

**RIVER EDGE BOARD OF EDUCATION  
AUDITORS' MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS  
FINANCIAL, COMPLIANCE AND PERFORMANCE  
JUNE 30, 2016**

**RIVER EDGE BOARD OF EDUCATION  
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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# LERCH, VINCI & HIGGINS, LLP

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Honorable President and Members  
of the Board of Trustees  
Board of Education  
River Edge, 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 River Edge Board of Education as of and for the fiscal year ended June 30, 2016, and have issued our report thereon dated November 8, 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.

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

Gary W. Higgins  
Public School Accountant  
PSA Number CS00814

Fair Lawn, New Jersey  
November 8, 2016

**RIVER EDGE 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 the Insurance Schedule contained in the district's Comprehensive Annual Financial Report (the "CAFR").

**Official Bonds**

| <u>Name</u>      | <u>Position</u>                        | <u>Amount</u> |
|------------------|--|---------------|
| Patricia Salvati | Board Secretary/Business Administrator | \$ 200,000    |
| Antoinette Kelly | Treasurer of School Monies             | 210,000       |

There is Public Employee Dishonesty coverage for all other employees in the amount of \$100,000 per employee and \$400,000 per loss.

**Tuition Charges**

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were less than estimated costs. The board made a proper adjustment to the billings to sending districts for the per pupil costs in accordance with N.J.A.C. 6A:23A-17.1(f)3.

**Financial Planning, Accounting and Reporting**

**Examination of Claims**

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

**Payroll Account**

The net salaries of all employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of payroll taxes 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 Chief School Administrator.

Salary withholdings were promptly remitted to the proper agencies, including health benefits withholdings due to general fund.

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

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

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

Employee Position Control Roster

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

Unemployment Compensation Trust Fund

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

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. A separate listing of purchase orders comprising the outstanding encumbrances at June 30, 2015 was prepared by District personnel. 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:23-2.2(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:23-8.2. As a result of the procedures performed, no errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classifications.

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's and Treasurer's monthly financial reports was included in the minutes.

The prescribed contractual order system was followed.

Treasurer's Records

The Treasurer did perform cash reconciliations for the general operating account, payroll account and payroll agency account (N.J.S.A. 18A:17-36).

All cash receipts were promptly deposited.

Other Special Federal and/or State Projects

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

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

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

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

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

**T.P.A.F. Reimbursements**

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

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

None

**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-3 (as amended) and 18A:39-3 are \$40,000 and \$29,000, respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$18,800.

If the purchasing agent is qualified pursuant to subsection b of section 9 of P.L. 1971, c. 198 (c.40A:11-9), the board of education may establish that the bid threshold may be up to \$40,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section. The District's business administrator is qualified and the Board has designated the business administrator as the qualified purchasing agent with a bid threshold of \$40,000.

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

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

The results of our examination indicated that no individual payments, contracts, or agreements were made for the performance of any work or goods or services, in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A. 18A:18A-4.

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

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

**RIVER EDGE 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 utilized to operate a milk program. The District did not receive any federal or state support.

The financial transactions and statistical records of the school food services were maintained in satisfactory condition.

Expenditures were separately recorded as milk and other costs. Vendor invoices were reviewed and costs verified.

The cash disbursement 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.

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

**Summer Enrichment Program**

The District maintains a separate bank account for the program. Cash receipts were recorded on electronic worksheets. Cash disbursements were supported by proper documentation.

**Student Body Activities**

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

All receipts were promptly deposited.

Cash disbursements were supported by proper documentation.

**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, low-income and bilingual. We also performed a review of the district procedures related to its completion. The information on the A.S.S.A. was compared to the district workpapers without exception. The information that was included 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 forms or their equivalent.

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

**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 included a review of transportation related contracts and purchases. Based on our review, the district complied with proper bidding procedures and award 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 School Development Authority (SDA) grant agreements for consistency with recording SDA revenue, transfer of local funds from the General Fund or from the capital reserve and awarding of contracts for eligible facilities construction.

**RIVER EDGE BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
SCHEDULE OF MEAL COUNT ACTIVITY  
FOOD SERVICE FUND**

**NOT APPLICABLE**

**SCHEDULE OF NET CASH RESOURCES  
FOOD SERVICE FUND**

**NOT APPLICABLE**



RIVER EDGE BOARD OF EDUCATION  
A.S.S.A.  
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 Veri- cation | Sample Verified | Sample Errors |
|                              | Full                                       | Shared   | Full                           | Shared   | Full         | Shared   | Full                            | Shared   | Full                          | Shared   | Full                         | Shared   |   |                         |                 |               |
| Half Day Preschool - 3 years | 8  | -        | 8                              | -        | -            | -        | 8                               | -        | 8                             | -        | -                            | -        |   |                         |                 |               |
| Half Day Preschool - 4 years | 8  | -        | 8                              | -        | -            | -        | 8                               | -        | 8                             | -        | -                            | -        |   |                         |                 |               |
| Half Day Kindergarten        | -  | -        | -                              | -        | -            | -        | -                               | -        | -                             | -        | -                            | -        |   |                         |                 |               |
| Full Day Kindergarten        | 141  | -        | 141                            | -        | -            | -        | 141                             | -        | 141                           | -        | -                            | -        |   |                         |                 |               |
| 1st Grade                    | 175  | -        | 175                            | -        | -            | -        | 175                             | -        | 175                           | -        | -                            | -        |   |                         |                 |               |
| 2nd Grade                    | 131  | -        | 131                            | -        | -            | -        | 131                             | -        | 131                           | -        | -                            | -        |   |                         |                 |               |
| 3rd Grade                    | 154  | -        | 154                            | -        | -            | -        | 154                             | -        | 154                           | -        | -                            | -        |   |                         |                 |               |
| 4th Grade                    | 123  | -        | 123                            | -        | -            | -        | 123                             | -        | 123                           | -        | -                            | -        |   |                         |                 |               |
| 5th Grade                    | 154  | -        | 154                            | -        | -            | -        | 154                             | -        | 154                           | -        | -                            | -        |   |                         |                 |               |
| 6th Grade                    | 154  | -        | 154                            | -        | -            | -        | 154                             | -        | 154                           | -        | -                            | -        |   |                         |                 |               |
| 7th Grade                    | -  | -        | -                              | -        | -            | -        | -                               | -        | -                             | -        | -                            | -        |   |                         |                 |               |
| 8th Grade                    | -  | -        | -                              | -        | -            | -        | -                               | -        | -                             | -        | -                            | -        |   |                         |                 |               |
| 9th Grade                    | -  | -        | -                              | -        | -            | -        | -                               | -        | -                             | -        | -                            | -        |   |                         |                 |               |
| 10th Grade                   | -  | -        | -                              | -        | -            | -        | -                               | -        | -                             | -        | -                            | -        |   |                         |                 |               |
| 11th Grade                   | -  | -        | -                              | -        | -            | -        | -                               | -        | -                             | -        | -                            | -        |   |                         |                 |               |
| 12th Grade                   | -  | -        | -                              | -        | -            | -        | -                               | -        | -                             | -        | -                            | -        |   |                         |                 |               |
| <b>Subtotal</b>              | <b>1,048</b>                               | <b>-</b> | <b>1,048</b>                   | <b>-</b> | <b>-</b>     | <b>-</b> | <b>1,048</b>                    | <b>-</b> | <b>1,048</b>                  | <b>-</b> | <b>-</b>                     | <b>-</b> | <b>-</b>                                | <b>-</b>                | <b>-</b>        | <b>-</b>      |
| Spec Ed - Elementary         | 104  | -        | 104                            | -        | -            | -        | 71                              | -        | 71                            | -        | -                            | -        | 1                                       | 1                       | 1               | -             |
| Spec Ed - Middle School      | 18   | -        | 18                             | -        | -            | -        | 12                              | -        | 12                            | -        | -                            | -        | -                                       | -                       | -               | -             |
| Spec Ed - High School        | -  | -        | -                              | -        | -            | -        | -                               | -        | -                             | -        | -                            | -        | -                                       | -                       | -               | -             |
| <b>Subtotal</b>              | <b>122</b>                                 | <b>-</b> | <b>122</b>                     | <b>-</b> | <b>-</b>     | <b>-</b> | <b>83</b>                       | <b>-</b> | <b>83</b>                     | <b>-</b> | <b>-</b>                     | <b>-</b> | <b>1</b>                                | <b>1</b>                | <b>1</b>        | <b>-</b>      |
| <b>Totals</b>                | <b>1,170</b>                               | <b>-</b> | <b>1,170</b>                   | <b>-</b> | <b>-</b>     | <b>-</b> | <b>1,131</b>                    | <b>-</b> | <b>1,131</b>                  | <b>-</b> | <b>-</b>                     | <b>-</b> | <b>1</b>                                | <b>1</b>                | <b>1</b>        | <b>-</b>      |
| <b>Percentage Error</b>      |  |          |                                |          | <u>0.00%</u> |          |                                 |          |                               |          |                              |          | <u>0.00%</u>                            |                         |                 | <u>0.00%</u>  |

RIVER EDGE BOARD OF EDUCATION  
A.S.S.A.  
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 Workpapers as Low Income | Errors   | Sample Selected from Workpapers | Verified to Application and Register | Sample Errors | 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 |
| Half Day Pre-School (3 Yrs) | -                                 | -                                    | -        | -                               | -                                    | -             | -                                 | -                                    | -        | -                               | -                                    | -             |
| Half Day Pre-School (4 Yrs) | -                                 | -                                    | -        | -                               | -                                    | -             | -                                 | -                                    | -        | -                               | -                                    | -             |
| Half Day Kindergarten       | -                                 | -                                    | -        | -                               | -                                    | -             | -                                 | -                                    | -        | -                               | -                                    | -             |
| Full Day Kindergarten       | 2.0                               | 2.0                                  | -        | 2.0                             | 2.0                                  | -             | 2                                 | 2                                    | -        | 2                               | 2                                    | -             |
| 1st Grade                   | 1.0                               | 1.0                                  | -        | 1.0                             | 1.0                                  | -             | -                                 | -                                    | -        | -                               | -                                    | -             |
| 2nd Grade                   | -                                 | -                                    | -        | -                               | -                                    | -             | -                                 | -                                    | -        | -                               | -                                    | -             |
| 3rd Grade                   | -                                 | -                                    | -        | -                               | -                                    | -             | -                                 | -                                    | -        | -                               | -                                    | -             |
| 4th Grade                   | -                                 | -                                    | -        | -                               | -                                    | -             | -                                 | -                                    | -        | -                               | -                                    | -             |
| 5th Grade                   | -                                 | -                                    | -        | -                               | -                                    | -             | -                                 | -                                    | -        | -                               | -                                    | -             |
| 6th Grade                   | 1.0                               | 1.0                                  | -        | 1.0                             | 1.0                                  | -             | -                                 | -                                    | -        | -                               | -                                    | -             |
| 7th Grade                   | -                                 | -                                    | -        | -                               | -                                    | -             | -                                 | -                                    | -        | -                               | -                                    | -             |
| 8th Grade                   | -                                 | -                                    | -        | -                               | -                                    | -             | -                                 | -                                    | -        | -                               | -                                    | -             |
| 9th Grade                   | -                                 | -                                    | -        | -                               | -                                    | -             | -                                 | -                                    | -        | -                               | -                                    | -             |
| 10th Grade                  | -                                 | -                                    | -        | -                               | -                                    | -             | -                                 | -                                    | -        | -                               | -                                    | -             |
| 11th Grade                  | -                                 | -                                    | -        | -                               | -                                    | -             | -                                 | -                                    | -        | -                               | -                                    | -             |
| 12th Grade                  | -                                 | -                                    | -        | -                               | -                                    | -             | -                                 | -                                    | -        | -                               | -                                    | -             |
| <b>Subtotal</b>             | <b>4.0</b>                        | <b>4.0</b>                           | <b>-</b> | <b>4</b>                        | <b>4</b>                             | <b>-</b>      | <b>2</b>                          | <b>2</b>                             | <b>-</b> | <b>2</b>                        | <b>2</b>                             | <b>-</b>      |
| Spec Ed - Elementary        | -                                 | -                                    | -        | -                               | -                                    | -             | -                                 | -                                    | -        | -                               | -                                    | -             |
| Spec Ed - Middle School     | -                                 | -                                    | -        | -                               | -                                    | -             | -                                 | -                                    | -        | -                               | -                                    | -             |
| Spec Ed - High School       | -                                 | -                                    | -        | -                               | -                                    | -             | -                                 | -                                    | -        | -                               | -                                    | -             |
| <b>Subtotal</b>             | <b>-</b>                          | <b>-</b>                             | <b>-</b> | <b>-</b>                        | <b>-</b>                             | <b>-</b>      | <b>-</b>                          | <b>-</b>                             | <b>-</b> | <b>-</b>                        | <b>-</b>                             | <b>-</b>      |
| <b>Totals</b>               | <b>4.0</b>                        | <b>4.0</b>                           | <b>-</b> | <b>4</b>                        | <b>4</b>                             | <b>-</b>      | <b>2</b>                          | <b>2</b>                             | <b>-</b> | <b>2</b>                        | <b>2</b>                             | <b>-</b>      |

Percentage Error 0.00% 0.00% 0.00% 0.00%

|                          | Transportation           |                               |          |             |             |          |
|--------------------------|--------------------------|-------------------------------|----------|-------------|-------------|----------|
|                          | Reported on DRTRS by DOE | Reported on DRTRS by District | Errors   | Tested      | Verified    | Errors   |
| Regular - Public Schools | 1.0                      | 1.0                           | -        | 1.0         | 1.0         | -        |
| Transported - Non-Public | -                        | -                             | -        | -           | -           | -        |
| Regular - Spec.          | 23.0                     | 23.0                          | -        | 20.0        | 20.0        | -        |
| Special Needs - Public   | -                        | -                             | -        | -           | -           | -        |
| <b>Totals</b>            | <b>24.0</b>              | <b>24.0</b>                   | <b>-</b> | <b>21.0</b> | <b>21.0</b> | <b>-</b> |

0.00% 0.00%

RIVER EDGE BOARD OF EDUCATION  
A.S.S.A.  
SCHEDULE OF AUDITED ENROLLMENTS  
OCTOBER 15, 2016

|                             | Resident LEP Not Low Income                |   |              | Sample for Verification               |                         |                  |
|-----------------------------|--|---|--------------|---------------------------------------|-------------------------|------------------|
|                             | Reported on<br>A.S.S.A as<br>Low<br>Income | Reported on<br>Workpapers as<br>Low<br>Income | Errors       | Sample<br>Selected from<br>Workpapers | Verified to<br>Register | Sample<br>Errors |
| Half Day Pre-School (3 Yrs) | -  | -   | -            | -                                     | -                       | -                |
| Half Day Pre-School (4 Yrs) | -  | -   | -            | -                                     | -                       | -                |
| Half Day Kindergarten       | -  | -   | -            | -                                     | -                       | -                |
| Full Day Kindergarten       | 34   | 34  | -            | 34                                    | 34                      | -                |
| 1st Grade                   | 22   | 22  | -            | 22                                    | 22                      | -                |
| 2nd Grade                   | 5  | 5   | -            | 5                                     | 5                       | -                |
| 3rd Grade                   | 11   | 11  | -            | 11                                    | 11                      | -                |
| 4th Grade                   | 4  | 4   | -            | 4                                     | 4                       | -                |
| 5th Grade                   | 5  | 5   | -            | 5                                     | 5                       | -                |
| 6th Grade                   | 4  | 4   | -            | 4                                     | 4                       | -                |
| 7th Grade                   | -  | -   | -            | -                                     | -                       | -                |
| 8th Grade                   | -  | -   | -            | -                                     | -                       | -                |
| 9th Grade                   | -  | -   | -            | -                                     | -                       | -                |
| 10th Grade                  | -  | -   | -            | -                                     | -                       | -                |
| 11th Grade                  | -  | -   | -            | -                                     | -                       | -                |
| 12th Grade                  | -  | -   | -            | -                                     | -                       | -                |
| <b>Subtotal</b>             | <b>85</b>                                  | <b>85</b>                                     | <b>-</b>     | <b>85</b>                             | <b>85</b>               | <b>-</b>         |
| Spec Ed - Elementary        | 2  | 2   | -            | 2                                     | 2                       | -                |
| Spec Ed - Middle School     | -  | -   | -            | -                                     | -                       | -                |
| Spec Ed - High School       | -  | -   | -            | -                                     | -                       | -                |
| <b>Subtotal</b>             | <b>2</b>                                   | <b>2</b>                                      | <b>-</b>     | <b>2</b>                              | <b>2</b>                | <b>-</b>         |
| <b>Totals</b>               | <b>87</b>                                  | <b>87</b>                                     | <b>-</b>     | <b>87</b>                             | <b>87</b>               | <b>-</b>         |
| Percentage Error            |  |   | <u>0.00%</u> |                                       |                         | <u>0.00%</u>     |

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

**SECTION 1 - Two Percent (2%) - Calculation of Excess Surplus**

|   |                      |
|---|----------------------|
| 2015-2016 Total General Fund Expenditures (Budgetary Basis)<br>Per Schedule C-1 of the CAFR | \$ 17,717,966        |
| Decreased by:   |                      |
| On-Behalf TPAF Pension & Social Security  | <u>(1,940,165)</u>   |
| Adjusted 2015-2016 General Fund Expenditures  | <u>\$ 15,777,801</u> |
| 2% of Adjusted 2015-2016 General Fund Expenditures  | <u>\$ 315,556</u>    |
| Enter Greater of 2% of Adjusted 2015-2016 General Fund Expenditures or \$250,000            | \$ 315,556           |
| Increased by Allowable Adjustments*   | <u>144,185</u>       |
| Maximum Unassigned Fund Balance   | <u>\$ 459,741</u>    |

**SECTION 2**

|  |                     |
|--|---------------------|
| Total General Fund - Fund Balance at June 30, 2016<br>(Per CAFR Budgetary Comparison Schedule/Statement) | \$ 2,630,947        |
| Decreased by:  |                     |
| Restricted   |                     |
| Capital Reserve  | 693,666             |
| Capital Reserve - Designated for Subsequent Year's Expenditures  | 200,000             |
| Maintenance Reserve  | 110,000             |
| Tuition Adjustments  | 50,000              |
| Excess Surplus - Designated for Subsequent Year's Expenditures   | 500,000             |
| Assigned   |                     |
| Assigned - Year-End Encumbrances   | <u>42,540</u>       |
| Total Unassigned Fund Balance  | <u>\$ 1,034,741</u> |

**SECTION 3**

|  |                   |
|--|-------------------|
| Restricted Fund Balance - Excess Surplus | <u>\$ 575,000</u> |
|--|-------------------|

**Recapitulation of Excess Surplus**

|  |                     |
|--|---------------------|
| Excess Surplus   | \$ 575,000          |
| Excess Surplus - Designated for Subsequent Year's Expenditures | <u>500,000</u>      |
|  | <u>\$ 1,075,000</u> |

**\* Detail of Allowable Adjustment**

|  |                   |
|--|-------------------|
| Extraordinary Aid (Unbudgeted Portion)     | \$ 142,445        |
| Nonpublic Transportation Aid Reimbursement | <u>1,740</u>      |
| Total Adjustments                          | <u>\$ 144,185</u> |

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

**RECOMMENDATIONS**

**I. Administrative Practices and Procedures**

There are none.

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

There are none.

**III. School Purchasing Program**

There are none.

**IV. School Food Service**

There are none.

**V. Student Body Activities**

There are none.

**VI. Application for State School Aid**

There are none.

**VII. Pupil Transportation**

There are none.

**VIII. Facilities and Capital Assets**

There are none.

**IX. Miscellaneous**

There are none.

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

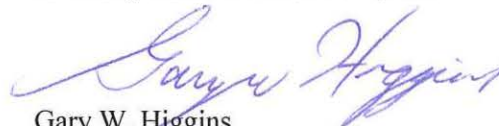
There were none.

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

A handwritten signature in blue ink that reads "Gary W. Higgins". The signature is written in a cursive style with a large, sweeping initial "G".

Gary W. Higgins  
Public School Accountant  
Certified Public Accountant