

**BOARD OF EDUCATION**  
**SCHOOL DISTRICT OF**  
**PENNSVILLE TOWNSHIP**  
**COUNTY OF SALEM**  
**AUDITOR'S MANAGEMENT REPORT ON**  
**ADMINISTRATIVE FINDINGS -**  
**FINANCIAL, COMPLIANCE AND PERFORMANCE**  
**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2019**

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## REPORT OF INDEPENDENT AUDITORS

Honorable President and  
Members of the Board of Education  
Pennsville Township School District  
30 Church Street  
Pennsville, New Jersey 08070

We have audited, in accordance with generally accepted auditing 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 Pennsville Township School District in the County of Salem for the year ended June 30, 2019, and have issued our report thereon dated November 18, 2019.

As part of our audit, we performed procedures required by the Division of Administration and Finance, 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 issued in conjunction with the Comprehensive Annual Financial report of the Board of Education of the Pennsville Township School District, for the fiscal year ending June 30, 2019 and is intended for the information of the 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,

**NIGHTLINGER, COLAVITA & VOLPA, P.A.**



Raymond Colavita, C.P.A., R.M.A.  
Licensed Public School Accountant  
No. 915  
November 18, 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 Financial Services Coordinator, District personnel entrusted with duties formally under the auspices of the Treasurer of School Monies, the activities of the School District, 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>
Heather Mayhew	School Business Administrator/ Board Secretary	\$ 250,000
John Willadsen	Treasurer	\$ 250,000

**Tuition Charges**

A comparison of tentative tuition charges and actual certified tuition charges was made and the actual costs were different than the estimated costs. The Board appeared to make proper adjustment to the billings to sending districts for the adjustments in per pupil costs in accordance with **N.J.A.C. 6A:23A-17.1(f) 3**.

**District Internal Control Policies**

District boards of education and administration are responsible for developing internal controls policies and procedures and maintaining a strong internal control environment. NJAC 6A:23A-6.4 requires that the district's internal control policies include specific requirements at NJAC 6A:23A-6.5 through 6.13.

Internal Control Policies were found in accordance with NJAC 6A:23A-6.5 through 6.13.

**Examination of Claims**

An examination of claims paid during the period under review did not indicate any material discrepancies with respect to signatures, certification, itemization and other documentation.

## **Financial Planning, Accounting, and Reporting**

### **Payroll Account and Employee Control Roster**

The net salaries of all employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

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

Salary withholdings were promptly remitted to the proper agencies, including health benefit premium withholdings due to the general fund. In addition, we did not identify any instance of noncompliance with the provisions covering the flexible spending account.

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

An inquiry and subsequent review of the Position Control Roster did not find any discrepancies between the payroll records, employee benefit records, the general ledger accounts to where wages are posted, and the Position Control Roster.

### **Reserve for Encumbrances and Accounts Payable**

A review of outstanding issued purchase orders was made as of June 30, 2019 for goods not yet received or services not yet rendered, and it was determined that no blanket purchase orders were included in the balance of the reserves for encumbrances. Also, unpaid purchase orders included in the balance of accounts payable were reviewed for propriety and to determine that goods were received and services were rendered as of June 30, 2019.

### **Classification of Expenditures**

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3. As a result of the procedures performed, no transaction errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

- A. **General Classification Findings** - NONE
- B. **Administrative Classification Findings** - NONE

### **Board Secretary's Records**

The financial records and board minutes of the Board Secretary were found to be in satisfactory condition.

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

## Financial Planning, Accounting and Reporting (Cont'd)

### Board Secretary's Records (Cont'd)

Purchase orders were found to be charged to the appropriate line item accounts in accordance with the State prescribed Uniform Minimum Chart of Accounts (2R2) for New Jersey Public Schools.

Monthly financial certifications of the Board Secretary and Board of Education for positive line item account status certification (**N.J.A.C. 6:20-2.13**) were approved monthly. Budgetary line item account transfers were approved monthly to cover any anticipated deficits.

### Treasurer's Records

Board Secretary personnel performed cash reconciliations for the general operating account, payroll account and payroll agency account per **N.J.S.A. 18A:17-9**.

Cash receipts appeared to be deposited promptly.

The Treasury records were in agreement with the records of the Board Secretary.

The Treasury reports were filed in a timely manner.

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

The E.S.E.A. financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the projects under Titles I, II-A, and IV of the Elementary and Secondary Education Act as amended and reauthorized.

Our audit of the E.S.E.A. 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 study of compliance for E.S.E.A. indicated that all E.S.E.A. programs were in compliance.

### 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 and labeled as Exhibits K-3 and K-4. 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 special projects indicated no areas of noncompliance and/or questionable costs.

### **T.P.A.F. Reimbursement**

Our audit procedures included a test of the biweekly reimbursement forms filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

### **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 60 day grant liquidation period required by the Office of Grants Management. The District does not have employees paid from federal awards.

### **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 are available on the website: <http://www.state.nj.us/dca/divisions/dlgs/programs/lpcl.html>.

The 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](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 currently \$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 fiscal 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.

In as much as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, 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, 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 provisions of N.J.S.A. 18A:18A-4 as amended.

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

## **School Purchasing Programs (Cont'd)**

### **Contracts and Agreements Requiring Advertisement for Bids (Cont'd)**

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 not reveal any exceptions, with regard to purchases from vendors approved for state contract.

The review of contracts and agreements did not disclose any areas of statutory noncompliance.

Although a particular contract is exempt from the formal requirements of public advertising and competitive bidding, N.J.S.A. 18A:18A-37 requires that quotations be obtained, whenever practical, for any contract less than the bid threshold but 15% or more of that amount, except for contracts for professional services. All contracts and agreements, which are subject to quotations, shall be awarded on the basis of the lowest responsible quotation received, which is most advantageous to the Board of Education, price and other factors considered. Our examination indicated that the Board of Education complied with these provisions.

### **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. No exceptions noted.

Cash and bank records were reviewed for timely deposit.

The district utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with *N.J.S.A. 18A:17-34*, and 19-1 through 19-4.1. Provisions of the FSMC Cost Reimbursable contract/addendum were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will break even. The operating results provision has been met. All vendor discounts, rebates and credits from vendors and/or the FSMC were tracked and credited to the Food Service Account and reconciled to supporting documentation at least annually. No exceptions noted.

Expenditures should be 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 costs of food and supplies used. No exceptions were noted.

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. No exceptions were noted.

Net cash resources did not exceed three months average expenditures.



### **School Food Service (Cont'd)**

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.

### ***Finding 2019-1***

Meals claimed did not agree with meal count records resulting in an underclaim, as detailed on the Schedule of Meal Count Activity.

### ***Recommendation***

Prior to submitting reimbursement claims to the New Jersey Department of Agriculture, the meals claimed should be verified to the meal count activity records and Edit Check Worksheets.

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. 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. No exceptions were noted.

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.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Section G of the **CAFR**.

### **Student Body Activities**

Cash receipts and disbursements journals were maintained in good condition and reconciled to the monthly bank statements. Deposits were traceable to the bank and made on a timely basis. Expenditures were supported by invoices and other documentation.

### **Internal Service Funds**

Cash receipts and disbursements journals were maintained in good condition and reconciled to the monthly bank statements. Deposits were traceable to the bank and made on a timely basis. Expenditures were supported by invoices and other documentation.

### **Application for State School Aid**

Our audit procedures included a test of the information reported in the October 15, 2018 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, and low-income. We also performed a review of the district procedures related to its completion. The information on the A.S.S.A was compared to the district workpapers. The information that was included on the workpapers was verified with one exception, as shown on the Schedule of Audited Enrollments.

### **Pupil Transportation**

Our audit procedures included a test of on roll status reported in the 2018-19 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with the exception of three students being listed as ALL non-public. Two of the students had moved before the beginning of the school year and one student who did not attend according to the CSA of that non-public school. The County Summary was also verified to the District's DRTRS Eligibility Summary Report. 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. Bid specifications were in compliance with applicable statutes. No exceptions were noted in our review of transportation related purchases of goods and services, as well as for any purchase of buses.

### **Facilities and Capital Assets**

As part of the GASB 34 reporting format, fixed assets are recorded in accordance with GAAP, including a provision for depreciation expense. Our procedures included a review of the NJSDA grant agreements, if any, for consistency with recording SDA revenue, transfer of local funds from the general fund or from the capital reserve account, and awarding of contracts for eligible facilities construction. In the 2016-17 School Year, the District opened three new capital projects for various improvements, replacement of the fire alarm system, and replacement of windows and transom. The District entered into two NJSDA grant agreements and issued bonds to finance the projects described above. The District expects all of the ongoing projects to be completed in the 2019-20 school year.

### ***Finding 2019-2***

The fixed assets report, as maintained by the District, was not updated in a timely manner, with respect to current year additions, deletions and depreciation.

### ***Recommendation***

Procedures to identify and record current year additions, deletions and depreciation should be reviewed and revised, in order to assure the fixed assets report is updated and available for audit in a timely manner.

**Facilities and Capital Assets (Cont'd)**

***Finding 2019-3***

The Capital Projects Fund contained several expenditures that should have been charged to the Capital Outlay section of the General Fund, thus requiring an audit adjustment.

***Recommendation***

Procedures to record capital expenditures should be evaluated and enhanced, in order to assure the Capital Projects Budget and the General Fund-Capital Outlay Budget are charged appropriately.

**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 test results were put on the district's website as well as being available at the school facility.

**Follow-up on Prior Year Findings**

In accordance with government auditing standards, our procedures included a review of all prior year recommendations. There were no 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 each member of our audit team.

Respectfully submitted,

**NIGHTLINGER, COLAVITA & VOLPA, P.A.**



Raymond Colavita, C.P.A., R.M.A.  
Licensed Public School Accountant  
No. 915

**SCHEDULE OF AUDITED ENROLLMENTS**

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT  
APPLICATION OR 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				
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Private Schools	Sample for Verification	Sample Verified	Sample Errors	
Half Day Preschool 3 Years Old	2		2														
Half Day Preschool 4 Years Old	20		20		0			3		3							
Full Day Kindergarten	105		105		0			17		17							
One	121		121		0			20		20							
Two	114		114		0			19		19							
Three	99		100		1			16		16							
Four	101		101		0			16		16							
Five	105		105		0			17		17							
Six	122		122		0			20		20							
Seven	95		95		0			15		15							
Eight	117		117		0			19		19							
Nine	100		100		0			16		16							
Ten	84		84		0			14		14							
Eleven	80	1	80	1	0			13		13							
Twelve	97	1	97	1	0			16	0	16	0						
Post-Graduate Adult H.S. (15+CR.) Adult H.S. (1-14 CR.)																	
Subtotal	1,362	2	1,363	2	1	0		221	0	221	0	0	0	0	0	0	0
Special Ed - Elementary	147		147					24		24			3	2	2		
Special Ed - Middle	75		73					12		12							
Special Ed - High	72	13	75	13				12	2	12	2		6	3	3		
Subtotal	294	13	295	13	0	0		48	2	48	2	0	9	5	5	0	0
Totals	1,656	15	1,658	15	1	0		269	2	269	2	0	9	5	5	0	0
Percentage Error	<u>0.06%</u>						<u>0.00%</u>										

**SCHEDULE OF AUDITED ENROLLMENTS**

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT  
APPLICATION OR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2018**

	<u>Resident Low Income</u>			<u>Sample for Verification</u>			<u>Resident LEP Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported On A.S.S.A. as Low Income</u>	<u>Reported On Workpapers as Low Income</u>	<u>Errors</u>	<u>Sample Selected From Workpapers</u>	<u>Verified to Application and Register</u>	<u>Sample Errors</u>	<u>Reported on A.S.S.A. as LEP Low Income</u>	<u>Reported on Workpapers as LEP Low Income</u>	<u>Errors</u>	<u>Sample Selected From Workpapers</u>	<u>Verified to Test Score and Register</u>	<u>Sample Errors</u>
Half Day Preschool												
Full Day Kindergarten	36	36		12	12		4	4		3	3	
One	40	40		13	13		4	4		3	3	
Two	47	47		16	16		2	2		1	1	
Three	29	29		10	10							
Four	34	34		11	11							
Five	28	28		9	9		1	1		1	1	
Six	45	45		15	15		2	2		2	2	
Seven	27	27		9	9		2	2		2	2	
Eight	40	40		13	13							
Nine	32	32		11	11		2	2		2	2	
Ten	18	18		6	6		1	1		1	1	
Eleven	23	23		8	8							
Twelve	15	15		5	5							
Post Graduate												
Adult H.S. (15+CR.)												
Adult H.S. (1-14 CR.)												
Subtotal	414	414	0	138	138	0	18	18	0	15	15	0
Special Ed - Elementary	85	85		29	29		4	4		3	3	
Special Ed - Middle	39	39		13	13		2	2		2	2	
Special Ed - High	47	47		16	16		3	3		2	2	
Subtotal	171	171	0	58	58	0	9	9	0	7	7	0
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Totals	585	585	0	196	196	0	27	27	0	22	22	0
Percentage Error			0.00%			0.00%			0.00%			0.00%

**TRANSPORTATION**

	<u>Reported on DRTRS by DOE/County</u>	<u>Reported on DRTRS by District</u>	<u>Errors</u>	<u>Tested</u>	<u>Verified</u>	<u>Errors</u>	<u>Reported</u>	<u>Re-Calculated</u>
	Reg. - Public Schools	448						
Aid In Lieu - Non-Public Transported - Non-Public	10	10		5	2	3		
Reg. - Special Ed.	88	88		27	27			
Special Needs - Public	85	85		27	27			
Totals	631	631	0	199	196	3		
Percentage Error			0.00%			1.51%		

	<u>Reported</u>	<u>Re-Calculated</u>
Avg. Mileage - Regular Including Grade PK students	4.5	
Avg. Mileage - Regular Excluding Grade PK students	4.5	
Avg. Mileage - Special Ed with Special Needs	11.5	

SCHEDULE OF AUDITED ENROLLMENTS

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT**  
**APPLICATION OR STATE SCHOOL AID SUMMARY**  
**ENROLLMENT AS OF OCTOBER 15, 2018**

	<u>Resident LEP NOT Low Income</u>			<u>Sample for Verification</u>		
	<u>Report On A.S.S.A. as NOT Low Income</u>	<u>Report On Workpapers as NOT Low Income</u>	<u>Errors</u>	<u>Sample Selected From Workpapers</u>	<u>Verified to Application and Register</u>	<u>Sample Errors</u>
Half Day Preschool						
Full Day Kindergarten						
One	1	1		1	1	
Two	1	1		1	1	
Three	2	2		1	1	
Four						
Five						
Six	1	1		1	1	
Seven						
Eight	1	1		1	1	
Nine						
Ten						
Eleven						
Twelve						
Post Graduate						
Adult H.S. (15+CR.)						
Adult H.S. (1-14 CR.)						
Subtotal	6	6	0	5	5	0
Special Ed - Elementary	1	1		1	1	
Special Ed - Middle						
Special Ed - High	1	1		1	1	
Subtotal	2	2	0	2	2	0
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	8	8	0	7	7	0

Percentage Error

0.00%

0.00%

**SCHEDULE OF MEAL COUNT ACTIVITY**  
**PENNSVILLE TOWNSHIP SCHOOL DISTRICT**  
**FOOD SERVICE FUND**  
**NUMBER OF MEALS/MILKS SERVED AND (OVER)/UNDERCLAIM-FEDERAL**  
**ENTERPRISE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<u>PROGRAM</u>	<u>MEAL CATEGORY</u>	<u>MEALS CLAIMED</u>	<u>MEALS TESTED</u>	<u>MEALS VERIFIED</u>	<u>DIFFERENCE</u>	<u>RATE</u>	<u>(OVER) UNDER CLAIM (b)</u>
National School Lunch (Severe Need Rate)	Paid	55,957	55,957	55,949	(8)	\$ 0.31	\$ (2.48)
	Reduced	13,532	13,532	13,541	9	2.91	26.19
	Free	58,751	58,751	58,747	(4)	3.31	(13.24)
	TOTAL	<u>128,240</u>	<u>128,240</u>	<u>128,237</u>	(3)		<u>10.47</u>
National School Lunch	HHFKA - PB Lunch Only	<u>128,240</u>	<u>128,240</u>	<u>128,237</u>	(3)	0.06	<u>(0.18)</u>
School Breakfast (Severe Need Rate)	Paid	9,116	9,116	9,116		0.31	
	Reduced	2,754	2,754	2,753	(1)	1.84	(1.84)
	Free	17,541	17,541	17,542	1	2.14	2.14
	TOTAL	<u>29,411</u>	<u>29,411</u>	<u>29,411</u>			<u>0.30</u>
After School Snack	Paid	2,537	2,537	2,613	76	0.08	6.08
	Reduced	222	222	228	6	0.45	2.70
	Free	1,263	1,263	1,281	18	0.91	16.38
							<u>25.16</u>
<b>Total Net Under Claim</b>							<b>\$ <u>35.75</u></b>

SCHEDULE OF MEAL COUNT ACTIVITY

PENNSVILLE TOWNSHIP SCHOOL DISTRICT

FOOD SERVICE FUND

NUMBER OF MEALS/MILKS SERVED AND (OVER)/UNDERCLAIM-STATE

ENTERPRISE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

<u>PROGRAM</u>	<u>MEAL CATEGORY</u>	<u>MEALS CLAIMED</u>	<u>MEALS TESTED</u>	<u>MEALS VERIFIED</u>	<u>DIFFERENCE</u>	<u>RATE</u>	<u>(OVER) UNDER CLAIM</u>
State Reimbursement - National School Lunch (Regular Rate)							
	Paid	55,957	55,957	55,949	(8)	\$ 0.050	\$ (0.40)
	Reduced	13,532	13,532	13,541	9	0.055	0.50
	Free	58,751	58,751	58,747	(4)	0.055	(0.22)
	TOTAL	<u>128,240</u>	<u>128,240</u>	<u>128,237</u>			
	<b>Total Net Overclaim</b>						<u>\$ (0.13)</u>



**NET CASH RESOURCE SCHEDULE**

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

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT**

<u>Net Cash Resources:</u>		Food Service B - 4/5	
<b>CAFR</b>	*	<b>Current Assets</b>	
B-4		Cash & Cash Equiv.	
B-4		Due from Other Gov'ts	57,890
B-4		Accounts Receivable	12,092.00
B-4		Investments	
<b>CAFR</b>		<b>Current Liabilities</b>	
B-4		Less Accounts Payable	
B-4		Less Accruals	
B-4		Less Due to Other Funds	(107,098.00)
B-4		Less Deferred Revenue	<u>(18,564.00)</u>
		<b>Net Cash Resources</b>	<b><u>\$ (55,680.00)</u> (A)</b>

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.	687,754.00	
B-5	Less Depreciation	<u>(7,467.00)</u>	
	Adj. Tot. Oper. Exp.	<b><u>\$ 680,287.00</u></b>	<b>(B)</b>

Average Monthly Operating Expense:

B / 10 **\$ 68,028.70** (C)

Three times monthly Average:

3 X C **\$ 204,086.10** (D)

TOTAL IN BOX A	\$	(55,680.00)	
LESS TOTAL IN BOX D	\$	<u>204,086.10</u>	
NET	\$	<b><u>(259,766.10)</u></b>	
From above:			
<b>A is greater than D, cash exceeds 3 X average monthly operating expenses.</b>			
<b>D is greater than A, cash does not exceed 3 X average monthly operating expenses.</b>			

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

SOURCE - USDA resource management comprehensive review form

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT**  
**EXCESS SURPLUS CALCULATION**  
**JUNE 30, 2019**

**SECTION 1**

**A. 2% Calculation of Excess Surplus**

2018-19 Total General Fund Expenditures per the CAFR, Ex. C-1	\$	<u>36,316,267</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		<u>4,469,643</u>	(B2a)	
Assets Acquired Under Capital Leases			(B2b)	
 Adjusted 2018-19 General Fund Expenditures [(B)+(B1s)-(B2s)]		 <u><u>31,846,624</u></u>	 (B3)	
 2% of Adjusted 2018-19 General Fund Expenditures [(B3) times .02]		 <u>636,932</u>	 (B4)	
Enter Greater of (B4) or \$250,000		<u>636,932</u>	(B5)	
Increased by: Allowable Adjustment*		<u>157,172</u>	(K)	
 Maximum Unassigned/Undesignated-Unreserved Fund Balance[(B5)+(K)]				 \$ <u><u>794,104</u></u> (M)

**SECTION 2**

Total General Fund - Fund Balances @ 6-30-19 (Per CAFR Budgetary Comparison Schedule C-1)	\$	<u>1,721,177</u>	(C)	
Decreased by:				
Year-end Encumbrances		<u>104,737</u>	(C1)	
Legally Restricted - Designated for Subsequent Year's Expenditures (Maintenance Reserve)		<u>350,000</u>	(C2)	
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**		<u>77,289</u>	(C3)	
Other Restricted Fund Balances****		<u>152,419</u>	(C4)	
Assigned Fund balance Unreserved - Designated for Subsequent Year's Expenditures		<u>309,147</u>	(C5)	
 Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]				 \$ <u><u>727,585</u></u> (U1)

**SECTION 3**

Restricted Fund Balance- Excess Surplus\*\*\* [(U1)-(M)] IF NEGATIVE ENTER -0- \$ - (E)

**Recapitulation of Excess Surplus as of June 30, 2019**

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures**		77,289	(C3)	
Reserved Excess Surplus ***[(E)]		<u>-</u>	(E)	
 Total Excess Surplus [(C3) + (E)]				 \$ <u><u>77,289</u></u> (D)

**PENNSVILLE TOWNSHIP SCHOOL DISTRICT**  
**EXCESS SURPLUS CALCULATION**

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 & 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.

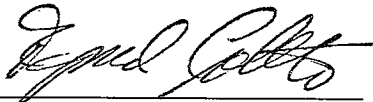
Detail of Allowable Adjustments

Impact Aid	\$ _____	(H)
Sale & Lease-Back	_____	(I)
Extraordinary Aid	_____	(J1)
Additional Nonpublic School Transportation Aid	154,272	(J2)
Current Year School Bus Advertising Revenue Recognized	2,900	(J3)
Family Crisis Transportation Aid	_____	(J4)
Total Adjustments [(H) + (I) + (J1) + (J2) + (J3) + (J4)]	\$ 157,172	(K)

- \*\* This amount represents the June 30, 2019 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.
- \*\*\* Amounts must agree to the June 30, 2019 CAFR and 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	1,169
Maintenance reserve	151,250
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 8007 and 8008)	_____
Impact Aid General Fund Reserve (Sections 8002 and 8003)	_____
Other state/government mandated reserve	_____
[Other Restricted Fund Balance not noted above] ****	_____
Total Other Restricted Fund Balance	\$ 152,419 (C4)



SIGNATURE OF PUBLIC SCHOOL ACCOUNTANT - No. 915

AUDIT RECOMMENDATIONS SUMMARY  
For the Fiscal Year Ended June 30, 2019  
Pennsville Township School District

Recommendations:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

None

3. School Purchasing Programs

None

4. School Food Service

***Finding 2019-1***

***Recommendation***

Prior to submitting reimbursement claims to the New Jersey Department of Agriculture, the meals claimed should be verified to the meal count activity records and Edit Check Worksheets.

5. Student Body Activities

None

6. Application for State School Aid

None

7. Charter School Enrollment System(CHE) (Applicable to audits of charter schools)

None

8. Pupil Transportation

None

AUDIT RECOMMENDATIONS SUMMARY  
For the Fiscal Year Ended June 30, 2019  
Pennsville Township School District

Recommendations (Cont'd):

9. Facilities and Capital Assets

***Finding 2019-2***

***Recommendation***

Procedures to identify and record current year additions, deletions and depreciation should be reviewed and revised, in order to assure the fixed assets report is updated and available for audit in a timely manner.

***Finding 2019-3***

***Recommendation***

Procedures to record capital expenditures should be evaluated and enhanced, in order to assure the Capital Projects Budget and the General Fund-Capital Outlay Budget are charged appropriately.

10. Miscellaneous

None

11. Status of Prior Year Audit Findings/Recommendations

There were no prior year findings.