

CITY OF NORTHFIELD SCHOOL DISTRICT

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

For the Year Ended June 30, 2017

PREZIOSI · NICHOLSON

& ASSOCIATES PA

Certified Public Accountants

CITY OF NORTHFIELD SCHOOL DISTRICT

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

For the Year Ended June 30, 2017

**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**

TABLE OF CONTENTS

	PAGE
Independent Auditors' Report	1
Scope of Audit	2
Administrative Practices and Procedures	
Insurance	2
Official Bonds	2
Tuition Charges	2
Financial Planning, Accounting and Reporting	
Examination of Claims	2
Payroll Account	2
Reserve for Encumbrances and Accounts Payable	3
Classification of Expenditures	
General Classifications	3
Administrative Classifications	3
Business Administrator - Board Secretary's Records	3
Elementary and Secondary Education Act	3
Other Special Federal and/or State Projects	4
T.P.A.F. Reimbursement	4
School Purchasing Programs	
Contracts and Agreements Requiring Advertisement for Bids	4
School Food Service	5
Student Body Activities	6
School Age Child Care Program	6
Application for State School Aid	6
Pupil Transportation	6
Facilities and Capital Assets	N/A
Miscellaneous	N/A
Follow-Up on Prior Year Findings	6
Acknowledgment	6
Schedule of Meal Count Activity	N/A
Schedule of Audited Enrollments	7 - 10
Excess Surplus Calculation	11

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, 2017, and have issued our report thereon dated September 29, 2017.


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 and is not intended and should not be used by anyone other than these parties.

Respectfully submitted,

PREZIOSI • NICHOLSON & ASSOCIATES

Certified Public Accountants



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

September 29, 2017
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

There is a Public Employees' Faithful Performance Blanket Position bond with the Western Surety Company.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual cost was greater than estimated costs.

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 timely filed.

Reporting of employee compensation for income tax related purposes complies with federal and state regulations regarding the compensation which is required to be reported.

A review of the Position Control Roster found no inconsistencies between the payroll records and the general ledger accounts to where expenditures were posted.

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.

Travel

The Board of Education has adopted a travel policy that complies with NJSA 18A:11-12.

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

Our review of the financial and accounting records maintained by the Business Administrator - Board Secretary disclosed the following items:

- Acknowledgement of the Board's receipt of the Board Secretary's monthly financial reports were included in the minutes.
- Budgetary line accounts were not over-expended during the year or at June 30th.
- Payments to vendors were made after receipt of goods.
- The capital asset records were updated for additions and disposals.
- All required reconciliations 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.

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (CONTINUED)

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 Single Audit Section of the District's 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 District's CAFR. This section of the District's CAFR documents the financial position pertaining to the aforementioned special projects.

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

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.

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 District to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the 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-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.

SCHOOL PURCHASING PROGRAMS (CONTINUED)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

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.

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 District's 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, 2016 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 2016-2017 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. There were no findings for the year ended June 30, 2016.

The District did not have audit findings reflected in audit reports issued by the Office of Fiscal Accountability and Compliance (OFAC)

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, 2016

	Application For State School Aid						Sample For Verification												
	Reported On A.S.S.A.			Reported On Workpapers			Errors			Sample Selected From Workpapers			Verified Per Registers On Roll			Errors Per Registers On Roll			
	Full	Shared	On Roll	Full	Shared	On Roll	Full	Shared	Errors	Full	Shared	On Roll	Full	Shared	On Roll	Full	Shared	On Roll	
Half Day Preschool																			
Full Day Preschool																			
Half Day Kindergarten																			
Full Day Kindergarten																			
One	86		86			86						65			65				
Two	90		90			90						5			5				
Three	84		84			84						5			5				
Four	86		86			86						60			60				
Five	88		88			88						5			5				
Six	84		84			84						70			70				
Seven	88		88			88						5			5				
Eight	88		88			88						80			80				
Nine	92		92			92						5			5				
Ten																			
Eleven																			
Twelve																			
Post-Graduate																			
Adult H.S. (15+CR)																			
Adult H.S. (1-14CR)																			
Subtotal	788	0	788	0	0	788	0	0	0	0	0	300	0	0	300	0	0	0	0
Special Ed - Elementary	75		75			75						40			40				
Special Ed - Middle School	58		58			58						30			30				
Special Ed - High School																			
Subtotal	133	0	133	0	0	133	0	0	0	0	0	70	0	0	70	0	0	0	0
Sent to CSSD																			
Subtotal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Totals	921	0	921	0	0	921	0	0	0	0	0	370	0	0	370	0	0	0	0
Percentage Error									0.00%										0.00%

CITY OF NORTHFIELD SCHOOL DISTRICT
 Schedule of Audited Enrollments
 Application For State School Aid Summary
 Enrollment as of October 15, 2016

	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	Sample Selected From Workpapers	Verified to Application and Register	Sample Errors
Half Day Preschool									
Full Day Preschool									
Half Day Kindergarten									
Full Day Kindergarten									
One					12	12	10	10	
Two					22	22	10	10	
Three					23	23	10	10	
Four					15	15	10	10	
Five					25	25	10	10	
Six					14	14	10	10	
Seven					21	21	10	10	
Eight					16	16	10	10	
Nine					18	18	10	10	
Ten									
Eleven									
Twelve									
Post-Graduate									
Adult H.S. (15+CR)									
Adult H.S. (1-14CR)									
Subtotal	0	0	0	0	166	166	90	90	0
Special Ed - Elementary									
Special Ed - Middle School	1	1	1		23	15	15	15	
Special Ed - High School					20	15	15	15	
Subtotal	1	1	1	0	43	30	30	30	0
Sent to CSSD									
Subtotal	0	0	0	0	0	0	0	0	0
Totals	1	1	1	0	209	196	120	120	0
Percentage Error				0.00%					0.00%

CITY OF NORTHFIELD SCHOOL DISTRICT
 Schedule of Audited Enrollments
 Application For State School Aid Summary
 Enrollment as of October 15, 2016

	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	Sample Selected From Workpapers	Sample Verified	Reported On A.S.S.A. as NOT Low Income	Reported Workpaper as NOT Low Income	Sample Selected From Workpapers	Sample Verified to Application and Register
Half Day Preschool	1	1	1	1				
Full Day Preschool	4	4	4	4				
Half Day Kindergarten	1	1	1	1				
Full Day Kindergarten	0	0	0	0				
One	0	0	0	0	1	1	1	1
Two	0	0	0	0	4	4	4	4
Three	0	0	0	0	1	1	1	1
Four	1	1	1	1	0	0	0	0
Five	1	1	1	1	0	0	0	0
Six	1	1	1	1	1	1	1	1
Seven	0	0	0	0	1	1	1	1
Eight								
Nine								
Ten								
Eleven								
Twelve								
Post-Graduate								
Adult H.S. (15+CR)								
Adult H.S. (1-14CR)								
Subtotal	8	8	8	8	8	8	8	8
Special Ed - Elementary	1	1	1	1				
Special Ed - Middle School								
Special Ed - High School								
Subtotal	1	1	1	1	0	0	0	0
Sent to CSSD								
Subtotal	0	0	0	0	0	0	0	0
Totals	9	9	9	9	8	8	8	8
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, 2016

Transportation

	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools						
Regular - Special Education						
AIL Charter School	1	1		1	1	
Transported - Non-Public	10	10		5	5	
AIL Non-Public and Other	23	23		23	23	
Special Education						
Totals	34	34	0	29	29	0
Percentage Error			0.00%			0.00%

	Reported	Recalculated
Average Mile		
Regular Including Grade PK Students (Part A)	6.50	6.50
Regular Excluding Grade PK Students (Part B)	6.50	6.50
Special Education With Special Needs	11.10	11.10

CITY OF NORTHFIELD SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
2% Calculation of Excess Surplus
For The Fiscal Year Ended June 30, 2017

Total General Fund Expenditures	\$ 14,766,514.94	
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	(1,753,874.96)	
Assets Acquired Under Capital Leases		
Adjusted General Fund Expenditures	13,012,639.98	
Applicable Excess Surplus Percentage	2.00%	
Subtotal	(A) \$ 260,252.80	
Greater of (A) or \$250,000.00	\$ 260,252.80	
Increased By		
Extraordinary Special Education Aid	-	
Nonpublic Transportation Aid	5,041.00	
Maximum Unreserved/Undesignated Fund Balance		\$ 265,293.80
Total General Fund Balance	\$ 2,139,671.29	
Decreased By		
Restricted Balances		
Capital Reserve	(363,090.93)	
Maintenance Reserve	(252,000.00)	
Excess Surplus - Designated For Subsequent Year's Expenditures	(578,332.48)	
Assigned Balances		
Designated For Subsequent Year's Expenditures	-	
Encumbrances	(63,477.45)	
Total Unrestricted Fund Balance		<u>882,770.43</u>
Restricted Fund Balance - Excess Surplus		<u>\$ 617,476.63</u>
 Recapitulation of Excess Surplus For The Fiscal Year Ended June 30, 2017		
Designated for Subsequent Year's Expenditures		\$ 578,332.48
Current Year		<u>617,476.63</u>
Total Restricted Excess Surplus		<u>\$ 1,195,809.11</u>