

ALEXANDRIA TOWNSHIP
BOARD OF EDUCATION
AUDITOR'S MANAGEMENT REPORT
FISCAL YEAR ENDED JUNE 30, 2019

ALEXANDRIA TOWNSHIP BOARD OF EDUCATION

**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	
Insurance	2
Official Bonds	2
Tuition Charges	2
Financial Planning, Accounting and Reporting	
Examination of Claims	2
Payroll Account and Position Control Roster	2-3
Reserve for Encumbrances and Accounts Payable	3
Classification of Expenditures	3
Board Secretary's Records	3
Treasurer's Records	3
Elementary and Secondary Education Act/Elementary and Secondary Education Act as amended by the Every Student Succeeds Act (ESSA)	3
Other Special Federal and/or State Projects	4
T.P.A.F. Reimbursement	4
School Purchasing Programs	
Contracts and Agreements Requirement Advertisement for Bids	4
Unemployment Compensation Insurance Trust Fund	4
School Food Service	5-6
Student Body Activities	6
Application for State School Aid	6
Pupil Transportation	6
Follow-up on Prior Year Findings	6
Acknowledgment	6
Schedule of Meal Count Activity	N/A
Net Cash Resource Schedule	N/A
Schedule of Audited Enrollments	7-9
Excess Surplus Calculation	10
Audit Recommendation Summary	11

CANNONE AND COMPANY, P.A.
Certified Public Accountants
485 Morris Avenue, Ste 201
Springfield, New Jersey 07081
(973) 379-6868
FAX (973) 379-6278
www.cannonecpa.com

MEMBER:
American Society of Certified Public Accountants
New Jersey Society of Certified Public Accountants

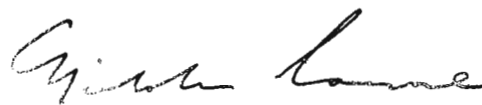
REPORT OF INDEPENDENT AUDITORS

Honorable President and
Members of the Board of Education
Alexandria Township School District
County of Hunterdon, New Jersey

We have audited, in accordance with generally accepted audit 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 Alexandria Township School District in the County of Hunterdon for the year ended June 30, 2019, and have issued our report thereon dated December 23, 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 for the information of the Alexandria Township School District Board of Education management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.



Nicholas A. Cannone
Licensed Public School Accountant
No. CS-02103
Cannone & Company, CPAs

December 23, 2019

ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE

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

Insurance coverage was carried in the amounts as detailed on the Insurance Schedule contained in the Statistical Section of the District's CAFR.

Adequacy of insurance coverage is the responsibility of the Board of Education.

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Thaddeus Thompson	Board Secretary/School Business Administrator	\$250,000
Ellen Kluber	Treasurer	\$250,000

There is a Public Employees' Dishonesty Policy with the New Jersey School Boards Association Insurance Group covering all other employees with multiple coverage of \$250,000.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs did not vary significantly from estimated costs.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

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.

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

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

Payrolls were delivered to the Treasurer of school moneys with a warrant made to his order for the full amount of each payment.

Reserve for Encumbrances and Accounts Payable

All encumbrances and accounts payable at June 30, 2019 were properly recorded and classified.

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 errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

The Board Secretary's Records were found to be in order.

Treasurer's Records

The Treasurer's Records were found to be in order.

Elementary and Secondary Education Act/Elementary and Secondary Act 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 the projects under Titles I and VI of the Elementary and Secondary Education Act as amended and reauthorized.

The study of compliance for E.S.E.A. did not indicate any areas of noncompliance and/or questionable costs.

Other Special Federal and/or State Projects

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

Our audit of the federal and state funds on a test basis, indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

The study of compliance for the special projects did not indicate any areas of noncompliance.

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.

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 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 contract year. Where questions arise 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.

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*.

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

Unemployment Compensation Insurance Trust Fund

The Board has adopted the direct reimbursement method and has established an unemployment compensation insurance trust fund.

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 District's expenditures of school food service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

The financial transactions and statistical records of the school food services were maintained in satisfactory condition. 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 were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will either break even, return a profit or incur a loss of not more than a specified amount. The operating results provision has been met.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food 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.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served did not exceed the number of valid applications on file, times the number of operating days, on a school by school basis. The free and reduced price meal is uniformly administered throughout the school system. The required verification procedures for free and reduced price applications were completed and available for review.

U.S.D.A. Food Distribution Program (food and/or commodities) were received and a separate inventory was maintained on a first-in, first-out basis. 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.

The school district maintains the detailed revenue and expenditure information necessary in order to execute the USDA mandated Non-Program Food Revenue Tool at least annually.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds.

Student Body Activities

During our review of the Student Activity Funds, we did not note any areas of non-compliance.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2018 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. Any errors or exceptions were rectified. 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 2018-19 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report. No exceptions were noted. 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. 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.

Follow-up on Prior Year Findings

In accordance with Government Auditing Standards, our procedures included a review of all prior year recommendations. Corrective action had been taken on all prior year findings.

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.

**ALEXANDRIA TOWNSHIP BOARD OF EDUCATION
COUNTY OF HUNTERDON
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2018**

	2019-2020 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																	
Full Day Preschool	22		22		0	0	22		22								
Half Day Kindegarten																	
Full Day Kindergarten	29		29		0	0	29		29		0	0					
One	46		46		0	0	46		46		0	0					
Two	28		28		0	0	28		28		0	0					
Three	39		39		0	0	39		39		0	0					
Four	38		38		0	0	38		38		0	0					
Five	47		47		0	0	47		47		0	0					
Six	52		52		0	0	52		52		0	0					
Seven	35		35		0	0	35		35		0	0					
Eight	61		61		0	0	61		61		0	0					
Subtotal	<u>397</u>	<u>0</u>	<u>397</u>	<u>0</u>			<u>397</u>	<u>0</u>	<u>397</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Special Education:																	
Elementary School	58		58				58		58								
Middle School	23		23				23		23								
Subtotal	<u>81</u>	<u>0</u>	<u>81</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>81</u>	<u>0</u>	<u>81</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0</u>	<u>0</u>
Co. Voc. - Regular																	
Co. Voc. Ft. Post Sec.																	
Totals	<u>478</u>	<u>0</u>	<u>478</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>478</u>	<u>0</u>	<u>478</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>	<u>0.0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Percentage Error					<u>0.00%</u>						<u>0.00%</u>						

**ALEXANDRIA TOWNSHIP BOARD OF EDUCATION
COUNTY OF HUNTERDON
SCHEDULE OF AUDITED ENROLLMENTS (CONTINUED)
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2018**

	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 Test Score and Register	Sample Errors
Half Day Preschool												
Full Day Preschool												
Half Day Kindergarten												
Full Day Kindergarten		0	0	0	0	0	0	0	0	0	0	0
One		1	1	0	1	1	0	0	0	0	0	0
Two		3	3	0	3	3	0	0	0	0	0	0
Three		1	1	0	1	1	0	0	0	0	0	0
Four		1	1	0	1	1	0	0	0	0	0	0
Five		3	3	0	3	3	0	0	0	0	0	0
Six		0	0	0	0	0	0	0	0	0	0	0
Seven		3	3	0	3	3	0	0	0	0	0	0
Eight		2	2	0	2	2	0	0	0	0	0	0
Subtotal	<u>14</u>	<u>14</u>	<u>0</u>	<u>14</u>	<u>14</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Special Education:												
Elementary School	10	10	0	10	10	0	0	0	0	0	0	0
Middle School	1	1	0	1	1	0	0	0	0	0	0	0
Subtotal	<u>11</u>	<u>11</u>	<u>0</u>	<u>11</u>	<u>11</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Totals	<u>25</u>	<u>25</u>	<u>0</u>	<u>25</u>	<u>25</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>						

Transportation

	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors	Average Mileage	
							Reported	Re-Calculated
AIL Non-Public	14.0	14.0		14.0	14.0	0		
Regular - Public Schools	276.0	276.0		276.0	276.0	0.0	Average Mileage - Regular Including Grade PK stude	4.6
Regular - Special Education	63.0	63.0		63.0	63.0	0.0	Average Mileage - Regular Excluding Grade PK stude	4.6
Transported - Non-Public	7.0	7.0		7.0	7.0	0.0	Average Mileage - Special Ed with Special Needs	5.3
Special Ed Spec	15.0	15.0		15.0	15.0	0.0		
Totals	<u>361.0</u>	<u>361.0</u>	<u>0.0</u>	<u>361.0</u>	<u>361.0</u>	<u>0.0</u>		
Percentage Error						<u>0.00%</u>		

ALEXANDRIA TOWNSHIP BOARD OF EDUCATION
 COUNTY OF HUNTERDON
 SCHEDULE OF AUDITED ENROLLMENTS (CONTINUED)
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 15, 2018

	Resident LEP NOT Low Income			Sample for Verification		
	Reported on A.S.S.A. as NOT Low Income	Reported on Workpapers as NOT Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Half Day Preschool						
Full Day Preschool						
Half Day Kindegarten						
Full Day Kindergarten	0	0	0	0	0	0
One	0	0	0	0	0	0
Two	0	0	0	0	0	0
Three	0	0	0	0	0	0
Four	0	0	0	0	0	0
Five	0	0	0	0	0	0
Six	0	0	0	0	0	0
Seven	0	0	0	0	0	0
Eight	0	0	0	0	0	0
Subtotal	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Special Education:						
Elementary School	0	0	0	0	0	0
Middle School	0	0	0	0	0	0
Subtotal	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Percentage Error			<u>#DIV/0!</u>			

**ALEXANDRIA TOWNSHIP BOARD OF EDUCATION
EXCESS SURPLUS CALCULATION
As of June 30, 2019**

Section 1

A. 2% Calculation of Excess Surplus

2018-19 Total General Fund Expenditures per the CAFR	\$ 11,778,290
Decreased by:	
On-Behalf TPAF Pension & Social Security	\$ 1,711,180
Assets Acquired under Capital Leases	
Adjustment for Disallowed Expenditures per S1701	<u> </u>
Adjusted 18-19 General Fund Expenditures	\$ 10,067,110
2% of Adjusted 2018-19 General Fund Expenditures	\$ 201,342
The greater of \$250,000 or 2% of Adjusted General Fund Expenditures	250,000
Increased by Allowable Adjustment	<u>128,367</u>
Maximum Unreserved/Undesignated Fund Balance	\$ <u>378,367</u>

Section 2

Total General Fund Balances @ 06/30/19	\$ 3,258,336
Decreased by:	
Year-end Encumbrances	\$ 46,669
Legally Restricted - Excess Surplus- Designated for Subsequent Year's Expenditures	161,158
Other Restricted Fund Balances	2,669,328
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	-
Assigned Fund Balance - Unreserved - Designated for Impact Aid Reserve	
Total Unassigned Fund Balance	\$ 381,181
Increased by:	
Adjustment for Disallowed Transfers per S1701	\$ <u> </u>
Total Unreserved/Undesignated Fund Balance for Excess Surplus Calculation	\$ <u>381,181</u>

Section 3

Restricted Fund Balance - Excess Surplus	\$ <u>2,814</u>
--	-----------------

Recapitulation of Excess Surplus as of June 30, 2019

Reserved Excess Surplus -- Designated for Subsequent Year's Expenditures	\$ 161,158
Reserved Excess Surplus	<u>2,814</u>
Total	\$ 163,972

Detail of Allowable Adjustments

Impact Aid	\$
Sale and Lease-back	
Extraordinary Aid	122,277
Additional Non Public School Transportation Aid	6,090
Unbudgeted TPAF Wage Freeze Grant Funding	
Higher Expectations for Learning and Proficiency Aid	<u> </u>
Total Adjustments	\$ 128,367

Detail of Other Restricted Fund Balance

Statutory Restrictions:	
Approved unspent separate proposal	\$
Capital Outlay for a district with a Capital Outlay cap waiver	
Sale/Lease-Back Reserve	
Capital Reserve	1,888,763
Maintenance Reserve	530,565
Emergency Reserve	250,000
Tuition Reserve	
Other State/Government Mandated Reserve	<u>2,669,328</u>
[Other Restricted Fund Balance not noted above]	-
Total Other Restricted Fund Balance	\$ <u>2,669,328</u>

Alexandria Township Board of Education
Audit Recommendations Summary
For the Fiscal Year Ended June 30, 2019

Recommendations:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

3. School Purchasing Programs

None

4. School Food Service

None

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

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