

**BOARD OF EDUCATION  
TEWKSBURY TOWNSHIP  
AUDITORS MANAGEMENT REPORT ON ADMINISTRATIVE  
FINDINGS, FINANCIAL, COMPLIANCE AND PERFORMANCE  
YEAR ENDED JUNE 30, 2015**

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

	<u>PAGE</u>
Independent Auditors Report	1
Scope of Audit	2
School Purchasing Program:	
Contracts and Agreements Requiring Advertisement for Bids	2-3
Administrative Practices and Procedures:	
Insurance	4
Official Bonds	4
Financial Planning, Accounting and Reporting:	
Examination of Claims	4
Special Federal and/or State Projects	4
Payroll Account	4
Reserve for Encumbrances, Liability (Current) for Accounts Payable	5
Classification of Expenditures	5
Treasurer's Records	5
Board Secretary's Records	5
Unemployment Compensation Insurance Trust Fund	5
TPAF (Social Security) Reimbursement	5
School Food Services:	
Food Service Fund	6
Schedule of Meal Count Activity	7
Application for State School Aid	7
Pupil Transportation	7
Schedule of Findings of Noncompliance	7
TPAF Reimbursement	7
Other Matters	8-9
Application for State School Aid Summary/Enrollments	10-12
Excess Surplus Calculation	13-14
Suggestions	15
Recommendations	15
Status of Prior Year's Audit Findings and Recommendations	15
Acknowledgment	16

**Federal Identification Number 22-6002346**

Certified Public Accountant  
Public School Accountant  
Registered Municipal Accountant

100 Route 31 North  
Washington, NJ 07882 - 1530  
Fax # (908) 689-8388  
(908) 689-5002

November 16, 2015

Honorable President and Members  
of the Board of Education  
Tewksbury Township  
County of Hunterdon, 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 basic financial statements of the Board of Education of the Tewksbury Township School District in the County of Hunterdon for the year ended June 30, 2015, and have issued our report thereon dated November 16, 2015.

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 Tewksbury Township 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.

Sincerely,



---

William M. Colantano, Jr.  
Public School Accountant  
No. CS 0128

## SCOPE OF AUDIT

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Monies, the activities of the Board of Education, and the records of the various funds under the auspices of the Board of Education.

## SCHOOL PURCHASING PROGRAMS

### Contracts and Agreements Requiring Advertisement for Bids

NJSA 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 the 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 it is reported."

NJSA 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 whereof is to be paid with or out of school funds, not included within the terms of NJSA 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 NJSA 18A:18A-3 except by contract or agreement."

Effective April 17, 2000, NJSA 18A:18A (Public School Contracts Law) was revised by PL 1999 Ch 440. The associated rules were drafted by the Department of Local Government Services of the State of New Jersey, with consultation from the Commissioner of Education of New Jersey.

Effective July 1, 2014 and thereafter, the bid thresholds in accordance with NJSA 18A:18A-3 (as amended) and 18A:39-3 are \$29,000 and \$18,800 respectively.

In accordance with 18A:18A-3a and NJAC 5:34-5 et seq., the Board of Education has appointed a "Qualified Purchasing Agent" which allows the Board of Education to increase the bid threshold and to grant the authorization to negotiate contracts below the bid threshold.

## SCHOOL PURCHASING PROGRAMS (Cont'd)

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

The 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.

Our examination of the minutes indicated that contracts were awarded for the following:

Contracted Services  
Insurance Coverage  
School Construction Upgrades

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. Expenditures were reviewed, however, to determine whether any clear cut violations existed.

The results of our 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 threshold where there had been no advertising for bids in accordance with the provision of NJSA 18A:18A-4.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per NJSA 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 Chapter 114, PL 1977, therefore, the extent of such purchases could not reasonably be ascertained. Our examination did reveal, however, that the following purchases were made through the use of state contracts:

Teaching Supplies  
Software Licensing  
Maintenance Supplies  
Computer Equipment & Supplies

Purchases were also made through cooperative agreements for the following:

Gasoline  
Insurance  
Copy Paper  
Lawnmower  
Transportation  
Office Supplies  
Sending Tuition  
Teachers Supplies  
Telephone Services  
Child Study Team Services  
Athletic Field Maintenance  
Information Technology Consultants

## ADMINISTRATIVE PRACTICES AND PROCEDURES

### Insurance

Fire and other insurance coverage evidenced by policies was carried in the amounts as reflected in the Insurance Schedule included in the District's Comprehensive Annual Financial Report.

Adequacy of insurance coverage is the responsibility of the Board of Education.

### Official Bonds (NJSA 18A:17-26 18A:17-32)

Surety bond coverage in force during the period was:

<u>Name of Employee</u>	<u>Position</u>	<u>Amount</u>
Karin Laraway	Board Secretary/ Business Administrator	\$ 190,000
Berverly Kszak	Treasurer of School Monies	190,000

The Treasurer of School Monies was bonded in a surety bond in accordance with provisions of Title 18A:17-32 within minimum limits of the schedule promulgated by the New Jersey State Board of Education.

## FINANCIAL PLANNING, ACCOUNTING AND REPORTING

### Examination of Claims

An examination of claims paid during the period under review indicated nominal discrepancies with respect to signatures, certification or supporting documentation.

### Special Federal and/or State Projects

Special Federal and State Projects of the District are reflected on schedules K-3 and K-4 included in the Comprehensive Annual Financial Report.

Our examination of the Special Projects, 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 contained within the CAFR represent a true statement of the financial position pertaining to the aforementioned special projects.

### 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 Chief School Administrator and were certified by the President of the Board and the Board Secretary/School Business Administrator.

Salary withholdings were promptly remitted to the proper agencies.

## FINANCIAL PLANNING, ACCOUNTING AND REPORTING (Cont'd)

### Reserve for Encumbrances, Liability (Current) for Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, 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.

### Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with NJAC 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 NJAC 6A:23A-8.2. As a result of the procedures performed, a nominal error rate was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

### Treasurer's Records

The records of the Treasurer were maintained in good order.

### Board Secretary's Accounting Records

The records of the Board Secretary were maintained in good order.

Finding: Monthly financial reports of the District at the beginning of the fiscal year were not approved by the Board in a timely manner. Management practice is to wait for audited amounts prior to preparing financial reports for the next fiscal year.

Suggestion: Continuing effort should be made to ensure that monthly financial reports of the District at the beginning of the fiscal year are approved by the Board in a timely manner.

### Unemployment Compensation Insurance Trust Fund

The Board has adopted the direct reimbursement method and has established an Unemployment Compensation Insurance Trust Fund.

### TPAF (Social Security) Reimbursement

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

## SCHOOL FOOD SERVICE

### Food Service Fund

The financial transactions and statistical records of the school food service fund were reviewed. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

Cash receipts and bank records were reviewed for timely deposit.

The District utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with NJSA 18A:17-34, and 19-1 through 19-4.1. Provisions of the FSMC contract/addendum were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will break even. The operating results provision has been met.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food and supply items were currently maintained and properly applied in determining the cost of food and supplies used.

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service. Net cash resources exceeded three months average expenditures.

**Finding:** The District's net cash resources for the Food Service Fund exceeded three months average expenditures.

**Suggestion:** The District should take measures to reduce the net cash resources of their Food Service Fund program to an acceptable level as per state regulations.

The number of meals claimed for reimbursement was compared to sales and meal count records. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement claims were submitted and certified in a timely manner.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served was compared to the number of valid applications and/or to the list of directly certified students on file, times the number of operating days, on a school-by-school basis. The free and reduced price meal and free milk policy was reviewed for uniform administration throughout the school system. Sites approved to participate in Provisions I and II were examined for compliance with all counting and claiming requirements. The required verification procedures for free and reduced price applications were completed and available for review.

Food Distribution Program commodities were received and a single inventory was maintained on a first-in, first-out basis. No exceptions were noted.

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

**SCHOOL FOOD SERVICE (Cont'd)**Schedule of Meal Count Activity

<u>Program</u>	<u>Meal Category</u>	<u>Meals Claimed</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>(Over)/ Under Claim</u>
National School Lunch	Paid	39,836	39,836	-0-	\$ .32	\$ -0-
	Reduced	476	476	-0-	2.635	-0-
	Free	820	820	-0-	3.035	-0-
HHFKA Aid	Total Served	41,132	41,132	-0-	.06	-0-

**APPLICATION FOR STATE SCHOOL AID**

Our audit procedures included a test of the information reported in the October 15, 2014 Application for State School Aid (ASSA) Data Listing for on-roll, private schools for the handicapped, and transportation. We also performed a review of the district procedures related to its completion. The information on the data listing was compared to the district work papers with one exception. The information that was included on the work papers was verified without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

The district maintained work papers 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 2014-2015 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility summary report with no exceptions. 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.

**SCHEDULE OF FINDINGS OF NONCOMPLIANCE**

There were no findings of noncompliance as a result of this audit pertaining to federal or state financial assistance.

**TPAF REIMBURSEMENT TO THE STATE FOR FEDERAL SALARY EXPENDITURES**

No reimbursement is due to the State to reimburse for the TPAF/FICA payments made by the State on-behalf of the District. The District had no employees with applicable salaries identified as being paid from federal funds.

## OTHER MATTERS

**Finding:** The bank account reconciliations for Payroll Agency and Student Activity funds were not performed timely and some inaccuracies were found in the accounting records.

**Criteria:** A timely-prepared bank reconciliation would ensure that transactions for the account agree with the reconciled bank account activity and any discrepancies could be found and corrected in a timely manner.

**Condition:** Bank account reconciliations were not prepared timely and some inaccuracies were found in the accounting records.

**Cause:** Procedures in place to maintain the records accurately and ensure account reconciliation in a timely manner within the District were not effective.

**Effect:** Bank reconciliations were not prepared timely, and some inaccuracies occurred in the maintenance of the accounting records.

**Recommendation:** 2015-2. Procedures should be implemented to ensure that the accounting records of the Payroll Agency and Student Activity funds are properly maintained, reconciled and reviewed in a timely manner.

**Finding:** Bids were not obtained for transportation vehicle repair services for the fiscal year.

**Criteria:** Review and performance of the requirements of the state purchasing contract law would ensure that purchasing contracts are awarded in the proper manner.

**Condition:** The period for the extension of the contract term ended and the District continued utilizing the vendor's services without meeting the state purchasing contract law requirements.

**Cause:** Procedures in place to ensure adherence to the public contract law within the District were not effective.

**Effect:** Vendor services for transportation vehicle repairs were contracted without meeting the requirements of the state purchasing contract law.

**Recommendation:** 2015-3. Procedures should be implemented to ensure that bids are obtained for all applicable purchases contracted by the District as required by the state purchasing contract law.

**Finding:** Several annual "Pay to Play" political contribution disclosure forms were not on file for applicable vendors with contracts in excess of \$17,500.

**Criteria:** Review and performance of the requirements of the New Jersey Local Unit "Pay-To-Play" law would ensure that purchasing contracts are awarded in the proper manner.

**Condition:** The District utilized several vendors' services without obtaining political contribution disclosure forms as required by the New Jersey Local Unit "Pay-To-Play" law.

**OTHER MATTERS**

Cause: Procedures in place to ensure adherence to the New Jersey Local Unit "Pay-To-Play" law within the District were not effective.

Effect: Vendor services were contracted without meeting the requirements of the New Jersey Local Unit "Pay-To-Play" law.

Recommendation: 2015-4. Procedures should be implemented to ensure political contribution disclosure forms are obtained for all applicable services contracted by the District as required of the New Jersey Local Unit "Pay-To-Play" law.

Finding: Several purchases in the Capital Projects Fund did not utilize formal purchase orders.

Criteria: Review and performance of the requirements of the state purchasing contract law would ensure that purchase orders are utilized for all purchases of the District.

Condition: Although contracts for services were obtained, a formal purchase order form for several purchases in the Capital Projects Fund was not prepared.

Cause: Procedures in place to ensure that purchase orders are maintained for all purchases within the District were not effective.

Effect: Purchases were contracted without meeting the requirements of the state purchasing contract law

Recommendation: 2015-5. A formal purchase order should be maintained for all purchases of the Capital Projects Fund.

Finding: The District did not submit a copy of their corrective action plan for their audit recommendation for the fiscal year 2014 audit to the County office.

Suggestion: The district should submit a corrective action plan to the County office for audit recommendations received in their "Auditor's Management Report".

TEWKSBURY TOWNSHIP SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2014

SCHEDULE OF AUDITED ENROLLMENTS

	2015-2016 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 Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Half Day Preschool Age 3	2		2					1		1						
Full Day Preschool Age 3																
Half Day Preschool Age 4	5		5					2		2						
Full Day Preschool Age 4																
Half Day Kindergarten																
Full Day Kindergarten	47		47					28		28						
One	56		56					19		19						
Two	51		51					17		17						
Three	65		65					22		22						
Four	61		61					20		20						
Five	65		65					22		22						
Six	67		67					22		22						
Seven	74		74					25		25						
Eight	86		86					28		28						
Nine																
Ten																
Eleven																
Twelve																
Post-Graduate																
Adult HS (15+CR)																
Adult HS (1-14CR)																
Subtotal	579	-	579	-	-	-	-	-	-	206	-	-	-	-	-	-
Special Education-Elementary	52		51		1		17		17							
Special Education-Middle	26		27		(1)		9		9			1	1	1		
Special Education-High School																
Subtotal	78	-	78	-	-	-	26	-	26	-	-	1	1	1	-	-
County Vocational-Regular																
County Vocational-Full Time Post Sec.																
Totals	657	-	657	-	-	-	26	-	232	-	-	1	1	1	-	-
Percentage Error					0.00%	0.00%						0.00%	0.00%			0.00%

TEWKSBURY TOWNSHIP SCHOOL DISTRICT  
 APPLICATION FOR STATE SCHOOL AID SUMMARY  
 ENROLLMENT AS OF OCTOBER 15, 2014  
 (Continued)

SCHEDULE OF AUDITED ENROLLMENTS

	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on ASSA as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application & Register	Sample Errors	Reported on ASSA as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Test Score & Register	Sample Errors
Half Day Preschool Age 3												
Full Day Preschool Age 3												
Half Day Preschool Age 4												
Full Day Preschool Age 4												
Half Day Kindergarten												
Full Day Kindergarten	1	1		1	1							
One												
Two	2	2		2	2							
Three	1	1		1	1							
Four												
Five												
Six	1	1		1	1							
Seven	2	2		2	2							
Eight	2	2		2	2							
Nine												
Ten												
Eleven												
Twelve												
Post-Graduate												
Adult HS (15+CR)												
Adult HS (1-14CR)												
Subtotal	<u>9</u>	<u>9</u>	<u>-</u>	<u>9</u>	<u>9</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Special Education-Elementary	1	1		1	1							
Special Education-Middle	1	1		1	1							
Special Education-High School												
Subtotal	<u>2</u>	<u>2</u>	<u>-</u>	<u>2</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
County Vocational-Regular												
County Vocational-F/T Post Sec.												
Totals	<u>11</u>	<u>11</u>	<u>-</u>	<u>11</u>	<u>11</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Percentage			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>

TEWKSBURY TOWNSHIP SCHOOL DISTRICT  
 APPLICATION FOR STATE SCHOOL AID SUMMARY  
 ENROLLMENT AS OF OCTOBER 15, 2014  
 (Continued)

SCHEDULE OF AUDITED ENROLLMENTS

	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Transportation			Sample Errors
			Errors	Tested	Verified	
Regular- Public Schools	421	421		152	151	1
Special Education- Public School Students	61	61		16	16	
Non-Public: Aid in Lieu of Transportation	94	94		23	23	
Transported-Non-Public	11	11		3	3	
Public Schools- With Special Needs	15	15		3	3	
	<u>602</u>	<u>602</u>	<u>-</u>	<u>197</u>	<u>196</u>	<u>1</u>
Percentage			<u>0.00%</u>			<u>0.51%</u>

## EXCESS SURPLUS CALCULATION

## SECTION 1

2% Calculation of Excess Surplus

2014-2015 Total General Fund Expenditures Per the CAFR, Exhibit C-1	\$ 12,545,321	(B)	
Increased by:			
Transfer to Food Service Fund	-	(B1a)	
Transfer from Capital Outlay to Capital Projects Fund	24,600	(B1b)	
Transfer from General Fund to SRF for PreK-Regular	-	(B1c)	
Transfer from General Fund to SRF for PreK-Inclusion	-	(B1d)	
Transfer to Unemployment Compensation Fund	-	(B1e)	
Decreased by:			
On-Behalf TPAF Pension & Social Security	1,201,131	(B2a)	
Assets Acquired Under Capital Leases	-	(B2b)	
Adjusted 2014-2015 General Fund Expenditures [(B)+(B1s)-(B2s)]	<u>\$ 11,368,790</u>	(B3)	
2% of Adjusted 2014-2015 General Fund Expenditures [(B3) Times .02]	\$ 227,376	(B4)	
Enter Greater of (B4) or 250,000	250,000	(B5)	
Increased by: Allowable Adjustment	<u>61,385</u>	(K)	
Maximum Unassigned Fund Balance [(B5)+(K)]			<u>\$ 311,385 (M)</u>

## SECTION 2

Total General Fund-Fund Balances @ June 30, 2015 (Per CAFR Budgetary Comparison Schedule C-1)	\$ 3,495,202	(C)	
Decreased by:			
Year-End Encumbrances	251,323	(C1)	
Legally Restricted-Designated for Subsequent Year's Expenditures	-	(C2)	
Restricted-Excess Surplus-Designated for Subsequent Year's Expenditures	797,931	(C3)	
Other Restricted Fund Balances	1,604,578	(C4)	
Assigned Fund Balance-Designated for Subsequent Year's Expenditures	<u>97,709</u>	(C5)	
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]			<u>\$ 743,661 (U)</u>

**EXCESS SURPLUS CALCULATION**  
(Continued)

**SECTION 3**

Restricted Fund Balance-Excess Surplus [(U)-(M)] if Negative Enter -0-	<u>\$ 432,276</u> (E)
<u>Recapitulation of Excess Surplus as of June 30, 2015</u>	
Restricted Excess Surplus-Designated for Subsequent Year's Expenditures	\$ 797,931 (C3)
Restricted Excess Surplus	<u>432,276</u> (E)
 Total Excess Surplus [(C3) + (E)]	 <u>\$ 1,230,207</u> (D)

Detail of Allowable Adjustments

Impact Aid	\$ -	(H)
Sale and Lease Back	-	(I)
Extraordinary Aid	43,290	(J1)
Additional Nonpublic Transportation Aid	18,095	(J2)
Other Allowable Adjustments	<u>-</u>	(J3)
 Total Adjustments	 <u>\$ 61,385</u>	 (K)

Detail of Other Restricted Fund Balance

Approved Unspent Separate Proposal	\$ -	
Sale/Lease-Back Reserve	-	
Capital Reserve	894,325	
Maintenance Reserve	460,253	
Emergency Reserve	250,000	
Other Restricted Fund Balance Not Noted Above	<u>-</u>	
 Total Other Restricted Fund Balance	 <u>\$ 1,604,578</u>	 (C4)



William M. Colantano CPA, Public School Accountant

## **SUGGESTIONS**

1. Continuing effort be made to ensure that monthly financial reports are approved by the board in a timely manner.
2. The District should take measures to reduce the net cash resources of their Food Service program to an acceptable level as per state regulations.
3. The District should a corrective action plan to the County office for audit recommendations received in their 'Auditor's Management Report'.

## **RECOMMENDATIONS**

2015-1. Continuing effort should be made to collect all state grant funds due to the District for capital projects.

2015-2. Procedures should be implemented to ensure that the accounting records of the payroll Agency and Student Activity funds are properly maintained, reconciled and reviewed in a timely manner.

2015-3. Procedures should be implemented to ensure that bids are obtained for all applicable purchases contracted by the District as required by the state purchasing contract law.

2015-4. Procedures should be implemented to ensure political contribution disclosure forms are obtained for all applicable services contracted by the District as required of the New Jersey Local Unit "Pay-To-Play" law.

2015-5. A formal purchase order should be maintained for all purchases of the Capital Projects Fund.

## **STATUS OF PRIOR YEAR RECOMMENDATIONS**

In accordance with government auditing standards, our procedures included a review of all prior year recommendations. Corrective action was taken on all prior year findings except for:

1. Continuing effort should be made to collect all state grant funds due to the District for capital projects.
2. Procedures should be implemented ensuring the bookkeeping system for the Old Turnpike School student activity account is maintained timely and accurately.

\* \* \* \* \*

The foregoing conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our examination of the financial statements, and this report of such conditions does not modify our report dated November 16, 2015

Should any questions arise as to our comments, please do not hesitate to contact us.

We wish to express our appreciation for the assistance and courtesies rendered by the school officials and employees during the course of the examination.



---

William M. Colantano, Jr.  
Public School Accountant  
No. CS 0128