

***TOWNSHIP OF SPRINGFIELD
SCHOOL DISTRICT
AUDITOR'S MANAGEMENT REPORT
FISCAL YEAR ENDED JUNE 30, 2017***

TOWNSHIP OF SPRINGFIELD SCHOOL DISTRICT

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

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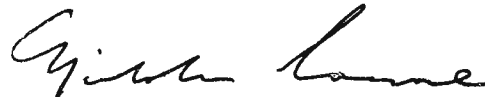
REPORT OF INDEPENDENT AUDITORS

Honorable President and
Members of the 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, 2017, and have issued our report thereon dated November 30, 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 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, 2017

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	\$ 285,000

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, 2017 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 exception:

Finding(2017-1): For the Special Revenue Fund, The Board Secretary's Report and the Account Totals Detail Report of Expenditures were incorrect because invoices and expenditures for goods and services were not submitted to the District in a timely fashion.

Recommendation(2017-1): Invoices and expenditures for goods and services should be submitted to the District in a timely fashion so that financial reports can accurately report expenditures.

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 2016-17.

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 2016-17 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 MEAL COUNT ACTIVITY
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM
ENTERPRISE FUNDS - FOOD SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(MEMORANDUM ONLY)

<u>Program</u>	<u>Meal Category</u>	<u>Meals Claimed</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>Over/ Under Claim</u>
National School Lunch	Paid	108,953	108,953	None	0.29	\$ 0
	Reduced	7,450	7,450	None	1.36	0
	Free	<u>24,857</u>	<u>24,857</u>	None	1.66	<u>0</u>
		141,260	141,260			0
School Breakfast	Paid	7,355	7,355	None	0.29	\$ 0
	Reduced	1,078	1,078	None	2.67	0
	Free	<u>3,841</u>	<u>3,481</u>	None	3.07	<u>0</u>
		12,274	11,914			0
Total Net (Over)/Underclaim		<u>153,534</u>	<u>153,174</u>	<u>None</u>		<u>\$ 0</u>

BOARD OF EDUCATION
TOWNSHIP OF SPRINGFIELD SCHOOL DISTRICT
COUNTY OF UNION
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF NOVEMBER 7, 2016

	201-2016 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	80		80					80		80						
Full Day Preschool																
Half Day Kindegarten																
Full Day Kindergarten	158		158					158		158						
One	153		153					153		153						
Two	138		138					138		1,318						
Three	169		169					169		169						
Four	168		168					168		168						
Five	139		139					139		139						
Six	149		149					149		149						
Seven	132		132					132		132						
Eight	170		170					170		170						
Nine	124		124					124		124						
Ten	108		108					108		108						
Eleven	113	4	113	4				113	4	113	4					
Twelve	137	4	137	4				137	4	137	4					
Post-Graduate																
Adult H.S. (15+CR.)																
Adult H.S. (1-14 CR.)																
Subtotal	<u>1,938</u>	<u>8</u>	<u>1,938</u>	<u>8</u>				<u>1,938</u>	<u>8</u>	<u>3,118</u>	<u>8</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Special Education:																
Elementary School	124		124													
Middle School	63		63													
High School	78	7	78	7												
Subtotal	<u>265</u>	<u>7</u>	<u>265</u>	<u>7</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>0.0</u>	<u>0.0</u>	<u>0.0</u>
Co. Voc. - Regular																
Co. Voc. Ft. Post Sec.																
Totals	<u>2,203</u>	<u>15</u>	<u>2,203</u>	<u>15</u>	<u>0</u>	<u>0</u>		<u>1,938</u>	<u>8</u>	<u>3,118</u>	<u>8</u>	<u>0</u>	<u>0</u>	<u>0.0</u>	<u>0.0</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 NOVEMBER 7, 2016

	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 Kindergarten		0										
Full Day Kindergarten		5	5	5	5		1	1		1	1	
One		8	8	8	8		1	1		1	1	
Two		13	13	13	13		1	1		1	1	
Three		20	20	20	20		1	1		1	1	
Four		21	21	21	21		0	0		0	0	
Five		15	15	15	15		0	0		0	0	
Six		17	17	17	17		0	0		0	0	
Seven		20	20	20	20		0	0		0	0	
Eight		20	20	20	20		2	2		2	2	
Nine		15	15	15	15		0	0		0	0	
Ten		16	16	16	16		1	1		1	1	
Eleven		7	7	7	7		0	0		0	0	
Twelve		18.5	18.5	18.5	18.5		1	1		1	1	
Post-Graduate												
Adult H.S. (15+CR.)												
Adult H.S. (1-14 CR.)												
Subtotal	195.5	195.5	0	195.5	195.5	0	8	8	0	8	8	0
Special Education:												
Elementary School	21	21		21	21		2	2		2	2	
Middle School	16	16		16	16		0	0		0	0	
High School	14.5	14.5		14.5	14.5		0	0		0	0	
Subtotal	51.5	51.5	0	51.5	51.5	0	2	2	0	2	2	0
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Totals	247	247	0	247	247	0	10	10	0	10	10	0
Percentage Error			0.00%			0.00%						

Transportation

	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors	Average Mileage - Regular Including Grade PK student	Reported	Re-Calculated
	Regular - Public Schools		308		308	308			
Regular - Special Education		43		43	43			5.0	
Transported - Non-Public		7		7	7				
AIL		173		173	173				
Special Ed Spec		54		54	54			12.8	
Totals	0	585	0	585	585	0			
Percentage Error						0.00%			

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 NOVEMBER 7, 2016

	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	2	2		2	2	
One	1	1		1	1	
Two	1	1		1	1	
Three	1	1		1	1	
Four	1	1		1	1	
Five	1	1		1	1	
Six	0	0		0	0	
Seven	1	1		1	1	
Eight	1	1		1	1	
Nine	1	1		1	1	
Ten	1	1		1	1	
Eleven	0	0		0	0	
Twelve	1	1		1	1	
Post-Graduate						
Adult H.S. (15+CR.)						
Adult H.S. (1-14 CR.)						
Subtotal	<u>12</u>	<u>12</u>	<u>0</u>	<u>12</u>	<u>12</u>	<u>0</u>
Special Education:						
Elementary School	1	1		1	1	
Middle School	0	0		0	0	
High School	0	0		0	0	
Subtotal	<u>1</u>	<u>1</u>	<u>0</u>	<u>1</u>	<u>1</u>	<u>0</u>
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	<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>

THE TOWNSHIP OF SPRINGFIELD BOARD OF EDUCATION
EXCESS SURPLUS CALCULATION
As of June 30, 2017

Section 1

A. 2% Calculation of Excess Surplus

2016-2017 Total General Fund Expenditures per the CAFR	\$ 44,803,957
Decreased by:	
On-Behalf TPAF Pension & Social Security	\$ 4,147,048
Assets Acquired under Capital Leases	1,819,400
Adjustment for Disallowed Expenditures per S1701	
Adjusted 16-17 General Fund Expenditures	\$ 38,603,564
2% of Adjusted 2016-17 General Fund Expenditures	\$ 772,071
Increased by Allowable Adjustment	<u>233,945</u>
Maximum Unreserved/Undesignated Fund Balance	<u>\$ 1,006,016</u>

Section 2

Total General Fund Balances @ 06/30/17	\$ 8,495,045
Decreased by:	
Year-end Encumbrances	\$ 2,418,203
Capital Reserve	4,223,342
Legally Restricted - Excess Surplus- Designated for Subsequent Year's Expenditures	150,906
Other Restricted Fund Balances	250,000
Assigned Fund Balance - Unreserved - Designated For Subsequent Year's Expenditures	<u>96,564</u>
Total Unassigned Fund Balance	\$ 1,356,030
Increased by:	
Adjustment for Disallowed Transfers per S1701	\$ _____
Total Unreserved/Undesignated Fund Balance for Excess Surplus Calculation	<u>\$ 1,356,030</u>

Section 3

Restricted Fund Balance - Excess Surplus	\$ <u>350,014</u>
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Recapitulation of Excess Surplus as of June 30, 2017

Reserved Excess Surplus -- Designated for Subsequent Year's Expenditures	\$ 150,906
Reserved Excess Surplus	<u>350,014</u>
Total	\$ 500,920

Detail of Allowable Adjustments

Impact Aid	\$ _____
Sale and Lease-back	
Extraordinary Aid	203,843
Additional Non public School Transportation Aid	30,102
Unbudgeted TPAF Wage Freeze Grant Funding	<u>_____</u>
Total Adjustments	\$ 233,945

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	-
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>\$ 250,000</u>