

**CLARK PUBLIC SCHOOL DISTRICT
AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2016**

**CLARK PUBLIC SCHOOL DISTRICT
TABLE OF CONTENTS**

**AUDITORS MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS
- FINANCIAL, COMPLIANCE AND PERFORMANCE**

	<u>Page No.</u>
Report of Independent Auditors	1
Scope of Audit	2
Administrative Practices and Procedures	2
Financial Planning, Accounting and Reporting	2-6
School Purchasing Programs	6
School Food Service	7
Before and After School Program	8
Student Body Activities	8
Application for State School Aid	8
Pupil Transportation	9
Facilities and Capital Assets	9
Suggestions to Management	9
Number of Meals Served and (Over)/Underclaim – Not Applicable	10
Comparison of Net Cash Resources to Three Months Average Expenditures	10
Application for State School Aid	11-13
Calculation of Excess Surplus	14
Recommendations	15-16
Acknowledgment	16



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLosi, CPA
ROBERT AMPONSAH, CPA

Honorable President and Members
of the Board of Education
Clark Public School District
Clark, New Jersey

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 basic financial statements of the Clark Public School District as of and for the fiscal year ended June 30, 2016, and have issued our report thereon dated October 19, 2016.

As part of our audit, we performed procedures required by the Office of School Finance, Department of Education, State of New Jersey and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended solely for the information and use of management, the Board of Trustees, management, others within the District 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,

LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants

Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
October 19, 2016

**CLARK PUBLIC SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Scope of Audit

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

Fire insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the district's Comprehensive Annual Financial Report (the "CAFR").

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
R. Paul Vizzuso	Business Administrator/Board Secretary	\$250,000
Thomas Angelo	Treasurer of School Monies	\$250,000

There is a blanket dishonesty bond covering all other employees, including faithful performance for elected officials, in the amount of \$250,000 per loss.

Financial Planning, Accounting and Reporting

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was not made.

Examination of Claims

An examination of claims paid during the period under review did not indicate any material discrepancies with respect to signatures and certifications.

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 tested were certified by the President of the Board, the Board Secretary/School Business Administrator and the Superintendent.

Salary withholdings were remitted to the proper agencies with exceptions noted, including health benefit withholdings due to the General Fund.

- **Finding** – Our audit revealed that duplicate transfers were made from the General Fund and Summer Payroll account to Fund the 2015 accrued summer payroll expenditures.

Recommendation – Summer payroll expenditures be funded only from the Summer Payroll Account.

**CLARK PUBLIC SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Financial Planning, Accounting and Reporting (Continued)

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, for goods not yet received or services not yet rendered and it was determined that no blanket purchase orders were included in the balance of the reserves for encumbrances. Also, unpaid purchase orders included in the balance of accounts payable were reviewed for propriety and to determine that goods were received and services were rendered, as of June 30.

- **Finding (CAFR Finding 2016-001)** – With respect to year end encumbrances and accounts payable:
 - Our audit of year end open purchase orders in the General, Special Revenue, Food Service and Before and After School Funds revealed certain encumbrances should have been classified as accounts payable and certain encumbrances were deemed overstated at June 30, 2016.
 - A contract awarded in the Capital Projects Fund in the amount of \$567,100 was not recorded in the District's accounting records at year end.

Recommendation – Procedures be reviewed and revised to ensure open purchase orders are reviewed at year end for proper classification as account payable or encumbrances and invalid balances be cancelled at year end. In addition each contract award be recorded in the District's accounting records at June 30.

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.

Board Secretary's Records

The financial records, books of account and minutes maintained by the Board Secretary were in fair condition.

The prescribed contractual order system was followed.

Bids received were summarized in the minutes (N.J.S.A. 18A:18A-21).

Monthly Board Secretary's report and certifications were approved by the Board in a timely manner.

- **Finding** - Our audit of tuition billing revealed that in accordance with the tuition agreement with Garwood, the tuition rate adjustment calculation for the 2014/15 tuition paid by the Garwood Board of Education was not made available for audit.

Recommendation – The 2014/2015 tuition rate adjustment calculation for the tuition revenue earned from the Garwood Board of Education be completed in accordance with the tuition agreement and made available for audit.

**CLARK PUBLIC SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Financial Planning, Accounting and Reporting (Continued)

Board Secretary's Records (Continued)

- **Finding (CAFR Finding 2016-002)** – Our audit revealed that the tuition revenues were not accurately accrued in accordance with the respective tuition amounts billed.

Recommendation – Tuition revenue be accrued in actual amounts earned rather than the amounts anticipated in the budget.

- **Finding (CAFR Finding 2016-003)** – Our audit of the Capital Projects Fund revealed the following:
 - Project budgets were not entered into the accounting system in accordance with prior year available balances and current year approved project agreements.
 - Expenditures and contract awards exceeded the available balances for two (2) School Development Authority Projects (SDA).

Recommendation – Available SDA project budgets be entered into the District records in accordance with the prior year audit and current year approved project agreements.

- **Finding (CAFR Finding 2016-004)** – Our audit revealed that the revenue and expenditures subsidiary ledgers were not in agreement with the general ledger account balances in General Fund, Food Services and Before and After Care Enterprise Funds as a result interfund transfers.

Recommendation – Amounts posted in the general ledger for interfund transfers be reviewed and reconciled with the subsidiary revenue and expenditure reports in the General Fund and Food Service and Before and After Care Enterprise Funds.

- **Finding** – Our audit revealed several mispostings of revenue and expenditure transactions in the General Fund, Special Revenue Fund and Capital Projects Fund.

Recommendation – Revenue and appropriation transactions for the General Fund, Special Revenue Fund and Capital Projects Fund be accurately recorded in each respective fund.

- **Finding** – Our audit of the General Fund and Special Revenue Fund revealed that three (3) required memorandum journal entries for state aid adjustments were not recorded in the District records. As a result two (2) General Fund appropriation line items were overexpended at year end.

Recommendation – State aid adjustments be posted in the District records in a timely manner to ensure line item appropriations are available for each respective adjustment at year end.

- **Finding** – Our audit revealed that certain employees were not enrolled in the Teachers Pension and Annuity Fund (TPAF) and the Defined Contribution Retirement Program (DCRP).

Recommendation – Employee pension and benefit enrollment forms be completed and submitted in a timely manner.

**CLARK PUBLIC SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Financial Planning, Accounting and Reporting (Continued)

Treasurer's Records

The Treasurer did perform cash reconciliations for all accounts.

- **Finding** – Our audit of the Operating, Cafeteria and Before and After Care bank account reconciliations revealed several invalid reconciling items as a result of interfund transfers. In addition numerous prior year outstanding checks remained on the Operating and Payroll account reconciliations.

Recommendation – Reconciling items be reviewed and cleared from the various bank reconciliations prepared by the District.

All cash receipts were promptly deposited.

The Treasurer's records were in agreement with the Board Secretary.

Elementary and Secondary Education Act (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. financial exhibits are contained within the Special Revenue section of the CAFR. This section of the CAFR documents the financial position pertaining to projects under Title I, II and III of the Elementary and Secondary Education Act, as amended.

- **Finding (CAFR Finding 2016-005)** – Our audit noted that the final expenditure reports for the IDEA Basic and IDEA Preschool grant programs were not in agreement with the District records.

Recommendation – Final expenditure reports for the IDEA Basic and Preschool federal grant programs be reconciled to and in agreement with the District's accounting records prior to their submission.

- **Finding (CAFR Finding 2016-006)** – We noted certain purchase orders at year end which were recorded as encumbrances but were determined to be invalid in the IDEA grant programs.

Recommendation – As previously recommended above, procedures be implemented to ensure encumbrances are reviewed at year end for validity and invalid purchase order balances are cancelled in the IDEA grant programs.

Other Special Federal and/or State Projects

The District's Special Projects were approved as listed on Exhibits K-3 and K-4 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.

**CLARK PUBLIC SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Financial Planning, Accounting and Reporting (continued)

T.P.A.F. Reimbursements

Our audit procedures included a test of the semi-monthly 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.

T.P.A.F. Reimbursement to the State for Federal Salary Expenditures

The reimbursement to the State for the TPAF/FICA payments made by the State on-behalf of the School District for those employees whose salaries are identified as being paid from Federal funds was made subsequent to the 90 days required by *N.J.S.A. 18A:66-90*.

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".

Effective April 17, 2000, *N.J.S.A. 18A:18A* (Public School Contracts Law) was revised by P.L. 1999, C. 440.

Effective July 1, 2015 and thereafter the bid thresholds in accordance with *N.J.S.A. 18A:18A-3* and *18A:39-3* are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school transportation contracts under *N.J.S.A. 18A:39-3* is currently \$18,800.

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 Board 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.

The results of our examination did not indicate that 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 statutory thresholds where there had been no advertising for bids in accordance with the provision of *N.J.S. 18A:18A-4*, as 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 could not reasonably be ascertained. Our examination did reveal that purchases were made through the use of state contracts.

- **Finding** – Our audit of state contract awards revealed the following:
 - Two (2) state contract awards were not approved by board resolution.
 - Supporting state contract documentation was not available

Recommendation – State contract awards be approved by board resolution and supporting state contract documentation be made available for audit.

**CLARK PUBLIC SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 SFA had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted.

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 SFA's expenditures of school food service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

The financial transactions and records of the school food services were maintained in satisfactory condition. The financial accounts and records were reviewed on a test-check basis.

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/addendum were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will return a \$50,000 profit to the District. The operating results provision has been met.

Cash receipts and bank records were reviewed for timely deposits.

Expenses 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 expenses for program related goods and services. The appropriate revenue and expense 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.

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.

The District has contracted with Maschio's Food Services, Inc. to operate its school food service program.

**CLARK PUBLIC SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Before and After School Program

The financial transactions of the Before and After School Program were maintained as an Enterprise Fund. The financial accounts and records were reviewed on a test-check basis.

Cash receipt records and bank records were reviewed for timely deposits and proper fee charges.

- **Finding** – Our audit collections by the Before and After Care program revealed that a detailed daily cash receipt journal is not maintained.

Recommendation – A detailed daily cash receipts ledger be maintained for collections by the Before and After Care program.

Cash disbursement records had supporting documentation and reflected program related expenses.

Student Body Activities

The Board has a policy which clearly establishes the regulation of student activity funds.

Cash receipts and cash disbursements records were maintained in good condition.

All cash disbursements had proper supporting documentation.

- **Finding** – Our audit with regards to student body activities revealed the following:
 - All cash transactions were not recorded in the general ledger.
 - A detailed outstanding check list was not maintained.

Recommendation – The student activity account general ledger be updated to reflect each transaction and the bank reconciliation outstanding check list be updated on a monthly basis.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2015 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the disabled, on-roll low-income and Limited English Proficient. 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 on the District workpapers was verified with immaterial exceptions noted. 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.

**CLARK PUBLIC SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2015-2016 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the District complied with proper bidding procedures and award of contracts. No exceptions were noted in our review of transportation related purchases of goods and services.

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.

Suggestions to Management

- A resolution should be approved for a not-to-exceed amount for the estimated amount to be paid for additional maintenance services for the school year.

**CLARK PUBLIC SCHOOL DISTRICT
FOOD SERVICE FUND
SCHEDULE OF MEAL COUNT ACTIVITY
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

**COMPARISON OF NET CASH RESOURCES TO THREE
MONTHS AVERAGE EXPENDITURES
ENTERPRISE FUNDS
AS OF JUNE 30, 2016**

Net Cash Resources:

Current Assets

Cash and Cash Equivalents	\$	65,664
Accounts Receivable		6,616

Current Liabilities

Less:

Accounts Payable		(26,588)
Deferred Revenue		(14,452)

Net Cash Resources	\$	<u>31,240</u>
---------------------------	-----------	----------------------

Adjusted Total Operating Expense:

Total Operating Expenses	\$	664,892
Less Depreciation		(13,793)

Adjusted Total Operating Expense	\$	<u>651,099</u>
----------------------------------	----	----------------

<u>Average Monthly Operating Expense:</u>	\$	<u>65,110</u>
--	-----------	----------------------

<u>Three Times Monthly Average:</u>	\$	<u>195,330</u>
--	-----------	-----------------------

Total Net Cash Resources	\$	31,240
Three Times Monthly Average		<u>195,330</u>

Net Cash Resources below Three Month Average Expenses	\$	<u>(164,090)</u>
---	----	------------------

**CLARK BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 15, 2015
SCHEDULE OF AUDITED ENROLLMENTS**

	2016-2017 Application for State School Aid						Sample for Verification						Private Schools for Disabled			
	Reported on		Reported on		Errors		Sample		Verified per		Errors per		Reported on	Sample	Sample	Sample
	A.S.S.A.		Workpapers				Selected from		Register		Registers		A.S.S.A. as	for		
	On Roll		On Roll		Full	Shared	Workpapers		On Roll		On Roll		Private	Verifi-	Verified	Errors
Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Schools	cation			
Half Day Pre-K 3yr	4	-	4	-	-	-	4	-	5	-	(1)	-				-
Full Day Pre-K 3yr	8	-	8	-	-	-	8	-	9	-	(1)	-				-
Half Day Pre-K 4yr	4	-	4	-	-	-	4	-	3	-	1	-				-
Full Day Pre-K 4yr	18	-	18	-	-	-	18	-	18	-	-	-				-
Full Day K	154	-	154	-	-	-	68	-	68	-	-	-				-
One	154	-	154	-	-	-	70	-	68	-	2	-				-
Two	160	-	160	-	-	-	73	-	73	-	-	-				-
Three	143	-	143	-	-	-	82	-	82	-	-	-				-
Four	131	-	131	-	-	-	78	-	78	-	-	-				-
Five	141	-	141	-	-	-	85	-	84	-	1	-				-
Six	134	-	134	-	-	-	134	-	134	-	-	-				-
Seven	148	-	148	-	-	-	148	-	148	-	-	-				-
Eight	144	-	144	-	-	-	144	-	144	-	-	-				-
Nine	157	-	157	-	-	-	157	-	158	-	(1)	-				-
Ten	166	1	166	1	-	-	166	-	165	-	1	-				-
Eleven	142	14	142	14	-	-	142	-	142	-	-	-				-
Twelve	168	15	168	15	-	-	168	-	168	-	-	-				-
Adult School (15+cr)					-	-					-	-				-
Subtotal	1,976	30	1,976	30	-	-	1,549	-	1,547	-	2	-	-	-	-	-
Sp. Ed. - Elementary	116	-	116	-	-	-	38	-	40	-	(2)	-	10	4	4	-
Sp. Ed. - Middle School	67	4	67	4	-	-	67	-	67	-	-	-	7	4	4	-
Sp. Ed. - High School	93	17	93	17	-	-	93	-	93	-	-	-	6	4	4	-
Subtotal	276	21	276	21	-	-	198	-	200	-	(2)	-	23	12	12	-
Totals	2,252	51	2,252	51	-	-	1,747	-	1,747	-	-	-	23	12	12	-
Percentage Error					0.00%		0.00%						0.00%		0.00%	

**CLARK BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 15, 2015
SCHEDULE OF AUDITED ENROLLMENTS**

	Resident Low Income			Sample for Verification			Resident 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 ASSA as LEP low Income	Reported on Workpapers as LEP low Income	Errors	Sample Selected	Verified to Test Score and Register	Errors
Full Day Pre-K 3yr	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Pre-K 4yr	-	-	-	-	-	-	-	-	-	-	-	-
Full Day K	5	5	-	2	2	-	1	1	-	1	1.0	-
One	6	6	-	2	2	-	1	1	-	1	1.0	-
Two	7	7	-	3	3	-	2	2	-	1	1.0	-
Three	7	7	-	2	2	-	-	-	-	-	-	-
Four	3	3	-	2	2	-	1	1	-	1	1.0	-
Five	7	7	-	2	2	-	-	-	-	-	-	-
Six	10	10	-	2	2	-	-	-	-	-	-	-
Seven	7	7	-	2	2	-	-	-	-	-	-	-
Eight	6	6	-	1	1	-	1	1	-	1	1.0	-
Nine	10	10	-	2	2	-	-	-	-	-	-	-
Ten	4.5	4.5	-	2	2	-	-	-	-	-	-	-
Eleven	5	5	-	3	3	-	-	-	-	-	-	-
Twelve	6.5	6.5	-	2	2	-	-	-	-	-	-	-
Adult School (15+ credits)	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	84.0	84.0	-	27.0	27.0	-	6.0	6.0	-	5.0	5.0	-
Special Ed. - Elementary	10	10	-	2	2	-	-	-	-	-	-	-
Special Ed. - Middle	7	7	-	2	2	-	-	-	-	-	-	-
Special Ed. - High	9.5	9.5	-	2	2	-	-	-	-	-	-	-
Subtotal	26.5	26.5	-	6.0	6.0	-	-	-	-	-	-	-
Co.Voc. -Regular												
Co.Voc. Ft. Post Sec.												
Totals	110.5	110.5	-	33.0	33.0	-	6.0	6.0	-	5.0	5.0	-
Percentage Error			<u>0.00%</u>			<u>0.00%</u>						<u>0.00%</u>

	Transportation					
	Reported on DRTRS by BOE	Reported on DRTRS by District	Errors(1)	Tested	Verified	Errors
Regular Public Students	160	160	-	13	12	1
Transported Non-Public Students	12	12	-	2	2	-
ar Special Education (w/o needs)	17	17	-	3	2	1.0
sial Ed Students (w/special needs or out of district)	61	61	-	4	5	(1.0)
Subtotal	250.0	250.0	-	22.0	21.0	1.0
Percentage Error			<u>0.00%</u>			<u>4.55%</u>

**CLARK BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 15, 2015
SCHEDULE OF AUDITED ENROLLMENTS**

	Resident LEP Not Low Income			Sample for Verification		
	Reported on ASSA as LEP Not low Income	Reported on Workpapers as LEP Not low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Pre-K 3yr	-	-	-	-	-	-
Full Day Pre-K 4yr	-	-	-	1	1.0	-
Full Day Kindergarten	1	1.0	-	-	-	-
One	-	-	-	1	1.0	-
Two	1	1.0	-	-	-	-
Three	-	-	-	1	1.0	-
Four	2	2.0	-	-	-	-
Five	2	2.0	-	-	-	-
Six	-	-	-	-	-	-
Seven	-	-	-	-	-	-
Eight	-	-	-	-	-	-
Nine	-	-	-	-	-	-
Ten	-	-	-	-	-	-
Eleven	-	-	-	-	-	-
Twelve	-	-	-	-	-	-
Adult School (15+ credits)	-	-	-	-	-	-
Subtotal	6.0	6.0	-	3.0	3.0	-
Special Ed. - Elementary	3.0	3.0	-	-	-	-
Special Ed. - Middle	-	-	-	-	-	-
Special Ed. - High	-	-	-	-	-	-
Subtotal	3.0	3.0	-	-	-	-
Co.Voc. -Regular						
Co.Voc. Ft. Post Sec.						
Totals	9.0	9.0	-	3.0	3.0	-
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

**CLARK PUBLIC SCHOOL DISTRICT
CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

SECTION 1A - Two Percent (2%) - Calculation of Excess surplus (2015-2016 expenditures of \$100 million or less)

2015-2016 Total General Fund Expenditures per the CAFR	\$ 36,835,803
Increased by:	
Transfer from Capital Reserve to Capital Projects Fund	671,407
Decreased by:	
On-Behalf TPAF Pension & Social Security	3,744,402
Assets Acquired Under Capital Leases	<u> -</u>
Adjusted 2015-2016 General Fund Expenditures	<u>\$ 33,762,808</u>
2% of Adjusted 2015-2016 General Fund Expenditures	<u>\$ 675,256</u>
Enter Greater of 2% of Adjusted 2015-2016 General Fund Expenditures or \$250,000	\$ 675,256
Increased by:	
Allowable Adjustment	<u>104,572</u>
Maximum Unassigned Fund Balance	<u>\$ 779,828</u>

SECTION 2

Total General Fund - Fund Balance at June 30, 2016	\$ 2,973,344
Decreased by:	
Excess Surplus - Designated for Subsequent Year's Expenditures	884,050
Capital Reserve	585,663
Maintenance Reserve	750,000
Designated for Subsequent Year's Expenditures	45,410
Year End Encumbrances	<u>143,430</u>
Total Unassigned Fund Balance	<u>\$ 564,791</u>

SECTION 3

Restricted Fund Balance - Excess Surplus	<u>\$ -</u>
--	-------------

Recapitulation of Excess Surplus as of June 30, 2016

Excess Surplus - Designated for Subsequent Year's Expenditures	\$ 884,050
Excess Surplus	<u> -</u>
	<u>\$ 884,050</u>

Detail of Allowable Adjustments

Extraordinary Aid	\$ 89,324
Nonpublic Transportation Aid	<u>15,248</u>
	<u>\$ 104,572</u>

**CLARK PUBLIC SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

RECOMMENDATIONS

I. Administration Practices and Procedures

There were none.

II. Financial Planning, Accounting and Reporting

It is recommended that:

1. Summer payroll expenditures be funded only from the Summer Payroll Account.
- * 2. Procedures be reviewed and revised to ensure open purchase orders are reviewed at year end for proper classification as account payable or encumbrances and invalid balances be cancelled at year end. In addition each contract award be recorded in the District's accounting records at June 30.
3. The 2014/2015 tuition rate adjustment calculation for the tuition revenue earned from the Garwood Board of Education be completed in accordance with the tuition agreement and made available for audit.
4. Tuition revenue be accrued in actual amounts earned rather than the amounts anticipated in the budget.
5. Available SDA project budgets be entered into the District records in accordance with the prior year audit and current year approved project agreements.
6. Amounts posted in the general ledger for interfund transfers be reviewed and reconciled with the subsidiary revenue and expenditure reports in the General Fund and Food Service and Before and After Care Enterprise Funds.
- * 7. Revenue and appropriation transactions for the General Fund, Special Revenue Fund and Capital Projects Fund be accurately recorded in each respective fund.
8. State aid adjustments be posted in the District records in a timely manner to ensure line item appropriations are available for each respective adjustment at year end.
9. Employee pension and benefit enrollment forms be completed and submitted in a timely manner.
10. Reconciling items be reviewed and cleared from the various bank reconciliations prepared by the District.
11. Final expenditure reports for the IDEA Basic and Preschool federal grant programs be reconciled to and in agreement with the District's accounting records prior to their submission.
12. As previously recommended above, procedures be implemented to ensure encumbrances are reviewed at year end for validity and invalid purchase order balances are cancelled in the IDEA grant programs.

III. School Purchasing Program

It is recommended that state contract awards be approved by board resolution and supporting state contract documentation be made available for audit.

IV. School Food Service

There are none.

CLARK PUBLIC SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

RECOMMENDATIONS

V. Before and After School Programs

It is recommended that a detailed daily cash receipts ledger be maintained for collections by the Before and After Care program.

VI. Student Body Activities

It is recommended that the student activity account general ledger be updated to reflect each transaction and the bank reconciliation outstanding check list be updated on a monthly basis.

VII. Application for State School Aid

There are none.

VIII. Pupil Transportation

There are none.

IX. Facilities and Capital Assets

There are none.

X. Status of Prior Years' Audit Findings/Recommendations

A review was performed on the prior year's recommendations and corrective action was taken on all, except the recommendation denoted with an asterisk (*).

ACKNOWLEDGEMENT

We received the complete cooperation of all the officials of the school district and we greatly appreciate the courtesies extended to us.

Respectfully submitted,

LERCH, VINCI & HIGGINS, LLP



Jeffrey C. Bliss
Public School Accountant
Certified Public Accountant