Detail of Other Restricted Fund Balance

Statutory restrictions:			
Approved unspent separate proposal	\$	_____	
Sale/lease-back reserve	\$	_____	
Capital reserve	\$	<u>1,889,557</u>	
Maintenance reserve	\$	<u>325,000</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 8002 and 8003)	\$	_____	
Impact Aid Capital Fund Reserve (Sections 8007 and 8008)	\$	_____	
Other state/government mandated reserves	\$	_____	
 Other Restricted Fund Balance not noted above	 \$	 _____	
 Total Other Restricted Fund Balance	 \$	 <u>2,214,557</u>	 (C4)

AUDIT RECOMMENDATIONS SUMMARY
For the Fiscal Year Ended June 30, 2018

Recommendations:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

None

3. School Purchasing Programs

None

4. School Food Service

That all reimbursement claims are filed in a timely manner.

5. Student Body Activities

None

6. Application for State School Aid

None

7. Pupil Transportation

None

8. Facilities and Capital Assets

None

9. Miscellaneous

None

10. Status of Prior Year Audit Findings/Recommendations

Corrective action has been taken on the prior year finding.