

**BRICK TOWNSHIP
BOARD OF EDUCATION
COUNTY OF OCEAN, NEW JERSEY**

AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS

FINANCIAL, COMPLIANCE AND PERFORMANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Education
Brick Township
County of Ocean, 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 Brick Township Board of Education in the County of Ocean for the year ended June 30, 2019, and have issued our report thereon dated December 4, 2019.

As part of our audit, we performed procedures required by the New Jersey Department of Education, 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 Brick Township Board of Education's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

Jump, Perry and Company, L.L.P.
Toms River, New Jersey



Kathryn Perry, Partner
Licensed Public School Accountant
No. CS 20CS00226400

December 4, 2019

ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE

Scope of Audit

The audit covered the financial transactions of the School Business Administrator/Board Secretary and Treasurer of School Moneys, 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

Fire insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the district's CAFR.

Official Bonds (N.J.S.A 18A: 17-26, 18A: 17-32, 18A:13-13)

<u>Name</u>	<u>Position</u>	<u>Amount</u>
James W. Edwards, Jr., CPA	Business Administrator/ Board Secretary	\$ 550,000
Richard M. Larsen	Treasurer	\$ 550,000

There is a Public Employees' Faithful Performance Blanket Position Bond 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. Our comparison revealed that tuition appeared to be charged correctly.

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

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 Business Administrator/Board Secretary.

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 payroll.

Employee Position Control Roster

A review of the Position Control Roster was made and found that proper and consistent financial reporting, and that employee benefits are offered only to current employees and their eligible relations.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, 2019 for proper classification of orders as reserve for encumbrances and accounts payable.

Travel

No findings.

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, a transaction error rate of 0.00 percent overall was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

Our review of the financial and accounting records maintained by the board secretary disclosed the following items.

No findings.

Treasurer's Records

The following items were noted during our review of the records of the Treasurer.

No findings.

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

Other Special Federal and/or State Projects

The district's Special Projects were approved as listed on Schedule K-3 and Schedule 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 during the fiscal year or project period for which the project was approved.

Other Special Federal and/or State Projects (cont'd)

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.

T.P.A.F. Reimbursement

Our audit procedures included a test of biweekly reimbursement 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 60 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-3 states:

- a. When the cost or price of any contract awarded by the purchasing agent in the aggregate does not exceed in a contract year the total sum of \$26,000, the contract may be awarded by a purchasing agent when so authorized by resolution of the Board of Education without public advertising for bids and bidding therefore, except that the Board of Education may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L.1971, c.198 (C.40A:11-9) the Board of Education may establish that the bid threshold may be up to \$40,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

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

- b. Commencing in the fifth year after the year in which P.L.1999,c.440 takes effect and every five years thereafter, the Governor, in consultation with the Department of the Treasury, shall adjust the threshold amount and the higher threshold amount which the Board of Education is permitted to establish as set forth in subsection a. of this section or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in N.J.S.A. 18A:18A-2, and shall round the adjustment to the nearest \$1,000. The Governor shall notify all local school districts of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of the year in which it is made.

Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection a. of N.J.S.A. 18A:18A-5 may be awarded for a period not exceeding 12 consecutive months.

N.J.S.A. 18A:18A-4 states, "Every contract for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the board of education to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law."

The bid threshold 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 2018-2019.

The Board of Education 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 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. 18A:18A-4.

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 purchases were made through the use of State contracts.

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.

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.

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 Assets (CAFR Schedule B-5) does separate program and non-program revenue AND program and non-program cost of goods sold.

Student Body Activities

During our review of the student activity funds, the following items were noted.

No findings.

Application for State School Aid (ASSA)

Our audit procedures included a test of information reported on the October 15, 2018 Application for State School Aid (ASSA) 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 ASSA was compared to the district workpapers with exception. The information that was included on the workpapers was verified with exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Exceptions noted during testing:

- One student was classified as resident LEP low income but did not qualify.

This exception did not rise to a recommendation. The error rate was 0.39% for that section and has been deemed insignificant and isolated.

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 2018-2019 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with 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. 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

The District did not have an SDA grant agreement, transfer of local funds from the general fund or from the capital reserve account, or awarding of contracts for eligible facilities construction.

Miscellaneous

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 Years' Findings

In accordance with government auditing standards, our procedures included a review of all prior year recommendations including findings. 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.

SCHEDULE OF AUDITED ENROLLMENTS

**BRICK TOWNSHIP BOARD OF EDUCATION
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 Verification	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Half Day Preschool - 3yr	32	-	32	-	-	-	1	-	1	-	-	-	-	-	-	-
Half Day Preschool - 4yr	50	-	50	-	-	-	2	-	2	-	-	-	-	-	-	-
Full Day Preschool - 3 yr	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool - 4yr	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	537	-	537	-	-	-	24	-	24	-	-	-	-	-	-	-
One	550	-	550	-	-	-	25	-	25	-	-	-	-	-	-	-
Two	513	-	513	-	-	-	23	-	23	-	-	-	-	-	-	-
Three	507	-	507	-	-	-	23	-	23	-	-	-	-	-	-	-
Four	475	-	475	-	-	-	21	-	21	-	-	-	-	-	-	-
Five	556	-	556	-	-	-	25	-	25	-	-	-	-	-	-	-
Six	471	-	471	-	-	-	21	-	21	-	-	-	-	-	-	-
Seven	533	-	533	-	-	-	24	-	24	-	-	-	-	-	-	-
Eight	545	-	545	-	-	-	24	-	24	-	-	-	-	-	-	-
Nine	548	-	548	-	-	-	25	-	25	-	-	-	-	-	-	-
Ten	577	-	577	-	-	-	26	-	26	-	-	-	-	-	-	-
Eleven	509	68	509	68	-	-	23	3	23	3	-	-	-	-	-	-
Twelve	539	69	539	69	-	-	25	3	25	3	-	-	-	-	-	-
Post-Graduate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (15+CR.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (1-14 CR.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	6,942	137	6,942	137	-	-	312	6	312	6	-	-	-	-	-	-
Special Ed - Elementary	612	-	612	-	-	-	116	-	116	-	-	-	23	17	17	-
Special Ed - Middle School	373	-	373	-	-	-	71	-	71	-	-	-	18	14	14	-
Special Ed - High School	404	70	404	70	-	-	77	13	77	13	-	-	49.5	38	38	-
Subtotal	1,389	70	1,389	70	-	-	264	13	264	13	-	-	90.5	69	69	-
Co. Voc. - Regular	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Co. Voc. Ft. Post Sec.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	8,331	207	8,331	207	-	-	576	19	576	19	-	-	90.5	69	69	-
Percentage Error					0.00%	0.00%					0.00%	0.00%				0.00%

SCHEDULE OF AUDITED ENROLLMENTS

**BRICK TOWNSHIP BOARD OF EDUCATION
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 - 3yr	-	-	-	-	-	-	-	-	-	-	-
Half Day Preschool - 4yr	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool - 3yr	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool - 4yr	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	158	158	-	16	16	-	25	25	-	13	13	-
One	186	186	-	19	19	-	34	34	-	18	18	-
Two	161	161	-	17	17	-	31	31	-	16	16	-
Three	186	186	-	19	19	-	33	33	-	17	17	-
Four	181	181	-	19	19	-	25	25	-	13	13	-
Five	186	186	-	19	19	-	9	9	-	5	5	-
Six	164	164	-	17	17	-	8	8	-	4	4	-
Seven	191	191	-	20	20	-	9	9	-	5	5	-
Eight	159	159	-	16	16	-	6	6	-	3	3	-
Nine	166	166	-	17	17	-	5	5	-	3	3	-
Ten	138	138	-	14	14	-	4	4	-	2	2	-
Eleven	134	134	-	14	14	-	9.5	9.5	-	5	5	-
Twelve	121	121	-	12	12	-	6.5	6.5	-	3	3	-
Post-Graduate	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (15+CR.)	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (1-14 CR.)	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	2,131	2,131	-	219	219	-	205	205	-	107	107	-
Special Ed - Elementary	321	321	-	33	33	-	40	40	-	21	21	-
Special Ed - Middle	182	182	-	19	19	-	6	6	-	3	3	-
Special Ed - High	181	181	-	19	19	-	3	2	1	2	2	-
Subtotal	684	684	-	71	71	-	49	48	1	26	26	-
Res. Mental Health CTR	-	-	-	-	-	-	-	-	-	-	-	-
Train Sch/Secure Care	2	2	-	-	-	-	-	-	-	-	-	-
Juvenile Community CTR	-	-	-	-	-	-	-	-	-	-	-	-
Juvenile Detention CTR	3	3	-	-	-	-	-	-	-	-	-	-
Co. Voc. - Regular	-	-	-	-	-	-	-	-	-	-	-	-
Co. Voc. Ft. Post Sec.	-	-	-	-	-	-	-	-	-	-	-	-
Totals	2,820	2,820	-	290.0	290.0	-	254	253	1	133	133	-
Percentage Error			0.00%			0.00%			0.39%			0.00%

Transportation

	Reported on DRTRS by DOE/county	Reported on DRTRS by District	Errors	Tested	Verified	Errors		
							Reported	Recalculated
Reg. - Public Schools, col. 1	3,082	3,082	-	187	187	-		
Reg -SpEd, col. 4	1,129	1,129	-	70	70	-		
Transported - ALL, col. 2 & Non-Public, Col. 3								
Non-Public, Col. 3	525	525	-	34	34	-		
Special Ed Spec, col. 6	371	371	-	25	25	-		
Totals	5,107	5,107	-	316	316	-		
Percentage Error						0.00%		
							Reg Avg.(Mileage) = Regular Including Grade PK students (Part A)	4.1 4.1
							Reg Avg.(Mileage) = Regular Excluding Grade PK students (Part B)	4.1 4.1
							Spec Avg. = Special Ed with Special Needs	6.6 6.6

SCHEDULE OF AUDITED ENROLLMENTS

**BRICK TOWNSHIP BOARD OF EDUCATION
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 - 3yr	-	-	-	-	-	-
Half Day Preschool - 4yr	-	-	-	-	-	-
Full Day Preschool - 3yr	-	-	-	-	-	-
Full Day Preschool - 4yr	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-
Full Day Kindergarten	5	5	-	4	4	-
One	1	1	-	1	1	-
Two	4	4	-	3	3	-
Three	2	2	-	2	2	-
Four	2	2	-	2	2	-
Five	-	-	-	-	-	-
Six	-	-	-	-	-	-
Seven	-	-	-	-	-	-
Eight	2	2	-	2	2	-
Nine	3	3	-	3	3	-
Ten	6	6	-	5	5	-
Eleven	3	3	-	3	3	-
Twelve	3	3	-	3	3	-
Post-Graduate	-	-	-	-	-	-
Adult H.S. (15+CR.)	-	-	-	-	-	-
Adult H.S. (1-14 CR.)	-	-	-	-	-	-
Subtotal	<u>31</u>	<u>31</u>	<u>-</u>	<u>28</u>	<u>28</u>	<u>-</u>
Special Ed - Elementary	3	3	-	3	3	-
Special Ed - Middle School	1	1	-	1	1	-
Special Ed - High School	1	1	-	1	1	-
Subtotal	<u>5</u>	<u>5</u>	<u>-</u>	<u>5</u>	<u>5</u>	<u>-</u>
Co. Voc. - Regular	-	-	-	-	-	-
Co. Voc. Ft. Post Sec.	-	-	-	-	-	-
Totals	<u>36</u>	<u>36</u>	<u>-</u>	<u>33</u>	<u>33</u>	<u>-</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

Excess Surplus Calculation- Regular Districts/Charter School/Renaissance School Project

Section 1	Amount	Amount
A. 2% Calculation of Excess Surplus		
2018-19 Total General Fund Expenditures per the CAFR, Ex. C-1		\$ <u>164,984,341</u> (B)
Increased by:		
Transfer from Capital Outlay to Capital Projects Fund		\$ _____ (B1a)
Transfer from Capital Reserve to Capital Projects Fund		\$ _____ (B1b)
Transfer from General Fund to SRF for PreK-Regular		\$ _____ (B1c)
Transfer from General Fund to SRF for PreK-Inclusion		\$ _____ (B1d)
Decreased by:		
On-Behalf TPAF Pension & Social Security Assets Acquired Under Capital Leases	\$ <u>22,416,688</u> (B2a)	
	\$ <u>1,218,254</u> (B2b)	
Adjusted 2018-19 General Fund Expenditures [(B)+(B1s)-(B2s)]	\$ <u>141,349,399</u> (B3)	
2% of Adjusted 2018-19 General Fund Expenditures [(B3) times .02]	\$ <u>2,826,988</u> (B4)	
Enter Greater of (B4) or \$250,000	\$ <u>2,826,988</u> (B5)	
Increased by: Allowable Adjustment *	\$ <u>1,523,749</u> (K)	
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]		\$ <u>4,350,737</u> (M)

Section 2

Total General Fund - Fund Balances @ 6/30/2019

(Per CAFR Budgetary Comparison Schedule C-1)

Decreased by:	\$ <u>12,050,881</u> (C)	
Year-end Encumbrances	\$ <u>417,457</u> (C1)	
Legally Restricted – Designated for Subsequent Year’s Expenditures	\$ _____ (C2)	
Legally Restricted - Excess Surplus – Designated for Subsequent Year’s Expenditures **	\$ <u>295,324</u> (C3)	
Other Restricted Fund Balances ****	\$ <u>2,188,405</u> (C4)	
Assigned Fund Balance – Unreserved- Designated for Subsequent Year’s Expenditures	\$ <u>2,938,767</u> (C5)	
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]		\$ <u>6,210,928</u> (U1)

Section 3

Section 3	Amount	Amount
Restricted Fund Balance – Excess Surplus***[(U1)-(M)] If Negative Enter -0		\$ <u>1,860,191</u> (E)

Section 1	Amount	Amount
Recapitulation of Excess Surplus as of June 30, 2019		
Reserved Excess Surplus – Designated for Subsequent Year’s Expenditures **		\$ 295,324 (C3)
Reserved Excess Surplus ***[(E)]		\$ 1,860,191 (E)
Total Excess Surplus [(C3) + (E)]		<u>\$ 2,155,515 (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, 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.

Notes to auditor: Refer to the Audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid, Family Crisis Transportation Aid, and Additional Nonpublic School Transportation Aid.

Detail of Allowable Adjustments

Impact Aid	\$ _____ (H)
Sale & Lease-back	\$ _____ (I)
Extraordinary Aid	\$ 1,373,308 (J1)
Additional Nonpublic School Transportation Aid	\$ 150,441 (J2)
Current Year School Bus Advertising Revenue Recognized	\$ _____ (J3)
Family Crisis Transportation Aid	\$ _____ (J4)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)]	<u>\$ 1,523,749 (K)</u>

** This amount represents the June 30, 2019 Excess Surplus (C3 above) and must be included in the Audit Summary Line 90031.

*** Amounts must agree to the June 30, 2019 CAFR and must agree to Audit Summary Line 90030.

**** Amount for Other Restricted Fund Balances must be detailed for each source. Use in the excess surplus calculation of any legal reserve that is not state mandated or that is not legally imposed by another type of government, such as the judicial branch of government, must have departmental approval. District requests should be submitted to the Division of Administration and Finance prior to September 30.

Detail of Other Restricted Fund Balance

Statutory restrictions:

Approved unspent separate proposal

\$ _____

Statutory restrictions:	
Sale/lease-back reserve	\$
Capital reserve	\$ 2,188,405
Maintenance reserve	\$
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 reserve	\$
[Other Restricted Fund Balance not noted above]*****	\$
 Total Other Restricted Fund Balance	 \$ 2,188,405

The following example illustrates the proper calculation of the 2 percent excess surplus for districts not required to use school-based budgeting (SBB). Note that the references (a), (b), etc. are for purposes of this illustration only.

Example: The school district had total general fund expenditures (from exhibit C-1 of CAFR) of \$7,500,000. Included in the general fund expenditures were “On-Behalf State Aid Payments” (TPAF Pension & Social Security) of \$405,000 and Assets Acquired Under Capital Lease of \$182,000. General fund transfers to other funds not included in the general fund expenditures of the CAFR, but added to the calculation, Transfer from Capital Outlay to Capital Projects of \$60,000; Transfer from Capital Reserve to Capital Projects (augment SCC/SDA grant) of \$12,000; Trans. from General Fund to SRF for Preschool - Regular of \$10,000; and Trans. from General Fund to SRF for Preschool - Inclusion of \$5,000. The district received \$2,000 in federal impact aid revenue during 2018-19 and recognized \$1,000 of School Bus Advertising Revenue during 2018-19. The June 30, 2019 general ledger reflects that the district had the following: \$4,900 of year-end “other purposes” encumbrances reported in the “Committed” fund balance category (GASBS 54); \$9,000 legally restricted reported in the “Restricted” fund balance category (GASBS 54) from an unexpended 2017-18 additional spending proposal required to be designated/appropriated in the 2019-20 budget; \$45,000 reserved June 30, 2018 excess surplus required to be designated/appropriated in the 2019-20 budget reported in the “Restricted” fund balance category (GASBS 54); \$90,000 unreserved and designated in the 2019-20 budget reported in the “Assigned” fund balance category (GASBS 54); and \$395,000 unreserved/undesigned reported in the “Unassigned” fund balance category (GASBS 54) prior to calculating June 30, 2019 excess surplus.

2018-19 Total General Fund Expenditures			\$7,500,000	(a)
Increased by Applicable Operating transfers:	\$60,000	(b)		
Transfer from Capital Outlay to Capital Projects	12,000	(b)		
Transfer from Capital Reserve to Capital Projects	10,000	(b)		
Trans. from General Fund to SRF for Preschool (Regular)	5,000	(b)		
Trans. from General Fund to SRF for Preschool (Inclusion)				
Decreased by:				
On-Behalf State Aid Payments	(405,000)			
Assets Acquired Under Capital Leases	(182,000)			
Adjusted General Fund Expenditures			7,000,000	
Applicable Excess Surplus Percentage			x .02	
2% of Adjusted 2018-19 General Fund Expenditures			\$ 140,000	(A)

BRICK TOWNSHIP SCHOOL DISTRICT
AUDIT RECOMMENDATION SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

It is recommended that:

1. Administrative Practices and Procedures
None
2. Financial Planning, Accounting and Reporting
None
3. School Purchasing Program
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's Findings/Recommendations
None.