

**WASHINGTON TOWNSHIP
SCHOOL DISTRICT**

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

June 30, 2019

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

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FORD - SCOTT

& ASSOCIATES, L.L.C.

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Report of Independent Auditors

Honorable President and
Members of the Board of Education
Township of Washington School District
County of Burlington, New Jersey

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 general purpose financial statements of the Board of Education of the Township of Washington School District in the County of Burlington for the year ended June 30, 2019, and have issued our report thereon dated December 6, 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 solely for the information and use of the management of the Township of Washington Board of Education, the New Jersey Department of Education and other state and federal awarding agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Ford, Scott & Associates, L.L.C.

**FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS**

Nancy Sbrolla

**Nancy Sbrolla
Certified Public Accountant
Licensed Public School Accountant
No. 2426**

December 6, 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 bookkeeper, the activities of the Board of Education, the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

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

Official Bonds

Name	Position	Amount
Dawn Stollenwerk	Treasurer	\$ 130,000

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were less than estimated costs. The Board made a proper adjustment to the billings to sending districts for change in per pupil costs in accordance with N.J.A.C. 6A:23-3.1(f)3.

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.

Reserve for Encumbrances and Accounts Payable

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

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with NJAC 6A:23-2.2(f) as part of our test of transactions of randomly selected expenditures items. We also reviewed the coding of all expenditures included in our compliance 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-2.4. As a result of the procedures performed, a transaction error rate of 0% was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

The Board Secretary's records were maintained in satisfactory condition.

Treasurer's Records

The Treasurer's records were maintained in satisfactory condition.

Other Special Federal and/or State Projects

The district did not have any Special Projects during the current year.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

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

- a. When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in a contract year the total sum of \$26,000, the contract may be awarded by a purchasing agent when so authorized by resolution of the board of education without public advertising for bids and bidding therefore, except that the board of education may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. (pending C.40A:11-9) the board of education may establish that the bid threshold may be up to \$40,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to the 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 NJS 18A:18A-2, and shall round the adjustment to the nearest \$1,000. The Governor shall notify all local school districts of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of the year in which it is made. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection a. of NJSA 18A:18A-5 may be awarded for a period not exceeding 12 consecutive months.

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

The board of education may, by resolution approved by a majority of the board of education and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the board of education finds that it has had prior negative experience with the bidder."

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 my examination, I did not note any individual payments, contracts, or agreements made for the performance of any work or goods or services, in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A. 18A:18A-4, as amended.

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

Application for State School Aid

The Washington Township School District is a non-operating district. All resident students are included in the registers of the Mullica Township BOE and Greater Egg Harbor Regional School District. Accordingly, our audit procedures were limited in scope to those related to determining that workpapers were maintained by the district and procedures were followed in accordance with state directives. We found no discrepancies in these areas.

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2018-2019 District Report of Transported 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 review of transportation related contracts and purchases. Based on our review, the district complied with proper bidding procedures and award of contracts. No exceptions were noted in our review of transportation related purchases of goods and services.

Follow-up on Prior Years' Findings

In accordance with government auditing standards, our procedures included a review of all prior year recommendations. The Corrective action had been taken on all prior year findings.

Acknowledgment

We received the complete cooperation of all the officials of the school district and I greatly appreciate the courtesies extended to the members of the audit team.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 15, 2018

	2018-2019 Application for State School Aid			Sample for Verification			Errors per		
	Reported on ASSA on Roll	Reported on Workpapers on Roll	Errors	Sample Selected from Workpapers	Verified per Registers on Roll	Registers on Roll	Full	Shared	Shared
Full Day Preschool	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	-	-	-	-	-	-	-	-	-
One	-	-	-	-	-	-	-	-	-
Two	-	-	-	-	-	-	-	-	-
Three	-	-	-	-	-	-	-	-	-
Four	-	-	-	-	-	-	-	-	-
Five	-	-	-	-	-	-	-	-	-
Six	-	-	-	-	-	-	-	-	-
Seven	-	-	-	-	-	-	-	-	-
Eight	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-
Special Ed Elementary	-	-	-	-	-	-	-	-	-
Special Ed Middle School	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-
Totals	-	-	-	-	-	-	-	-	-
Percentage	-	-	-	-	-	-	-	-	-

SCHEDULE OF AUDITED ENROLLMENTS

**WASHINGTON TOWNSHIP SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2018**

	Private Schools for Disabled			Resident Low Income			Sample for Verification			Resident LEP Low Income		
	Reported on ASSA as Private Schools	Sample for Verification	Sample Verified	Reported on ASSA as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on ASSA as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors
Full Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-
One	-	-	-	-	-	-	-	-	-	-	-	-
Two	-	-	-	-	-	-	-	-	-	-	-	-
Three	-	-	-	-	-	-	-	-	-	-	-	-
Four	-	-	-	-	-	-	-	-	-	-	-	-
Five	-	-	-	-	-	-	-	-	-	-	-	-
Six	-	-	-	-	-	-	-	-	-	-	-	-
Seven	-	-	-	-	-	-	-	-	-	-	-	-
Eight	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-
Special Ed Elementary	-	-	-	-	-	-	-	-	-	-	-	-
Special Ed Middle School	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-
Totals	-	-	-	-	-	-	-	-	-	-	-	-
Percentage Error	-	-	-	-	-	-	-	-	-	-	-	-

WASHINGTON TOWNSHIP SCHOOL DISTRICT
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 15, 2018

	Sample for Verification			Resident LEP Not Low Income			Sample for Verification		
	Sample Selected from Workpapers	Verified to Test Score, Register, and Application	Sample Errors	Reported on ASSA as LEP Not Low Income	Reported on Workpapers as LEP Not Low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Full Day Kindergarten	-	-	-	-	-	-	-	-	-
One	-	-	-	-	-	-	-	-	-
Two	-	-	-	-	-	-	-	-	-
Three	-	-	-	-	-	-	-	-	-
Four	-	-	-	-	-	-	-	-	-
Five	-	-	-	-	-	-	-	-	-
Six	-	-	-	-	-	-	-	-	-
Seven	-	-	-	-	-	-	-	-	-
Eight	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-
Special Ed Elementary	-	-	-	-	-	-	-	-	-
Special Ed Middle School	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-
Totals	-	-	-	-	-	-	-	-	-
Percentage Error	-	-	-	-	-	-	-	-	-

	Transportation			Reported	Re-Calculated			
	Reported on DRTS by DOE/county	Reported on DRTS by District	Errors			Tested	Verified	Errors
Reg-Public Schools	57	57	-	43	43	-	12.5	12.5
Non-Public - AIL	4	4	-	3	3	-	12.5	12.5
Reg-Special Ed	1	1	-	1	1	-	18.8	18.8
Spec Ed-Special Needs	-	-	-	-	-	-	-	-
Totals	62	62	-	47	47	-	12.5	12.5
Percentage Error	-	-	-	-	-	-	-	-

**WASHINGTON TOWNSHIP SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FOR THE YEAR ENDED JUNE 30, 2019**

REGULAR DISTRICT

SECTION 1

A. 2% Calculation of Excess Surplus

2018-19 Total General Fund Expenditures per the CAFR, Ex. C-	\$	<u>1,161,987.00</u>	(B)
Increased by:			
Transfer to Food Service Fund	\$	<u>-</u>	(B1a)
Transfer from Capital Outlay to Capital Projects Fund	\$	<u>-</u>	(B1b)
Transfer from Capital Reserve to Capital Projects Fund	\$	<u>-</u>	(B1c)
Decreased By			
On-Behalf TPAF Pension & Social Security	\$	<u>-</u>	(B2a)
Assets Acquired Under Capital Lease:		<u>-</u>	(B2b)
Adjusted 2018-19 General Fund Expenditures [(B)+(B1's)-(B2's)	\$	<u>1,161,987.00</u>	(B3)
2% of Adjusted 2018-19 General Fund Expenditures [(B3) times .02]	\$	<u>23,239.74</u>	(B4)
Enter Greater of (B4) or \$250,000	\$	<u>250,000.00</u>	(B5)
Increased by: Allowable Adjustment	\$	<u>16,496.00</u>	(K)
Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)		<u>266,496.00</u>	(M)

SECTION 2

Total General Fund - Fund Balances @ 06/30/19 (Per CAFR Budgetary Comparison Schedule C-1)	\$	<u>1,757,311.00</u>	(C)
Decreased by			
Year-end Encumbrances	\$	<u>-</u>	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$	<u>13,897.00</u>	(C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures *	\$	<u>731,315.00</u>	(C3)
Other Restricted Fund Balances ***	\$	<u>-</u>	(C4)
Assigned Fund Balance - Unreserved - Designate for Subsequent Year's Expenditure:	\$	<u>-</u>	(C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)		<u>1,012,099.00</u>	(U1)

SECTION 3

Restricted Fund Balance - Excess Surplus *** [(U1)-(M)] IF NEGATIVE ENTER - 0	\$	<u>745,603.00</u>	(E)
<u>Recapitulation of Excess Surplus as of June 30, 2019</u>			
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	\$	<u>731,315.00</u>	(C3)
Reserved Excess Surplus ***	\$	<u>745,603.00</u>	(E)
Total [(C3) + (E)]	\$	<u>1,476,918.00</u>	(D)

**WASHINGTON TOWNSHIP SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FOR THE YEAR ENDED JUNE 30, 2019**

- * This adjustment line (as detailed below) is to be utilized for Impact Aid (when applicable), Sale and Lease-back (Refer to the Audit Program Section II, Chapter 10), and Extraordinary Aid, and Additional Nonpublic School Transportation Aid if applicable (Refer to the Audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid and Additional Nonpublic School Transportation Aid)

Detail of Allowable Adjustments

Impact Aid	\$	-	(H)
Sale & Lease-back	\$	-	(I)
Extraordinary Aid	\$	16,496.00	(J1)
Additional Nonpublic School Transportation Aid	\$		(J2)
Unbudgeted TPAF Wage Freeze Grant Funding	\$		(J3)
 Total Adjustments [(H)+(I)+(J1) + (J2)]	 \$	 16,496.00	 (K)

- ** This amount represents the June 30, 2019 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 10025

- *** Amounts must agree to the June 30, 2019 CAFR and the sum of the two lines must agree to the Audit Summary Worksheet Line 10024

- **** 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 Department approval. District requests should be submitted to the Division of Finance prior to September 1st

Detail of Other Restricted Fund Balance

Statutory restrictions	\$	-	
Approved unspent separate proposals	\$	-	
Capital outlay for a district with a capital outlay cap waiver	\$	-	
Sale/lease-back reserve	\$	-	
Capital reserve	\$		
Maintenance reserve	\$		
Tuition reserve	\$	-	
Other state/government mandated reserve	\$		
 [Other Restricted Fund Balance not noted above] **	 \$	 -	
 Total Other Restricted Fund Balance	 \$	 -	 (C4)

RECOMMENDATIONS

Administrative Practices and Procedures

None

Financial Planning, Accounting and Reporting

None

School Purchasing Program

None

School Food Service

None

Student Body Activities

None

Application for State School Aid

None

Transportation

None

Miscellaneous

None

A corrective action plan, which outlines actions the Board of Education will take to correct any findings that are listed above, will be prepared in accordance with federal and state requirements. A copy of it will be placed on file and made available for public inspection in the Office of the Board Secretary of the Washington Township Board of Education within 30 days of this notice.