

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

**FLORENCE TOWNSHIP SCHOOL DISTRICT
BOARD OF EDUCATION**

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Prepared By

**John J. Maley, C.P.A.
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FLORENCE TOWNSHIP SCHOOL DISTRICT
AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS
- FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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Tax ID Number 21-6000187

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MEMBER
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REPORT OF INDEPENDENT AUDITOR

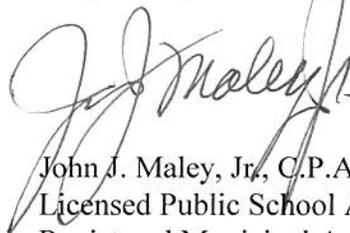
To Honorable President and Members
of the Board of Education
Florence Township School District
County of Burlington
Florence, New Jersey 08518

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 Florence Township School District in the County of Burlington for the year ended June 30, 2015, and have issued our report thereon dated December 11, 2015.

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 Florence Township School District's management and the New Jersey State Department of Education. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,



John J. Maley, Jr., C.P.A.

Licensed Public School Accountant No. 454

Registered Municipal Accountant

December 11, 2015

FLORENCE TOWNSHIP BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS-FINANCIAL
COMPLIANCE AND PERFORMANCE
JUNE 30, 2015

Scope of Audit

The audit covered the financial transactions of the Board Secretary and 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 - Procedures

Insurance

Fire insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the District's CAFR.

Officials' Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Donald J. Cammus	Treasurer of School Moneys	\$225,000.00
Melissa Livengood	School Business Administrator/ Board Secretary	\$225,000.00

Tuition Charges

The District calculated tentative tuition charges in the current fiscal year using rates certified by the Department of Education. Regular tuition adjustments were not required in this fiscal year.

Financial Planning, Accounting and Reporting

Examination of Claims

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

Payroll Account

The net salaries of all employees of the Board were deposited in the Payroll Account. Employees' payroll deductions 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/School Business Administrator.

Salary withholdings were remitted to the proper agencies.

FLORENCE TOWNSHIP BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS-FINANCIAL
COMPLIANCE AND PERFORMANCE
JUNE 30, 2015

Payroll Account (Continued)

Findings: 2015-1:

A verification of employee payroll check distribution and employee identification, required by N.J.A.C. 6A:23A-5.7, was not completed during the three year period ended June 30, 2015.

Recommendation:

Internal controls over payroll check distribution and employee identification must be assessed in order to be completed on a timely basis.

Finding: 2015-2

The analysis of payroll withholding's due to various agencies as reflected in the line-item status report did not reconcile to the general ledger control account. Further, the payroll agency general ledger was not properly reconciled, reflecting incorrect balances.

Recommendation:

Internal controls over payroll reconciliations must be assessed and designed to prevent or detect misstatements on a timely basis.

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.

Classification of Expenditures -

General and Administrative Classifications

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6:20-2A.2(m) as part of our test of transactions of randomly selected expenditure items. I 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-2.4. As a result of the procedures, no errors were detected.

Board Secretary's Records

Our review of the financial and accounting records maintained by the board secretary disclosed the following items.

Finding: 2015-3

Recorded revenue and the associated accounts receivable account were understated by \$197,189. Extraordinary Aid of \$157,200 and Special Education Medical Initiative aid (SEMI) of \$39,989 were not accrued at year-end.

FLORENCE TOWNSHIP BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS-FINANCIAL
COMPLIANCE AND PERFORMANCE
JUNE 30, 2015

Board Secretary's Records (Continued)

Recommendation:

Internal controls over financial reporting should be more closely monitored.

Finding: 2015-4

The revenue subsidiary ledger did not reconcile to the general ledger. The general ledger showed \$11,248 more than reported in the revenue report.

Recommendation:

The revenue subsidiary ledger should be reconciled to the general ledger regularly.

Elementary and Secondary Education Act of 1965 (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 Title I and VI of the Elementary and Secondary School Improvement Act as amended and reauthorized.

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.

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. The reimbursement requests we tested were in agreement with supporting documentation.

FLORENCE TOWNSHIP BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS-FINANCIAL
COMPLIANCE AND PERFORMANCE
JUNE 30, 2015

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-3 states:

1. "When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by resolution of the board of education without public advertising for bids and bidding therefore, except that the board of education may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. (pending before the Legislature as section 15 of this bill) of section 9 of P.L. 1971, c.198 (C.40A:11-9) the board of education may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.
2. Commencing in the fifth year after the year in which P.L.1999,c. 440 takes effect, and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount and the higher threshold amount which the board of education is permitted to establish as set forth in subsection a. of this section or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in N.J.S.A. 18A:18A-2, and shall round the adjustment to the nearest \$1,000. The Governor shall notify all local school districts of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of the year in which it is made.

Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection a. of N.J.S.A. 18A:18A-5 may be awarded for a period not exceeding 12 consecutive months."

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 who would otherwise be determined to be the lowest responsible 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 \$36,000 (with a Qualified Purchasing Agent) and \$26,000 (without a Qualified Purchasing Agent), respectively. The District does not have a qualified purchasing agent and set the bid threshold at \$26,000. The law regulating bidding for public school student transportation contracts under N.J.S.A.18A:39-3 is \$18,300 for 2014-15.

FLORENCE TOWNSHIP BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS-FINANCIAL
COMPLIANCE AND PERFORMANCE
JUNE 30, 2015

Contracts and Agreements Requiring Advertisement for Bids (continued)

The district 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.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

Based on the results of our 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 provisions 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 School Board 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 is not reported.

School Food Service

The Board of Education entered into a contract with Sodexo, Inc. to provide and manage the school food service program for the year 2014-2015.

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. Reimbursement claims were submitted/certified in a timely manner.

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.

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 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.

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

FLORENCE TOWNSHIP BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS-FINANCIAL
COMPLIANCE AND PERFORMANCE
JUNE 30, 2015

School Food Service (continued)

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.

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. Cash receipts and bank records were reviewed for timely deposit.

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all School Food Services employees authorized by the Board of Education. Time sheets were reviewed and labor costs verified. Payroll records were maintained on all School Food Services employees authorized by the Board of Education.

Food Distribution Program commodities were received and a separate inventory was maintained on a first-in, first-out basis.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Section G of the CAFR. There are no findings related to the operations of the food service fund.

Student Body Activities

I reviewed the records of the student activity funds. There are no findings related to the student body activities.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2014 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, and low-income. I 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.

FLORENCE TOWNSHIP BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS-FINANCIAL
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JUNE 30, 2015

Pupil Transportation

Our procedures 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 Years' Findings

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

Acknowledgment

I received the complete cooperation of all officials of the School District, and I greatly appreciate the courtesies extended to me.

FTBOE
6/30/2015
Food Service
NET CASH RESOURCE SCHEDULE

<u>Net Cash Resources:</u>		Food Service B - 4/5	
CAFR	*	Current Assets	
B-4		Cash & Cash Equiv.	\$ 7,717.05
B-4		Due from Other Gov'ts	16,612
B-4		Accounts Receivable	-
B-4		Investments	-
CAFR		Current Liabilities	
B-4		Less Accounts Payable	-
B-4		Less Accruals	-
B-4		Less Due to Other Funds	-
B-4		Less Deferred Revenue	-
		Net Cash Resources	\$ 24,329.28 (A)

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.	659,693	
B-5	Less Depreciation	(28,080)	
	Adj. Tot. Oper. Exp.	\$ 631,612.96	(B)

Average Monthly Operating Expense:

B / 10	\$ 63,161.30	(C)
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Three times monthly Average:

3 X C	\$ 189,483.89	(D)
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TOTAL IN BOX A	\$ 24,329.28
LESS TOTAL IN BOX D	\$ 189,483.89
NET	\$ (165,154.61)

From above:

A is greater than D, cash exceeds 3 X average monthly operating expenses.

SOURCE - USDA resource management comprehensive review form

SCHEDULE OF AUDITED ENROLLMENTS

FLORENCE TOWNSHIP BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2014

	2015-2016 Application for State School Aid (10/15/14 data)						Sample for Verification				Private School for Disabled						
	Reported on A.S.S.A. On Roll		Reported On Workpapers On Roll		Errors		Sample Selected from Workpapers		Registers Verified Per		Errors per Registers On Roll		Reported on A.S.S.A. as Private Schools		Sample for Verification		
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Sample Verified	Sample Errors	
Half Day Kindergarten	17	-	17	-	-	-	17	-	-	-	-	-	-	-	-	-	
Full Day Kindergarten	113	-	113	-	-	-	113	-	-	-	-	-	-	-	-	-	
One	84	-	84	-	-	-	84	-	-	-	-	-	-	-	-	-	
Two	114	-	114	-	-	-	114	-	-	-	-	-	-	-	-	-	
Three	106	-	106	-	-	-	106	-	-	-	-	-	-	-	-	-	
Four	144	-	144	-	-	-	144	-	-	-	-	-	-	-	-	-	
Five	114	-	114	-	-	-	114	-	-	-	-	-	-	-	-	-	
Six	119	-	119	-	-	-	119	-	-	-	-	-	-	-	-	-	
Seven	114	-	114	-	-	-	114	-	-	-	-	-	-	-	-	-	
Eight	120	-	120	-	-	-	120	-	-	-	-	-	-	-	-	-	
Nine	89	-	89	-	-	-	89	-	-	-	-	-	-	-	-	-	
Ten	101	-	101	-	-	-	101	-	-	-	-	-	-	-	-	-	
Eleven	109	-	109	-	-	-	109	-	-	-	-	-	-	-	-	-	
Twelve	86	-	86	-	-	-	86	-	-	-	-	-	-	-	-	-	
	1,430	-	1,430	-	-	-	1,430	-	-	-	-	-	-	-	-	-	
Special Ed. - Elementary	104	-	104	-	-	-	104	-	-	-	-	-	-	5	5	-	
Special Ed. - Middle School	45	-	45	-	-	-	45	-	-	-	-	-	3	3	3	-	
Special Ed. - High School	48	-	48	-	-	-	48	-	-	-	-	-	7	7	7	-	
Subtotal	197	-	197	-	-	-	197	-	-	-	-	-	15	15	15	-	
Totals	1,627	-	1,627	-	-	-	1,627	-	-	-	-	-	15	15	15	-	
Percentage Error					0.00%								0.00%				0.00%

SCHEDULE OF AUDITED ENROLLMENTS

FLORENCE TOWNSHIP BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2014

	Resident Low Income			Sample for Verification			Resident L.E.P. 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 Scores and Register	Sample Errors
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	30	30	-	-	-	-	4	-	-	-	-	-
One	34	34	-	28	28	-	2	2	-	4	4	-
Two	54	54	-	29	29	-	3	3	-	2	2	-
Three	50	50	-	-	-	-	-	-	-	3	3	-
Four	47	47	-	46	46	-	1	1	-	1	1	-
Five	34	34	-	28	28	-	-	-	-	-	-	-
Six	31	31	-	-	-	-	1	1	-	1	1	-
Seven	41	41	-	-	-	-	-	-	-	-	-	-
Eight	39	39	-	-	-	-	-	-	-	-	-	-
Nine	37	37	-	36	36	-	1	1	-	1	1	-
Ten	25	25	-	3	3	-	-	-	-	-	-	-
Eleven	33	33	-	-	-	-	-	-	-	-	-	-
Twelve	18	18	-	-	-	-	-	-	-	-	-	-
Subtotal	473	473	-	170	170	-	12	12	-	12	12	-
Special Ed. - Elementary	36	36	-	17	17	-	1	1	-	1	1	-
Special Ed. - Middle School	31	31	-	-	-	-	-	-	-	-	-	-
Special Ed. - High School	24	24	-	10	10	-	-	-	-	-	-	-
Subtotal	91	91	-	27	27	-	1	1	-	1	1	-
Totals	564	564	-	197	197	-	13	13	-	13	13	-
Percentage Error	0.00%			0.00%			0.00%			0.00%		

	Transportation			Reg. Avg. (Mileage) - Regular Including Grade PK Students (Part A)			Reg. Avg. (Mileage) - Regular Excluding Grade PK Students (Part B)			Avg. Mileage - Special Ed with Special Needs		
	Reported on DRTS by DOE/County	Reported on DRTS by District	Errors	Tested	Verified	Errors	Reported	Calculated	Reported	Calculated	Reported	Calculated
Reg. - Public Schools, column 1	399	399	-	254	254	-	5.12	5.12	7.9	7.9	5.12	5.12
Reg. - Special Education, column 4	41	41	-	5	5	-	5.12	5.12	7.9	7.9	5.12	5.12
Transported - Non-Public, column 2	71	71	-	48	47	1	5.12	5.12	7.9	7.9	5.12	5.12
Special Ed. - Spec., column 6	57	57	-	16	15	1	7.9	7.9	5.12	5.12	7.9	7.9
Subtotal	568	568	-	323	321	2	5.12	5.12	7.9	7.9	5.12	5.12
Percentage Error	0.00%			0.62%			0.00%			0.00%		

SCHEDULE OF AUDITED ENROLLMENTS

FLORENCE ROWNSHIP BOARD OF EDUCATION
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 15, 2014

	Resident L.E.P. NOT Low Income		Sample for Verification		
	Reported on A.S.A. as NOT Low Income	Workpapers as NOT Low Income	Sample Selected from Workpapers	Verified to Test Scores and Register	Sample Errors
Half Day Kindergarten	-	-	-	-	-
Full Day Kindergarten	5	5	5	5	-
One	3	3	3	3	-
Two	-	-	-	-	-
Three	-	-	-	-	-
Four	1	1	1	1	-
Five	-	-	-	-	-
Six	-	-	-	-	-
Seven	-	-	-	-	-
Eight	-	-	-	-	-
Nine	-	-	-	-	-
Ten	1	1	1	1	-
Eleven	1	1	1	1	-
Twelve	-	-	-	-	-
Subtotal	11	11	11	11	-
Special Ed. - Elementary	2	2	2	2	-
Special Ed. - Middle School	-	-	-	-	-
Special Ed. - High School	1	1	1	1	-
Subtotal	3	3	3	3	-
Totals	14	14	14	14	-
Percentage Error					0.00%

