

ROBBINSVILLE BOARD OF EDUCATION

Robbinsville, New Jersey
County of Mercer

**Auditor's Management Report on Administrative Findings -
Financial, Compliance and Performance
for The Year Ended June 30, 2014**

**MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE**

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

Honorable President and Members
of the Robbinsville Board of Education
County of Mercer
Robbinsville, New Jersey 08691

We have audited, in accordance with generally accepted audit standards and *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Robbinsville Board of Education in the County of Mercer for the year ended June 30, 2014, and have issued our report thereon dated November 04, 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 Robbinsville 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.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

Rodney R. Haines
Certified Public Accountant
Public School Accountant, No. 2198

Medford, New Jersey
November 04, 2014

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**ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE**

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

Administrative Practices and Procedures

Insurance

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

Official Bonds (N.J.S.A 18A:17-26, 18A:17-32, 18A:13-13)

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Robert DeVita	Business Administrator/Board Secretary	\$255,000
Pablo Canela	Treasurer of School Monies	255,000

There is a Public Employee's Faithful Performance Blanket Position Bond with the Selective Insurance Company covering all other employees with multiple coverage of \$10,000.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were less than estimated costs. The District made a proper adjustment to the billings to sending districts for the decrease in per pupil cost in accordance with *N.J.A.C.6A:23A-17.1(f)3*.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under the review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

Financial Planning, Accounting and Reporting (continued):

Payroll Account

The net salaries of all employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll agency account.

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

Salary withholdings were promptly remitted to the proper agencies, including health benefits premium amounts withheld due to the general fund.

Payrolls were delivered to the secretary of the board who then deposited with warrants in separate bank accounts for net payroll and withholdings.

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. No exceptions were noted.

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 compliance and single audit testing procedures. In addition to randomly selecting a test sample, out sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with *N.J.A.C 6A:23A-8.3*. No exceptions were noted.

Board Secretary's Records

Our review of the financial and accounting records maintained by the board secretary were found to be in satisfactory condition.

Treasurer's Records

The Treasurer performed cash reconciliations for the general operating account, capital projects fund, payroll account and payroll agency account in accordance with *N.J.S.A.18A:17-36*.

All cash receipts tested were promptly deposited.

The Treasurer's records were in agreement with the records of the Board Secretary.

Our review of the financial and accounting records maintained by the board secretary were found to be in satisfactory condition.

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 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 and Title VI of the Elementary and Secondary Education Act as amended and reauthorized.

The study of compliance for E.S.E.A. indicated no areas of noncompliance.

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 with the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

The tests of compliance for the major state programs selected did not indicate any areas of noncompliance.

T.P.A.F. Reimbursement

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

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

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

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 receipts of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. (pending before the Legislature as section 15 of this bill) of section 9 of P.L. 1971, c.198 (C.40A:119) 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.

School Purchasing Programs (continued):

- 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.18A:18A-2 (pending before the Legislature as section 50 of this bill), 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. 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 *N.J.S.A.18A:18A-3* except by contract or agreement.”

Effective July 1, 2010 and thereafter the bid thresholds in accordance with *N.J.S.A.18A:18A-2* and *18A:18A-3(a)* are \$36,000 (with a Qualified Purchasing Agent) and \$26,000 (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 \$17,200.

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.

Based on the results of our examination we did not note any individual payments, contracts or agreements were 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 Services were maintained in satisfactory condition. 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.

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

School Food Service (continued):

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 Food Services employees authorized by the board of education.

The number of meals claimed for reimbursement was compared to sales and meal count record. 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 did not exceed 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 is uniformly administered throughout the School System. The required verification procedures for free and reduced price applications were completed and available for review.

USDA Food Distribution Program (food and/or 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 were in satisfactory condition.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2013 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped and low-income, and bilingual. We also performed a review of the district's procedures related to its completion. The information on the ASSA was compared to the 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 district maintained workpapers on the prescribed state forms of their equivalent.

The district written procedures appear to be adequate for the recording of student enrollment data.

Pupil Transportation

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 without exception. The results of the procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation contracts and purchases. Based on this review, the 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 exception were noted in our review of transportation related purchased of goods and services.

Follow-up on Prior Years' Findings

In accordance with Governmental Auditing Standards, our procedures included a review of all prior year recommendations including findings. There were no prior year findings.

Acknowledgment

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

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

Rodney R. Haines
Certified Public Accountant
Public School Accountant, No. 2198

Medford, New Jersey
November 04, 2014

ADDITIONAL INFORMATION

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SCHEDULE OF AUDITED ENROLLMENTS (1)

**ROBBINSVILLE BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2013**

	2013-2014 Application for State School Aid				Sample for Verification				Private Schools for Disabled					
	Reported on A.S.S.A. On Roll		Workpapers		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 Verification	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Half Day Preschool	24		24		3		3							
Full Day Kindergarten	175		175		18		18							
One	171		171		17		17							
Two	195		195		20		20							
Three	174		174		17		17							
Four	263		263		26		26							
Five	176		176		18		18							
Six	216		216		21		21							
Seven	226		226		22		22							
Eight	204		204		20		20							
Nine	203		203		20		20							
Ten	190		190		19		19							
Eleven	196	3	196	3	20	1	20	1						
Twelve	190	8	190	8	19	1	19	1						
Subtotal	2,603	11	2,603	11	260	2	260	2						
Special Ed - Elementary	142		142		14		14				1		1	1
Special Ed - Middle School	82		82		8		8				2		2	2
Special Ed - High School	94	15	94	15	9	2	9	2			8.5		8.5	8.5
Totals	2,921	26	2,921	26	291	4	291	4			12		12	12

Percentage Error

SCHEDULE OF AUDITED ENROLLMENTS (2)

ROBBINSVILLE BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2013

	Resident Low Income			Resident LEP Low Income			Sample for Verification			Sample for Verification		
	Reported on A.S.S.A. as Low Income	Reported on Workpapers as Low Income	Errors	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	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Preschool	2	2					2	2				
Full Day Kindergarten	6	6		1	1		4	4		1	1	
One	3	3					3	3				
Two	2	2					2	2				
Three	7	7					5	5				
Four	5	5					4	4		1	1	
Five	6	6					4	4				
Six	7	7					5	5				
Seven	6	6					5	5		1	1	
Eight	5	5					4	4				
Nine	10	10					7	7				
Ten	4	4					3	3				
Eleven	6	6					4	4				
Twelve												
Subtotal	69	69		3	3		52	52		3	3	
Special Ed - Elementary	11	11					7	7				
Special Ed - Middle	4	4					4	4				
Special Ed - High	6	6					5	5				
Totals	90	90		3	3		68	68		3	3	
Percentage Error												

Transportation

	Reported on DRTS by DOE/county	Reported on DRTS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools, col. 1	1,288	1,288		200	200	
Reg. - Vocational	7	7		2	2	
Reg. - SpEd, col. 4	138	138		30	30	
Transported - Non-Public, col. 3	82	82		20	20	
AIL Non-Public, col. 2	43	43		10	10	
Special Ed Spec, col. 6	72	72		10	10	
Totals	1,629	1,629		272	272	
Percentage Error						

SCHEDULE OF AUDITED ENROLLMENTS (3)

**ROBBINSVILLE BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2013**

	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 and Register	Sample Errors
Full Day Preschool						
Full Day Kindergarten	4	4		4	4	
One	2	2		2	2	
Two	1	1		1	1	
Three						
Four						
Five						
Six						
Seven	1	1		1	1	
Eight						
Nine						
Ten						
Eleven	1	1		1	1	
Twelve	1	1		1	1	
Subtotal	10	10		10	10	
Special Ed - Elementary						
Special Ed - Middle						
Special Ed - High						
Totals	10	10		10	10	
Percentage Error						

EXCESS SURPLUS CALCULATION

REGULAR DISTRICTS

SECTION 1

A. 2% Calculation of Excess Surplus

2013-2014 Total General Fund Expenditures per the CAFR, Ex. C-1	\$	<u>42,072,639.31</u>	(B)
Increased by:			
Transfer from Capital Outlay to Capital Projects Fund		<u>-</u>	(B1a)
Transfer from Capital Reserve to Capital Projects Fund		<u>-</u>	(B1b)
Decreased by:			
On-Behalf TPAF Pension & Social Security		<u>3,084,844.60</u>	(B2a)
Assets Acquired Under Capital Leases:		<u>2,571,739.98</u>	(B2b)
Adjusted 2013-2014 General Fund Expenditures [(B)+(B1s)-(B2s)]	\$	<u>36,416,054.73</u>	(B3)
2% of adjusted 2013-2014 General Fund Expenditures [(B3) times .02]	\$	<u>728,321.09</u>	(B4)
Enter Greater of (B4) or \$250,000		<u>728,321.09</u>	(B5)
Increased by: Allowable Adjustment *		<u>164,466.00</u>	(K)
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]	\$	<u>892,787.09</u>	(M)

SECTION 2

Total General Fund - Fund Balances @ 06-30-2014 (Per CAFR Budgetary Comparison Schedule C-1)	\$	<u>5,306,318.13</u>	(C)
Decreased by:			
Year-End Encumbrances		<u>247,416.50</u>	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures		<u>1,079,677.46</u>	(C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**		<u>-</u>	(C3)
Other Restricted Fund Balances ****		<u>1,507,577.37</u>	(C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures		<u>186,412.54</u>	(C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	\$	<u>2,285,234.26</u>	(U)

REGULAR DISTRICTS (continued):

SECTION 3

Restricted Fund Balance - Excess Surplus *** {(U)-(M)} IF NEGATIVE ENTER -0- \$ 1,392,447.17 (E)

Recapitulation of Excess Surplus as of June 30, 2014

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	<u>1,079,677.46</u> (C3)
Reserved Excess Surplus *** [(E)]	<u>1,392,447.17</u> (E)
Total [(C3) + (E)]	\$ <u><u>2,472,124.63</u></u> (D)

Footnotes:

* This adjustment line (as detailed below) is to be utilized when applicable for: Impact Aid, Sale and Lease-back (Refer to the Audit Program Section II, Chapter 10), Extraordinary Aid, Additional Nonpublic School Transportation Aid; and recognized current year School Bus Advertising Revenue. 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	<u>-</u> (I)
Extraordinary Aid	<u>152,359.00</u> (J1)
Additional Nonpublic School Transportation Aid	<u>12,107.00</u> (J2)
Current Year School Bus Advertising Revenue Recognized	<u>-</u> (J3)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)]	\$ <u><u>164,466.00</u></u> (K)

** This amount represents the June 30, 2014 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

*** Amount must agree to the June 30, 2014 CAFR and Audit Summary Worksheet Line 90030.

**** Amount for Other Restricted 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 Restricted Fund Balance

Statutory Restrictions:

Approved Unspent Separate Proposal	\$ -
Sale/Lease-Back Reserve	<u>-</u>
Capital Reserve	<u>1,256,237.47</u>
Maintenance Reserve	<u>251,339.90</u>
Emergency Reserve	<u>-</u>
Tuition Reserve	<u>-</u>
Other State/Government Mandated Reserve	<u>-</u>
Other Restricted Fund Balance Not Noted Above ****	<u>-</u>
Total Other Restricted Fund Balance	\$ <u><u>1,507,577.37</u></u> (C4)