

SCHOOL DISTRICT OF ROBBINSVILLE

ROBBINSVILLE BOARD OF EDUCATION

Robbinsville, New Jersey

County of Mercer

**Auditor's Management Report on Administrative Findings -
Financial, Compliance and Performance
for the Year Ended June 30, 2012**

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

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REPORT OF INDEPENDENT AUDITORS

Honorable President and Members
of the Robbinsville Board of Education
County of Mercer
Robbinsville, New Jersey 08691

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 Robbinsville School District in the County of Mercer for the year ended June 30, 2012, and have issued our report thereon dated October 19, 2012.

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 Robbinsville Board of Education'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, P. C.



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

Medford, New Jersey
October 19, 2012



Certified Public Accountants & Consultants

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Honorable President and Members
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County of Mercer
Robbinsville, New Jersey 08691

**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 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

Name	Position	Amount
Robert DeVita	Business Administrator/Board Secretary	\$255,000
Pablo Canela	Treasurer of School Monies	255,000

The Treasurer of School Monies was bonded in accordance with provisions of Title 18A:17-32 within the minimum limits of State Board promulgated schedul.

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.

Financial Planning, Accounting and Reporting Examination of Claims

Claims paid during the period under review were examined on a test basis to determine that they are submitted on Board vouchers, itemized, signed by the officials as to approval for payment, endorsement for receipt of materials, allocated to the proper accounts, charged to the proper fiscal period and in agreement with bill list set forth in the approved minutes of the Board.

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.

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.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, for goods not yet received or services not yet rendered and it was determined that no blanket purchase orders were included in the balance of the reserves for encumbrances. Also, unpaid purchase orders included in the balance of accounts payable were reviewed for propriety and to determine that goods were received and services were rendered, as of June 30.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with *N.J.A.C.6:20-2(M)* 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. 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

The Board Secretary's records were found to be in satisfactory condition.

Treasurer's Records

The Treasurer performed cash reconciliations for the general operating account, capital projects fund, payroll account and payroll agency account in accordance with *N.J.S.A.18A:17-36*.

All cash receipts tested were promptly deposited.

The Treasurer's records were in agreement with the records of the Board Secretary.

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 Title I and Title VI of the Elementary and Secondary Education Act amended and reauthorized.

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 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. The following was 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/njded/pscl/index.html>.

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 \$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

School Purchasing Program (continued):

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.”

Effective July 1, 2010 and thereafter the bid thresholds in accordance with *N.J.S.A. 18A:18A-2* and *18A:18A-3(a)* are \$36,000 (with a Qualified Purchasing Agent) and \$26,000 (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 currently \$17,500. The Robbinsville Township Board of Education currently has a Qualified Purchasing Agent.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the fiscal year (contract year for July 1, 2010 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.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

The results of our examination indicated that no individual payments, contracts or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies", 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*.

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained.

School Food Service

The financial transactions and statistical records of the School Food Services were maintained in satisfactory condition. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

The number of meals claimed for reimbursement was verified against sales and meal count records. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement vouchers were timely filed.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served did not exceed the number of valid applications on file, times the number of operating days, on a school-by-school basis. The free and reduced price meal and free milk policy is uniformly administered throughout the School System. The required verification procedures for free and reduced price applications was completed and available for review.

Student Body Activities

A cash receipts and disbursement records were maintained in satisfactory condition.

All receipts were promptly deposited in the bank.

Payment authorizations were presented for audit and vendor invoices were available for examination.

The Board adopted a formal Board Policy that all financial and bookkeeping controls are adequate to ensure appropriate fiscal accountability and sound business practices.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2011 Application for State School Aid (A.S.S.A.) for On-Roll, private schools for the handicapped 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. 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 2011-2012 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.

Follow-up on Prior Years' Findings

In accordance with government auditing standards, our procedures included a review of all prior year findings. Corrective action was taken on all prior year findings.

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.

Should you have any questions concerning our comments or should you desire any assistance, please call me.

Respectfully submitted,

HOLMAN & FRENIA, P. C.

A handwritten signature in black ink, appearing to read 'R. Haines', with a long horizontal stroke extending to the right.

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

Medford, New Jersey
October 19, 2012

ADDITIONAL INFORMATION

SCHEDULE OF AUDITED ENROLLMENTS (1)

ROBBINSVILLE BOARD OF EDUCATION
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 15, 2011

	2012-2013 Application for State School Aid						Sample for Verification						Private Schools for Disabled			
	Reported on		Reported on		Errors		Sample		Verified per		Errors per		Reported on		Sample	
	A.S.S.A.		Workpapers				Selected from		Registers		Registers		A.S.S.A. as		for	
	On Roll		On Roll		Full		Workpapers		On Roll		On Roll		Private		Verifi-	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Schools	cation	Sample	Sample
Half Day Preschool	16		16				16		16							
Full Day Kindergarten	197		197				197		197							
One	167		167				167		167							
Two	253		253				253		253							
Three	163		163				163		163							
Four	214		214				214		214							
Five	227		227				227		227							
Six	198		198				198		198							
Seven	191		191				191		191							
Eight	172		172				172		172							
Nine	194		194				194		194							
Ten	188		188				188		188							
Eleven	180	4	180				180	4	180	4						
Twelve	183	6	183				183	6	183	6						
Subtotal	2,543	10	2,543				2,543	10	2,543	10						
Special Ed - Elementary	124		124				85		85				1	1	1	
Special Ed - Middle School	76		76				76		76				3	3	3	
Special Ed - High School	112	10	112				112		112	10			7	7	7	
Totals	2,855	20	2,855				2,816	10	2,816	20			11	11	11	

Percentage Error

SCHEDULE OF AUDITED ENROLLMENTS (2)

ROBBINSVILLE BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2011

	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on A.S.S.A. as	Reported on Workpapers as	Errors	Sample	Verified to	Sample	Reported on A.S.S.A. as	Reported on Workpapers as	Errors	Sample	Verified to	Sample
	Low Income	Low Income		Selected from Workpapers	Application and Register		LEP low Income	LEP low Income		Selected from Workpapers	Test Score and Register	
Full Day Preschool												
Full Day Kindergarten	5	5		4	4		1	1		1	1	
One	6	6		4	4							
Two	7	7		6	6							
Three	4	4		3	3							
Four	7	7		6	6							
Five	7	7		7	7							
Six	9	9		8	8		1	1		1	1	
Seven	7	7		6	6							
Eight	4	4		4	4							
Nine	9	9		8	8							
Ten	6	6		5	5							
Eleven	4	4		3	3							
Twelve	1	1		1	1							
Subtotal	76	76		65	65		2	2		2	2	
Special Ed - Elementary	12	12		2	2							
Special Ed - Middle	2	2		4	4							
Special Ed - High	8	8		3	3							
Totals	98	98		74	74		2	2		2	2	

Percentage Error

	Transportation					
	Reported on DRTRS by DOE/county	Reported on DRTRS by District	Errors	Tested	Verificc	Errors
Reg. - Public Schools, col. 1	1,371	1,371		250	250	
Reg -SpEd, col. 4	171	171		50	50	
Transported - Non-Public, col. 3	137	137		25	25	
ALL Non-Public, col. 2	51	51		10	10	
Special Ed Spec, col. 6	57	57		10	10	
Totals	1,787	1,787		345	345	

Percentage Error

SCHEDULE OF AUDITED ENROLLMENTS (3)

ROBBINSVILLE BOARD OF EDUCATION
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 15, 2011

	Resident LEP NOT Low Income			Sample for Verification		
	Reported on A.S.S.A. as NOT Low Income	Reported on Workpapers as NOT Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Preschool						
Full Day Kindergarten	5	5		5	5	
One	1	1		1	1	
Two	1	1		1	1	
Three						
Four						
Five						
Six						
Seven	2	2		2	2	
Eight						
Nine	1	1		1	1	
Ten						
Eleven						
Twelve						
Subtotal	10	10		10	10	
Special Ed - Elementary						
Special Ed - Middle						
Special Ed - High						
Totals	10	10		10	10	
Percentage Error						

EXCESS SURPLUS CALCULATION

REGULAR DISTRICT

SECTION 1

A. 2% Calculation of Excess Surplus

2011-2012 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ 36,242,264 (B)
Increased by:	
Transfer from Capital Reserve to Capital Projects Fund	\$ _____ (B1a)
Decrease by:	
On-Behalf TPAF Pension & Social Security	\$ (2,750,519) (B2a)
Assets Acquired Under Capital Leases	\$ _____ (B2b)
Adjusted 2011-2012 General Fund Expenditures [(B)+(B1s)-(B2s)]	\$ 33,491,745 (B3)
2% of adjusted 2011-2012 General Fund Expenditures [(B3) times .02]	\$ 669,835 (B4)
Enter Greater of (B4) or \$250,000	\$ 669,835 (B5)
Increased by: Allowable Adjustment *	\$ 182,636 (K)
Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]	\$ 852,471 (M)

SECTION 2

Total General Fund - Fund Balance @6-30-2012 (Per CAFR Budgetary Comparison Schedule C-1)	\$ 4,257,330 (C)
Decreased by:	
Year-End Encumbrances	\$ (259,817) (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ _____ (C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ (972,344) (C3)
Other Restricted Fund Balances ****	\$ (905,015) (C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	\$ (189,521) (C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	\$ 1,930,633 (U1)

REGULAR DISTRICT (continued):

SECTION 3

Restricted Fund Balance - Excess Surplus *** [(U1)-(M)] IF NEGATIVE ENTER -0- \$ 1,078,162 (E)

Recapitulation of excess surplus as of June 30, 2012

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures ** \$ 972,344 (C3)

Reserved Excess Surplus *** [(E)] \$ 1,078,162 (E)

Total [(C3)+(E)] \$ 2,050,506 (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 Nonpublic School Transportation Aid and Unbudgeted TPAF Wage Freeze Grant Funding. 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	\$ <u>166,504</u> (J1)
Additional Nonpublic School Transportation Aid	\$ <u>16,132</u> (J2)
Total Adjustments [(H)+(I)+(J1)+(J2)]	\$ <u>182,636</u> (K)

** This amount represents the June 30, 2011 Excess Surplus (C3 above) and must be included in the Audit Summary Line 90031.

*** Amounts must agree to the June 30, 2012 CAFR and must agree to Audit Summary Line 90030.

**** Amount for Other Reserved 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 Finance and Regulatory Compliance prior to September 30.

Detail of Other Restricted Fund Balance

Statutory Restrictions:

Approved Unspent Separate Proposal	\$ _____
Capital Outlay for a District With a Capital Outlay Cap Waiver	\$ _____
Sale/Lease-Back Reserve	\$ _____
Capital Reserve	\$ <u>654,243</u>
Maintenance Reserve	\$ <u>250,772</u>
Emergency Reserve	\$ _____
Waiver Offset Reserve	\$ _____
Tuition Reserve	\$ _____
Other State/Government Mandated Reserve	\$ _____
Other Restricted Fund Balance Not Noted Above ****	\$ _____
Total Other Restricted Fund Balance	\$ <u>905,015</u> (C4)

