

**CITY OF NORTHFIELD SCHOOL DISTRICT**

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

**For the Fiscal Year Ended June 30, 2015**

**CITY OF NORTHFIELD SCHOOL DISTRICT**

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Administrative Findings  
Financial – Compliance – Performance**

**For the Fiscal Year Ended June 30, 2015**

**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	3
T.P.A.F. Reimbursement	4
School Purchasing Programs	
Contracts and Agreements Requiring Advertisement for Bids	4
School Food Service	4
Student Body Activities	5
School Age Child Care Program	5
Application for State School Aid	5
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	7
Schedule of Audited Enrollments	8 - 11
Excess Surplus Calculation	12

# 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

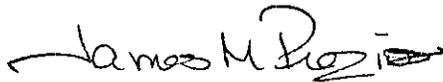
We have audited, in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the City of Northfield School District in the County of Atlantic for the year ended June 30, 2015, and have issued our report thereon dated October 28, 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 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

October 28, 2015  
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 except for the following:

**Finding 2015-2**

The District accumulated payroll tax liabilities in excess of \$100,000 and failed to make a timely deposit in accordance with the Internal Revenue Service's \$100,000 Next-Day Deposit Rule.

**Recommendation:**

The District should review procedures for payroll liability deposits and implement an internal control procedure to make sure the District is in compliance with the Internal Revenue Service regulation.

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

### 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.

## 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.

Effective July 1, 2010 and thereafter 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 law regulating bidding for public school transportation contracts under N.J.S.A. 18A:39-3 is currently \$17,500.

The Business Administrator of the District is a Qualified Purchasing Agent and the District has adopted a resolution to establish a bid threshold of \$36,000.

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.

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, 2013 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 2013-2014 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. We noted the following exception

### **Finding 2015-1**

A Northfield student attending a private school was properly listed and paid Aid in Lieu by the District. However, the District was not provided with a B6T for the student and therefore the student was not reported on the DRTRS.

### **Recommendation:**

The District should review internal control procedures for completing DRTRS applications and comply with State Regulations

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.

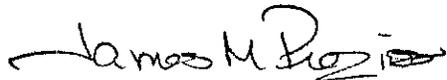
## **ACKNOWLEDGMENT**

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 Meal Count Activity**  
**Food Services - Enterprise Fund**  
**Number of Meals Served**  
**(Over) Underclaim**  
**For The Fiscal Year Ended June 30, 2015**

INFORMATION NOT REQUIRED							
Program	Meal Category	Meals			Difference	Rate	(Over) Under Claim
		Claimed	Tested	Verified			
National School Lunch (Regular Rate)	Paid						\$ -
	Reduced						
	Free						
		-	-	-	-		-
School Breakfast (Regular Rate)	Paid						
	Reduced						
	Free						
		-	-	-	-		-
Special Milk	Paid						
	Free						
		-	-	-	-		-
							\$ -

**CITY OF NORTHFIELD SCHOOL DISTRICT**  
**Schedule of Audited Enrollments**  
**Application For State School Aid Summary**  
**Enrollment as of October 15, 2014**

	Application For State School Aid						Sample For Verification						
	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		
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	
Half Day Preschool													
Full Day Preschool													
Half Day Kindergarten													
Full Day Kindergarten													
One	82		82				24		24				
Two	87		87				26		26				
Three	84		84				24		24				
Four	84		84				24		24				
Five	82		82				24		24				
Six	91		91				24		24				
Seven	93		93				24		24				
Eight	86		86				26		26				
Nine	103		103				32		32				
Ten													
Eleven													
Twelve													
Post-Graduate													
Adult H.S. (15+CR)													
Adult H.S. (1-14CR)													
Subtotal	792	0	792	0	0	0	228	0	228	0	0	0	0
Special Ed - Elementary	77		77				24		24				
Special Ed - Middle School	58		58				20		20				
Special Ed - High School													
Subtotal	135	0	135	0	0	0	44	0	44	0	0	0	0
Sent to CSSD													
Subtotal	0	0	0	0	0	0	0	0	0	0	0	0	0
Totals	927	0	927	0	0	0	272	0	272	0	0	0	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, 2014**

	Private Schools For Disabled			Resident Low Income		Sample For Verification		
	Reported on A.S.S.A. as Private Schools	Sample for Verification	Sample Verified	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				26	26	18	18	
Two				14	14	16	16	
Three				21	21	26	26	
Four				18	18	15	15	
Five				19	19	19	19	
Six				17	17	18	18	
Seven				21	21	19	19	
Eight				20	20	15	15	
Nine						24	24	
Ten								
Eleven								
Twelve								
Post-Graduate								
Adult H.S. (15+CR)								
Adult H.S. (1-14CR)								
Subtotal	0	0	0	156	156	170	170	0
Special Ed - Elementary	1	1	1	29	29	25	17	
Special Ed - Middle School	2	2	1	12	12	21	21	
Special Ed - High School								
Subtotal	3	3	2	41	41	46	38	0
Sent to CSSD								
Subtotal	0	0	0	0	0	0	0	0
Totals	3	3	2	197	197	216	208	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, 2014**

	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 Workpapers as NOT Low Income	Sample Selected From Workpapers	Sample Verified to Application and Register
Half Day Preschool	6	6	4	4				
Full Day Preschool	2	2	1	1				
Half Day Kindergarten	2	2	2	2				
Full Day Kindergarten	5	5	2	2				
One	1	1	1	1				
Two	2	2	2	2				
Three	3	3	1	1				
Four	1	1	1	1				
Five	2	2	1	1				
Six	3	3	1	1				
Seven	1	1	1	1	1	1	1	1
Eight					1	1	1	1
Nine								
Ten								
Eleven								
Twelve								
Post-Graduate								
Adult H.S. (15+CR)								
Adult H.S. (1-14CR)								
Subtotal	22	22	14	14	2	2	2	2
Special Ed - Elementary								
Special Ed - Middle School								
Special Ed - High School								
Subtotal	0	0	0	0	0	0	0	0
Sent to CSSD								
Subtotal	0	0	0	0	0	0	0	0
Totals	22	22	14	14	2	2	2	2
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, 2014**

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	26	26		26	27	1
Transported - Non-Public, Col. 3	14	14		14	14	
Special Education, Col. 6						
<b>Totals</b>	<b>40</b>	<b>40</b>	<b>0</b>	<b>40</b>	<b>41</b>	<b>1</b>
<b>Percentage Error</b>			<b>0.00%</b>			<b>2.50%</b>

	Reported	Recalculated
Average Mile		
Regular Including Grade PK Students (Part A)	4.70	4.70
Regular Excluding Grade PK Students (Part B)	4.70	4.70
Special Education With Special Needs	4.70	4.70

**CITY OF NORTHFIELD SCHOOL DISTRICT  
EXCESS SURPLUS CALCULATION  
2% Calculation of Excess Surplus  
For The Fiscal Year Ended June 30, 2015**

Total General Fund Expenditures	\$	14,208,754.96	
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		(1,348,720.50)	
Assets Acquired Under Capital Leases			
Adjusted General Fund Expenditures		12,860,034.46	
Applicable Excess Surplus Percentage		2.00%	
Subtotal	(A)	\$ 257,200.69	
Greater of (A) or \$250,000.00	\$	257,200.69	
Increased By			
Extraordinary Special Education Aid		1,676.00	
Nonpublic Transportation Aid		6,292.00	
Maximum Unreserved/Undesignated Fund Balance			\$ 265,168.69
Total General Fund Balance	\$	1,698,145.92	
Decreased By			
Restricted Balances			
Capital Reserve		(235,497.00)	
Maintenance Reserve		(117,000.00)	
Excess Surplus - Designated For Subsequent Year's Expenditures		(339,806.20)	
Assigned Balances			
Designated For Subsequent Year's Expenditures		(39,999.80)	
Encumbrances		(78,935.54)	
Total Unrestricted Fund Balance			886,907.38
Restricted Fund Balance - Excess Surplus			\$ 621,738.69
<b>Recapitulation of Excess Surplus</b>			
<b>For The Fiscal Year Ended June 30, 2015</b>			
Designated for Subsequent Year's Expenditures			\$ 339,806.20
Current Year			621,738.69
Total Restricted Excess Surplus			\$ 961,544.89