
INTEROFFICE MEMORANDUM: CAFR

TO: DR. MARK SILVERSTEIN

FROM: JENNIFER JOHNSON

SUBJECT: APPROVAL OF JUNE 30, 2019 AUDIT REPORT

DATE: JANUARY 13, 2020

Recommend approval to accept the June 30, 2019 Comprehensive Annual Financial Report ending June 30, 2019 and Auditor's Management Report on Administrative Findings as prepared and presented by Petroni & Associates and accept and approve the Corrective Action Plan to be implemented to address noted findings. (attachment)

PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants
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MEMBER: AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

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Honorable President and Members
of the Glassboro Board of Education
560 Joseph Bowe Blvd.
Glassboro, New Jersey 08028

We have audited the financial statements of the Governmental Activities, the Business-type Activities, each major fund, and the aggregate remaining fund information of Glassboro School District for the year ended June 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (*Government Auditing Standards*, the Uniform Guidance, and New Jersey OMB Circular 15-08), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

District personnel performed an analysis of outstanding purchase orders at June 30 and prepared separate listings of purchase orders comprising the balance sheet account balances for accounts payable and reserve for encumbrances. Adjustments in the amount of \$293,065 were needed to adjust the accounting records to properly reflect the true balances as of June 30, taking into consideration both the status of the orders at June 30 as well as their subsequent liquidation.

A general ledger is not being accurately maintained for the food service fund.

Equipment purchased for the Food Service Program has not been capitalized and recorded in the Fixed Asset records.

A reimbursement request for the federal and state child nutrition program for the month of December 2018 was never filed resulting in a loss to the District of \$58,417.

The District has a deficit in Debt Service fund balance as of June 30, 2019, in the amount of \$11,046. The amount budgeted for interest on debt service was insufficient to pay the amount due.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Glassboro School District are described in Note 1 to the financial statements. We noted no transactions entered into by the School District during year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and

assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Glassboro School District's financial statement is the valuation of the fixed assets. Fixed are recorded at historical cost or estimated historical cost if actual historical cost is not available except for land, which is valued at estimated market value on the date of acquisition. We evaluated the key factors and assumptions used to develop the fixed asset valuation to determine that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

We have requested certain representations from management that are included in the management representation letter dated December 12, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the

underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Board of Education members and management of the Glassboro School District and is not intended to be and should not be used by anyone other than these specified parties.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Registered Municipal Accountant #252

December 18, 2019

School District/Charter/Renaissance School Project: Glassboro Public Schools

County: Gloucester

Contact Person: Jennifer Johnson

Type of Audit: Financial, Compliance, and Performance for Year Ended June 30, 2019

Telephone Number: 856-652-2700

Email Address: jjohnson@gpsd.us

Date of Board Meeting : January 22, 2020

Recommendation Number	Corrective Action Required by The Board	Method of Implementation	Person Responsible for Implementation	Planned Completion Date of Implementation
2019-001	Purchase orders whose goods and services have been received and/or services provided will be properly recorded as of June 30 as a liability.	New Business Administrator will review year end purchase orders and ensure all are properly recorded.	Accountant	Immediately
2019-002	Accounting for the Food Service Fund will be maintained in a general ledger.	New Business Administrator will ensure food service accounting is properly maintained in the accounting system.	Accountant	Immediately
2019-003	Equipment purchased for the café exceeding \$2,000 will be recorded in the Fixed Asset listing maintained in the district accounting system.	New Business Administrator will ensure proper recording of fixed assets in the accounting system.	Accounts Payable Clerk	Immediately
2019-004	Ensure that all federal and state food service reimbursement request are filed on a timely basis and the corresponding reimbursements received.	New Business Administrator will ensure proper submission, certification, and collection of school lunch program.	Submitter Certifier	Immediately

Recommendation Number	Corrective Action Required by The Board	Method of Implementation	Person Responsible for Implementation	Planned Completion Date of Implementation
2019-005	Upon the release of the taxpayers guide to education if district legal costs exceed 130% of the Statewide Average for the new year, procedures as detailed in NJAC 6A:23A-5.2(a)(3) will be followed.	New Business Administrator will prepare required documents needed for Board Approval.	Business Administrator	Immediately
2019-006	Ensure all required principal and interest payments be included in the adopted debt service budget.	New Business Administrator will include all required principal and interest payments be included in the 20-21 budget.	Business Administrator	Immediately

Chief School Administrator: **Date: 1/22/2020**

Board Secretary/School Business Administrator: **Date:1/22/2020**