

**SCHOOL DISTRICT OF
SOUTHAMPTON TOWNSHIP**

SOUTHAMPTON BOARD OF EDUCATION
Southampton, New Jersey
County of Burlington

**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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**REPORT OF INDEPENDENT AUDITORS
AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE
FINDINGS, FINANCIAL COMPLIANCE AND PERFORMANCE**

Honorable President and Members
of the Board of Education
Southampton Township
County of Burlington
Southampton, New Jersey 08088

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 Southampton Township Board of Education in the County of Burlington for the year ended June 30, 2015, and have issued our report thereon dated December 18, 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 Southampton Township 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 ALLISON, P.C.

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

Medford, New Jersey
December 18, 2015

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Honorable President and Members
of the Board of Education
Southampton Township
County of Burlington
Southampton, New Jersey 08088

**ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE**

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Moneys, the activities of the Board of Education, the records of the Student Activity Fund, Food Service Fund and Special Revenue Fund 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
Barbara Godfrey	Business Administrator/Board Secretary	\$120,000
Dawn Emmons	Treasurer	215,000

There is a public employees' faithful performance blanket position bond with the Selective Insurance Company covering all other employees with multiple coverage of \$100,000.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were less than estimated costs. The Board made a proper adjustment to the billings to sending districts for the decrease in per pupil costs in accordance 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 review indicated that the vouchers were in satisfactory condition.

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.

All payrolls were approved by the Superintendent and were certified by the President of the Board and the Board Secretary/School Business Administrator.

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.6A:23-1.2* 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, no errors were noted.

Board Secretary's Records

Our review of the financial and accounting records maintained by the Board Secretary were in satisfactory condition.

Treasurer's Records

The records maintained by the treasurer were found to be in satisfactory condition.

Elementary and Secondary Education Act (E.S.E.A.)/Improving America's Schools Act (I.A.S.A.) ad 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, II, IV, and VI of the Elementary and Secondary Education Act as amended and reauthorized.

Other Special Federal and/or State Projects

The district's Special Projects were approved as listed on Schedule A in the Auditor's Management Report and Schedule B 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. No exceptions were noted.

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/njded/pscl/index.html>.

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 \$18,300 for 2014-15. The 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.

Based on the results of our examination 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

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 filed timely.

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 were completed and available for review.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food supply items were currently maintained and properly applied in determining the cost of food and supplies used. No attempt was made to verify inventory costs. Time sheets were reviewed and labor costs verified. Payroll records were maintained on all School Food Services employees authorized by the board of education.

School Food Service (continued)

The cash disbursements records reflected expenditures for program related goods and services. Districts with food service management companies are depositing and expending program monies in accordance with *N.J.S.A.18A:17-34*, and *19-1* through *19-4.1*. The appropriate revenue and expenditure records were maintained in order to substantiate the nonprofit status of the school food service. Net cash resources did not exceed three months average expenditures.

Food Distribution Program commodities were received and a single inventory was maintained on a first-in, first-out basis.

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

Unemployment Compensation Insurance Trust Fund

The Board has adopted the direct reimbursement method and has established an Unemployment Compensation Insurance Expendable Trust Fund.

Student Body Activities

The Board adopted a policy, which effectively established the regulation of all student activity funds.

Application for State School Aid

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. 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 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 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. No exceptions were noted in our review of transportation related purchases of goods and services.

Follow-up on Prior Years' Findings

In accordance with government auditing standards, our procedures included a review of all prior year findings. The District has taken corrective action on the prior year finding during the current year.

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 ALLISON, P.C.

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

Medford, New Jersey
December 18, 2015

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ADDITIONAL INFORMATION

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**SOUTHAMPTON TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR 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	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2015	DUE TO GRANTOR AT JUNE 30, 2015
National School Lunch Program	10.555	\$ 75,373	7/1/13-6/30/14	\$ (5,813)	\$ 5,813	\$ -	\$ -	-
National School Lunch Program	10.555	73,269	7/1/14-6/30/15	-	73,269	(73,269)	-	-
Food Distribution Program	10.550	22,527	7/1/14-6/30/15	-	22,527	(22,527)	-	-
Breakfast Program	10.553	8,154	7/1/13-6/30/14	(685)	685	-	-	-
Breakfast Program	10.553	8,698	7/1/14-6/30/15	-	8,698	(8,698)	-	-
Special Milk Program	10.556	87	7/1/13-6/30/14	(9)	9	-	-	-
Special Milk Program	10.556	279	7/1/14-6/30/15	-	279	(279)	-	-
Total U.S. Department of Agriculture				(6,507)	111,280	(104,773)	-	-

**U.S. DEPARTMENT OF EDUCATION PASSED-
THROUGH STATE DEPARTMENT OF EDUCATION:**

Title I	84.010	74,339	9/1/13-8/31/14	(31,868)	31,868	-	-	-
Title I	84.010	71,022	9/1/14-8/31/15	-	71,022	(71,022)	-	-
Title II, Part A	84.281	25,949	9/1/13-8/31/14	(25,949)	25,949	-	-	-
Title II, Part A	84.281	26,638	9/1/14-8/31/15	-	26,638	(26,638)	-	-
I.D.E.A. Part B	84.027	195,547	9/1/14-8/31/15	-	195,547	(195,547)	-	-
I.D.E.A. Part B, Preschool	84.173	12,431	9/1/14-8/31/15	-	12,431	(12,431)	-	-
Total Special Revenue Fund Assistance				(57,817)	363,455	(305,638)	-	-
Total U.S. Department of Education				(57,817)	363,455	(305,638)	-	-
Total Federal Financial Assistance				\$ (64,324)	\$ 474,735	\$ (410,411)	\$ -	\$ -

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SCHEDULE OF AUDITED ENROLLMENTS (1)

SOUTHAMPTON TOWNSHIP BOARD OF EDUCATION
 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 Disabled					
	Reported on A.S.S.A. On Roll		Workpapers		Sample Selected from Workpapers		Verified per Registers		Errors per Registers		Reported on A.S.S.A. as Private Schools		Sample for Verification	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Full Day Kindergarten	70		70		21		21							
One	69		69		21		21							
Two	76		76		21		21							
Three	70		70		21		21							
Four	69		69		21		21							
Five	66		66		21		21							
Six	64		64		21		21							
Seven	63		63		21		21							
Eight	82		82		22		22							
Subtotal	629		629		190		190							
Special Ed - Elementary	54		54		21		21							
Special Ed - Middle School	43		43		21		21							
Subtotal	97		97		42		42							
Totals	726		726		232		232							

Percentage Error

- - - - -

SCHEDULE OF AUDITED ENROLLMENTS (2)

**SOUTHAMPTON TOWNSHIP BOARD OF EDUCATION
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 Test Score and Register	Sample Errors
Full Day Kindergarten	13	13		11	11							
One	23	23		12	12		1	1		1	1	
Two	16	16		13	13		2	2		2	2	
Three	12	12		10	10		1	1		1	1	
Four	18	18		16	16		1	1		1	1	
Five	12	12		8	8		1	1		1	1	
Six	7	7		7	7							
Seven	5	5		5	5							
Eight	9	9		6	6							
Subtotal	115	115		88	88		6	6		6	6	
Special Ed - Elementary	23	23		15	15							
Special Ed - Middle School	10	10		9	9							
Subtotal	33	33		24	24							
Totals	148	148		112	112		6	6		6	6	

Percentage Error

Transportation

	Reported on DRTRS by DOE/county		Reported on DRTRS by District		Tested		Verified		Errors	
	DOE/county	District	Errors	District	Tested	Verified	Tested	Verified	Errors	Errors
Reg. - Public Schools, col. 1	557	557			170	170				
AIL - Non-Public, col. 2	14	14			5	5				
Transported - Non-Public, col. 3	23	23			7	7				
Reg - SpEd, col. 4	27	27			8	8				
Special Ed Spec, col. 6	24	24			7	7				
Totals	645	645			197	197				

Percentage Error

SCHEDULE OF AUDITED ENROLLMENTS (3)
SOUTHAMPTON TOWNSHIP BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2014

	Resident LEP NOT Low Income		Sample for Verification		
	Reported on A.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 Kindergarten					
One	1	1	1	1	
Two					
Three					
Four	1	1	1	1	
Five					
Six	1	1	1	1	
Seven					
Eight					
Subtotal	3	3	3	3	
Special Ed - Elementary					
Special Ed - Middle School					
Subtotal					
Totals	3	3	3	3	
Percentage Error		-0-		-0-	

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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>13,619,793</u> (B)
Increased by:	
Transfer from Capital Outlay to Capital Projects Fund	\$ <u>13,079</u> (B1a)
Transfer from Capital Reserve to Capital Projects Fund	\$ <u>300,000</u> (B1b)
Decrease by:	
On-Behalf TPAF Pension & Social Security	\$ <u>(1,200,789)</u> (B2a)
Assets Acquired Under Capital Leases	\$ <u>-</u> (B2b)
Adjusted 2013-2014 General Fund Expenditures [(B)+(B1s)-(B2s)]	\$ <u>12,732,083</u> (B3)
2% of adjusted 2013-2014 General Fund Expenditures [(B3) times .02]	\$ <u>254,642</u> (B4)
Enter Greater of (B4) or \$250,000	\$ <u>254,642</u> (B5)
Increased by: Allowable Adjustment *	\$ <u>4,386</u> (K)
Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]	\$ <u>259,028</u> (M)

SECTION 2

Total General Fund - Fund Balance @ 6-30-2015 (Per CAFR Budgetary Comparison Schedule C-1)	\$ <u>1,194,097</u> (C)
Decreased by:	
Year-End Encumbrances	\$ <u>(107,347)</u> (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ <u>-</u> (C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ <u>-</u> (C3)
Other Restricted Fund Balances ****	\$ <u>(632,296)</u> (C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	\$ <u>-</u> (C5)
Total Unassigned Fund Balance [C)-(C1)-(C2)-(C3)-(C4)-(C5)]	\$ <u>454,454</u> (U1)

REGULAR DISTRICT (continued):

SECTION 3

Restricted Fund Balance - Excess Surplus *** [(U2)-(M)] IF NEGATIVE ENTER -0- \$ 195,426 (E)

Recapitulation of excess surplus as of June 30, 2015

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

Reserved Excess Surplus *** [(E)] \$ 195,426 (E)

Total [(C3) + (E)] \$ 195,426 (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 \$ - (J1)

Additional Nonpublic School Transportation Aid \$ 4,386 (J2)

Total Adjustments [(H)+(I)+J1)+(J2)] \$ 4,386 (K)

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

*** Amounts must agree to the June 30, 2015 CAFR and must agree to Audit Summary Worksheet Line 10024.

**** 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 \$ 538,651

Maintenance Reserve \$ 18,644

Emergency Reserve \$ 1

Waiver Offset Reserve \$ -

Tuition Reserve \$ 75,000

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 \$ 632,296 (C4)