

**BOARD OF EDUCATION
TOWNSHIP OF WESTAMPTON
COUNTY OF BURLINGTON**

**AUDITORS MANAGEMENT REPORT
ON ADMINISTRATIVE FINDINGS
- FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**

INVERSO & STEWART
Marlton, New Jersey

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

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

The Honorable President and
Members of the Board of Education
Westampton Township School District
Westampton, New Jersey

I have audited, in accordance with generally accepted audit standards and *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Westampton Township School District, in the County of Burlington for the year ended June 30, 2019, and have issued my report thereon dated November 12, 2019.

As part of my audit, I 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 Westampton Township Board of Education and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants



Robert P. Inverso
Public School Accountant No. CS001095

Marlton, New Jersey
November 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 Moneys, the activities of the Board of Education, and the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

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

Officials Bonds

Thomas Fanuka	Treasurer	\$ 200,000
Tracey L. McGuire	Board Secretary	110,000

There is a Public Employees' Faithful Performance Blanket Position Bond covering all other employees with multiple coverage of \$500,000.

Tuition Charges

There were no tuition charges which would require the School District to make the necessary adjustment per *N.J.A.C. 6:23A-3.1(f)3*.

Financial Planning, Accounting, and Reporting

Examination of Claims

An examination of claims paid during the period under audit did not indicate any discrepancies with respect to signatures, certifications or supporting documentation.

Payroll Account

The net salaries of all employees of the School District 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 withholding due to the general fund.

Financial Planning, Accounting, and Reporting (Continued)

Payroll Account (Continued)

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

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators to the NJ Dept. of Treasury was filed by the March 15 due date.

The Payroll Account records were maintained in good condition.

Position Control Roster

No exceptions were noted during my examination of the Employee Position Control Roster

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. My review did not indicate any material discrepancies with respect to classification of orders.

Obligations of Federal Grant Awards and Requests for Reimbursement of Expenditures against those Federal Grant Awards

No exceptions were noted during my examination of obligations of federal grant awards and requests for reimbursement of expenditures against those federal grant awards made during the period under audit.

Travel

No exceptions were noted in my study of compliance for travel expenses.

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 my test of transactions of randomly selected expenditure items. I also reviewed the coding of all expenditures included in my compliance and single audit testing procedures. In addition to randomly selecting a test sample, my sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with *N.J.A.C. 6A:23A-8.2*. My review did not indicate any material discrepancies with respect to classification of expenditures.

Board Secretary/Business Administrator's Record

The financial and accounting records of the Board Secretary/Business Administrator's office were maintained in good condition.

Treasurer's Records

The financial and accounting records of the Treasurer were maintained in good condition.

Financial Planning, Accounting, and Reporting (Continued)

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

The E.S.E.A/ESSA 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, III, and IV of the Elementary and Secondary Education Act, as amended and reauthorized.

The study of compliance for E.S.E.A/ESSA did not indicate any exceptions.

Other Special Federal and/or State Projects

The School District's Special Projects were approved as listed on Schedule A and Schedule B located in the CAFR.

My 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 projects did not indicate any exceptions.

T.P.A.F. Reimbursement

My audit procedures included a test of the biweekly reimbursements filed with the Department of Education for School 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 Reports for all federal awards for the school district to reimburse the state for TPAF/FICA payments made by the State on behalf of the school district for those employees whose salaries are identified as being paid from federal funds was made prior to the end of the 60 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

Nonpublic State Aid

The study of compliance for Nonpublic State Aid did not indicate any exceptions.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

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.

The School District 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.

School Purchasing Programs (Continued)

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.

School Food Service

The school food service program was not selected as a major federal and/or state program. However, the program expenditures exceeded \$100,000 in federal and/or state support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether the School Food Authority (SFA) had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted.

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.

Student Body Activities

The financial records for the Student Activity Fund were maintained in satisfactory condition.

Application for State School Aid

My audit procedures included a 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, low-income and bilingual. I also performed a review of the School District procedures related to its completion. The information on the A.S.S.A. was compared to the School District workpapers without exception. The information that was included on the workpapers was verified without exception. The results of my procedures are presented in the Schedule of Audited Enrollments.

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

The School District has adequate written procedures for the recording of student enrollment data.

Pupil Transportation

My procedures included a test of on roll status reported in the 2018-2019 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The results of my procedures are presented in the Schedule of Audited Enrollments.

My procedures also included a review of transportation related contracts and purchases. Based on my review, the School District complied with proper bidding procedures and award of contracts. No exceptions were noted in my review of transportation related purchases of goods and services.

Testing for Lead of all Drinking Water in Educational Facilities

The School District adhered to all the requirements of N.J.A.C. 26-1.2 and 12.4 related to the testing for lead of all drinking water in educational facilities.

Follow-up on Prior Years' Findings

In accordance with government auditing standards, my procedures included a review of all prior year findings. There were no prior year findings.

Acknowledgment

I received the complete cooperation of all the officials of the Westampton Township School District and I greatly appreciate the courtesies extended to the members of the audit team.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants



Robert P. Inverso
Public School Accountant

November 12, 2019

**WESTAMPTON TOWNSHIP SCHOOL DISTRICT
NET CASH RESOURCE SCHEDULE**

**Net cash resources did not exceed three months of expenditures
Proprietary Funds - Food Service
For the fiscal year ended June 30, 2019**

<u>Net Cash Resources:</u>	Food Service B - 4/5	
CAFR * Current Assets		
B-4 Cash & Cash Equivalents	\$ 154,443	
B-4 Intergovernmental Accounts Receivable	10,676	
B-4 Interfund Accounts Receivable	-	
B-4 Other Accounts Receivable	260	
CAFR Current Liabilities		
B-4 Less: Accounts Payable	(11,015)	
B-4 Less: Compensated Absences Payable	-	
B-4 Less: Interfund Accounts Payable	-	
B-4 Less: Unearned revenue	<u>(7,217)</u>	
Net Cash Resources	<u><u>\$ 147,147</u></u>	(A)
 <u>Net Adjustment To Total Operating Expense:</u>		
B-5 Total Operating Expense	523,395	
B-5 Less: Depreciation	<u>(21,277)</u>	
Adjusted Total Operating Expense	<u><u>\$ 502,118</u></u>	(B)
 <u>Average Monthly Operating Expense:</u>		
B / 10	<u><u>\$ 50,212</u></u>	(C)
 <u>Three times monthly Average:</u>		
3 X C	<u><u>\$ 150,635</u></u>	(D)

TOTAL IN BOX A	\$ 147,147	
LESS TOTAL IN BOX D	<u>(150,635)</u>	
NET	<u><u>(3,488)</u></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.

SCHEDULE OF AUDITED ENROLLMENTS

Westampton Township School District
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 ASSA On Roll		Reported on Workpapers On Roll		Errors		Sample Selected From Workpapers		Verified per Registers On Roll		Errors per Registers On Roll		Reported on ASSA as Private Schools	Sample for Verifi- cation	Sample Varified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Half Day Pre K 3	8		8					2		2						
Half Day Pre K 4	7		7					2		2						
Full Day K	3		3					1		1						
One	89		89					22		22						
Two	83		83					21		21						
Three	94		94					23		23						
Four	80		80					20		20						
Five	84		84					22		22						
Six	98		98					25		25						
Seven	97		97					25		25						
Eight	86		86					22		22						
	94		94					24		24						
Subtotal	823	-	823	-	-	-	209	-	209	-	-	-	-	-	-	-
SpEd Elementary	130		130				33		33				2	2	2	
SpEd Middle School	54		54				13		13				2	2	2	
Subtotal	184	-	184	-	-	-	46	-	46	-	-	-	4	4	4	-
Total	1,007	-	1,007	-	-	-	255	-	255	-	-	-	4	4	4	-
Percentage Error					-0-	-0-									-0-	-0-

Schedule of Audited Enrollments

Westampton Township School District

Application for State School Aid Summary

Enrollment as of October 15, 2018

	<u>Resident LEP NOT Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on ASSA as NOT Low Income</u>	<u>Reported 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 Pre K 3						
Half Day Pre K 4						
Full Day K	2	2		2	2	
One	7	7		7	7	
Two	3	3		3	3	
Three	2	2		2	2	
Four						
Five						
Six						
Seven						
Eight						
Subtotal	<u>14</u>	<u>14</u>	<u>-</u>	<u>14</u>	<u>14</u>	<u>-</u>
SpEd Elementary	1	1		1	1	
SpEd Middle School						
Subtotal	<u>1</u>	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>
Totals	<u><u>15</u></u>	<u><u>15</u></u>	<u><u>-</u></u>	<u><u>15</u></u>	<u><u>15</u></u>	<u><u>-</u></u>
Percentage Error			<u><u>-0-</u></u>			<u><u>-0-</u></u>

Schedule of Audited Enrollments

Westampton Township School District

Application for 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 ASSA 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 ASSA 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 Pre K 3												
Half Day Pre K 4												
Full Day K	14	14		7	7		1	1		1	1	
One	15	15		8	8		1	1		1	1	
Two	25	25		13	13		2	2		2	2	
Three	20	20	-	10	10							
Four	21	21		11	11							
Five	26	26		13	13							
Six	27	27		14	14							
Seven	22	22		11	11							
Eight	23	23		12	12							
	<u>193</u>	<u>193</u>	<u>-</u>	<u>99</u>	<u>99</u>	<u>-</u>	<u>4</u>	<u>4</u>	<u>-</u>	<u>4</u>	<u>4</u>	<u>-</u>
SpEd Elementary	37	37		20	20							
SpEd Middle School	21	21		11	11							
Subtotal	<u>58</u>	<u>58</u>	<u>-</u>	<u>31</u>	<u>31</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>251</u>	<u>251</u>	<u>-</u>	<u>130</u>	<u>130</u>	<u>-</u>	<u>4</u>	<u>4</u>	<u>-</u>	<u>4</u>	<u>4</u>	<u>-</u>
Percentage Error			<u>-</u>			<u>-</u>			<u>-</u>			<u>-</u>

<u>Transportation</u>											
	<u>Reported on DRTRS by DOE</u>	<u>Reported on DRTRS by District</u>	<u>Errors</u>	<u>Tested</u>	<u>Verified</u>	<u>Errors</u>					
							<u>Reported</u>	<u>Recalculated</u>			
Reg. Public School , col. 1	453	453		151	151						
Reg. Special Education, col. 4	107	107		36	36						
Transported-Non-Public, col. 2	-	-		-	-						
Special Needs, Col. 6	25	25		10	10						
	<u>585</u>	<u>585</u>	<u>-</u>	<u>197</u>	<u>197</u>	<u>-</u>					
Percentage Error			<u>-</u>			<u>-</u>					

	<u>Reported</u>	<u>Recalculated</u>
Avg. Mileage - Regular Including Grade PK students	3.4	3.4
Avg. Mileage - Regular Excluding Grade PK students	3.4	3.4
Avg. Mileage - Special Ed. with Special Needs	4.6	4.6

WESTAMPTON SCHOOL DISTRICT

EXCESS SURPLUS CALCULATION

SECTION 1 - Regular Districts

A. 2% Calculation of Excess Surplus

2018-2019 Total General Fund Expenditures per the CAFR, Ex C-1	\$ <u>15,497,456</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>(2,125,113)</u>	(B2a)
Assets Acquired Under Capital Leases	\$ _____	(B2b)
Adjusted 2018-19 General Fund Expenditures [(B)+(B1s)+(B2s)]	\$ <u>13,372,343</u>	(B3)
2% of Adjusted 2018-19 General Fund Expenditures [(B3) times .02]	\$ <u>267,447</u>	(B4)
Enter Greater of (B4) or \$250,000	\$ <u>267,447</u>	(B5)
Increased by: Allowable Adjustment	\$ <u>20,348</u>	(K)
Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]		\$ <u><u>287,795</u></u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6-30-19 (Per CAFR Budgetary Comparison Schedule C-1)	\$ <u>4,473,913</u>	(C)
Decreased by:		
Year-end Encumbrances	\$ <u>28,736</u>	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ _____	(C2)
Legally Restricted Excess Surplus - Designated for Subsequent Year's Expenditures	\$ <u>607,985</u>	(C3)
Other Restricted Fund Balances	\$ <u>2,931,539</u>	(C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	\$ <u>11,817</u>	(C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]		\$ <u><u>893,836</u></u> (U1)

WESTAMPTON SCHOOL DISTRICT

EXCESS SURPLUS CALCULATION

SECTION 3 - All Districts

Restricted Fund Balance - Excess Surplus [(U2)-(M)] IF NEGATIVE ENTER -0- \$ 606,041 (E)

Recapitulation of Excess Surplus as of June 30, 2019

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures \$ 607,985 (C3)
Reserved Excess Surplus [(E)] \$ 606,041 (E)
Total [(C3) + (E)] \$ 1,214,026 (D)

Detail of Allowable Adjustments

Impact Aid \$ _____ (H)
Sale & Lease-back \$ _____ (I)
Extraordinary Aid \$ 7,008 (J1)
Additional Nonpublic School Transportation Aid \$ 13,340 (J2)
Current Year School Bus Advertising Revenue \$ _____ (J3)
Family Crisis Transportation Aid \$ _____ (J4)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)] \$ 20,348 (K)

Detail of Other Restricted Fund Balance

Statutory restrictions:
Approved unspent separate proposal \$ _____
Sale/lease-back reserve \$ _____
Capital reserve \$ 2,391,539
Maintenance reserve \$ 540,000
Emergency reserve \$ _____
Tuition reserve \$ _____
School Bus Advertising 50% Fuel Offset Reserve - Current Year \$ _____
School Bus Advertising 50% Fuel Offset Reserve - Prior Year \$ _____
Impact Aid General Fund Reserve (Sections 8002 and 8003) \$ _____
Impact Aid Capital Fund Reserve (Sections 8007 and 8008) \$ _____
Other state/government mandated reserves \$ _____
Other Restricted Fund Balance not noted above \$ _____
Total Other Restricted Fund Balance \$ 2,931,539 (C4)

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

None

4. School Food Service

None

5. Student Body Activities

None

6. Application for State School Aid

None

7. Pupil Transportation

None

8. Facilities and Capital Assets

None

9. Miscellaneous

None

10. Status of Prior Year Audit Findings/Recommendations

There were no prior year findings.