

**BOARD OF EDUCATION OF THE
TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
COUNTY OF CAMDEN**

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

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2010**



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

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

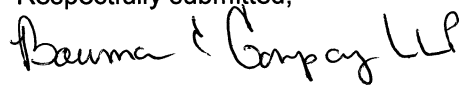
The Honorable President and
Members of the Board of Education
Pennsauken Township School District
County of Camden
Pennsauken, New Jersey 08110

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 Township of Pennsauken School District, in the County of Camden, State of New Jersey as of and for the fiscal year ended June 30, 2010, which were separately issued in the Comprehensive Annual Financial Report dated November 30, 2010.

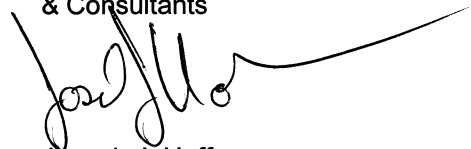
As part of our audit, we also performed procedures required by the Division of Finance, Department of Education, State of New Jersey, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is issued in conjunction with the Comprehensive Annual Financial Report of the Board of Education of the Township of Pennsauken School District, for the fiscal year ended June 30, 2010 and is intended for the information of the School District's management and the New Jersey Department of Education and should not be used by anyone other than these specified parties.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Joseph J. Hoffmann
Public School Accountant No. CS 00759

Voorhees, New Jersey
November 30, 2010

ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE

SCOPE OF AUDIT

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

ADMINISTRATIVE PRACTICES AND PROCEDURES

Insurance

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

Official Bonds (N.J.S.A. 18A: 17-26, 18A:17-32)

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Pasquale Yacovelli	Board Secretary / School Business Administrator	\$375,000.00
Walter Nicgorski	Treasurer	425,000.00

There is a Public Employees' Faithful Performance Blanket Position Bond with Commerce Insurance Services covering all other employees with multiple coverage of \$100,000.00.

Tuition Charges

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

FINANCIAL PLANNING, ACCOUNTING AND REPORTING

Examination of Claims

An examination of claims paid during the fiscal year under audit did not indicate any material discrepancies with respect to signatures, certification or supporting documentation.

Payroll Account

The net salaries of all employees of the School District were deposited in the Payroll Account. Employees' payroll deductions and the employer's share of fringe benefits were deposited in the Payroll Agency Account.

All payrolls were approved by the Superintendent and were certified by the President of the Board and the Board Secretary / Business Administrator.

Salary withholdings were promptly remitted to the proper agencies.

The Payroll Account records were in satisfactory condition.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30 for proper classification of orders as reserve for encumbrances and accounts payable. We noted the following exceptions.

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (CONT'D)

Travel

Our audit procedures did not reveal any discrepancies related to the School District's travel expenditures.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.2.

Board Secretary's Records

Our review of the financial and accounting records maintained by the Board Secretary indicated that they were in satisfactory condition.

Treasurer's Records

Our review of the financial and accounting records maintained by the Treasurer indicated that they were in satisfactory condition and were in agreement with the Board Secretary.

Elementary and Secondary Education Act (E.S.E.A.) / Improving America's Schools Act (I.A.S.A.) as reauthorized by the No Child Left Behind Act (N.C.L.B.) of 2001

The E.S.E.A. / N.C.L.B. financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the projects under Titles I, II, III, and IV of the Elementary and Secondary Education Act as amended and reauthorized.

The study of compliance for did not indicate any areas of noncompliance.

Balances existed from prior year programs in the amount of \$173,508.01 which were not remitted back to the State Department of Education at year end. However, prior to the issuance of this report, this amount was refunded.

Other Special Federal and / or State Projects

The School District's Special Projects were approved as listed on Schedules A and 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.

Finding No. 2010-1

The district failed to maximize participation in the SEMI program as set forth in N.J.A.C. 6A:23A-5.3(d).

Recommendation

That parental consent forms be obtained for a minimum of ninety percent of those SEMI eligible students in order to maximize participation in the SEMI program.

Balances existed from prior year programs in the amount of \$22,822.22 which were not remitted back to the State Department of Education at year end. However, prior to the issuance of this report, this amount was refunded.

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (CONT'D)

T.P.A.F. Reimbursement

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

Nonpublic State Aid

Our audit procedures did not reveal any discrepancies related to the School District's Nonpublic State Aid.

SCHOOL PURCHASING PROGRAMS

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-1 et seq. (Public Contracts Law), the associated rules and related information on the statute, and the school contracts in general are available on the website <http://www.state.nj.us/njded/pscl/index.html>.

The School District has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year.

Based on the results of my examination, I did not note any individual payments, contracts, or agreements made for the performance of any work or goods or services, in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A. 18A:18A-4, amended.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

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.

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

Expenditures should be 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 did not exceed three months average expenditures.

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all School District food service employees authorized by the School District. No exceptions were noted.

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 / 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 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. The required verification procedures for free and reduced price applications were completed and available for review.

SCHOOL FOOD SERVICE (CONT'D)

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.

STUDENT BODY ACTIVITIES

Our review of the student activity funds did not reveal any material discrepancies.

APPLICATION FOR STATE SCHOOL AID

Our audit procedures included a test of information reported in the October 15, 2009 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the disabled, low-income, and bilingual. We also performed a review of the School District procedures related to its completion. The information on the A.S.S.A. was compared to the School District workpapers without exception. The information that was included on the workpapers was verified without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

The School District maintained workpapers on the prescribed State forms or their equivalent.

The School 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 2009-2010 District Report of Transported Resident Students (DRTRS). The information that was reported on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the School District complied with proper bidding procedures and award of contracts. The bid specifications for the purchase of buses were in compliance with applicable statutes. No exceptions were noted in our review of transportation related purchases of goods and services.

FACILITIES AND CAPITAL ASSETS

Our procedures included a review of the SDA grant agreement for consistency with recording SDA revenue, transfer of local funds from the general fund or from the capital reserve account, and awarding of contracts for eligible facilities construction.

FOLLOW-UP ON PRIOR YEAR'S FINDINGS

In accordance with government auditing standards, our procedures included a review of all prior year recommendations. Corrective action was not taken on the one prior year finding and is repeated in this year's recommendations noted as current year finding 20010-01.

FOLLOW-UP ON PRIOR YEAR'S FINDINGS (CONT'D)

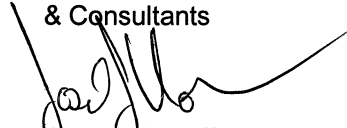
We have also reviewed the findings contained in the reports issued by the Office of Fiscal Accountability and Compliance (OFAC) dated 10/29/10. Corrective action was taken on the findings concerning the 10/15/09 Application for State School Aid (ASSA) and the 10/15/08 District Report of Transported Resident Students (DRTRS) with the filing of the 10/15/10 ASSA and DRTRS. Corrective action was also taken on the findings concerning the 2008-2009 Application for Extraordinary Aid with the filing of the 2009-2010 application.

ACKNOWLEDGMENT

We received the complete cooperation of all of the officials of the School District and we greatly appreciate the courtesies extended to the members of the audit team.

Respectfully submitted,

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Joseph J. Hoffmann
Public School Accountant No. 00759

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Schedule of Meal Count Activity
 Food Service Fund
 Number of Meals Served and (Over) / Underclaim
 Enterprise Fund
 For the Fiscal Year Ended June 30, 2010

<u>Program</u>	<u>Meal Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>Estimated (Over) / Under Claim</u>
National School Lunch (Regular Rate)	Paid	170,796	3,989	3,989	-	\$ 0.31	\$ -
	Reduced	110,979	2,536	2,536	-	2.40	-
	Free	<u>382,357</u>	<u>8,350</u>	<u>8,350</u>	<u>-</u>	2.80	<u>-</u>
	Total	<u>664,132</u>	<u>14,875</u>	<u>14,875</u>	<u>-</u>		<u>-</u>
School Breakfast (Regular Rate)	Paid	20,032	205	205	-	0.36	-
	Reduced	27,830	316	316	-	1.54	-
	Free	<u>150,760</u>	<u>1,359</u>	<u>1,359</u>	<u>-</u>	1.84	<u>-</u>
	Total	<u>198,622</u>	<u>1,880</u>	<u>1,880</u>	<u>-</u>		<u>-</u>
Special Milk	Paid	17,321	118	118	-	0.16	-
	Free	<u>10,567</u>	<u>56</u>	<u>56</u>	<u>-</u>	Average Cost	<u>-</u>
	Total	<u>27,888</u>	<u>174</u>	<u>174</u>	<u>-</u>		<u>-</u>
Total Net Underclaim / (Overclaim)							<u>\$ -</u>

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Application for State School Aid Summary
 Enrollment as of October 15, 2009

	2010-2011 Application for State School Aid (10/15/09 Data)						Sample for Verification						Private Schools for the Disabled			
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Registers On Roll		Errors per Registers On Roll		Reported on A.S.S.A. as Private Schools	Sample for Veri- cation	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Half Day Preschool	159		159					89		89						
Full Day Preschool																
Half Day Kindergarten																
Full Day Kindergarten	379		379					70		70						
One	377		377					48		48						
Two	330		330					40		40						
Three	348		348					76		76						
Four	336		336					69		69						
Five	333		333					323		323						
Six	332		332					325		325						
Seven	332		332					321		321						
Eight	344		344					334		334						
Nine	303		303					294		294						
Ten	328		328					322		322						
Eleven	320		320					310		310						
Twelve	344		344					333		333						
Post-Graduate																
Adult H.S. (15+CR.)																
Adult H.S. (1-14CR.)																
Subtotal	4,565	-	4,565	-	-	-	-	2,954	-	2,954	-	-	-	-	-	-
Special Education-Elementary	447		447					12		12			16	13	13	
Special Education-Middle School	238		238					7		7			12	6	6	
Special Education-High School	353		353					63		63			45	36	36	
Subtotal	1,038	-	1,038	-	-	-	-	82	-	82	-	-	73	55	55	-
Co. Voc. - Regular																
Co. Voc. Ft. Post Sec.																
Totals	5,603	-	5,603	-	-	-	-	3,036	-	3,036	-	-	73	55	55	-
Percentage Error					<u>-</u>	<u>-</u>										<u>-</u>

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT

Application for State School Aid Summary

Enrollment as of October 15, 2009

	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on A.S.S.A. as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on A.S.S.A. as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Application, Test Score and Register	Sample Errors
Half Day Preschool	61	61		12	12		20	20		9	9	
Full Day Preschool												
Half Day Kindergarten												
Full Day Kindergarten	253	253		12	12		29	29		12	12	
One	245	245		29	29		25	25		14	14	
Two	213	213		26	26		14	14		7	7	
Three	215	215		45	45		19	19		8	8	
Four	226	226		26	26		11	11		1	1	
Five	222	222		17	17		5	5		2	2	
Six	201	201					3	3		2	2	
Seven	222	222					8	8		3	3	
Eight	202	202		13	13		10	10		3	3	
Nine	184	184					6	6		3	3	
Ten	202	202					11	11		6	6	
Eleven	157	157		4	4		14	14		6	6	
Twelve	172	172					6	6		1	1	
Post-Graduate												
Adult H.S. (15+CR.)												
Adult H.S. (1-14CR.)												
Subtotal	2,775	2,775	-	184	184	-	181	181	-	77	77	-
Special Education-Elementary	360	360		33	33		7	7		1	1	
Special Education-Middle School	146	146		16	16		1	1				
Special Education-High School	247	247		42	42		1	1				
Subtotal	753	753	-	91	91	-	9	9	-	1	1	-
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Totals	3,528	3,528	-	275	275	-	190	190	-	78	78	-
Percentage Error			-			-			-			-
Transportation												
	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors				Reported	Re-Calculated	
Reg. - Public Schools, Col. 1	2,646	2,646		194	194					3.5	3.5	
Reg. - SpEd, Col. 4	608	608		45	45					3.6	3.6	
Transported - Non-Public, Col. 3	369	369		27	27							
Special Needs, Col. 6	255	255		16	16					11.7	11.7	
Totals	3,878	3,878	-	282	282	-						
Percentage Error			-			-						

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

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Application for State School Aid Summary
 Enrollment as of October 15, 2009

	Resident LEP NOT Low Income			Sample for Verification		
	Reported on A.S.S.A. as NOT Low Income	Reported on Workpapers as NOT Low Income	Errors	Sample Selected from Workpapers	Verified to Application, Test Score and Register	Sample Errors
Half Day Preschool	14	14		7	7	
Full Day Preschool						
Half Day Kindergarten						
Full Day Kindergarten	8	8		8	8	
One	2	2		1	1	
Two	3	3		1	1	
Three	2	2		2	2	
Four	1	1		2	2	
Five						
Six	1	1				
Seven	1	1		1	1	
Eight	1	1				
Nine	3	3		2	2	
Ten	1	1		1	1	
Eleven	3	3		2	2	
Twelve						
Post-Graduate						
Adult H.S. (15+CR.)						
Adult H.S. (1-14CR.)						
Subtotal	<u>40</u>	<u>40</u>	<u>-</u>	<u>27</u>	<u>27</u>	<u>-</u>
Special Education-Elementary						
Special Education-Middle School						
Special Education-High School						
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	<u>40</u>	<u>40</u>	<u>-</u>	<u>27</u>	<u>27</u>	<u>-</u>
Percentage Error			<u>-</u>			<u>-</u>

Footnotes:

* This adjustment line (as detailed below) is to be utilized for Impact Aid (when applicable), Sale and Lease-back (Refer to the Audit Program Section II, Chapter 10), Extraordinary Aid, and Additional Nonpublic School Transportation Aid if applicable (Refer to the Audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid and Additional Nonpublic School Transportation Aid).

Detail of Allowable Adjustments

Impact Aid	(H)
Sale & Lease-back	(I)
Extraordinary Aid	<u>\$ 664,824.00 (J1)</u>
Additional Nonpublic School Transportation Aid	<u>44,078.00 (J2)</u>
 Total Adjustments [(H)+(I)+(J1)+(J2)]	 <u>\$ 708,902.00 (K)</u>

** This amount represents the June 30, 2009 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 10025.

*** Amount must agree to the June 30, 2010 CAFR and must be included in the Audit Summary Worksheet Line 10024.

**** Amount for Other Reserved Fund Balances must be detailed for each source. Use in the excess surplus calculation of any legal reserve that is not state mandated or that is not legally imposed by an other type of government, such as the judicial branch of government, must have Departmental approval. District requests should be submitted to the Division of Finance prior to September 30.

Detail of Other Reserved Fund Balance

Statutory restrictions:

Approved unspent separate proposal	_____
Capital outlay for a district with a capital outlay SGLA	_____
Sale/lease-back reserve	_____
Capital reserve	<u>\$ 7,053,501.71</u>
Maintenance reserve	_____
Emergency reserve	<u>861,066.67</u>
Waiver offset reserve	_____
Tuition reserve	_____
Other state/government mandated reserves	<u>174,503.38</u>
 [Other Reserved Fund Balance not noted above]****	 _____
Total Other Reserved Fund Balance	 <u>\$ 8,089,071.76 (C4)</u>

