

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

**NEW MILFORD BOARD OF EDUCATION  
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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REGISTERED MUNICIPAL ACCOUNTANTS

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Honorable President and  
Members of the Board of Trustees  
New Milford Board of Education  
New Milford, 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 New Milford Board of Education in the County of Bergen, State of New Jersey as of and for the fiscal year ended June 30, 2016, and have issued our report thereon dated November 30, 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 of management, the Board of Trustees, others within the District and the New Jersey Department of Education and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

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

Donna L. Japhet  
Public School Accountant  
PSA Number CS0002314

Fair Lawn, New Jersey  
November 30, 2016

**NEW MILFORD 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 Monies, 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 the Insurance Schedule (Exhibit J-20) included in the District's Comprehensive Annual Financial Report (CAFR).

**Officials Bonds**

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Michael Sawicz	School Business Administrator/ Board Secretary	\$100,000
Denise Amoroso	Treasurer of School Monies	\$250,000

There is Public Employee Dishonesty coverage with Selective Insurance Company of America, with a limit of \$100,000 per employee.

**Tuition Charges**

**Finding** – Our audit of tuition fees revealed that the prior year tuition billings were not compared to certified tuition rates issued from the NJ Department of Education to determine if any adjustments were required to be made.

**Recommendation** – Certified tuition rates be reviewed and adjustments be made as deemed necessary in accordance with tuition agreements and New Jersey Administrative Code.

**Financial Planning, Accounting and Reporting**

**Examination of Claims**

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

**Payroll Account**

The net salaries of all employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

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

Salary withholdings were promptly remitted to the proper agencies, including health benefit withholdings due to other funds.

The District filed the required certification (ECERT1) of compliance with requirements for income tax compensation of certain administrators with the NJ Department of Treasury by the March 15 due date.

**Employee Position Control Roster**

The Board has implemented and maintains a personnel tracking and accounting (Position Control) system.

**NEW MILFORD 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 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.

**Classification of Expenditures**

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6:A23-16.2(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 material transaction errors were noted and therefore, 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.

Acknowledgment of the Board's receipt of the Board Secretary and Treasurer's monthly financial reports and required certifications were included in the minutes.

The prescribed contractual order system was followed.

**Finding** – The District transferred maintenance reserve funds totaling \$105,000 into capital outlay-facilities acquisition and construction budget lines which is not a permitted use of these funds. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations. These transfers were disallowed by audit adjustment.

**Recommendation** – Funds withdrawn from the maintenance reserve account be appropriated only to required maintenance appropriations in accordance with N.J.A.C. 6A:23A-14.2

**Treasurer's Records**

The Treasurer did perform cash reconciliations for all District accounts. (N.J.S.A. 18A:17-36).

All cash receipts were promptly deposited.

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

The Treasurer's cash balances were in agreement with the reconciled cash balances as determined during the audit.

**Unemployment Compensation Insurance Trust Fund**

The Board has adopted the direct reimbursement method and has established an Unemployment Compensation Insurance Trust Fund. The financial transactions of this fund are reported in the Fiduciary Fund.

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

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

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. The 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 as amended.

Our examination of the E.S.E.A./NCLB 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 Exhibit 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. Reimbursement

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 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.

Nonpublic State Aid

Project Completion Reports were finalized and transmitted to the State by the due date.

**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-3A are \$40,000 (with a Qualified Purchasing Agent) and \$26,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$18,800. The school business administrator is a qualified purchasing agent, thereby increasing the bid threshold for items other than transportation to \$40,000.

**NEW MILFORD 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)**

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.

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 authorized to be made through the use of State contracts.

**Finding (CAFR Finding 2016-001)** - Our audit revealed that payments to a certain vendor for the installation of audio equipment exceeded 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).

**School Food Services**

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 or state program. However, the program expenses 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 statistical records of the school food services maintained by the District were in good condition. The financial accounts were reviewed on a test-check basis.

Cash receipts and bank records were reviewed for timely deposit.

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.

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

**School Food Services (Continued)**

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.

U.S.D.A. commodities were received and a separate inventory was maintained on a first-in, first-out basis.

**Finding** – Our audit of food service operations revealed the net cash resources including all respective assets less any associated liabilities, at June 30, 2016 exceeded three (3) months average expenditures.

**Recommendation** – Appropriate action be taken to ensure net cash resources do not exceed three months average expenditures.

The Districts utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with N.J.S.A. 18:17-34, and 19-1 through 19-4.1. Provisions of the FSMC contract were reviewed and audited. The operating results provision of the contract has been met.

Exhibits reflecting Child Nutrition Program operations are included in the basic financial statements of the CAFR on Exhibits B-4, B-5 and B-6.

**Other Enterprise Funds**

**Latch Key Programs, Broadway Kids Summer, and After School Enrichment Program**

The District provides a before and after school child care program, a summer enrichment program and an after school enrichment program for district students. The accounting records maintained for the programs were in satisfactory condition.

**Finding** – A review of the student rosters of the Broadway Kids Summer and After School Enrichment Program revealed the following:

- Date of actual receipt is not indicated.
- Pre-numbered receipts are not utilized.
- Registration fees collected are not being deposited in a timely manner

**Recommendation** – Greater controls should be implemented for the Broadway Kids Summer and After School Enrichment Program to ensure pre-numbered receipts are utilized, accounting records are maintained to support when fees are collected and registration fees be deposited in a timely manner.

**Student Activity Funds**

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

Cash receipts and disbursement records were maintained in good condition.

- **Finding** – Our audit of the student activity records revealed the following:
  - Instances in the High School where supporting documentation was not provided for disbursements. In addition certain payment vouchers did not contain both approval signatures required by Board policy.

**Recommendation** – In all instances payment vouchers contain all required approval signatures and supporting invoices be attached to the vouchers for disbursements to be paid from High School activity funds.



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

**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, low-income and bilingual education. 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 with exceptions. The information that was included on the workpapers was verified with an isolated 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.

**Finding** – Our audit of LEP students reported on the ASSA revealed numerous instances where special education students were incorrectly reported in both regular grade classifications as well as the respective special education category.

**Recommendation** – Internal controls over the preparation of the Application for State School Aid be enhanced to ensure LEP students are properly reported in respective regular or special education category.

**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 noted an isolated difference for amounts tested which 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.

**Follow-up on Prior Year Findings**

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

**NEW MILFORD BOARD OF EDUCATION  
FOOD SERVICE FUND  
SCHEDULE OF MEAL COUNT ACTIVITY  
ENTERPRISE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

**FOOD SERVICE FUND  
SCHEDULE OF NET CASH RESOURCES  
ENTERPRISE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Net Cash Resources:</u>	<b>Food Service B - 4/5</b>	
<b>CAFR</b>	<b>*</b>	<b>Current Assets</b>
B-4		Cash & Cash Equiv.           \$   255,661
B-4		Due from Other Gov'ts           29,363
B-4		Accounts Receivable           1,611
B-4		Due from Other Funds           19,905
<b>CAFR</b>		<b>Current Liabilities</b>
B-4		Less Accounts Payable           (46,718)
B-4		Less Accruals
B-4		Less Due to Other Funds
B-4		Less Deferred Revenue <u>(12,471)</u>
		<b>Net Cash Resources           <u>\$   247,351</u>       (A)</b>

**Net Adj. Total Operating Expense:**

B-5	Tot. Operating Exp.	758,581	
B-5	Less Depreciation	<u>(6,800)</u>	
	Adj. Tot. Oper. Exp.	<u>\$   751,781</u>	(B)

**Average Monthly Operating Expense:**

B / 10	<u>\$   75,178</u>	(C)
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**Three times monthly Average:**

3 X C	<u>\$   225,534</u>	(D)
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TOTAL IN BOX A	\$   247,351
LESS TOTAL IN BOX D	<u>\$   225,534</u>
NET	<u>\$   21,817</u>

From above:

**A is greater than D, cash exceeds 3 X average monthly operating expenses.  
D is greater than A, cash does not exceed 3 X average monthly operating expenses.**

\* Inventories are not to be included in total current assets.

SOURCE - USDA resource management comprehensive review form

**NEW MILFORD BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
SCHEDULE OF AUDITED ENROLLMENTS  
OCTOBER 15, 2015**

	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 for Verifi- cation	Sample Verified	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared					
Half Day Preschool - 3 years	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool - 3 years	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Preschool - 4 years	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool - 4 years	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	140	-	140	-	-	-	65	-	65	-	-	-	-	-	-	-	-
1st Grade	130	-	130	-	-	-	70	-	70	-	-	-	-	-	-	-	-
2nd Grade	125	-	125	-	-	-	65	-	65	-	-	-	-	-	-	-	-
3rd Grade	125	-	125	-	-	-	67	-	67	-	-	-	-	-	-	-	-
4th Grade	112	-	112	-	-	-	63	-	63	-	-	-	-	-	-	-	-
5th Grade	131	-	131	-	-	-	66	-	66	-	-	-	-	-	-	-	-
6th Grade	142	-	142	-	-	-	142	-	142	-	-	-	-	-	-	-	-
7th Grade	106	-	106	-	-	-	106	-	106	-	-	-	-	-	-	-	-
8th Grade	136	-	136	-	-	-	136	-	136	-	-	-	-	-	-	-	-
9th Grade	123	1	123	1	-	-	123	1	123	1	-	-	-	-	-	-	-
10th Grade	139	-	139	-	-	-	139	-	139	-	-	-	-	-	-	-	-
11th Grade	133	2	133	2	-	-	133	2	133	2	-	-	-	-	-	-	-
12th Grade	141	-	141	-	-	-	141	-	141	-	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>1,683</b>	<b>3</b>	<b>1,683</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>1,316</b>	<b>3</b>	<b>1,316</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Spec Ed - Elementary	121	-	121	-	-	-	24	-	24	-	-	-	3	3	3	-	-
Spec Ed- Middle School	68	-	68	-	-	-	13	-	13	-	-	-	4	3	3	-	-
Spec Ed - High School	108	3	108	3	-	-	21	1	21	1	-	-	4	3	3	-	-
<b>Subtotal</b>	<b>297</b>	<b>3</b>	<b>297</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>58</b>	<b>1</b>	<b>58</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>11</b>	<b>9</b>	<b>9</b>	<b>-</b>	<b>-</b>
<b>Totals</b>	<b>1,980</b>	<b>6</b>	<b>1,980</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>1,374</b>	<b>4</b>	<b>1,374</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>11</b>	<b>9</b>	<b>9</b>	<b>-</b>	<b>-</b>
<b>Percentage Error</b>					<u>0.00%</u>	<u>0.00%</u>					<u>0.00%</u>					<u>0.00%</u>	

**NEW MILFORD BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
SCHEDULE OF AUDITED ENROLLMENTS  
OCTOBER 15, 2015**

	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on A.S.S.A as Low Income	Reported on Work papers as Low Income	Errors	Sample Selected from Work papers	Verified to Application and Register	Sample Errors	Reported on A.S.S.A as LEP Low Income	Reported on Work papers as LEP Low Income	Errors	Sample Selected from Work papers	Verified to Application and Register	Sample Errors
Half Day Preschool - 3 Yrs	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool - 3 Yrs	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Preschool - 4 Yrs	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool - 4 Yrs	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	24	24	-	4	4	-	7	7	-	6	6	-
1st Grade	20	20	-	4	4	-	8	8	-	7	7	-
2nd Grade	18	18	-	3	3	-	4	2	2	2	2	-
3rd Grade	22	22	-	4	4	-	3	2	1	2	2	-
4th Grade	18	18	-	3	3	-	-	-	-	-	-	-
5th Grade	29	29	-	5	5	-	2	1	1	1	1	-
6th Grade	25	25	-	5	5	-	1	1	-	1	-	1
7th Grade	20	20	-	4	4	-	2	2	-	2	2	-
8th Grade	23	23	-	4	4	-	2	2	-	2	2	-
9th Grade	25	25	-	5	5	-	3	2	1	2	2	-
10th Grade	14	14	-	3	3	-	2	2	-	1	1	-
11th Grade	16	16	-	3	3	-	2	2	-	1	1	-
12th Grade	12	12	-	2	2	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>266</b>	<b>266</b>	<b>-</b>	<b>49</b>	<b>49</b>	<b>-</b>	<b>36</b>	<b>31</b>	<b>5</b>	<b>27</b>	<b>26</b>	<b>1</b>
Spec Ed - Elementary	22	22	-	4	4	-	3	3	-	2	2	-
Spec Ed - Middle School	18	18	-	3	3	-	-	-	-	-	-	-
Spec Ed - High School	22	22	-	4	4	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>62</b>	<b>62</b>	<b>-</b>	<b>11</b>	<b>11</b>	<b>-</b>	<b>3</b>	<b>3</b>	<b>-</b>	<b>2</b>	<b>2</b>	<b>-</b>
<b>Totals</b>	<b>328</b>	<b>328</b>	<b>-</b>	<b>60</b>	<b>60</b>	<b>-</b>	<b>39</b>	<b>34</b>	<b>5</b>	<b>29</b>	<b>28</b>	<b>1</b>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>			<u>12.82%</u>			<u>3.45%</u>

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	48	48	-	14	14	-
Transported - Non-Public	36	36	-	11	11	-
Regular - Spec.	8	8	-	2	2	-
Special Needs - Public	74	74	-	22	21	1
<b>Totals</b>	<b>166</b>	<b>166</b>	<b>-</b>	<b>49</b>	<b>48</b>	<b>1</b>
			<u>0.00%</u>			<u>2.04%</u>

**NEW MILFORD BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
SCHEDULE OF AUDITED ENROLLMENTS  
OCTOBER 15, 2015**

	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 Workpapers	Verified to Register	Sample Errors
Half Day Preschool (3 Yrs)	-	-	-	-	-	-
Full Day Preschool (3 Yrs)	-	-	-	-	-	-
Half Day Preschool (4 Yrs)	-	-	-	-	-	-
Full Day Preschool (4 Yrs)	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-
Full Day Kindergarten	18	16	2	12	12	-
1st Grade	8	7	1	6	6	-
2nd Grade	3	3	-	2	2	-
3rd Grade	1	-	1	-	-	-
4th Grade	3	2	1	2	2	-
5th Grade	-	-	-	-	-	-
6th Grade	3	2	1	2	2	-
7th Grade	1	1	-	1	1	-
8th Grade	1	1	-	1	1	-
9th Grade	1	1	-	1	1	-
10th Grade	2	2	-	2	2	-
11th Grade	3	2	1	2	2	-
12th Grade	1	1	-	1	1	-
<b>Subtotal</b>	<b>45</b>	<b>38</b>	<b>7</b>	<b>32</b>	<b>32</b>	<b>-</b>
Spec Ed - Elementary	6	6	-	5	5	-
Spec Ed- Middle School	1	1	-	1	1	-
Spec Ed - High School	2	2	-	2	2	-
<b>Subtotal</b>	<b>9</b>	<b>9</b>	<b>-</b>	<b>8</b>	<b>8</b>	<b>-</b>
<b>Totals</b>	<b>54</b>	<b>47</b>	<b>7</b>	<b>40</b>	<b>40</b>	<b>-</b>
Percentage Error			<u>12.96%</u>			<u>0.00%</u>

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

2015-16 Total General Fund Expenditures per the CAFR	\$36,532,992	
Decreased by:		
On-Behalf TPAF Pension & Social Security	<u>3,282,377</u>	
Adjusted 2015-16 General Fund Expenditures	<u>\$33,250,615</u>	
2% of Adjusted Expenditures (if less than \$250,000 enter \$250,000)	\$ 665,012	
Increased by: Allowable Adjustment	<u>41,774</u>	
Maximum Unreserved/Undesignated Fund Balance		<u>\$ 706,786</u>
Total General Fund – Fund Balance at June 30, 2016	\$3,372,243	
Decreased by:		
Reserved for:		
Year-End Encumbrances	\$ 556,016	
Capital Reserve	111,319	
Maintenance Reserve	18,874	
Emergency Reserve	285,199	
Excess Surplus – Designated for Subsequent Year’s Budget	<u>831,014</u>	
Total Unreserved/Undesignated Fund Balance		<u>\$1,569,821</u>
Restricted Fund Balance – Excess Surplus		<u>\$863,035</u>
<b><u>Recapitulation of Restricted Excess Surplus as of June 30, 2016</u></b>		
Excess Surplus		\$ 863,035
Excess Surplus – Designated for Subsequent Year’s Budget		<u>831,014</u>
		<u>\$1,694,049</u>
<b><u>Analysis of Allowable Adjustment:</u></b>		
Non-Public Transportation		<u>\$41,774</u>

## RECOMMENDATIONS

### **I. Administration Practices and Procedures**

It is recommended that certified tuition rates be reviewed and adjustments be made as deemed necessary in accordance with tuition agreements and New Jersey Administrative Code.

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

It is recommended that funds withdrawn from the maintenance reserve account be appropriated only to required maintenance appropriations in accordance with N.J.A.C. 6A:23A-14.2

### **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 appropriate action be taken to ensure net cash resources do not exceed three months average expenditures.

### **V. Latch Key/Broadway Kids Summer/After School Enrichment Programs**

- \* It is recommended that greater controls should be implemented for the Broadway Kids Summer and After Enrichment Program to ensure pre-numbered receipts are utilized, accounting records are maintained to support when fees are collected and registration fees be deposited in a timely manner.

### **VI. Student Body Activities**

- \* It is recommended that in all instances, payment vouchers contain all required approval signatures and supporting invoices be attached to the vouchers for disbursements to be paid from High School activity funds.

### **VII. Application for State School Aid**

It is recommended that internal controls over the preparation of the Application for State School Aid be enhanced to ensure LEP students are properly reported in respective regular or special education category.

### **VIII. Pupil Transportation**

There are none.



**RECOMMENDATIONS**  
**(Continued)**

**IX. Facilities and Capital Assets**

There are none.

**X. Miscellaneous**

There are none.


**XI. Status of Prior Year's Audit Findings/Recommendations**

A review was performed on all prior year recommendations. Correction action was taken on all prior year recommendations except the items 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 the members of the audit team.

Respectfully submitted,

  
LERCH, VINCI & HIGGINS, LLP  
Donna L. Japhet  
Public School Accountant  
Certified Public Accountant