

GLASSBORO BOARD OF EDUCATION
Glassboro, New Jersey

Auditor's Management Report on Administrative
Findings – Financial, Compliance, and Performance
For The Year Ended June 30, 2019

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

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Report of Independent Auditors

Honorable President and
Members of the Board of Education
Glassboro School District
560 Joseph Bowe Boulevard
Glassboro, New Jersey 08028

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 Board of Education of the Glassboro School District in the County of Gloucester for the year ended June 30, 2019, and have issued our report thereon dated December 12, 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 Glassboro 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.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Licensed Public School Accountant #542
Glassboro, New Jersey

December 12, 2019

Administrative Findings – Financial, Compliance, and Performance

Scope of Audit

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

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Karyn Paccione	Treasurer	\$280,000
Jennifer Johnson	Board Secretary/ School Business Administrator	\$300,000

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs of the items tested were less than the estimated costs charged.

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 Board Secretary/Business Administrator.

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

The required certification (E-Cert1) of compliance with requirements for income tax on compensation of administrators (Superintendents, Assistant Superintendents, and Business Administrator) to the NJ Department of the Treasury was not filed by the March 15th due date. This was corrected prior to the completion of field work.

Reporting of employee compensation for income tax related purposes complied with federal and state regulations regarding the compensation which is required to be reported.

The Board of Education did not make merit bonus payments.

Employee Position Control Roster

An inquiry and review of the Position Control Roster found the payroll records and the general ledger accounts to where wages are posted were in agreement with the Position Control Roster. There are internal control procedures in place to ensure 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 for proper classification of orders as reserve for encumbrances and accounts payable.

Finding 2019-001:

District personnel performed an analysis of outstanding purchase orders at June 30 and prepared separate listings of purchase orders comprising the balance sheet account balances for accounts payable and reserve for encumbrances. Adjustments in the amount of \$293,065 were needed to adjust the accounting records to properly reflect the true balances as of June 30, taking into consideration both the status of the orders at June 30 as well as their subsequent liquidation.

Recommendation:

Purchase orders should be reviewed for proper classification at June 30 as accounts payable or reserve for encumbrances based upon whether the goods have been received or the services rendered.

Travel

The District has an approved Board travel policy as required by NJAC 6A:23a-6.13 and NJSA 18A:11-12.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with NJAC 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 NJAC 6A:23A-8.3. As of result of the procedures performed, we found no errors in the classification of expenditures 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.

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

The monthly certification of positive line item account status by the Board Secretary and monthly certification that sufficient funds are available to meet the District's financial obligations by the Board were filed during the year.

Budgetary line accounts were not over-expended during the fiscal year or at June 30.

Payments to vendors were made after the receipt of goods.

The capital asset records were updated for the additions and disposals of capital assets made during the year.

Board Secretary's Records (Continued)

The District maximized its efforts under the Special Education Medicaid Initiative (SEMI) Program for obtaining federal funding for special education services.

The District does not have a potential liability or loss contingency relating to the ongoing labor contract negotiations.

Purchase orders were charged to the appropriate line accounts in accordance with the state prescribed *Uniform Minimum Chart of Accounts for New Jersey Public Schools*.

Treasurer's Records

The Treasurer performed cash reconciliations for the general operating account, payroll account, and payroll agency account on a monthly basis. The Treasurer's cash balances were in agreement with those of the Board Secretary and the reconciled cash balance as determined during the audit. All cash receipts were promptly deposited.

Elementary and Secondary Education Act (ESEA), as Amended by Every Student Succeeds Act (ESSA)

The ESEA/NCLB financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the projects under Titles I and VI of the Elementary and Secondary Education Act as amended and reauthorized.

The study of compliance for ESEA indicated no areas of noncompliance and/or questionable costs during the year under audit.

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 project indicated no areas of noncompliance and/or questionable costs during the year under audit.

Project completion reports for Nonpublic State Aid were finalized and transmitted to the department by the due date.

TPAF Reimbursement

Our audit procedures included a test of the biweekly reimbursements 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 (Continued)

The amount of the expenditure charged to the current year's Final Report(s) for all federal awards for the School District to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the School District for those employees whose salaries are identified as being paid from federal funds was made prior to the end of the 90 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

NJSA 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 \$17,500, 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 therefor, 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 possesses a qualified purchasing agent certificate 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 \$25,000. 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.
- 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 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 NJSA 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 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 NJSA 18A:18A-5 may be awarded for a period not exceeding 12 consecutive months.

NJSA 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 advertisement for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law."

The bid thresholds in accordance with NJSA 18A:18A-2 and 18A:39-3(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 contract under NJSA 18A:39-3 is currently \$19,000.

The District's 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.

Contracts and Agreements Requiring Advertisement for Bids (Continued)

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or good 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. Based on the results of our examination, I did not note any instances of noncompliance.

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

School Food Service

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

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.

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 NJSA 18A:17-34 and 19-1 through 19-4.1. Provisions of the FSMC contract were reviewed. The FSMC contract includes an operating results provision which guarantees that the Food Service Program will return a profit of at least \$30,000. 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 where applicable.

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.

Payroll records were maintained on all School Food Service employees authorized by the Board of Education. 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. No exceptions were noted.

School Food Service (Continued)

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 and/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 policy is uniformly administered throughout the school system. The required verification procedures for free and reduced price applications were completed and available for review.

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

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, Section G of the CAFR.

Finding 2019-002:

A general ledger is not being accurately maintained.

Recommendation:

A general ledger be maintained that contains all receipts and disbursements as well as journal entries for receivables and payable. Bank accounts should be reconciled to the cash balance in the general ledger on a monthly basis.

Finding 2019-003:

Equipment purchased for the Food Service Program has not been capitalized and recorded in the Fixed Asset records.

Recommendation:

All fixed assets over the capitalization threshold be recorded in the Fixed Asset records maintained for the Food Service Program.

Finding 2019-004:

A reimbursement request for the federal and state child nutrition program for the month of December 2018 was never filed resulting in a loss to the district of \$58,417.

Recommendation:

Management ensure that all reimbursement request are filed on a timely basis and the corresponding reimbursements are received.

Student Body Activities

A review of the Student Activity Funds disclosed that cash receipts are being deposited promptly and disbursements had proper supporting documentation.

Application for State School Aid (ASSA)

Our audit procedures included a test of information reported in the October 13, 2017, 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's procedures related to its completion. The information on the ASSA was compared to the District's work papers with no exceptions noted. The information that was included on the work papers was verified without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Application for State School Aid (ASSA) (Continued)

The District maintained work papers on the prescribed state forms or their equivalent.

The District's written procedures appear to be adequate 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 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. No exceptions were noted in our review of transportation related purchases of goods and services.

Miscellaneous

The School District complied with continuing disclosure agreements made in relation to prior year's bond issuances. This obligation included filing audit reports on the Electronic Municipal Market Access (EMMA).

Testing for Lead of All Drinking Water in Educational Facilities

The School District adhered to all the requirements of NJAC 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 NJAC 6A:26-12.4(g).

Excess Legal Costs

NJAC 6A:23A-5.2(a)(3) requires school districts with per pupil legal costs that exceed 130% of the statewide average per pupil amount should establish cost reducing procedures and, if not established, provide evidence the procedures would not result in a reduction of costs.

Finding 2019-005:

There was no evidence that the District complied with the regulation relating to excess per pupil legal costs.

Recommendation:

The District implement procedures to ensure compliance with NJAC 6A:23A-5.2(a)3 in regard to excess legal costs.

Deficit in Fund Balance

Finding 2019-006:

The District has a deficit in Debt Service fund balance as of June 30, 2019 in the amount of \$11,046. The amount budgeted for interest on debt service was insufficient to pay the amount due.

Recommendation:

Management ensure that all required principal and interest payments be included in the adopted debt service budget.

Follow-up on Prior Year Findings

Not applicable.

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 MEAL COUNT ACTIVITY
GLASSBORO SCHOOL DISTRICT

FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM - FEDERAL
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Program	Meal Category	Meals Claimed	Meals Tested	Meals Verified	Difference	Rate	(Over)/Under Claim
National School Lunch (High Rate)	Paid	40,859	44,569	44,569	3,710	0.33	1,224
	Reduced	9,738	10,639	10,639	901	2.93	2,640
	Free	112,976	123,540	123,540	10,564	3.33	35,178
	Total	<u>163,573</u>	<u>178,748</u>	<u>178,748</u>	<u>15,175</u>		<u>39,042</u>
National School Lunch	HHFKA	<u>163,573</u>	<u>178,748</u>	<u>178,748</u>	<u>15,175</u>	0.06	<u>911</u>
School Breakfast (Severe Needs)	Paid	44,072	47,959	47,959	3,887	0.31	1,205
	Reduced	5,838	6,377	6,377	539	1.84	992
	Free	75,335	82,429	82,429	7,094	2.14	15,181
	Total	<u>125,245</u>	<u>136,765</u>	<u>136,765</u>	<u>11,520</u>		<u>17,378</u>
Total Net (Over)/Under Claim							<u><u>57,331</u></u>

SCHEDULE OF MEAL COUNT ACTIVITY
GLASSBORO SCHOOL DISTRICT
(CONTINUED)

FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM - STATE
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Program	Meal Category	Meals Claimed	Meals Tested	Meals Verified	Difference	Rate	(Over)/Under Claim
State Reimbursement	Paid	40,859	44,569	44,569	3,710	0.050	186
National School Lunch (High Rate)	Reduced	9,738	10,639	10,639	901	0.055	50
	Free	112,976	123,540	123,540	10,564	0.055	581
	Total	<u>163,573</u>	<u>178,748</u>	<u>178,748</u>	<u>15,175</u>		
Total Net (Over)/Under Claim							<u><u>816</u></u>

NET CASH RESOURCE SCHEDULE

**Net cash resources did not exceed three months of expenditures
Proprietary Funds - Food Service
FYE 2019**

<u>Net Cash Resources:</u>		Food Service B - 4/5	
CAFR	*	Current Assets	
B-4		Cash & Cash Equiv.	\$ 182,330
B-4		Due from Other Gov'ts	
B-4		Accounts Receivable	143,493
B-4		Investments	
CAFR		Current Liabilities	
B-4		Less Accounts Payable	
B-4		Less Accruals	
B-4		Less Due to Other Funds	(142,868)
B-4		Less Deferred Revenue	<u>(11,582)</u>
		Net Cash Resources	<u>\$ 171,373</u> (A)

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.	\$ 931,210	
B-5	Less Depreciation	<u>(10,021)</u>	
	Adj. Tot. Oper. Exp.	<u>\$ 921,189</u>	(B)

Average Monthly Operating Expense:

B / 10	<u>\$ 92,119</u>	(C)
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Three times monthly Average:

3 X C	<u>\$ 276,357</u>	(D)
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TOTAL IN BOX A	\$ 171,373
LESS TOTAL IN BOX D	<u>276,357</u>
NET	<u>\$ (104,984)</u>

From above:

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

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

SOURCE - USDA resource management comprehensive review form

GLASSBORO SCHOOL DISTRICT
 SCHEDULE OF AUDITED ENROLLMENTS
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 15, 2018

	2018-2019 Application for State School Aid						Sample for Verification						Private Schools for Disabled				
	Reported on ASSA On Roll		Reported on Work papers On Roll		Errors		Sample Selected from Work papers		Verified per Registers On Roll		Errors per Registers On Roll		Reported on ASSA 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 3 year olds	49		49				13		13								
Half Day Preschool 4 year olds	73		73				13		13								
Full Day Preschool 4 year olds	2		2				1		1								
Full Day Kindergarten	136		136				17		17								
One	125		125				17		17								
Two	145		145				17		17								
Three	118		118				17		17								
Four	139		139				17		17								
Five	126		126				17		17								
Six	131		131				17		17								
Seven	122		122				17		17								
Eight	114		114				17		17								
Nine	110		110				17		17								
Ten	111		111				17		17								
Eleven	92		92				17		17								
Twelve	103		103				17		17								
	<u>1,696</u>		<u>1,696</u>		<u>0</u>		<u>248</u>		<u>248</u>		<u>0</u>						
Special Ed. - Elementary	114		114				12		12				4	3	3		
Special Ed. - Middle School	66		66				12		12				5	4	4		
Special Ed. - High School	102		102				12		12				14	13	13		
	<u>282</u>		<u>282</u>				<u>36</u>		<u>36</u>				<u>23</u>	<u>20</u>	<u>20</u>	<u>0</u>	
	<u>1,978</u>		<u>1,978</u>		<u>0</u>		<u>284</u>		<u>284</u>		<u>0</u>		<u>23</u>	<u>20</u>	<u>20</u>	<u>0</u>	
Percentage Error					<u>0.00%</u>						<u>0.00%</u>						<u>0.00%</u>

GLASSBORO SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 5, 2018
(CONTINUED)

	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on ASSA as Low Income	Reported on Work papers as Low Income	Errors	Sample Selected from Work papers	Verified to Application and Registers	Sample Errors	Reported on ASSA as Low Income	Reported on Work papers as Low Income	Errors	Sample Selected from Work papers	Verified to Application and Registers	Sample Errors
Full Day Kindergarten	69	69		16	16							
One	57	57		16	16		8	8		7	7	
Two	67	67		16	16		5	5		5	5	
Three	60	60		16	16		6	6		6	6	
Four	71	71		16	16		7	7		6	6	
Five	58	58		16	16		6	6		5	5	
Six	72	72		16	16		3	3		2	2	
Seven	61	61		15	15		1	1		1	1	
Eight	46	46		15	15		2	2		2	2	
Nine	52	52		15	15					1	1	
Ten	41	41		15	15		1	1				
Eleven	41	41		15	15							
Twelve	41.0	41.0		15	15							
	<u>736.0</u>	<u>736.0</u>	<u>0</u>	<u>202</u>	<u>202</u>	<u>0</u>	<u>39</u>	<u>39</u>	<u>0</u>	<u>35</u>	<u>35</u>	<u>0</u>
Special Ed. - Elementary	85	85		10	10		3	3		2	2	
Special Ed. - Middle School	37	37		10	10		4	4		3	3	
Special Ed. - High School	66	66		10	10							
	<u>188</u>	<u>188</u>		<u>30</u>	<u>30</u>		<u>7</u>	<u>7</u>		<u>5</u>	<u>5</u>	
	<u>924.0</u>	<u>924.0</u>	<u>0</u>	<u>232</u>	<u>232</u>	<u>0</u>	<u>46</u>	<u>46</u>	<u>0</u>	<u>40</u>	<u>40</u>	<u>0</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>

GLASSBORO SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2018
(CONTINUED)

	Resident LEP NOT Low Income			Sample for Verification		
	Reported on ASSA NOT Low Income	Reported on Work papers as NOT Low Income	Errors	Sample Selected from Work papers	Verified to Application and Registers	Sample Errors
Full Day Kindergarten						
One	4	4		4	4	
Two	4	4		3	3	
Three	4	4		3	3	
Four						
Five						
Six						
Seven						
Eight						
Nine						
Ten						
Eleven						
Twelve	3	3		3	3	
	<u>15</u>	<u>15</u>	<u>0</u>	<u>13</u>	<u>13</u>	<u>0</u>
Special Ed - Elementary						
Special Ed - Middle School						
Special Ed - High School						
	<u>0</u>	<u>0</u>		<u>0</u>	<u>0</u>	
	<u>15</u>	<u>15</u>	<u>0</u>	<u>13</u>	<u>13</u>	<u>0</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

	Transportation					
	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular Public Schools	453	453		138	138	
Regular Special Education	37	37		11	11	
Transported Nonpublic	86	86		26	26	
Special Needs - Public	108	108		33	33	
ALL Nonpublic School Students	79	79		24	24	
	<u>763</u>	<u>763</u>	<u>0</u>	<u>232</u>	<u>232</u>	<u>0</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

	Reported	Recalculated
Reg. Avg. (Mileage) = Regular Including Grade PK (Part A)	4.7	4.7
Reg. Avg. (Mileage) = Regular Excluding Grade PK (Part B)	4.8	4.8
Spec Avg. = Special Ed. with Special Needs	4.9	4.9

EXCESS SURPLUS CALCULATION

REGULAR DISTRICT/CHARTER SCHOOL

SECTION 1

A. 2% Calculation of Excess Surplus

2018-19 Total General Fund Expenditures per the CAFR., Ex. C-1	\$ 41,922,360	(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 Pre-K - Regular	\$ 200,030	(B1c)
Transfer from General Fund to SRF for Pre-K - Inclusion	\$ _____	(B1d)
Decreased by:		
On-Behalf TPAF Pension & Social Security	\$ 5,548,904	(B2a)
Assets Acquired Under Capital Leases	\$ 167,584	(B2b)
 Adjusted 2018-19 General Fund Expenditures [(B)+(B1s)-(B2s)]	 \$ 36,405,902	 (B3)
 2% of Adjusted 2018-19 General Fund Expenditures [(B3) times .02]	 \$ 728,118	 (B4)
Enter Greater of (B4) or \$250,000	\$ 728,118	(B5)
Increased by: Allowable Adjustment *	\$ 229,954	(K)
 Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]		\$ 958,072 (M)

SECTION 2

Total General Fund - Fund Balances @ 6/30/2019 (Per CAFR Budgetary Comparison Schedule C-1)	\$ 6,354,250	(C)
Decreased by:		
Year-end Encumbrances	\$ 42,340	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ _____	(C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ 2,410,152	(C3)
Other Restricted Fund Balances****	\$ 59,674	(C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	\$ 180,713	(C5)
 Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]		\$ 3,661,371 (U1)

SECTION 3

Restricted Fund Balance - Excess Surplus*** [(U2)-(M)] IF NEGATIVE ENTER -0- \$ 2,703,299 (E)

Recapitulation of Excess Surplus as of June 30, 2019

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures** \$ 2,410,152 (C3)

Reserved Excess Surplus*** [(E)] \$ 2,703,299 (E)

Total [(C3)+(E)] \$ 5,113,451 (D)

* This adjustment line (as detailed below) is to be utilized when applicable for: Impact Aid, Sale and Lease-back (Refer to the Audit Program Section II, Chapter 10), Extraordinary Aid, Additional Nonpublic School Transportation Aid; recognized current year School Bus Advertising Revenue; and Family Crisis Transportation Aid. Refer to the Audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid, Family Crisis Transportation Aid, and Additions Nonpublic School Transportation Aid.

Detail of Allowable Adjustments

Impact Aid	\$ _____	(H)
Sale & Lease-back	\$ _____	(I)
Extraordinary Aid	\$ <u>174,124</u>	(J1)
Additional Nonpublic School Transportation Aid	\$ <u>39,537</u>	(J2)
Current Year School Bus Advertising Revenue Recognized	\$ <u>16,293</u>	(J3)
Family Crisis Transportation Aid	\$ _____	(J4)
Total Adjustments [(H)+(I)+(J1)+(J2)+ (J3)]	\$ <u>229,954</u>	(K)

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

*** Amount must agree to the June 30, 2019, CAFR and the sum of the two lines must agree to Audit Summary Worksheet Line 90030.

**** Amount for Other Reserved Fund Balances must be detailed for each source. Use in the excess surplus calculation of any legal reserve that is not state mandated or that is not legally imposed by 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	\$ _____	
Sale/lease-back reserve	\$ _____	
Capital reserve	\$ _____	
Maintenance reserve	\$ _____	
Emergency reserve	\$ <u>50,000</u>	
Waiver offset reserve - Designated for Subsequent Year	\$ _____	
Tuition reserve	\$ _____	
School bus advertising 50% fuel offset reserve - current year	\$ <u>9,674</u>	
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	\$ <u>59,674</u>	(C4)

**GLASSBORO SCHOOL DISTRICT
BOARD OF EDUCATION
PURSUANT TO NJSA 18A:23-4
AUDIT RECOMMENDATIONS SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Recommendations:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting, and Reporting

None

3. School Purchasing Programs

Finding 2019-001: Purchase orders should be reviewed for proper classification at June 30 as accounts payable or reserve for encumbrances based upon whether the goods have been received or the services rendered

4. School Food Service

Finding 2019-002: A general ledger be maintained that contains all receipts and disbursements as well as journal entries for receivables and payable. Bank accounts should be reconciled to the cash balance in the general ledger on a monthly basis.

Finding 2019-003: All fixed assets over the capitalization threshold be recorded in the Fixed Asset records maintained for the Food Service Program.

Finding 2019-004: Management ensure that all reimbursement request are filed on a timely basis and the corresponding reimbursements are received.

5. Student Body Activities

None

6. Application for State School Aid

None

7. Pupil Transportation

None

8. Facilities and Capital Assets

None

9. Miscellaneous

Finding 2019-005: The District implement procedures to ensure compliance with NJAC 6A:23A-5.2(a)3 in regard to excess legal costs.

Finding 2019-006: Management ensure that all required principal and interest payments be included in the adopted debt service budget.

10. Status of Prior Year Audit Findings/Recommendations

Not Applicable