

**WASHINGTON TOWNSHIP SCHOOL DISTRICT**

Green Bank, New Jersey  
County of Burlington

**Auditor's Management Report  
on Administrative Findings -  
Financial, Compliance and Performance  
For The Year Ended June 30, 2018**



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

**TABLE OF CONTENTS**

	<b>PAGE</b>
Report of Independent Auditors - Auditor's Management Report on Administrative Findings, Financial Compliance and Performance	1
Scope of Audit	3
Administrative Practices and Procedures:	
Insurance	3
Official Bonds	3
Tuition Charges	3
Financial Planning, Accounting and Reporting:	
Examination of Claims	3
Payroll Account	N/A
Employee Control Roster	N/A
Reserve for Encumbrances and Accounts Payable	4
Classification of Expenditures	4
Board Secretary's Records	4
Treasurer's Records	4
Elementary & Secondary School Education Act (E.S.E.A.), as amended by the Improving America's Schools Act of 1994 (I.A.S.A.)	N/A
Other Special Federal and/or State Project	N/A
T.P.A.F. Reimbursement	N/A
T.P.A.F. Reimbursement to the State for Federal Salary Expenditures	N/A
School Purchasing Programs:	
Contracts & Agreements Requiring Advertisement for Bids	4
School Food Service	5
Student Body Activities	N/A
Application for State School Aid	5
Pupil Transportation	5
Facilities and Capital Assets	N/A
Miscellaneous	N/A
Follow-up on Prior Year Findings	5
Review of OFAC Findings	6
Acknowledgment	6
Additional Information:	
Schedule of Meal Count Activity	N/A
Schedule of Audited Enrollments	9
Excess Surplus Calculation	11
Audit Recommendations Summary	13

*This page intentionally left blank*



HOLMAN | FRENIA  
ALLISON, P.C.

*Certified Public Accountants & Consultants*

680 Hooper Avenue, Bldg B, Toms River, NJ 08753 • Tel: 732.797.1333  
618 Stokes Road, Medford, NJ 08055 • Tel: 609.953.0612  
912 Highway 33, Suite 2, Freehold, NJ 07728 • Tel: 732.409.0800  
194 East Bergen Place, Red Bank, NJ 07701 • Tel: 732.747.0010

[www.hfacpas.com](http://www.hfacpas.com)

---

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

Honorable President and Members  
of the Board of Education  
Washington Township School District  
County of Burlington  
Green Bank, New Jersey 08215

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 Washington Township School District in the County of Burlington for the year ended June 30, 2018, and have issued our report thereon dated February 23, 2019.

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 Washington Township 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.

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

Freehold, New Jersey  
February 23, 2019

*This page intentionally left blank*

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

**Scope of Audit**

The audit covered the financial transactions of the Board Secretary/School Business Administrator and the Treasurer of School Moneys, 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 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>
Karen Gfroehrer	Board Secretary/School Business Administrator	\$ 100,000
Dawn Stollenwerk	Treasurer	\$ 130,000

There is a Public Employee's Faithful Performance Blanket Position Bond with the Selective Insurance Company covering all other employees with multiple coverage of \$10,000.

**Tuition Charges**

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were less than estimated costs. The School 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**

A sample 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)**

### **Reserve for Encumbrances and Accounts Payable**

A sample 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 A-16.29(f)* as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of a sample of 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 0.00% percent overall 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**

Our review of the financial and accounting records maintained by the Treasurer of School Monies were found to be in satisfactory condition.

### **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&headigswithhits=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&headigswithhits=on&infobase=statutes.nfo&softpage=TOC_Frame_Pg42)

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 2017-18.

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. 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)**

### **Contracts and Agreements Requiring Advertisement for Bids (continued)**

Based on the results of our tests on sample basis, 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**

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

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

Our audit procedures included a sample test of information reported in the October 13, 2017 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 on a sample basis of the School District's procedures related to its completion. The information on the ASSA 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 of their equivalent.

The School District written procedures appear to be adequate for the recording of student enrollment data.

### **Pupil Transportation**

Our audit procedures included a sample test of on roll status reported in the 2017-2018 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 sample of transportation contracts and purchases. Based on our sample, the School 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 sampling of transportation related purchases of goods and services.

### **Follow-up on Prior Year Findings**

In accordance with audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, our procedures included a review of all prior year findings reported in the prior year's Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance. There were no prior year findings.

**Office of Fiscal Accountability and Compliance (OFAC) Findings**

There were no Office of Fiscal Accountability and Compliance (OFAC) audit reports issued during the fiscal year ended June 30, 2018.

**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  
February 23, 2019

**ADDITIONAL INFORMATION**

*This page intentionally left blank*

SCHEDULE OF AUDITED ENROLLMENTS (1)

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
 APPLICATION FOR STATE SCHOOL AID SUMMARY  
 ENROLLMENT AS OF OCTOBER 13, 2017

	2018-2019 Application for State School Aid				Sample for Verification				Private Schools for Handicapped							
	Reported on A.S.S.A. On Roll	Reported on Workpapers On Roll	Sample Selected From Workpapers	Verified Per Registers On Roll	Errors Full	Errors Shared	Workpapers Full	Workpapers Shared	Registers On Roll Full	Registers On Roll Shared	Errors Per Full	Errors Per Shared	Reported on ASSA	Sample Verification	Sample Verified	Sample Errors
Full Day Preschool	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
One	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Two	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Three	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Four	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Six	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Seven	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Eight	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sp Ed - Elementary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sp Ed - Middle School	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Percentage Error	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

**SCHEDULE OF AUDITED ENROLLMENTS (2)**

**WASHINGTON TOWNSHIP SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 13, 2017**

**LOW INCOME**

No students on roll reported as low income.

**LEP STUDENTS**

No students on roll reported as LEP.

**TRANSPORTATION**

	Reported on DRTRS By DOE	Reported on DRTRS By District	Errors	Tested	Amount Verified	Errors
Regular - Public Schools Col 1	61	61	-	46	46	-
Special Needs - Public Col 6	6	6	-	5	5	-
<b>Totals</b>	<b>67</b>	<b>67</b>	<b>-</b>	<b>51</b>	<b>51</b>	<b>-</b>
Percentage Errors			<u>-0-</u>			<u>-0-</u>

**REGULAR DISTRICT**

**SECTION 1**

**2% Calculation of Excess Surplus**

2017-18 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ 1,392,357 (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	\$ 20,324 (B2a)
Assets Acquired Under Capital Leases	\$ - (B2b)
Adjusted 2017-18 General Fund Expenditures [(B)+(B1s)-(B2s)]	\$ 1,372,033 (B3)
2% of Adjusted 2017-18 General Fund Expenditures [(B3) times .02]	\$ 27,441 (B4)
Enter Greater of (B4) or \$250,000	\$ 250,000 (B5)
Increased By: Allowable Adjustment*	\$ 13,897 (K)
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]	\$ 263,897 (M)

**SECTION 2**

Total General Fund – Fund Balances @ 6/30/2018 (Per CAFR Budgetary Comparison Schedule C-1)	\$ 1,409,305 (C)
Decreased By:	
Year-end Encumbrances	\$ 14,448 (C1)
Legally Restricted – Designated for Subsequent Year’s Expenditures	\$ - (C2)
Legally Restricted - Excess Surplus – Designated for Subsequent Year's Expenditures**	\$ 188,187 (C3)
Other Restricted Fund Balances****	\$ 195,910 (C4)
Assigned Fund Balance - Unreserved – Designated for Subsequent Year's Expenditures	\$ 15,548 (C5)
Additional Assigned Fund Balance - Unreserved – Designated for Subsequent Year's Expenditures July 1, 2018-August 1, 2018	\$ - (C6)*****
Total Unassigned Fund Balance[(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]	\$ 995,212 (U1)

**SECTION 3**

Restricted Fund Balance – Excess Surplus\*\*\*[(U1)-(M)] If negative enter -0- \$ 731,315 (E)

**Recapitulation of Excess Surplus as of June 30, 2018**

Reserve Excess Surplus – Designated for Subsequent Year’s Expenditures**	\$ 188,187 (C3)
Reserved Excess Surplus***[(E)]	\$ <u>731,315</u> (E)
Total [(C3)+(E)]	\$ <u>919,502</u> (D)

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, 2015 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 Transportation Aid;
    - (J3) Recognized current year School Bus Advertising Revenue; and
    - (J4) Family Crisis Transportation Aid.
- 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**

Impact Aid	\$ - (H)
Sale & Lease-Back	\$ - (I)
Extraordinary Aid	\$ 13,897 (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)]	\$ <u>13,897</u> (K)

- \*\* This amount represents the June 30, 2017 Excess Surplus (C3 above) and must be included in the Audit Summary Line 90031.
- \*\*\* Amounts must agree to the June 30, 2018 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.
- \*\*\*\*\*Increase in Assigned Fund Balance - Unreserved - Designated for Subsequent Year's expenditure July 1, 2018 to August 1, 2018 resulting from decrease in state aid after adoption of 2018-2019 district budget.

**Detail of Other Restricted Fund Balance**

Statutory restrictions:	
Approved unspent separate proposal	\$ -
Sale/lease-back reserve	\$ -
Capital reserve	\$ -
Maintenance reserve	\$ 195,910
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 reserve	\$ -
[Other Restricted Fund Balance not noted above]****	\$ -
Total Other Restricted Fund Balance	\$ <u>195,910</u> (C4)



AUDIT RECOMMENDATIONS SUMMARY  
For the Fiscal Year Ended June 30, 2018  
Washington Township School District

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 findings.

*This page intentionally left blank*