

**BOARD OF EDUCATION OF THE
TOWNSHIP OF WOODLAND SCHOOL DISTRICT
COUNTY OF BURLINGTON**

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

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**



TOWNSHIP OF WOODLAND SCHOOL DISTRICT
Auditor's Management Report on Administrative
Findings - Financial, Compliance and Performance

Table of Contents

	<u>Page</u>
Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance	1
Scope of Audit	2
Administrative Practices and Procedures	2
Insurance	2
Official Bonds	2
Tuition Charges	2
Financial Planning, Accounting, and Reporting	2
Examination of Claims	2
Payroll Account	2
Employee Position Control Roster	3
Encumbrances and Accounts Payable	3
Travel	3
Classification of Expenditures	3
• General Classifications	3
• Administrative Classifications	3
Board Secretary's Records	4
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 (N.C.L.B.) of 2001	4
Other Special Federal and / or State Projects	4
T.P.A.F. Reimbursement	4
TRAF Reimbursement to the State for Federal Salary Expenditures	4
School Purchasing Programs	5
Contracts and Agreements Requiring Advertisement for Bids	5
School Food Service	5
Student Body Activities	5
Application for State School Aid	6
Pupil Transportation	6
Facilities and Capital Assets	6
Miscellaneous	6
Continuing Disclosure Agreements	6
Follow-up on Prior Year Findings	6
Acknowledgment	7
Schedule of Meal Count Activity	N/A
Schedule of Net Cash Resources	N/A
Schedule of Audited Enrollments	8
Excess Surplus Calculation	11

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

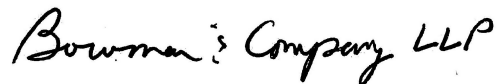
The Honorable President and
Members of the Board of Education
Woodland Township School District
County of Burlington, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Township of Woodland School District in the County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2016, which were separately issued in the Comprehensive Annual Financial Report dated December 9, 2016.

As part of our audit, we also performed procedures required by the Division of Administration and Finance, Department of Education, State of New Jersey, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is issued in conjunction with the Comprehensive Annual Financial Report of the Board of Education of the Township of Woodland School District for the fiscal year ended June 30, 2016, and is intended for the information of the School District's management and the Division of Administration and Finance, Department of Education, State of New Jersey, and should not be used by anyone other than these specified parties.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Robert S. Marrone
Certified Public Accountant
Public School Accountant No. CS 01113

Voorhees, New Jersey
December 9, 2016

ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE

SCOPE OF AUDIT

The audit covered the financial transactions of the Board Secretary / School Business Administrator and the Superintendent, 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 School District's Comprehensive Annual Financial Report (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>
Maria Funches	Board Secretary / School Business Administrator	\$ 250,000.00
Misty Weiss	Superintendent	\$ 250,000.00

There is also Public Employees' Dishonesty Coverage with the New Jersey School Boards Association Insurance Group covering all other employees with multiple coverage of \$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 School District 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

Sampled claims paid during the fiscal year under audit did not indicate any reportable noncompliance with respect to signatures, certification, or supporting documentation.

Payroll Account

The net salaries of sampled employees of the School District were deposited in the net payroll account. Employees' payroll deductions and the employer's share of fringe benefits were deposited in the payroll agency account.

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

Sampled salary withholdings were promptly remitted to the proper agencies, including health benefit premium withholdings due to the general fund, with the exception of those in finding 2016-001.

Sampled payrolls were delivered to the Board Secretary who then deposited with warrants in separate bank accounts for net payroll and withholdings.

FINANCIAL PLANNING, ACCOUNTING, AND REPORTING (CONT'D)

Payroll Account (Cont'd)

Finding No. 2016-001

Monthly payments to the New Jersey Division of Pensions for employees' payroll deductions of Teacher's Pension and Annuity Fund and Public Employees Retirement System were not made on a timely basis and amounts reported were not in agreement with employee deductions.

Recommendation

That controls be implemented to ensure the School District complies with all requirements of deducting, remitting, reporting and filing pension information with the State.

Finding No. 2016-003

Several terminated employees were not removed from health and dental benefits provided by the School District.

Recommendation

That additional controls be implemented with respect to the payment of benefits to ensure the School District is paying for all current employees of the School District.

Finding No. 2016-005

Payroll deductions for several employees' contribution of health benefits and the payment for waiver of health benefit coverage were improperly calculated.

Recommendation

That calculations relating to health benefit contributions and waivers be in accordance with prescribed state statutes.

Employee Position Control Roster

A sample of the Employee Position Control Roster indicated that it was in satisfactory condition and was approved by the county office submission with the 2015-2016 budget review checklist.

Encumbrances and Accounts Payable

A sample of outstanding issued purchase orders was made as of June 30 for proper classification of orders as encumbrances and accounts payable. Our sample did not indicate any reportable noncompliance with respect to classification of orders.

Travel

A sample of travel expenditures during the fiscal year under audit did not indicate any reportable noncompliance.

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 randomly sampled expenditure transactions. We also tested the coding of all expenditures included in our compliance and single audit sampling procedures. In addition, a sample was selected that specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3. Our samples did not indicate any reportable noncompliance with respect to classification of expenditures.

FINANCIAL PLANNING, ACCOUNTING, AND REPORTING (CONT'D)

Board Secretary's Records

Our audit of the financial and accounting records maintained by the Board Secretary indicated that they were in satisfactory condition, with the exception of the following:

Finding No. 2016-006

The Board Secretary's report was not filed timely with the county superintendent.

Recommendation

That the School District implement procedures to ensure compliance with statutory due dates for certain reports the School District is required to file with the State of New Jersey.

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 (N.C.L.B.) 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 Title II of the Elementary and Secondary Education Act as amended and reauthorized.

The audit of compliance for E.S.E.A. did not indicate any reportable noncompliance.

Other Special Federal and / or State Projects

The School District's other 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 sample 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 within the special revenue section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned other special projects.

The audit of compliance for other special projects did not indicate any reportable noncompliance.

T.P.A.F. Reimbursement

Our audit procedures included a sample of the biweekly reimbursements filed with the Department of Education for School District employees who are members of the Teachers' Pension and Annuity Fund. See Finding 2016-002.

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

Finding No. 2016-002

The Teacher's Pension and Annuity Fund reimbursement to the State for teachers' salaries paid with federal funds was not filed by October 1.

Recommendation

That the Reimbursement to the State of New Jersey Teacher's Pension and Annuity Fund be filed timely and remitted to the State within the 90 day liquidation period required by the Office of Grants Management and N.J.S.A. 18A:66-90.

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 the school contracts in general, are available on the following 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&ofpage=TOC_Frame_Pg42

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$40,000.00 (with a Qualified Purchasing Agent) and \$29,000.00 (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 \$18,800.00 for 2015-16.

The School District's 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 audit, 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, amended.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

Finding No. 2016-004

The award of one extraordinary unspecifiable service contract that was in excess of the bid threshold was not advertised and one tuition contract that was in excess of the bid threshold was not awarded in the minutes.

Recommendation

That control procedures be established to ensure compliance with all facets of the regulations set forth in the Local Public Contracts Law.

SCHOOL FOOD SERVICE

For the fiscal year ended June 30, 2016, the School District expended less than \$100,000.00 in federal and/or state funds for its Child Nutrition Program.

STUDENT BODY ACTIVITIES

Our audit of the financial and accounting records for student activities indicated that they were in satisfactory condition.

APPLICATION FOR STATE SCHOOL AID

Our audit procedures included a sample of information reported in the October 15, 2015 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the disabled, low-income, and bilingual. We also performed an inspection of the School District procedures related to its completion. The information on the A.S.S.A. was compared to the School 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 School District maintained workpapers on the prescribed State forms or their equivalent.

The School District has adequate written procedures for the recording of student enrollment data.

PUPIL TRANSPORTATION

Our audit procedures included a sample of on-roll status reported in the 2015-2016 District Report of Transported Resident Students (DRTRS). The information that was reported 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 sample of transportation related contracts and purchases. Based on our sample, the School District complied with proper bidding procedures and award of contracts. No exceptions were noted in our sample of transportation related purchases of goods and services.

FACILITIES AND CAPITAL ASSETS

Our audit of the financial and accounting records for facilities and capital assets indicated that they were in satisfactory condition.

MISCELLANEOUS

Continuing Disclosure Agreements

Not applicable - no outstanding bonds

FOLLOW-UP ON PRIOR YEAR'S FINDINGS

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year recommendations. Corrective action had been taken on all prior year findings with the exception of the following, which are repeated in this year's recommendations noted as current year finding(s) 2016-001, 2016-002, 2016-003 and 2016-004:

2015-001: The majority of the payments to the New Jersey Division of Pensions for employees' payroll deductions of Teacher's Pension and Annuity Fund and Public Employees Retirement System were not made on a timely basis and amounts reported were not in agreement with employee deductions.

2015-002: The biweekly Teacher's Pension and Annuity Fund reimbursement requests were not made timely, and the yearly Teacher's Pension and Annuity Fund reimbursement to the State for teachers' salaries paid with federal funds was not filed by October 1.

2015-003: Our audit of employee benefits revealed that terminated employees are not being removed from dental benefits timely.

2015-004: One extraordinary unspecifiable contract was not advertised.

FOLLOW-UP ON PRIOR YEAR'S FINDINGS (CONT'D)

There were no Office of Fiscal Accountability and Compliance audit reports issued during the fiscal year ended June 30, 2016.

ACKNOWLEDGMENT

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

Respectfully submitted,

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Robert S. Marrone
Public School Accountant No. CS 01113

TOWNSHIP OF WOODLAND SCHOOL DISTRICT
 Application for State School Aid Summary
 Schedule of Audited Enrollments
 Enrollment as of October 15, 2015

	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on A.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.A. as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Half Day Preschool	1	1		1	1							
Full Day Preschool	2	2		2	2							
Half Day Kindergarten	3	3		3	3							
Full Day Kindergarten	3	3		3	3							
One	4	4		4	4							
Two	3	3		3	3							
Three	4	4		4	4							
Four	3	3		3	3							
Five	1	1		1	1							
Six	4	4		4	4							
Seven	2	2		2	2							
Eight												
Nine												
Ten												
Eleven												
Twelve												
Post-Graduate												
Adult H.S. (15+CR.)												
Adult H.S. (1-14CR.)												
Subtotal	23	23	-	23	23	-	-	-	-	-	-	-
Special Education-Elementary	4	4		4	4							
Special Education-Middle School	2	2		2	2							
Special Education-High School												
Subtotal	6	6	-	6	6	-	-	-	-	-	-	-
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-
Totals	29	29	-	29	29	-	-	-	-	-	-	-
Percentage Error												

	Transportation		
	Reported on DRTS by DOE/County	Reported on DRTS by District	Errors
Reg. - Public Schools, Col. 1	89	89	
Reg. - SpEd, Col. 4	12	12	
Transported - Non-Public, Col. 3	4	4	
Special Needs, Col. 6			
Totals	105	105	-
Percentage Error			

	Transportation	
	Tested	Verified
Reg. - Public Schools, Col. 1	65	65
Reg. - SpEd, Col. 4	8	8
Transported - Non-Public, Col. 3	1	1
Special Needs, Col. 6		
Totals	74	74
Percentage Error		

	Re-Calculated	
	Reported	Re-Calculated
Reg. - Public Schools, Col. 1	6.3	6.3
Reg. - SpEd, Col. 4	n/a	n/a
Transported - Non-Public, Col. 3	21.8	21.8
Special Needs, Col. 6		
Totals	21.8	21.8
Percentage Error		

Reg. Avg. (Mileage) = Regular Including Grade PK students (Part A)
 Reg. Avg. (Mileage) = Regular Excluding Grade PK students (Part B)
 Spec. Avg. (Mileage) = Special Ed. with Special Needs

TOWNSHIP OF WOODLAND SCHOOL DISTRICT
 Application for State School Aid Summary
 Schedule of Audited Enrollments
 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 Test Score 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					
Post-Graduate					
Adult H.S. (15+CR.)					
Adult H.S. (1-14CR.)					
Subtotal	-	-	-	-	-
Special Education-Elementary					
Special Education-Middle School					
Special Education-High School					
Subtotal	-	-	-	-	-
Co. Voc. - Regular					
Co. Voc. Ft. Post Sec.					
Subtotal	-	-	-	-	-
Totals	-	-	-	-	-
Percentage Error					

EXCESS SURPLUS CALCULATION

REGULAR DISTRICT / CHARTER SCHOOL / RENAISSANCE SCHOOL PROJECT

SECTION 1

2% Calculation of Excess Surplus

2015-16 Total General Fund Expenditures Reported on CAFR Exhibit C-1	3,030,490.44 (B)
Increased by:	
Transfer from Capital Outlay to Capital Projects Fund	- (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	222,077.57 (B2a)
Assets Acquired Under Capital Leases	58,132.40 (B2b)
Adjusted 2015-16 General Fund Expenditures [(B)+(B1s)-(B2s)]	<u>2,750,280.47 (B3)</u>
2% of Adjusted 2015-16 General Fund Expenditures [(B3) times .02]	55,005.61 (B4)
Enter Greater of (B4) or \$250,000	250,000.00 (B5)
Increased by: Allowable Adjustment *	8,125.00 (K)
Maximum Unassigned Fund Balance [(B5) + (K)]	<u>258,125.00 (M)</u>

SECTION 2

Total General Fund - Fund Balances at June 30, 2016 (Per CAFR Budgetary Comparison Schedule, Ex. C-1)	135,240.59 (C)
Decreased by:	
Year-End Encumbrances	- (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 ****	1.00 (C4)
Assigned Fund Balance - Designated for Subsequent Year's Expenditures	50,000.00 (C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	<u>85,239.59 (U1)</u>

SECTION 3

Restricted Fund Balance - Excess Surplus *** [(U1)-(M)] IF NEGATIVE ENTER -0-	<u>- (E)</u>
-------------------------------------------------------------------------------	--------------

Recapitulation of Excess Surplus as of June 30, 2016

Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	- (C3)
Restricted - Excess Surplus *** [(E)]	- (E)
Total Excess Surplus [(C3)+(E)]	<u>- (D)</u>

EXCESS SURPLUS CALCULATION (CONT'D)

REGULAR DISTRICT / CHARTER SCHOOL / RENAISSANCE SCHOOL PROJECT

Footnotes:

* Allowable adjustment to expenditures on line K must be detailed as follows. This adjustment line (as detailed below is to be utilized when applicable for:

(H) Federal Impact Aid. The passage of P.L.2015, c.46 amended N.J.S.A. 18A:7F-41 to permit a board of education to appropriate federal impact aid funds to establish or supplement a federal impact aid legal reserve in the general fund. Accordingly, effective for the year ending June 30, 2016 the Federal Impact Aid adjustment to expenditures is limited to the portion of Federal Impact Aid Section 8002 and Section 8003 received during the fiscal year and recognized as revenue on the General Fund Budgetary Comparison Schedule, but not transferred to the Federal Impact Aid Reserve – General (8002 or 8003) by board resolution during June 1 to June 30 of the fiscal year under audit. Amounts transferred to the reserve are captured on line (C4);

(I) Sale and Lease-back (Refer to the Audit Program Section II, Chapter 10);

(J1) Extraordinary Aid;

(J2) Additional Nonpublic School Transportation Aid;

(J3) Recognized current year School Bus Advertising Revenue; and

(J4) Family Crisis Transportation Aid.

Notes to auditor: Refer to the Audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid, Family Crisis Transportation Aid, and Additional Nonpublic School Transportation Aid.

Detail of Allowable Adjustments

Federal Impact Aid	-	(H)
Sale & Lease-back	-	(I)
Extraordinary Aid	8,125.00	(J1)
Additional Nonpublic School Transportation Aid	-	(J2)
Current Year School Bus Advertising Revenue Recognized	-	(J3)
Family Crisis Transportation Aid	-	(J4)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)]	8,125.00	(K)

** This amount represents the June 30, 2015 Excess Surplus (C3 above) and must be included in the Audit Summary Line 90031. This amount was to be appropriated in the 2016-2017 general fund budget.

*** 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 another 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	1.00	
Maintenance reserve	-	
Emergency reserve	-	
Tuition reserve	-	
School bus advertising 50% fuel offset reserve - current year	-	
School bus advertising 50% fuel offset reserve - prior year	-	
Impact Aid General Fund Reserve (Sections 8002 and 8003)	-	
Impact Aid Capital Fund Reserve (Sections 8007 and 8008)	-	
Other state/government mandated reserves	-	
[Other Restricted Fund Balance not noted above]****	-	
Total Other Restricted Fund Balance	1.00	(C4)

