

**WALLINGTON BOARD OF EDUCATION  
AUDITORS' MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS -  
FINANCIAL COMPLIANCE AND PERFORMANCE  
JUNE 30, 2019**

**WALLINGTON BOARD OF EDUCATION  
TABLE OF CONTENTS**

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

	<u>Page No.</u>
Auditor's Management Report	1
Scope of Audit	2
Administrative Practices and Procedures	2
Financial Planning, Accounting and Reporting	2-4
School Purchasing Programs	4
School Food Service	5
Student Body Activities	5
Application for State School Aid	5
Pupil Transportation	5
Facilities and Capital Assets	5
Testing for Lead of all Drinking Water in Educational Facilities	5
Schedule of Meal Count Activity – Not Applicable	6
Schedule of Net Cash Resources – Not Applicable	6
Schedule of Audited Enrollments	7-9
Calculation of Excess Surplus	10
Recommendations	11
Acknowledgment	12



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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

ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
RALPH M. PICONE, CPA, RMA, PSA  
DEBRA GOLLE, CPA  
MARK SACO, CPA  
SHERYL M. LEIDIG, CPA, PSA  
ROBERT LERCH, CPA  
CHRIS SOHN, CPA

Honorable President and Members  
of the Board of Trustees  
Wallington Board of Education  
Wallington, 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 Wallington Board of Education as of and for the fiscal year ended June 30, 2019, and have issued our report thereon dated December 10, 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 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.

LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Public School Accountants

Gary W. Higgins  
Public School Accountant  
PSA Number CS00814

Fair Lawn, New Jersey  
December 10, 2019

**WALLINGTON 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 Board Secretary/School Business Administrator and Treasurer of School Monies, the activities of the Board of Education and the records of the various funds under the auspices of the Board of Education.

**Administrative Practices and Procedures**

**Insurance**

Fire insurance coverage was carried in the amounts as detailed on the Insurance Schedule 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>
Joseph Brunacki III	Board Secretary	\$200,000
Dorothy B. Siek	Treasurer of School Monies	250,000

There is an employee blanket dishonesty bond, including faithful performance for elected officials with coverage of \$500,000 per loss.

**Financial Planning, Accounting and Reporting**

**Examination of Claims**

An examination of claims paid during the period under review revealed no 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 certified by the President of the Board, the Board Secretary/School Business Administrator and Chief School Administrator.

Salary withholdings were promptly remitted to the proper agencies, including health benefits premium withholdings due to the General Fund.

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators to the New Jersey Department was filed by the March 15 due date.

The Board has implemented and maintains a personnel tracking and accounting (Position Control) system.

**Unemployment Compensation Trust Fund**

The Board has adopted the direct reimbursement method and has established an Unemployment Compensation Trust Fund. The financial transactions of this fund are reported in the Expendable Trust Fund.

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

**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 proper classification of orders as reserve for encumbrances and accounts payable.

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:23-2.2(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 NJAC 6A:23A-8.3. As a result of the procedures performed, no errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

The records of the Board Secretary and Treasurer were in agreement.

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

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

Acknowledgment 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 the general operating account and payroll accounts.

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

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 projects under Titles I, IIA, III and IV of the Elementary and Secondary Education Act, as amended, and reauthorized.

Our examination of the Federal 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.

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

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

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.

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 single audit section of 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 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.

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. Reimbursement to the State for Federal Salary Expenditures

The reimbursement to the State for 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 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 subsequent 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

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 District's Business Administrator is qualified and the bid threshold of \$40,000 has been established by Board resolution. The law regulating bidding for public school student transportation contracts under *N.J.S.A. 18A:39-3* is currently \$19,000.

The district board of education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract 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.

Based on the results of our examination, we did not note any individual payments, contracts, or agreements 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*, amended.

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

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

**School Food Service**

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.

We also 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. In addition, non-program foods were not purchased, prepared, sold or offered for sale.

Non-program foods were not purchased, prepared, sold, or offered for sale by the District.

**Student Body Activities**

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

Cash receipts and disbursements records were maintained and bank reconciliations were performed.

All receipts were promptly deposited.

Cash disbursements were supported by proper documentation.

**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 handicapped, 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 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 without exception. 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**

The District had no SDA grant projects during the year.

The District maintained financial records pertaining to its capital assets.

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

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

**NOT APPLICABLE**

**FOOD SERVICE FUND  
SCHEDULE OF NET CASH RESOURCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOT APPLICABLE**



**WALLINGTON BOARD OF EDUCATION**

**SCHEDULE OF AUDITED ENROLLMENTS**

**APPLICATION FOR STATE SCHOOL AID SUMMARY**

**ENROLLMENT AS OF OCTOBER 15, 2018**

	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 Veri- fication	Sample Verified	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared					
Half Day Preschool																	
Full Day Preschool																	
Half Day Kindergarten																	
Full Day Kindergarten	79	-	79	-	-	-	56	-	56	-	-	-					
One	92	-	92	-	-	-	25	-	25	-	-	-					
Two	83	-	83	-	-	-	58	-	58	-	-	-					
Three	90	-	90	-	-	-	47	-	47	-	-	-					
Four	99	-	99	-	-	-	99	-	99	-	-	-					
Five	85	-	85	-	-	-	85	-	85	-	-	-					
Six	83	-	83	-	-	-	83	-	83	-	-	-					
Seven	92	-	92	-	-	-	92	-	92	-	-	-					
Eight	88	-	88	-	-	-	88	-	88	-	-	-					
Nine	84	-	84	-	-	-	84	-	84	-	-	-					
Ten	71	3	71	3	-	-	71	3	71	3	-	-					
Eleven	90	-	90	-	-	-	90	-	90	-	-	-					
Twelve	73	-	73	-	-	-	73	-	73	-	-	-					
Post-Graduate																	
Adult H.S. (15+CR.)																	
Adult H.S. (1-14 CR.)																	
Subtotal	- 1,109	- 3	- 1,109	- 3	-	-	- 951	- 3	- 951	- 3	-	-	-	-	-	-	-
Special Ed - Elementary	44	-	44	-	-	-	18	-	18	-	-	-	3	3	3	-	-
Special Ed - Middle School	40	-	40	-	-	-	16	-	16	-	-	-	1	1	1	-	-
Special Ed - High School	38	1	38	1	-	-	15	-	15	-	-	-	3	3	3	-	-
Subtotal	122	1	122	1	-	-	49	-	49	-	-	-	7	7	7	-	-
Co. Voc. - Regular																	
Co. Voc. Ft. Post Sec.																	
Totals	1,231	4	1,231	4	-	-	1,000	3	1,000	3	-	-	7	7	7	-	-
Percentage Error					0.00%	0.00%					0.00%	0.00%					0.00%

**SCHEDULE OF AUDITED ENROLLMENTS**

**WALLINGTON SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2018**

	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	28.0	28.0	-	4.0	4.0	-	3	3	-	3	3	-
One	27.0	27.0	-	4.0	4.0	-	4	4	-	4	4	-
Two	31.0	31.0	-	5.0	5.0	-	4	4	-	4	4	-
Three	34.0	34.0	-	5.0	5.0	-	3	3	-	3	3	-
Four	35.0	35.0	-	6.0	6.0	-	3	3	-	3	3	-
Five	25.0	25.0	-	4.0	4.0	-	-	-	-	-	-	-
Six	29.0	29.0	-	5.0	5.0	-	-	-	-	-	-	-
Seven	18.0	18.0	-	3.0	3.0	-	-	-	-	-	-	-
Eight	18.0	18.0	-	3.0	3.0	-	-	-	-	-	-	-
Nine	20.0	20.0	-	3.0	3.0	-	1	1	-	1	1	-
Ten	16.0	16.0	-	3.0	3.0	-	-	-	-	-	-	-
Eleven	20.0	20.0	-	3.0	3.0	-	1	1	-	1	1	-
Twelve	16.0	16.0	-	3.0	3.0	-	1	1	-	1	1	-
Post-Graduate												
Adult H.S. (15+CR.)												
Adult H.S. (1-14 CR.)												
Subtotal	<u>317</u>	<u>317</u>	<u>-</u>	<u>51</u>	<u>51</u>	<u>-</u>	<u>20</u>	<u>20</u>	<u>-</u>	<u>20</u>	<u>20</u>	<u>-</u>
Special Ed - Elementary	35.0	35.0	-	5.0	5.0	-	1	1	-	1	1	-
Special Ed - Middle	22.0	22.0	-	3.0	3.0	-	-	-	-	-	-	-
Special Ed - High	18.0	18.0	-	3.0	3.0	-	-	-	-	-	-	-
Subtotal	<u>75</u>	<u>75</u>	<u>-</u>	<u>11</u>	<u>11</u>	<u>-</u>	<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>392</u>	<u>392</u>	<u>-</u>	<u>62</u>	<u>62</u>	<u>-</u>	<u>21</u>	<u>21</u>	<u>-</u>	<u>21</u>	<u>21</u>	<u>-</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</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, col. 1	42	42	-	24	24	-
Reg -SpEd, col. 4	5	5	-	3	3	-
Transported - Non-Public, col. 3	-	-	-	-	-	-
Special Ed Spec, col. 6	38	38	-	21	21	-
Totals	<u>85</u>	<u>85</u>	<u>-</u>	<u>48</u>	<u>48</u>	<u>-</u>
Percentage Error					<u>0.00%</u>	

**WALLINGTON SCHOOL DISTRICT**

**SCHEDULE OF AUDITED ENROLLMENTS**

**APPLICATION FOR STATE SCHOOL AID SUMMARY**  
**ENROLLMENT AS OF OCTOBER 15, 2018**

6

	<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	11	11	-	11	11	-
One	8	8	-	8	8	-
Two	6	6	-	6	6	-
Three	3	3	-	3	3	-
Four	4	4	-	4	4	-
Five	-	-	-	-	-	-
Six	-	-	-	-	-	-
Seven	3	3	-	3	3	-
Eight	2	2	-	2	2	-
Nine	1	1	-	1	1	-
Ten	3	3	-	3	3	-
Eleven	4	4	-	4	4	-
Twelve	1	1	-	1	1	-
Post-Graduate						
Adult H.S. (15+CR.)						
Adult H.S. (1-14 CR.)						
Subtotal	<u>46</u>	<u>46</u>	<u>-</u>	<u>46</u>	<u>46</u>	<u>-</u>
Special Ed - Elementary	-	-	-	-	-	-
Special Ed - Middle	-	-	-	-	-	-
Special Ed - High	1	1	-	1	1	-
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><u>47</u></u>	<u><u>47</u></u>	<u><u>-</u></u>	<u><u>47</u></u>	<u><u>47</u></u>	<u><u>-</u></u>
Percentage Error			<u><u>0.00%</u></u>			<u><u>0.00%</u></u>

**WALLINGTON BOARD OF EDUCATION  
CALCULATION OF EXCESS SURPLUS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**SECTION 1**

**A. - 2% Calculation of Excess Surplus**

2018-2019 Total General Fund Expenditures per the CAFR, Ex. C-1		\$ 23,311,325
Decreased by:		
On-Behalf TPAF Pension & Social Security		<u>(2,782,057)</u>
Adjusted 2018-2019 General Fund Expenditures		<u>\$ 20,529,268</u>
2% of Adjusted 2018-2019 General Fund Expenditures		<u>\$ 410,585</u>
Enter Greater of 2% or \$250,000		\$ 410,585
Allowable Adjustment - Extraordinary Aid		<u>23,401</u>
Maximum Unassigned Fund Balance		<u>\$ 433,986</u>

**SECTION 2**

Total General Fund - Fund Balances at June 30, 2019		\$ 3,454,082
Decreased by:		
Year End Encumbrances	\$ 682,547	
Restricted for Capital Reserve	148,337	
Restricted - Excess Surplus Designated for Subsequent Year's Expenditures	<u>1,096,337</u>	
		<u>1,927,221</u>
Total Unassigned Fund Balance		<u>\$ 1,526,861</u>

**SECTION 3**

<b>Restricted Fund Balance - Excess Surplus</b>		<u>\$ 1,092,875</u>
---	--	---------------------

**Recapitulation of Excess Surplus as of June 30, 2019**

Restricted for Excess Surplus - Designated for Subsequent Year's Expenditures		\$ 1,096,337
Restricted for Excess Surplus		<u>1,092,875</u>
		<u>\$ 2,189,212</u>

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

**RECOMMENDATIONS**

**I. Administrative Practices and Procedures**

There are none.

**II. Financial Planning, Accounting and Reporting**

There are none.

**III. School Purchasing Program**

There are none.

**IV. School Food Services**

There are none.

**V. Student Body Activities**

There are none.

**VI. Scholarships**

There are none.

**VII. Application for State School Aid**

There are none.

**VIII. Pupil Transportation**

There are none.

**IX. Miscellaneous**

There are none.

**X. Status of Prior Year Findings/Recommendations**

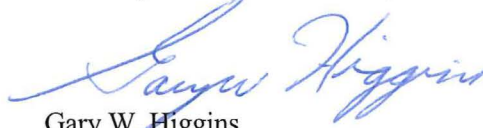
A review was performed on the prior year recommendation. Corrective action was taken on the prior year recommendation.

**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 W. Higgins  
Certified Public Accountant  
Public School Accountant