

**EAST RUTHERFORD BOARD OF EDUCATION
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL COMPLIANCE AND PERFORMANCE
JUNE 30, 2016**

**EAST RUTHERFORD BOARD OF EDUCATION
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	2-4
School Purchasing Programs	4-5
Food Service Fund	5-6
Student Activity Fund	6
Application for State School Aid	6
Pupil Transportation	7
Facilities and Capital Assets	7
Suggestions to Management	7
Follow-Up On Prior Year Findings	7
Schedule of Meal Count Activity – Not Applicable	8
Calculation of Net Cash Resources	9
Schedule of Audited Enrollments	10-12
Calculation of Excess Surplus	13
Recommendations	14-15
Acknowledgment	15



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

AUDITOR'S MANAGEMENT REPORT

Honorable President and Members
of the Board of Trustees
East Rutherford Board of Education
East Rutherford, 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 East Rutherford Board of Education as of and for the fiscal year ended June 30, 2016, and have issued our report thereon dated October 13, 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, 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

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

Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
October 13, 2016

**EAST RUTHERFORD BOARD OF EDUCATION
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 Moneys, the activities of the Board of Education and the records of the various funds under the auspices of the Board of Education.

Administrative Practices 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>
Mark Kramer	Board Secretary/School Business Administrator	\$200,000
Diane Chorazy	Treasurer of School Monies	200,000

There is a Public Employees' Faithful Performance Blanket Position Bond with Selective Insurance Company of America covering all other employees with multiple coverage of \$400,000.

Financial Planning, Accounting and Reporting

Examination of Claims

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

Payroll Account

The net salaries of all employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were not deposited in the Payroll Agency Account.

- **Finding** – Our review of the retroactive salary payments revealed calculations did not include employee health benefit contributions that may have been required under Ch.78.

Recommendation – Greater care be exercised when calculating retroactive salary payments to ensure employee health benefit contributions required under Ch. 78 are included as part of the calculated amounts.

- **Finding** – Our audit revealed health benefit opt-out payments are calculated separately for medical and prescription coverage resulting in opt-out payments that exceed the State maximum amount of the lesser of 25% of net benefit cost or \$5,000.

Recommendation – The District review compliance with Board policy and State regulations regarding health benefit opt-out payments to ensure payments do not exceed maximum allowable amounts.

Salary withholdings were promptly remitted to the proper agencies. Health benefits withholdings were transferred to the general fund.

- **Finding** – There exists a deficit in the payroll agency account at June 30, 2016. We noted after review of subsequent payments the deficiency in the payroll agency account appears to be approximately \$37,000.

Recommendation – The District review the balances in the payroll agency account and appropriate action be taken to eliminate any deficit balances.

Payrolls were delivered to the Treasurer of School Monies with a warrant made to her order for the full amount of each payroll.

**EAST RUTHERFORD BOARD OF EDUCATION
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 reserve 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.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3. As a result of the procedures performed, no transaction errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

The financial records, books of account and minutes maintained by the Board Secretary were in good 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 revealed the Board share of social security contributions for the months of October 2015 through January 2016 in the amount of \$67,019 were not charged to the General Fund budget appropriation. As a result, the audit adjustment created an overexpenditure of the appropriation line account of \$66,101. We noted subsequent to year end the District developed and implemented a worksheet to identify for each payroll period the District's share of social security contributions to be posted to the budget.

Recommendation – The District's share of social security contributions be accurately reflected in the budget appropriation line account.

- **Finding** – Our audit revealed the June 2015 employee health benefit contribution was recorded as a refund/contra to the 2015-16 budget appropriation health benefit line account in error. The amount was reclassified by audit adjustment. As a result, the audit adjustment created an overexpenditure of the appropriation line account of \$35,151.

Recommendation – Employee health benefit contributions be reviewed to ensure they are transferred to the General Fund on a timely basis and recorded against the proper budget year appropriation line account.

Treasurer's Records

The Treasurer did perform cash reconciliations for the general operating accounts and payroll accounts.

All cash receipts were promptly deposited.

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

**EAST RUTHERFORD BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Financial Planning, Accounting and Reporting (Continued)

Unemployment Compensation Insurance Trust Fund

The Board has adopted the contributory method therefore a unemployment compensation insurance trust fund is not maintained by the District.

Elementary and Secondary Education Act (E.S.E.A.)/Improving America's Schools Act (IASA) as Reauthorized by the No Child Left Behind (NCLB) Act of 2001

The E.S.E.A./IASA financial exhibits are contained within the Special Revenue Fund of the CAFR. This section of the CAFR documents the financial position pertaining to projects under Title I, Title II, and Title III of the Elementary and Secondary Education Act.

Our examination 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.

Other Special Federal and/or State Projects

The district's Special Projects were approved as listed on Exhibit K-3 and K-4 located in the CAFR.

Our examination 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 contained herein represent a true statement of the financial position pertaining to the aforementioned special projects.

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. Reimbursements to the State for Federal Salary Expenditures

The amount of the expenditure charged to the current year's Final Report for all federal awards for the school district to reimburse 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 prior to the end of the 90 day grant liquidation period, required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18-4 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".

**EAST RUTHERFORD BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

School Purchasing Programs (Continued)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

Effective July 1, 2010 and thereafter the bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:39-3 are \$40,000 (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 \$18,800. The Board has appointed the Board Secretary/Business Administrator as the Qualified Purchasing Agent.

- **Finding** – We noted instances where contract awards and purchases were made in excess of the quote threshold where there was no documentation to support that the District received competitive quotations in accordance with N.J.S.A. 18A:18A-37(a).

Recommendation – Purchasing procedures be enhanced to ensure competitive quotations are solicited and attached to purchase orders for all contract awards that exceed the quote threshold in accordance with N.J.S.A. 18A:18A-37(a).

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.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or goods or service, 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 my examination indicated that no 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.

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, however, that the district purchased items through the use of State contracts.

Food Service Fund

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. In addition, we also inquired of school management and 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.

**EAST RUTHERFORD BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Food Service Fund (Continued)

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

Cash receipts and bank records were reviewed for timely deposit.

The District has contracted with T. J. Rocco Enterprise, LLC, as its 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 profit of least \$10,000. The operating results provision has been met.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food supply items were currently maintained and properly applied in determining the cost of food and supplies used.

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service. Net cash resources did exceed three months average expenditures.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds.

- **Finding** – The Food Service Fund net cash resources exceeded the maximum amount permitted by the New Jersey State Department of Education.

Recommendation – Procedures be implemented to ensure that the year end net cash resources do not exceed three months average expenditures in the Food Service Fund.

Student Activity Fund

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

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

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 handicapped, related services, 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 exceptions. The information that was included on the 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.

**EAST RUTHERFORD BOARD OF EDUCATION
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 Report without exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

Facilities and Capital Assets

The District had no SDA grant projects during the year.

Suggestions to Management

- Food Service Fund accounting transactions be recorded through the CSI software system.
- The 2014-15 per pupil cost amount for legal services exceeded the 130% of the state average. The District should approve a resolution to establish specific internal control procedures for the reduction of legal costs and, if applicable, provide reasons why the implementation of those procedures may not result in a reduction of costs.
- State and cooperative purchasing agreement contracts detailing goods, services and per unit prices be maintained on file.

Follow-up on Prior Year Findings

In accordance with government auditing standards, our procedures included a review of all prior year recommendations.

**EAST RUTHERFORD BOARD OF EDUCATION
SCHEDULE OF MEAL COUNT ACTIVITY
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

SCHEDULE OF MEAL COUNT ACTIVITY

NOT APPLICABLE

**EAST RUTHERFORD BOARD OF EDUCATION
FOOD SERVICE ENTERPRISE FUND
CALCULATION OF NET RESOURCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Food
Service**

Net Cash Resources:

CAFR	*	Current Assets		
B-4		Cash & Cash Equiv.	\$	131,516
B-4		Due from Other Gov'ts		11,197
CAFR		Current Liabilities		
B-4		Less Accounts Payable		
B-4		Less Due to Other Funds		
B-4		Less Deferred Revenue		
Net Cash Resources			\$	142,713
				(A)

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.	340,009	
B-5	Less Depreciation	(2,966)	
Adj. Tot. Oper. Exp.		\$ 337,043	(B)

Average Monthly Operating Expense:

B / 10	\$	33,704	(C)

Three times monthly Average:

3 X C	\$	101,112	(D)

TOTAL IN BOX A	\$	142,713	
LESS TOTAL IN BOX D	\$	101,112	
NET	\$	41,601	

Net Cash Resources did exceed three months average expenditures.

**EAST RUTHERFORD 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 A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Register On Roll		Errors per Registers On Roll		Reported on A.S.S.A. as Private Schools	Sample from Work- papers	Sample Verified	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared					
Half Day Preschool 4 yrs	33.0	-	33.0	-	-	-	33.0	-	33.0	-	-	-	-	-	-	-	-
Full Day Preschool 4 yrs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	85.0	-	85.0	-	-	-	85.0	-	85.0	-	-	-	-	-	-	-	-
Grade 1	83.0	-	83.0	-	-	-	83.0	-	83.0	-	-	-	-	-	-	-	-
Grade 2	78.0	-	78.0	-	-	-	78.0	-	78.0	-	-	-	-	-	-	-	-
Grade 3	76.0	-	76.0	-	-	-	76.0	-	76.0	-	-	-	-	-	-	-	-
Grade 4	73.0	-	73.0	-	-	-	73.0	-	73.0	-	-	-	-	-	-	-	-
Grade 5	76.0	-	76.0	-	-	-	76.0	-	76.0	-	-	-	-	-	-	-	-
Grade 6	68.0	-	68.0	-	-	-	68.0	-	68.0	-	-	-	-	-	-	-	-
Grade 7	80.0	-	80.0	-	-	-	80.0	-	80.0	-	-	-	-	-	-	-	-
Grade 8	61.0	-	61.0	-	-	-	61.0	-	61.0	-	-	-	-	-	-	-	-
Grade 9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grade 10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grade 11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grade 12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	713.0	-	713.0	-	-	-	713.0	-	713.0	-	-	-	-	-	-	-	-
Special Ed - Elementary	79.0	-	79.0	-	-	-	53.0	-	51.0	-	2.0	-	8.0	7.0	7.0	-	-
Special Ed - Middle	32.0	-	32.0	-	-	-	22.0	-	20.0	-	2.0	-	1.0	1.0	1.0	-	-
Special Ed - High	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	111.0	-	111.0	-	-	-	75.0	-	71.0	-	4.0	-	9.0	8.0	8.0	-	-
Totals	824.0	-	824.0	-	-	-	788.0	-	784.0	-	4.0	-	9.0	8.0	8.0	-	-
Percentage Error					0.00%	0.00%					0.51%	0.00%					0.00%

**EAST RUTHERFORD 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 A.S.S.A as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Worpapers	Verified to Test Score and Register	Errors
	Half Day Preschool 4 yrs	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool 4 yrs	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	26.0	26.0	-	13.0	13.0	-	10.0	10.0	-	6.0	6.0	-
Grade 1	28.0	28.0	-	15.0	15.0	-	4.0	4.0	-	4.0	4.0	-
Grade 2	29.0	29.0	-	15.0	15.0	-	7.0	7.0	-	6.0	6.0	-
Grade 3	21.0	21.0	-	11.0	11.0	-	3.0	3.0	-	3.0	3.0	-
Grade 4	22.0	22.0	-	12.0	12.0	-	1.0	1.0	-	1.0	1.0	-
Grade 5	28.0	28.0	-	15.0	15.0	-	3.0	3.0	-	3.0	3.0	-
Grade 6	27.0	27.0	-	14.0	14.0	-	2.0	2.0	-	2.0	2.0	-
Grade 7	25.0	25.0	-	13.0	13.0	-	1.0	1.0	-	1.0	1.0	-
Grade 8	31.0	31.0	-	16.0	16.0	-	2.0	2.0	-	2.0	2.0	-
Grade 9	-	-	-	-	-	-	-	-	-	-	-	-
Grade 10	-	-	-	-	-	-	-	-	-	-	-	-
Grade 11	-	-	-	-	-	-	-	-	-	-	-	-
Grade 12	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	237.0	237.0	-	124.0	124.0	-	33.0	33.0	-	28.0	28.0	-
Special Ed - Elementary	40.0	40.0	-	20.0	20.0	-	-	-	-	-	-	-
Special Ed - Middle	17.0	17.0	-	9.0	9.0	-	-	-	-	-	-	-
Special Ed - High	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	57.0	57.0	-	29.0	29.0	-	-	-	-	-	-	-
Totals	294.0	294.0	-	153.0	153.0	-	33.0	33.0	-	28.0	28.0	-
Percentage Error			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>

	Transportation					
	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools			-			-
Special Ed. - Public	1.0	1.0	-	1.0	1.0	-
Transported - Non - Public			-			-
Special Needs - Public	27.0	27.0	-	23.0	23.0	-
	28.0	28.0	-	24.0	24.0	-
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

**EAST RUTHERFORD 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 A.S.S.A as NOT Low Income	Reported on Workpapers as NOT Low Income	Errors	Sample Selected from Worpapers	Verified to Application and Register	Errors
Half Day Preschool 4 yrs	-	-	-	-	-	-
Full Day Preschool 4 yrs	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-
Full Day Kindergarten	13.0	13.0	-	9.0	9.0	-
Grade 1	5.0	5.0	-	5.0	5.0	-
Grade 2	5.0	5.0	-	5.0	5.0	-
Grade 3	6.0	6.0	-	5.0	5.0	-
Grade 4	2.0	2.0	-	2.0	2.0	-
Grade 5	1.0	1.0	-	1.0	1.0	-
Grade 6	2.0	2.0	-	2.0	2.0	-
Grade 7	1.0	1.0	-	1.0	1.0	-
Grade 8	1.0	1.0	-	1.0	1.0	-
Grade 9	-	-	-	-	-	-
Grade 10	-	-	-	-	-	-
Grade 11	-	-	-	-	-	-
Grade 12	-	-	-	-	-	-
Adult School						
Subtotal	36.0	36.0	-	31.0	31.0	-
Special Ed - Elementary	-	-	-	-	-	-
Special Ed - Middle	-	-	-	-	-	-
Special Ed - High	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
Totals	36.0	36.0	-	31.0	31.0	-
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

**EAST RUTHERFORD BOARD OF EDUCATION
CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

SECTION 1A-Two Percent (2%) - Calculation of Excess surplus

2015-2016 Total General Fund Expenditures per the CAFR	\$16,422,982	
Decreased by:		
On-Behalf TPAF Pension & Social Security	<u>1,664,268</u>	
Adjusted 2015-2016 General Fund Expenditures	<u>\$14,758,714</u>	
2% of Adjusted 2015-2016 General Fund Expenditures	\$295,174	
Enter Greater of 2% of Adjusted 2015-2016 General Fund Expenditures or \$250,000	295,174	
Increased by: Allowable Adjustment	<u>-0-</u>	
Maximum Unassigned Fund Balance		<u>\$295,174</u>

SECTION 2

Total General Fund – Fund Balance at June 30, 2016 (Per CAFR Budgetary Comparison schedule/statement)	\$1,436,300	
Decreased by:		
Assigned Fund Balance - Year End Encumbrances	67,572	
Restricted Fund Balance – Capital Reserve	711,077	
Restricted Fund Balance – Maintenance Reserve	300,000	
Assigned Fund Balance – Designated for Subsequent Year’s Expenditures	<u>140,000</u>	
Total Unassigned Fund Balance		<u>\$217,651</u>
Fund Balance – Excess Surplus		<u>\$ - 0 -</u>

**EAST RUTHERFORD BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

RECOMMENDATIONS

I. Administrative Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

It is recommended that:

1. Greater care be exercised when calculating retroactive salary payments to ensure employee health benefit contributions required under Ch. 78 are included as part of the calculated amounts.
2. The District review compliance with Board policy and state regulations regarding health benefit opt-out payments to ensure payments do not exceed maximum allowable amounts.
3. The District review the balances in the payroll agency account and appropriate action be taken to eliminate any deficit balances.
4. The District's share of social security contributions be accurately reflected in the budget appropriation line account.
5. Employee health benefit contributions be reviewed to ensure they are transferred to the General Fund on a timely basis and recorded against the proper budget year appropriation line account.

III. School Purchasing Program

It is recommended that purchasing procedures be enhanced to ensure competitive quotations are solicited and attached to purchase orders for all contract awards that exceed the quote threshold in accordance with N.J.S.A. 18A:18A-37(a).

IV. School Food Services

- * It is recommended that procedures be implemented to ensure that the year end net cash resources do not exceed three months average expenditures in the Food Service Fund.

V. Student Body Activities

There are none.

VI. Application for State School Aid

There are none.

**EAST RUTHERFORD BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

RECOMMENDATIONS

VII. Pupil Transportation

There are none.

VIII. Facilities and Capital Assets

There are none.

IX. Status of Prior Years' Audit Findings/Recommendations

Corrective action was taken on all prior year recommendations 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
PSA Number CS00932