

GREENWICH TOWNSHIP SCHOOL DISTRICT

Greenwich, New Jersey

**Auditor's Management Report on Administrative
Findings, Financial, Compliance and Performance
For the Year Ended June 30, 2017**

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

TABLE OF CONTENTS

	<u>Page No.</u>
Independent Auditor's Report	3
Scope of Audit	4
Administrative Practices and Procedures	
Insurance	4
Officials Bonds	4
Tuition Charges	4
Financial Planning, Accounting and Reporting	
Examination of Claims	4
Payroll Account	4
Reserve for Encumbrances and Accounts Payable	4
Classification of Expenditures	4-5
A. General Classifications	5
B. Administrative Classifications	5
Board Secretary's Records	5
Treasurer's Records	5
Elementary and Secondary Education Act (E.S.E.A.), Improving America's Schools Act (I.A.S.A.) As Re-authorized by the No Child Left Behind Act of 2001	5
Other Special Federal and/or State Projects	5
T.P.A.F. Reimbursement	6
TPAF Reimbursement to the State for Federal Salary Expenditures	6
School Purchasing Programs	
Contracts and Agreements Requiring Advertisement for Bids	6-7
School Food Service	7
Latchkey Program	N/A
Student Body Activities	7
Application for State School Aid	7
Pupil Transportation	7
Facilities and Capital Assets	N/A
Miscellaneous	N/A
Follow-up on Prior Years' Findings	7
Acknowledgment	8
Schedule of Meal Count Activity	N/A
Schedule of Audited Enrollments	9-11
Excess Surplus Calculation	12-13
Audit Recommendations Summary	14-15

Tax ID Number

21-6000143

REPORT OF INDEPENDENT AUDITORS

Honorable President and
Members of the Board of Education
Township of Greenwich School District
County of Cumberland, New Jersey

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 Board of Education of the Township of Greenwich School District in the County of Cumberland for the year ended June 30, 2017, and have issued our report thereon dated November 17, 2017.

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 Township of Greenwich Board of Education's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,



Samuel A. Delp, Jr.
Public School Accountant #745
Triantos & Delp, CPA, LLC
Certified Public Accountants

November 17, 2017

ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE
REPORTING

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and 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 (N.J.S.A. 18A:17-26, 18A:17-32)

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Kimberly A. Fleetwood	Treasurer	\$130,000.
Cherie Bratty	Business Administrator	\$ 10,000.

Tuition Charges

The District did not receive any tuition students in the preceding year.

FINANCIAL PLANNING, ACCOUNTING AND REPORTING

Examination of Claims

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

Payroll Account

The net salaries of all employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll 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 benefit premiums withheld and due to the general fund.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, detailing 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 *N.J.A.C. 6A:23-2.2(g)* 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-2.4*. As a result of the procedures performed, a transaction error rate of 0% overall was 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

Our review of the financial and accounting records and minutes maintained by the Board Secretary were in good condition. The following items were noted:

Finding: 2017 – 01

Board of Education motion to transfer funds into Maintenance Reserve was not recorded in the minutes for the June 2017 meeting.

Recommendation:

Board of Education motions to transfer funds into allowable reserves should be made at the June meeting and recorded in the minutes of that meeting.

Finding: 2017 – 02

The balance in the maintenance reserve as of June 30, 2017 exceeded maximum allowable amount by \$13,695.

Recommendation:

The excess amount in the maintenance reserve should be withdrawn.

Treasurer's Records

The following items were noted during our review of the records of the Treasurer.

The Treasurer performed cash reconciliations for the general operating account, payroll account or payroll agency account (N.J.S.A. 18A:17-36).

Cash receipts were promptly deposited.

The Treasurer's records were in agreement in total with the records of the Board Secretary.

Elementary and Secondary Education Act (E.S.E.A.), Improving America's Schools Act (I.A.S.A.) as Re-authorized 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 and II of the Elementary and Secondary Education Act as amended and reauthorized.

The study of compliance for the E.S.E.A. indicated no areas of noncompliance and/or questioned costs.

Other Special Federal and/or State Projects

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

Our audit of the federal and state funds on a test basis, indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

The study of compliance for the special projects indicated no items of noncompliance and/or questioned costs.

T.P.A.F. Reimbursement

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

TPAF Reimbursement 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 (or charter school or renaissance school project) to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district (or charter school or renaissance school project) 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 PROGRAM

Contracts and Agreements Requiring Advertisement for Bids

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

- a. Any purchase, contract or agreement for the performance of any work or the furnishing or hiring of materials or supplies, the cost or price of which, together with any other sums expended or foreseeably to be expended for the performance of any work or services in connection with the same project or the furnishing of similar materials or supplies during the same fiscal year paid with or out of school funds, does not exceed the total sum of \$7,500 or the amount determined pursuant to subsection b. of this section, in the fiscal year or, in the case of purchases that are not annually recurring, in a period of one year may be made, negotiated and awarded by a contracting agent when so authorized by resolution of the board of education without public advertising for bids and bidding therefore.
- b. Commencing January 1, 1983 and every two years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount set forth in subsection a. of this section in direct proportion to the rise or fall of the consumer price index for all urban consumers in the New York City and Philadelphia area as reported by the United States Department of Labor. The Governor shall notify all local school districts of the adjustment. The adjustment shall become effective on July 1 of the year in which is it reported.

N.J.S.A. 18A:18A-4 states, "Every contract or agreement for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price thereof is to be paid with or out of school funds, not included within the terms of N.J.S.A. 18A:18A-3, shall be made and awarded only by the board of education after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the amount set forth in, or calculated by the Governor pursuant to N.J.S.A. 18A:18A-3 except by contract or agreement."

Effective April 17, 2000, N.J.S.A. 18A:18A (Public School Contracts Law) was revised by P.L. 1999, c.440 (originally known as Assembly bill No. 3519). The associated rules were drafted by the Division of Local Government Services, with consultation from the Commissioner of Education.

Effective July 1, 2015 and thereafter 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 \$18,800 for 2015-16.

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.

SCHOOL PURCHASING PROGRAM

(Cont'd)

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

Inasmuch 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.

The results of my examination indicated that no individual payments, contracts, or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies," 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.

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 be reasonably be ascertained.

School Food Service

The school food service program was not selected as a major federal and/or State program. The program expenditures did not exceed \$100,000 in federal and/or State support.

Student Body Activities

All cash receipts were promptly deposited and all cash disbursements had proper supporting documentation.

Application for State School Aid

Our audit procedures included a test of information reported in the October 14, 2016 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 with exception. The information that was included on the workpapers was verified, with exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

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

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2016-2017 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 review of transportation related contracts and purchases. Based on our review, the 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 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. 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 we greatly appreciate the courtesies extended to the members of the audit team.

Respectfully submitted,

A handwritten signature in black ink that reads "Samuel A. Delp, Jr." in a cursive style.

Samuel A. Delp, Jr.
Licensed Public School Accountant, #745
Triantos & Delp
Certified Public Accountants, LLC

November 17, 2017

GREENWICH TOWNSHIP BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 14, 2016

SCHEDULE OF AUDITED ENROLLMENTS

	2017-2018 Application for State School Aid				Sample for Verification				Private Schools for Disabled											
	Reported on A.S.A. On Roll		Workpapers		Errors		Sample Selected from Workpapers		Registers Verified per On Roll		Errors per Registers On Roll		Reported on A.S.A. as Private Schools		Sample for Verification		Sample Verified			
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared		
Full Day Preschool - 3yr	6		6	0	0		6		6		0		0							
Full Day Preschool - 4yr	4		4	0	0		4		4		0		0							
Half Day Kindergarten	5		5	0	0		5		5		0		0							
Full Day Kindergarten	6		6	0	0		6		6		0		0							
One	7		7	0	0		7		7		0		0							
Two	10		10	0	0		10		10		0		0							
Three	4		5	(1)	0		5		5		0		0							
Four	9		9	0	0		9		9		0		0							
Five	5		5	0	0		5		5		0		0							
Six																				
Seven																				
Eight																				
Nine																				
Ten																				
Eleven																				
Twelve																				
Post-Graduate																				
Adult H.S. (15+CR.)																				
Adult H.S. (1-14 CR.)																				
Subtotal	56	0	57	0	(1)	0	57	0	57	0	0	0	57	0	0	0	0	0	0	
Special Ed - Elementary	5		3	2	0		3		3		0		3		0		0		0	
Special Ed - Middle School	1		1	0	0		1		1		0		1		0		0		0	
Special Ed - High School																				
Subtotal	6	0	4	0	2	0	4	0	4	0	0	0	4	0	0	0	0	0	0	
Co. Voc. - Regular																				
Co. Voc. Ft. Post Sec.																				
Totals	62	0	61	0	1	0	61	0	61	0	0	0	61	0	0	0	0	0	0	
Percentage Error					1.61%										0.00%					0.00%

**GREENWICH TOWNSHIP BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 14, 2016**

SCHEDULE OF AUDITED ENROLLMENTS

	Resident Low Income			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 as LEP low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Half Day Preschool												
Full Day Preschool												
Half Day Kindergarten												
Full Day Kindergarten												
One	1	2	(1)	2	2	0						
Two	2	2	0	2	2	0						
Three	1	1	0	1	1	0						
Four	4	2	2	2	2	0						
Five	3	3	0	3	3	0						
Six	2	2	0	2	2	0						
Seven	1	1	0	1	1	0						
Eight	2	2	0	2	2	0						
Nine												
Ten												
Eleven												
Twelve												
Post-Graduate												
Adult H.S. (15+CR.)												
Adult H.S. (1-14 CR.)												
Subtotal	16	15	1	15	15	0	0	0	0	0	0	0
Special Ed - Elementary	2	4	(2)	4	4	0						
Special Ed - Middle	2	2	0	2	2	0						
Special Ed - High												
Subtotal	4	6	(2)	6	6	0	0	0	0	0	0	0
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Totals	20	21	(1)	21	21	0	0	0	0	0	0	0
Percentage Error			-5.00%			0.00%			0.00%			0.00%

Transportation

	Reported on DRTRS by DOE/county			Reported on DRTRS by District			Reported on DRTRS by District			Recalculated		
	Errors	Tested	Verified	Errors	Tested	Verified	Errors	Tested	Verified	Reported	Recalculated	Sample Errors
Reg. - Public Schools, col. 1	37	37	0	37	37	0				4.5	4.5	4.5
Reg - SpEd, col. 4	0	1	(1)	0	1	(1)				N/A	N/A	N/A
Transported - Non-Public, col. 3	2	2	0	2	2	0						
Special Ed Spec, col. 6	3	2	1	3	2	1						
Totals	42	42	0	42	42	0				11.6	11.6	15.4
Percentage Error			0.00%			0.00%						

Reg Avg.(Mileage) = Regular Including Grade PK students (Part A) 4.5
 Reg Avg.(Mileage) = Regular Excluding Grade PK students (Part B) N/A
 Spec Avg. = Special Ed with Special Needs 11.6

GREENWICH TOWNSHIP BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 14, 2016

SCHEDULE OF AUDITED ENROLLMENTS

	Resident LEP NOT Low Income	Sample for Verification
	Reported on A.S.A. as NOT Low Income	Verified to Application and Register
	Workpapers as NOT Low Income	Sample Selected from Workpapers
	Errors	Sample Errors
Half Day Preschool	0	0
Full Day Preschool		
Half Day Kindergarten		
Full Day Kindergarten		
One		
Two		
Three		
Four		
Five		
Six		
Seven		
Eight		
Nine		
Ten		
Eleven		
Twelve		
Post-Graduate		
Adult H.S. (15+CR.)		
Adult H.S. (1-14 CR.)		
Subtotal	0	0
Special Ed - Elementary		
Special Ed - Middle		
Special Ed - High		
Subtotal	0	0
Co. Voc. - Regular		
Co. Voc. Ft. Post Sec.		
Totals	0	0
Percentage Error	0.00%	0.00%

GREENWICH TOWNSHIP SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FOR THE YEAR ENDED JUNE 30, 2017

SECTION 1

A: 2% Calculation of Excess Surplus:

2016-2017 Total General Fund Expenditures per the CAFR Exhibit C-1	<u>\$1,410,118.</u> (B)
Increased by:	
Transfer from Capital Outlay to Capital Projects Fund	<u>0.</u> (B1a)
Transfer from Capital Reserve to Capital Projects Fund	<u>0.</u> (B1b)
Transfer from General Fund to SRF for Pre-K-Regular	<u>0.</u> (B1c)
Transfer from General Fund to SRF for Pre-K-Inclusion	<u>0.</u> (B1d)
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>144,084.</u> (B2a)
Assets Acquired Under Capital Leases	<u>0.</u> (B2b)
Adjusted 2016-2017 General Fund Expenditures (B)+(B1s)-(B2s)	<u><u>1,266,034.</u></u> (B3)
2% of Adjusted 2016-2017 General Fund Expenditures (B3) x.02	<u>25,321.</u> (B4)
Enter Greater of (B4) or \$250,000.	<u>250,000.</u> (B5)
Increased by: Allowable Adjustment*	<u>348.</u> (K)
Max. Unassigned/Undesignated-Unreserved Fund Balance (B5)+(K)	<u><u>\$250,348.</u></u> (M)

SECTION 2:

Total General Fund - Fund Balances at June 30, 2017 (Per CAFR Budgetary Comparison Schedule C-1)	<u>\$ 422,948.</u> (C)
Decreased by:	
Year-End Encumbrances	<u>34,190.</u> (C1)
Legally Restricted-Designated for Subsequent Year's Expenditures	<u>0.</u> (C2)
Legally Restricted-Excess Surplus-Designated for Subsequent Year's Expenditures **	<u>0.</u> (C3)
Other Restricted Fund Balances****	<u>121,383.</u> (C4)
Assigned Fund Balance - Unreserved-Designated for Subsequent Year's Expenditures	<u>16,389.</u> (C5)
Total Unassigned Fund Balances [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	<u><u>\$250,986.</u></u> (U1)

GREENWICH TOWNSHIP SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FOR THE YEAR ENDED JUNE 30, 2017

SECTION 3:

Restricted Fund Balance-Excess Surplus ^{***}[(U)-(M)] IF
 NEGATIVE ENTER 0

\$638. (E)

Recapitulation of Excess Surplus as of June 30, 2015

Restricted Excess Surplus-Designated for Subsequent
 Year's Expenditures ^{**}
 Reserved Excess Surplus ^{***} (E)
 Total Excess Surplus [(C3)+(E)]

0. (C3)

638. (E)

\$638. (D)

Detail of Allowable Adjustments

Impact Aid
 Sale & Lease-Back
 Extraordinary Aid
 Additional NonPublic School Transportation Aid
 Current Year School Bus Advertising Revenue Recognized
 Family Crisis Transportation Aid
 Total Adjustments (H)+(I)+(J1)+(J2)+(J3)+(J4)

\$ 0. (H)

0. (I)

0. (J1)

348. (J2)

0. (J3)

0. (J4)

\$348. (K)

Detail of Other Reserved Fund Balance

Statutory restrictions:

Approved unspent separate proposal
 Sale/lease-back reserve
 Capital reserve
 Maintenance reserve
 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 reserve
 (Other Restricted Fund Balance not noted above) ^{****}
 Total Other Restricted Fund Balance

\$ 0.

0.

21,888.

99,495.

0.

0.

0.

0.

0.

0.

0.

0.

\$121,383. (C4)

GREENWICH TOWNSHIP SCHOOL DISTRICT
AUDIT RECOMMENDATIONS SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Recommendations:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

Finding: 2017 – 01

Board of Education motion to transfer funds into Maintenance Reserve was not recorded in the minutes for the June 2017 meeting.

Recommendation:

Board of Education motions to transfer funds into allowable reserves should be made at the June meeting and recorded in the minutes of that meeting.

Finding: 2017 – 02

The balance in the maintenance reserve as of June 30, 2017 exceeded maximum allowable amount by \$13,695.

Recommendation:

The excess amount in the maintenance reserve should be withdrawn.

3. School Purchasing Program

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

GREENWICH TOWNSHIP SCHOOL DISTRICT
AUDIT RECOMMENDATIONS SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

9. Miscellaneous

None

10. Status of Prior Year Findings/Recommendations

A review was performed on the prior year recommendations and corrective action was taken on all prior year findings.