

**LITTLE FERRY BOARD OF EDUCATION
AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2019**

**LITTLE FERRY 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
Little Ferry Board of Education
Little Ferry, 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 Little Ferry Board of Education in the County of Bergen as of and for the fiscal year ended June 30, 2019, and have issued our report thereon dated November 12, 2019.

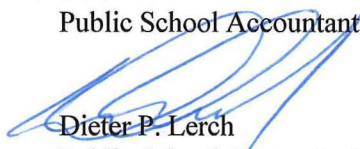
As part of our audit, we performed procedures required by the Office of School Finance, Department of Education, State of New Jersey and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended solely for the information and use of Little Ferry Board of Education's 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



Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
November 12, 2019

**LITTLE FERRY BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Scope of Audit

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

Administrative Practices and Procedures

Insurance

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

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Dennis R. Frohnapfel, Ed. D.	Interim Business Administrator (7/1/18-11/8/18)/ Board Secretary (7/1/18-5/1/19)	\$100,000
Antoinette Kelly	Treasurer of School Monies	300,000

There is a Blanket Dishonesty Bond with the Selective Insurance Company of America 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, certifications or supporting documentation.

Classification of Expenditures

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

Finding (CAFR 2019-001) – During our test of transactions, it was noted that a principal's entire salary was charged to Improvement of Instructional Services. In addition, the Interim Director of Special Services entire salary was charged to Child Study Team. According to State Department of Education guidelines, principals' and department chairs' full salary must be charged to School Administration unless proper documentation is provided to justify allocation to a specific support function.

Recommendation – The District properly budget and charge all administrative salaries pursuant to budget guidelines and any allocations to support functions be properly documented.

**LITTLE FERRY BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Payroll/Personnel

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

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

Salary withholdings were promptly remitted to the proper agencies.

Finding – Our audit of salaries found that a former employee, whose contract stipulated that they were to be paid on a per diem basis was in fact, paid at a flat monthly base salary amount with no consideration of actual days worked.

Recommendation – It is recommended that in all instances per diem employees be paid in accordance with contractual terms.

Reserve for Encumbrances and Accounts Payable

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

Travel

The Board of Trustees has adopted a travel policy that complies with N.J.S.A. 18A:11-12.

Board Secretary's Records

The financial records, books of account and minutes maintained by the Board Secretary were reviewed.

The Board Secretary's and Treasurer's monthly financial reports were presented to the Board on a timely basis and were submitted to the Executive County Superintendent as prescribed by N.J.S.A. 18A 17-9 and 18A 17-36.

The prescribed contractual order system was followed.

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

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

Finding – Various budget appropriation line items were overexpended as a result of an audit adjustment for the accrual of salary retro payments. The overexpenditures were a result of an audit adjustment, therefore no recommendation is warranted.

Treasurer's Records

The Treasurer did perform cash reconciliations for all accounts required.

All cash receipts were promptly deposited.

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 section of the CAFR. This section of the CAFR documents the financial position pertaining to the projects under Title I and III of the Elementary and Secondary Education Act, as amended.

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

**LITTLE FERRY BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Financial Planning, Accounting and Reporting (Continued)

Other Special Federal and/or State Projects

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

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

The financial exhibits are contained within the Special Revenue section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

I.D.E.A. Part B

Separate accounting records were maintained for each approved project. Grant application approvals and acceptance of grant funds were made by Board resolution.

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.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

Effective July 1, 2015 and thereafter, the bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (without a Qualified purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$19,000. The Board has designated the 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 Board Attorney's opinion should be sought before a commitment is made.

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

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

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained. Our examination did reveal, however, that purchases were made through the use of State contracts.

Finding – Our audit revealed numerous instances where receipt of goods signature was not obtained for recurring vendor payments.

Recommendation – It is recommended that receipt of goods signatures be obtained on all purchase orders issued.

Finding – Professional service contracts awarded were not advertised in accordance with N.J.S.A. 18A-18A-5(a)1.

Recommendation – All professional service contracts awarded be advertised in the District's official newspaper in accordance with Public School Contracts Law.

Finding – Our audit of contracts found that certain change orders were not approved in the minutes.

Recommendation – It is recommended that all change orders be approved in the official minutes.

Finding – Our audit of the modular classroom contract found that change orders exceeded twenty (20%) of the originally awarded contract amount, however, this was not advertised.

Recommended – All contracts with change orders exceeding twenty (20) percent of the originally awarded contract amount be properly advertised in accordance with N.J.A.C. 5-30-11.9(d).

**LITTLE FERRY BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

School Food Service

The financial transactions and statistical records of the school food services were maintained in good condition. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis. No exceptions were noted.

Cash receipts and bank records were reviewed for timely deposit. No exceptions were noted.

The District utilized 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 cost reimbursable contract addendum were reviewed and audited. The FSMC contract includes an operating result provision which guarantees that the food service program will return a profit of at least \$25,000. 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 should be separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food and 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.

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

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

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 Fund Net Position (CAFR Schedule B-5) does separate program and non-program revenue and program and non-program cost of goods sold.

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

Student Body Activity

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

Finding – Our audit of the District’s student body activity account found that there is no formal accounting of funds collected for trips.

Recommendation – A formal accounting of funds collected for trips be maintained and reconciled to expenses associated with the trip.

Finding – Our audit of the District’s student body activity account disbursements found payment request forms are not always being completely signed. Instances were noted where there were no supervisor and/or claimant signature.

Recommendation – Payment request forms contain all required signatures.

**LITTLE FERRY BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2018 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the disabled, bilingual and low-income. We also performed a review of the District procedures related to its completion. The information on the A.S.S.A. was compared to District workpapers with immaterial exceptions noted. The information on the workpapers was verified with immaterial 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 2018-2019 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Facilities and Capital Assets

Our procedures included a review of the SDA grant agreements for consistency with recording SDA revenue, transfer local funds from the General Fund or from the Capital Reserve Account and awarding of contracts for eligible facilities constructions. No transactions noted in the 2018/19 school year.

Finding – Our audit of capital assets revealed that the District’s capital asset inventory report was not updated for the year ended June 30, 2019. Current and prior year additions and depreciation expense were recorded by audit adjustment.

Recommendation – It is recommended that the capital asset report be reviewed and updated.

Testing for Lead of all Drinking Water in Educational Facilities

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

**LITTLE FERRY BOARD OF EDUCATION
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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>(Over) Under Claim</u>
National School Lunch (Regular Rate)	Paid	34,570	34,570	34,570	-	\$ 0.31	
	Reduced	7,853	7,853	7,853	-	2.91	
	Free	<u>32,868</u>	<u>32,868</u>	<u>32,868</u>	<u>-</u>	<u>3.31</u>	
		<u>75,291</u>	<u>75,291</u>	<u>75,291</u>			
National School Breakfast (Severe Rate)	Paid	948	948	948	-	0.31	
	Reduced	560	560	560	-	1.84	
	Free	<u>42,491</u>	<u>42,491</u>	<u>42,490</u>	<u>(1)</u>	<u>2.14</u>	<u>\$ (2.14)</u>
		<u>43,999</u>	<u>43,999</u>	<u>43,998</u>	<u>(1)</u>	<u>2.14</u>	<u>(2.14)</u>
		<u>119,290</u>	<u>119,290</u>	<u>119,289</u>	<u>(1)</u>	<u>2.14</u>	<u>(2.14)</u>

**LITTLE FERRY BOARD OF EDUCATION
FOOD SERVICE FUND
NET CASH RESOURCE SCHEDULE
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

		Food Service	
<u>Net Cash Resources:</u>			
CAFR	*	Current Assets	
B-4		Cash & Cash Equiv.	\$ 32,251
B-4		Due from Other Gov'ts	14,938
B-4		Accounts Receivable	
CAFR		Current Liabilities	
B-4		Less Accounts Payable	
B-4		Less Accruals	
B-4		Less Due to Other Funds	
B-4		Less Deferred Revenue	<u>(3,262)</u>
		Net Cash Resources	<u>\$ 43,927</u> (A)

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.	382,491	
B-5	Less Depreciation	<u>(5,715)</u>	
		Adj. Tot. Oper. Exp.	<u>\$ 376,776</u> (B)

Average Monthly Operating Expense:

B / 10	<u>\$ 37,678</u>	(C)
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Three times monthly Average:

3 X C	<u>\$ 113,033</u>	(D)
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TOTAL IN BOX A	\$ 43,927
LESS TOTAL IN BOX D	<u>\$ 376,776</u>
NET	<u>\$ (332,849)</u>

From above:

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

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

SOURCE - USDA resource management comprehensive review form

**LITTLE FERRY BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 15, 2018
SCHEDULE OF AUDITED ENROLLMENTS**

	2019-2020 Application for State School Aid							Sample for Verification						Private Schools for Disabled			
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Register On Roll		Errors per Registers On Roll		Reported on A.S.S.A. as Private Schools	Sample from Work- papers	Sample Verified	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared					
Half Day Preschool 3 yrs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Preschool 4 yrs	20.0	-	20.0	-	-	-	20.0	-	20.0	-	-	-	-	-	-	-	-
Full Day Preschool 3 yrs	4.0	-	-	-	(4.0)	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool 4 yrs	3.0	-	-	-	(3.0)	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	72.0	-	72.0	-	-	-	72.0	-	72.0	-	-	-	-	-	-	-	-
Grade 1	89.0	-	89.0	-	-	-	89.0	-	89.0	-	-	-	-	-	-	-	-
Grade 2	67.0	-	67.0	-	-	-	67.0	-	67.0	-	-	-	-	-	-	-	-
Grade 3	81.0	-	81.0	-	-	-	81.0	-	81.0	-	-	-	-	-	-	-	-
Grade 4	82.0	-	82.0	-	-	-	82.0	-	82.0	-	-	-	-	-	-	-	-
Grade 5	91.0	-	91.0	-	-	-	91.0	-	91.0	-	-	-	-	-	-	-	-
Grade 6	87.0	-	87.0	-	-	-	87.0	-	87.0	-	-	-	-	-	-	-	-
Grade 7	97.0	-	97.0	-	-	-	97.0	-	97.0	-	-	-	-	-	-	-	-
Grade 8	93.0	-	93.0	-	-	-	93.0	-	93.0	-	-	-	-	-	-	-	-
Grade 9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grade 10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grade 11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grade 12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult School	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	786.0	-	779.0	-	(7.0)	-	779.0	-	779.0	-	-	-	-	-	-	-	-
Special Ed - Elementary	65.0	-	65.0	-	-	-	65.0	-	65.0	-	-	-	3.0	3.0	3.0	-	-
Special Ed - Middle	23.0	-	23.0	-	-	-	23.0	-	23.0	-	-	-	2.0	2.0	2.0	-	-
Special Ed - High	-	-	-	-	-	-	-	-	-	-	-	-	1.0	2.0	2.0	-	-
Subtotal	88.0	-	88.0	-	-	-	88.0	-	88.0	-	-	-	6.0	7.0	7.0	-	-
Totals	874.0	-	867.0	-	(7.0)	-	867.0	-	867.0	-	-	-	6.0	7.0	7.0	-	-
Percentage Error	<u>-0.81%</u> N/A						<u>0.00%</u> N/A						<u>0.00%</u>				

**LITTLE FERRY BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 15, 2018
SCHEDULE OF AUDITED ENROLLMENTS**

	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on A.S.S.A as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on A.S.S.A as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Worpapers	Verified to Test Score and Register	Errors
	Half Day Preschool 3 yrs	-	-	-	-	-	-	-	-	-	-	-
Half Day Preschool 4 yrs	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool 3 yrs	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool 4 yrs	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	25.0	25.0	-	16	16	-	2.0	2.0	-	2	2	-
Grade 1	23.0	23.0	-	15	15	-	3.0	3.0	-	3	3	-
Grade 2	26.0	26.0	-	17	17	-	1.0	1.0	-	1	1	-
Grade 3	35.0	35.0	-	23	23	-	2.0	2.0	-	2	2	-
Grade 4	36.0	36.0	-	23	22	(1)	-	-	-	-	-	-
Grade 5	30.0	30.0	-	19	19	-	2.0	2.0	-	2	2	-
Grade 6	28.0	28.0	-	18	18	-	2.0	2.0	-	2	2	-
Grade 7	32.0	32.0	-	21	21	-	3.0	3.0	-	3	3	-
Grade 8	31.0	31.0	-	20	20	-	2.0	2.0	-	2	2	-
Grade 9	24.0	24.0	-	-	-	-	5.0	5.0	-	-	-	-
Grade 10	22.0	22.0	-	-	-	-	1.0	1.0	-	-	-	-
Grade 11	22.0	22.0	-	-	-	-	-	-	-	-	-	-
Grade 12	26.0	26.0	-	-	-	-	1.0	1.0	-	-	-	-
Subtotal	360.0	360.0	-	172	171	(1)	24	24	-	17	17	-
Special Ed - Elementary	42.0	42.0	-	19.0	19.0	-	2.0	2.0	-	2.0	2.0	-
Special Ed - Middle	13.0	13.0	-	6.0	6.0	-	-	-	-	-	-	-
Special Ed - High	14.0	14.0	-	-	-	-	1.0	1.0	-	-	-	-
Subtotal	69	69	-	25	25	-	3	3	-	2	2	-
Totals	429.0	429.0	-	197	196	(1)	27	27	-	19	19	-
Percentage Error		<u>0.00%</u>			<u>-0.51%</u>			<u>0.00%</u>		<u>0.00%</u>		

	Transportation					
	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors
	Reg. - Public Schools	389.0	389.0	-	177.0	177.0
Transported - Non - Public	21.0	21.0	-	9.0	9.0	-
Special Ed. - Public	-	-	-	-	-	-
Special Needs - Public	24.0	24.0	-	11.0	11.0	-
	<u>434.0</u>	<u>434.0</u>	-	<u>197.0</u>	<u>197.0</u>	-
Percentage Error		<u>0.00%</u>			<u>0.00%</u>	

**LITTLE FERRY BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 15, 2018
SCHEDULE OF AUDITED ENROLLMENTS**

	Resident LEP NOT Low Income			Sample for Verification		
	Reported on A.S.S.A as NOT Low Income	Reported on Workpapers as NOT Low Income	Errors	Sample Selected from Worpapers	Verified to Application and Register	Errors
Half Day Preschool 3 yrs	-	-	-	-	-	-
Full Day Preschool 3 yrs	-	-	-	-	-	-
Half Day Preschool 4 yrs	-	-	-	-	-	-
Full Day Preschool 4 yrs	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-
Full Day Kindergarten	6.0	6.0	-	6.0	6.0	-
Grade 1	2.0	2.0	-	2.0	2.0	-
Grade 2	-	-	-	-	-	-
Grade 3	2.0	2.0	-	2.0	2.0	-
Grade 4	1.0	1.0	-	1.0	1.0	-
Grade 5	1.0	1.0	-	1.0	1.0	-
Grade 6	2.0	2.0	-	2.0	2.0	-
Grade 7	1.0	1.0	-	1.0	1.0	-
Grade 8	1.0	1.0	-	1.0	1.0	-
Grade 9	2.0	2.0	-	-	-	-
Grade 10	1.0	1.0	-	-	-	-
Grade 11	4.0	4.0	-	-	-	-
Grade 12	3.0	3.0	-	-	-	-
Adult School						
Subtotal	26.0	26.0	-	16.0	16.0	-
Special Ed - Elementary	2.0	2.0	-	2.0	2.0	-
Special Ed - Middle	-	-	-	-	-	-
Special Ed - High	-	-	-	-	-	-
Subtotal	2.0	2.0	-	2.0	2.0	-
Totals	28.0	28.0	-	18.0	18.0	-

Percentage Error

0.00%

0.00%

**LITTLE FERRY BOARD OF EDUCATION
CALCULATION OF EXCESS SUPLUS
FOR THE YEAR ENDED JUNE 30, 2019**

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

2018-2019 Total General Fund Expenditures per the CAFR	\$ 26,418,305
Decreased by:	
On-Behalf TPAF Pension & Social Security	(2,337,212)
Adjusted 2018-2019 General Fund Expenditures	\$ 24,081,093
2% of Adjusted 2018-2019 General Fund Expenditures	\$ 481,622
Enter Greater of 2% of Adjusted 2018-2019 General Fund Expenditures or \$250,000	\$ 481,622
Increased by: Allowable Adjustments-Extraordinary Aid	218,283
Maximum Unassigned Fund Balance	\$ 699,905

SECTION 2

Total General Fund - Fund Balance at June 30, 2019 (Per CAFR Budgetary Comparison Schedule/Statement)	\$ 1,257,453
Decreased by:	
Year End Encumbrances	\$ 68,092
Assigned Fund Balance - Designated for Subsequent Year's Expenditures	52,651
Restricted Fund Balance - Excess Surplus-Designated for Subsequent Year's Expenditures	182,448
Restricted Fund Balance - Capital Reserve	254,357
Total Unassigned Fund Balance	\$ 699,905

SECTION 3

Restricted Fund Balance - Excess Surplus	-
<u>Recapitulation of Excess Surplus as of June 30, 2019</u>	
Excess Surplus-Designated for Subsequent Year's Expenditures	\$ 182,448
Excess Surplus	-
Total Excess Surplus	\$ 182,448
<u>Allowable Adjustments</u>	
Unbudgeted Extraordinary Aid	\$ 218,283

**LITTLE FERRY BOARD OF EDUCATION
RECOMMENDATIONS**

I. Administrative Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

It is recommended that:

1. The District properly budget and charge all administrative salaries pursuant to budget guidelines and any allocations to support functions be properly documented.
2. In all instances, per diem employees be paid in accordance with contractual terms.

III. School Purchasing Program

It is recommended that :

1. Receipt of goods signatures be obtained on all purchase orders issued.
2. All professional service contracts awarded be advertised in the District's official newspaper in accordance with Public School Contracts Law.
3. All change orders be approved in the official minutes.
4. All contracts with change orders exceeding twenty (20) percent of the originally awarded contract amount be properly advertised in accordance with N.J.A.C. 5-30-11.9(d).

IV. School Food Services

There are none.

V. Student Body Activities

It is recommended that:

1. A formal accounting of funds collected for trips be maintained and reconciled to expenses associated with the trip.
2. Payment request forms contain all required signatures.

VI. Application for State School Aid

There are none.

VII. Pupil Transportation

There are none.

VIII. Facilities and Capital Assets

It is recommended that the capital asset report be reviewed and updated.

**LITTLE FERRY BOARD OF EDUCATION
RECOMMENDATIONS
(CONTINUED)**

IX. Miscellaneous

There are none.

X. Status of Prior Years' Audit Findings/Recommendations

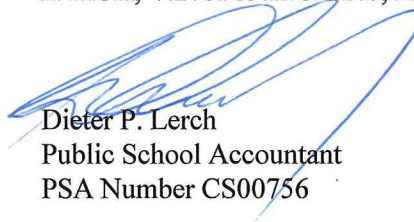
In accordance with government auditing standards, we have reviewed the status of all prior year findings. Corrective action was taken on all prior year findings.

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



Dieter P. Lerch
Public School Accountant
PSA Number CS00756