

**EAST RUTHERFORD BOARD OF EDUCATION
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL COMPLIANCE AND PERFORMANCE
JUNE 30, 2017**

**EAST RUTHERFORD BOARD OF EDUCATION
TABLE OF CONTENTS**

**AUDITORS MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS
- FINANCIAL, COMPLIANCE AND PERFORMANCE**

	<u>Page No.</u>
Report of Independent Auditors'	1
Scope of Audit	2
Administrative Practices and Procedures	2
Financial Planning, Accounting and Reporting	2-4
School Purchasing Programs	4-5
Food Service Fund	5
Student Activity Fund	6
Application for State School Aid	6
Pupil Transportation	6
Facilities and Capital Assets	6
Suggestions to Management	6
Follow-Up On Prior Year Findings	6
Schedule of Meal Count Activity – Not Applicable	7
Calculation of Net Cash Resources – Not Applicable	8
Schedule of Audited Enrollments	9-11
Calculation of Excess Surplus	12
Recommendations	13
Acknowledgment	14



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLosi, CPA, PSA

AUDITOR'S MANAGEMENT REPORT

Honorable President and Members
of the Board of Trustees
East Rutherford Board of Education
East Rutherford, 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 East Rutherford Board of Education as of and for the fiscal year ended June 30, 2017, and have issued our report thereon dated October 4, 2017.

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

Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
October 4, 2017

**EAST RUTHERFORD BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Scope of Audit

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

Administrative Practices and Procedures

Insurance

Fire insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the district's Comprehensive Annual Financial Report (the "CAFR").

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Mark Kramer	Board Secretary/School Business Administrator	\$200,000
Diane Chorazy	Treasurer of School Monies	200,000

There is a Public Employees Dishonesty coverage with Selective Insurance Company of America covering all other employees with multiple coverage of \$400,000.

Financial Planning, Accounting and Reporting

Examination of Claims

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

Payroll Account

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

- **Finding** – Our audit revealed health benefit opt-out payments are based on the gross savings to the District rather than the net savings after applying the required employee contribution under Ch. 78 resulting in opt-out payments that exceeded the State maximum amount.

Recommendation – The District calculate health benefit opt-out payments based on the net savings to the District in accordance with State regulations.

- **Finding** – Our audit of payroll revealed that longevity salary payments to certain employees, were not made in accordance with respective bargaining unit agreements.

Recommendation – Longevity salary payments be made in accordance with the District's approved bargaining unit agreements.

Salary withholdings were promptly remitted to the proper agencies. Employee health benefit contributions withheld were transferred to the 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.

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 for the reporting of compensation for certain employees.

**EAST RUTHERFORD BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Financial Planning, Accounting and Reporting (Continued)

Reserve for Encumbrances and Accounts Payable

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

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3. As a result of the procedures performed, no transaction errors were noted and 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.

The prescribed contractual order system was followed.

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

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

Treasurer's Records

The Treasurer did perform cash reconciliations for the general operating accounts and payroll accounts.

All cash receipts were promptly deposited.

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

Unemployment Compensation Insurance Trust Fund

The Board has adopted the contributory method therefore a unemployment compensation insurance trust fund is not maintained by the District.

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

The E.S.E.A./IASA financial exhibits are contained within the Special Revenue Fund 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.

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.

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.

**EAST RUTHERFORD BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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. Reimbursements to the State for Federal Salary Expenditures

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

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

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

Effective July 1, 2010 and thereafter the bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:39-3 are \$40,000 (with a Qualified Purchasing Agent) and \$26,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school transportation contracts under N.J.S.A. 18A:39-3 is currently \$18,800. The Board has appointed the Board Secretary/Business Administrator as the Qualified Purchasing Agent.

- **Finding** – Our audit of contracts and purchases revealed the following:
 - A contract awarded for swim pool repairs exceeded the quote threshold; however, there was no documentation to support competitive quotations were received in accordance with the Public School Contracts law.
 - We noted purchases which exceed the bid threshold for substitute teaching services procured as a professional service contract were not approved by Board resolution nor was notification of the contract award advertised in accordance with the Public School Contracts Law (N.J.S.A. 18A:18A).

Recommendation – Contracts and purchases which exceed the quote or bid thresholds be made in accordance with the requirements of Public School Contracts Law (N.J.S.A. 18A:18A).

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 my 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.

**EAST RUTHERFORD BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

School Purchasing Programs (Continued)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

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

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.

Food Service Fund

The school food service program was not selected as a major federal and/or state program. However, the program expenditures exceeded \$100,000 in federal and/or state support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether the SFA had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted. In addition, we also inquired of school management and appropriate school food service personnel, as to whether the SFA's expenditures of school food service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

The statement of revenues, expenses and changes in fund net assets (CAFR Schedule B-5) does separate program and non-program revenue and program and non-program cost of goods sold.

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

Cash receipts and bank records were reviewed for timely deposit.

The District has contracted with T. J. Rocco Enterprise, LLC, as its food service management company (FSMC) and is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34 and 19-1 through 19-4.1. Provisions of the FSMC contract/addendum were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will return a profit of least \$10,000. The operating results provision has been met.

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

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.

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

**EAST RUTHERFORD BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Student Activity Fund

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

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

Application for State School Aid

Our audit procedures included a test of information reported in the October 14, 2016 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, related services, 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 with an immaterial exception noted. 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 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 2016-2017 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments.

- **Finding** – Our audit of the DRTRS revealed certain special education students were incorrectly reported as receiving transportation services.

Recommendation – Internal controls over DRTRS reporting be reviewed and enhanced to ensure only eligible students are reported as receiving transportation services.

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.

Facilities and Capital Assets

The District had no SDA grant projects during the year.

Suggestions to Management

- Food Service Fund accounting transactions be recorded through the CSI software system.
- Surety bond coverage for the Treasurer of School Monies be increased for the 2018/19 school year.

Follow-up on Prior Year Findings

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

**EAST RUTHERFORD BOARD OF EDUCATION
SCHEDULE OF MEAL COUNT ACTIVITY
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

SCHEDULE OF MEAL COUNT ACTIVITY

NOT APPLICABLE

**EAST RUTHERFORD BOARD OF EDUCATION
FOOD SERVICE ENTERPRISE FUND
CALCULATION OF NET RESOURCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOT APPLICABLE

**EAST RUTHERFORD BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 14, 2016
SCHEDULE OF AUDITED ENROLLMENTS**

	2017-18 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 Registers 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 - 4yr	27	-	27	-	-	-	27	-	27	-	-	-				
Full Day Preschool - 3yr																
Full Day Preschool - 4yr																
Half Day Kindergarten																
Full Day Kindergarten	94	-	94	-	-	-	94	-	94	-	-	-				
One	78	-	78	-	-	-	78	-	78	-	-	-				
Two	73	-	73	-	-	-	73	-	73	-	-	-				
Three	70	-	70	-	-	-	70	-	70	-	-	-				
Four	65	-	65	-	-	-	65	-	65	-	-	-				
Five	71	-	71	-	-	-	71	-	71	-	-	-				
Six	73	-	73	-	-	-	73	-	73	-	-	-				
Seven	64	-	64	-	-	-	64	-	64	-	-	-				
Eight	81	-	81	-	-	-	81	-	81	-	-	-				
Nine																
Ten																
Eleven																
Twelve																
Post-Graduate																
Adult H.S. (15+CR.)																
Adult H.S. (1-14 CR.)																
Subtotal	<u>696</u>	<u>-</u>	<u>696</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>696</u>	<u>-</u>	<u>696</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Special Ed - Elementary	76	-	76	-	-	-	33	-	33	-	-	-	8	8	8	-
Special Ed - Middle School	36	-	36	-	-	-	16	-	16	-	-	-	2	2	2	-
Special Ed - High School	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	<u>112</u>	<u>-</u>	<u>112</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49</u>	<u>-</u>	<u>49</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>-</u>
Co. Voc. - Regular																
Co. Voc. Ft. Post Sec.																
Totals	<u>808</u>	<u>-</u>	<u>808</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>745</u>	<u>-</u>	<u>745</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>-</u>
Percentage Error					<u>0.00%</u>	<u>0.00%</u>					<u>0.00%</u>	<u>0.00%</u>				<u>0.00%</u>

**EAST RUTHERFORD SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 14, 2016
SCHEDULE OF AUDITED ENROLLMENTS**

	<u>Resident Low Income</u>			<u>Sample for Verification</u>			<u>Resident LEP Low Income</u>			<u>Sample for Verification</u>		
	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 Workpapers	Verified to Test Score and Register	Sample Errors
Half Day Preschool												
Full Day Preschool												
Half Day Kindergarten												
Full Day Kindergarten	29.0	29.0	-	6.0	6.0	-	8.0	6.0	2.0	6.0	6.0	-
One	25.0	25.0	-	5.0	5.0	-	9.0	9.0	-	9.0	9.0	-
Two	23.0	23.0	-	5.0	5.0	-	1.0	1.0	-	1.0	1.0	-
Three	30.0	30.0	-	6.0	6.0	-	3.0	2.0	1.0	2.0	2.0	-
Four	28.0	28.0	-	6.0	6.0	-	3.0	2.0	1.0	2.0	2.0	-
Five	23.0	23.0	-	5.0	5.0	-	2.0	2.0	-	2.0	2.0	-
Six	23.0	23.0	-	5.0	5.0	-	2.0	2.0	-	2.0	2.0	-
Seven	27.0	27.0	-	6.0	6.0	-	2.0	2.0	-	2.0	2.0	-
Eight	30.0	30.0	-	6.0	6.0	-	1.0	1.0	-	1.0	1.0	-
Nine												
Ten												
Eleven												
Twelve												
Post-Graduate												
Adult H.S. (15+CR.)												
Adult H.S. (1-14 CR.)												
Subtotal	<u>238.0</u>	<u>238.0</u>	<u>-</u>	<u>50.0</u>	<u>50.0</u>	<u>-</u>	<u>31.0</u>	<u>27.0</u>	<u>4.0</u>	<u>27.0</u>	<u>27.0</u>	<u>-</u>
Special Ed - Elementary	17.0	17.0	-	4.0	4.0	-	1.0	4.0	(3.0)	4.0	4.0	-
Special Ed - Middle	22.0	22.0	-	5.0	5.0	-	-	-	-	-	-	-
Special Ed - High			-			-			-			-
Subtotal	<u>39.0</u>	<u>39.0</u>	<u>-</u>	<u>9.0</u>	<u>9.0</u>	<u>-</u>	<u>1.0</u>	<u>4.0</u>	<u>(3.0)</u>	<u>4.0</u>	<u>4.0</u>	<u>-</u>
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Totals	<u>277.0</u>	<u>277.0</u>	<u>-</u>	<u>59.0</u>	<u>59.0</u>	<u>-</u>	<u>32.0</u>	<u>31.0</u>	<u>1.0</u>	<u>31.0</u>	<u>31.0</u>	<u>-</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>			<u>3.13%</u>			<u>0.00%</u>

	<u>Transportation</u>					
	Reported on DRTRS by DOE/county	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools, col. 1	-	-	-	-	-	-
Reg -SpEd, col. 4	-	-	-	-	-	-
Transported - Non-Public, col. 3	-	-	-	-	-	-
Special Ed Spec, col. 6	29.0	29.0	-	25.0	21.0	4.0
Totals	<u>29.0</u>	<u>29.0</u>	<u>-</u>	<u>25.0</u>	<u>21.0</u>	<u>4.0</u>
Percentage Error			<u>0.00%</u>			<u>16.00%</u>

**EAST RUTHERFORD SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2016
SCHEDULE OF AUDITED ENROLLMENTS**

	<u>Resident LEP NOT Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on A.S.S.A. as NOT Low Income</u>	<u>Reported on Workpapers as NOT Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Application and Register</u>	<u>Sample Errors</u>
Half Day Preschool						
Full Day Preschool						
Half Day Kindergarten						
Full Day Kindergarten	18	18	-	18	18	-
One	5	5	-	5	5	-
Two	2	2	-	2	2	-
Three	2	2	-	2	2	-
Four	3	3	-	3	3	-
Five	1	1	-	1	1	-
Six	-	-	-	-	-	-
Seven	-	-	-	-	-	-
Eight	-	-	-	-	-	-
Nine			-			-
Ten			-			-
Eleven			-			-
Twelve			-			-
Post-Graduate						
Adult H.S. (15+CR.)						
Adult H.S. (1-14 CR.)						
Subtotal	<u>31</u>	<u>31</u>	<u>-</u>	<u>31</u>	<u>31</u>	<u>-</u>
Special Ed - Elementary	-	-	-	-	-	-
Special Ed - Middle	-	-	-	-	-	-
Special Ed - High	-	-	-	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	<u>31</u>	<u>31</u>	<u>-</u>	<u>31</u>	<u>31</u>	<u>-</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

**EAST RUTHERFORD BOARD OF EDUCATION
CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

2016-2017 Total General Fund Expenditures per the CAFR	\$17,061,864	
Decreased by:		
On-Behalf TPAF Pension & Social Security	1,911,901	
Adjusted 2016-2017 General Fund Expenditures	<u>\$15,149,963</u>	
2% of Adjusted 2016-2017 General Fund Expenditures	\$302,999	
Enter Greater of 2% of Adjusted 2016-2017 General Fund Expenditures or \$250,000	302,999	
Increased by: Allowable Adjustment	<u>8,231</u>	
Maximum Unassigned Fund Balance		<u>\$311,230</u>

SECTION 2

Total General Fund – Fund Balance at June 30, 2017 (Per CAFR Budgetary Comparison schedule/statement)	\$1,420,800	
Decreased by:		
Assigned Fund Balance - Year End Encumbrances	68,664	
Restricted Fund Balance – Capital Reserve	779,866	
Restricted Fund Balance – Maintenance Reserve	121,040	
Assigned Fund Balance – Designated for Subsequent Year’s Expenditures	<u>140,000</u>	
Total Unassigned Fund Balance		<u>\$311,230</u>
Fund Balance – Excess Surplus		<u>\$ - 0 -</u>

SECTION 3

Recapitulation of Excess Surplus as of June 30, 2017

Reserved for Excess Surplus – Designated for Subsequent Year’s Expenditures		\$ -0-
Reserved Excess Surplus		<u>-0-</u>
		<u>\$ - 0 -</u>

Detail of Allowable Adjustments

Extraordinary Aid		<u>\$ 8,231</u>
-------------------	--	-----------------

**EAST RUTHERFORD BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

RECOMMENDATIONS

I. Administrative Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

It is recommended that:

1. The District calculate health benefit opt-out payments based on the net savings to the District in accordance with State regulations.
2. Longevity salary payments be made in accordance with the District's approved bargaining unit agreements.

III. School Purchasing Program

- * It is recommended that contracts and purchases which exceed the quote or bid thresholds be made in accordance with the requirements of the Public School Contracts Law (N.J.S.A. 18A:18A).

IV. School Food Services

There are none.

V. Student Body Activities

There are none.

VI. Application for State School Aid

There are none.

VII. Pupil Transportation

It is recommended that internal controls over DRTRS reporting be reviewed and enhanced to ensure only eligible students are reported as receiving transportation services.

VIII. Facilities and Capital Assets

There are none.

IX. Status of Prior Years' Audit Findings/Recommendations

Corrective action was taken on all prior year recommendations except the recommendation denoted with an asterisk (*).

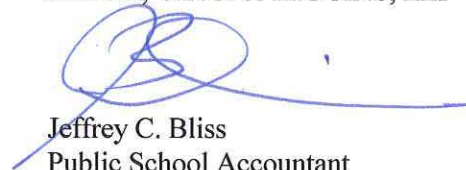
**EAST RUTHERFORD BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932