

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

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

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Honorable President and Members
of the Board Trustees
Teaneck Board of Education
Teaneck, 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 Teaneck Board of Education as of and for the fiscal year ended June 30, 2016, and have issued our report thereon dated November 15, 2016.

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

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

Respectfully submitted,

Lerch, Vinci & Higgins, LLP
LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants


Jeffery C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
November 15, 2016

**TEANECK 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 Interim Board Secretary/School Business Administrator and Treasurer of School Moneys, 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 (N.J.S.A. 18A:17-26, 18A:17-32)

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Dr. Dennis R. Frohnapfel	Interim Business Administrator/Board Secretary	100,000
Anthony Bianchi	Treasurer of School Monies	425,000

There is a Public Employees' Faithful Performance Blanket Position Bond covering all other employees with multiple coverage 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.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under review did not indicate any significant 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 were certified by the President of the Board and the School Business Administrator/Board Secretary.

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

Financial Planning, Accounting and Reporting (Continued)

Payroll Account (Continued)

Salary withholdings were promptly remitted to the proper agencies, including health benefits withholding 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 respecting the reporting of compensation for certain employees.

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. 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.

Travel

The District had an approved board travel policy as required by N.J.A.C. 6A:23A-6.13 and N.J.S.A. 18A:11-12.

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 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 was included in the minutes.

The prescribed contractual order system was followed. Bids received were summarized in the minutes (N.J.S.A. 18A:18A-21).

Treasurer's Records

The Treasurer performed certain cash reconciliations in accordance with N.J.S.A. 18A:17-36.

All cash receipts were promptly deposited.

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

**TEANECK 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 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, Title II and Title III of the Elementary and Secondary Education Act as amended.

Our examination 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 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.

- **Finding** – We noted certain 2015/2016 federal grant program funds in the amount of \$115,978 that were released from the District's available funds for carryover as a result of the District's failure to expend program funds within the allowable grant period.

Recommendation – Greater care be exercised in the monitoring of available federal grant funds to ensure program funds are expended in the allowable grant period.

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 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 60 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

Non-Public State Aid

Project completion reports were finalized and transmitted to the State by the due date.

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

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

Effective July 1, 2010 and thereafter, the bid thresholds in accordance with N.J.S.A. 18A:18A-2 (as amended) and 18A:18A-3(a) are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$18,800. The Board has designated the Interim School Business Administrator as the qualified purchasing agent for the District.

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.

Except as noted below, the results of my examination indicated that 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 provisions of N.J.S.A. 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 except as noted below.

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

- **Finding (2016-001)** – Our audit of purchases and contract awards for compliance with the Public School Contracts Law revealed the following:
 - Certain contract awards in excess of the bid threshold were not approved in the minutes.
 - A contract for educational staffing services in excess of the bid threshold was not procured through a public bid or competitive contracting process.
 - Professional service contract awards were not subsequently advertised.
 - Notification was not submitted to the Office of State Comptroller for a contract that exceeded two million dollars.

Recommendation – Efforts be made to ensure purchases and contract awards in excess of the bid threshold are made in accordance with Public School Contracts Law.

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

School Food Service

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

The District contracted with Sodexo Management, Inc. to manage the operations of the school food services and deposited funds in accordance with applicable state statutes. Provisions of the food service management company (FSMC) contract were reviewed. The FSMC contract includes an operating results provision which guarantees that the food service program will have a profit of at least \$33,478. The operating results provision has been met.

- **Finding** – The school district’s food service management company did not maintain the detailed revenue and expenditure information necessary in order to execute the USDA mandated non-program food revenue tool at least annually, therefore it was not made available for review.

Recommendation – The school district’s food service management company establish an allocation system to ensure that the maintenance of the detailed revenue and expenditure information necessary in order to execute the USDA mandated non-program food revenue tool at least annually is made available for review.

Cash receipts and bank records were reviewed for timely deposit.

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

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

The number of meals claimed for reimbursement was compared to sales and meal count records. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement claims were submitted in a timely manner.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served was compared to the number of valid applications or to the list of directly certified students on file, times the number of operating days, on a school-by-school basis. The free and reduced price meal policy was reviewed for uniform administration throughout the school system. The required verification procedures for free and reduced price applications were completed and available for review.

Food Distribution Program commodities were received and a separate inventory was maintained on a first-in, first-out basis.

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

- **Finding** – The State Department of Agriculture conducted an administrative review of the food service program and issued the report dated April 28, 2016. The report noted several review findings in need of corrective action. The report documented the corrective action to be implemented by the District. The Interim Business Administrator certified on June 23, 2016 to the corrective action taken and implemented as indicated in the report.

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

Community School/Adult Education Program

The financial records of the Community School/Adult Education Program were maintained in good condition.

Cash receipts and bank records were reviewed for timely deposit.

Student Activity and Athletic Accounts

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

Cash receipts and disbursements records for various other schools were maintained in good condition.

- **Finding** – Our audit of the Middle Schools student activity accounts revealed that several student activity subaccounts had a deficit balance at June 30, 2016.

Recommendation – The Middle Schools student activity accounts be reviewed and appropriate action to be taken to cover the deficit balances in the activity subaccounts.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2015 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, related services, bilingual students and low-income. We also performed a review of the district procedures related to its completion. The information on the A.S.S.A. was compared to the district workpapers with immaterial exceptions noted. The information that was included on the workpapers was verified with immaterial exceptions noted. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

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

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2015-16 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with immaterial exceptions noted. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

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

Facilities and Capital Assets

Our procedures included a review of the SDA grant agreement for consistence 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 the District’s capital assets revealed capital assets were not updated for 2015/16 school year building improvement additions. In addition, we noted several differences between the District’s capital asset records and the audit balances at June 30, 2016.

Recommendation – The capital asset records reflect all activity of the District and be in agreement with the audit balances at year end.

Management Suggestions

- Old outstanding checks to be reviewed and cleared of record in all District bank accounts.
- Community School program fees to be formally approved by the Board.
- District to request final drawdown of the roof project expenditures from the TD Bank lease proceeds.

Follow-up on Prior Year Findings

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

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

SCHEDULE OF MEAL COUNT ACTIVITY

<u>Program</u>	<u>Meal Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>(Over) Under Claim</u>
National School Lunch	Paid	129,733	48,234	48,234	-		
	Reduced	32,218	12,541	12,541	-		
	Free	<u>134,654</u>	<u>51,550</u>	<u>51,550</u>	-		
		<u>296,605</u>	<u>112,325</u>	<u>112,325</u>	-		
School Breakfast (Severe)	Paid	13,908	5,296	5,297	(1)		
	Reduced	8,129	3,153	3,153	-		
	Free	<u>44,812</u>	<u>17,449</u>	<u>17,448</u>	1		
		<u>66,849</u>	<u>25,898</u>	<u>25,898</u>	-		
GRAND TOTAL		<u><u>363,454</u></u>	<u><u>138,223</u></u>	<u><u>138,223</u></u>	-		

**TEANECK BOARD OF EDUCATION
FOOD SERVICES FUND
NET CASH RESOURCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Net Cash Resources:</u>	<u>Total</u>	<u>Reference</u>
CAFR		
<u>Exhibit</u>		
	Current Assets	
B-4	Cash & Cash Equivalents	\$ (5,998)
B-4	Intergovernmental Receivable	128,712
B-4	Other Accounts Receivable	22,153
CAFR		
	Current Liabilities	
B-4	Less Accounts Payable	(110,857)
B-4	Less Unearned Revenue	(12,170)
	Net Cash Resources	\$ 21,840 (A)
<u>Total Net Adjusted Operating Expenses:</u>		
B-5	Total Operating Expenses	\$ 1,466,292
B-5	Less Depreciation	(9,760)
	Total Net Adjusted Total Operating Expenditures	\$ 1,456,532 (B)
<u>Average Monthly Operating Expenses:</u>		
	Total Net Adjusted Operating Expenses (B) / 10 months	\$ 145,653 (C)
<u>Three Times Monthly Average:</u>		
	3 X Average Monthly Expenses (C)	\$ 436,959 (D)

TOTAL NET CASH RESOURCES	\$ 21,840	(A)
LESS THREE MONTHS AVERAGE EXPENDITURES	\$ 436,959	(D)
NET OVER (UNDER)	\$ (415,119)	
NET CASH RESOURCES DO NOT EXCEED THREE MONTH AVERAGE EXPENDITURES		

**TEANECK 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 Preschool - 3 yrs	19		19		-	-	19		19		-	-				
Half Day Preschool - 4 yrs	39		39		-	-	39		39		-	-				
Full Day Kindergarten	181		181		-	-	18		18		-	-				
GRADE 1	199		199		-	-	72		72		-	-				
GRADE 2	183		183		-	-	62		62		-	-				
GRADE 3	203		203		-	-	80		80		-	-				
GRADE 4	189		189		-	-	72		72		-	-				
GRADE 5	215		215		-	-	102		102		-	-				
GRADE 6	184		184		-	-	81		81		-	-				
GRADE 7	191		191		-	-	101		101		-	-				
GRADE 8	203		203		-	-	116		116		-	-				
GRADE 9	245	3	245	3	-	-	248		248		-	-				
GRADE 10	264	6	264	6	-	-	270		270		-	-				
GRADE 11	265	2	265	2	-	-	267		267		-	-				
GRADE 12	260		260		-	-	260		260		-	-				
Subtotal	2,840	11	2,840	11	-	-	1,807	-	1,807	-	-	-	-	-	-	-
Spec Ed - Elementary	329	-	329	-	-	-	103	-	103	-	-	-	1	1	1	-
Spec Ed- Middle School	196	-	196	-	-	-	111	-	111	-	-	-	13	11	10	1.0
Spec Ed - High School	264	2	264	2	-	-	264	2	264	2	-	-	36	31	31	-
Subtotal	789	2	789	2	-	-	478	2	478	2	-	-	50	43	42	1.0
Totals	3,629	13	3,629	13	-	-	2,285	2	2,285	2	-	-	50	43	42	1.0
Percentage Error	<u>0.00%</u>						<u>0.00%</u>						<u>0.00%</u>			

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

	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	Reported on Workpapers	Errors	Sample Selected	Sample Verified	Errors
Full Day Preschool - 3 years	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool - 4 years	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	69.0	69.0	-	11.0	11.0	-	12.0	12.0	-	9.0	9.0	-
GRADE 1	76.0	76.0	-	10.0	10.0	-	11.0	11.0	-	8.0	8.0	-
GRADE 2	74.0	74.0	-	13.0	13.0	-	9.0	9.0	-	7.0	7.0	-
GRADE 3	77.0	77.0	-	10.0	9.0	(1)	3.0	3.0	-	2.0	2.0	-
GRADE 4	59.0	59.0	-	8.0	8.0	-	4.0	4.0	-	3.0	3.0	-
GRADE 5	92.0	92.0	-	9.0	9.0	-	2.0	2.0	-	2.0	2.0	-
GRADE 6	59.0	59.0	-	8.0	8.0	-	-	-	-	-	-	-
GRADE 7	56.0	56.0	-	4.0	4.0	-	-	-	-	-	-	-
GRADE 8	67.0	67.0	-	8.0	8.0	-	3.0	3.0	-	2.0	2.0	-
GRADE 9	74.0	74.0	-	7.0	7.0	-	4.0	4.0	-	3.0	3.0	-
GRADE 10	58.0	58.0	-	5.0	5.0	-	-	-	-	-	-	-
GRADE 11	65.0	65.0	-	7.0	7.0	-	3.0	3.0	-	2.0	2.0	-
GRADE 12	58.0	58.0	-	5.0	5.0	-	1.0	1.0	-	1.0	1.0	-
Subtotal	884	884	-	105	104	(1)	52	52	-	39	39	-
Spec Ed - Elementary	104.0	104.0	-	10.0	10.0	-	1.0	1.0	-	1.0	1.0	-
Spec Ed- Middle School	68.0	68.0	-	5.0	5.0	-	-	1.0	1	1.0	1.0	-
Spec Ed - High School	86.0	86.0	-	6.0	6.0	-	1.0	1.0	-	1.0	1.0	-
	258	258	-	21	21	-	2	3	1	3	3	-
Totals	1,142.0	1,142.0	-	126	125	(1)	54	55	1	42	42	-
Percentage Error			<u>0.00%</u>			<u>-0.79%</u>			<u>1.85%</u>			<u>0.00%</u>

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular- Public Schools	348	348	-	8	8	-
Regular - Sped.	2	2	-	2	2	-
Transported- Non- Public	2,160	2,160	-	52	50	2.0
Special Needs- Public	356	356	-	9.0	8.0	1.0
Totals	2,866.0	2,866.0	-	71.0	68.0	3.0
Percentage Error			<u>0.00%</u>		12	<u>4.23%</u>

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

	Resident LEP NOT Low Income			Sample for Verification		
	Reported on A.S.S.A as Not Low Income	Reported on Workpapers as Not Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Preschool - 3 years	-	-	-	-	-	-
Full Day Preschool - 4 years	-	-	-	-	-	-
Full Day Kindergarten	10.0	10.0	-	7.0	7.0	-
GRADE 1	8.0	8.0	-	6.0	6.0	-
GRADE 2	2.0	2.0	-	2.0	2.0	-
GRADE 3	4.0	4.0	-	4.0	4.0	-
GRADE 4	2.0	2.0	-	2.0	2.0	-
GRADE 5	1.0	1.0	-	1.0	1.0	-
GRADE 6	1.0	1.0	-	1.0	1.0	-
GRADE 7	1.0	1.0	-	1.0	1.0	-
GRADE 8	-	-	-	-	-	-
GRADE 9	6.0	6.0	-	5.0	5.0	-
GRADE 10	4.0	4.0	-	3.0	3.0	-
GRADE 11	2.0	2.0	-	2.0	2.0	-
GRADE 12	2.0	2.0	-	2.0	2.0	-
Subtotal	43	43	-	36	36	-
Spec Ed - Elementary	2.0	2.0	-	2.0	2.0	-
Spec Ed- Middle School	1.0	-	(1)	-	-	-
Spec Ed - High School	1.0	1.0	-	1.0	1.0	-
	4	3	(1)	3	3	-
Totals	47	46	(1)	39	39	-
Percentage Error			<u>-2.13%</u>			<u>0.00%</u>

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

SECTION 1 - Regular District

Two Percent (2%) - Calculation of Excess Surplus

2015-2016 Total General Fund Expenditures per the CAFR	\$ 96,755,808	
Increased by:		
Capital Reserve Transfer to Capital Projects	450,122	
Decreased by:		
Assets Acquired Under Capital Leases	(112,235)	
On-Behalf TPAF Pension & Social Security	<u>(8,270,247)</u>	
Adjusted 2015-2016 General Fund Expenditures	<u>\$ 88,823,448</u>	
2% of Adjusted 2015-2016 General Fund Expenditures	\$ 1,776,469	
Allowable Adjustments - Non Public Transportation Aid	<u>39,132</u>	
 Maximum Unassigned Fund Balance		 \$ 1,815,601

SECTION 2

Total General Fund - Fund Balance at June 30, 2016 (Per CAFR Budgetary Comparison Schedule/Statement C-1)		\$ 5,307,749
Decreased by:		
Restricted Fund Balances - Capital Reserve	\$ 575,801	
Restricted Fund Balances - Maintenance Reserve	250,000	
Assigned - Year End Encumbrances	315,397	
Assigned - ARRA/SEMI Designated for Subsequent Year's Expenditures	18,320	
Assigned - Designated for Subsequent Year's Expenditures	<u>1,235,936</u>	
		<u>2,395,454</u>
Total Unassigned Fund Balance		<u>2,912,295</u>
 Restricted Fund Balance - Excess Surplus		 <u>\$ 1,096,694</u>

SECTION 3

Recapitulation of Excess Surplus as of June 30, 2016		
Reserved Excess Surplus		<u>\$ 1,096,694</u>
Total		<u>\$ 1,096,694</u>

RECOMMENDATIONS

I. Administrative Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

- * It is recommended that greater care be exercised in the monitoring of available federal grant funds to ensure program funds are expended in the allowable grant period.

III. School Purchasing Program

It is recommended that efforts be made to ensure purchases and contract awards in excess of the bid threshold are made in accordance with Public School Contracts Law.

IV. School Food Services

It is recommended that the school district food service management company establish an allocation system to ensure that the maintenance of the detailed revenue and expenditure information necessary in order to execute the USDA mandated non-program food revenue tool at least annually is made available for review.

V. Community School/Adult Education Program

There are none.

VI. Student Body Activities

It is recommended that the Middle Schools student activity accounts be reviewed and appropriate action to be taken to cover the deficit balances in the activity subaccounts.

VII. Application for State School Aid

There are none.

VIII. Pupil Transportation

There are none.

IX. Facilities and Capital Assets

It is recommended that the capital asset records reflect all activity of the District and be in agreement with audit balances at year end.

X. Miscellaneous

There are none.

**RECOMMENDATIONS
(Continued)**

XI. Status of Prior Years' Audit Findings/Recommendations

A review was performed on all prior years' recommendations and corrective action was taken on all except those denoted with an asterisk (*).

ACKNOWLEDGEMENT

We received the complete cooperation of all the officials of the school district and we greatly appreciate the courtesies extended to us.

Respectfully submitted,

LERCH, VINCI & HIGGINS, LLP



Jeffery C. Bliss
Certified Public Accountant
Public School Accountant