

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

**WEST ORANGE BOARD OF EDUCATION  
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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## AUDITOR'S MANAGEMENT REPORT

Honorable President and  
Members of the Board of Trustees  
West Orange Board of Education  
West Orange, 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 West Orange Board of Education in the County of Essex 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, 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

Donna L. Japhet  
Public School Accountant  
PSA Number CS02314

Fair Lawn, New Jersey  
November 21, 2016

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

**Scope of Audit**

The audit covered the financial transactions of the Business Administrator/Board Secretary and Treasurer of School Monies, the activities of the Board of Education, the records of the various funds under the auspices of the Board of Education.

**Administrative Practices and Procedures**

**Insurance**

Fire insurance coverage was carried in the amounts as detailed on the Schedule of Insurance contained in the Statistical Section of the District's Comprehensive Annual Financial Report (the "CAFR").

**Official Bonds**

<u>Name</u>	<u>Position</u>	<u>Amount</u>
John Calavaro	Business Administrator/ Board Secretary	\$525,000
Joseph Gregory Antonucci	Treasurer of School Monies	\$525,000

There is a Public Employees' Faithful Performance Blanket Bond with the Selective Insurance Company covering all other employees with multiple coverage of \$100,000.

**Tuition Charges**

A comparison of tentative tuition charges and actual certified tuition charges was made. The Board made a proper adjustment, as applicable, to the billings to sending districts 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.

**Classification of Expenditures**

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

**Payroll/Personnel**

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

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

**WEST ORANGE 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/Personnel (Continued)**

**Finding** – Net payroll bank account appears to have an excess balance of \$224,876.

**Recommendation** – Net payroll bank account be reviewed and any excess funds be transferred to the General Fund.

**Finding** – Our audit revealed that District was unable to determine if payroll verification had been done in past three years. The District did complete a payroll verification in the 2016/17 school year, therefore, no recommendation is warranted.

**Reserve for Encumbrances and Accounts Payable**

A review of outstanding issued purchase orders was made as of June 30, for goods not yet received or services not yet rendered to determine that no blanket purchase orders were included in the balance of the reserves for encumbrances. Also, unpaid purchase orders included in the balance of accounts payable were received for propriety and to determine that goods were received and services were rendered, as of June 30.

**Board Secretary's Records**

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

**Finding** – Checks issued from the unemployment account only contained one authorized signature. In addition, the checks issued from the workers compensation, food service, liability reserve and loss stabilization accounts only contained two signatures.

**Recommendation** – Checks issued from all district operating accounts contain three signatures as required by N.J.S.A. 18A:19-1.

The prescribed contractual order system was followed.

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

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

**Treasurer's Records**

The Treasurer did perform cash reconciliations for all accounts required.

All cash receipts were promptly deposited.

**Finding** – The unemployment account was not included on the Treasurer's monthly report.

**Recommendation** – The unemployment account be included on the Treasurer's monthly report.

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

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

**Unemployment Compensation Insurance Trust Fund**

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

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

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

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

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

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

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

**Finding (CAFR Finding 2016-001)** – With respect to our audit of IDEA programs, the invoices submitted by a certain occupational therapy provider were not detailed as to the date services were provided. In addition, billings were not done in a timely manner. Also the vendor was paid in excess of the not to exceed amount approved by the Board.

**Recommendation** – With respect to IDEA programs, all invoices submitted by service providers be detailed and properly supported as to the dates services were provided. In addition, District should require billings be made from provider in a timely manner.

**Finding (CAFR Finding 2016-002)** – Review of the Time and Effort Certifications found that the reports are being signed by both the employee and supervisor prior to the certification period being attested to has ended.

**Recommendation** – Time and Effort Certifications be signed only after certification period ends.

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 (CAFR Finding 2016-003)** – Our audit of the District's Extraordinary Aid Application noted that detailed workpapers to support each student's costs reported on the application are not being maintained. Also, OT/PT services were allocated based on 2009 rates, not current rates. In addition, one instance noted where an intensive service was claimed on the application but was not required by the student's Individualized Education Plan (IEP).

**Recommendation** – The District maintain detailed workpapers to support each student's costs reported and greater care be exercised over the preparation of the Extraordinary Aid Application to ensure proper costs and services are reported.

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

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

Other Special Federal and/or State Projects (Continued)

**Finding (CAFR Finding 2016-004)** – The District erroneously reported four (4) SDA funded projects as eligible for Debt Service Aid in the Debt Service Data Collection.

**Recommendation** – Greater care be exercised when completing the Debt Service Data Collection.

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.

TPAF Reimbursement to the State for Federal Salary Expenditures

The amount of the expenditure charged to the current year's Final Report(s) for all federal awards for the school district to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds was made prior to the end of the 90 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

Nonpublic State Aid

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

**School Purchasing Programs**

Contracts and Agreements Requiring Advertisement for Bids

Effective July 1, 2015 and thereafter, the bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-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 Business Administrator/Board Secretary as the qualified purchasing agent.

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

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

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

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** – Our audit indicated that the District did not provide notification to the Office of the State Comptroller of contracts awarded for an amount exceeding \$2 million in accordance N.J.S.A. 52:15c-10.

**Recommendation** – Notification be provided to the Office of the State Comptroller of all contracts awarded by the District which exceed \$2 million in accordance with N.J.S.A. 52:15C-10.

**WEST ORANGE 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 good condition. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis. No exceptions were noted.

Cash receipts and bank records were reviewed for timely deposit.

The number of meals claimed for reimbursement was verified against sales and meal count records. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement vouchers were timely filed, and meals claimed agreed with meal count records, as detailed on the Schedule of Meal Activity.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served did not exceed the number of valid applications on file, times the number of operating days, on a school-by-school basis. The free and reduced price meal and free milk policy is uniformly administered throughout the school system. The required verification procedures for free and reduced price applications were completed and available for review.

The District utilized a food service management company (FSMC) and is expending program monies in accordance with N.J.S.A. Provisions of the FSMC contract were reviewed and audited. The FSMC contract included a guarantee of \$125,000 and that provision has been met.

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.

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all school food services employees authorized by the board of education.

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expense records were maintained in order to substantiate the non-profit status of the school food service.

Net cash resources did not exceed three months average expenditures.

U.S.D.A. Food Distribution Program Food and/or commodities were received and a separate inventory was maintained on a first-in, first-out basis. No exceptions were noted.

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

**Summer Enrichment Program**

The financial records of the Summer Enrichment Program were maintained in fair condition.

**Finding -** Our audit of the Summer Enrichment Program revealed that pre-numbered receipts are not being issued for money collected and there were no registration forms available for audit. In addition, there was no cash receipt ledger maintained and no reconciliation of funds collected to what was turned over to the Board for deposit.

**Recommendation -** It is recommended that internal controls be enhanced over the collection and recording of program fees for the Summer Enrichment Program.



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

**Student Body Activities**

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

**Finding** – Our audit of the student activity funds revealed the following.

**With respect to the High School Account:**

- a) Certain sub accounts were in a deficit position. In addition, there were numerous sub-accounts identified that do not appear to be student-activity related.
- b) Several instances noted where pre-numbered receipts were not detailed as to composition of receipt.
- c) Several instances noted where cancelled checks only had one authorization signature.
- d) Certain disbursements selected for audit do not appear to be for proper student activity related purchases.

**With respect to the Roosevelt Middle School Account:**

- a) Certain sub accounts were in a deficit position. In addition, there were certain sub-accounts identified that do not appear to be student-activity related.

**With respect to the Edison Middle School Account:**

- a) Certain sub accounts were in a deficit position.
- b) Bank reconciliations contained numerous reconciling items that appear to be invalid.
- c) Pre-numbered receipts were not always being utilized for collections.
- d) Numerous instances noted where approval signature was not on check request form.
- e) A large number of checks were reimbursements to individuals.

**With respect to the Liberty Middle School Account:**

- a) Certain sub accounts were in a deficit position. In addition, there were certain sub-accounts identified that do not appear to be student-activity related.
- b) A large number of checks were reimbursements to individuals.

**With respect to the Gregory Elementary School Account:**

- a) Pre-numbered receipts are not being utilized.
- b) A large number of checks were reimbursements to individuals.
- c) The custodian of the account paid personal property taxes from account. Funds were subsequently returned to the account from the Township who received the payment.

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

**Student Body Activities (Continued)**

**With respect to the Saint Cloud Elementary School Account:**

- a) Pre-numbered receipts were not consistently utilized.
- b) Instances were noted where no supporting documentation was available for audit for certain disbursements.
- c) Checks only contained one authorized signature.

**With respect to the Hazel Avenue Elementary School Account:**

- a) Pre-numbered receipts are not being utilized.
- b) Checks only contained one authorized signature.
- c) Certain disbursements selected for audit do not appear to be for proper student activity related purchases.

**With respect to the Kelly (formerly Pleasantdale) Elementary School Account:**

- a) No pre-numbered receipts are being utilized.

**With respect to the Washington Elementary School Account:**

- a) Not utilizing pre-numbered receipts.
- b) No approval signature on disbursement request forms.
- c) A large number of checks were reimbursements to individuals
- d) Certain disbursements selected for audit do not appear to be for proper student activity related purchases.
- e) Several instances noted where no supporting documentation for disbursements was provided.
- f) Checks only contained one authorized signature.

**With respect to the Mount Pleasant Elementary School Account:**

- a) No cash receipt and cash disbursement ledger is being maintained.
- b) Bank account is not being reconciled.
- c) No pre-numbered receipts are being utilized.
- d) Certain disbursements selected for audit do not appear to be for proper student activity related purchases.

**With respect to the Redwood Elementary School Account:**

- a) Payment vouchers are not being utilized for disbursements and no one is approving the payments.

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

**Student Body Activities (Continued)**

**With respect to the High School Athletic Account:**

- a) Old outstanding checks should be reviewed and cleared of record.

**With respect to the Roosevelt Middle School Athletic Account:**

- a) Several cancelled checks were not available for audit.

**With respect to the Liberty Middle School Account:**

- a) Numerous instances noted where no approval signature was found on the "Request for Check" form.

**Recommendation-** With respect to the District's various student activity accounts:

- a) Sub-accounts should be reviewed and transfers made to cover deficits. In addition, sub-accounts should be reviewed to determine if for valid student activity purposes.
- b) Bank reconciliations should be completed monthly and reconciling items should be reviewed and cleared of record.
- c) Cash receipt and disbursement ledgers should be maintained.
- d) Pre-numbered receipts should be utilized and properly reflect composition of funds collected.
- e) Two signatures be required on all checks.
- f) The student activity accounts only be utilized for purposes connected with student related activities and clubs.
- g) Payment authorization forms require proper approvals and be utilized for disbursements.
- h) Supporting documentation be obtained for all disbursements.
- i) Efforts be made to limit reimbursements made to individuals.
- j) All cancelled checks be made available for audit.

**Application for State School Aid**

Our audit procedures included a test of information reported in the October 15, 2015 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the disabled, bilingual and low-income. We also performed a review of the District procedures related to its completion. The information on the A.S.S.A. was compared to District workpapers without exception. The information on the workpapers was verified with isolated exceptions. 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.

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

**Pupil Transportation**

Our audit procedures included a test of on roll status reported in the 2015-2016 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

**Finding** – Our audit of the District Report of Transported Resident Students (DRTRS) revealed numerous students who are classified as Regular Special Education (without special needs) were improperly reported as Regular Public Students.

**Recommendation** – Internal control procedures over the preparation of DRTRS reporting be reviewed and enhanced to ensure information is properly reported.

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 agreements for consistency with recording SDA revenue, transfer of local funds from the General Fund or from the Capital Reserve Account and awarding of contracts per eligible facilities construction.

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

**SCHEDULE OF MEAL COUNT ACTIVITY**

<u>Program</u>	<u>Meals Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>
National School Lunch	Paid	281,257	134,850	134,850
	Reduced	62,754	29,777	29,777
	Free	<u>365,112</u>	<u>175,748</u>	<u>175,748</u>
		<u>709,123</u>	<u>340,375</u>	<u>340,375</u>
National School Breakfast-Regular	Paid	5,614	2,770	2,770
	Reduced	65	20	20
	Free	<u>3,078</u>	<u>1,484</u>	<u>1,484</u>
		<u>8,757</u>	<u>4,274</u>	<u>4,274</u>
National School Breakfast-Severe	Paid	23,307	11,293	11,293
	Reduced	14,659	7,353	7,353
	Free	<u>123,248</u>	<u>61,781</u>	<u>61,781</u>
		<u>161,214</u>	<u>80,427</u>	<u>80,427</u>
		<u>879,094</u>	<u>425,076</u>	<u>425,076</u>

**WEST ORANGE BOARD OF EDUCATION  
FOOD SERVICE FUND  
NET CASH RESOURCE SCHEDULE  
ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

			Food Service	
<b><u>Net Cash Resources:</u></b>				
<b>CAFR</b>	*	<b>Current Assets</b>		
B-4		Cash & Cash Equiv.	\$ 590,805	
B-4		Due from Other Gov'ts	136,306	
B-4		Accounts Receivable	15,946	
B-4		Investments		
<b>CAFR</b>		<b>Current Liabilities</b>		
B-4		Less Accounts Payable	(311,601)	
B-4		Less Accruals		
B-4		Less Due to Other Funds		
B-4		Less Deferred Revenue	<u>(7,457)</u>	
		<b>Net Cash Resources</b>	<b><u>\$ 423,999</u></b>	<b>(A)</b>

**Net Adj. Total Operating Expense:**

B-5		Tot. Operating Exp.	3,679,776	
B-5		Less Depreciation	<u>(119,864)</u>	
		Adj. Tot. Oper. Exp.	<b><u>\$ 3,559,912</u></b>	<b>(B)</b>

**Average Monthly Operating Expense:**

	B / 10		<b><u>\$ 355,991</u></b>	<b>(C)</b>
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**Three times monthly Average:**

	3 X C		<b><u>\$ 1,067,973</u></b>	<b>(D)</b>
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TOTAL IN BOX A		\$ 423,999	
LESS TOTAL IN BOX D		<u>\$ 1,067,973</u>	
NET		<b><u>\$ (643,974)</u></b>	

From above:

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

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

**WEST ORANGE 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 from Work- papers	Sample Verfiied	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared					
Half Day Preschool 3 yrs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Preschool 4 yrs	11.0	-	11.0	-	-	-	-	11.0	-	11.0	-	-	-	-	-	-	-
Full Day Preschool 4 yrs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	428.0	-	428.0	-	-	-	-	58.0	-	58.0	-	-	-	-	-	-	-
Grade 1	485.0	-	485.0	-	-	-	-	73.0	-	73.0	-	-	-	-	-	-	-
Grade 2	463.0	-	463.0	-	-	-	-	63.0	-	63.0	-	-	-	-	-	-	-
Grade 3	435.0	-	435.0	-	-	-	-	69.0	-	69.0	-	-	-	-	-	-	-
Grade 4	439.0	-	439.0	-	-	-	-	77.0	-	77.0	-	-	-	-	-	-	-
Grade 5	428.0	-	428.0	-	-	-	-	67.0	-	67.0	-	-	-	-	-	-	-
Grade 6	429.0	-	429.0	-	-	-	-	429.0	-	429.0	-	-	-	-	-	-	-
Grade 7	463.0	-	463.0	-	-	-	-	224.0	-	224.0	-	-	-	-	-	-	-
Grade 8	385.0	-	385.0	-	-	-	-	182.0	-	182.0	-	-	-	-	-	-	-
Grade 9	435.0	-	435.0	-	-	-	-	435.0	-	435.0	-	-	-	-	-	-	-
Grade 10	431.0	-	431.0	-	-	-	-	431.0	-	431.0	-	-	-	-	-	-	-
Grade 11	424.0	1.0	424.0	1.0	-	-	-	424.0	1.0	424.0	1.0	-	-	-	-	-	-
Grade 12	431.0	-	431.0	-	-	-	-	431.0	-	431.0	-	-	-	-	-	-	-
Adult School	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	5,687.0	1.0	5,687.0	1.0	-	-	-	2,974.0	1.0	2,974.0	1.0	-	-	-	-	-	-
Special Ed - Elementary	365.0	-	365.0	-	-	-	-	78.0	-	78.0	-	-	-	25.0	14.0	14.0	-
Special Ed - Middle	272.0	-	272.0	-	-	-	-	88.0	-	88.0	-	-	-	18.0	10.0	10.0	-
Special Ed - High	351.0	12.0	351.0	12.0	-	-	-	351.0	12.0	351.0	12.0	-	-	47.0	25.0	25.0	-
Subtotal	988.0	12.0	988.0	12.0	-	-	-	517.0	12.0	517.0	12.0	-	-	90.0	49.0	49.0	-
Totals	6,675.0	13.0	6,675.0	13.0	-	-	-	3,491.0	13.0	3,491.0	13.0	-	-	90.0	49.0	49.0	-
Percentage Error					0.00%	0.00%						0.00%	0.00%				0.00%

**WEST ORANGE 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 A.S.S.A as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Worpapers	Verified to Test Score and Register	Errors
	Half Day Preschool 4 yrs											
Full Day Preschool 4 yrs												
Full Day Kindergarten	133	133	-	4	4	-	20	20	-	5	5	-
Grade 1	214	214	-	5	5	-	23	23	-	6	6	-
Grade 2	187	187	-	5	4	(1)	22	22	-	6	6	-
Grade 3	177	177	-	4	4	-	13	13	-	3	3	-
Grade 4	195	195	-	5	5	-	6	6	-	2	2	-
Grade 5	174	174	-	5	5	-	12	12	-	3	3	-
Grade 6	200	200	-	5	5	-	9	9	-	2	2	-
Grade 7	186	186	-	5	5	-	7	7	-	2	2	-
Grade 8	174	174	-	4	4	-	6	6	-	2	2	-
Grade 9	202	202	-	5	4	(1)	21	21	-	5	5	-
Grade 10	210	210	-	5	5	-	24	24	-	6	6	-
Grade 11	203.5	204	-	5	5	-	18	18	-	5	5	-
Grade 12	186	186	-	4	3	(1)	16	16	-	4	4	-
Subtotal	2,442	2,442	-	61	58	(3)	197	197	-	51	51	-
Special Ed - Elementary	174	174	-	-	-	-	-	-	-	-	-	-
Special Ed - Middle	157	157	-	-	-	-	-	-	-	-	-	-
Special Ed - High	228.5	228.5	-	-	-	-	-	-	-	-	-	-
Subtotal	560	560	-	-	-	-	-	-	-	-	-	-
Totals	3,001	3,001	-	61	58	(3)	197	197	-	51	51	-
Percentage Error		<u>0.00%</u>			<u>-4.92%</u>			<u>0.00%</u>		<u>0.00%</u>		

	Transportation					
	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools	2,522.0	2,522.0	-	213.0	188.0	(25.0)
Transported - Non - Public	578.0	578.0	-	49.0	49.0	-
Special Ed. - Public	59.0	59.0	-	5.0	30.0	25.0
Special Needs - Public	374.0	374.0	-	32.0	32.0	-
	<u>3,533.0</u>	<u>3,533.0</u>	-	<u>299.0</u>	<u>299.0</u>	-
Percentage Error		<u>0.00%</u>			<u>0.00%</u>	



**WEST ORANGE 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 Worpapers	Verified to Application and Register	Errors
Half Day Preschool 3 yrs						
Full Day Preschool 3 yrs						
Half Day Preschool 4 yrs						
Full Day Preschool 4 yrs						
Half Day Kindergarten						
Full Day Kindergarten	7.0	7.0	-	6.0	6.0	-
Grade 1	5.0	5.0	-	4.0	4.0	-
Grade 2	5.0	5.0	-	4.0	4.0	-
Grade 3	5.0	4.0	(1.0)	4.0	4.0	-
Grade 4	4.0	4.0	-	4.0	4.0	-
Grade 5	1.0	1.0	-	1.0	1.0	-
Grade 6	-	-	-	-	-	-
Grade 7	4.0	4.0	-	4.0	4.0	-
Grade 8	4.0	4.0	-	4.0	4.0	-
Grade 9	1.0	1.0	-	1.0	1.0	-
Grade 10	-	-	-	1.0	1.0	-
Grade 11	4.0	4.0	-	4.0	4.0	-
Grade 12	2.0	2.0	-	2.0	2.0	-
Adult School						
Subtotal	42.0	41.0	(1.0)	39.0	39.0	-
Special Ed - Elementary	-	-	-	-	-	-
Special Ed - Middle	-	-	-	-	-	-
Special Ed - High	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
Totals	42.0	41.0	(1.0)	39.0	39.0	-
Percentage Error			<u>-2.38%</u>			<u>0.00%</u>

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

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

2015-2016 Total General Fund Expenditures per the CAFR	\$ 150,622,601
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>15,291,645</u>
Adjusted 2015-2016 General Fund Expenditures	<u>\$ 135,330,956</u>
2% of Adjusted 2015-2016 General Fund Expenditures	\$ 2,706,619
Increased by:	
Allowable Adjustment *	<u>110,042</u>
Maximum Unassigned Fund Balance	<u>\$ 2,816,661</u>

**SECTION 2**

Total General Fund - Fund Balance at June 30, 2016 (Per CAFR Budgetary Comparison Schedule C-1)	\$ 6,787,344
Decreased by:	
Year-End Encumbrances	\$ 2,651,238
Other Restricted Fund Balance - SEMI	120,439
Other Restricted Fund Balance - Capital Reserve	152,575
Restricted - Designated for Subsequent Year's Expenditures	<u>2,100,000</u>
	<u>5,024,252</u>
Total Unassigned Fund Balance	<u>\$ 1,763,092</u>

**SECTION 3**

**Fund Balance - Excess Surplus** \$ (1,053,569)

**\* Detail of Allowable Adjustments**

Additional Nonpublic School Transportation Aid	<u>\$ 110,042</u>
Total Adjustments	<u>\$ 110,042</u>

**WEST ORANGE BOARD OF EDUCATION  
RECOMMENDATIONS**

**I. Administrative Practices and Procedures**

There are none.

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

It is recommended that:

1. Net payroll bank account be reviewed and any excess funds be transferred to the General Fund.
2. Checks issued from all district operating accounts contain three signatures as required by N.J.S.A. 18A:19-1.
3. The unemployment account be included on the Treasurer's monthly report.
4. With respect to IDEA programs, all invoices submitted by service providers be detailed and properly supported as to the dates services were provided. In addition, District should require billings be made from provider in a timely manner.
5. Time and Effort Certifications be signed only after certification period ends.
6. The District maintain detailed workpapers to support each student's costs reported and greater care be exercised over the preparation of the Extraordinary Aid Application to ensure proper costs and services are reported.
7. Greater care be exercised when completing the Debt Service Data Collection.

**III. School Purchasing Program**

It is recommended that notification be provided to the Office of the State Comptroller of all contracts awarded by the District which exceed \$2 million in accordance with N.J.S.A. 52:15C-10.

**IV. School Food Services**

There are none.

**V. Summer Enrichment Program**

It is recommended that internal controls be enhanced over the collection and recording of program fees for the Summer Enrichment Program.

**WEST ORANGE BOARD OF EDUCATION  
RECOMMENDATIONS  
(Continued)**

**VI. Student Body Activities**

It is recommended that with respect to the District's various student activity accounts:

- a) Sub-accounts should be reviewed and transfers made to cover deficits. In addition, sub-accounts should be reviewed to determine if for valid student activity purposes.
- b) Bank reconciliations should be completed monthly and reconciling items should be reviewed and cleared of record.
- c) Cash receipt and disbursement ledgers should be maintained.
- d) Pre-numbered receipts should be utilized and properly reflect composition of funds collected.
- e) Two signatures be required on all checks.
- f) The student activity accounts only be utilized for purposes connected with student related activities and clubs.
- \* g) Payment authorization forms require proper approvals and be utilized for disbursements.
- h) Supporting documentation be obtained for all disbursements.
- i) Efforts be made to limit reimbursements made to individuals.
- j) All cancelled checks be made available for audit.

**VII. Application for State School Aid**

There are none.

**VIII. Pupil Transportation**

It is recommended that internal control procedures over the preparation of DRTRS reporting be reviewed and enhanced to ensure information is properly reported.

**IX. Facilities and Capital Assets**

There are none.

**X. Miscellaneous**

There are none.

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

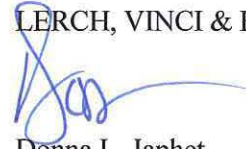
A review was performed on all prior years' recommendations and corrective action was taken on all, except the item denoted with an asterisk (\*).

**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



Donna L. Japhet  
Certified Public Accountant  
Public School Accountant