

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

**WOOD-RIDGE BOARD OF EDUCATION
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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LERCH, VINCI & HIGGINS, LLP

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AUDITOR'S MANAGEMENT REPORT


Honorable President and Members
of the Board of Trustees
Wood-Ridge Board of Education
Wood-Ridge, 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 Wood-Ridge Board of Education as of and for the fiscal year ended June 30, 2017, and have issued our report thereon dated November 14, 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
Certified Public Accountants
Public School Accountants


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
November 14, 2017

**WOOD-RIDGE 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 Chief School Administrator, 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>
Jenine Murray	Board Secretary/School Business Administrator	\$225,000

There is a Public Employees' Faithful Performance Blanket Position Bond with School Alliance Insurance Fund covering all other employees with multiple coverage of \$500,000.

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, the Board Secretary/Business Administrator and the Chief School Administrator.

Salary withholdings were promptly remitted to the proper agencies. Health benefits withholdings were transferred to the general fund.

The District filed the required certification (ECERTI) of compliance with requirements for income tax on compensation of administrators with the NJ Department of Treasury by the March 15 due date.

The Board has implemented and maintains a personnel tracking and accounting (position control) system.

**WOOD-RIDGE 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.

Finding – Our audit revealed the original budget appropriation for the interest payment on the Bond Anticipation Note was incorrectly budgeted in the Debt Service Fund. The budget appropriation and the payment was reclassified to the General Fund prior to June 30, 2017 therefore no recommendation is warranted.

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.

**WOOD-RIDGE 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".

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 \$29,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school transportation contracts under N.J.S.A. 18A:39-3 is currently \$18,800. The Board has appointed the Board Secretary/School Business Administrator 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 Solicitor's opinion should be sought before a commitment is made.

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

The results of our examination indicated two instances where 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.

Finding (CAFR 2017-001) – Our audit revealed two instances where contract awards and purchases were made in excess of the bid threshold where there was no documentation provided to support publicly advertised bids were sought. These respective contracts were not submitted to the Board for their approval. Additionally, two contracts awarded through the State contract and cooperative programs were also not approved by the Board and included in the District's official minutes.

Recommendation – Internal control procedures over purchasing be reviewed and revised to ensure all contract awards which exceed the bid threshold are made in accordance with the requirements of the Public School Contracts Law.

**WOOD-RIDGE 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.

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 School Food Authority (the "SFA") had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted.

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.

Cash receipts and bank records were reviewed for timely deposit.

The Statement of Revenues, Expenses, and Changes in Fund Net Position (CAFR Schedule B-5) does separate program and non-program revenue and program and non-program cost of goods sold.

The District has contracted with Nu Way Concessionaires, Inc., 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 \$15,000. 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. Net cash resources did exceed three months average expenditures.

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

**WOOD-RIDGE 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 without exception. The information that was included on the workpapers was verified with no 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 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 no exceptions. 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.

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 for eligible facilities construction. No exceptions were noted.

Suggestions to Management

- Reconciling items listed on the General and Payroll Agency bank reconciliations be reviewed and cleared of record.

**WOOD-RIDGE BOARD OF EDUCATION
FOOD SERVICE ENTERPRISE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

SCHEDULE OF MEAL COUNT ACTIVITY

NOT APPLICABLE

**FOOD SERVICE ENTERPRISE FUND
CALCULATION OF NET CASH RESOURCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOT APPLICABLE

**WOOD-RIDGE BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
AS OF OCTOBER 14, 2016**

	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 Verification	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Half Day Preschool - 3yr	11.0		11.0				11.0		11.0							
Half Day Preschool - 4yr	-		-				-		-							
Full Day Preschool - 3yr	5.0		5.0				5.0		5.0							
Full Day Preschool - 4yr	26.0		26.0				26.0		26.0							
Half Day Kindergarten	-		-				-		-							
Full Day Kindergarten	90.0		90.0				90.0		90.0							
One	63.0		63.0				63.0		63.0							
Two	75.0		75.0				75.0		75.0							
Three	75.0		75.0				75.0		75.0							
Four	75.0		75.0				75.0		75.0							
Five	69.0		69.0				69.0		69.0							
Six	83.0		83.0				83.0		83.0							
Seven	93.0		93.0				93.0		93.0							
Eight	77.0		77.0				77.0		77.0							
Nine	89.0	2.0	89.0	2.0	-	-	89.0	2.0	89.0	2.0						
Ten	98.0	1.0	98.0	1.0	-	-	98.0	1.0	98.0	1.0						
Eleven	88.0	-	88.0	-	-	-	88.0	-	88.0	-						
Twelve	69.0	-	69.0	-	-	-	69.0	-	69.0	-						
Subtotal	<u>1,086.0</u>	<u>3.0</u>	<u>1,086.0</u>	<u>3.0</u>	<u>-</u>	<u>-</u>	<u>1,086.0</u>	<u>3.0</u>	<u>1,086.0</u>	<u>3.0</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Special Ed - Elementary	62.0	-	62.0	-	-	-	20.0	-	20.0	-	-	-	4.0	4.0	4.0	-
Special Ed - Middle School	33.0	-	33.0	-	-	-	10.0	-	10.0	-	-	-	3.0	3.0	3.0	-
Special Ed - High School	52.0	8.0	52.0	8.0	-	-	15.0	4.0	15.0	4.0	-	-	8.0	8.0	8.0	-
Subtotal	<u>147.0</u>	<u>8.0</u>	<u>147.0</u>	<u>8.0</u>	<u>-</u>	<u>-</u>	<u>45.0</u>	<u>4.0</u>	<u>45.0</u>	<u>4.0</u>	<u>-</u>	<u>-</u>	<u>15.0</u>	<u>15.0</u>	<u>15.0</u>	<u>-</u>
Totals	<u>1,233.0</u>	<u>11.0</u>	<u>1,233.0</u>	<u>11.0</u>	<u>-</u>	<u>-</u>	<u>1,131.0</u>	<u>7.0</u>	<u>1,131.0</u>	<u>7.0</u>	<u>-</u>	<u>-</u>	<u>15.0</u>	<u>15.0</u>	<u>15.0</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>

**WOOD-RIDGE BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
AS OF OCTOBER 14, 2016**

	<u>Resident Low Income</u>			<u>Sample for Verification</u>			<u>Resident LEP Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on A.S.S.A. as Low Income</u>	<u>Reported on Workpapers as Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Application and Register</u>	<u>Sample Errors</u>	<u>Reported on A.S.S.A. as LEP low Income</u>	<u>Reported on Workpapers as LEP low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Test Score and Register</u>	<u>Sample Errors</u>
Half Day Preschool												
Full Day Preschool												
Half Day Kindergarten												
Full Day Kindergarten	10.0	10.0		3.0	3.0							
One	10.0	10.0		3.0	3.0							
Two	8.0	8.0		2.0	2.0		1.0	1.0	-	1.0	1.0	-
Three	10.0	10.0		3.0	3.0							
Four	15.0	15.0		4.0	4.0							
Five	13.0	13.0		3.0	3.0							
Six	10.0	10.0		3.0	3.0							
Seven	13.0	13.0		3.0	3.0							
Eight	11.0	11.0		3.0	3.0		1.0	1.0	-	1.0	1.0	-
Nine	12.0	12.0		3.0	3.0							
Ten	21.5	21.5		6.0	6.0		2.0	2.0	-	2.0	2.0	-
Eleven	8.0	8.0		2.0	2.0							
Twelve	11.0	11.0		3.0	3.0							
Subtotal	<u>152.5</u>	<u>152.5</u>	<u>-</u>	<u>41.0</u>	<u>41.0</u>	<u>-</u>	<u>4.0</u>	<u>4.0</u>	<u>-</u>	<u>4.0</u>	<u>4.0</u>	<u>-</u>
Special Ed - Elementary	22.0	22.0	-	6.0	6.0	-	1.0	1.0	-	1.0	1.0	-
Special Ed - Middle	9.0	9.0	-	3.0	3.0	-			-			-
Special Ed - High	12.0	12.0	-	3.0	3.0	-			-			-
Subtotal	<u>43.0</u>	<u>43.0</u>	<u>-</u>	<u>12.0</u>	<u>12.0</u>	<u>-</u>	<u>1.0</u>	<u>1.0</u>	<u>-</u>	<u>1.0</u>	<u>1.0</u>	<u>-</u>
Totals	<u>195.5</u>	<u>195.5</u>	<u>-</u>	<u>53.0</u>	<u>53.0</u>	<u>-</u>	<u>5.0</u>	<u>5.0</u>	<u>-</u>	<u>5.0</u>	<u>5.0</u>	<u>-</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>

	<u>Transportation</u>					
	<u>Reported on DRTRS by DOE/county</u>	<u>Reported on DRTRS by District</u>	<u>Errors</u>	<u>Tested</u>	<u>Verified</u>	<u>Errors</u>
Reg. - Public Schools	42.0	42.0	-	21.0	21.0	-
Reg -Special Education	2.5	2.5	-	2.0	2.0	-
Transported - Non-Public			-			-
Special Education	53.5	53.5	-	26.0	26.0	-
Totals	<u>98.0</u>	<u>98.0</u>	<u>-</u>	<u>49.0</u>	<u>49.0</u>	<u>-</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

**WOOD-RIDGE BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
AS OF OCTOBER 14, 2016**

	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
Half Day Preschool						
Full Day Preschool						
Half Day Kindergarten						
Full Day Kindergarten						
One						
Two	1.0	1.0	-	1.0	1.0	-
Three						
Four						
Five	1.0	1.0	-	1.0	1.0	-
Six	2.0	2.0	-	2.0	2.0	-
Seven						
Eight						
Nine	1.0	1.0	-	1.0	1.0	-
Ten						
Eleven	1.0	1.0	-	1.0	1.0	-
Twelve	2.0	2.0	-	2.0	2.0	-
Subtotal	<u>8.0</u>	<u>8.0</u>	<u>-</u>	<u>8.0</u>	<u>8.0</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>
Totals	<u>8.0</u>	<u>8.0</u>	<u>-</u>	<u>8.0</u>	<u>8.0</u>	<u>-</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

**WOOD-RIDGE BOARD OF EDUCATION
CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

2016-2017 Total General Fund Expenditures per the CAFR	\$21,474,124	
Increased by:		
Transfer to Capital Projects Fund	<u>100,000</u>	
	21,574,124	
Decreased by:		
On-Behalf TPAF Pension & Social Security	<u>1,830,450</u>	
Adjusted 2016-2017 General Fund Expenditures	<u>\$19,743,674</u>	
2% of Adjusted 2016-2017 General Fund Expenditures	\$394,873	
Increased by:		
Allowable Adjustment – Extraordinary Aid (Excess Revenue)	<u>65,763</u>	
Maximum Unassigned Fund Balance		\$460,636
Total General Fund – Fund Balance at June 30, 2017 (Per CAFR Budgetary Comparison schedule/statement)	\$2,372,588	
Decreased by:		
Assigned Fund Balance - Year End Encumbrances	110,881	
Restricted Fund Balance		
Capital Reserve	1,600,665	
ARRA/SEMI	1,291	
Assigned Fund Balance – Designated for Subsequent Year’s Budget	<u>254,594</u>	
Total Unassigned Fund Balance		<u>\$405,157</u>
Fund Balance – Excess Surplus		<u>\$ -0-</u>

**WOOD-RIDGE BOARD OF EDUCATION
RECOMMENDATIONS**

I. Administrative Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

There are none.

III. School Purchasing Program

It is recommended that internal control procedures over purchasing be reviewed and enhanced to ensure all contract awards which exceed the bid threshold are made in accordance with the requirements of the Public School Contracts Law.

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

There are none.

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.

ACKNOWLEDGEMENT

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

Respectfully submitted,

LERCH, VINCI & HIGGINS, LLP



Gary J. Vinci
Public School Accountant
PSA Number CS00829