

CITY OF NORTHFIELD SCHOOL DISTRICT

**Auditors' Management Report
Administrative Findings
Financial – Compliance – Performance**

For the Fiscal Year Ended June 30, 2016

CITY OF NORTHFIELD SCHOOL DISTRICT

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For the Fiscal Year Ended June 30, 2016

**City of Northfield Board of Education
County of Atlantic
Northfield, New Jersey**

Tax ID Number 21-6000267

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

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PREZIOSI·NICHOLSON

& ASSOCIATES PA

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Honorable President and
Members of the Board of Education
City of Northfield School District
County of Atlantic
Northfield, New Jersey

We have audited, in accordance with generally accepted auditing 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 City of Northfield School District in the County of Atlantic for the year ended June 30, 2016, and have issued our report thereon dated September 22, 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 City of Northfield 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,

PREZIOSI·NICHOLSON & ASSOCIATES

Certified Public Accountants



James M. Preziosi
Certified Public Accountant
Public School Accountant No. CS 01141

September 22, 2016
Millville, NJ

**CITY OF NORTHFIELD SCHOOL DISTRICT
Administrative Findings
Financial - Compliance - Performance**

SCOPE OF AUDIT

The audit covered the financial transactions of the Board Secretary - School Business Administrator/Treasurer, 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 the Insurance (Exhibit J-20) 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>
Linda Albright	Board Secretary - School Business Administrator/Treasurer	\$ 228,000.00

Tuition Charges

The District does not receive students from any other School Districts.

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.

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 and the Board Secretary - Business Administrator.

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

The required certification of compliance with requirements for income tax on compensation of administrators to the NJ Department of Treasury was filed.

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (CONTINUED)

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. Our review did not indicate any material discrepancies with respect to classification of orders.

Classification of Expenditures

A. General Classification

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 all expenditures included in our compliance and single audit testing procedures. As a result of the procedures performed, a transaction error rate of 0.00% was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

B. Administrative Classifications

In addition to testing the general classification of expenditures, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.2. As a result of the procedures performed, a transaction error rate of 0.00% was noted and no additional procedures were deemed necessary to test the propriety of administrative classifications.

Business Administrator - Board Secretary's Records

The financial and accounting records maintained by the Business Administrator - Board Secretary were found to be in good condition.

Acknowledgement of the Board's receipt of the Board Secretary's monthly financial reports were included in the minutes.

All required reconciliation's were performed.

All cash receipts were promptly deposited.

Elementary and Secondary Education Act (E.S.E.A.)/Improving America's School 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 exceptions.

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.

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

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (CONTINUED)

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursements 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-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, if the Board of Education finds that it has had prior negative experience with the bidder.

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 transportation contracts under N.J.S.A. 18A:39-3 is currently \$18,000.

The Business Administrator of the District is a Qualified Purchasing Agent and the District has adopted a resolution to establish a bid threshold of \$40,000.

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 were 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.

The system of records did not provide for an accumulation of purchases for which the Board of Education used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained. Our examination did reveal however, that the following purchases were made through the use of State contracts:

Computer Equipment

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. No exceptions noted.

SCHOOL FOOD SERVICE (CONTINUED)

The District utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with NJSA:18A:17-34, and 19-1 through 19-4.1. Provisions of the FSMC contract were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will break even. The operating results provision has been met.

The cash disbursement 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.

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 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 the Edit Check Worksheet was completed. Reimbursement claims were submitted/certified in a timely manner.

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. The free and reduced price meal is uniformly administered throughout the School System. The required verification procedures for free and reduced price applications were completed and available for review.

Food Distribution Program 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

During our review of the student body activities records we did not note any areas of noncompliance and the records were satisfactorily maintained.

SCHOOL AGE CHILD CARE

During our review of the school age child care records we did not note any areas of noncompliance and the records were satisfactorily maintained.

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

FOLLOW-UP ON PRIOR YEAR FINDINGS

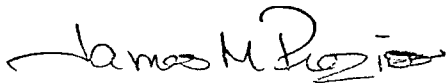
In accordance with government auditing standards, our procedures included a review of all prior year recommendations including findings. Corrective action had been taken on all prior year findings.

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,

PREZIOSI • NICHOLSON & ASSOCIATES
Certified Public Accountants



James M. Preziosi
Certified Public Accountant
Public School Accountant No. CS 01141

CITY OF NORTHFIELD SCHOOL DISTRICT
Schedule of Audited Enrollments
Application For State School Aid Summary
Enrollment as of October 15, 2015

	Application For State School Aid						Sample For Verification					
	Reported On A.S.S.A.		Reported On Workpapers		Errors		Sample Selected		Verified Per Registers		Errors Per	
	On Roll		On Roll				From Workpapers		On Roll		Registers On Roll	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Half Day Preschool												
Full Day Preschool												
Half Day Kindergarten												
Full Day Kindergarten	83		83				32		32			
One	81		81				31		31			
Two	88		88				30		30			
Three	85		85				31		31			
Four	93		93				36		36			
Five	78		78				34		34			
Six	90		90				45		45			
Seven	89		89				35		35			
Eight	90		90				36		36			
Nine												
Ten												
Eleven												
Twelve												
Post-Graduate												
Adult H.S. (15+CR)												
Adult H.S. (1-14CR)												
Subtotal	777	0	777	0	0	0	310	0	310	0	0	0
Special Ed - Elementary	78		78				32		32			
Special Ed - Middle School	53		53				30		30			
Special Ed - High School												
Subtotal	131	0	131	0	0	0	62	0	62	0	0	0
Sent to CSSD												
Subtotal	0	0	0	0	0	0	0	0	0	0	0	0
Totals	908	0	908	0	0	0	372	0	372	0	0	0
Percentage Error					0.00%	0.00%				0.00%	0.00%	

CITY OF NORTHFIELD SCHOOL DISTRICT
 Schedule of Audited Enrollments
 Application For State School Aid Summary
 Enrollment as of October 15, 2015

	Private Schools For Disabled			Resident Low Income			Sample For Verification			
	Reported on A.S.S.A. as Private Schools	Sample for Verification	Sample Verified	Sample Errors	Reported On A.S.S.A. as Low Income	Reported Workpaper as Low Income	Errors	Sample Selected From Workpapers	Verified to Application and Register	Sample Errors
Half Day Preschool										
Full Day Preschool										
Half Day Kindergarten										
Full Day Kindergarten					15	15		15	15	
One					19	19		19	19	
Two					16	16		16	16	
Three					27	27		27	27	
Four					18	18		18	18	
Five					17	17		17	17	
Six					16	16		16	16	
Seven					18	18		18	18	
Eight					18	18		18	18	
Nine										
Ten										
Eleven										
Twelve										
Post-Graduate										
Adult H.S. (15+CR)										
Adult H.S. (1-14CR)										
Subtotal	0	0	0	0	164	164	0	164	164	0
Special Ed - Elementary	1	1	1		24	24		24	24	
Special Ed - Middle School	2	2	1		21	21		21	21	
Special Ed - High School										
Subtotal	3	3	2	0	45	45	0	45	45	0
Sent to CSSD										
Subtotal	0	0	0	0	0	0	0	0	0	0
Totals	3	3	2	0	209	209	0	209	209	0
Percentage Error				0.00%			0.00%			0.00%

CITY OF NORTHFIELD SCHOOL DISTRICT
Schedule of Audited Enrollments
Application For State School Aid Summary
Enrollment as of October 15, 2015

	Resident LEP Low Income			Sample For Verification			Resident LEP NOT Low Income			Sample For Verification		
	Reported On A.S.S.A. as LEP Low Income	Reported On Workpapers as LEP Low Income	Errors	Sample Selected From Workpapers	Sample Verified	Sample Errors	Reported On A.S.S.A. as NOT Low Income	Reported Workpaper as NOT Low Income	Errors	Sample Selected From Workpapers	Verified to Application and Register	Sample Errors
	Half Day Preschool											
Full Day Preschool												
Half Day Kindergarten												
Full Day Kindergarten		1		1	1							
One	4	4		4	4							
Two	1	1		1	1		2	2		2	2	
Three	3	3		3	3							
Four	3	3		3	3							
Five	0	0		0	0							
Six	1	1		1	1		1	1		1	1	
Seven	1	1		1	1		1	1		1	1	
Eight												
Nine												
Ten												
Eleven												
Twelve												
Post-Graduate												
Adult H.S. (15+CR)												
Adult H.S. (1-14CR)												
Subtotal	14	14	0	14	14	0	4	4	0	4	4	0
Special Ed - Elementary												
Special Ed - Middle School												
Special Ed - High School												
Subtotal	0	0	0	0	0	0	0	0	0	0	0	0
Sent to CSSD												
Subtotal	0	0	0	0	0	0	0	0	0	0	0	0
Totals	14	14	0	14	14	0	4	4	0	4	4	0
Percentage Error			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>

CITY OF NORTHFIELD SCHOOL DISTRICT
 Schedule of Audited Enrollments
 Application For State School Aid Summary
 Enrollment as of October 15, 2015

Transportation

	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools, Col. 1						
Regular - Special Education, Col. 4						
Transported - Non-Public, Col. 3	10	10		10	10	
Special Education, Col. 6	11	11		11	11	
Totals	<u>21</u>	<u>21</u>	<u>0</u>	<u>21</u>	<u>21</u>	<u>0</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

	Reported	Recalculated
Average Mile		
Regular Including Grade PK Students (Part A)	5.10	5.10
Regular Excluding Grade PK Students (Part B)	6.10	5.10
Special Education With Special Needs	7.40	7.40

**CITY OF NORTHFIELD SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
2% Calculation of Excess Surplus
For The Fiscal Year Ended June 30, 2016**

Total General Fund Expenditures	\$	14,224,682.30	
Increased By			
Transfer to Food Service Fund			
Transfer from Capital Outlay to Capital Projects			
Transfer from Capital Reserve to Capital Projects			
Decreased By			
On-Behalf State Aid Payments		(1,519,673.27)	
Assets Acquired Under Capital Leases			
Adjusted General Fund Expenditures		12,705,009.03	
Applicable Excess Surplus Percentage		2.00%	
Subtotal	(A)	\$ 254,100.18	
Greater of (A) or \$250,000.00	\$	254,100.18	
Increased By			
Extraordinary Special Education Aid			
Nonpublic Transportation Aid		6,392.00	
Maximum Unreserved/Undesignated Fund Balance	\$		260,492.18
Total General Fund Balance	\$	2,016,696.35	
Decreased By			
Restricted Balances			
Capital Reserve		(311,890.93)	
Maintenance Reserve		(242,000.00)	
Excess Surplus - Designated For Subsequent Year's Expenditures		(621,738.69)	
Assigned Balances			
Designated For Subsequent Year's Expenditures			
Encumbrances		(2,242.07)	
Total Unrestricted Fund Balance			838,824.66
Restricted Fund Balance - Excess Surplus	\$		578,332.48
 Recapitulation of Excess Surplus For The Fiscal Year Ended June 30, 2016			
Designated for Subsequent Year's Expenditures	\$		621,738.69
Current Year			578,332.48
Total Restricted Excess Surplus	\$		1,200,071.17