

TOWNSHIP OF UNION SCHOOL DISTRICT  
COUNTY OF UNION  
AUDITORS' MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS - FINANCIAL,  
COMPLIANCE AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2018

TOWNSHIP OF UNION SCHOOL DISTRICT  
COUNTY OF UNION  
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE  
FINDINGS - FINANCIAL,  
COMPLIANCE AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2018  
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January 18, 2019

The Honorable President and Members  
of the Board of Education  
Township of Union School District  
County of Union, 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 financial statements of the Board of Education of the Township of Union School District in the County of Union for the fiscal year ended June 30, 2018, and have issued our report thereon dated January 18, 2019.

As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents. This letter does not affect our report dated January 18, 2019, on the financial statements of the Board.

We will review the status of the comments during our next audit engagement. We have already discussed these comments, recommendations and suggestions with various management personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations, if any.

This report is intended for the information of the Township of Union School District's management, the 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.

*NISIVOCCIA LLP*  
NISIVOCCIA LLP

  
\_\_\_\_\_  
John J. Mooney  
Licensed Public School Accountant #2602  
Certified Public Accountant

TOWNSHIP OF UNION SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2018

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, the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

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

Officials in Office and Surety Bonds

<u>Name</u>	<u>Position</u>	<u>Coverage</u>
Debra L. Cyburt	Treasurer of School Monies	\$ 530,000
Gregory Brennan	Business Administrator	470,000
Manuel E. Viera	Assistant Business Administrator	25,000

Tuition Charges

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

Financial Planning, Accounting and Reporting

Examination of Claims

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

Payroll Account and Position Control Roster

The net salaries of 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.

Payrolls were approved by the Superintendent and were certified by the President of the Board and the Board Secretary/School Business Administrator, and the Chief School Administrator.

Salary withholdings were promptly remitted to the proper agencies, including health benefits withholding due to the General Fund.

The required certification (E-CERT-1) of compliance with requirements for income tax on compensation of administrators (superintendent, assistant superintendent, and business administrator) to the NJ Department of Treasury was filed in a timely manner.

TOWNSHIP OF UNION SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

Reserve for Encumbrances and Accounts Payable

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

Classification of Expenditures – General and Administrative

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. We also reviewed administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.2. As a result of the procedures performed, a transaction error rate of 0% was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Board Secretary's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments except as noted below.

Finding:

During the course of our audit testing, we noted a few instances where purchases were made prior to the preparation/approval of purchase orders, as well as certain purchase orders were missing required signatures.

Recommendation:

It is recommended that all purchase orders are prepared/approved prior to the purchase of goods or services to ensure the availability of funds, as well as properly authorized by signature to be in compliance with standard operating procedures.

Management's Response:

All purchase orders will be properly prepared/approved prior to the purchase of goods or services to ensure the availability of funds.

Treasurer's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Treasurer's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments except as noted herein.

TOWNSHIP OF UNION SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

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

The E.S.E.A. financial exhibits are contained herein within the Special Revenue Section of the District's CAFR. This section of the CAFR documents the financial position pertaining to projects under Title I, Title II Title III and Title IV of the Elementary and Secondary Education Act as amended and reauthorized.

The study of compliance for the E.S.E.A. did not indicate any area of noncompliance except as noted below.

Finding:

During our review of the Title I grant it was noted that funds were not expended and drawn down during the appropriate grant period resulting in a loss of 15% of the Title I grant.

Recommendation:

It is recommended that Title I grant funds be expended and drawn down in a timely manner.

Management Response:

The Board will work with Administration and the Grant Coordinator to ensure grant funds are expended and drawn down in a timely manner.

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 did not indicate any area of noncompliance.

T.P.A.F. Reimbursement

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

TOWNSHIP OF UNION SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

T.P.A.F. Reimbursement to the State for Federal Salary Expenditures

The T.P.A.F. Reimbursement to the State for Federal Salary Expenditures was remitted to the State of New Jersey prior to the required deadline of October 1, 2018. The reimbursement form was reviewed and no exceptions were noted.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

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

a. "When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by resolution of the Board of Education without public advertising for bids and bidding therefore, except that the Board of Education may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L.1971, c. 198 the Board of Education may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Commencing in the fifth year after the year in which P.L.1999, c. 440 takes effect and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount and the higher threshold amount which the Board of Education is permitted to establish as set forth in subsection a. of this section or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in N.J.S.A. 18A:18A-2, and shall round the adjustment to the nearest \$1,000. The Governor shall notify all local school districts of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of the year in which it is made . . . ."

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

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 \$19,000.

As per N.J.S.A. 18A:18A-3, the Board passed a resolution, recognizing the Business Administrator as a qualified purchasing agent and increasing the bid threshold to \$40,000.

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 Attorney's opinion should be sought before a commitment is made.

TOWNSHIP OF UNION SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

School Purchasing Programs (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. General compliance was noted, except as noted below.

The results of our examination indicated that there were individual payments, contracts, or agreements were made "for the performance of any work or the furnishing or hiring of any material 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 reasonably be ascertained.

Finding:

The District did not maintain the required Pay-to-Play forms on file for professional service contracts.

Recommendation:

It is recommended that the required Pay-to-Play forms for professional service contracts be obtained.

Management's Response:

The District will ensure that required bid documents and professional service files are maintained in order to demonstrate compliance with Local Public Contract Law and Pay-to-Play regulations for professional service contracts.

Finding:

During our review of purchases made through the bidding process it was noted that bids were accepted and awarded in excess of the budgeted appropriation. Further, additional transfers/appropriations were made retroactive of the awarding of the bid.



TOWNSHIP OF UNION SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

School Purchasing Programs (Cont'd)

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

Recommendation:

It is recommended that only bids that meet budgeted appropriations be accepted and awarded, and that all additional transfers/appropriations are made prior to the awarding of bids.

Management's Response:

The Board will together with Administration to ensure that all bids are awarded within budgeted appropriations and that any additional transfers/appropriations are made prior to the awarding of bids.

School Food Service

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. No exceptions were noted except as listed below.

Finding:

During our review of the food service fund it was noted that the District records did not disclose a receivable for students who were retroactively billed for lunches received.

Recommendation:

It is recommended that the District record the outstanding receivable and work with the Food Service Management company to pursue collection of the outstanding receivable.

Management Response:

Administration will record the outstanding receivable, and will work with the Food Service Management company to pursue collection of the receivable.

Cash receipts and bank records were reviewed for timely deposit. No exceptions were noted.

The District utilizes a food service management company (FMSC) and is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34, and 19-1 through 19-4.1. Provisions of the FMSC contract/addendum were reviewed and audited. The FMSC contract includes an operating results provision which guarantees that the food service program will breakeven/return a profit of at least \$228,000. The operating results provision has not been met. All vendor discounts, rebates and credits from vendors and/or the FSMC were tracked and credited to the Food Service account and reconciled to supporting documentation at least annually. No exceptions were noted.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified on a test basis. Inventory records on food supply items were currently maintained and properly applied in determining the cost of food and supplies used. No exceptions were noted.

TOWNSHIP OF UNION SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

School Food Service (Cont'd)

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 nonprofit status of the School Food Service Fund. No exceptions were noted.

Net cash resources did not exceed three months average expenditures.

Time sheets and payroll records provided to the District from the Food Service contractor were reviewed on a test basis. Payroll records were maintained on all School Food Service employees authorized by the Board of Education.

The number of meals claimed for reimbursement was compared to sales and meal count records on a test basis. As part of the claims review process, the Edit Check Worksheet was completed. Reimbursement claims were submitted/certified in a timely manner. No exceptions were noted.

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/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 policy was reviewed for uniform administration throughout the school district. 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. No exceptions were noted.

U.S.D.A. Food Distribution Program commodities (food and/or commodities) were received and a single inventory was maintained on a first-in, first-out basis. No exceptions were noted.

Non-program foods were purchased, prepared or offered for sale. The Statement of Revenue, Expenses and Changes in Net Position in the CAFR Schedule B-5 does separate program and non-program revenue and program and non-program cost of goods sold.

The school district provided the detailed revenue and expenditure information necessary in order to execute the U.S.D.A. mandated Non-program Food Revenue tool at least annually. No exceptions were noted

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

Student Body Activities

In planning and performing our audit of the financial statements of the Board, we considered the condition of the records of the Student Activities Fund for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no recommendations except as listed below.

Finding:

During our review of Student Body Activities, it was noted that receipts were not being properly and accurately recorded at Jefferson School and that bank reconciliations and receipts were not being deposited in a timely manner.

TOWNSHIP OF UNION SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

Student Body Activities (Cont'd)

Recommendation:

It is recommended that bank reconciliations and receipts are accurately recorded and deposited in a timely manner.

Management Response:

The Board will ensure that all bank reconciliations and receipts are properly and accurately recorded and done within a timely manner.

Application for State School Aid

Our audit procedures included a test of information reported in the October 13, 2017 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the disabled, low income students and bilingual education. We also performed a review of the District's procedures related to its completion. The information on the A.S.S.A. was compared to the District's workpapers with the exception of 12 low-income students. The information that was included on the workpapers was verified on a test basis 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's written procedures for the recording of student enrollment data appear to be adequate.

Pupil Transportation

Our audit procedures included a test of on-roll status reported in the 2017-18 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with 6 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.

Facilities and Capital Assets

There were no SDA Grant funds received or expended in the current year.

Travel Expense and Reimbursement Policy

Travel regulations require each District to adopt a formal policy and procedure pertaining to travel and expense reimbursement for its employees and board members. The regulations require the District to establish a maximum travel for the year and to ensure that the maximum is not exceeded. The regulations also require that all travel be preapproved by the Board of Education and that the approval must be itemized by event, event total cost, and individuals attending.

TOWNSHIP OF UNION SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

Testing for Lead of All Drinking Water in Educational Facilities

The District did submit the annual Statement of Assurance to the NJ Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

Management Suggestions:

Many school districts contract with service providers to perform functions such as the processing of payroll and provision of food service management services. In conjunction with these services, the service provider will engage an auditor to perform a SOC 1 (System and Organization Controls) engagement which results in a SOC 1 report. There are two different types of SOC 1 reports - a Type 1 and a Type 2 report. Both report on the fairness of the presentation of management's description of the service organization's system and the design of the controls to achieve the related control objectives. The Type 1 report is through a specific period. The Type 2 report also reviews the operating effectiveness of the controls included in the description throughout a specified period. Included in the Type 2 report will be the individual controls, what was tested and the results of the testing.

We suggest that the District review these SOC 1 reports to determine if there are any exceptions noted in the opinion in the Independent Auditors' Report. Additionally, for SOC 1 Type 2 reports we suggest that the District review the test results related to the individual control testing to determine if there were any exceptions noted. If exceptions are noted in the report the District should contact the service provider and inquire what steps the service provider is taking to address these exceptions.

Status of Prior Year's Findings/Recommendations

The prior year recommendation regarding timeliness of deposits in General Fund has been resolved in the current year. The prior year recommendations regarding purchase orders and Student Activities have not been resolved and are included in this audit.



TOWNSHIP OF UNION SCHOOL DISTRICT  
SCHEDULE OF NET CASH RESOURCES  
FOOD SERVICE FUND  
ENTERPRISE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(MEMORANDUM ONLY)

Current Assets: *	
Cash and Cash Equivalents	\$ 159,990
Intergovernmental Accounts Receivable	272,279
Inventories	24,328
	456,597
Current Liabilities: *	
Unearned Revenue	(4,051)
	(4,051)
Net Cash Resources	\$ 452,546 (A)
<u>Net Adjusted Total Operating Expense:</u>	
Total Operating Expenses	\$ 3,303,360
Less: Depreciation Expense	(79,195)
Adjusted Total Operating Expenses	\$ 3,224,165 (B)
<u>Average Monthly Operating Expenses:</u>	
(B) / 10	\$ 322,417 (C)
<u>Three Times Monthly Average Operating Expenses:</u>	
3 x (C)	\$ 967,251 (D)
Net Cash Resources	\$ 452,546 (A)
Less: Three Times Monthly Average Operating Expenses	(967,251) (D)
Exceed / (Does not Exceed)	\$ (514,705) **

\* Inventories and unearned revenue related to donated commodities are not included in net cash resources.

\*\* Net cash resources does not exceed three times monthly average operating expenses.

TOWNSHIP OF UNION SCHOOL DISTRICT  
SCHEDULE OF AUDITED ENROLLMENT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 13, 2017

	2018-2019 Application for State School Aid						Sample for Verification					
	Reported on ASSA On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Registers On Roll		Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Half Day Preschool 4 Years Old	176		176					176		176		
Full Day Kindergarten	424		424					424		424		
Grade One	427		427					427		427		
Grade Two	457		457					457		457		
Grade Three	447		447					447		447		
Grade Four	477		477					477		477		
Grade Five	477		477					477		477		
Grade Six	454		454					454		454		
Grade Seven	464		464					464		464		
Grade Eight	477		477					477		477		
Grade Nine	457		457					457		457		
Grade Ten	470		470					470		470		
Grade Eleven	450	10	450	10			450	10	450	10		
Grade Twelve	485	20	485	20			485	20	485	20		
Subtotal	6,142	30	6,142	30			6,142	30	6,142	30		
Special Education:												
Elementary	429		429				9		8		1	
Middle	247		247				9		9			
High	289	13	289	13			7		6		1	
Subtotal	965	13	965	13			25		23		2	
Totals	7,107	43	7,107	43	-0-	-0-	6,167	30	6,165	30	2	-0-
Percentage Error					0.00%	0.00%					0.03%	0.00%

TOWNSHIP OF UNION SCHOOL DISTRICT  
SCHEDULE OF AUDITED ENROLLMENT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 13, 2017

	Private Schools for Disabled					Resident Low Income						
	Reported on ASSA as Private Schools	Reported on Workpapers as Private Schools	Sample for Verfication	Sample Verified	Sample Errors	Reported on ASSA as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	
Full Day Kindergarten						121	121		1	1		
Grade One						136	136		2	2		
Grade Two						143	143		2	2		
Grade Three						153	155	2	2	2		
Grade Four						143	143		2	2		
Grade Five						170	170		2	2		
Grade Six						178	178		2		-2	
Grade Seven						170	180	10	2	2		
Grade Eight						175	175		2	2		
Grade Nine						188	188		2	2		
Grade Ten						174	174		2	2		
Grade Eleven						198.0	198.0		2	2		
Grade Twelve						193.0	193.0		2	2		
Subtotal						2,142	2,154	12	25	23	-2	
Special Education:												
Elementary School	31	31	5	5		141	141		8	7	-1	
Middle School	14	14	2	2		115	115		8	8		
High School	23	23	3	3		136	136		9	9		
Subtotal	68	68	10	10		392	392		25	24	-1	
Totals	68	68	-0-	10	10	-0-	2,534	2,546	12	50	47	(2)
Percentage Error			0.00%			0.00%			0.47%			-4.00%



TOWNSHIP OF UNION SCHOOL DISTRICT  
SCHEDULE OF AUDITED ENROLLMENT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 13, 2017

	Resident LEP Low Income					
	Reported on ASSA as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Test Scores, Application and Register	Sample Errors
Full Day Kindergarten	21	21		3	3	
Grade One	14	14		2	2	
Grade Two	16	16		2	2	
Grade Three	13	13		2	2	
Grade Four	10	10		2	2	
Grade Five	6	6		2	1	-1
Grade Six	4	4		2	2	
Grade Seven						
Grade Eight	5	5		2	2	
Grade Nine	3	3		2	2	
Grade Ten	10	10		3	3	
Grade Eleven	7	7		2	2	
Grade Twelve	4	4		1	1	
Subtotal	<u>113</u>	<u>113</u>		<u>25</u>	<u>24</u>	<u>-1</u>
Special Education:						
Elementary School	9	9		3	2	-1
Subtotal	<u>9</u>	<u>9</u>		<u>3</u>	<u>2</u>	<u>-1</u>
Totals	<u><u>122</u></u>	<u><u>122</u></u>	<u><u>-0-</u></u>	<u><u>28</u></u>	<u><u>26</u></u>	<u><u>(1)</u></u>
Percentage Error			<u><u>0.00%</u></u>			<u><u>-3.57%</u></u>

TOWNSHIP OF UNION SCHOOL DISTRICT  
SCHEDULE OF AUDITED ENROLLMENT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 13, 2017

	Resident LEP Not Low Income					
	Reported on ASSA as LEP Not Low Income	Reported on Workpapers as LEP Not Low Income	Errors	Sample Selected from Workpapers	Verified to Test Scores and Register	Sample Errors
Full Day Kindergarten	35	35		4	2	(2)
Grade One	20	20		2	2	
Grade Two	24	24		3	3	
Grade Three	14	14		3	3	
Grade Four	8	8		2	2	
Grade Five	3	3		1	1	
Grade Six						
Grade Seven	5	5		2	2	
Grade Eight	3	3		1		(1)
Grade Nine	6	6		1		(1)
Grade Ten	13	13		3	3	
Grade Eleven	8	8		2	1	(1)
Grade Twelve	2	2		1	1	
Subtotal	<u>141</u>	<u>141</u>		<u>25</u>	<u>20</u>	<u>(5)</u>
Special Education:						
Elementary School	<u>13</u>	<u>13</u>		<u>2</u>		<u>(2)</u>
Subtotal	<u>13</u>	<u>13</u>		<u>2</u>		<u>(2)</u>
Totals	<u><u>154</u></u>	<u><u>154</u></u>	<u><u>-0-</u></u>	<u><u>27</u></u>	<u><u>20</u></u>	<u><u>(7)</u></u>
Percentage Error			<u><u>0.00%</u></u>			<u><u>-25.93%</u></u>

TOWNSHIP OF UNION SCHOOL DISTRICT  
SCHEDULE OF AUDITED ENROLLMENT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 13, 2017

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	1,088	1,088		25	25	
Regular - Special Education	62.0	62.0		10	10	
Transported - Non Public	282	282		18	13	5
AIL - Non Public	277	277		10	9	1
Special Needs - Public	264	264		8	8	
Special Needs - Private	60	60		5	5	
Totals	<u>2,033</u>	<u>2,033</u>	<u>-0-</u>	<u>76</u>	<u>70</u>	<u>6</u>
Percentage Error			<u>0.00%</u>			<u>0.30%</u>

	Reported	Recalculated
Average Mileage - Regular Including Grade PK Students	4.7	4.7
Average Mileage - Regular Excluding Grade PK Students	4.7	4.7
Average Mileage - Special Education with Special Needs	5.0	5.0

TOWNSHIP OF UNION SCHOOL DISTRICT  
EXCESS SURPLUS CALCULATION  
FISCAL YEAR ENDED JUNE 30, 2018

**Regular District**

**Section 1**

**2% Calculation of Excess Surplus**

2017-2018 Total General Fund Expenditures per the CAFR, Ex. C-1	<u>\$ 150,832,605</u>	(B)
Increased by:		
Transfer from Capital Outlay to Capital Projects Fund	<u>\$ 385,700</u>	(B1a)
Transfer from Capital Reserve to Capital Projects Fund	<u>                    </u>	(B1b)
Decreased by:		
On-Behalf TPAF Pension and Social Security	<u>\$ 17,275,987</u>	(B2a)
Assets Acquired Under Capital Leases	<u>\$ 448,000</u>	(B2b)
Adjusted 2017-2018 General Fund Expenditures [(B)+(B1's)-(B2's)]	<u>\$ 133,494,318</u>	(B3)
2% of Adjusted 2017-2018 General Fund Expenditures [(B5) times .02]	<u>\$ 2,669,886</u>	(B4)
Enter Greater of (B4) or \$250,000	<u>\$ 2,669,886</u>	(B5)
Increased by: Allowable Adjustment	<u>\$ 990,233</u>	(K)
Maximum Unassigned Fund Balance [(B5)+(K)]		<u>\$ 3,660,119</u> (M)

**Section 2**

Total General Fund - Fund Balances @ 6/30/18 (Per CAFR Budgetary Comparison Schedule/Statement)	<u>\$ 9,632,277</u>	(C)
Decreased by:		
Year-end Encumbrances	<u>\$ 865,930</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>\$ 1,455,646</u>	(C3)
Other Restricted Fund Balances	<u>\$ 2,842,015</u>	(C4)
Assigned - Designated for Subsequent Year's Expenditures	<u>\$ -0-</u>	(C5)
Additional Assigned Fund Balance - Designated for Subsequent Year's Expenditures - July 1, 2018 - August 31, 2018	<u>\$ -0-</u>	(C6)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]		<u>\$ 4,468,686</u> (U)

**Section 3**

Restricted Fund Balance-Excess Surplus [(U)-(M)] IF NEGATIVE, ENTER -0-		<u>\$ 808,567</u> (E)
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TOWNSHIP OF UNION SCHOOL DISTRICT  
EXCESS SURPLUS CALCULATION  
FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

**Recapitulation of Excess Surplus as of June 30, 2018**

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures	\$ 1,455,646 (C3)
Restricted Excess Surplus [(E)]	<u>\$ 808,567 (E)</u>
 Total [(C3)+(E)]	 <u><u>\$ 2,264,213 (D)</u></u>

**Detail of Allowable Adjustments**

Impact Aid	\$ -0- (H)
Sale & Lease-back	\$ -0- (I)
Extraordinary Aid	\$ 848,279 (J1)
Additional Nonpublic School Transportation Aid	<u>\$ 141,954 (J2)</u>
 Total Adjustments (H)+(I)+(J1)+(J2)+(J3)	 <u><u>\$ 990,233 (K)</u></u>

**Detail of Other Restricted Fund Balances**

Statutory Restrictions:

Approved Unspent Separate Proposal	\$ -0-
Sale/Lease-back Reserve	\$ -0-
Capital Reserve	\$ 1,667,015
Maintenance Reserve	\$ 450,000
Tuition Reserve	\$ -0-
Emergency Reserve	\$ 725,000
Other Restricted Fund Balance not Noted Above	<u>\$ -0-</u>
 Total Other Restricted Fund Balance	 <u><u>\$ 2,842,015 (C-4)</u></u>

TOWNSHIP OF UNION SCHOOL DISTRICT  
SUMMARY OF RECOMMENDATIONS  
FISCAL YEAR ENDED JUNE 30, 2018

It is recommended that:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

All purchase orders are prepared/approved prior to the purchase of goods or services to ensure the availability of funds.

Title I grant funds be expended and drawn down in a timely manner.

3. School Purchasing Program

The required Pay-to-Play forms be obtained for professional service contracts.

Only bids that meet budgeted appropriations be accepted and awarded, and that all additional transfers/appropriations are made prior to the awarding of bids.

4. School Food Service

The District record the outstanding receivable and work with the Food Service Management company to pursue collection the outstanding receivable.

5. Student Body Activities

Bank reconciliations and receipts be accurately recorded and deposited within a timely manner.

6. Application for State School Aid

None

7. Pupil Transportation

None

8. Facilities and Capital Assets

None

9. Status of Prior Year's Findings/Recommendations

The prior year recommendation regarding timeliness of deposits in General Fund has been resolved in the current year. The prior year recommendations regarding purchase orders and Student Activities have not been resolved and are included in this audit.