

**BOARD OF EDUCATION OF THE  
BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT  
COUNTY OF CAMDEN**

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

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2015**



**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
Auditor's Management Report on Administrative  
Findings - Financial, Compliance and Performance

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

The Honorable President and  
Members of the Board of Education  
Borough of Laurel Springs School District  
County of Camden, 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 Borough of Laurel Springs School District, in the County of Camden, State of New Jersey as of and for the fiscal year ended June 30, 2015, which were separately issued in the Comprehensive Annual Financial Report dated December 11, 2015.

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 Borough of Laurel Springs School District, for the fiscal year ended June 30, 2015, and is intended for the information of the School District's management and the New Jersey Department of Education and should not be used by anyone other than these specified parties.

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

Kirk N. Applegate  
Certified Public Accountant  
Public School Accountant No. 20CS00223300

Voorhees, New Jersey  
December 11, 2015

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

**SCOPE OF AUDIT**

The audit covered the financial transactions of the Board Secretary / School Business Administrator, 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)**

<b><u>Name</u></b>	<b><u>Position</u></b>	<b><u>Amount</u></b>
William H. Thompson	Board Secretary / School Business Administrator	\$160,000.00

There is a Public Employees' Faithful Performance Crime Policy provided through the School Alliance Insurance Fund covering all other employees for \$100,000.00 per person / \$500,000.00 per loss.

**Tuition Charges**

The School District had no incoming tuition students that require proper adjustment, per N.J.A.C. 6A:23-3.1(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 Agency Payroll 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.

Payrolls were delivered to the Board Secretary / School Business Administrator who then deposited warrants in separate bank accounts for net payroll and withholdings.

**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 2014-2015 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.

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

**Travel**

There were no travel expenditures during the fiscal year under audit.

**Classification of Expenditures**

The coding of expenditures was inspected 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 inspected 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.

**Board Secretary's Records**

Our audit of the financial and accounting records maintained by the Board Secretary indicated that they were in satisfactory condition.

**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 and IIA of the Elementary and Secondary Education Act as amended and reauthorized.

An audit of compliance for E.S.E.A. was not required for school year 2014-15.

**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 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. No exceptions were noted.

**TPAF Reimbursement to the State for Federal Salary Expenditures**

The reimbursement to the State for 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 subsequent to the end of the 60 day grant liquidation period, but prior to the 90 days required by N.J.S.A. 18A:66-90. Accordingly, the expenditure was made in accordance with State law (90 days) and properly reported as obligated and not expended and as an unliquidated balance in the current year's Final Reports for all federal awards.

## **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&oftpage=TOC\\_Frame\\_Pg42](http://lis.njleg.state.nj.us/cgi-bin/om_isapi.dll?clientID=1319801&depth=2&expandheadings=off&headingswithhits=on&infobase=statutes.nfo&oftpage=TOC_Frame_Pg42)

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. 2015-001***

#### **Condition**

The District failed to advertise its professional service contracts as required by N.J.S.A. 18A:18A-5(a)(1).

#### **Recommendation**

That the District advertise its professional service contracts as required by N.J.S.A. 18A:18A-5(a)(1).

## **SCHOOL FOOD SERVICE**

The financial transactions and statistical records of the school food service fund were audited. The financial accounts, meal count records, and eligibility applications were reviewed on a sample basis. No exceptions were noted.

Cash receipts and bank records were sampled for timely deposit. No exceptions were noted.

Expenditures should be separately recorded as food, labor, and other costs. Vendor invoices were sampled and costs verified. Inventory records on food and supply items were currently maintained and properly applied in determining the cost of food and supplies used.

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service. Net cash resources did not exceed three months average expenditures.

Sampled time sheets were inspected and labor costs verified. Payroll records were maintained on all School food service employees authorized by the School District. No exceptions were noted.

The number of meals claimed for reimbursement was compared to sales and meal count records. As part of the claims review process, the Edit Check Worksheet was completed. Reimbursement claims were submitted / certified in a timely manner.

Sampled applications for free and reduced price meals were inspected for completeness and accuracy. The free and reduced price meal and free milk policy was reviewed for uniform administration throughout the school system. The required verification procedures for free and reduced price applications were completed and available for audit.

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

**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, 2014 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 2014-2015 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.

**MISCELLANEOUS**

**Continuing Disclosure Agreements**

***Finding No. 2015-002***

**Condition**

The District did not provide certain secondary market disclosures in compliance with Securities and Exchange Commission Rule 15c2-12 as required by a Board resolution adopted on May 16, 2007.

**Recommendation**

That the District provides certain secondary market disclosures in compliance with Securities and Exchange Commission Rule 15c2-12 as required by a Board resolution adopted on May 16, 2007.

**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.

There were no Office of Fiscal Accountability and Compliance audit reports issued during the fiscal year ended June 30, 2015.

**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



Kirk N. Applegate  
Public School Accountant No.20CS00223300

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
 Application for State School Aid Summary  
 Enrollment as of October 15, 2014

	2015-2016 Application for State School Aid						Sample for Verification						Private Schools for the Disabled				
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Registers On Roll		Errors per Registers On Roll		Reported on A.S.S.A. as Private Schools	Sample for Veri- fication	Sample Verified	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared					
Half Day Preschool	13		13					13		13							
Full Day Preschool																	
Half Day Kindergarten																	
Full Day Kindergarten	25		25					25		25							
One	28		28					28		28							
Two	24		24					24		24							
Three	24		24					24		24							
Four	17		17					17		17							
Five	21		21					21		21							
Six	21		21					21		21							
Seven																	
Eight																	
Nine																	
Ten																	
Eleven																	
Twelve																	
Post-Graduate																	
Adult H.S. (15+CR.)																	
Adult H.S. (1-14CR.)																	
Subtotal	173	-	173	-	-	-	-	173	-	173	-	-	-	-	-	-	-
Special Education-Elementary	28		28					28		28			1	1	1		
Special Education-Middle School	6		6					6		6			1	1	1		
Special Education-High School													1	1	1		
Subtotal	34	-	34	-	-	-	-	34	-	34	-	-	3	3	3		-
Co. Voc. - Regular																	
Co. Voc. Ft. Post Sec.																	
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	207	-	207	-	-	-	-	207	-	207	-	-	3	3	3		-
Percentage Error					-	-						-	-				-

**BOROUGH OF LAUREL SPRINGS 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 and Register	Sample Errors	Reported on A.S.S.A. as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Application, Test Score and Register	Sample Errors
Half Day Preschool												
Full Day Preschool												
Half Day Kindergarten												
Full Day Kindergarten	12	12		9	9							
One	8	8		6	6							
Two	9	9		7	7		1	1		1	1	
Three	7	7		5	5							
Four	4	4		3	3							
Five	5	5		5	5							
Six	8	8		6	6							
Seven												
Eight												
Nine												
Ten												
Eleven												
Twelve												
Post-Graduate												
Adult H.S. (15+CR.)												
Adult H.S. (1-14CR.)												
Subtotal	53	53	-	41	41	-	1	1	-	1	1	-
Special Education-Elementary	15	15		11	11		1	1		1	1	
Special Education-Middle School	4	4		3	3							
Special Education-High School												
Subtotal	19	19	-	14	14	-	1	1	-	1	1	-
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-
Totals	72	72	-	55	55	-	2	2	-	2	2	-
Percentage Error			-			-			-			-

	Transportation						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	Reported	Re-Calculated
	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors					
Reg. - Public Schools, Col. 1	5	5		4	3	1			9.4	9.4	
Reg. - SpEd, Col. 4									9.4	9.4	
Transported - Non-Public, Col. 3	1	1		1	1				11.0	11.0	
Special Needs, Col. 6	5	5		4	4						
Totals	11	11	-	9	8	1					
Percentage Error			-			11%					

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
 Application for State School Aid Summary  
 Enrollment as of October 15, 2014

	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 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**

**SECTION 1**

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

2014-15 Total General Fund Expenditures per the CAFR, Ex. C-1	<u>4,798,518.55</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>252,191.68</u> (B2a)
Assets Acquired Under Capital Leases	_____ (B2b)
Adjusted 2014-15 General Fund Expenditures [(B)+(B1s)-(B2s)]	<u>4,546,326.87</u> (B3)
2% of Adjusted 2014-15 General Fund Expenditures [(B3) times .02]	<u>90,926.54</u> (B4)
Enter Greater of (B4) or \$250,000	<u>250,000.00</u> (B5)
Increased by: Allowable Adjustment *	<u>40,571.00</u> (K)
Maximum Unassigned Fund Balance [(B5) + (K)]	<u>290,571.00</u> (M)

**SECTION 2**

Total General Fund - Fund Balances @ 6-30-15 (Per CAFR Budgetary Comparison Schedule C-1)	<u>562,874.13</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>71,067.42</u> (C3)
Other Restricted Fund Balances ****	<u>1,112.68</u> (C4)
Assigned Fund Balance - Designated for Subsequent Year's Expenditures	<u>94,194.58</u> (C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	<u>396,499.45</u> (U1)

**SECTION 3**

Restricted Fund Balance - Excess Surplus *** [(U1)-(M)] IF NEGATIVE ENTER -0-	<u>105,928.45</u> (E)
---	-----------------------

**Recapitulation of Excess Surplus as of June 30, 2015**

Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	_____ (C3)
Restricted - Excess Surplus *** [(E)]	<u>105,928.45</u> (E)
Total Excess Surplus [(C3)+(E)]	<u>105,928.45</u> (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. 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	40,397.00 (J1)
Additional Nonpublic School Transportation Aid	174.00 (J2)
Current Year School Bus Advertising Revenue Recognized	_____ (J3)
 Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)]	 40,571.00 (K)

\*\* Line (C3) represents excess surplus generated at June 30, 2014 and must be included in the 2014-2015 Audit Summary Worksheet Line 90031. This amount was to be appropriated in the 2015-2016 general fund budget.

\*\*\* Line (E) represents the excess surplus generated at June 30, 2015 and must agree with the June 30, 2015 CAFR and be reported in the 2014-15 Audit Summary Worksheet 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.

**Detail of Other Restricted Fund Balance**

Statutory restrictions:

Approved unspent separate proposal	_____
Sale/lease-back reserve	_____
Capital reserve	1,112.68
Maintenance reserve	_____
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 reserves	_____
 [Other Restricted Fund Balance not noted above]****	 _____
 Total Other Restricted Fund Balance	 1,112.68 (C4)

