

MANSFIELD TOWNSHIP BOARD OF EDUCATION

AUDITOR'S MANAGEMENT REPORT

FISCAL YEAR ENDED JUNE 30, 2016

Barre & Company
Certified Public Accountants & Consultants

MANSFIELD TOWNSHIP BOARD OF EDUCATION

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

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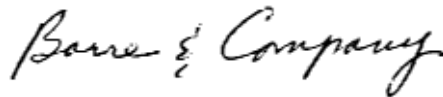
Report of Independent Auditors

Honorable President and
Members of the School District
Mansfield Township Board of Education
County of Burlington, New Jersey

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 School District of the Mansfield Township Board of Education in the County of Burlington for the year ended June 30, 2016, and have issued our report thereon dated December 2, 2016.

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 Mansfield 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.



BARRE & COMPANY
Certified Public Accountants
Public School Accountants



Richard M. Barre
Public School Accountant
PSA Number CS-O1181

Union, New Jersey
December 2, 2016

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 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 (N.J.S.A. 18A:17-26, 18A:17-32, 18A:13-13)

Name	Position	Amount
Joyce Goode	Business Administrator/Board Secretary	\$5,000.00
Maria Parry	Treasurer	\$200,000.00
Public Employee's Honesty Blanket Bond		\$100,000.00

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. 6A:23-3.1(f)3.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE

Financial Planning, Accounting and Reporting (Continued)

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.

Salary withholdings were promptly remitted to the proper agencies, including health benefits withholding due to the general fund.

Payrolls were delivered to the treasurer of school moneys with a warrant made to his order for the full amount of each payroll.

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 during our review.

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 test of transactions of randomly selected expenditure items. We also reviewed the coding of the all expenditures included in 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*. As a result of the procedures performed, a transaction error rate of 1.90% overall was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

A. General Classification Findings

No exceptions or discrepancies were noted in the general classification of expenditures.

B. Administrative Classification Findings

No exceptions or discrepancies were noted in the administrative classification of expenditures.

ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE

Financial Planning, Accounting and Reporting (Continued)

Board Secretary's Records

Our review of the financial and accounting records maintained by the board secretary disclosed no exceptions or discrepancies.

Treasurer's Records

Our review of the financial and accounting records maintained by the treasurer disclosed the following discrepancy.

Finding:

During our review of the Treasurer's Report, we noted the bank reconciliation for June 2016 was prepared using May's 2016 bank statement. The result was a large adjustment which resulted in a number of adjustments.

Recommendation:

It is recommended the Treasurer carefully prepare the bank reconciliations on a monthly basis.

Elementary and Secondary Education Act (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./NCLB 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.

The study of compliance for E.S.E.A. did not indicate any areas of noncompliance and/or questionable cost.

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 the 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.

ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE

Financial Planning, Accounting and Reporting (Continued)

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

The study of compliance for the special projects did not indicate any areas of noncompliance.

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursements (electronic, but districts can print out the DOENET screen for an auditor) 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 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 prior to the end of the 90 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

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 (as of June 2007) is available on the 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&softpage=TOC_Frame_Pg42

Auditors should refer to Section I, Chapter 5, Bids & Contracts/Purchasing for highlights of *N.J.S.A. 18A:18A-3* and 4.

The bid thresholds in accordance with *N.J.S.A. 18A:18A-2* and *18A:18A-3(a)* are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (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 \$18,800.

ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE

School Purchasing Programs (Continued)

The district 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 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 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*.

School Food Service

The financial transactions and statistical records of the school food service fund were reviewed. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

Cash receipts and bank records were reviewed for timely deposit.

Expenditures should be separately recorded as food, labor and other costs. Vendor invoices were reviewed 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.

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all School Food Services employees authorized by the board of education. 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 that Edit Check Worksheet was completed. Reimbursement claims were submitted/certified in a timely manner.

ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE

School Food Service (Continued)

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 and/or to the list of directly certified students on file, times the number of operating days, on a school by school basis. 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 review.

USDA Food Distribution Program (food and/or commodities) were received and a single 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.

No Exceptions Noted.

Student Body Activities

During our review of the student activity funds, there were no items noted.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2015 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, low-income, and bilingual. We also preformed a review of the district procedures related to its completion. The information on the A.S.S.A. was compared to the 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 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.

ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2015-2016 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 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.

Facilities and Capital Assets

Our procedures included a review of the SDA grant agreement for consistency with recording SDA revenue, transfer of local funds from the general fund or from the capital reserve account, and awarding of contracts for eligible facilities construction.

Follow-up on Prior Year Findings

Not applicable.

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.

	2016-2017 Application for State School Aid			Sample for Verification			Errors per Registers On Roll			Private School for Disabled			
	Reported on A.S.S.A. on Roll	Workpapers On Roll	Errors	Sample Selected from Workpapers	Registers On Roll	Registers On Roll	Full	Shared	Shared	Reported on A.S.S.A. as Private Schools	Sample for Verification	Sample Verified	Sample Errors
Half Day Preschool	21	21	-	10	10	-	-	-	-	-	-	-	-
Full Day Kindergarten	61	61	-	35	35	-	-	-	-	-	-	-	-
One	84	84	-	44	44	-	-	-	-	-	-	-	-
Two	92	92	-	38	38	-	-	-	-	-	-	-	-
Three	95	95	-	41	41	-	-	-	-	-	-	-	-
Four	111	111	-	45	45	-	-	-	-	-	-	-	-
Five	124	124	-	53	53	-	-	-	-	-	-	-	-
Six	129	129	-	42	42	-	-	-	-	-	-	-	-
Subtotal	717	717	-	308	308	-	-	-	-	-	-	-	-
Special Ed - Elementary	78	78	-	60	60	-	-	-	-	-	-	-	-
Subtotal	78	78	-	60	60	-	-	-	-	-	-	-	-
Totals	795	795	-	368	368	-	-	-	-	-	-	-	-
Percentage Error			0.00%						0.00%				0.00%

MANSFIELD TOWNSHIP BOARD OF EDUCATION
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 15, 2015

SCHEDULE OF AUDITED ENROLLMENTS

	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 and Register	Sample Errors
Half Day Preschool												
Full Day Kindergarten												
One	8	8	-	4	4	-	-	-	-	-	-	-
Two	12	12	-	6	6	-	-	-	-	-	-	-
Three	22	22	-	6	6	-	-	-	-	-	-	-
Four	21	21	-	7	7	-	-	-	-	-	-	-
Five	17	17	-	8	8	-	-	-	-	-	-	-
Six	32	32	-	6	6	-	-	-	-	-	-	-
Subtotal	155	155	-	37	37	-	-	-	-	-	-	-
Special Ed - Elementary												
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-
Totals	155	155	-	37	37	-	-	-	-	-	-	-
Percentage Error			0.00%									0.00%

	Resident LEP NOT Low Income	Sample for Verification	Sample for Verification
	Reported on A.S.S.A. Workpapers as NOT Low Income	Sample Selected from Workpapers	Verified to Application and Register
	Errors		Sample Errors
Half Day Preschool	-	-	-
Full Day Kindergarten	-	-	-
One	-	-	-
Two	-	-	-
Three	-	-	-
Four	-	-	-
Five	-	-	-
Six	-	-	-
Subtotal	-	-	-
Special Ed - Elementary	-	-	-
Subtotal	-	-	-
Totals	-	-	-
Percentage Error	0.00%		0.00%

	Transportation					
	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools, col. 1	242	242		109	109	
Transported - Non-Public, col. 3	32	32		14	14	
Special Ed Spec, col. 6	31	31		14	14	
Totals	305	305	-	137	137	-
Percentage Error						0.00%

	Reported	Recalculated
Reg Avg. (Mileage) = Regular Including Grade PK students (Part A)	4.4	4.4
Reg Avg. (Mileage) = Regular Excluding Grade PK students (Part B)	If Applicable	
Spec Avg. = Special Ed with Special Needs	111.5	111.5

EXCESS SURPLUS CALCULATION

N.J.S.A. 18A:7F-7 requires that excess surplus for regular school districts and charter schools is calculated using 2% for June 30, 2005 and thereafter. Pursuant to P.L. 2007, c.62, the minimum is \$250,000, effective with the year ending June 30, 2007.

Charter schools are not subject to the excess surplus limitations. Charter school auditors are required to document the calculation of excess surplus pursuant to N.J.S.A. 18A:7F-7 solely for the purpose of adherence to N.J.A.C. 6A:23A-22.4(e), which provides that a district board of education may petition the Commissioner to pay a lower per-pupil rate if the charter school spends "significantly less than budgeted and has accumulated a sizable surplus."

CALCULATION:

Complete Sections 1 and 2. If the total of Section 2 is **greater** than the applicable portion of Section 1, enter the difference in Section 3. If the difference results in a negative, enter a zero in Section 3. The applicable sections are to be submitted as part of the Auditor's Management Report.

Note that beginning with the excess surplus calculation for the year ending June 30, 2012 the transfer to food services is not an allowable adjustment (increase) to total general fund expenditures.

EXCESS SURPLUS CALCULATION

MANSFIELD TOWNSHIP BOARD OF EDUCATION

SECTION 1

A. 2% Calculation of Excess Surplus

2015-16 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ 11,094,444 (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:	
Oh-Behalf TPAF Pension & Social Security	(1,067,315) (B2a)
Assets Acquired Under Capital Leases	<u>- (B2b)</u>
Adjusted 2015-16 General Fund Expenditures	<u>10,027,129 (B3)</u>
2% of Adjusted 2015-16 General Fund Expenditures	<u>200,543 (B4)</u>
Enter Greater of (B4) or \$250,000	250,000 (B5)
Increased by: Allowable Adjustment *	<u>65,141 (K)</u>
Maximum Unassigned Fund Balance/Undesignated-Unreserved Fund Balance	<u>\$ 315,141 (M)</u>

SECTION 2

Total General Fund - Fund Balance @ 6/30/2016 (Per CAFR Budgetary Comparison Schedule C-1)	\$ 2,094,556 (C)
Decrease by:	
Year-end Encumbrances	(17,429) (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	(745,741) (C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	- (C3)
Other Restricted Fund Balances ****	(93,306) (C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	<u>- (C5)</u>
Total Unassigned Fund Balance	<u>1,238,080 (U1)</u>

SECTION 3

Restricted Fund Balance - Excess Surplus ***	<u>\$ 922,939 (E)</u>
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Recapitulation of Excess Surplus as of June 30, 2016

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ - (C3)
Reserved Excess Surplus ***	<u>922,939 (E)</u>
Total Excess Surplus	<u>922,939 (D)</u>

EXCESS SURPLUS CALCULATION

MANSFIELD TOWNSHIP BOARD OF EDUCATION

Footnotes:

- * Allowable adjustment to expenditures on line K must be detailed as follows. This adjustment line (as detailed below) is to be utilized when applicable for:
- (H) Federal Impact Aid. The passage of P.L. 2015, c.46 amended N.J.S.A. 18A:7F-41 to permit a board of education to appropriate federal impact aid funds to establish or supplement a federal impact aid legal reserve in the general fund. Accordingly, effective for the year ending June 30, 2016 the Federal Impact Aid adjustment to expenditures is limited to the portion of Federal Impact Aid Section 8002 and Section 8003 received during the fiscal year and recognized as revenue on the General Fund Budgetary Comparison Schedule, but not transferred to the Federal Impact Aid Reserve - General (8002 or 8003) by board resolution during June 1 to June 30 of the fiscal year under audit. Amounts transferred to the reserve are captured on line (C4);
 - (I) Sale and Lease-back (Refer to the Audit Program Section II, Chapter 10);
 - (J1) Extraordinary Aid;
 - (J2) Additional Nonpublic School Transportation Aid;
 - (J3) Recognized current year School Bus Advertising Revenue; and
 - (J4) Family Crisis Transportation Aid.

Notes to auditor: 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		58,181	(J1)
Additional Nonpublic School Transportation Aid		6,960	(J2)
Current Year School Bus Advertising Revenue Recognized		-	(J3)
Family Crisis Transportation Aid		-	(J4)
		<hr/>	
Total Adjustments	\$	65,141	(K)

** This amount represents the June 30, 2016 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

*** Amounts must agree to the June 30, 2016 CAFR and must agree to Audit Summary Worksheet 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 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 Finance prior to September 30.

Detail of Other Restricted Fund Balance

Statutory restrictions:			
Approved unspent separate proposal	\$	-	
Sale/lease-back reserve		-	
Capital reserve		(77,164)	
Maintenance reserve		(16,142)	
Emergency reserve		-	
Tuition reserve		-	
School Bus Advertising 50% Fuel Offset Reserve - current year		-	
School Bus Advertising 50% Fuel Offset Reserve - prior year		-	
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] ****		-	
		<hr/>	
Total Other Restricted Fund Balance	\$	(93,306)	(C4)