

**ROOSEVELT SCHOOL DISTRICT**

Roosevelt, New Jersey  
County of Monmouth

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



**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  
Roosevelt School District  
Roosevelt, New Jersey, 08555

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 Roosevelt School District in the County of Monmouth for the year ended June 30, 2016, and have issued our report thereon dated November 29, 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 Roosevelt 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.

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

Toms River, New Jersey  
November 29, 2016

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Honorable President and Members  
of the Board of Education  
Roosevelt School District  
Roosevelt, New Jersey, 08555

**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>
Bernard Biesiada	Board Secretary/School Business Administrator	\$ 150,000

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 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 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. No exceptions were noted.

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 disclosed no exceptions.

**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 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 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 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(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/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](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)

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

**School Purchasing Programs (continued):**

\$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 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.”

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 Riverside Township School District currently has a Qualified Purchasing Agent.

The district Board of Education 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 District does not participate in the Child Nutrition Reimbursement Program.

Exhibits reflecting Food Service Enterprise operations are included in the section entitled Enterprise Funds, as Exhibits B-4, B-5 and B-6.

## **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-Year Findings**

There were no prior year findings.

## **Review of Office of Fiscal Accountability and Compliance (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.

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

Toms River, New Jersey  
November 29, 2016

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**ADDITIONAL INFORMATION**

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SCHEDULE OF AUDITED ENROLLMENTS (1)

ROOSEVELT SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2015

	2016-2017 Application for State School Aid				Sample for Verification				Private Schools for Handicapped					
	Reported on A.S.S.A. On Roll		Workpapers Reported on		Sample Selected From Workpapers		Registers Verified Per		Reported on ASSA		Sample Verified		Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Half Day Preschool - 3 Yrs	3		3		2		2		2					
Full Day Preschool - 4 Yrs	6		6		5		5		5					
Full Day Kindergarten	5		5		4		4		4					
One	7		7		5		5		5					
Two	8		8		6		6		6					
Three	9		9		7		7		7					
Four	4		4		3		3		3					
Five	6		6		5		5		5					
Six	3		3		2		2		2					
Subtotal	51		51		39		39		39					
Sp Ed - Elementary	2		2		2		2		2					
Sp Ed - Middle School														
Subtotal	2		2		2		2		2					
Totals	53		53		41		41		41					
Percentage Error														

SCHEDULE OF AUDITED ENROLLMENTS (2)

ROOSEVELT BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL-AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2015

	Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification					
	Reported on A.S.S.A. As Free/Reduced Full	Reported on Workpapers As Free/Reduced Shared	Errors Full Shared	Sample Selected from Workpapers Full	Shared	Full	Verified to Application & Register Full	Shared	Full	Reported on A.S.S.A. as LEP low Income	Reported on Workpapers as LEP low Income	Errors	Sample Selected from Workpapers	Test Score and Register	Sample Errors
Half Day Preschool - 3 Yrs															
Half Day Preschool - 4 Yrs															
Full Day Kindergarten															
One															
Two															
Three															
Four															
Five															
Six															
Seven															
Eight															
Nine															
Ten															
Eleven															
Twelve															
Subtotal	1														

Sp Ed - Elementary  
Sp Ed - Middle School  
Sp Ed - High School

Subtotal	1														
Totals	1														
Percentage Error															-0-

TRANSPORTATION

	Reported on DK/TRS By DOE	Reported on DK/TRS By District	Errors	Tested	Amount Verified	Errors
Regular - Public Schools Col 1	39		39	-	34	34
Regular - Special Ed Col 4	4		4	-	3	3
All Col 2						
Transported - Nonpublic Col 3	2		2	-	2	2
Special Needs - Public Col 6						
Totals	45		45	-	39	39
Percentage Errors						-0-



SCHEDULE OF AUDITED ENROLLMENTS (3)

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

	Resident LEP NOT Low Income		Sample for Verification		
	Reported on A.S.A. as NOT Low Income	Reported on Workpapers as NOT Low Income	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Half Day Preschool					
Full Day Preschool					
Half Day Kindergarten					
Full Day Kindergarten					
One					
Two					
Three					
Four					
Five					
Six					
Seven					
Eight					
Nine					
Ten					
Eleven					
Twelve					
Subtotal					
Special Ed - Elementary					
Special Ed - Middle					
Special Ed - High					
Subtotal					
Totals					
Percentage Error					-0-

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**REGULAR DISTRICT**

**SECTION 1**

**2% Calculation of Excess Surplus**

2015-16 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ 2,521,305 (B)
Increased By:	
Transfer from Capital Outlay to Capital Projects Fund	\$ 8,421 (B1a)
Transfer from Capital Reserve to Capital Projects Fund	\$ (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	\$ 176,718 (B2a)
Assets Acquired Under Capital Leases	\$ (B2b)
Adjusted 2015-16 General Fund Expenditures [(B)+(B1s)-(B2s)]	\$ 2,353,008 (B3)
2% of Adjusted 2015-16 General Fund Expenditures [(B3) times .02]	\$ 47,060 (B4)
Enter Greater of (B4) or \$250,000	\$ 250,000 (B5)
Increased By: Allowable Adjustment*	\$ 696 (K)
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]	\$ 250,696 (M)

**SECTION 2**

Total General Fund – Fund Balances @ 6/30/2016 (Per CAFR Budgetary Comparison Schedule C-1)	\$ 932,725 (C)
Decreased By:	
Year-end Encumbrances	\$ 104,755 (C1)
Legally Restricted – Designated for Subsequent Year’s Expenditures	\$ (C2)
Legally Restricted - Excess Surplus – Designated for Subsequent Year's Expenditures**	\$ 131,130 (C3)
Other Restricted Fund Balances*****	\$ 387,729 (C4)
Assigned Fund Balance - Unreserved – Designated for Subsequent Year's Expenditures	\$ 348 (C5)
Total Unassigned Fund Balance[(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	\$ 308,763 (U1)

**SECTION 3**

Restricted Fund Balance – Excess Surplus\*\*\*[(U1)-(M)] If negative enter -0- \$ 58,067 (E)

**Recapitulation of Excess Surplus as of June 30, 2016**

Reserve Excess Surplus – Designated for Subsequent Year’s Expenditures**	\$ 131,130 (C3)
Reserved Excess Surplus***[(E)]	\$ <u>58,067</u> (E)
Total [(C3)+(E)]	\$ <u>189,197</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 and 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	\$ (I)
Extraordinary Aid	\$ (J1)
Additional Nonpublic School Transportation Aid	\$ 696 (J2)
Current Year School Bus Advertising Revenue Recognized	\$ (J3)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)]	\$ <u>696</u> (K)

\*\* This amount represents the June 30, 2016 Excess Surplus (C3 above) and must be included in the Audit Summary Line 90031.

\*\*\* Amounts must agree to the June 30, 2016 CAFR and must agree to Audit Summary 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 Administration and Finance prior to September 30.

**Detail of Other Restricted Fund Balance**

Statutory restrictions:	
Approved unspent separate proposal	\$ _____
Sale/lease-back reserve	\$ _____
Capital reserve	\$ 301,027
Maintenance reserve	\$ 32,565
Emergency reserve	\$ _____
Tuition reserve	\$ 54,137
School Bus Advertising 50% Fuel Offset Reserve - Current Year	\$ _____
School Bus Advertising 50% Fuel Offset Reserve - Prior Year	\$ _____
Other state/government mandated reserve	\$ _____
[Other Restricted Fund Balance not noted above]****	\$ _____
Total Other Restricted Fund Balance	\$ <u>387,729</u> (C4)