

KEANSBURG SCHOOL DISTRICT

Keansburg, New Jersey
County of Monmouth

**Auditor's Management Report on Administrative Findings -
Financial, Compliance and Performance
YEAR ENDED JUNE 30, 2019**

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

TABLE OF CONTENTS

	PAGE
Report of Independent Auditors - Auditor's Management Report on Administrative Findings, Financial Compliance and Performance	1
Scope of Audit	3
Administrative Practices and Procedures:	
Insurance	3
Official Bonds	3
Tuition Charges	3
Financial Planning, Accounting and Reporting:	
Examination of Claims	3
Payroll Account	3
Employee Position Control Roster	4
Reserve for Encumbrances and Accounts Payable	4
Classification of Expenditures	4
Board Secretary's Records	4
Treasurer's Records	4
Elementary & Secondary School Education Act (E.S.E.A.), as amended by the Improving America's Schools Act of 1994 (I.A.S.A.)	4
T.P.A.F. Reimbursement	4
T.P.A.F. Reimbursement as the State for Federal Salary Expenditures	4
School Purchasing Programs:	
Contracts & Agreements Requiring Advertisement for Bids	5
School Food Service	5
Student Body Activities	6
Application for State School Aid (ASSA)	6
Pupil Transportation	7
Facilities and Capital Assets	7
Miscellaneous	7
Follow-up on Prior Year Findings	7
Office of Fiscal Accountability and Compliance (OFAC) Findings	7
Acknowledgment	7
Additional Information:	
Schedule of Audited Enrollments	11
Excess Surplus Calculation	15
Audit Recommendations Summary	18



HOLMAN | FRENIA
ALLISON, P.C.

Certified Public Accountants & Consultants

680 Hooper Avenue, Bldg B, Toms River, NJ 08753 • Tel: 732.797.1333
618 Stokes Road, Medford, NJ 08055 • Tel: 609.953.0612
912 Highway 33, Suite 2, Freehold, NJ 07728 • Tel: 732.409.0800
194 East Bergen Place, Red Bank, NJ 07701 • Tel: 732.747.0010

www.hfacpas.com

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

Honorable President and Members
of the Board of Education
Keansburg School District
County of Monmouth
Keansburg, New Jersey 07734

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 Keansburg Public School District in the County of Monmouth for the year ended June 30, 2019, and have issued our report thereon dated December 16, 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 Keansburg Public School District'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,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison
Certified Public Accountant
Public School Accountant, No. 897

Freehold, New Jersey
December 16, 2019

This page intentionally left blank

**ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE**

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator, 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 School 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>
Daniel Castles	Board Secretary/School Business Administrator	\$ 257,000.00

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were less than estimated costs. The School District made a proper adjustment to the billings to sending districts for the decrease in per pupil cost in accordance with *N.J.A.C.6A:23A-17.1(f)3*.

Financial Planning, Accounting and Reporting

Examination of Claims

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

Finding 2019-002:

The district's bank reconciliations did not accurately reflect the activity and were not filed timely.

Payroll Account

The net salaries of sampled employees of the board were deposited in the Payroll Account. Employee's payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

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

Sampled salary withholdings were promptly remitted to the proper agencies, including health benefits premium amounts withheld due to the general fund.

Payrolls were delivered to the School Business Administrator/Board Secretary who then deposited with warrants in separate bank accounts for net payroll and withholdings.

Finding 2019-005:

The payroll agency fund had a deficit in Cash.

Employee Position Control Roster

A sample inquiry and subsequent review of the Position Control Roster found no inconsistencies between the payroll records, employee benefit records (e.g. pension reports and health benefit coverage reports), the general ledger accounts to where wages are posted (administrative versus instruction), and the Position Control Roster.

Reserve for Encumbrances and Accounts Payable

A sample of outstanding issued purchase orders was made as of June 30 for proper classification of orders as reserve for encumbrances and accounts payable. No exceptions were noted.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23 A-16.29(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of a sample of 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% 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 were found to be in unsatisfactory condition.

Finding 2019-004:

The monthly and year to date 10% transfer report were not submitted to the Executive County Superintendent. Certain transfers which exceeded the maximum allowed were not submitted to the County of approval.

Treasurer's Records

Our review of the financial and accounting records maintained by the Treasurer of School Monies were found to be in satisfactory condition.

Elementary and Secondary Education Act (E.S.E.A.)/Improving America's Schools Act (I.A.S.A.) as Reauthorized by the No Child Left Behind Act of 2001.

The E.S.E.A. / N.C.L.B. 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 and III of the Elementary and Secondary Education Act as amended and reauthorized.

T.P.A.F. Reimbursement

Our audit procedures included a sample test of the biweekly reimbursements forms filed with the Department of Education for 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 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

N.J.S.A.18A:18A-1 et seq. (Public School Contracts Law), the associated rules and related information on the statute, and school contracts in general is available on the website: <http://www.state.nj.us/dca/divisions/dlgs/programs/lpcl.html>

Current statute is posted on the New Jersey Legislature website at: http://lis.njleg.state.nj.us/cgi-bin/om_isapi.dll?clientID=1319801&depth=2&expandheadings=off&headingswithhits=on&infobase=statutes.nfo&softpage=TOC_Frame_Pg42

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 2018-19.

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 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.

Based on the results of our tests on sample basis, we 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.

School Food Service

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

Cash receipts and bank records were reviewed on a sample basis for timely deposit.

The district utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with N.J.S.A. 18A:17- 34, and 19-1 through 19-4.1. Provisions of the FSMC contract/addendum were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will return a profit of at least \$10,000.00. The operating results provision has has been met.

Expenditures should be separately recorded as food, labor and other costs. Vendor invoices were reviewed on sample basis 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 on a sample basis and labor costs verified. On a sample basis, payroll records were maintained on school food services employees authorized by the board of education/board of trustees. No exceptions were noted.

School Food Service (Continued)

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 on sample basis 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. Sites approved to participate in Provisions I and II were examined for compliance with all counting and claiming requirements. 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 Net Position (CAFR Schedule B-5) does separate program and non-program revenue and program and non-program cost of goods sold.

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 2019-003:

During our analysis of the financial statements we noted a continuous deficit in Food Service Fund Net Position.

Student Body Activities

Our review of the financial and accounting records for student activities indicated they were in unsatisfactory condition.

Finding 2019-001:

(N.J.A.C. 6A:23A-16.12) states that "All receipts and disbursements should have proper supporting documentation."

Application for State School Aid (ASSA)

Our audit procedures included a sample 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, and bilingual. We also performed a review on a sample basis of the School District's procedures related to its completion. The information on the ASSA was compared to the School District workpapers without exception. The information that was included on the workpapers was verified without exception. The results of our procedures are presented in the Schedule of Audited Enrollments

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

The School District written procedures appear to be adequate for the recording of student enrollment data.

Pupil Transportation

Our audit procedures included a sample 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 without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a sample of transportation contracts and purchases. Based on our sample, the School 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 sampling of transportation related purchases of goods and services.

Facilities and Capital Assets

Our review of the financial and accounting records for capital assets indicated they were in satisfactory condition.

Miscellaneous

The School District complied with its most recent continuing disclosure agreements in relation to prior year bond issuances.

Follow-up on Prior Year Findings

In accordance with audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, our procedures included a review of all prior year findings reported in the prior year's Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance. There were no prior year findings.

Office of Fiscal Accountability and Compliance (OFAC) Findings

There were no Office of Fiscal Accountability and Compliance (OFAC) audit reports issued during the fiscal year ended June 30, 2019.

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.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison
Certified Public Accountant
Public School Accountant, No. 897

Freehold, New Jersey
December 5, 2019

This page intentionally left blank

ADDITIONAL INFORMATION

This page intentionally left blank

**KEANSBURG SCHOOL DISTRICT
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		Reported on 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 Errors			
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared		
Half Day Preschool - 3 Yrs	77	-	77	-	-	-	13	-	13	-	-	-	-	-	-	-	-	-	-	
Half Day Preschool - 4 Yrs	84	-	84	-	-	-	14	-	14	-	-	-	-	-	-	-	-	-	-	
Full Day Kindergarten	108	-	108	-	-	-	18	-	18	-	-	-	-	-	-	-	-	-	-	
One	115	-	115	-	-	-	20	-	20	-	-	-	-	-	-	-	-	-	-	
Two	84	-	84	-	-	-	14	-	14	-	-	-	-	-	-	-	-	-	-	
Three	107	-	107	-	-	-	18	-	18	-	-	-	-	-	-	-	-	-	-	
Four	64	-	64	-	-	-	11	-	11	-	-	-	-	-	-	-	-	-	-	
Five	91	-	91	-	-	-	15	-	15	-	-	-	-	-	-	-	-	-	-	
Six	84	-	84	-	-	-	14	-	14	-	-	-	-	-	-	-	-	-	-	
Seven	98	-	98	-	-	-	17	-	17	-	-	-	-	-	-	-	-	-	-	
Eight	78	-	78	-	-	-	13	-	13	-	-	-	-	-	-	-	-	-	-	
Nine	62	-	62	-	-	-	11	-	11	-	-	-	-	-	-	-	-	-	-	
Ten	66	-	66	-	-	-	11	-	11	-	-	-	-	-	-	-	-	-	-	
Eleven	65	6	65	6	-	-	11	1	11	1	-	-	-	-	-	-	-	-	-	
Twelve	68	7	68	7	-	-	12	1	12	1	-	-	-	-	-	-	-	-	-	
Subtotal	1,251	13	1,251	13	-	-	212	2	212	2	-	-	-	-	-	-	-	-	-	
Special Ed - Elementary	139	-	139	-	-	-	24	-	24	-	-	-	-	-	8	7	-	-	-	
Special Ed - Middle School	86	-	86	-	-	-	15	-	15	-	-	-	-	-	9	8	-	-	-	
Special Ed - Middle School	91	23	91	23	-	-	15	4	15	4	-	-	-	-	13	11	-	-	-	
Subtotal	316	23	316	23	-	-	54	4	54	4	-	-	-	-	30	26	-	-	-	
Totals	1,567	36	1,567	36	-	-	266	6	266	6	-	-	-	-	30	26	-	-	-	
Percentage Error					0%						0%									0%

KEANSBURG SCHOOL DISTRICT
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			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 LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Kindergarten	62	62	-	19	19	-	1	1	-	1	1	-
One	61	61	-	19	19	-	5	5	-	4	4	-
Two	44	44	-	14	14	-	2	2	-	2	2	-
Three	66	66	-	20	20	-	3	3	-	3	3	-
Four	38	38	-	12	12	-	2	2	-	2	2	-
Five	48	48	-	15	15	-	1	1	-	1	1	-
Six	45	45	-	14	14	-	1	1	-	1	1	-
Seven	50	50	-	15	15	-	-	-	-	-	-	-
Eight	34	34	-	11	11	-	-	-	-	-	-	-
Nine	23	23	-	7	7	-	-	-	-	-	-	-
Ten	25	25	-	8	8	-	-	-	-	-	-	-
Eleven	25	25	-	8	8	-	-	-	-	-	-	-
Twelve	28	28	-	9	9	-	-	-	-	-	-	-
Subtotal	549	549	-	171	171	-	15	15	-	14	14	-
Special Ed - Elementary	96	96	-	30	30	-	3	3	-	3	3	-
Special Ed - Middle School	56	56	-	17	17	-	1	1	-	1	1	-
Special Ed - High School	50	50	-	15	15	-	-	-	-	-	-	-
Subtotal	202	202	-	62	62	-	4	4	-	4	4	-
Totals	751	751	-	233	233	-	19	19	-	18	18	-
Percentage Error			-			-			-			-

Transportation

	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools, col. 1	46.0	46.0	-	29.0	29.0	-
Reg. - Sp Ed, col. 4	18.0	18.0	-	11.0	11.0	-
Special Ed Spec, col. 6	94.0	94.0	-	58.0	58.0	-
Totals	158.0	158.0	-	98.0	98.0	-
Percentage Error			-			0.00%

KEANSBURG SCHOOL DISTRICT
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		
Reported on	Reported on			Sample	Verified to	Sample
A.S.S.A as	Workpapers			Selected from	Test Score	Errors
LEP Not Low	LEP Not Low	Errors		Workpapers	and Register	
Income	Income					
Full Day Kindergarten						
One	1.0	-	1.0	1.0	1.0	-
Three	3.0	-	3.0	3.0	3.0	-
Five	2.0	-	2.0	2.0	2.0	-
Six	1.0	-	1.0	1.0	1.0	-
Seven	1.0	-	1.0	1.0	1.0	-
Eight	2.0	-	2.0	2.0	2.0	-
Ten	2.0	-	2.0	2.0	2.0	-
Twelve	3.0	-	3.0	3.0	3.0	-
Subtotal	16.0	-	16.0	16.0	16.0	-
Special Ed - Elementary	4.0	-	4.0	3.0	3.0	-
Special Ed - Middle School	1.0	-	1.0	1.0	1.0	-
Subtotal	5.0	-	5.0	4.0	4.0	-
Totals	21.0	-	21.0	20.0	20.0	-
Percentage Error		-				-

This page intentionally left blank

EXCESS SURPLUS CALCULATION

SECTION 1

A. 2% Calculation of Excess Surplus

2018-2019 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ <u>40,748,418.80</u> (A)
Increased by:	
Transfer from Capital Outlay to Capital Projects	\$ <u>-</u> (A1a)
Transfer from Capital Reserve to Capital Projects	\$ <u>-</u> (A1a)
Transfer from General Fund to SRF for Preschool	\$ <u>-</u> (A1a)
Less: Expenditures Allocated to Restricted Federal Resources as Reported on Exhibit D-2	\$ <u>650,000.00</u> (A1b)
 2018-2019 Adjusted General Fund & Other State Expenditures {(A)-(A1)}	 \$ <u>40,098,418.80</u> (A2)
Decreased by:	
On-Behalf TPAF Pension & Social Security	\$ <u>5,978,671.43</u> (A3)
Assets Acquired Under Capital Leases:	
General Fund 2019 Assets Acquired Under Capital Leases reported on Exhibit C-1a	\$ <u>-</u> (A4)
 Add: General Fund & State Resources Portion of Fund 15 Assets Acquired Under Capital Leases:	
Assets Acquired Under Capital Leases in Fund 15 Reported on Exhibit C-1a	\$ <u>-</u> (A5)
 Combined General Fund Contribution & State Resources Percent of Fund 15 Resources Reported on Exhibit D-2	 <u>96.53%</u> (A6)
 General Fund & State Resources Portion of Fund 15 Assets Acquired Under Capital Leases [(A5)*(A6)]	 \$ <u>-</u> (A7)
 Total Assets Acquired Under Capital Leases [(A4)+(A7)]	 \$ <u>-</u> (A8)
 2018-2019 General Fund Expenditures [(A-2)-(A-3)-(A-8)]	 \$ <u>34,119,747.37</u> (A9)
 2% of Adjusted 2018-2019 General Fund Expenditures [(A9) times .02]	 \$ <u>682,394.95</u> (A10)
 Enter Greater of (A10) or \$250,000	 \$ <u>682,394.95</u> (A11)
 Increased by: Allowable Adjustment *	 \$ <u>333,707.00</u> (K)
 Maximum Unassigned Fund Balance [(A11)+(K)]	 \$ <u><u>1,016,101.95</u></u> (M)

EXCESS SURPLUS CALCULATION (continued):

SECTION 2:

Total General Fund - Fund Balances @ 06/30/2019 (Per CAFR Budgetary Comparison Schedule C-1)	\$ <u>2,303,298.06</u> (C)
Decreased by:	
Year-End Encumbrances	\$ <u>17,990.12</u> (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ <u>-</u> (C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ <u>434,687.33</u> (C3)
Other Restricted Fund Balances ****	\$ <u>500,000.00</u> (C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	\$ <u>221,761.67</u> (C5)
 Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]	 \$ <u>1,128,858.94</u> (U)

SECTION 3

Restricted Fund Balance - Excess Surplus *** {(U)-(M)} IF NEGATIVE ENTER -0-	\$ <u>112,756.99</u> (E)
Restricted Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ <u>434,687.33</u> (C3)
Restricted Excess Surplus *** {(E)}	\$ <u>112,756.99</u> (E)
 Total [(C3) + (E)]	 \$ <u>547,444.32</u> (D)

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, effective for the year ending June 30, 2016 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 Transportation Aid;

(J3) Recognized current year School Bus Advertising Revenue; and

(J4) 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 Additional Nonpublic School Transportation Aid.

Detail of Allowable Adjustments

Impact Aid	\$ <u>-</u> (H)
Sale & Lease-back	\$ <u>-</u> (I)
Extraordinary Aid	\$ <u>333,707.00</u> (J1)
Additional Nonpublic School Transportation Aid	\$ <u>-</u> (J2)
Current Year School Bus Advertising Revenue Recognized	\$ <u>-</u> (J3)
Family Crisis Transportation Aid	\$ <u>-</u> (J4)
 Total Adjustments {(H)+(I)+J1)+(J2)+(J3)}	 \$ <u>333,707.00</u> (K)

EXCESS SURPLUS CALCULATION (continued):

SECTION 3 (continued):

- ** This amount represents the June 30, 2019 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.
- *** Amount entered must agree with the June 30, 2019 CAFR and Audit Summary Worksheet 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 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 Reserved Fund Balance

Statutory Restrictions:

Approved Unspent Separate Proposal	\$ <u> -</u>
Sale/Lease-Back Reserve	\$ <u> -</u>
Capital Reserve	\$ <u> -</u>
Maintenance Reserve	\$ <u> 500,000.00</u>
Emergency Reserve	\$ <u> -</u>
Tuition Reserve	\$ <u> -</u>
School Bus Advertising 50% Fuel Offset Reserve - current year	\$ <u> -</u>
School Bus Advertising 50% Fuel Offset Reserve - prior year	\$ <u> -</u>
Impact Aid General Fund Reserve (Sections 8002 and 8003)	\$ <u> -</u>
Impact Aid Capital Fund Reserve (Sections 8007 and 8008)	\$ <u> -</u>
Other State/Government Mandated Reserve	\$ <u> -</u>
Other Restricted/Reserved Fund Balance Not Noted Above ****	\$ <u> -</u>
 Total Other Restricted/Reserved Fund Balance	 \$ <u> 500,000.00</u> (C4)

**KEANSBURG SCHOOL DISTRICT
AUDIT RECOMMENDATIONS SUMMARY
YEAR ENDED JUNE 30, 2019**

SCHOOL DISTRICT

Recommendations:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

2019-002: The district's bank reconciliations did not accurately reflect the activity and were not filed timely.

2019-004: The monthly and year to date 10% transfer report were not submitted to the Executive County Superintendent Certain transfers which exceeded the maximum allowed were not submitted to the County of approval.

2019-005: The payroll agency fund had a deficit in Cash.

3. School Purchasing Programs

None

4. School Food Service

2019-003: During our analysis of the financial statements we noted a continuous deficit in Food Service Fund Net Position.

5. Student Body Activities

2019-001: (N.J.A.C. 6A:23A-16.12) states that "All receipts and disbursements should have proper supporting documentation."

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

No Prior Year Audit Findings/Recommendations