

12/18/17

BOARD OF EDUCATION
BOROUGH OF RUNNEMEDE SCHOOL DISTRICT
COUNTY OF CAMDEN
AUDITORS MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS-
FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED
JUNE 30, 2017

BOROUGH OF RUNNEMEDE SCHOOL DISTRICT

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REPORT OF INDEPENDENT AUDITORS

Honorable President and
Members of the Board of Education
Borough of Runnemede School District
County of Camden, 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 Borough of Runnemede School District in the County of Camden for the year ended June 30, 2017, and have issued our report thereon dated October 31, 2017.

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 Borough of Runnemede School District, for the year ended June 30, 2017 and is intended for the information 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

October 31, 2017

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/Board of Trustees, 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>
Sean McCarron	School Board Administrator / Board Secretary	\$ 50,000
Christie Ehret	Treasurer of School Moneys	\$ 200,000

There is a Public Employees' Faithful Performance Blanket Position Bond covering all other employees with multiple coverage of \$25,000. Adequacy of insurance coverage is the responsibility of the Board of Education.

Tuition Charges

There were no tuition charges during the 2016-17 fiscal year that would require the District to make the necessary adjustment per 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.

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

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.

Financial Planning, Accounting and Reporting (Continued)

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 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 benefits withholding due to the general fund.

Payrolls were delivered to the treasurer of school moneys with a warrant made to her order for the full amount of each payroll.

Employee Position Control Roster

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

Unemployment Compensation Insurance Fund

The Board of Education has adopted the direct reimbursement method and has established an Unemployment Insurance Fund in the fiduciary Trust Fund (Exhibit H-2). The Unemployment Compensation Insurance Fund was maintained on satisfactory condition.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, 2017 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, 2017. Our 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 Grants Awards

No exceptions noted.

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, an error rate of 0% was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Financial Planning, Accounting and Reporting (Continued)

A. **General Classification Findings - None**

B. **Administrative Classification Findings - None**

Board Secretary's Records

The financial records, books of accounts maintained by the Secretary were in satisfactory condition.

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

Monthly financial certificates of the Board Secretary and Board of Education for positive line item account status certifications (N.J.A.C. 6:2-2.13) were performed. Budgetary line item account transfers were approved monthly to cover any anticipated deficits.

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

The School District does not use credit cards.

The School District maintained the appropriate cumulative monthly transfer report.

Certification of Income Tax Compliance

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (Superintendent and Business Administrator) to the N.J. Department of Treasury was filed by the March 15 due date.

Treasurer's Records

The Treasurer prepared cash reconciliations for the general operating account, payroll account and payroll agency account per N.J.S.A.18A:17-9.

The Treasurer's report was in agreement with the records of the Board Secretary.

All cash receipts were promptly deposited. (N.J.S.A. 18A:17-34,18A:17-9.1)

The Treasurer filed his reports in a timely manner.

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

The E.S.E.A./NCLB 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 VI of the Elementary and Secondary School 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**.

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.

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.

TPAF 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 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 expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

Nonpublic State Aid

The study of compliance for Nonpublic Aid did not indicate any discrepancies. The district received the final year end reports from the servicing agency after year-end but in time for adjustment as part of the audit

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>.

Current statute is posted on the New Jersey Legislature website at: http://lis.njleg.state.nj.us/cgi-bin/om_isapi.dll?clientID=1319801&depth=2&expandheadings=off&headingswithhits=on&infobase=statutes.nfo&softpage=TOC_Frame_pg42

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$18,800 for 2016-17.

The District Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Solicitor's opinion should be sought before a commitment is made.

Based on the results of our 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, amended.

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 reasonably be ascertained. Our examination did reveal, however, that the following was purchased by state contract:

Air Conditioning Units	Windows/Exterior Restoration
Chromebooks	

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.

Contracts and Agreements Requiring Advertisement for Bids (Continued)

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 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.

Finding 2017-1

Net cash resources exceeded three months average expenditures.

Recommendation

The Board should implement a corrective action plan to effectively reduce the net cash resources on hand through capital expenditure or otherwise.

Subsequent to June 30, 2017, a Food Service Fund HVAC system was purchased in the amount of \$100,000 and as such, the above finding has been resolved, as of the audit report date.

Student Body Activities

The Board has a policy, which clearly established the regulation of student activity 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 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 two exceptions. The Pre-K 4 and the Special Education Elementary workpapers did not support the number reported on the ASSA. One Pre-K 4 was reported as special education and 3 Pre-K 4 were in the process of being tested and should not have been counted. The information that was included on the workpapers was also verified to the school registers without 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 DRTRS Eligibility Summary Report was compared to the County Summary Report. All items were in agreement except for Reg. Special Education. The County had one (1) more student reported than the District. The District had no indication of errors or discrepancies. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures 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.

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 EDA grant agreements, if any, for consistency with recording EDA revenue, transfer of local funds from the general fund or from the capital reserve account, and awarding of contracts for eligible facilities construction.

The District had three SDA grant agreements, approved in prior years, that were completed during the 2016-2017 year.

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 Years' Findings

In accordance with government auditing standards, our procedures included a review of all prior year recommendations. Subsequent to June 30, 2017, an HVAC system was purchased in the amount of \$100,000 in the Food Service Fund and as such, the matter will be resolved.

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,

NIGHTLINGER, COLAVITA & VOLPA, P.A.

A handwritten signature in black ink, appearing to read "Raymond Colavita". The signature is written in a cursive style with a large initial "R".

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

NET CASH RESOURCE SCHEDULE

**Net cash resources did/did not exceed three months of expenditures
Proprietary Funds - Food Service
FYE 2017**

<u>Net Cash Resources:</u>	Food Service B - 4/5	
CAFR	*	Current Assets
B-4		Cash & Cash Equiv. \$ 124,018.00
B-4		Due from Other Funds 18,100
B-4		Accounts Receivable 11,985
B-4		Investments
CAFR		Current Liabilities
B-4		Less Accounts Payable
B-4		Less Accruals
B-4		Less Due to Other Funds
B-4		Less Deferred Revenue (2,853)
		Net Cash Resources \$ 151,250.00 (A)

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.	268,621	
B-5	Less Depreciation	(969)	
	Adj. Tot. Oper. Exp.	\$ 267,652.00	(B)

Average Monthly Operating Expense:

B / 10	\$ 26,765.20	(C)
--------	------------------------	------------

Three times monthly Average:

3 X C	\$ 80,295.60	(D)
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TOTAL IN BOX A	\$ 151,250.00
LESS TOTAL IN BOX D	\$ 80,295.60
NET	\$ 70,954.40

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 MEAL COUNT ACTIVITY

RUNNEMEDE SCHOOL DISTRICT
FOOD SERVICE FUND
NUMBER OF MEALS/MILKS SERVED AND OVER/UNDERCLAIM-FEDERAL
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

<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>
National School Lunch	Paid	\$ 16,883	\$ 16,883	\$ 16,883	\$	0.32	\$
	Reduced	5,978	5,978	5,978		2.78	
	Free	29,198	29,198	29,198		3.18	
	TOTAL	<u>52,059</u>	<u>52,059</u>	<u>52,059</u>			
School Breakfast	Paid	1,476	1,476	1,476		0.29	
	Reduced	1,438	1,438	1,438		1.74	
	Free	26,588	26,588	26,588		2.04	
	TOTAL	<u>29,502</u>	<u>29,502</u>	<u>29,502</u>			

TOTAL NET OVERCLAIM

\$

SCHEDULE OF MEAL COUNT ACTIVITY

RUNNEMEDE SCHOOL DISTRICT

FOOD SERVICE FUND

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

ENTERPRISE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

<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>
National School Lunch	Paid	\$ 16,883	\$ 16,883	\$ 16,883	\$	0.040	\$
	Reduced	5,978	5,978	5,978		0.055	-
	Free	29,198	29,198	29,198		0.055	
	TOTAL	<u>\$ 52,059</u>	<u>\$ 52,059</u>	<u>\$ 52,059</u>	<u>\$</u>		<u>\$</u>
TOTAL NET OVERCLAIM							<u>\$</u>

SCHEDULE OF AUDITED ENROLLMENTS

**RUNNEMEDE SCHOOL DISTRICT
APPLICATION OR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 14, 2016**

	2017-2018							SAMPLE FOR VERIFICATION						PRIVATE SCHOOLS FOR DISABLED					
	APPLICATION FOR STATE SCHOOL AID							Sample Selected From		Verified per		Errors per		Reported On					
	Reported On		Reported On		Errors			Workpapers		Registers		Registers		A.S.S.A. as					
	On Roll		On Roll		Full	Shared		Full	Shared	Full	Shared	Full	Shared	Private Schools	Sample for Verification	Sample Verified	Sample Errors		
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	
Half Day Preschool 3 yr	15.0		15.0				4.0		4.0										
Half Day Preschool 4 yr	20.0		17.0		3.0		5.0		5.0										
Full Day Kindergarten	91.0		91.0				25.0		25.0										
One	85.0		85.0				23.0		23.0										
Two	72.0		72.0				20.0		20.0										
Three	73.0		73.0				20.0		20.0										
Four	75.0		75.0				20.0		20.0										
Five	77.0		77.0				21.0		21.0										
Six	73.0		73.0				20.0		20.0										
Seven	87.0		87.0				24.0		24.0										
Eight	78.0		78.0				21.0		21.0										
Subtotal	746.0	0.0	743.0	0.0	3.0	0.0	203.0	0.0	203.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Special Ed - Elementary	72.0		71.0		1.0		19.0		19.0						3.0	1.0	1.0		
Special Ed - Middle	36.0		36.0				10.0		10.0						1.0				
Special Ed - High																			
Subtotal	108.0	0.0	107.0	0.0	1.0	0.0	29.0	0.0	29.0	0.0	0.0	0.0	0.0	4.0	1.0	1.0	0.0		
Totals	854.0	0.0	850.0	0.0	4.0	0.0	232.0	0.0	232.0	0.0	0.0	0.0	0.0	4.0	1.0	1.0	0.0		
Percentage Error					0.47%	0.00%					0.00%	0.00%					0.00%		

SCHEDULE OF AUDITED ENROLLMENTS

**RUNNEMEDE SCHOOL DISTRICT
APPLICATION OR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 14, 2016**

	<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 3 yr												
Half Day Preschool 4 yr												
Full Day Kindergarten												
One	37.0	37.0		19.0	19.0		1.0	1.0		1.0	1.0	
Two	26.0	26.0		14.0	14.0		5.0	5.0		4.0	4.0	
Three	33.0	33.0		17.0	17.0							
Four	27.0	27.0		14.0	14.0		2.0	2.0		2.0	2.0	
Five	34.0	34.0		18.0	18.0							
Six	32.0	32.0		17.0	17.0							
Seven	23.0	23.0		12.0	12.0		3.0	3.0		2.0	2.0	
Eight	30.0	30.0		16.0	16.0							
Subtotal	31.0	31.0		16.0	16.0		1.0	1.0		1.0	1.0	
Subtotal	273.0	273.0	0.0	143.0	143.0	0.0	12.0	12.0	0.0	10.0	10.0	0.0
Special Ed - Elementary	31.0	31.0		15.0	15.0		3.0	3.0		2.0	2.0	
Special Ed - Middle	16.0	16.0		8.0	8.0							
Special Ed - High												
Subtotal	47.0	47.0	0.0	23.0	23.0	0.0	3.0	3.0	0.0	2.0	2.0	0.0
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Totals	320.0	320.0	0.0	166.0	166.0	0.0	15.0	15.0	0.0	12.0	12.0	0.0
Percentage Error			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>

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>
Reg. - Public Schools	12	12		9	9	
Reg. - Special Ed.	1	1		1	1	
Transported - Non-Public						
Aid in Lieu - Non-Public	12	12		9	9	
Special Needs - Public	49	49		37	37	
Totals	74	74	0	56	56	0
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

	<u>Reported</u>	<u>Re-Calculated</u>
Avg. Mileage - Regular Including Grade PK students	5.2	
Avg. Mileage - Regular Excluding Grade PK students	5.2	
Avg. Mileage - Special Ed with Special Needs	2.8	

SCHEDULE OF AUDITED ENROLLMENTS

RUNNEMEDE SCHOOL DISTRICT
APPLICATION OR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 14, 2016

	<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 3 yr						
Half Day Preschool 4 yr						
Full Day Kindergarten						
One	2	2		1	1	
Two						
Three						
Four						
Five						
Six						
Seven						
Eight						
Subtotal	<u>2</u>	<u>2</u>	<u>0</u>	<u>1</u>	<u>1</u>	<u>0</u>
Special Ed - Elementary						
Special Ed - Middle						
Special Ed - High						
Subtotal	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	<u><u>2</u></u>	<u><u>2</u></u>	<u><u>0</u></u>	<u><u>1</u></u>	<u><u>1</u></u>	<u><u>0</u></u>
Percentage Error		<u><u>0.00%</u></u>			<u><u>0.00%</u></u>	

RUNNEMEDE BOARD OF EDUCATION
EXCESS SURPLUS CALCULATION

SECTION 1

A. 2% Calculation of Excess Surplus

2016-17 Total General Fund Expenditures per the CAFR	\$	<u>13,268,270</u>	(B)
Increased by:			
Transfer from Capital Outlay to Capital Projects Fund		<u> </u>	(B1a)
Transfer from Capital Reserve to Capital Projects Fund		<u> </u>	(B1b)
Transfer from General Fund to SRF for PreK-Regular		<u> </u>	(B1c)
Transfer from General Fund to SRF for PreK-Inclusion		<u> </u>	(B1d)
Decreased by:			
On-Behalf TPAF Pension & Social Security		<u>1,456,603</u>	(B2a)
Assets Acquired Under Capital Leases		<u> </u>	(B2b)
 Adjusted 16-17 General Fund Expenditures [(B)+(B1s)-(B2s)]		<u><u>11,811,667</u></u>	(B3)
 2% of Adjusted 2016-17 General Fund Expenditures [(B3) times .02]		<u>236,233</u>	(B4)
Enter Greater of (B4) or \$250,000		<u>250,000</u>	(B5)
Increased by: Allowable Adjustment*		<u>48,892</u>	(K)
 Maximum Unassigned/Undesignated-Unreserved Fund Balance[(B5)+(K)]	\$	<u><u>298,892</u></u>	(M)

SECTION 2

Total General Fund - Fund Balances @ 6-30-17 (Per CAFR Budgetary Comparison Schedule C-1)	\$	<u>3,799,062</u>	(C)
Decreased by:			
Year-end Encumbrances		<u>623</u>	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures (Capital & Maintenance Reserves)		<u>500,000</u>	(C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**		<u>803,460</u>	(C3)
Other Restricted Fund Balances****		<u>2,014,372</u>	(C4)
Assigned Fund balance Unreserved - Designated for Subsequent Year's Expenditures		<u>44,282</u>	(C5)
Additional Assigned Fund Balance - Unreserved - Designated for Subsequent Year's July 1, 2017 - August - 1, 2017		<u> </u>	(C6) *****
 Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]	\$	<u><u>436,325</u></u>	(U1)

RUNNEMEDE BOARD OF EDUCATION
EXCESS SURPLUS CALCULATION

SECTION 3

Restricted Fund Balance- Excess Surplus*** [(U1)-(M)] IF NEGATIVE ENTER -0- \$ 137,433 (E)

Recapitulation of Excess Surplus as of June 30, 2017

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures**	803,460	(C3)
Reserved Excess Surplus ***[(E)]	<u>137,433</u>	(E)
Total Excess Surplus [(C3) + (E)]	<u>\$ 940,893</u>	(D)

Footnotes:

- * Allowable adjustment to expenditures on line K must be detailed as follows. This adjustment line (as detailed below) is to be utilized when applicable for:
 - (H) Federal Impact Aid. The passage of P.L. 2015, c.46 amended N.J.S.A. 18A:7F-41 to permit a board of education to appropriate federal impact aid funds to establish or supplement a federal impact aid legal reserve in the general fund. Accordingly, effective for the year ending June 30, 2016 the Federal Impact Aid adjustment to expenditures is limited to the portion of Federal Impact Aid Section 8002 and Section 8003 received during the fiscal year and recognized as revenue on the General Fund Budgetary Comparison Schedule, but not transferred to the Federal Impact Aid Reserve-General (8002 or 8003) by board resolution during June 1 to June 30 of the fiscal year under audit. Amounts transferred to the reserve are captured on line (C4);
 - (I) Sale & 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	<u>46,804</u>	(J1)
Additional Nonpublic School Transportation Aid	<u>2,088</u>	(J2)
Current Year School Bus Advertising Revenue Recognized	_____	(J3)
Family Crisis Transportation Aid	_____	(J4)
Total Adjustments [(H) + (I) + (J1) + (J2) + (J3) + (J4)]	<u>\$ 48,892</u>	(K)

- ** This amount represents the June 30, 2017 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.
- *** Amounts must agree to the June 30, 2017 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 an other type of government, such as the judicial branch of government, must have Departmental approval. District requests should be submitted to the Division of Finance and Regulatory Compliance prior to September 30.
- ***** Increase in Assigned Fund Balance - Unreserved - Designated for Subsequent Year's expenditures July 1, 2017 to August 1, 2017 resulting from decrease in state aid after adoption of 2017-18 district budget. Refer to Commissioner's Broadcast and to page 1-4.2 of this Audit Program.

Detail of Other Restricted Fund Balance

Statutory restrictions:	
Approved unspent separate proposal	\$ _____
Sale/lease-back reserve	_____
Capital reserve	<u>1,322,223</u>
Maintenance reserve	<u>692,149</u>
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	<u>\$ 2,014,372</u> (C4)

AUDIT RECOMMENDATIONS SUMMARY

For the Fiscal Year Ended June 30, 2017

Borough of Runnemede 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

The Board should implement a corrective action plan to effectively reduce the net cash resources on hand through capital expenditure or otherwise.

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

In accordance with government auditing standards, our procedures included a review of all prior year recommendations. Subsequent to June 30, 2017, an HVAC system was purchased in the amount of \$100,000 in the Food Service Fund and as such, the matter will be resolved.