

**LITTLE FERRY BOARD OF EDUCATION  
AUDITOR'S MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS -  
FINANCIAL, COMPLIANCE AND PERFORMANCE  
JUNE 30, 2016**

**LITTLE FERRY BOARD OF EDUCATION  
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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## AUDITOR'S MANAGEMENT REPORT

Honorable President and  
Members of the Board of Trustees  
Little Ferry Board of Education  
Little Ferry, 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 Little Ferry Board of Education as of and for the fiscal year ended June 30, 2016, and have issued our report thereon dated November 29, 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  
Certified Public Accountants  
Public School Accountants

Dieter P. Lerch  
Public School Accountant  
PSA Number CS00756

Fair Lawn, New Jersey  
November 29, 2016

**LITTLE FERRY 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 Business Administrator/Board Secretary 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 the Schedule of Insurance contained in the Statistical Section of the District's Comprehensive Annual Financial Report (the "CAFR").

**Official Bonds**

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Paul Vizzuso	Business Administrator/ Board Secretary (7/1/15-11/8/15)	\$100,000
Donna Alonso	Business Administrator/ Board Secretary (11/8/15-6/30/16)	100,000
Stephen P. Sanzari	Treasurer of School Monies	300,000

There is a Blanket Dishonesty Bond with the Selective Insurance Company of America covering all other employees with multiple coverage of \$500,000.

**Finding (CAFR Finding 2016-007)** – With respect to travel and expense reimbursements, our audit noted that post travel reports are not being obtained and attached to purchase orders for reimbursement.

**Recommendation** – It is recommended that post travel reports be obtained and attached to purchase orders for travel and expense reimbursements.

**Financial Planning, Accounting and Reporting**

**Examination of Claims**

**Finding (CAFR Finding 2016-001)** – Our audit revealed that, in numerous instances, goods and/or services were ordered prior to the issuance of an approved purchase order (confirming orders).

**Recommendation** – Internal control procedures over purchasing be enhanced to ensure goods and/or services are ordered only after the issuance of an approved requisition and purchase order.

**Finding** – Our audit revealed numerous instances where the receipt of goods signature was not obtained on the purchase order to indicate goods and/or services have been received and/or rendered.

**Recommendation** – It is recommended that the receipt of goods signature be obtained on all purchase orders to verify goods and/or services have been received and/or rendered.

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

**Financial Planning, Accounting and Reporting (Continued)**

**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 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 included administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3.

**Payroll/Personnel**

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.

Salary withholdings were promptly remitted to the proper agencies.

**Finding** – Our audit revealed the District was not monitoring State and Federal tax remittances by payroll company on behalf of the District. In addition, the District was not obtaining copies of the 941 and 927 forms filed. The payroll company was only providing quarterly statements of filings and deposits.

**Recommendation** – The District obtain copies of the executed 941 and 927 tax forms filed by the payroll company and additional procedures be implemented to ensure District is monitoring the State and Federal tax remittances made by the payroll company on behalf of the District.

**Finding** – The District does not maintain a payroll deduction ledger.

**Recommendation** – A payroll deduction ledger be implemented to account for the District's payroll withholding liabilities.

**Finding** – Payroll registers are not being signed by the Board President. In addition, several instances noted where registers were not signed by Superintendent and/or Board Secretary.

**Recommendation** – All payrolls be approved by the Superintendent and certified by the President of the Board and the Board Secretary.

**Finding** – Our audit noted there was only one authorized signature on checks issued from the payroll agency account.

**Recommendation** – Checks issued by the District from the payroll agency account contain three signatures as required by N.J.S.A. 18A:19-1.

**LITTLE FERRY 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 to determine 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 received for propriety and to determine that goods were received and services were rendered, as of June 30.

**Board Secretary's Records**

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

The prescribed contractual order system was followed.

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

Acknowledgement of the Board's receipt of the Board Secretary and Treasurer's monthly financial reports was included in the minutes with exceptions noted. The monthly certification of the availability of line item appropriations and fund balances were also approved with exceptions noted.

**Finding (CAFR Finding 2016-008)** - Our audit revealed that the monthly reports of the Board Secretary and Treasurer of School Monies were not submitted to the Board for approval in a timely basis. In addition, budgetary transfers were not submitted to the Board for approval timely.

**Recommendation** - The monthly reports of the Board Secretary and Treasurer of School Monies be approved in a timely manner and all budgetary transfers be submitted to the Board for approval no later than thirty (30) days after year end.

**Finding (CAFR Finding 2016-002 and 2016-010)** – Our audit of the general ledger account balances revealed numerous adjusting journal entries were required to reconcile the Board records to agree with subsidiary records and supporting documentation. We noted certain instances where receipts, revenue and budget account charges were misclassified. It should be noted that all food service revenues were coded to a single revenue account instead of being recorded by revenue source/type.

**Recommendation** – Internal controls over financial accounting and reporting be enhanced to ensure financial transactions are properly recorded and general ledger balances are reconciled to subsidiary records on a monthly basis.

**LITTLE FERRY BOARD OF EDUCATION  
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** – Our audit revealed the Capital Projects Fund has a deficit fund balance of \$557,051 at June 30, 2016. The District has funded this deficit through budget appropriations in the 2016/2017 budget, therefore, no recommendation is deemed warranted.

**Finding** – Our audit revealed that certain individual budget appropriation lines entered in the District's internal accounting budget report were not in agreement with the adopted budget. In addition, it was noted that certain expenditures were not budgeted in the correct budget accounts and therefore the expenditures were incorrectly charged. These expenditures and related budget appropriations have been reclassified by audit adjustment.

**Recommendation** – The adopted annual budget appropriations be properly entered into the District's internal accounting budget report and expenditures for utilities and cleaning, repair and maintenance be properly budgeted and charged to proper budget accounts.

**Finding** – IRS Tax Reporting 1099 Forms for 2015 were not available for audit and there is no evidence that any were issued.

**Recommendation** – All IRS Tax Reporting 1099 Forms be retained and made available for audit.

Treasurer's Records

The Treasurer did perform cash reconciliations for all accounts required.

All cash receipts were promptly deposited.

**Finding (CAFR Finding 2016-003)** – Our audit of the bank reconciliations revealed numerous reconciling items and monthly inter-account reconciling items that were not resolved by year end.

**Recommendation** – The various bank reconciliations' reconciling items including inter-account activity be reviewed and cleared of record.

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

The audit indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

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

**Financial Planning, Accounting and Reporting (Continued)**

**Other Special Federal and/or State Projects**

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

Our audit 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** – Our audit revealed that although there are salaries charged to Federal programs, there was no evidence provided that the District determined if there was a reimbursement due to the State for 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.

**Recommendation** – Internal control procedures be implemented to ensure that any reimbursement of TPAF/FICA paid by State on behalf of TPAF employees charged to Federal grants are remitted.

**Finding (CAFR Finding 2016-004)** – Our audit of salary charges to Federal grant programs revealed that employees and their respective salaries charged to the program were not formally approved in the Board minutes. In addition, the District is not properly documenting time and effort.

**Recommendation** – Employees and their respective salaries charged to the Federal grant programs be formally approved in the minutes. In addition, time and effort be properly documented for employees charged to Federal grant programs.

**Finding (CAFR Finding 2016-005)** - Our audit indicated that the District did not maintain the required level of effort with respect to Special Education expenditures related to the federal IDEA grant program.

**Recommendation** - The District maintain its level of effort with respect to special education expenditures funded from state and/or local funds in accordance with the federal IDEA grant program compliance requirements.

**Finding (CAFR Finding 2016-006)** - Our audit of benefits charged to Federal grant programs found that the District is not maintaining any formal documentation to support the rationale for expenditures charged.

**Recommendation** - Formal accounting of rationale for any allocation of employee benefits charged to Federal grant program be maintained.

**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.



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

**School Purchasing Programs**

**Contracts and Agreements Requiring Advertisement for Bids**

Effective July 1, 2015 and thereafter, the bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (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 \$18,800. The Board has designated the School Business Administrator as the qualified purchasing agent.

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 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.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

**Contracts and Agreements Requiring Advertisement for Bids (Continued)**

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 purchases were made through the use of State contracts.

**Finding** – Professional service contracts awarded were not advertised in accordance with N.J.S.A. 18A:18AA-5a(1).

**Recommendation** – All professional service contracts awarded be advertised in the District's official newspaper in accordance with Public School Contracts Law.

**Finding (CAFR Finding 2016-009)** – We noted the purchase and installation of wireless clocks for a total cost of \$19,800 and payments for alarm and fire monitor for a total cost of \$27,856 which was in excess of the quote threshold. However, there was no documentation to support competitive quotations were solicited by the District 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).

**Finding** – Our audit revealed that although the District is approving the use of the Educational Data Services Cooperative, they are not approving the specific vendors and contracts utilized under that cooperative agreement.

**Recommendation** – Specific vendors utilized by the District for contracts in excess of the bid threshold awarded through the Educational Data services Cooperative agreement be formally approved by Board resolution.

**LITTLE FERRY BOARD OF EDUCATION  
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 or state program. However, the program expenses exceeded \$100,000 in federal support. Accordingly, we inquired of school management as to whether the School Food Authority (the "SFA") had any Child Nutrition Program reimbursement overclaims or underclaims. School management indicated that the New Jersey Department of Agriculture recouped overpaid meal reimbursements paid to the District in prior years based upon a Coordinated Review Effort (CRE) completed in the 2014/15 school year. Total amount of overpayment was \$2,474, which was deducted from the District's March 2016 federal lunch reimbursement. In addition, we inquired as to whether the SFA's expenses of school food service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

The financial transactions and statistical records of the school food services were maintained in good condition. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis. No exceptions were noted.

Cash receipts and bank records were reviewed for timely deposit.

The District utilizes a food service management company (FSMC) and is expending program monies in accordance with NJSA. Provisions of the FSMC contract were reviewed and audited.

The cash disbursements records reflected expenditures 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.

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

**Finding** – Our audit revealed a year end deficit of \$13,248 in net position of the Food Service Fund.

**Recommendation** – Continued efforts be made to eliminate the deficit in the Food Service Fund.

**Extended Day Care Program**

The financial records of the Extended Day Care Program are maintained in fair condition.

**Student Body Activity**

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

**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, bilingual and low-income. We also performed a review of the District procedures related to its completion. The information on the A.S.S.A. was compared to District workpapers with minor exceptions. The information on the workpapers was verified without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

The District maintained workpapers on the prescribed state forms or their equivalent.

The District has adequate written procedures for the recording of student enrollment data.

**LITTLE FERRY 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 exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

**Finding** – Our audit revealed five special education students reported could not be verified to October bills and/or tuition contracts.

**Recommendation** – Internal controls over the preparation of the DRTRS be enhanced to ensure proper reporting of special education students.

**Suggestions to Management**

In accordance with N.J.A.C. 6A:23A-5.2(a), the District have a resolution or memorandum to acknowledge that the District exceeds 130% of the statewide average for legal costs and to implement specific internal controls for the reduction of costs or to provide evidence that such procedures would not result in a reduction of costs.

**LITTLE FERRY BOARD OF EDUCATION  
FOOD SERVICE FUND  
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM  
ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**SCHEDULE OF MEAL COUNT ACTIVITY**

**NOT APPLCIABLE**

**SCHEDULE OF NET CASH RESOURCES**

**NOT APPLCIABLE**

**LITTLE FERRY 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	Shared	On Roll	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Private	Verifi-	Verified	Errors
Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Schools	cation	Errors	Errors	
Half Day Pre-K 3yr	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Pre-K 3yr	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Pre-K 4yr	27	-	27	-	-	-	27	-	27	-	-	-	-	-	-	-
Full Day Pre-K 4yr	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day K	91	-	91	-	-	-	91	-	91	-	-	-	-	-	-	-
One	100	-	100	-	-	-	100	-	100	-	-	-	-	-	-	-
Two	90	-	90	-	-	-	90	-	90	-	-	-	-	-	-	-
Three	97	-	97	-	-	-	97	-	97	-	-	-	-	-	-	-
Four	96	-	96	-	-	-	96	-	96	-	-	-	-	-	-	-
Five	94	-	94	-	-	-	94	-	94	-	-	-	-	-	-	-
Six	84	-	84	-	-	-	84	-	84	-	-	-	-	-	-	-
Seven	102	-	102	-	-	-	102	-	102	-	-	-	-	-	-	-
Eight	109	-	109	-	-	-	109	-	109	-	-	-	-	-	-	-
Nine	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ten	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Eleven	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Twelve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult School (15+cr)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	890	-	890	-	-	-	890	-	890	-	-	-	-	-	-	-
Sp. Ed. - Elementary	51	-	52	-	(1)	-	9	-	9	-	-	1	1	1	-	-
Sp. Ed. - Middle School	31	-	33	-	(2)	-	33	-	33	-	-	2	2	2	-	-
Sp. Ed. - High School	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	82	-	85	-	(3)	-	42	-	42	-	-	3	3	3	-	-
Totals	972	-	975	-	(3)	-	932	-	932	-	-	3	3	3	-	-
Percentage Error					-0.31%	0.00%					0.00%					

**LITTLE FERRY 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 from Workpapers	Verified to Application and Register	Errors
Full Day Pre-K 3yr	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Pre-K 4yr	-	-	-	-	-	-	-	-	-	-	-	-
Full Day K	34	34	-	15	15	-	12	12	-	6	6.0	-
One	39	39	-	17	17	-	4	4	-	2	2.0	-
Two	27	27	-	11	11	-	4	4	-	2	2.0	-
Three	37	37	-	21	21	-	3	4	(1.0)	1	1.0	-
Four	35	35	-	20	20	-	-	-	-	-	-	-
Five	36	36	-	19	19	-	4	4	-	2	2.0	-
Six	23	23	-	9	9	-	1	1	-	1	1.0	-
Seven	37	37	-	18	18	-	7	7	-	2	2.0	-
Eight	36	36	-	20	20	-	1	-	1.0	1	1.0	-
Nine	-	-	-	-	-	-	-	-	-	-	-	-
Ten	-	-	-	-	-	-	-	-	-	-	-	-
Eleven	-	-	-	-	-	-	-	-	-	-	-	-
Twelve	-	-	-	-	-	-	-	-	-	-	-	-
Adult School (15+ credits)	-	-	-	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>304.0</b>	<b>304.0</b>	<b>-</b>	<b>150.0</b>	<b>150.0</b>	<b>-</b>	<b>36.0</b>	<b>36.0</b>	<b>-</b>	<b>17.0</b>	<b>17.0</b>	<b>-</b>
Special Ed. - Elementary	18	18.0	-	7	7.0	-	-	-	-	-	-	-
Special Ed. - Middle	17	18.0	(1.0)	9	9.0	-	2.0	2.0	-	2.0	2.0	-
Special Ed. - High	-	-	-	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>35.0</b>	<b>36.0</b>	<b>(1.0)</b>	<b>16.0</b>	<b>16.0</b>	<b>-</b>	<b>2.0</b>	<b>2.0</b>	<b>-</b>	<b>2.0</b>	<b>2.0</b>	<b>-</b>
Co.Voc. -Regular	-	-	-	-	-	-	-	-	-	-	-	-
Co.Voc. Ft. Post Sec.	-	-	-	-	-	-	-	-	-	-	-	-
<b>Totals</b>	<b>339.0</b>	<b>340.0</b>	<b>(1.0)</b>	<b>166.0</b>	<b>166.0</b>	<b>-</b>	<b>38.0</b>	<b>38.0</b>	<b>-</b>	<b>19.0</b>	<b>19.0</b>	<b>-</b>
Percentage Error			<u>-0.29%</u>			<u>0.00%</u>						<u>0.00%</u>

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors(1)	Tested	Verified	Errors
Regular Public Students	242	242	-	93	93	-
Transported Non-Public Students	10	10.0	-	8	8.0	-
ar Special Education (w/o needs)	0	-	-	-	-	-
cial Ed Students (w/special needs or out of district)	58	58.0	-	45	40.0	(5)
<b>Subtotal</b>	<b>310.0</b>	<b>310.0</b>	<b>-</b>	<b>146.0</b>	<b>141.0</b>	<b>(5.0)</b>
Percentage Error			<u>0.00%</u>			<u>-3.42%</u>

**LITTLE FERRY 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			-			-
Full Day Kindergarten	13	13.0	-	7	7	-
One	8	8.0	-	3	3	-
Two	2	2.0	-	1	1	-
Three	2	1.0	1.0	1	1	-
Four	2	2.0	-	1	1	-
Five	3	3.0	-	2	2	-
Six	-	-	-	-	-	-
Seven	2	2.0	-	1	1	-
Eight	1	1.0	-	1	1	-
Nine			-			-
Ten			-			-
Eleven			-			-
Twelve			-			-
Adult School (15+ credits)			-			-
<b>Subtotal</b>	<b>33.0</b>	<b>32.0</b>	<b>1.0</b>	<b>17.0</b>	<b>17.0</b>	<b>-</b>
Special Ed. - Elementary	2.0	1.0	1.0	1.0	1.0	-
Special Ed. - Middle	-	-	-	-	-	-
Special Ed. - High	-	-	-	-	-	-
<b>Subtotal</b>	<b>2.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>-</b>
Co.Voc. -Regular						
Co.Voc. Ft. Post Sec.						
<b>Totals</b>	<b>35.0</b>	<b>33.0</b>	<b>2.0</b>	<b>18.0</b>	<b>18.0</b>	<b>-</b>
Percentage Error			<u>5.71%</u>			<u>0.00%</u>

**LITTLE FERRY 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		\$ 21,437,953
Decreased by:		
On-Behalf TPAF Pension & Social Security	\$ 1,509,506	
Lease Purchase	70,518	
		1,580,024
Adjusted 2015-2016 General Fund Expenditures		\$ 19,857,929
2% of Adjusted 2015-2016 General Fund Expenditures		\$ 397,159
Enter Greater of 2% of Adjusted 2015-2016 General Fund Expenditures or \$250,000		\$ 397,159
Increased by: Allowable Adjustments		135,920
Maximum Unassigned Fund Balance		\$ 533,079

**SECTION 2**

Total General Fund - Fund Balance at June 30, 2016 (Per CAFR Budgetary Comparison Schedule/Statement)		\$ 3,441,455
Decreased by:		
Year End Encumbrances	\$ 206,125	
Committed Fund Balance - Hurricane Sandy Commitment	34,375	
Restricted Fund Balance - Excess Surplus-Designated for Subsequent Year's Expenditures	766,605	
Restricted Fund Balance - Capital Reserve	879,884	
Total Unassigned Fund Balance		\$ 1,554,466

**SECTION 3**

<b>Restricted Fund Balance - Excess Surplus</b>		<b>\$ 1,021,387</b>
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**Recapitulation of Excess Surplus as of June 30, 2016**

Excess Surplus-Designated for Subsequent Year's Expenditures		\$ 766,605
Excess Surplus		1,021,387
Total Excess Surplus		\$ 1,787,992

**Allowable Adjustments**

Extraordinary Aid		\$ 124,958
Additional Non-Public Transportation Aid		10,962
		\$ 135,920



## LITTLE FERRY BOARD OF EDUCATION RECOMMENDATIONS

### **I. Administrative Practices and Procedures**

It is recommended that post travel reports be obtained and attached to purchase orders for travel and expense reimbursements.

### **II. Financial Planning, Accounting and Reporting**

It is recommended that:

- \* 1. Internal control procedures over purchasing be enhanced to ensure goods and/or services are ordered only after the issuance of an approved requisition and purchase order.
- 2. The monthly reports of the Board Secretary and Treasurer of School Monies be approved in a timely manner and all budgetary transfers be submitted to the Board for approval no later than thirty (30) days after year-end.
- \* 3. The District obtain copies of the executed 941 and 927 tax forms filed by the payroll company and additional procedures be implemented to ensure District is monitoring the State and Federal tax remittances made by the payroll company on behalf of the District.
- 4. A payroll deduction ledger be implemented to account for the District's payroll withholding liabilities.
- 5. All payrolls be approved by the Superintendent and certified by the President of the Board and Board Secretary.
- 6. Checks issued by the District from the payroll agency account contain three signatures as required by NJSA 18A:19-1.
- 7. The receipt of goods signature be obtained on all purchase orders to verify goods and/or services have been received and/or rendered.
- \* 8. Internal controls over financial accounting and reporting be enhanced to ensure financial transactions are properly recorded and general ledger balances are reconciled to subsidiary records on a monthly basis.
- \* 9. The adopted annual budget appropriations be properly entered into the District's internal accounting budget report and expenditures for utilities and cleaning, repair and maintenance be properly budgeted and charged to proper budget accounts.
- 10. All IRS Tax Reporting 1099 Forms be retained and made available for audit.
- \* 11. The various bank reconciliations' reconciling items including inter-account activity be reviewed and cleared of record.
- \* 12. Internal control procedures be implemented to ensure that any reimbursement of TPAF/FICA paid by the State on behalf of TPAF employees charged to Federal grants are remitted.

**LITTLE FERRY BOARD OF EDUCATION  
RECOMMENDATIONS**

**II. Financial Planning, Accounting and Reporting (Continued)**

It is recommended that:

- \* 13. Employees and their respective salaries charged to the Federal grant programs be formally approved in the minutes. In addition, time and effort be properly documented for employees charged to Federal grant programs.
- 14. The District maintain its level of effort with respect to special education expenditures funded from state and/or local funds in accordance with the Federal IDEA grant program compliance requirements.
- 15. Formal accounting of rationale for any allocation of employee benefits charged to Federal grant programs be maintained.

**III. School Purchasing Program**

It is recommended that:

- \* 1. All professional service contracts awarded by advertised in the District's official newspaper in accordance with Public School Contracts Law.
- \* 2. 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).
- 3. Specific vendors utilized by the District for contracts in excess of the bid threshold awarded through the Educational Data Services Cooperative agreement be formally approved by Board resolution.

**IV. School Food Services**

- \* It is recommended that continued efforts be made to eliminate the deficit in the Food Service Fund.

**V. Extended Day Care Program**

There are none.

**VI. Student Body Activities**

There are none.

**VII. Application for State School Aid**

There are none.

**VIII. Pupil Transportation**

It is recommended that internal controls over the preparation of the DRTRS be enhanced to ensure proper reporting of special education students.

**LITTLE FERRY BOARD OF EDUCATION  
RECOMMENDATIONS**

**IX. Facilities and Capital Assets**

There are none.

**X. Miscellaneous**

There are none.

**XI. Status of Prior Years' Audit Findings/Recommendations**

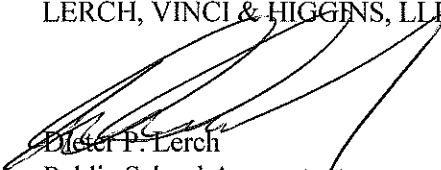
In accordance with government auditing standards, we have reviewed the status of all prior year findings. Corrective action was taken on all prior year findings except those denoted with an asterisk (\*).

**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



Dieter P. Lerch  
Public School Accountant  
PSA Number CS00756