

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

**CHESTERFIELD TOWNSHIP SCHOOL  
BOARD OF EDUCATION**

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

**Prepared By**

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CHESTERFIELD TOWNSHIP SCHOOL  
AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS  
- FINANCIAL, COMPLIANCE AND PERFORMANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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Tax ID Number 21-6000358

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REPORT OF INDEPENDENT AUDITOR

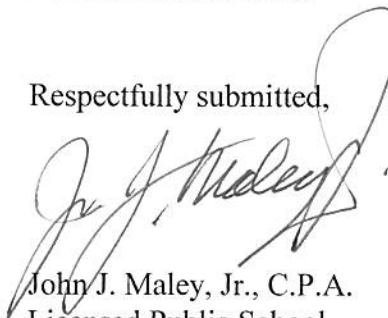
To Honorable President and Members  
of the Board of Education  
Chesterfield Township School  
County of Burlington  
Chesterfield, New Jersey 08515

I 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 Chesterfield Township School in the County of Burlington for the year ended June 30, 2015, and have issued our report thereon dated December 7, 2015.

As part of our audit, I 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 Chesterfield Township School Board of Education's management and the New Jersey State Department of Education. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,



John J. Maley, Jr., C.P.A.

Licensed Public School

Accountant No. 454

Registered Municipal Accountant

December 7, 2015

ADMINISTRATIVE FINDINGS - FINANCIAL

COMPLIANCE AND PERFORMANCE

JUNE 30, 2015

**Scope of Audit**

The audit covered the financial transactions of the Board Secretary/Business Administrator and Treasurer of School Moneys, the activities of the Board of Education, 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

<u>Name</u>	<u>Position</u>	<u>Amount</u>
John Snuffin	School Business Administrator/ Board Secretary	\$ 75,000
Janice Jones	Treasurer of School Moneys	215,000

The Chesterfield Township School is a member of the New Jersey School Boards Association Insurance Group (NJSBAIG) with coverage as detailed on Exhibit J-20 Insurance Schedule, contained in the district's CAFR.

Tuition Charges

The District had no tentative tuition charges requiring adjustment to actual 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 did not indicate discrepancies with respect to signatures or supporting documentation other than noted below.

**Finding:**

Vouchers for payments to PSE&G did not contain claimant signatures.

**Recommendation:**

All vouchers for amounts in excess of the \$5,400 quote threshold must contain a claimant certification.

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 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.

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

**JUNE 30, 2015**

**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.

**Financial Planning, Accounting and Reporting (Continued)**

**Classification of Expenditures -**  
**General and Administrative Classifications**

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6:20-2A.2(m) as part of our test of transactions of randomly selected expenditure items. I also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. Our testing also included administrative coding classifications to determine compliance with N.J.A.C. 6A:23.A-2.4. There were no classification errors noted in these tests.

**Elementary and Secondary Education Act of 1965 (E.S.E.A.)/Improving America's Schools Act (IASA) as reauthorized by the No Child Left Behind Act Of 2001**

The E.S.E.A. 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 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 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.

**TPAF 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-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 receipt 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:11-9)

ADMINISTRATIVE FINDINGS - FINANCIAL

COMPLIANCE AND PERFORMANCE

JUNE 30, 2015

**School Purchasing Programs (Continued)**

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, 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.

Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection a. of N.J.S. 18A:18A-5 may be awarded for a period not exceeding 12 consecutive months.

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 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. The board of education may, by resolution approved by a majority of the board of education and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the board of education finds that it has had prior negative experience with the bidder."

Effective July 1, 2010, and thereafter the bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3 is \$36,000 with a Qualified Purchasing Agent (QPA) and \$26,000 without a QPA, respectively. The law regulating bidding for public school transportation contracts under N.J.S.A. 18A:39-3 is \$17,500. The Chesterfield Township School District does have a QPA and established a bid threshold of \$36,000.

The 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 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 provisions 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.

## ADMINISTRATIVE FINDINGS - FINANCIAL

### COMPLIANCE AND PERFORMANCE

JUNE 30, 2015

#### School Food Services

The financial transactions and statistical records of the School Food Service Fund were maintained in satisfactory condition. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis. The District utilizes a food service management company and is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34 and 19-1 through 19-4.1.

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 claims were authorized in a timely manner except as noted in the finding below. Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served was compared to the number of valid applications on file, times the number of operation 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.

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all School Food Service employees authorized by the Board of Education. No exceptions were noted.

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 nonprofit status of the school food service.

#### Finding:\*

Net cash resources exceeded three months average expenditures by \$5,340 as shown on the attached Food Service Net Cash Resource Schedule.

#### Recommendation:

This exception should be addressed with the food service management company.

U.S.D.A. commodities were received and a separate inventory was maintained on a first-in, first-out basis. No exceptions were noted.

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

#### Student Body Activities

Our review of the student activity funds showed that accounting records were maintained in satisfactory condition.

## ADMINISTRATIVE FINDINGS - FINANCIAL

### COMPLIANCE AND PERFORMANCE

JUNE 30, 2015

#### Application for State School Aid

Our procedures included a test of information reported in the October 15, 2013 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 information that was included on the workpapers was verified. 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 written procedures appear to be adequate 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 related contracts and purchases. Based on our review, the district complied with proper bidding procedures and award of contracts. No exceptions were noted in our review of transportation related purchases of goods and services.

#### Facilities and Capital Assets

The District issued bonds dated February 28, 2008 totaling \$37,685,000 to construct a new elementary school to replace the Route 528 school. There were no SCC grant funds included in the project. Our procedures included a review of the awarding of contracts and use of the capital projects fund to account for recording project revenue and expenses. The school construction is completed and occupied and the capital project fund is in the close out phase.

#### Follow-up on Prior Year Findings

In accordance with government auditing standards, our procedures included a review of all prior year recommendations. Corrective action has been taken on prior year findings except the finding related to Food Service net cash resources.

#### Acknowledgment

I received the complete cooperation of all officials of the Chesterfield Township Board of Education, and I greatly appreciate the courtesies extended to me.





SCHEDULE OF AUDITED ENROLLMENTS

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

	Resident Low Income			Resident L.E.P. Low Income			Sample for Verification		
	Reported on A.S.S.A. as Low Income	Reported on Workpapers as Low Income	Errors	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
Half Day Preschool	-	-	-	-	-	-	-	-	-
Full Day Preschool	-	-	-	-	-	-	-	-	-
Kindergarten	4	4	-	-	-	-	-	-	-
One	3	3	-	-	-	-	-	-	-
Two	5	5	-	-	-	-	-	-	-
Three	3	3	-	-	-	-	-	-	-
Four	6	6	-	-	-	-	-	-	-
Five	5	5	-	-	-	-	-	-	-
Six	5	5	-	-	-	-	-	-	-
Subtotal	31	31	-	-	-	-	-	-	-
Special Ed - Elementary	12	12	-	-	-	-	-	-	-
Special Ed - Middle School	1	1	-	-	-	-	-	-	-
Special Ed - Sent	-	-	-	-	-	-	-	-	-
Subtotal	13	13	-	-	-	-	-	-	-
Totals	44	44	-	-	-	-	-	-	-
Percentage Error			0.00%			0.00%			0.00%

	Transportation			Sample for Verification		
	Reported on DRTS by DOE/County	Reported on DRTS by District	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Reg - Public Schools, column 1	123	123	-	70	70	-
Reg - Non-Public, All, column 2	18	18	-	18	16	2
Reg - Special Education, column 4	12	12	-	3	3	-
Special Ed - Public, column 6	27	27	-	16	16	-
Subtotal	180	180	-	107	105	2
Percentage Error			0.00%			1.87%

	Reported	Re-Calculated
Avg. Mileage - Regular Including Grade PK Students (Part A)	4.45	4.45
Avg. Mileage - Regular Excluding Grade PK Students (Part A)	4.45	4.45
Spec. Avg. - Special Ed with Special Needs (Part B)	3.8	3.8

SCHEDULE OF AUDITED ENROLLMENTS

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

	Resident L.E.P. NOT Low Income			Sample for Verification		
	Reported on A.S.A. as NOT Low Income	Reported on Workpapers as NOT Low Income	Errors	Sample Selected from Workpapers	Verified to Test Scores and Register	Sample Errors
Half Day Preschool	-	-	-	-	-	-
Full Day Preschool	-	-	-	-	-	-
Kindergarten	-	-	-	-	-	-
One	-	-	-	-	-	-
Two	-	-	-	-	-	-
Three	-	-	-	-	-	-
Four	-	-	-	-	-	-
Five	-	-	-	-	-	-
Six	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
Special Ed - Elementary	1	1	-	1	1	-
Special Ed - Middle School	-	-	-	-	-	-
Special Ed - Sent	-	-	-	-	-	-
Subtotal	1	1	-	1	1	-
Totals	1	1	-	1	1	-

Percentage Error

0.00%

0.00%

**CHESTERFIELD TOWNSHIP SCHOOL DISTRICT  
EXCESS SURPLUS CALCULATION  
June 30, 2015**

**SECTION 1**  
**2% CALCULATION OF EXCESS SURPLUS**

2014-15 Total General Fund Expenditures per the CAFR, Ex. C-1	\$	9,322,054
Increased by:		
Transfer from Capital Outlay to Capital Projects Fund	\$	-
Transfer from Capital Reserve to Capital Projects Fund	\$	-
Transfer from General Fund to SRF for PreK-Regular	\$	-
Transfer from General fund to SRF for PreK-Inclusion	\$	-
Decreased by:		
On-Behalf TPAF Pension & Social Security	\$	(824,911)
Assets Acquired Under Capital Leases	\$	-
Adjusted 2014-2015 General Fund Expenditures	\$	8,497,143
2% of Adjusted 2014-2015 General Fund Expenditures	\$	169,943
Enter Greater of Above or \$250,000	\$	250,000
Increased by: Allowable Adjustments:		
Impact Aid	\$	-
Sale & Lease-back	\$	-
Extraordinary Aid - Unappropriated	\$	33,283
Additional Nonpublic Transportation Aid - Unappropriated	\$	3,132
Current Year School Bus Advertising Revenue Recognized	\$	-
Family Crisis Transportation Aid	\$	-
Total Adjustments	\$	36,415
Maximum Unreserved/Undesignated Fund Balance Allowed	\$	286,415

**SECTION 2**

Total General Fund - Fund Balances @ June 30, 2015 (Per CAFR Budgetary Comparison Schedule C-1)	\$	406,693
Decreased by:		
Year-End Encumbrances	\$	-
Legally Restricted - Designated for Subsequent Year's Expenditures	\$	-
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures	\$	-
Other Restricted Fund Balances:		
Statutory restrictions:		
Approved unspent separate proposal	\$	-
Capital outlay for a district with a capital outlay cap waiver	\$	-
Sale/lease-back reserve	\$	-
Capital reserve	\$	(37,941)
Maintenance reserve	\$	-
Emergency reserve	\$	-
Tuition reserve	\$	-
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	\$	(37,941)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	\$	(89,962)
Total Unassigned Fund Balance	\$	278,790

**SECTION 3**

Restricted Fund Balance - Excess Surplus (IF NEGATIVE ENTER -0-)	\$	-
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**Recapitulation of Excess Surplus as of June 30, 2015**

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures (2013-14 Excess Surplus, Audit Summary Worksheet line 10025, budgeted in 2015-16)	\$	-
Reserved Excess Surplus (2014-15 Excess Surplus, Audit Summary Worksheet line 10024, to be budgeted in 2016-17)	\$	-
Total Excess Surplus	\$	-

**Chesterfield Township Board of Education**  
**6/30/2015**  
**Food Service**  
**Net Cash Resource Schedule**

<u>Net Cash Resources:</u>		<b>Food Service B - 4/5</b>	
<b>CAFR</b>	*	<b>Current Assets</b>	
B-4		Cash & Cash Equiv.	\$ 76,774
B-4		Due from Other Gov'ts	1,977
B-4		Accounts Receivable	-
B-4		Investments	-
<b>CAFR</b>		<b>Current Liabilities</b>	
B-4		Less Accounts Payable	(9,617)
B-4		Less Accruals	-
B-4		Less Due to Other Funds	-
B-4		Less Deferred Revenue	(5,873)
		<b>Net Cash Resources</b>	<u><u>\$ 61,284</u></u> (A)

Net Adj. Total Operating Expense:

B-5		Tot. Operating Exp.	195,187	
B-5		Less Depreciation	(8,708)	
		Adj. Tot. Oper. Exp.	<u><u>\$ 186,479</u></u>	(B)

Average Monthly Operating Expense:

	B / 10		<u><u>\$ 18,648</u></u>	(C)
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Three times monthly Average:

	3 X C		<u><u>\$ 55,944</u></u>	(D)
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TOTAL IN BOX A	\$	<u>61,284</u>	
LESS TOTAL IN BOX D	\$	<u>55,944</u>	
NET	\$	<u><u>5,340</u></u>	
From above:			
<b>A is greater than D, cash exceeds 3 X average monthly operating expenses.</b>			

SOURCE - USDA resource management comprehensive review form