

BLOOMFIELD TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2012

BLOOMFIELD TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE
FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2012
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November 9, 2012

The Honorable President and Members
of the Board of Education
Bloomfield Township School District
County of Essex, NJ

We have audited, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Board of Education of the Bloomfield Township School District in the County of Essex for the fiscal year ended June 30, 2012, and have issued our report thereon dated November 9, 2012.

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 letter does not affect our report dated November 9, 2012, on the financial statements of the Board.

We will review the status of the comments, during our next audit engagement. We have already discussed any comments and suggestions with various management personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended for the information of the Bloomfield Township School District's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

NISIVOCCIA LLP

William F. Schroeder
Licensed Public School Accountant #2112
Certified Public Accountant

BLOOMFIELD TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
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FISCAL YEAR ENDED JUNE 30, 2012

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer, 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

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

Officials in Office and Surety Bonds

<u>Name</u>	<u>Position</u>	<u>Coverage</u>
Robert Renna	Treasurer	\$ 500,000
Michael Dedererian	School Business Administrator/Board Secretary	500,000

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were different than estimated costs. The Board made a proper adjustment to the billings to sending districts for the change in per pupil costs in accordance with N.J.A.C. 6A:23-3.1(f)3.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid on a test basis, during the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

Payroll Account

The net salaries of 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 certified by the President of the Board and the Board Secretary/School Business Administrator.

Salary withholdings were promptly remitted to the proper agencies including health benefit withholdings due to the General Fund.

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (superintendent, assistant superintendent, and business administrator) to the NJ Department of Treasury was filed in a timely manner.

BLOOMFIELD TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Payroll Account (Cont'd)

Finding:

During our review of the payroll records of the District we noted that payroll registers were not approved by the Superintendent and a Section 125 spending account was not established for employee medical or dental expenses not covered by a health benefits plan as of June 30, 2012; however, the District established a Section 125 spending account during the 2012-2013 school year, therefore, no formal recommendation is deemed to be warranted.

Recommendation:

It is recommended that the Superintendent approves all payroll registers.

Management's Response:

The District will implement procedures to ensure that the Superintendent approves all payroll registers.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made on a test basis as of June 30, for proper classification of orders as reserve for encumbrances and accounts payable.

Finding:

During our review of accounts payable for the Special Revenue Fund, we noted that prior year accounts payables were cancelled and closed out to General Fund fund balance instead of Special Revenue Fund grant balances.

Recommendation:

It is recommended that any cancellation of accounts payables in the Special Revenue Fund be cancelled to the respective Special Revenue Fund grant.

Management's Response:

The District will ensure that any cancelled accounts payable in the special revenue fund be cancelled to the respective Special Revenue Fund grant.

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. In addition to randomly selecting a test sample, we reviewed administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.2. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. 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.

BLOOMFIELD TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
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(Continued)

Board Secretary's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Board Secretary's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records.

Finding:

The Board Secretary's records do not accurately reflect all of the financial activity of the District's minimum premium health insurance plan. Currently, the Board Secretary's records only reflect the payments made from the District's operating budget to the insurance "Sweep" account. This "Sweep" account is used to periodically pay the insurance company for the actual paid claims incurred by the District. These actual claims paid and any cash balance in the "Sweep" account are what should be recorded in the Board Secretary's records.

Recommendation:

It is recommended that the actual health insurance claims paid and the cash balance in the District's minimum premium health insurance "Sweep" account be accurately reflected in the Board Secretary's financial records.

Management's Response:

The Board Secretary will accurately reflect all of the financial activity associated with the District's minimum premium health insurance plan.

Finding:

During the course of our audit we noted that for the year ended June 30, 2011 the District paid actual claims of approximately \$883,000 in excess of its stated maximum claim liability premium per the agreement with the health benefit provider.

Recommendation:

It is recommended that the District investigate and pursue the possibility of recovering the approximate \$883,000 of the year ended June 30, 2011 actual claims paid in excess of its stated maximum claim liability/premium.

Management's Response:

The District will investigate and pursue the possibility of recovering the year ended June 30, 2011 actual health insurance claims paid in excess of its stated maximum claim liability/premium.

Treasurer's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Treasurer's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments except as noted herein.

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ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
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No Child Left Behind (N.C.L.B.)

The N.C.L.B. financial exhibits are contained herein within the Special Revenue Section of the District's CAFR. This section of the CAFR documents the financial position pertaining to projects under Title I, Title II and Title III of the No Child Left Behind Act.

The study of compliance for the N.C.L.B. did not indicate any area of noncompliance.

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.

Finding:

The State Department of Education conducted an audit of several grants including the Education Jobs Fund, Title I and IDEA Basic. The report included a number of findings for which the District filed a corrective action plan. The District is awaiting notification from the Department of Education as to whether their corrective action plan has been accepted. Our audit of the Education Job Funds revealed that the District was charging health benefits to the grant. However, the District was not able to provide a listing of the staff whose related health benefits were charged to the grant. Thus, we were unable to determine the allowability of these health benefits costs charges to the grant.

Recommendation:

It is recommended that the District maintain on file a list of staff for which health benefits charges are allocated to the Education Jobs grant.

Management's Response:

The District's Administration has formally adopted a corrective action plan to address this finding in the report filed by the State Department of Education and is awaiting determination as to whether their corrective action will be accepted.

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.

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School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

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

a. "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. of section 9 of P.L.1971, c. 198 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.)

b. 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"

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"

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 student transportation contracts under N.J.S.A. 18A:39-3 is currently \$17,500.

As per N.J.S.A. 18A:18A-3, the Board passed a resolution authorizing the Business Administrator as a qualified purchasing agent and increasing the bid threshold to \$36,000.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Attorney'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. General compliance was noted.

The results of our examination indicated that no individual payments, contracts, or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies", in excess of the

BLOOMFIELD TOWNSHIP SCHOOL DISTRICT
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(Continued)

School Purchasing Programs (Cont'd)

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.

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 could not reasonably be ascertained.

School Food Service

The District utilizes a food service management company (FMSC) and is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34, and 19-1 through 19-4.1. The FMSC contract includes an operating results provision which guarantees that the food service program will break even. The operating results provision has been met.

The financial transactions and statistical records of the School Food Service Fund were reviewed. The financial accounts, meal/milk count records and eligibility applications were reviewed on a test basis. Food Service accounting records maintained by the District's central administration office were reconciled with the records maintained by the food service contractor.

The number of meals/milks claimed for reimbursement was compared to sales and meal count records on a test basis. 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, with exceptions noted. 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 policy was reviewed for uniform administration throughout the school system. The required verification procedures for free and reduced price applications was started, however numerous discrepancies were encountered determining that the verification process is not working effectively.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices could not be reviewed and costs verified on a test basis, since District could not provide them at the time of audit. 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 Fund.

Cash receipts and bank records were reviewed for timely deposit.

Time sheets and payroll records provided to the District by the Food Service contractor were not reviewed on a test basis, since the District could not provide them at the time of audit.

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(Continued)

School Food Service (Cont'd)

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 "Proprietary Funds", Section G of the CAFR.

The District has a Type 2 SOC1 report (Service Organization Controls Report) of the food service management company on file as required by state requirements.

Findings:

During the review of school food service records we noted the following:

1. The eligibility verification process performed by the District cannot be relied upon, since numerous discrepancies and errors were found during our audit of free and reduced applications.
2. The District was not able to provide the supporting bills or other records provided with the monthly invoice by the food service management company and is not reviewing these bills before releasing payment to the food service management company.

Recommendation:

It is recommended that the District properly verifies free and reduced applications to income eligibility guidelines and a process is established for the review of supporting bills or other records provided with the monthly invoice by the food service management company to ensure all charges are accurate and that these bills are kept on file for auditor review.

Management's Response:

The District will properly verify free and reduced applications to income eligibility guidelines and will establish a process for review of all supporting bills or other records provided with the monthly invoice by the food service management company before releasing payment to them and will keep the bills on file for auditor review.

Student Body Activities

In planning and performing our audit of the financial statements of the Board, we considered the condition of the records of the Student Activities Fund for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records.

Finding:

During our review of student activities, we noticed funds not being turned over to the Business Office in a timely manner.

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Student Body Activities (Cont'd)

Recommendation:

It is recommended that all funds collected for student activities be turned over to the Business Office in a timely manner.

Management Response:

The District will ensure funds collected for student activities are turned over to the Business Office in a timely manner.

Application for State School Aid

Our audit procedures include a test of enrollments and related services reported in the October 14, 2011 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the disabled, low income and bilingual students. However, the necessary verifications and sampling could not be performed, since the supporting documentation for the reported figures was not available for review. The results of our procedures are presented in the Schedule of Audited Enrollments.

Finding:

During our review of the Application for State School Aid, we noted that the District did not maintain the original supporting documentation of the enrollments and related services reported in the October 14, 2011 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the disabled, low income and bilingual students. As an alternate procedure, the District attempted to generate reports to support the reported figures; however, the system would not subsequently provide figures as of October 14, 2011. This alternate subsequent report would include eligible students that were enrolled after the October 14, 2011 date and would exclude any graduates that should have been included in the filing. It was also noted that a large amount of employees are authorized to enter and modify the ASSA eligible students without a supervisor monitoring the changes. Therefore, when reviewing some of the provided documentation, numerous discrepancies were noted.

Recommendation:

It is recommended that greater care be taken when filing the Application for State School Aid and that all supporting documentation be maintained by the District for auditor review. The supporting documentation should be the documentation utilized in the filing, which should reflect the enrollments and related services as of October 15. In addition, it is recommended that one individual be assigned to monitor the filing of the application and review any modifications done by other employees.

Management's Response:

The District will implement procedures to ensure that the Application for State School Aid is properly filed, supporting documentation maintained and one individual is assigned the responsibility for supervising the filing process.

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ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
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(Continued)

Pupil Transportation

Our audit procedures include a test of on-roll status reported in the 2011-2012 District Report of Transported Resident Students (DRTRS). However, the necessary verifications and sampling could not be performed, since the supporting documentation for the reported figures was not available for review. 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.

Finding:

During our review of the 2011-2012 District Report of Transported Resident Students, we noted that the District did not maintain original supporting documentation of the on the roll status. As an alternate procedure, the District attempted to generate reports to support the reported figures, however the system would not provide figures as of October 14, 2011. It would include eligible students that were enrolled after that date and would exclude any graduates that should have been included in the filing. When reviewing some of the provided documentation, numerous discrepancies were noted, including the fact that special education students were not properly classified as such and that grade levels reported did not correspond to actual grade levels.

Recommendation:

It is recommended that greater care be taken when filing the District Report of Transported Resident Students and that all supporting documentation be maintained by the District for auditor review.

Management's Response:

The District will implement procedures to ensure that District Report of Transported Resident Students is properly and accurately filed and supporting documentation maintained for auditor review.

Travel Expense and Reimbursement Policy

Travel regulations require each District to adopt a formal policy and procedure pertaining to travel and expense reimbursement for its employees and board members. The regulations require the District to establish a maximum travel amount for the year and to account for these expenses within a separate account in the budget to ensure that the maximum is not exceeded. The regulations also require that all travel be approved prior by the Board of Education and Superintendent and that the approval must be itemized by event, event total cost, and individuals attending. Our review of the travel policies and records revealed that the District is not in compliance with the travel regulations.

Finding:

During the course of our audit we noticed that the District did not have an approved board travel policy as required by *N.J.A.C. 6A:23A-6.13* and *N.J.S.A. 18A:11-12*. In addition, the District did not establish a maximum travel amount for the year and expenditures not related to travel were charged to travel designated budget line items.

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ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
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(Continued)

Travel Expense and Reimbursement Policy (Cont'd)

Recommendation:

The District should adopt a travel policy that complies with N.J.S.A. 18A:11-12. In addition, the District should establish a maximum travel amount on an annual basis and only charge travel expenses to the designated budget line items to ensure that the maximum is not exceeded.

Management's Response:

The District will establish a travel maximum on an annual basis and will segregate the travel expenditures to properly monitor and ensure the maximum is not exceeded.

Long-Term Debt

Long-term liabilities should include debt issuances, the non-current portion of lease-purchase agreements, capital leases, operating leases with scheduled rent increases, compensated absences, claims and judgments, early retirement incentive programs, and rebatable arbitrage. Compensated absences must be calculated based on Statement No. 16 of the Governmental Accounting Standards Board (GASB), "Accounting for Compensated Absences".

Finding:

During the course of our audit we noticed that the compensated absences liability was overstated significantly, because caps on some employees' compensation were not taken into consideration and the liability was stated in full. An audit adjustment was made to cap the compensated absences liability.

Recommendation:

The District should take into consideration compensation caps when calculating the compensated absences liability.

Management's Response:

The District will begin to take compensation caps into consideration when calculating the compensated absences liability.

Facilities and Capital Assets

Our procedures included a review of the SDA grant agreement for consistency with recording SDA revenue, transfer of local funds from the general fund or from the capital reserve account, and awarding of contracts for eligible facilities construction.

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Facilities and Capital Assets (Cont'd)

Findings:

During the course of the audit of facilities and capital assets we noted the following:

1. The District has one SDA receivable balance remaining at June 30, 2012, which has yet to be collected.
2. The Schedule of Fixed Assets was not supported by a detailed listing, which did not allow for us to verify fixed assets physical existence on a test basis.

Recommendation:

The District should pursue collection of the remaining SDA grant receivable and ensure that capital assets records are supported by a detailed listing.

Management's Response:

The project related to this SDA grant receivable continues to be in litigation and the architect refuses to sign the Design Consultant Certification Upon Final Completion form. This form is required for the District to submit a request for the remaining balance. Once this litigation is settled, the District will pursue collection of the remaining receivable. In addition, the District will ensure that capital asset records are supported by a detailed listing.

Management Suggestion

Approval in Minutes of Student Activities Disbursements

Consideration should be given to approving student activities disbursements in the minutes.

Deferred Inflows and Outflows

GASB Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined Deferred Inflows and Outflows as a consumption of resources of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Existing financial reporting standards did not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Concepts Statement #4 also identifies net position as the residual of all other elements presented in a statement of financial position and resulted in the issuance of GASB Statement #63. This Statement would amend the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The provisions of this Statement would be effective for financial statements for periods beginning after December 15, 2011.

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Status of Prior Year Findings/Recommendations

Prior year recommendations regarding turnover of funds from student activities to the Business Office, greater care exercised when filing the Application for School State Aid, inclusion of individuals receiving transportation in the District Report of Transported Resident Students report and detailed listing support for fixed assets were not corrected during the current year. Therefore, they are included in the current year's findings.

BLOOMFIELD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF MEAL/MILK COUNT ACTIVITY
FOOD SERVICE FUND
NUMBER OF MEALS/MILKS SERVED AND (OVER)/UNDERCLAIM
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(MEMORANDUM ONLY)

<u>Program</u>	<u>Meal/ Milk Category</u>	<u>Meals/ Milks Claimed</u>	<u>Meals/ Milks Tested</u>	<u>Meals/ Milks Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>(Over)/ Underclaim</u>
National School Lunch (Regular Rate)	Paid	183,924	183,294	183,294	0	\$ 0.26	0
	Reduced	50,162	50,162	0	(50,162)	2.37	(118,884)
	Free	288,632	288,632	0	(288,632)	2.77	(799,511)
	TOTAL	522,718	522,088	183,294	(338,794)		(918,395)
School Breakfast (Regular Rate)	Paid	7,943	7,943	7,943	0	0.27	0
	Reduced	3,302	3,302	0	(3,302)	1.50	(4,953)
	Free	28,336	28,336	0	(28,336)	1.80	(51,005)
	TOTAL	39,581	39,581	7,943	(31,638)		(55,958)
NET (OVER)/UNDERCLAIM							<u><u>\$ (974,352)</u></u>

* Although the number of meals/milk served was verified, our review of low income applications revealed that the verification process performed by the District cannot be relied upon. Numerous discrepancies and errors were found during our audit of free and reduced applications, leading us to believe there is a possible overclaim. See Recommendation in Auditor's Management

BLOOMFIELD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 14, 2011

	2012-2013 Application for State School Aid						Sample for Verification					
	Reported on ASSA 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
Kindergarten:												
Full Day	453		*		*		453		*		*	
Grade One	453		*		*		453		*		*	
Grade Two	428		*		*		428		*		*	
Grade Three	381		*		*		381		*		*	
Grade Four	363		*		*		363		*		*	
Grade Five	385		*		*		385		*		*	
Grade Six	366		*		*		366		*		*	
Grade Seven	348		*		*		348		*		*	
Grade Eight	410		*		*		410		*		*	
Grade Nine	422		*		*		422		*		*	
Grade Ten	403		*		*		403		*		*	
Grade Eleven	423		*		*		423		*		*	
Grade Twelve	380		*		*		380		*		*	
Subtotal	5,215		*		*		5,215		*		*	
Special Education:												
Elementary School	354		*		*		92		*		*	
Middle School	267		*		*		69		*		*	
High School	274	3	*	*	*	*	71		*		*	
Subtotal	895	3	*	*	*	*	232		*		*	
Totals	6,110	3	*	*	*	*	5,447		*		*	
Percentage Error					*	*					*	

	Private Schools for Disabled			
	Reported on ASSA as Private Schools	Sample for Verifi- cation	Sample Verified	Sample Errors
Special Education:				
Elementary School	10	9	*	*
Middle School	10	9	*	*
High School	17	15	*	*
Subtotals	37	33	*	*
Totals	37	33	*	*
Percentage Error			*	

* During our review of the Application for State School Aid, we noted that the District did not maintain supporting documentation of the enrollments and related services reported on the October 14, 2011 Application for State School Aid (A.S.S.A.) for on-roll, private school for the disabled, low income and bilingual students. As an alternate procedure, the District attempted to generate reports to support the reported figures, however the system would not provide figures as of October 14, 2011, but would include eligible students that were enrolled after that date and would exclude any graduates that should have been included in the filing. It is also noted that a large amount of employees are authorized to enter and modify the ASSA eligible students, without a supervisor monitoring the changes, leaving an immense margin of error. When reviewing some of the provided documentation, numerous discrepancies were noted.
 See Recommendation in Auditor's Management Report.

BLOOMFIELD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 14, 2011

	Resident Low Income			Sample for Verification		
	Reported on ASSA as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Kindergarten:						
Full Day	143	*	*	21	*	*
Grade One	151	*	*	22	*	*
Grade Two	152	*	*	22	*	*
Grade Three	141	*	*	20	*	*
Grade Four	147	*	*	21	*	*
Grade Five	163	*	*	23	*	*
Grade Six	131	*	*	19	*	*
Grade Seven	156	*	*	22	*	*
Grade Eight	160	*	*	23	*	*
Grade Nine	202	*	*	29	*	*
Grade Ten	150	*	*	22	*	*
Grade Eleven	150	*	*	22	*	*
Grade Twelve	124	*	*	18	*	*
Totals	<u>1,970</u>	<u>*</u>	<u>*</u>	<u>284</u>	<u>*</u>	<u>*</u>
Percentage Error			<u>*</u>			<u>*</u>

	Resident LEP Low Income			Sample for Verification		
	Reported on ASSA as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Test Scores, Application and Register	Sample Errors
Grade One	5	*	*	3	*	*
Grade Two	10	*	*	6	*	*
Grade Three	12	*	*	8	*	*
Grade Four	6	*	*	4	*	*
Grade Five	15	*	*	9	*	*
Grade Six	5	*	*	3	*	*
Grade Seven	5	*	*	3	*	*
Grade Eight	2	*	*	1	*	*
Grade Nine	11	*	*	7	*	*
Grade Ten	7	*	*	4	*	*
Grade Eleven	5	*	*	3	*	*
Grade Twelve	5	*	*	3	*	*
Totals	<u>88</u>	<u>*</u>	<u>*</u>	<u>54</u>	<u>*</u>	<u>*</u>
Percentage Error			<u>*</u>			<u>*</u>

BLOOMFIELD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 14, 2011

	<u>Resident LEP NOT Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on ASSA as LEP NOT Low Income</u>	<u>Reported on Workpapers as LEP NOT Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Test Scores and Register</u>	<u>Sample Errors</u>
Grade One	9	*	*	6	*	*
Grade Two	4	*	*	2	*	*
Grade Three	16	*	*	10	*	*
Grade Four	11	*	*	7	*	*
Grade Five	8	*	*	5	*	*
Grade Six	4	*	*	2	*	*
Grade Seven	1	*	*	1	*	*
Grade Eight	9	*	*	6	*	*
Grade Nine	5	*	*	3	*	*
Grade Ten	10	*	*	6	*	*
Grade Eleven	5	*	*	3	*	*
Grade Twelve	9	*	*	6	*	*
Totals	<u>91</u>	<u>*</u>	<u>*</u>	<u>57</u>	<u>*</u>	<u>*</u>
Percentage Error			<u>*</u>			<u>*</u>

BLOOMFIELD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 14, 2011

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	1,933	1,933		174	57	117
Regular - Special Ed					20	-20
Transported - Non Public	74	74		7	6	1
AIL - Non Public	874	874		78	38	40
Special Needs - Public	373	373		33	19	14
Special Needs - Private	42	42		4	4	
Totals	<u>3,296</u>	<u>3,296</u>	<u>0</u>	<u>296</u>	<u>144</u>	<u>152</u>
Percentage Error			<u>0.00%</u>			<u>51.35%</u>

Average Mileage:	Reported	Re- calculated
Regular Including Grade PK Students	4.7	4.7
Regular Excluding Grade PK Students	4.7	4.7
Special Education with Special Needs	4.1	4.1

Note: During our review of the 2011-12 District Report of Transported Resident Students, we noted that the District did not maintain supporting documentation of the on-roll status. As an alternate procedure, the District attempted to generate reports to support the reported figures, however the system would not provide figures as of October 14, 2011, but would include eligible students that were enrolled after that date and would exclude any graduates that should have been included in the filing. When reviewing some of the provided documentation, numerous discrepancies were noted.
 See Recommendation in Auditor's Management Report.

BLOOMFIELD TOWNSHIP SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2012

REGULAR DISTRICTSECTION 12% Calculation of Excess Surplus

2011-12 Total General Fund Expenditures per the CAFR, Ex. C-1	<u>\$ 86,826,230</u> (B)
Increased by:	
Transfer from Capital Outlay to Capital Projects Fund	<u>\$ -0-</u> (B1a)
Transfer from Capital Reserve to Capital Projects Fund	<u>\$ 416,342</u> (B1b)
Decreased by:	
On-Behalf TPAF Pension and Social Security	<u>\$ 6,467,475</u> (B2a)
Assets Acquired Under Capital Leases	<u>\$ _____</u> (B2b)
Adjusted 11-12 General Fund Expenditures [(B)+(B1's)-(B2's)]	<u>\$ 80,775,097</u> (B3)
2% of Adjusted 2011-12 General Fund Expenditures [(B3) times .02]	<u>\$ 1,615,502</u> (B4)
Enter Greater of (B4) or \$250,000	<u>\$ 1,615,502</u> (B5)
Increased by: Allowable Adjustments	<u>\$ 586,464</u> (K)
Maximum Unassigned Fund Balance [(B5)+(K)]	<u>\$ 2,201,966</u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6/30/12 (Per CAFR Budgetary Comparison Schedule C-1)	<u>\$ 3,466,103</u> (C)
Decreased by:	
Year-End Encumbrances	<u>\$ 809,696</u> (C1)
Legally Restricted:	
Designated for Subsequent Year's Expenditures	<u>\$ _____</u> (C2)
Excess Surplus - Designated for Subsequent Year's Expenditures	<u>\$ _____</u> (C3)
Other Restricted Fund Balances	<u>\$ 782,682</u> (C4)
Assigned Fund Balance:	
Designated for Subsequent Year's Expenditures	<u>\$ 1,290,429</u> (C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	<u>\$ 583,296</u> (U1)

BLOOMFIELD TOWNSHIP SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

SECTION 3

Restricted Fund Balance - Excess Surplus [(U1)-(M)] IF NEGATIVE, ENTER -0- \$ -0- (E)

Recapitulation of Excess Surplus as of June 30, 2012

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures \$ -0- (C3)

Restricted Excess Surplus [(E)] \$ -0- (E)

Total [(C3)+(E)] \$ -0- (D)

Detail of Allowable Adjustments

Impact Aid \$ -0- (H)

Sale & Lease-back \$ -0- (I)

Extraordinary Aid \$ 424,296 (J1)

Additional Nonpublic School Transportation Aid \$ 162,168 (J2)

Total Adjustments [(H)+(I)+(J1)+(J2)] \$ 586,464 (K)

Detail of Other Restricted Fund Balances

Statutory Restrictions:

Approved Unspent Separate Proposal \$ -0-

Sale/Lease-back Reserve \$ -0-

Capital Reserve \$ 782,682

Maintenance Reserve \$ -0-

Tuition Reserve \$ -0-

Emergency Reserve \$ -0-

Waiver Offset Reserve \$ -0-

Other State/Government Mandated Reserve \$ -0-

Other Restricted Fund Balances Not Noted Above \$ -0-

Total Other Restricted Fund Balances \$ 782,682 (C4)

BLOOMFIELD TOWNSHIP SCHOOL DISTRICT
SUMMARY OF RECOMMENDATIONS
FISCAL YEAR ENDED JUNE 30, 2012

It is recommended that:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

- a. The Superintendent approves all payroll registers.
- b. Any cancellation of accounts payables in the Special Revenue Fund be cancelled to the respective Special Revenue Fund grant.
- c. The actual health insurance claims paid and the cash balance in the District's minimum premium health insurance "Sweep" account be accurately reflected in the Board Secretary's financial records.
- d. The District investigate and pursue the possibility of recovering the approximate \$883,000 of year ended June 30, 2011 actual health insurance claims paid in excess of its stated maximum claim liability/premium.

3. Other Special Federal and/or State Projects

It is recommended that the District maintain on file a list of staff for which health benefits charges are allocated to the Education Jobs grant.

4. School Purchasing Program

None

5. School Food Service

- a. The District properly verifies free and reduced applications to income eligibility guidelines.
- b. A process is process is established for the review of supporting bills or other records provided with the monthly invoice by the food service management company to ensure all charges are accurate and that these bills are kept on file for auditor review.

6. Student Body Activities

All funds collected for student activities be turned over to the Business Office in a timely manner.

BLOOMFIELD TOWNSHIP SCHOOL DISTRICT
SUMMARY OF RECOMMENDATIONS
FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

It is recommended that:

7. Application for State School Aid

Greater care be taken when filing the Application for State School Aid and that all supporting documentation be maintained by the District for auditor review. The supporting documentation should be the documentation utilized in the filing, which should reflect the enrollments and related services as of October 15. In addition, it is recommended that one individual be assigned to monitor the filing of the application and review any modifications done by other employees.

8. Pupil Transportation

Greater care be taken when filing the District Report of Transported Resident Students and that all supporting documentation be maintained by the District for auditor review.

9. Travel Expense and Reimbursement Policy

The District should adopt a travel policy that complies with N.J.S.A. 18A:11-12. In addition, the District should establish a maximum travel amount on an annual basis and only charge travel expenses to the designated budget line items to ensure that the maximum is not exceeded.

10. Long-Term Debt

The District should take into consideration compensation caps when calculating the compensated absences liability.

11. Facilities and Capital Assets

- a. The District should pursue collection of the remaining SDA grant receivable.
- b. The District ensures that capital assets records are supported by a detailed listing.

12. Status of Prior Year's Findings/Recommendations

Prior year recommendations regarding turnover of funds from student activities to the Business Office, greater care exercised when filing the Application for School State Aid, inclusion of individuals receiving transportation in the District Report of Transported Resident Students report and detailed listing support for fixed assets were not corrected during the current year. Therefore, they are included in the current year's findings.