

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

**SECAUCUS 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
Secaucus Board of Education
Secaucus, 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 Secaucus Board of Education as of and for the fiscal year ended June 30, 2018, and have issued our report thereon dated January 24, 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 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 W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
January 24, 2019

**SECAUCUS 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>
Grace Yeo	Board Secretary/School Business Administrator	\$250,000
Anna Territola	Treasurer of School Monies	300,000

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.

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.

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 not certified by the President of the Board and the Board Secretary/School Business Administrator and the Chief School Administrator.

Salary withholdings were promptly remitted to the proper agencies, including health benefits withholding due to the general fund.

Payrolls were delivered to the Treasurer of School Monies with a wire made to his order for the full amount of each payroll.

The required certification (E-CERT1) of compliance with requirements of income tax compensation of administrators (Superintendent and Business Administrator) to the New Jersey Department of Treasury was filed by the March 15, 2018 due date.

The District maintains a personnel tracking and accounting (Position Control) system.

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

Financial Planning, Accounting and Reporting (Continued)

Payroll Account (Continued)

Finding – With regard to the payroll agency bank account the audit indicated the following:

- An interfund of \$105,331 is due to the unemployment account as a result of not transferring employee deductions withheld.
- Prior year interfunds receivable from the General Fund of \$19,437 and the net pay account of \$19,896 have not be cleared of records.
- The analysis of pending transfers as of June 30, 2018 on the bank reconciliation includes amounts that do not agree to actual transfers made in the subsequent year and includes prior year unreconciled differences.
- A detail subsidiary ledger of third party liabilities is not properly maintained.
- An unreconciled account balance exists in the payroll agency account at June 30, 2018.

Recommendation – Internal controls over the maintenance and use of the payroll agency account be reviewed and enhanced, interfund balances be cleared of record and the unreconciled account balance in the payroll agency account be reviewed.

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.

Travel

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

Payments made to employees for travel were in accordance with the approved travel policy.

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, a transaction error rate of 1.41 percent overall was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Finding – The audit revealed that certain expenditures totaling \$159,024 for capital assets were charged to non-equipment budget appropriations. These capital assets were recorded as additions in the capital assets accounting records.

Recommendation – Capital assets purchased be properly charged to the General Fund budget in accordance with the “The Uniform Minimum Chart of Accounts”.

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

Financial Planning, Accounting and Reporting (Continued)

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.

Acknowledgement of the Board's receipt of the Board Secretary's and Treasurer's monthly financial reports was included in the minutes.

Treasurer's Records

The Treasurer did perform cash reconciliations for all District accounts (N.J.S.A. 18A:17-36).

All cash receipts were promptly deposited.

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

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.)/as amended by the 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.

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.

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.

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

Financial Planning, Accounting and Reporting (Continued)

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.

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 April 17, 2000 N.J.S.A. 18A:18A (Public School Contracts Law) was revised by P.L. 1999, C. 440.

Effective July 1, 2015 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 \$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.

If the purchasing agent is qualified pursuant to subsection b of section 9 of P.L. 1971, c.198 (C.40A:11-9), the board of education may establish that the bid threshold may be up to \$40,000. Such authorizations may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

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.

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

School Purchasing Programs (Continued)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

Finding (CAFR Finding 2018-001) - Our audit of purchases revealed the following:

- We noted one vendor awarded under a national cooperative contract where the procedures required under State procurement guidelines for National Co-op contract purchases was not followed by the District.
- We noted certain purchases under Cooperative Purchasing Agreements and State Contracts that in aggregate exceeded the bid threshold that were not specifically approved by Board resolution.

Recommendation - Purchases made under National Cooperative contracts be made in accordance with State procurement guidelines and Cooperative purchase and State contract vendors whose purchases exceed in the aggregate the bid threshold be awarded by Board resolution.

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.

Additionally, we inquired of school management, or 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 financial transactions and statistical records of the school food services were maintained in satisfactory condition. The financial accounts, meal and milk count records and eligibility applications were reviewed on a test-check basis. 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 claims were submitted/certified in a timely manner.

Cash receipts and bank records were reviewed for timely deposit.

Applications for free and reduced price meals and free milks were reviewed for completeness and accuracy. The number of free and reduced price meals and free milks 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 utilizes a 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 at least \$125,000. The operating results provision has been met. All vendor discounts, rebates and credits from vendors and/or the FSMC were tracked and credited to the Food Service Account and reconciled to supporting documentation at least annually.

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.

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

Food Service Fund (Continued)

The cash disbursements records reflected expenditures for program related goods and services. The District's food service management company is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34, and 19-1 through 19-4.1. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service.

U.S.D.A. commodities were received and a separate inventory was maintained on a first-in, first-out basis.

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

The Food Service operations are managed by an outside food service vendor.

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

Finding – The Food Service Fund net cash resources exceeded the maximum amount permitted by the New Jersey State Department of Education.

Recommendation – Procedures be implemented to ensure that the year end net cash resources do not exceed three months average expenditures in the Food Service Fund.

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 good condition.

All cash disbursements did have proper supporting documentation.

Finding – With respect to the Student Activity accounts our audit noted the following:

- Old outstanding checks and deposits in transit exist on certain bank reconciliations.
- Pre-numbered receipts were not properly utilized for the Middle School.
- Pre-numbered receipts and deposit tickets were not available for numerous Huber School deposits.
- During the 2017/18 school year the Huber School bank account was in an overdraft position at certain times.

Recommendation – Internal controls over the Student Activity accounts be reviewed and enhanced.

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 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 no 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.

**SECAUCUS 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 no exceptions. The audit testing indicated one isolated error. 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 testing, the district complied with proper bidding procedures and award of contracts. No exceptions were noted as a result of our testing of transportation related purchases of goods and services.

Testing for Lead of All Drinking Water in Educational Facilities

The school district adhered to all the requirements of N.J.A.C. 26-1.2 and 12.4 related to the 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).

Facilities and Capital Assets

The District had no SDA grant projects during the year.

The District maintained detail capital assets records.

**SECAUCUS 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

<u>Program</u>	<u>Meals Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>Under (Over) Claim</u>
National School Lunch (Regular Rate)	Paid	104,067	43,029	43,029	-	\$ 0.31	-
	Reduced	16,372	6,642	6,642	-	2.83	-
	Free	<u>62,260</u>	<u>25,748</u>	<u>25,748</u>	<u>-</u>	3.23	<u>-</u>
		<u>182,699</u>	<u>75,419</u>	<u>75,419</u>	<u>-</u>		<u>-</u>
National School Lunch	HHFKA-PB Lunch Only	<u>182,699</u>	<u>75,419</u>	<u>75,419</u>	<u>-</u>	0.06	<u>-</u>
National School Breakfast (Regular Rate)	Paid	4,377	1,734	1,734	-	0.30	-
	Reduced	1,454	542	542	-	1.45	-
	Free	<u>8,638</u>	<u>3,402</u>	<u>3,402</u>	<u>-</u>	1.75	<u>-</u>
		<u>14,469</u>	<u>5,678</u>	<u>5,678</u>	<u>-</u>		<u>-</u>
National School Breakfast (Severe Rate)	Paid	6,173	2,512	2,512	-	0.30	-
	Reduced	3,084	1,187	1,187	-	1.79	-
	Free	<u>19,658</u>	<u>7,828</u>	<u>7,828</u>	<u>-</u>	2.09	<u>-</u>
		<u>28,915</u>	<u>11,527</u>	<u>11,527</u>	<u>-</u>		<u>-</u>

**SECAUCUS BOARD OF EDUCATION
FOOD SERVICE ENTERPRISE FUND
CALCULATION OF NET CASH RESOURCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Net Cash Resources

Current Assets

Cash and Cash Equivalents	\$ 795,760
Due from Other Governments	71,801
Other Accounts Receivable	2,635

Current Liabilities

Less:	
Deferred Inflows of Resources	(18,433)
Accounts Payable	<u>(274)</u>

Net Cash Resources	<u>\$ 851,489</u>
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Adjusted Total Operating Expense:

Total Operating Expenses	\$ 1,062,094
Less Depreciation	<u>(21,639)</u>

Adjusted Total Operating Expense	<u>\$ 1,040,455</u>
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<u>Average Monthly Operating Expense:</u>	<u>\$ 104,046</u>
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<u>Three Times Monthly Average:</u>	<u>\$ 312,137</u>
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Total Net Cash Resources	\$ 851,489
Three Times Monthly Average	<u>312,137</u>

Excess(Deficit) Cash Resources	<u>\$ 539,353</u>
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**SECAUCUS 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	50	-	50	-	-	-	50	-	50	-	-	-				
Full Day Preschool - 4yr	16	-	16	-	-	-	16	-	16	-	-	-				
Half Day Kindergarten																
Full Day Kindergarten																
One	155	-	155	-	-	-	64	-	64	-	-	-				
Two	135	-	135	-	-	-	78	-	78	-	-	-				
Three	136	-	136	-	-	-	51	-	51	-	-	-				
Four	126	-	126	-	-	-	72	-	72	-	-	-				
Five	156	-	156	-	-	-	81	-	81	-	-	-				
Six	139	-	139	-	-	-	85	-	85	-	-	-				
Seven	144	-	144	-	-	-	144	-	144	-	-	-				
Eight	125	-	125	-	-	-	125	-	125	-	-	-				
Nine	141	-	141	-	-	-	141	-	141	-	-	-				
Ten	128	-	128	-	-	-	128	-	128	-	-	-				
Eleven	150	-	150	-	-	-	150	-	150	-	-	-				
Twelve	143	-	143	-	-	-	143	-	143	-	-	-				
Post-Graduate	123	-	123	-	-	-	123	-	123	-	-	-				
Adult H.S. (15+CR.)																
Adult H.S. (1-14 CR.)																
Subtotal	<u>1,867</u>	<u>-</u>	<u>1,867</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,451</u>	<u>-</u>	<u>1,451</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Special Ed - Elementary	140	-	140	-	-	-	28	-	28	-	-	-	4	3	3	-
Special Ed - Middle School	61	-	61	-	-	-	12	-	12	-	-	-	2	2	2	-
Special Ed - High School	91	-	91	-	-	-	19	-	19	-	-	-	5	4	4	-
Subtotal	<u>292</u>	<u>-</u>	<u>292</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59</u>	<u>-</u>	<u>59</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11</u>	<u>9</u>	<u>9</u>	<u>-</u>
Co. Voc. - Regular																
Co. Voc. Ft. Post Sec.																
Totals	<u>2,159</u>	<u>-</u>	<u>2,159</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,510</u>	<u>-</u>	<u>1,510</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11</u>	<u>9</u>	<u>9</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>

**SECAUCUS BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 13, 2017
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>		
	<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	27.0	27.0	-	3.0	3.0	-	6.0	6.0	-	5.0	5.0	-
One	32.0	32.0	-	3.0	3.0	-	1.0	1.0	-	1.0	1.0	-
Two	25.0	25.0	-	3.0	3.0	-	1.0	1.0	-	1.0	1.0	-
Three	33.0	33.0	-	4.0	4.0	-	2.0	2.0	-	2.0	2.0	-
Four	42.0	42.0	-	4.0	4.0	-	2.0	2.0	-	2.0	2.0	-
Five	31.0	31.0	-	3.0	3.0	-	2.0	2.0	-	2.0	2.0	-
Six	51.0	51.0	-	5.0	5.0	-	1.0	1.0	-	1.0	1.0	-
Seven	39.0	39.0	-	4.0	4.0	-	3.0	3.0	-	2.0	2.0	-
Eight	38.0	38.0	-	4.0	4.0	-	1.0	1.0	-	1.0	1.0	-
Nine	43.0	43.0	-	5.0	5.0	-	5.0	5.0	-	4.0	4.0	-
Ten	41.0	41.0	-	4.0	4.0	-	1.0	1.0	-	1.0	1.0	-
Eleven	47.0	47.0	-	5.0	5.0	-	6.0	6.0	-	5.0	5.0	-
Twelve	42.0	42.0	-	5.0	5.0	-	1.0	1.0	-	1.0	1.0	-
Post-Graduate												
Adult H.S. (15+CR.)												
Adult H.S. (1-14 CR.)												
Subtotal	<u>491</u>	<u>491</u>	<u>-</u>	<u>52</u>	<u>52</u>	<u>-</u>	<u>32</u>	<u>32</u>	<u>-</u>	<u>28</u>	<u>28</u>	<u>-</u>
Special Ed - Elementary	59.0	59.0	-	6.0	6.0	-	2.0	2.0	-	1.0	1.0	-
Special Ed - Middle	32.0	32.0	-	3.0	3.0	-	-	-	-	-	-	-
Special Ed - High	44.0	44.0	-	5.0	5.0	-	1.0	1.0	-	1.0	1.0	-
Subtotal	<u>135</u>	<u>135</u>	<u>-</u>	<u>14</u>	<u>14</u>	<u>-</u>	<u>3</u>	<u>3</u>	<u>-</u>	<u>2</u>	<u>2</u>	<u>-</u>
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Totals	<u>626</u>	<u>626</u>	<u>-</u>	<u>66</u>	<u>66</u>	<u>-</u>	<u>35</u>	<u>35</u>	<u>-</u>	<u>30</u>	<u>30</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, col. 1	366	366	-	44	44	-
Reg -SpEd, col. 4	41	41	-	5	4	1
Transported - Non-Public, col. 3	31	31	-	5	5	-
Special Ed Spec, col. 6	88	88	-	10	10	-
Totals	<u>526</u>	<u>526</u>	<u>-</u>	<u>64</u>	<u>63</u>	<u>1</u>
Percentage Error					<u>1.56%</u>	

**SECAUCUS 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 Kindegarten						
Full Day Kindergarten						
One	5	5	-	4	4	-
Two	5	5	-	4	4	-
Three	-	-	-	-	-	-
Four	5	5	-	4	4	-
Five	4	4	-	4	4	-
Six	1	1	-	1	1	-
Seven	3	3	-	3	3	-
Eight	-	-	-	-	-	-
Nine	-	-	-	-	-	-
Ten	4	4	-	3	3	-
Eleven	-	-	-	-	-	-
Twelve	4	4	-	3	3	-
Post-Graduate	2	2	-	2	2	-
Adult H.S. (15+CR.)						
Adult H.S. (1-14 CR.)						
Subtotal	<u>33</u>	<u>33</u>	<u>-</u>	<u>28</u>	<u>28</u>	<u>-</u>
Special Ed - Elementary	1	1	-	1	1	-
Special Ed - Middle	-	-	-	-	-	-
Special Ed - High	-	-	-	-	-	-
Subtotal	<u>1</u>	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	<u>34</u>	<u>34</u>	<u>-</u>	<u>29</u>	<u>29</u>	<u>-</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

**SECAUCUS BOARD OF EDUCATION
CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

2017-18 Total General Fund Expenditures per the CAFR	\$ 40,326,380
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>4,868,042</u>
Adjusted 2017-18 General Fund Expenditures	<u>\$ 35,458,338</u>
2% of Adjusted 2017-18 General Fund Expenditures	\$ 709,167
Allowable Adjustments - Nonpublic Transportation Aid	<u>30,190</u>
Maximum Unassigned Fund Balance	<u>\$ 739,357</u>

SECTION 2

Total General Fund - Fund Balance at June 30, 2018	\$ 6,125,074
Decreased by:	
Year End Encumbrances	272,334
Other Restricted Fund Balances - Capital Reserve	4,149,830
Other Restricted Fund Balances - Emergency Reserve	250,000
Other Restricted Fund Balances - Maintenance Reserve	200,000
Reserved for Excess Surplus - Designated for Subsequent Year's Expenditures	300,000
Assigned Fund Balance - Designated for Subsequent Year's Expenditures	<u>13,553</u>
Total Unassigned Fund Balance	<u>\$ 939,357</u>

SECTION 3

Reserved Fund Balance - Excess Surplus	<u>\$ 200,000</u>
<u>Detail of Allowable Adjustments</u>	
Additional Nonpublic Transportation Aid	<u>\$ 30,190</u>

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

RECOMMENDATIONS

I. Administrative Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

It is recommended that:

1. Internal controls over the maintenance and use of the payroll agency account be reviewed and enhanced, interfund balances be cleared of record and the unreconciled account balance in the payroll agency account be reviewed.
2. Capital assets purchased be properly charged to the General Fund budget in accordance with “The Uniform Minimum Chart of Accounts”.

III. School Purchasing Program

It is recommended that purchases made under National Cooperative contracts be made in accordance with State procurement guidelines and Cooperative purchase and State contract vendors whose purchases exceed in the aggregate the bid threshold be awarded by Board resolution.

IV. School Food Services

- * It is recommended that procedures be implemented to ensure that the year end net cash resources do not exceed three months average expenditures in the Food Service Fund.

V. Student Body Activities

- * It is recommended that internal controls over Student Activity accounts be reviewed and enhanced.

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 except those denoted with an asterisk (*).

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

RECOMMENDATIONS (Continued)

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

A handwritten signature in blue ink that reads "Gary W. Higgins". The signature is written in a cursive style with a large initial "G".

Gary W. Higgins
Public School Accountant
PSA Number CS00814