

**BOARD OF EDUCATION  
BOROUGH OF OAKLYN  
COUNTY OF CAMDEN**

**AUDITORS MANAGEMENT REPORT  
ON ADMINISTRATIVE FINDINGS  
- FINANCIAL, COMPLIANCE AND PERFORMANCE  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2017**

***INVERSO & STEWART***  
Marlton, New Jersey

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

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

The Honorable President and  
Members of the Board of Education  
Oaklyn School District  
Oaklyn, New Jersey

I 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 Oaklyn School District, in the County of Camden for the year ended June 30, 2017, and have issued my report thereon dated October 12, 2017.

As part of my audit, I 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 Oaklyn Board of Education and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

***INVERSO & STEWART, LLC***  
Certified Public Accountants



Robert P. Inverso  
Public School Accountant License #CS01095

Marlton, New Jersey  
October 12, 2017

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

### **Scope of Audit**

The audit covered the financial transactions of the Board Secretary/School Business Administrator, and 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.

#### **Officials Bonds**

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Beth Ann Coleman	Board Secretary/School Business Administrator	\$ 200,000

There is a Comprehensive Crime policy covering all other employees with multiple coverage of \$500,000.

#### **Tuition Charges**

A comparison of tentative tuition charges and actual certified tuition charges was made. The proper increases/decreases were made by the Board of Education to be in compliance with N.J.A.C. 6A23-17.1(f)3.

### **Financial Planning, Accounting and Reporting**

#### **Examination of Claims**

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

#### **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 Board Secretary/Business 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.

**Financial Planning, Accounting and Reporting (Continued)**

**Payroll Account (Continued)**

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators to the NJ Dept. of Treasury was filed by the March 15 due date.

The Payroll Account records were maintained in good condition.

**Employee Position Control Roster**

No exceptions were noted during an examination of the Employee 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. My review did not indicate any material discrepancies with respect to classification of orders.

**Obligations of Federal Grant Awards and Requests for Reimbursement of Expenditures against those Federal Grant Awards**

No exceptions were noted during my examination of obligations of federal grant awards and requests for reimbursement of expenditures against those federal grant awards made during the period under audit.

**Travel**

No exceptions were noted in my study of compliance for travel expenses.

**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 my test of transactions of randomly selected expenditure items. I also reviewed the coding of all expenditures included in my compliance and single audit testing procedures. In addition to randomly selecting a test sample, my sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with *N.J.A.C. 6A:23A-8.2*. My review did not indicate any material discrepancies with respect to classification of expenditures.

**Board Secretary/Business Administrator's Record**

The financial and accounting records of the Board Secretary/Business Administrator's office were maintained in excellent condition.

**Elementary and Secondary Education Act of 1965 (E.S.E.A.)/Improving America's Schools Act (I.A.S.A.) as reauthorized by the No Child Left Behind Act of 2001 (N.C.L.B.)**

The E.S.E.A./NCLB 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 IIA of the Elementary and Secondary Education Act, as amended and reauthorized.

The study of compliance for E.S.E.A./NCLB did not indicate any exceptions.

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

The School District's Special Projects were approved as listed on Schedule A and Schedule B located in the CAFR.

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

The study of compliance for the special projects did not indicate any exceptions.

**T.P.A.F. Reimbursement**

My audit procedures included a test of the biweekly reimbursements filed with the Department of Education for School 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 Reports 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.

**Nonpublic State Aid**

The study of compliance for Nonpublic State Aid did not indicate any exceptions.

**School Purchasing Programs**

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 transportation contracts under N.J.S.A. 18A-39-3 is \$18,800 for 2016-17.

The School District 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.

### **School Purchasing Programs (Continued)**

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**

For the fiscal year ended June 30, 2017, the School District expended less than \$100,000 in federal and/or state funds for its Child Nutrition Program.

### **Student Body Activities**

The financial records for the Student Activity Fund were maintained in satisfactory condition.

### **Application for State School Aid (ASSA)**

My audit procedures included a test of information reported in the October 15, 2016 Application for State School Aid (ASSA.) for on-roll, private schools for the handicapped, low-income and bilingual. I also performed a review of the School District procedures related to its completion. The information on the ASSA. was compared to the School District workpapers without exception. The information that was included as part of the workpapers was verified without exception. The results of my 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**

My procedures included a test of on roll status reported in the 2016-2017 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 my procedures are presented in the Schedule of Audited Enrollments.

My procedures also included a review of transportation related contracts and purchases. Based on my review, the School District complied with proper bidding procedures and award of contracts. No exceptions were noted in my review of transportation related purchases of goods and services.

### **Testing for Lead of all Drinking Water in Educational Facilities**

The School District adhered to all the requirements of N.J.A.C. 26-1.2 and 12.4 related to the testing for lead of all drinking water in educational facilities.

### **Follow-up on Prior Years' Findings**

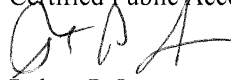
In accordance with government auditing standards, my procedures included a review of all prior year recommendations. There were no prior year audit findings.

**Acknowledgment**

I received the complete cooperation of all the officials of the Oaklyn School District and I greatly appreciate the courtesies extended to the members of my audit team.

Respectfully submitted,

***INVERSO & STEWART, LLC***  
Certified Public Accountants



Robert P. Inverso  
Public School Accountant

October 12, 2017



SCHEDULE OF AUDITED ENROLLMENTS

Oaklyn School District

Application for State School Aid Summary

Enrollment as of October 15, 2016

	2017-2018 Application for State School Aid						Sample for Verification						Private Schools for Disabled			
	Reported on ASSA On Roll		Reported on Workpapers On Roll		Errors		Sample Selected From Workpapers		Verified per Registers On Roll		Errors per Registers On Roll		Reported on ASSA as Private Schools	Sample for Verifi- cation	Sample Varified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Half Day Pre K-4	5		5					5		5						
Full Day K	31		31					31		31						
One	40		40					40		40						
Two	34		34					34		34						
Three	37		37					37		37						
Four	26		26					26		26						
Five	38		38					38		38						
Six	29		29					29		29						
Seven	18		18					18		18						
Eight	34		34					34		34						
Nine	19		19					19		19						
Ten																
Eleven																
Twelve																
Subtotal	311	0	311	0	0	0	311	0	311	0	0	0	0	0	0	0
SpEd Elementary	32		32				32		32							
SpEd Middle School	17		17				17		17				1	1	1	
SpEd High School	3		3				3		3				1	1	1	
Subtotal	52	0	52	0	0	0	52	0	52	0	0	0	2	2	2	0
Totals	363	0	363	0	0	0	363	0	363	0	0	0	2	2	2	0
Percentage Error					-0-	-0-							-0-	-0-		-0-

Schedule of Audited Enrollments

**Oaklyn School District**

Application for State School Aid Summary

Enrollment as of October 15, 2016

	<u>Resident LEP NOT Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on ASSA as NOT Low Income</u>	<u>Reported on Workpapers as NOT Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Application and Register</u>	<u>Sample Errors</u>
Half Day Pre K	0	0		0	0	
Full Day K	0	0		0	0	
One	0	0		0	0	
Two	0	0		0	0	
Three	1	1		1	1	
Four	0	0		0	0	
Five	0	0		0	0	
Six	0	0		0	0	
Seven	0	0		0	0	
Eight	0	0		0	0	
Nine	0	0		0	0	
Ten	0	0		0	0	
Eleven	0	0		0	0	
Twelve	0	0		0	0	
Subtotal	<u>1</u>	<u>1</u>	<u>0</u>	<u>1</u>	<u>1</u>	<u>0</u>
SpEd Elementary	0	0		0	0	
SpEd Middle School	0	0		0	0	
SpEd High School	0	0		0	0	
Subtotal	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals	<u><u>1</u></u>	<u><u>1</u></u>	<u><u>0</u></u>	<u><u>1</u></u>	<u><u>1</u></u>	<u><u>0</u></u>
Percentage Error			<u><u>-0-</u></u>			<u><u>-0-</u></u>

Schedule of Audited Enrollments

Oaklyn School District

Application for State School Aid Summary

Enrollment as of October 15, 2016

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	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on ASSA as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on ASSA as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Half Day Pre K	0	0		0	0		0	0		0	0	
Full Day K	10	10		10	10		1	1		1	1	
One	16	16		16	16		1	1		1	1	
Two	14	14		14	14		2	2		2	2	
Three	9	9		9	9		1	1		1	1	
Four	8	8		8	8		0	0		0	0	
Five	13	13		13	13		0	0		0	0	
Six	5	5		5	5		0	0		0	0	
Seven	6	6		6	6		0	0		0	0	
Eight	14	14		14	14		0	0		0	0	
Nine	6	6		6	6		0	0		0	0	
Ten	12	12		12	12		0	0		0	0	
Eleven	7	7		7	7		0	0		0	0	
Twelve	11	11		11	11		0	0		0	0	
	<u>131</u>	<u>131</u>	<u>0</u>	<u>131</u>	<u>131</u>	<u>0</u>	<u>5</u>	<u>5</u>	<u>0</u>	<u>5</u>	<u>5</u>	<u>0</u>
SpEd Elementary	17	17		17	17		2	2		2	2	
SpEd Middle School	7	7		7	7							
SpEd High School	1	1		1	1							
Subtotal	<u>25</u>	<u>25</u>	<u>0</u>	<u>25</u>	<u>25</u>	<u>0</u>	<u>2</u>	<u>2</u>	<u>0</u>	<u>2</u>	<u>2</u>	<u>0</u>
Totals	<u>156</u>	<u>156</u>	<u>0</u>	<u>156</u>	<u>156</u>	<u>0</u>	<u>7</u>	<u>7</u>	<u>0</u>	<u>7</u>	<u>7</u>	<u>0</u>
Percentage Error			<u>0%</u>			<u>-0-</u>			<u>-0-</u>			<u>-0-</u>

Transportation								
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors	Reported	Recalculated
Reg. Public School, col. 1	4	4		4	4			
Reg. Special Education, col. 4	4	4		4	4			
Transported-Non-Public, col. 3								
Special Needs, Col. 6	5	5		5	5			
	<u>13</u>	<u>13</u>	<u>0</u>	<u>13</u>	<u>13</u>	<u>0</u>		
Percentage Error			<u>-0-</u>			<u>-0-</u>		

Avg. Mileage - Regular Including Grade PK students	9.0	9.0
Avg. Mileage - Regular Excluding Grade PK students	9.0	9.0
Avg. Mileage - Special Ed. with Special Needs	6.1	6.1

**OAKLYN SCHOOL DISTRICT**  
**EXCESS SURPLUS CALCULATION**

**SECTION 1 - Regular Districts**

**A. 2% Calculation of Excess Surplus**

2016-17 Total General Fund Expenditures per the CAFR, Ex C-1	\$ <u>7,832,588</u>	(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	\$ <u>(648,354)</u>	(B2a)
Assets Acquired Under Capital Leases	\$ _____	(B2b)
 Adjusted 2016-17 General Fund Expenditures [(B)+(B1s)+(B2s)]	 \$ <u>7,184,234</u>	 (B3)
 2% of Adjusted 2016-17. General Fund Expenditures [(B3) times .02]	 \$ <u>143,685</u>	 (B4)
Enter Greater of (B4) or \$250,000	\$ <u>250,000</u>	(B5)
Increased by: Allowable Adjustment	\$ <u>32,998</u>	(K)
 Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]		 \$ <u><u>282,998</u></u> (M)

**SECTION 2**

Total General Fund - Fund Balances @ 6-30-17 (Per CAFR Budgetary Comparison Schedule C-1)	\$ <u>1,821,021</u>	(C)
Decreased by:		
Year-end Encumbrances	\$ <u>17,452</u>	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ _____	(C2)
Legally Restricted Excess Surplus - Designated for Subsequent Year's Expenditures	\$ <u>262,762</u>	(C3)
Other Restricted Fund Balances	\$ <u>885,302</u>	(C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	\$ <u>13,939</u>	(C5)
Additional Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures July 1, 2017 - August 1, 2017	\$ _____	(C6)
 Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]		 \$ <u>641,566</u> (U1)

**OAKLYN SCHOOL DISTRICT**  
**EXCESS SURPLUS CALCULATION**

**SECTION 3 - All Districts**

Restricted Fund Balance - Excess Surplus [(U2)-(M)] IF NEGATIVE ENTER -0- \$ 358,568 (E)

**Recapitulation of Excess Surplus as of June 30, 2017**

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures \$ 262,762 (C3)

Reserved Excess Surplus [(E)] \$ 358,568 (E)

Total [(C3) + (E)] \$ 621,330 (D)

**Detail of Allowable Adjustments**

Impact Aid \$ \_\_\_\_\_ (H)

Sale & Lease-back \$ \_\_\_\_\_ (I)

Extraordinary Aid \$ 32,998 (J1)

Additional Nonpublic School Transportation Aid \$ \_\_\_\_\_ (J2)

Current Year School Bus Advertising Revenue \$ \_\_\_\_\_ (J3)

Family Crisis Transportation Aid \$ \_\_\_\_\_ (J4)

Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)] \$ 32,998 (K)

**Detail of Other Restricted Fund Balance**

Statutory restrictions:

Approved unspent separate proposal \$ \_\_\_\_\_

Sale/lease-back reserve \$ \_\_\_\_\_

Capital reserve \$ 627,302

Maintenance reserve \$ 258,000

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 \$ 885,302 (C4)

AUDIT RECOMMENDATIONS SUMMARY  
For the Fiscal Year Ended June 30, 2017

Recommendations:

1. Administrative Practices and Procedures  
None
2. Financial Planning, Accounting and Reporting  
None
3. School Purchasing Programs  
None
4. School Food Service  
None
5. Student Body Activities  
None
6. Application for State School Aid  
None
7. Pupil Transportation  
None
8. Facilities and Capital Assets  
None
9. Miscellaneous  
None
10. Status of Prior Year Audit Findings/Recommendations  
There were no prior year recommendations.