

**EAST RUTHERFORD BOARD OF EDUCATION  
AUDITORS' MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS -  
FINANCIAL COMPLIANCE AND PERFORMANCE  
JUNE 30, 2018**

**EAST RUTHERFORD BOARD OF EDUCATION  
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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## AUDITOR'S MANAGEMENT REPORT

Honorable President and Members  
of the Board of Education  
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, 2018, and have issued our report thereon dated January 23, 2019.

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 Education, 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  
January 23, 2019

**EAST RUTHERFORD BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Scope of Audit**

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Moneys, 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 \$100,000 per employee and \$500,000 per loss.

**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.

All payrolls were approved by the Superintendent and were certified by the President of the Board and Board Secretary/School Business Administrator.

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

**EAST RUTHERFORD BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

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 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.)/as amended by Every Student Succeeds Act (ESSA)

The E.S.E.A. 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, Title III and Title IV of the Elementary and Secondary Education Act as amended and reauthorized.

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, 2018**

**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 \$19,000. The Board has appointed the Board Secretary/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 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.

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.

- **Finding (CAFR Finding 2018-001)** – Our audit revealed contracts awarded for technology equipment and services which exceeded the bid threshold were bid by an independent consultant which did not adhere to the requirements of the Public School Contracts Law.

**Recommendation** – Contracts awarded for technology equipment and services in excess of the bid threshold be procured in accordance with the requirements of the Public School Contracts Law.

- **Finding** – Our audit of a contract awarded on a per unit basis for substitute teacher placements revealed rates were charged in excess of the approved contract amounts.

**Recommendation** – Procedures be revised to ensure rates charged to the District for substitute teacher placements are in agreement with approved contract amounts.

**EAST RUTHERFORD BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**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 position (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. Net cash resources did not exceed three months average expenditures.

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

**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.

- **Finding** – Our audit of the student activities account revealed certain receipts were not turned over to the Business Office for deposit in a timely manner.

**Recommendation** – All student activity account receipts be turned over to the Business Office for deposit in a timely manner.

**Application for State School Aid**

Our audit procedures included a test of information reported in the October 13, 2017 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the disabled, low-income and bilingual. We also performed a review of the district procedures related to its completion. The information on the A.S.S.A. was compared to the district workpapers without exception. The information that was included on the workpapers was verified with an immaterial exception 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.

**EAST RUTHERFORD BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Pupil Transportation**

Our audit procedures included a test of on roll status reported in the 2017-2018 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 students reported as special education students with transportation needs did not have special needs related services reflected in their IEP.

**Recommendation** – Internal controls over DRTRS reporting be reviewed and enhanced to ensure students reported as special education students with special needs reflect the required related services in the students' IEP.

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.

- **Finding** – The capital asset accounting records were not updated for current year additions and disposals made during the year. In addition, we noted the internal capital asset accounting records were not reconciled to the prior year audited balances.

**Recommendation** – Capital asset accounting records be updated for all current year additions and disposals made during the year and they be reconciled and adjusted to be in agreement with the audited balances.

**Testing for Lead of all Drinking Water in Educational Facilities**

The school district submitted the annual Statement of Assurance to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

**Suggestions to Management**

- Consideration be given to changing the method of paying state unemployment insurance from the contribution method to the reimbursement method.
- Cooperative purchasing agreement and third party contracting vendors bid and contract information be maintained on file in the Business Office.

**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, 2018**

**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, 2018**

		<u>Food Service</u>	
<b><u>Net Cash Resources:</u></b>			
<b>CAFR</b>	*	<b>Current Assets</b>	
B-4		Cash & Cash Equiv.	\$ 92,280
B-4		Due from Other Gov'ts	12,400
<b>CAFR</b>		<b>Current Liabilities</b>	
B-4		Less Accounts Payable	(4,849)
B-4		Less Due to Other Funds	
B-4		Less Deferred Revenue	
		<b>Net Cash Resources</b>	<b>\$ 99,831 (A)</b>
 <b><u>Net Adj. Total Operating Expense:</u></b>			
B-5		Tot. Operating Exp.	375,553
B-5		Less Depreciation	(4,626)
		<b>Adj. Tot. Oper. Exp.</b>	<b>\$ 370,927 (B)</b>
 <b><u>Average Monthly Operating Expense:</u></b>			
		<b>B / 10</b>	<b>\$ 37,093 (C)</b>
 <b><u>Three times monthly Average:</u></b>			
		<b>3 X C</b>	<b>\$ 111,278 (D)</b>

TOTAL IN BOX A	\$	99,831	
LESS TOTAL IN BOX D	\$	111,278	
NET	\$	(11,447)	
Net Cash Resources did not exceed three months average expenditures.			

**EAST RUTHERFORD BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 13, 2017  
SCHEDULE OF AUDITED ENROLLMENTS**

	2018-19 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	21	-	21	-	-	-	21	-	21	-	-	-				
Full Day Preschool - 3yr	-	-	-	-	-	-	-	-	-	-	-	-				
Full Day Preschool - 4yr	-	-	-	-	-	-	-	-	-	-	-	-				
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-				
Full Day Kindergarten	104	-	104	-	-	-	104	-	104	-	-	-				
One	83	-	83	-	-	-	83	-	83	-	-	-				
Two	68	-	68	-	-	-	68	-	68	-	-	-				
Three	69	-	69	-	-	-	69	-	69	-	-	-				
Four	70	-	70	-	-	-	70	-	70	-	-	-				
Five	68	-	68	-	-	-	68	-	68	-	-	-				
Six	72	-	72	-	-	-	72	-	72	-	-	-				
Seven	78	-	78	-	-	-	78	-	78	-	-	-				
Eight	68	-	68	-	-	-	68	-	68	-	-	-				
Nine																
Ten																
Eleven																
Twelve																
Post-Graduate																
Adult H.S. (15+CR.)																
Adult H.S. (1-14 CR.)																
Subtotal	701	-	701	-	-	-	701	-	701	-	-	-	-	-	-	-
Special Ed - Elementary	80	-	80	-	-	-	32	-	32	-	-	-	7	6	6	-
Special Ed - Middle School	41	-	41	-	-	-	17	-	17	-	-	-	4	3	3	-
Special Ed - High School																
Subtotal	121	-	121	-	-	-	49	-	49	-	-	-	11	9	9	-
Co. Voc. - Regular																
Co. Voc. Ft. Post Sec.																
Totals	822	-	822	-	-	-	750	-	750	-	-	-	11	9	9	-
Percentage Error					0.00%	0.00%					0.00%	0.00%				0.00%

**EAST RUTHERFORD BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 13, 2017  
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 Workpapers	Verified to Test Score and Register	Sample Errors
Half Day Preschool												
Full Day Preschool												
Half Day Kindergarten												
Full Day Kindergarten	21.0	21.0	-	5.0	5.0	-	8.0	8.0	-	6.0	6.0	-
One	20.0	20.0	-	4.0	4.0	-	5.0	5.0	-	4.0	4.0	-
Two	24.0	24.0	-	5.0	5.0	-	4.0	4.0	-	3.0	3.0	-
Three	17.0	17.0	-	4.0	4.0	-	1.0	1.0	-	1.0	1.0	-
Four	21.0	21.0	-	5.0	5.0	-	-	-	-	-	-	-
Five	21.0	21.0	-	5.0	4.0	1.0	1.0	1.0	-	1.0	1.0	-
Six	21.0	21.0	-	5.0	5.0	-	3.0	3.0	-	2.0	2.0	-
Seven	23.0	23.0	-	5.0	5.0	-	2.0	2.0	-	2.0	2.0	-
Eight	20.0	20.0	-	4.0	4.0	-	3.0	3.0	-	2.0	2.0	-
Nine			-			-			-			-
Ten			-			-			-			-
Eleven			-			-			-			-
Twelve			-			-			-			-
Post-Graduate												
Adult H.S. (15+CR.)												
Adult H.S. (1-14 CR.)												
Subtotal	188.0	188.0	-	42.0	41.0	1.0	27.0	27.0	-	21.0	21.0	-
Special Ed - Elementary	50.0	50.0	-	11.0	11.0	-	3.0	3.0	-	2.0	2.0	-
Special Ed - Middle	23.0	23.0	-	5.0	5.0	-	-	-	-	-	-	-
Special Ed - High			-			-			-			-
Subtotal	73.0	73.0	-	16.0	16.0	-	3.0	3.0	-	2.0	2.0	-
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Totals	261.0	261.0	-	58.0	57.0	1.0	30.0	30.0	-	23.0	23.0	-
Percentage Error			0.00%			1.72%			0.00%			0.00%

**Transportation**

	Reported on DRTRS by DOE/county	Reported on DRTRS by District	Errors	Tested	Verified	Errors
	Reg. - Public Schools, col. 1	25.0	25.0	-	19.0	19.0
Reg -SpEd, col. 4	1.0	1.0	-	1.0	1.0	-
Transported - Non-Public, col. 3			-			-
Special Ed Spec, col. 6	38.0	38.0	-	29.0	26.0	3.0
Totals	64.0	64.0	-	49.0	46.0	3.0
Percentage Error					6.12%	

**EAST RUTHERFORD BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 13, 2017  
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	21	21	-	18	18	-
One	5	5	-	4	4	-
Two	2	2	-	2	2	-
Three	4	4	-	3	3	-
Four	4	4	-	3	3	-
Five	1	1	-	1	1	-
Six	2	2	-	2	2	-
Seven			-			-
Eight			-			-
Nine			-			-
Ten			-			-
Eleven			-			-
Twelve			-			-
Post-Graduate						
Adult H.S. (15+CR.)						
Adult H.S. (1-14 CR.)						
Subtotal	<u>39</u>	<u>39</u>	<u>-</u>	<u>33</u>	<u>33</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>39</u>	<u>39</u>	<u>-</u>	<u>33</u>	<u>33</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, 2018**

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

2017-2018 Total General Fund Expenditures per the CAFR	\$18,089,427	
Decreased by:		
On-Behalf TPAF Pension & Social Security	<u>2,259,755</u>	
Adjusted 2017-2018 General Fund Expenditures	<u>\$15,829,672</u>	
2% of Adjusted 2017-2018 General Fund Expenditures	<u>\$ 316,593</u>	
Enter Greater of 2% of Adjusted 2017-2018 General Fund Expenditures or \$250,000	316,593	
Increased by: Allowable Adjustment	<u>29,803</u>	
Maximum Unassigned Fund Balance		<u>\$346,396</u>

**SECTION 2**

Total General Fund – Fund Balance at June 30, 2018 (Per CAFR Budgetary Comparison schedule/statement)	\$1,737,911	
Decreased by:		
Assigned Fund Balance - Year End Encumbrances	32,161	
Restricted Fund Balance – Capital Reserve	670,257	
Restricted Fund Balance – Maintenance Reserve	232,419	
Committed – Insurance Proceeds	94,292	
Assigned Fund Balance – Designated for Subsequent Year’s Expenditures	<u>362,386</u>	
Total Unassigned Fund Balance		<u>\$346,396</u>
Fund Balance – Excess Surplus		<u>\$ - 0 -</u>

**SECTION 3**

**Recapitulation of Excess Surplus as of June 30, 2018**

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

**Detail of Allowable Adjustments**

Unbudgeted Portion of Extraordinary Aid		<u>\$ 29,803</u>
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**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:

1. Procedures be revised to ensure rates charged to the District for substitute teacher placements are in agreement with approved contract amounts.
2. Contracts awarded for technology equipment and services in excess of the bid threshold be procured in accordance with the requirements of the Public School Contracts Law.

IV. School Food Services

There are none.

V. Student Body Activities

It is recommended that all student activity account receipts be turned over to the Business Office for deposit in a timely manner.

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 students reported as special education students with special needs reflect the required related services in the students' IEP.

VIII. Facilities and Capital Assets

It is recommended that capital asset accounting records be updated for all current year additions and disposals made during the year and they be reconciled and adjusted to be in agreement with the audited balances.

IX. Status of Prior Years' Audit Findings/Recommendations

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

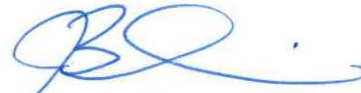
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**ACKNOWLEDGEMENT**

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