

BORDENTOWN REGIONAL SCHOOL DISTRICT

Bordentown Township, New Jersey
County of Burlington

Auditor's Management Report on Administrative Findings -
Financial, Compliance and Performance
for The Year Ended June 30, 2016

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

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**REPORT OF INDEPENDENT AUDITORS
AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE
FINDINGS, FINANCIAL COMPLIANCE AND PERFORMANCE**

Honorable President and Members
of the Board of Education
Bordentown Regional School District
County of Burlington
Bordentown, New Jersey 08505

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 Board of Education of the Bordentown Regional School District in the County of Burlington for the year ended June 30, 2016, and have issued our report thereon dated October 6, 2016.

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 Bordentown Regional School District'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.

John J. Maley, Jr.
Certified Public Accountant
Public School Accountant
No. 454

Bordentown, New Jersey
October 6, 2016

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Honorable President and Members
of the Board of Education
Bordentown Regional School District
County of Burlington
Bordentown, New Jersey 08505

**ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE**

Scope of Audit

The audit covered the financial transactions of the School Business Administrator/Board Secretary and Treasurer of School Moneys, the activities of the School District, 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 District's CAFR.

Official Bonds

Name	Position	Amount
Eloi Richardson	Business Administrator/Board Secretary	\$120,000
Thomas A. Haje	Treasurer	340,000

There is a Public Dishonesty Blanket Bond covering all other employees with coverage of \$25,000.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were less than estimated costs. The board 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:23A-17.1(f)3.

Financial Planning, Accounting and Reporting

Examination of Claims

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

Payroll Account

The net salaries of all employees of the Board were deposited in the Payroll Account. Employee's 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 and the School Business Administrator/Board Secretary.

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.

Employee Position Control Roster

An inquiry and subsequent review of the Position Control Roster found no inconsistencies between the payroll records, employee benefit, the general ledger accounts to where wages are posted (administrative versus instruction), and the Position Control Roster.

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.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C.6A:23-1.2 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-8.3. As a result of the procedures performed, a transaction error rate of 0% was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

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 records maintained by the treasurer 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, II, IV, and 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 tests of compliance for the major federal and state programs selected did not indicate any areas of noncompliance.

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.

T.P.A.F. Reimbursement

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

T.P.A.F. Reimbursement to the State for Federal Salary Expenditures

The amount of the expenditure charged to the current year's Final Report for all federal awards for the school district to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds was made prior to the end of the 90 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 Program

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/dca/divisions/dlgs/programs/lpcl.html>.

Current statute is posted on the New Jersey Legislature website at:

http://lis.njleg.state.nj.us/cgi-bin/om_isapi.dll?clientID=1319801&depth=2&expandheadings=off&headingswithhits=on&infobase=statutes.nfo&softpage=TOC_Frame_Pg42

School Purchasing Program (continued):

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 School District without public advertising for bids and bidding therefore, except that the School District 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 School District 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.
- 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 School District 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."

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (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 \$18,800 for 2015-16. The Bordentown Regional School District currently has a Qualified Purchasing Agent.

The district School District has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year (contract year for July 1, 2015 and thereafter). 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 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*.

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 school food service program was not selected as a major federal and/or State program. However, the program expenditures exceeded \$100,000 in federal and/or State support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether the SFA had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted.

The school food service program was not selected as a major federal and/or State program. However, the program expenditures exceeded \$100,000 in federal and/or State support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether the SFA's expenditures of school food service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Section G.

Student Body Activities

A minimal cash receipts and disbursements record was maintained in satisfactory condition. The financial transactions of the student body activities were maintained in satisfactory condition.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2015 application for State School Aid (A.S.S.A.) for On-Roll, private schools for the handicapped, bilingual and low-income. We also performed a review of the District procedures related to its completion. The information on the A.S.S.A. 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 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 2015-2016 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 our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation contracts and purchases. Based on our 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 government auditing standards, our procedures included a review of all prior year recommendations including findings. There were no findings in the prior year.

Review of OFAC Findings:

Not Applicable.

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.

John J. Maley, Jr.
Certified Public Accountant
Public School Accountant
No. 454

Bordentown, New Jersey
October 6, 2016

ADDITIONAL INFORMATION

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SCHEDULE OF AUDITED ENROLLMENTS

BORDENTOWN REGIONAL BOARD OF EDUCATION
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 15, 2015

	2016-2017 Application for State School Aid (10/15/15 data)						Sample for Verification				Private School for Disabled					
	Reported on A.S.S.A. On Roll		Workpapers On Roll		Errors		Sample Selected from Workpapers		Registers Verified Per		Errors per Registers		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	Full	Shared
Full Day Preschool	10	-	10	-	-	-	10	-	10	-	-	-	-	-	-	-
Full Day Kindergarten	165	-	165	-	-	-	165	-	165	-	-	-	-	-	-	-
One	179	-	179	-	-	-	179	-	179	-	-	-	-	-	-	-
Two	190	-	190	-	-	-	190	-	190	-	-	-	-	-	-	-
Three	143	-	143	-	-	-	143	-	143	-	-	-	-	-	-	-
Four	185	-	185	-	-	-	185	-	185	-	-	-	-	-	-	-
Five	177	-	177	-	-	-	177	-	177	-	-	-	-	-	-	-
Six	187	-	187	-	-	-	187	-	187	-	-	-	-	-	-	-
Seven	166	-	166	-	-	-	166	-	166	-	-	-	-	-	-	-
Eight	178	-	178	-	-	-	178	-	178	-	-	-	-	-	-	-
Nine	153	-	153	-	-	-	153	-	153	-	-	-	-	-	-	-
Ten	167	-	167	-	-	-	167	-	167	-	-	-	-	-	-	-
Eleven	155	-	155	-	-	-	155	-	155	-	-	-	-	-	-	-
Twelve	164	1	164	1	-	-	164	1	164	1	-	-	-	-	-	-
	2,219	1	2,219	1	-	-	2,219	1	2,219	1	-	-	-	-	-	-
Special Ed. - Elementary	175	-	175	-	-	-	175	-	175	-	-	-	3	3	3	3
Special Ed. - Middle School	83	-	83	-	-	-	83	-	83	-	-	-	5	5	5	5
Special Ed. - High School	81	-	81	-	-	-	81	-	81	-	-	-	14	14	14	14
Subtotal	339	-	339	-	-	-	339	-	339	-	-	-	22.0	22.0	22.0	22.0
Totals	2,558	1	2,558	1	-	-	2,558	1	2,558	1	-	-	22.0	22.0	22.0	22.0

Percentage Error

SCHEDULE OF AUDITED ENROLLMENTS

BORDENTOWN REGIONAL BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015

	Resident Low Income			Resident L.E.P. 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 LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Selected from Workpapers	Verified to Test Scores and Register	Sample Errors	Sample Errors
Full Day Preschool	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	33	33	-	4	4	-	-	12	4	4	4	-
One	36	36	-	3	3	-	-	14	3	3	3	-
Two	41	41	-	4	4	-	-	19	4	4	4	-
Three	23	23	-	-	-	-	-	7	-	-	-	-
Four	34	34	-	-	-	-	-	12	-	-	-	-
Five	25	25	-	1	1	-	-	16	-	-	-	-
Six	39	39	-	-	-	-	-	13	-	-	-	-
Seven	31	31	-	-	-	-	-	7	-	-	-	-
Eight	31	31	-	1	1	-	-	10	1	1	1	-
Nine	26	26	-	-	-	-	-	8	-	-	-	-
Ten	30	30	-	1	1	-	-	15	1	1	1	-
Eleven	31	31	-	1	1	-	-	12	1	1	1	-
Twelve	34	34	-	1	1	-	-	9	1	1	1	-
Subtotal	414	414	-	16	16	-	-	154	15	15	15	-
Special Ed. - Elementary	64	64	-	-	-	-	-	22	-	-	1	-
Special Ed. - Middle School	27	27	-	1	1	-	-	10	-	-	1	-
Special Ed. - High School	29	29	-	-	-	-	-	11	-	-	-	-
Subtotal	120	120	-	1	1	-	-	43	2	2	2	-
Totals	534	534	-	17	17	-	-	197	17	17	17	-

Percentage Error

	Transportation			Sample for Verification		
	Reported on DRTS by DOE/County	Reported on DRTS by District	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Reg. - Public Schools, column 1	950	950	-	249	249	-
Reg. - Special Education, column 4	101	101	-	35	35	-
Transported - Non-Public, column 3	78	78	-	78	76	2
Special Ed. - Spec., column 6	112	112	-	21	22	(1)
	1,241	1,241	-	383	382	1

Percentage Error

0.26%

	Reported		Sample for Verification
	Reported	Calculated	
Reg. Avg. (Mileage) - Regular Including Grade PK Students (Part A)	3.9	3.9	3.9
Reg. Avg. (Mileage) - Regular Excluding Grade PK Students (Part B)	3.9	6.2	6.2
Avg. Mileage - Special Ed with Special Needs	6.2	6.2	6.2

SCHEDULE OF AUDITED ENROLLMENTS

BORDENTOWN REGIONAL BOARD OF EDUCATION
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 15, 2015

	Resident L.E.P. NOT Low Income			Sample for Verification		
	Reported on A.S.A. as NOT Low Income	Reported on Workpapers as NOT Low Income	Errors	Sample Selected from Workpapers	Verified to Test Scores and Register	Sample Errors
Full Day Preschool	-	-	-	-	-	-
Full Day Kindergarten	6	6	-	6	6	-
One	4	4	-	4	4	-
Two	1	1	-	1	1	-
Three	-	-	-	-	-	-
Four	-	-	-	-	-	-
Five	-	-	-	-	-	-
Six	-	-	-	-	-	-
Seven	-	-	-	-	-	-
Eight	1	1	-	1	1	-
Nine	1	1	-	1	1	-
Ten	-	-	-	-	-	-
Eleven	1	1	-	1	1	-
Twelve	1	1	-	1	1	-
Subtotal	15	15	-	15	15	-
Special Ed. - Elementary	-	-	-	-	-	-
Special Ed. - Middle School	-	-	-	-	-	-
Special Ed. - High School	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
Totals	15	15	-	15	15	-
Percentage Error			0.00%			0.00%

**BORDENTOWN REGIONAL SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
June 30, 2016**

REGULAR DISTRICT

SECTION 1

A. 2% Calculation of Excess Surplus

2015-2016 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ <u>39,996,127</u>	(B)
Increased by:		
Transfer from Capital Outlay to Capital Projects Fund	\$ -	(B1a)
Transfer from Capital Reserve to Capital Projects Fund	\$ <u>710,239</u>	(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	\$ <u>3,804,106</u>	(B2a)
Assets Acquired Under Capital Leases	\$ -	(B2b)
Adjusted 2015-2016 General Fund Expenditures [(B)+(B1s)-(B2s)]	\$ <u><u>36,902,260</u></u>	(B3)
2% of adjusted 2015-2016 General Fund Expenditures [(B3) times .02]	\$ <u>738,045</u>	(B4)
Enter Greater of (B4) or \$250,000	\$ <u>738,045</u>	(B5)
Increased by: Allowable Adjustment *	\$ <u>18,086</u>	(K)
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]	\$ <u>756,131</u>	(M)

SECTION 2

Total General Fund - Fund Balances @ 06-30-2016 (Per CAFR Budgetary Comparison Schedule C-1)	\$ <u>3,447,879</u>	(C)
Decreased by:		
Year-End Encumbrances	\$ <u>600,437</u>	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ -	(C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ -	(C3)
Other Restricted Fund Balances ****	\$ <u>716,311</u>	(C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	\$ <u>1,375,000</u>	(C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	\$ <u>756,131</u>	(U1)

