

**EAGLESWOOD TOWNSHIP SCHOOL DISTRICT**

West Creek, New Jersey  
County of Ocean

**Auditor's Management Report on Administrative Findings -  
Financial, Compliance and Performance  
for The Year Ended June 30, 2015**



**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  
Eagleswood School District  
County of Ocean  
Eagleswood, New Jersey 08092

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 Eagleswood Township School District in the County of Ocean for the year ended June 30, 2015, and have issued our report thereon dated November 21, 2015.

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 Eagleswood 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.

Kevin P. Frenia  
Certified Public Accountant  
Public School Accountant, No. 1011

Medford, New Jersey  
November 21, 2015

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**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 Monies, 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>
Allison Bogart	Business Administrator/Board Secretary	\$ 150,000
Steve Brennan	Treasurer	130,000

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The District is in compliance with N.J.A.C.6:20-3.1(e)4.

**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.

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, the Board Secretary/Business Administrator, and the Chief School Administrator.

## **Financial Planning, Accounting and Reporting (continued):**

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.

### 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:23A-16.2(f) as part of 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. No exceptions were noted.

## **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**

The Treasurer's records were reviewed and 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 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 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.

No exceptions were noted in our study of compliance for the 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.

### **TPAF 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

Effective July 1, 2010 and thereafter, the bid threshold in accordance with N.J.S.A. 18A:18A-3 (as amended) is \$26,000.00, or \$36,000.00 if a Qualified Purchasing Agent is appointed; and in accordance with N.J.S.A. 18A:39-3, the bid threshold is \$17,500.00.

The District Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the fiscal 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 upon 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: amended.

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

### **Student Body Activities**

During our review of student activities, no exceptions were noted.

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

Our audit procedures included a test of information reported in the October 15, 2014 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 of the district's procedures related to its completion. The information on the ASSA was compared to the district workpapers without exception. The information that was included on the workpapers was verified without exception. The results of the procedures are presented in the Schedule of Audited Enrollments.

The district maintained workpapers on the prescribed state forms of their equivalent.

The district's written procedures appear to be adequate for the recording of student enrollment data.

### **Pupil Transportation**

Audit procedures included a test of on-roll status reported in the 2014-2015 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 the procedures are presented in the Schedule of Audited Enrollments.

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

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

In accordance with Governmental Auditing Standards, our procedures included a review of all prior year recommendations including findings. There were no 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.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin P. Frenia  
Certified Public Accountant  
Public School Accountant, No. 1011

Medford, New Jersey  
November 21, 2015

**ADDITIONAL INFORMATION**

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EAGLEWOOD TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2014	CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2015	DEFERRED REVENUE AT JUNE 30, 2015	DUE TO GRANTOR JUNE 30, 2015
<b>U.S. DEPARTMENT OF AGRICULTURE PASSED- THROUGH STATE DEPARTMENT OF EDUCATION:</b>										
<b>Special Revenue Fund:</b>										
Title I - Part A	84.010	\$ 22,848	9/1/13-6/30/14	\$ (989)	\$ 4,907	\$ -	(3,918)	\$ -	\$ -	\$ -
Title I - Part A	84.010	27,443	7/1/14-6/30/15	-	27,443	(27,443)	-	-	-	-
Title II - Part A	84.281	9,251	7/1/14-6/30/15	-	6,251	(6,251)	-	-	-	-
I.D.E.A. Part B	84.027A	38,094	9/1/13-6/30/14	(5,714)	5,714	-	-	-	-	-
I.D.E.A. Part B	84.027A	42,632	7/1/14-6/30/15	-	42,632	(42,632)	-	-	-	-
I.D.E.A. Part B, Preschool	84.027A	3,130	9/1/13-6/30/14	(470)	470	-	-	-	-	-
I.D.E.A. Part B, Preschool	84.027A	3,165	7/1/14-6/30/15	-	3,165	(3,165)	-	-	-	-
REAP	84.358A	15,229	7/1/14-6/30/15	-	15,229	(15,229)	-	-	-	-
Total Special Revenue Fund				(7,173)	105,811	(94,720)	(3,918)	-	-	-
Total Federal Financial Assistance				\$ (7,173)	\$ 105,811	\$ (94,720)	\$ (3,918)	\$ -	\$ -	\$ -

**SCHEDULE OF AUDITED ENROLLMENTS (1)**

**EAGLESWOOD TOWNSHIP SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2014**

	2014-2016 Application for State School Aid						Sample for Verification						Private Schools for Disabled				
	Reported on A.S.A.			Reported on Workpapers			Sample Selected from Workpapers			Verified per Registers			Reported on A.S.A. as Private Schools				
	On Roll	Shared	Full	On Roll	Shared	Full	Full	Shared	On Roll	Full	Shared	Full	On Roll	Shared	Full	Sample Verified	Sample Errors
Full Day Preschool	15		15						11		11						
Full Day Kindergarten	13		13						10		10						
One	17		17						13		13						
Two	13		13						10		10						
Three	11		11						8		8						
Four	14		14						11		11						
Five	16		16						12		12						
Six	12		12						9		9						
Subtotal	111		111						84		84						
Special Ed - Elementary	21		21						16		16					1	1
Special Ed - Middle School	4		4						3		3						
Totals	136		136						103		103					1	1
Percentage Error																	

SCHEDULE OF AUDITED ENROLLMENTS (2)

EAGLESWOOD TOWNSHIP SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2014

	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on A.S.S.A. as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application & Register	Sample Errors	Reported on A.S.S.A. as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application & Register	Sample Errors
Full Day Preschool	5	5		4	4		1	1		1	1	
Full Day Kindergarten	8	8		7	7		1	1		1	1	
One	7	7		6	6		1	1		1	1	
Two	5	5		5	5		1	1		1	1	
Three	3	3		3	3							
Four	5	5		4	4							
Five	3	3		3	3							
Six	3	3		3	3							
Subtotal	36	36		32	32		3	3		3	3	
Special Ed - Elementary	8	8		7	7		1	1		1	1	
Special Ed - Middle School	1	1		1	1							
Totals	45	45		40	40		4	4		4	4	

Percentage Error

Transportation

	Reported on DRTRS by DOE/county	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools, col. 1	24	24		18	18	
Reg -SpEd, col. 4	3	3		2	2	
Transported - Non-Public, col. 3	4	4		3	3	
Special Ed Spec, col. 6	9	9		7	7	
Totals	40	40		30	30	

Percentage Error

**SCHEDULE OF AUDITED ENROLLMENTS (3)**

**EAGLESWOOD TOWNSHIP BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2014**

	<b>Resident LEP NOT Low Income</b>		<b>Sample for Verification</b>	
	Reported on A.S.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 Kindergarten				
One				
Two				
Three				
Four				
Five				
Six				
Seven				
Eight				
Subtotal				
Special Ed - Elementary				
Special Ed - Middle				
Totals				
Percentage Error				

**EXCESS SURPLUS CALCULATION**

**REGULAR DISTRICT**

**SECTION 1**

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

2014-2015 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ <u>2,697,254</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)
Decrease by:	
On-Behalf TPAF Pension & Social Security	\$ <u>234,965</u> (B2a)
Assets Acquired Under Capital Leases	\$ _____ (B2b)
Adjusted 2014-2015 General Fund Expenditures [(B)+(B1s)-(B2s)]	\$ <u><u>2,462,289</u></u> (B3)
2% of adjusted 2014-2015 General Fund Expenditures [(B3) times .02]	\$ <u>49,246</u> (B4)
Enter Greater of (B4) or \$250,000	\$ <u>250,000</u> (B5)
Increased by: Allowable Adjustment *	\$ <u>7,139</u> (K)
Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]	\$ <u><u>257,139</u></u> (M)

**SECTION 2**

Total General Fund - Fund Balance @6-30-2015 (Per CAFR Budgetary Comparison Schedule C-1)	\$ <u>588,078</u> (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**	\$ <u>103,077</u> (C3)
Other Restricted Fund Balances ****	\$ <u>100,000</u> (C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	\$ <u>676</u> (C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	\$ <u><u>384,325</u></u> (U1)

**REGULAR DISTRICT (continued):**

**SECTION 3**

Restricted Fund Balance - Excess Surplus \*\*\* [(U2)-(M)] IF NEGATIVE ENTER -0- \$ 127,186 (E)

**Recapitulation of excess surplus as of June 30, 2015**

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures \*\* \$ 103,077 (C3)  
 Reserved Excess Surplus \*\*\* [(E)] \$ 127,186 (E)  
 Total [(C3)+(E)] \$ 230,263 (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 recognized current year School Bus Advertising Revenue, 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	\$ <u>5,141</u> (J1)
Additional Nonpublic School Transportation Aid	\$ <u>1,998</u> (J2)
Current Year School Bus Advertising Revenue Recognized	\$ _____ (J3)
Family Crisis Transportation Aid	\$ _____ (J4)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)]	\$ <u>7,139</u> (K)

\*\* This amount represents the June 30, 2015 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

\*\*\* Amounts must agree to the June 30, 2015 CAFR and must agree to Audit Summary Worksheet Line 90030

\*\*\*\* Amount for Other Restricted/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 Reserved Fund Balance**

**Statutory Restrictions:**

Approved Unspent Separate Proposal	\$ _____
Sale/Lease-Back Reserve	\$ _____
Capital Reserve	\$ _____
Maintenance Reserve	\$ <u>100,000</u>
Emergency Reserve	\$ _____
Tuition Reserve	\$ _____
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>100,000</u> (C4)