

NAME OF SCHOOL COUNTY READINGTON TOWNSHIP SCHOOL DISTRICT HUNTERDON

TYPE OF AUDIT ANNUAL

DATE OF BOARD MEETING November 11, 2014

CONTACT PERSON STEFFI-JO DECASAS, SCHOOL BUSINESS ADMINISTRATOR

TELEPHONE NUMBER (908) 534-2195

RECOMMENDATION NUMBER	CORRECTION ACTION APPROVED BY THE BOARD	METHOD OF IMPLEMENTATION PERSON RESPONSIBLE FOR IMPLEMENTATION	COMPLETION DATE OF IMPLEMENTATION
1. Administrative Practices and Procedures	None - No recommendations		
2. Financial Planning, Accounting and Reporting	None - No recommendations		
3. School Purchasing Programs	None - No recommendations		
4. School Food Service	None - No recommendations		
5. Student Body Activities	None - No recommendations		
6. Application for State School Aid	None - No recommendations		
7. Pupil Transportation	None - No recommendations		
8. Facilities and Capital Assets	None - No recommendations		
9. Miscellaneous	None - No recommendations		
10. Follow-up on prior year findings	None - No recommendations		

Barbara Sargent  
BARBARA SARGENT  
SUPERINTENDENT

Steffi Jo Decasas  
STEFFI-JO DECASAS  
BOARD SECRETARY/SCHOOL BUSINESS ADMINISTRATOR

11/07/2014

**BOARD OF EDUCATION  
READINGTON TOWNSHIP  
COUNTY OF HUNTERDON  
SYNOPSIS OF AUDIT  
JULY 1, 2013 TO JUNE 30, 2014**

READINGTON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2014

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash & Cash Equivalents	\$ 2,904,413	\$ 137,226	\$ 3,041,639
Internal Balances	(8,900)	8,900	
Receivables, Net	563,873	5,794	569,667
Inventory		6,242	6,242
Restricted Assets:			
Cash & Cash Equivalents	4,692,347		4,692,347
Capital Assets (Note 4):			
Land and Construction in Progress	729,356		729,356
Other Capital Assets, Net of Depreciation	40,828,633	39,990	40,868,623
Total Assets	<u>49,709,722</u>	<u>198,152</u>	<u>49,907,874</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amount on Refunding Bond Issue	<u>24,744</u>	<u>-</u>	<u>24,744</u>
<b>LIABILITIES</b>			
Accounts Payable	572,996	1,191	574,187
Accrued Interest	377,279		377,279
Payables to Governments	7,696		7,696
Unearned Revenue	31,481	39,824	71,305
Long-Term Liabilities:			
Due Within One Year	1,422,883		1,422,883
Due Beyond One Year	21,668,965		21,668,965
Total Liabilities	<u>24,081,300</u>	<u>41,015</u>	<u>24,122,315</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	19,567,989	39,990	19,607,979
Restricted for:			
Capital Projects	1,920,494		1,920,494
Debt Service	75,779		75,779
Legal Reserves	2,944,369		2,944,369
Unrestricted	<u>1,144,535</u>	<u>117,147</u>	<u>1,261,682</u>
<b>TOTAL NET POSITION</b>	<u>\$ 25,653,166</u>	<u>\$ 157,137</u>	<u>\$ 25,810,303</u>

READINGTON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Functions/Programs	Program Revenues			Net (Expense) Revenue & Changes in Net Position				
	Direct Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>								
<b>Instruction:</b>								
Regular	\$ 8,883,693	\$ 3,756,027	\$ 54,359	\$ 980	\$ 15,147	\$ (12,569,234)		\$ (12,569,234)
Special Education	3,100,626	1,391,808	99,573	36,153	5,290	(4,351,418)		(4,351,418)
Other Special Education	812,306	365,812		45,213	1,388	(1,131,517)		(1,131,517)
Other Instruction	277,479	107,401			470	(384,410)		(384,410)
<b>Support Services:</b>								
Tuition	708,273			360,826		(347,447)		(347,447)
Students & Instruction Related Services	3,631,486	1,497,704		63,996	6,202	(5,058,992)		(5,058,992)
General & Business Administration Services	1,310,473	337,172	116,750		2,035	(1,528,860)		(1,528,860)
School Administration Services	1,169,456	520,685			1,998	(1,688,143)		(1,688,143)
Plant Operations & Maintenance	2,351,712	204,530	76,285			(2,479,957)		(2,479,957)
Pupil Transportation	2,046,174	8,811	4,285			(2,050,700)		(2,050,700)
Interest on Long-Term Debt	809,984					(809,984)		(809,984)
<b>Total Governmental Activities</b>	<b>25,101,662</b>	<b>8,189,950</b>	<b>351,252</b>	<b>507,168</b>	<b>32,530</b>	<b>(32,400,662)</b>	<b>\$ -</b>	<b>(32,400,662)</b>
<b>Business-Type Activities:</b>								
Food Service	583,311		397,259	98,764		(87,288)		(87,288)
Summer Programs	23,962		21,225			(2,737)		(2,737)
<b>Total Business-Type Activities</b>	<b>607,273</b>	<b>-</b>	<b>418,484</b>	<b>98,764</b>	<b>-</b>	<b>(90,025)</b>	<b>(90,025)</b>	<b>(90,025)</b>
<b>Total Primary Government</b>	<b>\$ 25,708,935</b>	<b>\$ 8,189,950</b>	<b>\$ 769,736</b>	<b>\$ 605,932</b>	<b>\$ 32,530</b>	<b>(32,400,662)</b>	<b>(90,025)</b>	<b>(32,490,687)</b>
<b>General Revenues and Special Items</b>								
Property Taxes Levied for General Purposes						26,582,012		26,582,012
Property Taxes Levied for Debt Service						2,182,408		2,182,408
Federal & State Aid Not Restricted						4,157,942		4,157,942
Investment Earnings						31,822	707	32,529
Miscellaneous Income						136,924	6	136,930
Special Item-Gain on Disposition of Assets						6,565		6,565
<b>Total General Revenues and Special Items</b>						<b>33,097,673</b>	<b>713</b>	<b>33,098,386</b>
Change in Net Position						697,011	(89,312)	607,699
Net Position-Beginning						24,956,155	246,449	25,202,604
<b>Net Position-Ending</b>						<b>\$ 25,653,166</b>	<b>\$ 157,137</b>	<b>\$ 25,810,303</b>

READINGTON TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2014

ASSETS	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Cash & Cash Equivalents	\$ 2,828,634			\$ 75,779	\$ 2,904,413
Due from Other Funds	78,006				78,006
Receivables from Other Governments:					
State	251,531	\$ 172,516			424,047
Federal		109,353			109,353
Local	23,150				23,150
Other Receivables	7,323				7,323
Restricted Cash & Equivalents	2,944,369		1,747,978		4,692,347
<b>TOTAL ASSETS</b>	<b>\$ 6,133,013</b>	<b>\$ 109,353</b>	<b>\$ 1,920,494</b>	<b>\$ 75,779</b>	<b>\$ 8,238,639</b>

LIABILITIES AND FUND BALANCES

Liabilities:					
Accounts Payable	\$ 572,612	\$ 384			\$ 572,996
Due to Other Funds	8,900	78,006			86,906
Payables to Other Governments:					
State		7,696			7,696
Unearned Revenue	8,214	23,267			31,481
<b>Total Liabilities</b>	<b>\$ 589,726</b>	<b>\$ 109,353</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 699,079</b>

Fund Balances:					
Restricted for:					
Excess Surplus	702,390				702,390
Excess Surplus-Designated for Subsequent Year's Expenditures	757,442				757,442
Capital Projects		1,920,494			1,920,494

READINGTON TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2014  
(Continued)

LIABILITIES AND FUND BALANCES (Cont'd)	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Committed to:					
Capital Reserve Account	\$ 2,359,743				\$ 2,359,743
Maintenance Reserve Account	378,299				378,299
Emergency Reserve Account	206,327				206,327
Assigned to:					
Year-End Encumbrances	499,975				499,975
Designated for Subsequent Year's Expenditures	56,696			21	56,717
Debt Service Fund-Undesignated				75,758	75,758
Unassigned Fund Balance	582,415				582,415
Total Fund Balances	\$ 5,543,287	\$ -	\$ 1,920,494	75,779	7,539,560
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 6,133,013</b>	<b>\$ 109,353</b>	<b>\$ 1,920,494</b>	<b>\$ 75,779</b>	

Amounts reported for governmental activities in the Statement of Net Position (A-1) are different because:

Capital assets used in government activities are not financial resources & therefore are not reported in the funds. The cost of the assets is and the accumulated depreciation is

Long-term liabilities, including bonds payable, are not due & payable in the current period & therefore are not reported as liabilities in the funds

For refunding bond issues, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources and amortized as a component of interest expense over the remaining life of the old or new debt, whichever is shorter	Refunding Amount	26,806
	Accum. Amortiz.	2,062
		24,744

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. Accrued interest for general obligation bonds & New Jersey EDA loans is

Net Position of Governmental Activities		(377,279)
		\$ 25,653,166

Capital assets used in government activities are not financial resources & therefore are not reported in the funds. The cost of the assets is and the accumulated depreciation is	\$ 60,264,834	
	18,706,845	41,557,989

(23,091,848)

READINGTON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

REVENUES	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Local Sources:					
Local Tax Levy	\$ 26,582,012			\$ 2,182,408	\$ 28,764,420
Tuition Charges	153,932				153,932
Transportation Fees	2,740				2,740
Interest Earned on Legal Reserve Funds	13,725				13,725
Interest on Investments	18,097				18,097
Local Contributions		\$ 596			596
Miscellaneous	118,250			9,544	127,794
Total	<u>26,888,756</u>	<u>596</u>	<u>\$ -</u>	<u>2,191,952</u>	<u>29,081,304</u>
State Sources	4,150,184		32,530	7,758	4,190,472
Federal Sources		506,572			506,572
Total Revenues	<u>31,038,940</u>	<u>507,168</u>	<u>32,530</u>	<u>2,199,710</u>	<u>33,778,348</u>
EXPENDITURES					
Current:					
Instruction:					
Regular Instruction	8,865,777	980			8,866,757
Special Education Instruction	3,060,710	36,153			3,096,863
Other Special Instruction	771,403	40,903			812,306
Other Instruction	275,295				275,295
Support Service & Undistributed Costs:					
Tuition	347,447	360,826			708,273
Student & Instruction Related Services	3,566,545	63,996			3,630,541
General & Business Administrative Services	1,092,805		98,705		1,191,510
School Administrative Services	1,169,356				1,169,356
Plant Operations & Maintenance	2,300,029				2,300,029
Pupil Transportation	1,867,199				1,867,199
Unallocated Benefits	7,000,386	4,310			7,004,696

READINGTON TOWNSHIP SCHOOL DISTRICT  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
 (Continued)

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>EXPENDITURES (Cont'd)</b>					
Capital Outlay	\$ 661,251		\$ 77,701		\$ 738,952
Debt Service:					
Principal	67,811			\$ 1,331,887	1,331,887
Interest & Other Charges				805,308	873,119
Total Expenditures	<u>31,046,014</u>	<u>\$ 507,168</u>	<u>176,406</u>	<u>2,137,195</u>	<u>33,866,783</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(7,074)</u>	<u>-</u>	<u>(143,876)</u>	<u>62,515</u>	<u>(88,435)</u>
Other Financing Sources (Uses):					
Proceeds from Disposition of Capital Assets	6,565				6,565
Transfers In			1,098,000		1,098,000
Transfers Out	(1,098,000)				(1,098,000)
Proceeds from Refunding Bond Issue			7,905,000		7,905,000
Payment to Refunding Bond Escrow Agent			(8,085,319)		(8,085,319)
Premium on Bond Issue			279,024		279,024
Total Other Financing Sources (Uses)	<u>(1,091,435)</u>	<u>-</u>	<u>1,196,705</u>	<u>-</u>	<u>105,270</u>
Net Change in Fund Balances	(1,098,509)	-	1,052,829	62,515	16,835
Fund Balances, July 1	6,641,796	-	867,665	13,264	7,522,725
Fund Balances, June 30	<u>\$ 5,543,287</u>	<u>\$ -</u>	<u>\$ 1,920,494</u>	<u>\$ 75,779</u>	<u>\$ 7,539,560</u>



## **RECOMMENDATIONS**

No recommendations have been developed as a result of the audit.

## **STATUS OF PRIOR YEAR'S AUDIT FINDINGS/RECOMMENDATIONS**

There were no prior year audit recommendations.

**BOARD OF EDUCATION  
READINGTON TOWNSHIP  
AUDITORS MANAGEMENT REPORT ON ADMINISTRATIVE  
FINDINGS, FINANCIAL, COMPLIANCE AND PERFORMANCE  
YEAR ENDED JUNE 30, 2014**

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

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**Federal Identification Number 22-6002246**

*William M. Colantano, Jr.*  
*A Professional Corporation*

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Certified Public Accountant  
Public School Accountant  
Registered Municipal Accountant

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

October 20, 2014

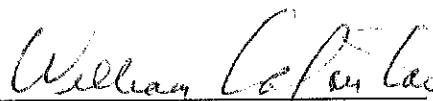
Honorable President and Members  
of the Board of Education  
Readington Township  
County of Hunterdon, New Jersey

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 Readington Township School District in the County of Hunterdon for the year ended June 30, 2014, and have issued our report thereon dated October 20, 2014.

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 Readington 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, 2013 and thereafter, the bid thresholds in accordance with NJSA 18A:18A-3 (as amended) and 18A:39-3 are \$26,000 and \$18,300 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

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:

Garbage Collection	Contracted Services
Construction Services	Food Service Management
Virtual High School Program	
Regional Cooperative Purchasing Services	

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:

Computers	Computer Supplies
Electrical Supplies	Computer Networking Services
Photocopier Lease & Maintenance	

Purchases were also made through cooperative agreements for the following:

Gasoline	Natural Gas
Paper Supplies	School Buses
Teaching Supplies	Office Supplies
Transportation	Electric Generation
Custodial Supplies	Energy Consultant
Documents Archiving	Vehicle Repairs
Boiler Repair Services	Internet Hosting Service
Information Technology Equipment & Supplies	

## 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>
Steffi Decasas	Board Secretary/Business Administrator	\$ 250,000
Employees Blanket Bond		500,000

The Treasurer of School Monies position was eliminated effective June 30, 2013.

## 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.

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 transaction error rate was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification. It should be noted that a large portion of the classification errors were for custodial services which were considered to be minor misclassifications. Reallocations were performed during the audit and the CAFR exhibits are properly stated.

### Treasurer's Records

The Treasurer of School Monies position was eliminated effective June 30, 2013.

### Board Secretary's Accounting Records

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

### 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.

## **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 generate a profit of \$35,000. The operating results provision has been met.



## SCHOOL FOOD SERVICE (Cont'd)

### Food Service Fund (cont'd)

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.

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.

### Schedule of Meal Count Activity

<u>Program</u>	<u>Meal Category</u>	<u>Meals Claimed</u>	<u>Meals Verified</u>	<u>Differ- ence</u>	<u>Rate</u>	<u>(Over)/ Under Claim</u>
National Sch Lunch	Paid	82,647	82,647	-0-	\$ .32	\$ -0-
	Reduced	2,899	2,899	-0-	2.585	-0-
	Free	10,291	10,291	-0-	2.985	-0-
HHFKA Aid		95,837	95,837	-0-	.06	-0-

## **APPLICATION FOR STATE SCHOOL AID**

Our audit procedures included a test of the information reported in the October 15, 2013 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 nominal exceptions. 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 2013-2014 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility summary report with nominal 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. Nominal 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.

READINGTON TOWNSHIP SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2013

SCHEDULE OF AUDITED ENROLLMENTS

	2014-2015 Application for State School Aid				Sample for Verification				Private Schools for Disabled					
	Reported on ASOA		Workpapers		Errors		Selected from Workpapers		Verified per Registers		Reported on ASOA		Private Schools for Disabled	
	On Roll	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Half Day Preschool Age 3	9		9				1		1					
Full Day Preschool Age 3														
Half Day Preschool Age 4			126				22		22					
Full Day Preschool Age 4														
Half Day Kindergarten			140				23		23					
Full Day Kindergarten			159				26		26					
One			154				26		26					
Two			169		1		28		28					
Three			187				32		32					
Four			188				31		31					
Five			218				36		36					
Six			198				33		33					
Seven														
Eight														
Nine														
Ten														
Eleven														
Twelve														
Post-Graduate														
Adult HS (15+CR)														
Adult HS (1-14CR)														
Subtotal	1,548		1,547		1		258		258					
Special Education-Elementary	119		119				19		19		3		3	3
Special Education-Middle	106		106				18		18		3		3	3
Special Education-High School														
Subtotal	225		225				37		37		6		6	6
County Vocational-Regular														
County Vocational-Full Time Post Sec.														
Totals	1,773		1,772		1		295		295		6		6	6
Percentage Error					0.06%						0.00%		0.00%	0.00%

READINGTON TOWNSHIP SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2013  
(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	Sample Selected from Workpapers	Verified to Application & Register	Reported on ASSA as LEP Low Income	Reported on Workpapers as LEP Low Income	Sample Selected from Workpapers	Verified to Test Score & Register
Half Day Preschool Age 3	8	8	8	8				
Full Day Preschool Age 3	10	10	10	10				
Half Day Preschool Age 4	14	14	14	14				
Full Day Preschool Age 4	5	5	5	5	1	1	1	1
Half Day Kindergarten	8	8	8	8				
Full Day Kindergarten	4	4	4	4				
One	6	6	6	6	1	1	1	1
Two	15	15	15	15				
Three	12	12	12	12	1	1	1	1
Four								
Five								
Six								
Seven								
Eight								
Nine								
Ten								
Eleven								
Twelve								
Post-Graduate								
Adult HS (15+CR)								
Adult HS (1-14CR)								
Subtotal	82	82	82	82	3	3	3	3
Special Education-Elementary	19	19	19	19				
Special Education-Middle	21	21	21	21				
Special Education-High School								
Subtotal	40	40	40	40				
County Vocational-Regular								
City Vocational-F/T Post Sec.								
Totals	122	122	122	122	3	3	3	3
Percentage		0.00%		0.00%		0.00%		0.00%

READINGTON TOWNSHIP SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2013  
(Continued)

SCHEDULE OF AUDITED ENROLLMENTS

	Resident LEP Not Low Income		Sample for Verification	
	Reported on ASOA as Not Low Income	Reported on Workpapers as Not Low Income	Sample Selected from Workpapers	Verified to Application & Register
Kindergarten Full Day	2	2	2	2
Grade 1	1	1	1	1
Grade 2	2	2	2	2
Grade 3	1	1	1	1
Grade 5	3	3	3	3
Grade 6	2	2	2	2
Special Education-Elementary	1	1	1	1
Totals	12	12	12	12
				0.00%

	Transportation		Sample Errors	
	Reported on DRTRS by DOE/County *	Reported on DRTRS by District	Tested	Verified
Preschool	2	2	2	2
Regular-Public Schools	1,173	1,173	195	195
Regular-Special Education	155	155	25	25
Public School-Special Education With Special Needs	44	44	7	7
Non Public-Aid in Lieu of Transportation	52	52	8	8
Transported-Non-Public	9	9	1	1
Private School Disabled-With Special Needs	6	6	1	1
Private School Disabled-Without Special Needs				
Totals	1,439	1,441	239	239
				0.00%

	Errors	Percentage
Transportation	(2)	-0.14%

\* County report does not include preschool children

## EXCESS SURPLUS CALCULATION

## SECTION 1

2% Calculation of Excess Surplus

2013-2014 Total General Fund Expenditures Per the CAFR, Exhibit C-1	\$ 31,046,014	(B)	
Increased by:			
Transfer from Capital Outlay to Capital Projects Fund	-	(B1a)	
Transfer from Capital Reserve to Capital Projects Fund	1,098,000	(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	2,571,355	(B2a)	
Assets Acquired Under Capital Leases	-	(B2b)	
Adjusted 2013-2014 General Fund Expenditures [(B)+(B1s)-(B2s)]	<u>\$ 29,572,659</u>	(B3)	
2% of Adjusted 2013-2014 General Fund Expenditures [(B3) Times .02]	\$ 591,453	(B4)	
Enter Greater of (B4) or \$250,000	591,453	(B5)	
Increased by: Allowable Adjustment	<u>117,641</u>	(K)	
Maximum Unassigned Fund Balance [(B5)+(K)]			<u>\$ 709,094 (M)</u>

## SECTION 2

Total General Fund-Fund Balances @ 06/30/2014 (Per CAFR Budgetary Comparison Schedule C-1)	\$ 5,669,966	(C)	
Decreased by:			
Year-End Encumbrances	499,975	(C1)	
Legally Restricted-Designated for Subsequent Year's Expenditures	-	(C2)	
Restricted-Excess Surplus-Designated for Subsequent Year's Expenditures	702,390	(C3)	
Other Restricted Fund Balances	2,944,369	(C4)	
Assigned Fund Balance-Designated for Subsequent Year's Expenditures	<u>56,696</u>	(C5)	
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]			<u>\$ 1,466,536 (U)</u>

**EXCESS SURPLUS CALCULATION**  
(Continued)

**SECTION 3**

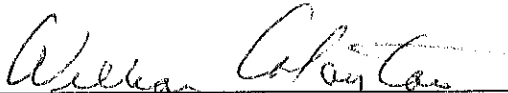
Restricted Fund Balance-Excess Surplus [(U)-(M)] if Negative Enter -0-	<u>\$ 757,442 (E)</u>
 <u>Recapitulation of Excess Surplus as of June 30, 2014</u>	
Restricted Excess Surplus-Designated for Subsequent Year's Expenditures	\$ 702,390 (C3)
Restricted Excess Surplus	<u>757,442 (E)</u>
 Total Excess Surplus [(C3) + (E)]	 <u>\$ 1,459,832 (D)</u>

Detail of Allowable Adjustments

Impact Aid	\$ -	(H)
Sale and Lease Back	-	(I)
Extraordinary Aid	103,950	(J1)
Additional Nonpublic Transportation Aid	13,691	(J2)
Other Allowable Adjustments	<u>-</u>	(J3)
 Total Adjustments	 <u>\$ 117,641</u>	 (K)

Detail of Other Restricted Fund Balance

Approved Unspent Separate Proposal	\$ -	
Sale/Lease-Back Reserve	-	
Capital Reserve	2,359,743	
Maintenance Reserve	378,299	
Emergency Reserve	206,327	
Other State/Government Mandated Reserve	-	
(Other Restricted Fund Balance not Noted Above)	<u>-</u>	
 Total Other Restricted Fund Balance	 <u>\$ 2,944,369</u>	 (C4)



William M. Colantano CPA, Public School Accountant

**RECOMMENDATIONS**

No recommendations have been developed as a result of the audit.

**STATUS OF PRIOR YEAR'S AUDIT FINDINGS/RECOMMENDATIONS**

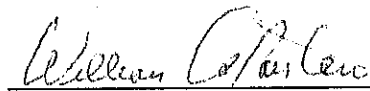
There were no prior year audit recommendations.

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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 October 20, 2014

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.



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