

***TOWNSHIP OF SPRINGFIELD
SCHOOL DISTRICT
AUDITOR'S MANAGEMENT REPORT
FISCAL YEAR ENDED JUNE 30, 2016***

TOWNSHIP OF SPRINGFIELD SCHOOL DISTRICT

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

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CANNONE AND COMPANY, P.A.
Certified Public Accountants
485 Morris Avenue
Springfield, New Jersey 07081
(973) 379-6868
FAX (973) 379-6278

MEMBER:
American Society of Certified Public Accountants
New Jersey Society of Certified Public Accountants

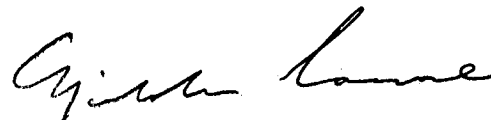
REPORT OF INDEPENDENT AUDITORS

Honorable President and
Members of the Board of Education
Township of Springfield School District
PO Box 210
Springfield, New Jersey 07081
County of Union

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 Board of Education of the Township of Springfield School District in the County of Union for the year ended June 30, 2016, and have issued our report thereon dated November 30, 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 Township of Springfield School District Board of Education management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.



Nicholas A. Cannone
Licensed Public School Accountant
No. CS-02103
Cannone & Company, CPAs

November 30, 2016

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 various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

Insurance coverage was carried in the amounts as detailed on the Insurance Schedule contained in the Statistical Section of the District's CAFR.

Adequacy of insurance coverage is the responsibility of the Board of Education.

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Matthew A. Clarke	Board Secretary/School Business Administrator	\$ 105,000
Katherine Herrigal	Treasurer	\$ 245,000

There is a Public Employees Faithful Performance Blanket Position Bond with the Selective Insurance Company in the amount of \$50,000.

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.

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

Our review of the Payroll Account did not uncover any areas of non-compliance which are required to be reported.

Reserve for Encumbrances and Accounts Payable

All encumbrances and accounts payable at June 30, 2016 were properly recorded and classified.

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 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, no errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

The Board Secretary's Records were found to be in order except for the following exceptions:

Finding: Budgetary line amounts in the General Fund associated with Purchased Professional Educational Services (Commission for the Blind) and Assessment for Debt Service on SDA Funding were over-expended.

Recommendation: Approved budgetary line accounts should not be over-expended.

Finding: Monthly bank reconciliations for the student activity account at the Gaudineer School were not prepared.

Recommendation: Bank reconciliations should be prepared monthly.

Finding: Monthly bank reconciliations for the student activity account at the Sandmier School were not prepared.

Recommendation: Bank reconciliations should be prepared monthly.

Finding: Requisition forms were not prepared prior to expenditures at the Sandmier School.

Recommendation: Requisition forms should be prepared and approved by the appropriate supervisor prior to the expenditure of funds.

Treasurer's Records (optional position)

The Treasurer's Records were found to be in order.

Elementary and Secondary Education Act/Improving America's Schools Act 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.

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

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 areas of noncompliance.

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

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 for 2015-16.

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 questions arise 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 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 school food service program was not selected as a major federal and/or State program. However, the program expenditures exceeded \$100,000 in federal and/or State support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether the District's expenditures of school food service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

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.

Cash receipts and bank records were reviewed for timely deposit.

The district utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with *N.J.S.A. 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 either break even, return a profit or incur a loss of not more than a specified amount. The operating results provision has been met.

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.

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.

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

U.S.D.A. Food Distribution Program (food and/or commodities) were received and a separate inventory was maintained on a first-in, first-out basis. No exceptions were noted.

The school district maintains the detailed revenue and expenditure information necessary in order to execute the USDA mandated Non-Program Food Revenue Tool at least annually.

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

Student Body Activities

Our review of the Student Activity Funds did not find any areas of noncompliance.

Application for State School Aid

Our audit procedures included a test of information reported in the October 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. Any errors or exceptions were rectified. 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 2015-16 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report. No exceptions were noted. 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. 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 Year 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.

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.

**BOARD OF EDUCATION
TOWNSHIP OF SPRINGFIELD SCHOOL DISTRICT
COUNTY OF UNION
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015**

	2014-2015 Application for State School Aid						Sample for Verification						Private Schools for 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 Verifi- cation	Sample Verified	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared					
Half Day Preschool	91		91					91		91							
Full Day Preschool																	
Half Day Kindergarten																	
Full Day Kindergarten	168		168					168		168							
One	143		143					143		143							
Two	172		172					172		172							
Three	175		175					175		175							
Four	154		154					154		154							
Five	156		156					156		156							
Six	127		127					127		127							
Seven	175		175					175		175							
Eight	137		137					137		137							
Nine	114		114					114		114							
Ten	123	1	123	1				123	1	123	1						
Eleven	140	4	140	4				140	4	140	4						
Twelve	128	3	128	3				128	3	128	3						
Post-Graduate																	
Adult H.S. (15+CR.)																	
Adult H.S. (1-14 CR.)																	
Subtotal	<u>2,003</u>	<u>8</u>	<u>2,003</u>	<u>8</u>	<u>0</u>	<u>0</u>		<u>2,003</u>	<u>8</u>	<u>2,003</u>	<u>8</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Special Education:																	
Elementary School	115		115										1.0	1.0	1.0		
Middle School	56		56										3.0	3.0	3.0		
High School	87	10	87	10									19.0	19.0	19.0		
Subtotal	<u>258</u>	<u>10</u>	<u>258</u>	<u>10</u>	<u>0</u>	<u>0</u>		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>23.0</u>	<u>23.0</u>	<u>23.0</u>	<u>0.0</u>	
Co. Voc. - Regular																	
Co. Voc. Ft. Post Sec.																	
Totals	<u>2,261</u>	<u>18</u>	<u>2,261</u>	<u>18</u>	<u>0</u>	<u>0</u>		<u>2,003</u>	<u>8</u>	<u>2,003</u>	<u>8</u>	<u>0</u>	<u>0</u>	<u>23.0</u>	<u>23.0</u>	<u>23.0</u>	<u>0.0</u>
Percentage Error					<u>0.00%</u>	<u>0.00%</u>						<u>0.00%</u>	<u>0.00%</u>			<u>0.00%</u>	

**BOARD OF EDUCATION
TOWNSHIP OF SPRINGFIELD SCHOOL DISTRICT
COUNTY OF UNION
SCHEDULE OF AUDITED ENROLLMENTS (CONTINUED)
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 19, 2015**

	Low Income			Sample for Verification			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
Half Day Preschool												
Full Day Preschool												
Half Day Kindegarten												
Full Day Kindergarten	26	26		26	26		1	1		1	1	
One	13	13		13	13		1	1		1	1	
Two	16	16		16	16		1	1		1	1	
Three	25	25		25	25		5	5		5	5	
Four	17	17		17	17		1	1		1	1	
Five	13	13		13	13		0	0		0	0	
Six	13	13		13	13		1	1		1	1	
Seven	15	15		15	15		0	0		0	0	
Eight	13	13		13	13		0	0		0	0	
Nine	15	15		15	15		2	2		2	2	
Ten	6	6		6	6		0	0		0	0	
Eleven	14	14		14	14		1	1		1	1	
Twelve	8	8		8	8							
Post-Graduate												
Adult H.S. (15+CR.)												
Adult H.S. (1-14 CR.)												
Subtotal	<u>194</u>	<u>194</u>	<u>0</u>	<u>194</u>	<u>194</u>	<u>0</u>	<u>13</u>	<u>13</u>	<u>0</u>	<u>13</u>	<u>13</u>	<u>0</u>
Special Education:												
Elementary School												
Middle School												
High School												
Subtotal	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Totals	<u>194</u>	<u>194</u>	<u>0</u>	<u>194</u>	<u>194</u>	<u>0</u>	<u>13</u>	<u>13</u>	<u>0</u>	<u>13</u>	<u>13</u>	<u>0</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>

Transportation

	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors	Average Mileage - Regular Including Grade PK stude	Average Mileage - Regular Excluding Grade PK stude	Average Mileage - Special Ed with Special Needs	Reported	Re-Calculated
Regular - Public Schools	305	305		305	305					5.0	5.0
Regular - Special Education	45	45		45	45					5.0	5.0
Transported - Non-Public	8	8		8	8						
AIL	168	168		168	168					11.5	11.5
Special Ed Spec	47	47		47	47						
Totals	<u>573</u>	<u>573</u>	<u>0</u>	<u>573</u>	<u>573</u>	<u>0</u>					
Percentage Error						<u>0.00%</u>					

**BOARD OF EDUCATION
TOWNSHIP OF SPRINGFIELD SCHOOL DISTRICT
COUNTY OF UNION
SCHEDULE OF AUDITED ENROLLMENTS (CONTINUED)
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015**

	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 Application and Register	Sample Errors
Half Day Preschool						
Full Day Preschool						
Half Day Kindegarten						
Full Day Kindergarten	1	1		1	1	
One	1	1		1	1	
Two	1	1		1	1	
Three	2	2		2	2	
Four	1	1		1	1	
Five	1	1		1	1	
Six	2	2		2	2	
Seven	2	2		2	2	
Eight	1	1		1	1	
Nine	2	2		2	2	
Ten	1	1		1	1	
Eleven	1	1		1	1	
Twelve	2	2		2	2	
Post-Graduate						
Adult H.S. (15+CR.)						
Adult H.S. (1-14 CR.)						
Subtotal	<u>18</u>	<u>18</u>	<u>0</u>	<u>18</u>	<u>18</u>	<u>0</u>
Special Education:						
Elementary School						
Middle School						
High School						
Subtotal	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	<u>18</u>	<u>18</u>	<u>0</u>	<u>18</u>	<u>18</u>	<u>0</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

**THE TOWNSHIP OF SPRINGFIELD BOARD OF EDUCATION
EXCESS SURPLUS CALCULATION
As of June 30, 2016**

Section 1

A. 2% Calculation of Excess Surplus

2015-2016 Total General Fund Expenditures per the CAFR	\$ 40,434,353
Decreased by:	
On-Behalf TPAF Pension & Social Security	\$ 3,665,032
Assets Acquired under Capital Leases	-
Adjustment for Disallowed Expenditures per S1701	
Adjusted 15-16 General Fund Expenditures	\$ 36,611,339
2% of Adjusted 2015-16 General Fund Expenditures	\$ 732,227
Increased by Allowable Adjustment	<u>157,982</u>
Maximum Unreserved/Undesignated Fund Balance	<u>\$ 890,209</u>

Section 2

Total General Fund Balances @ 06/30/16	\$ 7,701,634
Decreased by:	
Year-end Encumbrances	\$ 3,243,404
Capital Reserve	-
Legally Restricted - Excess Surplus- Designated for Subsequent Year's Expenditures	
Other Restricted Fund Balances	3,210,022
Assigned Fund Balance - Unreserved - Designated For Subsequent Year's Expenditures	<u>207,093</u>
Total Unassigned Fund Balance	\$ 1,041,115
Increased by:	
Adjustment for Disallowed Transfers per S1701	<u>\$</u>
Total Unreserved/Undesignated Fund Balance for Excess Surplus Calculation	<u>\$ 1,041,115</u>

Section 3

Restricted Fund Balance - Excess Surplus	\$ <u>150,906</u>
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Recapitulation of Excess Surplus as of June 30, 2016

Reserved Excess Surplus -- Designated for Subsequent Year's Expenditures	\$ -
Reserved Excess Surplus	<u>150,906</u>
Total	\$ 150,906

Detail of Allowable Adjustments

Impact Aid	\$
Sale and Lease-back	
Extraordinary Aid	128,454
Additional Non public School Transportation Aid	29,528
Unbudgeted TPAF Wage Freeze Grant Funding	<u></u>
Total Adjustments	\$ 157,982

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	2,960,022
Maintenance Reserve	250,000
Emergency Reserve	
Tuition Reserve	
Other State/Government Mandated Reserve	<u></u>
[Other Restricted Fund Balance not noted above]	
Total Other Restricted Fund Balance	<u>\$ 3,210,022</u>