

**RED BANK REGIONAL HIGH SCHOOL DISTRICT**

Little Silver, New Jersey  
County of Monmouth

**Auditor's Management Report on Administrative Findings -  
Financial, Compliance and Performance  
For The Year Ended June 30, 2015**



**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 Board of Education  
Red Bank Regional High School District  
County of Monmouth  
Little Silver, New Jersey

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 Red Bank Regional Board of Education in the County of Monmouth for the year ended June 30, 2015, and have issued our report thereon dated December 17, 2015.

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 Red Bank Regional 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.

Robert W. Allison  
Certified Public Accountant  
Public School Accountant, No. 897

Freehold, New Jersey  
December 17, 2015

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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, 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>
Christina M. Galvao	Board Secretary/School Business Administrator	\$250,000.00

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were less than estimated costs. The 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 test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit 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-8.3.

### Board Secretary's Records

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 II 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 and/or questionable costs.

## **Other Special Federal and/or State Projects**

The District's Special Projects were approved as listed on Exhibits K-3 and K-4 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.



### **Other Special Federal and/or State Projects (continued):**

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.

No exceptions were noted in our study of compliance for the special projects.

### **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.

### **TPAF Reimbursement to the State for Federal Salary Expenditures**

The amount of the expenditure charged to the current year's Final Report(s) for all federal awards for the school district (or charter school or renaissance school project) to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district (or charter school or renaissance school project) for those employees whose salaries are identified as being paid from federal funds was made prior to the end of the 60 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and 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>.

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 \$18,300.00 for 2014-15.

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 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*.

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 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 N.J.S.A. 18A:17-34, and 19-1 through 19-4.1. Provisions of the FSMC contract/addendum were reviewed and audited. The FSMC contract included an operating results provision which guarantees that the food service program will breakeven. The operating results provision has been met.

Expenditures should be 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.

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. No exceptions were noted.

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 was compared to the number of valid application/ 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.

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, 2014 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 results of the 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 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 2014-2015 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 exceptions were noted in our review of transportation-related purchases 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.

Robert W. Allison  
Certified Public Accountant  
Public School Accountant, No. 897

Freehold, New Jersey  
December 17, 2015

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**ADDITIONAL INFORMATION**

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SCHEDULE OF AUDITED ENROLLMENTS (1)

RED BANK REGIONAL HIGH SCHOOL DISTRICT  
 APPLICATION FOR STATE SCHOOL AID SUMMARY  
 ENROLLMENT AS OF OCTOBER 15, 2014

	2014-2015 Application for State School Aid				Sample for Verification				Private Schools for Disabled					
	Reported on A.S.S.A. On Roll		Workpapers On Roll		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
Nine	291	-	291	-	60	-	60	-	-	-	-	-	-	-
Ten	273	-	273	-	57	-	57	-	-	-	-	-	-	-
Eleven	253	4	253	4	53	-	53	-	-	-	-	-	-	-
Twelve	253	11	253	11	54	-	54	-	-	-	-	-	-	-
Subtotal	1,070	15	1,070	15	224	-	224	-	-	-	-	-	-	-
Special Ed - High School	140	12	140	12	30	-	30	-	-	-	15	13	13	-
Totals	1,210	27	1,210	27	254	-	254	-	-	-	15	13	13	-
Percentage Error	<u>-0-</u>		<u>-0-</u>		<u>-0-</u>		<u>-0-</u>		<u>-0-</u>		<u>-0-</u>		<u>-0-</u>	

SCHEDULE OF AUDITED ENROLLMENTS (2)

RED BANK REGIONAL HIGH SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2014

	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 Test Score and Register	Sample Errors
Nine	52.0	52.0	-	29	29	-	15	15	-	12	12	-
Ten	45.0	45.0	-	26	26	-	3	3	-	3	3	-
Eleven	47.0	47.0	-	27	27	-	1	1	-	1	1	-
Twelve	42.5	42.5	-	24	24	-	2	2	-	2	2	-
Subtotal	186.5	186.5	-	106	106	-	21	21	-	18	18	-
Special Ed - High	52.5	52.5	-	30	30	-	-	-	-	-	-	-
Totals	239.0	239.0	-	136	136	-	21	21	-	18	18	-
Percentage Error	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

Transportation

	Reported on DRTRS by DOE/county			Reported on DRTRS by District			Tested			Errors		
	Reported on DOE/county	Reported on District	Errors	Reported on District	Reported on District	Errors	Tested	Verified	Errors	Tested	Verified	Errors
Reg - Public Schools, col. 1	244.0	244.0	-	90.0	90.0	-	90.0	90.0	-	90.0	90.0	-
Reg -SpEd, col. 4	32.5	32.5	-	16.0	16.0	-	16.0	16.0	-	16.0	16.0	-
ALL, col. 2	10.0	10.0	-	5.0	5.0	-	5.0	5.0	-	5.0	5.0	-
Transported - Non-Public, col. 3	98.0	98.0	-	47.0	47.0	-	47.0	47.0	-	47.0	47.0	-
Special Ed Spec, col. 6	38.5	38.5	-	10.0	10.0	-	10.0	10.0	-	10.0	10.0	-
Totals	423.0	423.0	-	168.0	168.0	-	168.0	168.0	-	168.0	168.0	-
Percentage Error	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-



**SCHEDULE OF AUDITED ENROLLMENTS (3)**

**RED BANK REGIONAL HIGH SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2014**

	<u>Resident LEP NOT Low Income</u>			<u>Sample for Verification</u>		
	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
Nine	4	4	-	3	3	-
Ten	-	-	-	-	-	-
Eleven	-	-	-	-	-	-
Twelve	1	1	-	1	1	-
Subtotal	<u>5</u>	<u>5</u>	<u>-</u>	<u>4</u>	<u>4</u>	<u>-</u>
Special Ed - High	-	-	-	-	-	-
Totals	<u><u>5</u></u>	<u><u>5</u></u>	<u><u>-</u></u>	<u><u>4</u></u>	<u><u>4</u></u>	<u><u>-</u></u>
Percentage Error			<u><u>-0-</u></u>			<u><u>-0-</u></u>

**EXCESS SURPLUS CALCULATION**

**REGULAR DISTRICT**

**SECTION 1**

**2% Calculation of Excess Surplus**

2014-15 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ 26,791,507.53	(B)
Increased By:		
Transfer from Capital Outlay to Capital Projects Fund	\$	(B1a)
Transfer from Capital Reserve to Capital Projects Fund	\$ 350,000.00	(B1b)
Transfer from General Fund to SRF for PreK-Regular	\$	(B1c)
Transfer from General Fund to SRF for PreK-Inclusion	\$	(B1d)
Decreased By:		
On-Behalf TPAF Pension & Social Security	\$ 2,048,421.85	(B2a)
Assets Acquired Under Capital Leases	\$	(B2b)
Adjusted 2014-15 General Fund Expenditures [(B)+(B1s)-(B2s)]	\$ 25,093,085.68	(B3)
2% of Adjusted 2014-15 General Fund Expenditures [(B3) times .02]	\$ 501,861.71	(B4)
Enter Greater of (B4) or \$250,000	\$ 501,861.71	(B5)
Increased By: Allowable Adjustment*	\$ 132,550.00	(K)
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]	<u>634,411.71</u>	(M)

**SECTION 2**

Total General Fund – Fund Balances @ 6/30/2015 (Per CAFR Budgetary Comparison Schedule C-1)	\$ 5,453,454.17	(C)
Decreased By:		
Year-end Encumbrances	\$ 2,020,364.10	(C1)
Legally Restricted – Designated for Subsequent Year’s Expenditures	\$	(C2)
Legally Restricted - Excess Surplus – Designated for Subsequent Year’s Expenditures**	\$ 362,969.43	(C3)
Other Restricted Fund Balances****	\$ 1,785,663.59	(C4)
Assigned Fund Balance - Unreserved – Designated for Subsequent Year’s Expenditures	\$ 141,168.57	(C5)
Total Unassigned Fund Balance[(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	<u>1,143,288.48</u>	(U1)

