

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

**RIDGEWOOD BOARD OF EDUCATION
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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Honorable President and Members
of the Board of Education
Ridgewood Board of Education
Ridgewood, 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 Ridgewood Board of Education as of and for the fiscal year ended June 30, 2016, and have issued our report thereon dated November 21, 2016.

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

This report is intended solely for the information and use of management, the Board of Trustees, management, others within the District and the New Jersey State Department of Education. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

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

Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
November 21, 2016

**RIDGEWOOD 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, 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>
Dr. Alfredo Aguilar	School Business Administrator/Board Secretary	\$500,000
Mr. Angelo DeSimone	Treasurer of School Monies	\$500,000

There is a blanket dishonesty bond covering all other employees, including faithful performance for elected officials, in the amount of \$100,000 per loss.

Financial Planning, Accounting and Reporting

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made.

Examination of Claims

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

Payroll Account

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

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

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

The District maintains a personnel tracking and accounting (Position Control) system.

The School Business Administrator completed and filed the required certification of compliance with federal and state law reflecting the reporting of compensation for certain employees.

**RIDGEWOOD 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. 6A:23A-16.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3.

Board Secretary's Records

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

The prescribed contractual order system was followed.

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

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

Finding – Our audit revealed the original budget per the District's revenue and appropriation reports for the General, Special Revenue and Debt Service Funds were not in agreement with the adopted budget.

Recommendation – The original budget per the District's revenue and appropriation reports for the General, Special Revenue and Debt Service Funds be in agreement with the adopted budget.

Finding – Our audit of the scholarship accounts revealed the following:

- An analysis of the brokerage account statements financial activity is not completed and recorded in the District's accounting records.
- Checks issued from the scholarship bank account contained only one authorized check signature and were not presented to the governing body for approval.

Recommendation – The financial activity of the District's scholarship accounts be analyzed and recorded in the District's accounting records. In addition checks issued from the scholarship account contain the required three (3) authorized signatures and be presented for approval to the governing body.

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

Financial Planning, Accounting and Reporting (Continued)

Treasurer's Records

The Treasurer did perform cash reconciliations for all accounts.

All cash receipts were promptly deposited.

The Treasurer's records were not in agreement with the Board Secretary.

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

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

Other Special Federal and/or State Projects

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

Our audit of the Federal and State funds on a test basis indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits are contained within the Special Revenue section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

Finding – Our audit of the Special Revenue Fund revealed that other local programs revenues and related expenditures were not accounted for by initial source.

Recommendation – Other local program revenues and expenditures in the Special Revenue Fund be accounted for by individual program or source.

T.P.A.F. Reimbursements

Our audit procedures included a test of the semi-monthly reimbursement forms filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

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

The 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 Offices of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

**RIDGEWOOD 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

N.J.S.A. 18A:18A-4 states, "Every contract for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the board of education to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law".

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

Effective July 1, 2015 and thereafter the bid thresholds in accordance with N.J.S.A. 18A:18A-3 and 18A:39-3 are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school transportation contracts under N.J.S.A. 18A:39-3 is currently \$18,800. The School Business Administrator/Board Secretary is a Qualified Purchasing Agent and the bid threshold has been approved by resolution at \$40,000.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Board Attorney's opinion should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

The results of our examination did not indicate that payments, contracts, or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies", in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S. 18A:18A-4, as amended.

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

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained. Our examination did reveal that purchases were made through the use of state contracts.

Finding - Our audit of purchases and procedures related to compliance with the Public Contracts Law revealed the following:

- The District by resolution approved participating with a cooperative purchasing service; however individual contracts awarded through the cooperative purchasing service utilized by the District were not approved by Board resolution.
- Several vendors' political contribution disclosure forms were not on file.

Recommendation – Cooperative purchasing vendors utilized by the District be approved individually by the governing body and political disclosure forms be obtained and available for audit.

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

School Food Service

The District did not participate in the National School Lunch program.

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

The district utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with N.J.S.A. 18a:17-34, and 19-1 through 19.4.1. Provisions of the FSMC contract/addendum were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will return a \$10,000 profit to the District. The operating results provision has been met.

Cash receipts and bank records were reviewed for timely deposits.

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

The cash disbursements records reflected expenses for program related goods and services. The appropriate revenue and expense records were maintained in order to substantiate the non-profit status of the school food service. Net cash resources did not exceed three months average expenditures.

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

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

Finding – Checks issued from the cafeteria bank account contained only one authorized check signature.

Recommendation – Checks issued from the cafeteria bank account contain the required three (3) authorized signatures in accordance with N.J.S.A. 18A:19-1.

Infant/Toddler Development Fund

The financial transactions of the Infant Toddler Development Fund were maintained as an Enterprise Fund. The financial accounts and records were reviewed on a test-check basis.

Finding – Our audit of the Infant/Toddler Development Fund revealed the following:

- Program fees are not approved in the minutes
- Certain deposits were not made on a timely basis.

Recommendation – Program fees be approved in the official minutes and deposits be made on a timely basis.

One to One Initiative

The financial transactions of the One to One Initiative Program were maintained as an Enterprise Fund. The financial accounts and records were reviewed on a test-check basis.

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

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

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

Community School

The Financial transactions of the Community School program were maintained in the General Fund. The financial accounts and records were reviewed on a test-check basis.

Finding – Our audit of the Community School program revealed the following:

- Pre-numbered receipts were not issued for collections.
- Certain deposits were not made on a timely basis.
- Voucher authorization forms are not utilized for refunds.
- Refund checks are not approved in the official minutes.

Recommendation – Internal control procedures related to the financial transaction of the Community School be reviewed and enhanced.

Student Body Activities

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

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

All cash disbursements had proper supporting documentation.

Finding – Our audit of the various student activity accounts revealed the following:

- There exists prior year outstanding checks and deposits in transit on certain bank reconciliations.
- Pre-numbered receipts were not issued for certain collections.
- Voucher authorization forms were not approved and/or utilized in certain schools.
- Cancelled checks were not available for audit as a result of not being provided by the bank.

Recommendation –The financial transactions of the student body activity accounts be in compliance with the existing Board policy.

Finding – Several checks issued from the athletic account contained only one authorized check signature.

Recommendation – Checks issued from the athletic account contain at least two (2) authorized check signatures.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2015 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the disabled, on-roll low-income and Limited English Proficient. We also performed a review of the district procedures related to its completion. The information on the A.S.S.A. was compared to the district workpapers without exception. The information on the District workpapers was verified with immaterial exceptions noted. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

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

**RIDGEWOOD 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 without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

Facilities and Capital Assets

Our procedures included a review of the SDA grant agreement for consistency with recording SDA revenue, transfer of local funds from the General Fund or from the Capital Reserve Account, and awarding of contracts for eligible facilities construction.

Finding – Our audit of capital assets revealed that the asset inventory and related depreciation was not accounted for by specific site or building improvement or by individual asset. In addition, the District’s official minutes include the approval of the disposal of certain capital assets, however, the capital assets records do not reflect any deletions in the 2015/16 fiscal year.

Recommendation – The District update the capital asset records to include a detail inventory and accumulated depreciation for each individual capital asset.

Finding (CAFR Finding 2016-001) - Our audit of a capital lease bank accounts revealed the following:

- Financial transactions were not recorded in the District’s accounting records.
- Payments made by the Fiscal Agent were not approved by the Board in the official minutes.

Recommendation - Capital lease transactions be recorded in the accounting records of the District. In addition, bills paid by the Fiscal Agent be approved in the official minutes.

Suggestions to Management

Continued efforts be made to collect grant balances due from NJ School Development Authority (SDA) recorded in the Capital Projects Fund and prior year completed projects be closed out.

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

NOT APPLICABLE

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

NOT APPLICABLE

**RIDGEWOOD 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 for Verifi- cation	Sample Verified	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared					
Half Day Kindergarten	341	-	341	-	-	-	59	-	59	-	-	-	-	-	-	-	
One	369	-	369	-	-	-	63	-	63	-	-	-	-	-	-	-	
Two	356	-	356	-	-	-	63	-	63	-	-	-	-	-	-	-	
Three	373	-	373	-	-	-	55	-	55	-	-	-	-	-	-	-	
Four	376	-	376	-	-	-	73	-	73	-	-	-	-	-	-	-	
Five	405	-	405	-	-	-	59	-	59	-	-	-	-	-	-	-	
Six	422	-	422	-	-	-	212	-	212	-	-	-	-	-	-	-	
Seven	384	-	384	-	-	-	206	-	206	-	-	-	-	-	-	-	
Eight	409	-	409	-	-	-	189	-	189	-	-	-	-	-	-	-	
Nine	372	-	372	-	-	-	372	-	372	-	-	-	-	-	-	-	
Ten	373	-	373	-	-	-	373	-	373	-	-	-	-	-	-	-	
Eleven	364	-	364	-	-	-	364	-	364	-	-	-	-	-	-	-	
Twelve	373	-	373	-	-	-	373	-	374	(1)	-	-	-	-	-	-	
Adult School (15+cr)																	
Subtotal	4,917	-	4,917	-	-	-	2,461	-	2,462	-	(1)	-	-	-	-	-	
Sp. Ed. - Elementary	288	-	288	-	-	-	33	-	33	-	-	-	27	19	18	(1)	
Sp. Ed. - Middle School	206	-	206	-	-	-	96	-	96	-	-	-	12	8	8	-	
Sp. Ed. - High School	225	6	225	6	-	-	228	-	228	-	-	-	32	22	21	(1)	
Subtotal	719	6	719	6	-	-	357	-	357	-	-	-	71	49	47	(2)	
Totals	5,636	6	5,636	6	-	-	2,818	-	2,819	-	(1)	-	71	49	47	(2)	
Percentage Error																	
							0.00%		0.00%				-0.04%				-4.08%

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

	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on A.S.S.A as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on ASSA as LEP low Income	Reported on Workpapers as LEP low Income	Errors	Sample Selected	Verified to Test Score and Register	Errors
Half Day Kindergarten	2.0	2.0	-	1.0	1.0	-	9.0	9.0	-	7.0	7.0	-
One	5.0	5.0	-	2.0	2.0	-	14.0	14.0	-	7.0	7.0	-
Two	7.0	7.0	-	3.0	3.0	-	12.0	12.0	-	5.0	5.0	-
Three	2.0	2.0	-	1.0	1.0	-	10.0	10.0	-	5.0	5.0	-
Four	11.0	11.0	-	4.0	4.0	-	8.0	8.0	-	4.0	4.0	-
Five	5.0	5.0	-	2.0	2.0	-	6.0	6.0	-	3.0	3.0	-
Six	6.0	6.0	-	2.0	2.0	-	7.0	7.0	-	2.0	2.0	-
Seven	7.0	6.0	1.0	2.0	2.0	-	5.0	5.0	-	3.0	3.0	-
Eight	4.0	4.0	-	2.0	2.0	-	12.0	12.0	-	6.0	6.0	-
Nine	6.0	6.0	-	2.0	2.0	-	6.0	6.0	-	3.0	3.0	-
Ten	7.0	7.0	-	3.0	3.0	-	3.0	3.0	-	1.0	1.0	-
Eleven	7.0	7.0	-	3.0	3.0	-	5.0	5.0	-	2.0	2.0	-
Twelve	6.0	6.0	-	2.0	2.0	-	1.0	1.0	-	1.0	1.0	-
Adult School (15+ credits)	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	75.0	74.0	1.0	29.0	29.0	-	98.0	98.0	-	49.0	49.0	-
Special Ed. - Elementary	18.0	18.0	-	7.0	7.0	-	-	-	-	-	-	-
Special Ed. - Middle	23.0	23.0	-	9.0	9.0	-	-	-	-	-	-	-
Special Ed. - High	11.0	11.0	-	4.0	4.0	-	-	-	-	-	-	-
Subtotal	52.0	52.0	-	20.0	20.0	-	-	-	-	-	-	-
Co. Voc. -Regular												
Co. Voc. Ft. Post Sec.												
Totals	127.0	126.0	1.0	49.0	49.0	-	98.0	98.0	-	49.0	49.0	-
Percentage Error			<u>0.00%</u>			<u>0.00%</u>						<u>0.00%</u>

	Transportation					
	Reported on DRTRS by BOE	Reported on DRTRS by District	Errors(1)	Tested	Verified	Errors
Regular Public Students	396.0	396.0	-	35.0	35.0	-
Transported Non-Public Students	134.0	134.0	-	11.0	10.0	(1.0)
lar Special Education (w/o needs)	120.5	120.5	-	12.0	10.0	(2.0)
cial Ed Students (w/special needs or out of district)	102.5	102.5	-	9.0	9.0	-
Totals	753.0	753.0	-	67.0	64.0	(3.0)
Percentage Error			<u>0.00%</u>		<u>-4.48%</u>	

**RIDGEWOOD 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
Half Day Kindergarten	-	-	-	-	-	-
One	1.0	1.0	-	1.0	1.0	-
Two	1.0	1.0	-	1.0	1.0	-
Three	1.0	1.0	-	1.0	1.0	-
Four	1.0	1.0	-	1.0	1.0	-
Five	-	-	-	-	-	-
Six	-	-	-	-	-	-
Seven	-	-	-	-	-	-
Eight	-	-	-	-	-	-
Nine	-	-	-	-	-	-
Ten	1.0	1.0	-	1.0	1.0	-
Eleven	1.0	1.0	-	1.0	1.0	-
Twelve	-	-	-	-	-	-
Adult School (15+ credits)	-	-	-	-	-	-
Subtotal	6.0	6.0	-	6.0	6.0	-
Special Ed. - Elementary	2.0	2.0	-	1.0	1.0	-
Special Ed. - Middle	-	-	-	-	-	-
Special Ed. - High	-	-	-	-	-	-
Subtotal	2.0	2.0	-	1.0	1.0	-
Co.Voc. -Regular						
Co.Voc. Ft. Post Sec.						
Totals	8.0	8.0	-	7.0	7.0	-
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

**RIDGEWOOD 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	\$ 102,756,845	
Decreased by:		
On-Behalf TPAF Pension & Social Security	(10,882,872)	
Adjusted 2015-2016 General Fund Expenditures	<u>\$ 91,873,973</u>	
2% of Adjusted 2015-2016 General Fund Expenditures	<u>\$ 1,837,479</u>	
Enter Greater of 2% of Adjusted 2015-2016 General Fund Expenditures or \$250,000	\$ 1,837,479	
Increased by:		
Allowable Adjustment	<u>28,592</u>	
Maximum Unassigned Fund Balance		<u>\$ 1,866,071</u>

SECTION 2

Total General Fund - Fund Balance at June 30, 2016	\$ 8,724,910	
Decreased by:		
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	750,000	
Capital Reserve	790,327	
Capital Reserve - Designated for Subsequent Year's Expenditures	1,000,000	
Maintenance Reserve	400,000	
Emergency Reserve	400,000	
Emergency Reserve - Designated for Subsequent Year's Expenditures	300,000	
Year End Encumbrances	<u>2,468,512</u>	
Total Unassigned Fund Balance		<u>\$ 2,616,071</u>

SECTION 3

Restricted Fund Balance - Reserved Excess Surplus		<u>\$ 750,000</u>
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Recapitulation of Excess Surplus as of June 30, 2016

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	\$ 750,000	
Reserved Excess Surplus	<u>750,000</u>	
		<u>\$ 1,500,000</u>

Detail of Allowable Adjustments

Extraordinary Aid	\$ 7,600	
Nonpublic Transportation Aid	<u>20,992</u>	
		<u>\$ 28,592</u>

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

RECOMMENDATIONS

I. Administration Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

It is recommended that:

1. The original budget per the District's revenue and appropriation reports for the General, Special Revenue and Debt Service Funds be in agreement with the adopted budget.
2. The financial activity of the District's scholarship accounts be analyzed and recorded in the District's accounting records. In addition checks issued from the scholarship account contain the required three (3) authorized signatures and be presented for approval to the governing body.
3. Other local program revenues and expenditures in the Special Revenue Fund be accounted for by individual program or source.

III. School Purchasing Program

It is recommended that cooperative purchasing vendors utilized by the District be approved individually by the governing body and political contribution disclosure forms be obtained and available for audit.

IV. School Food Service

It is recommended that checks issued from the cafeteria bank account contain the required three (3) authorized signatures in accordance with N.J.S.A. 18A:19-1.

V. Infant/Toddler Development Fund

It is recommended that program fees be approved in the official minutes and deposits be made on a timely basis.

VI. One to One Initiative

There are none.

VII. Community School Program

It is recommended that internal control procedures related to the financial transaction of the Community School be reviewed and enhanced.

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

RECOMMENDATIONS

VIII. Student Body Activities

It is recommended that:

1. The financial transactions of the student body activity accounts be in compliance with the existing Board policy.
2. Checks issued from the athletic account contain at least (2) authorized check signatures.

IX. Application for State School Aid

There are none.

X. Pupil Transportation

There are none.

XI. Facilities and Capital Assets

It is recommended that:

1. The District update the capital asset records to include a detail inventory and accumulated depreciation for each individual capital asset.
2. Capital lease transactions be recorded in the accounting records of the District. In addition, bills paid by the Fiscal Agent be approved in the official minutes.

XII. Status of Prior Years' Audit Findings/Recommendations

A review was performed on the prior year's recommendations and corrective action was taken on all.

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



Gary W. Higgins
Public School Accountant
Certified Public Accountant