

**LITTLE FERRY BOARD OF EDUCATION  
AUDITOR'S MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS -  
FINANCIAL, COMPLIANCE AND PERFORMANCE  
JUNE 30, 2017**

**LITTLE FERRY BOARD OF EDUCATION  
TABLE OF CONTENTS**

**AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS  
- FINANCIAL, COMPLIANCE AND PERFORMANCE**

	<u>Page No.</u>
Report of Independent Auditor	1
Scope of Audit	2
Administrative Practices and Procedures	2
Financial Planning, Accounting and Reporting	2-4
School Purchasing Programs	5
School Food Service	5
Extended Day Care Program	6
Student Body Activity	6
Application for State School Aid	6
Pupil Transportation	6
Facilities and Capital Assets	6
Suggestions to Management	6
Schedule of Meal County Activity - Not Applicable	7
Schedule of Net Cash Resources – (Food Services Fund) – Not Applicable	7
Schedule of Audited Enrollments	8-10
Excess Surplus Calculation	11
Recommendations	12-13
Acknowledgement	13



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
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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 as of and for the fiscal year ended June 30, 2017, and have issued our report thereon dated September 21, 2017.

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

This report is intended solely for the information and use of management, the Board of Trustees, others within the District and the New Jersey State Department of Education. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

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

Dieter P. Lerch  
Public School Accountant  
PSA Number CS00756

Fair Lawn, New Jersey  
September 21, 2017

**LITTLE FERRY BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Scope of Audit**

The audit covered the financial transactions of the 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>
Donna Alonso	Business Administrator/ Board Secretary (7/1/16-9/7/16)	\$100,000
Frank Scarafile	Acting Board Secretary (9/8/16-11/7/16)	100,000
Dennis R. Frohnapfel, Ed. D.	Interim Business Administrator/ Board Secretary (11/8/16-6/30/17)	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**

**Finding** – Our audit revealed numerous instances where the receipt of goods signature was not obtained on the purchase order to indicate goods and/or services have been received and/or rendered.

**Recommendation** – It is recommended that the receipt of goods signature be obtained on all purchase orders to verify goods and/or services have been received and/or rendered.

**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.

**LITTLE FERRY BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

**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.

Salary withholdings were promptly remitted to the proper agencies.

**Finding** – The District does not maintain a payroll deduction ledger.

**Recommendation** – A payroll deduction ledger be implemented to account for the District's payroll withholding liabilities.

**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.

**Board Secretary's Records**

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

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** – Our audit of IRS Tax Reporting 1099 Forms noted that control procedures did not include review of payments made to individuals paid from student activity accounts. In addition, the current control procedures do not address issuing 1099s to eligible limited liability corporations or professional corporations.

**Recommendation** – Internal control procedures be enhanced over the issuance of IRS Tax Reporting 1099 Forms to ensure all eligible vendors are properly reported.

**Treasurer's Records**

The Treasurer did perform cash reconciliations for all accounts required.

All cash receipts were promptly deposited.

**LITTLE FERRY BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

Elementary and Secondary Education Act (E.S.E.A.)/Improving America's Schools Act (IASA) as Reauthorized by the No Child Left Behind Act of 2001

The E.S.E.A./NCLB 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, II, III, VI and V 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.

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.

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.

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 \$18,800. 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.

**LITTLE FERRY BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**School Purchasing Programs**

**Contracts and Agreements Requiring Advertisement for Bids (Continued)**

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 (CAFR Finding 2017-001)** – We noted the payments for purchase and installation of kitchen equipment for a total cost of \$18,377 and payments for alarm and fire monitor for a total cost of \$49,954 incurred by the district were in excess of the bid/quote threshold. However, there was no documentation to support competitive quotations/bids were solicited by the District in accordance with N.J.S.A. 18A:18A-27 and 18A:18A-37

**Recommendation** – Purchasing procedures be enhanced to ensure competitive quotations are solicited and attached to purchase orders for all contract awards that exceed the quote threshold and/or bids be sought in accordance with N.J.S.A. 18A:18A-27 and 18A-18A-37.

**Finding** – Our audit revealed that although the District is approving the use of certain cooperative purchasing programs, the specific vendors and contracts utilized under the respective cooperative agreement are not approved by Board resolution.

**Recommendation** – Specific vendors utilized by the District for contracts in excess of the bid threshold awarded through cooperative purchasing agreements be formally approved by Board resolution.

**School Food Service**

The school food service program was not selected as a major federal or state program. However, the program expenses exceeded \$100,000 in federal support. Accordingly, we inquired of school management as to whether the School Food Authority (the “SFA”) had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted. In addition, we inquired as to whether the SFA’s expenses 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 Net Position (CAFR Exhibit B-5) does separate program and non-program revenue and program and non-program cost of sales.

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.

The District utilizes a food service management company (FSMC) and is expending program monies in accordance with NJSA. Provisions of the FSMC contract were reviewed and audited.

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expense 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.

**LITTLE FERRY BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Extended Day Care Program**

The financial records of the Extended Day Care Program are maintained in fair condition. The operations of this program by the district were discontinued during the fiscal year ended June 30, 2017.

**Student Body Activity**

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

**Application for State School Aid**

Our audit procedures included a test of information reported in the October 14, 2016 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the 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. The information on the workpapers was verified without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

The District maintained workpapers on the prescribed state forms or their equivalent.

The District has adequate written procedures for the recording of student enrollment data.

**Pupil Transportation**

Our audit procedures included a test of on roll status reported in the 2016-2017 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

**Facilities and Capital Assets**

**Finding** – Our audit of capital assets revealed current year additions of \$300,975 were not added to the capital asset inventory report.

**Recommendation** – All current year additions be properly reflected in the District's capital asset inventory.

**Suggestions to Management**

In accordance with N.J.A.C. 6A:23A-5.2(a), the District have a resolution or memorandum to acknowledge that the District exceeds 130% of the statewide average for legal costs and to implement specific internal controls for the reduction of costs or to provide evidence that such procedures would not result in a reduction of costs.



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

**SCHEDULE OF MEAL COUNT ACTIVITY**

**NOT APPLCIABLE**

**SCHEDULE OF NET CASH RESOURCES**

**NOT APPLCIABLE**

**LITTLE FERRY BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
ENROLLMENT AS OF OCTOBER 14, 2016  
SCHEDULE OF AUDITED ENROLLMENTS**

	2017-2018 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 for Verifi- cation	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Half Day Pre-K 3yr	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Pre-K 3yr	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Pre-K 4yr	32	-	32	-	-	-	32	-	32	-	-	-	-	-	-	-
Full Day Pre-K 4yr	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day K	73	-	73	-	-	-	73	-	73	-	-	-	-	-	-	-
One	91	-	91	-	-	-	91	-	91	-	-	-	-	-	-	-
Two	93	-	93	-	-	-	93	-	93	-	-	-	-	-	-	-
Three	94	-	94	-	-	-	94	-	94	-	-	-	-	-	-	-
Four	96	-	96	-	-	-	96	-	96	-	-	-	-	-	-	-
Five	97	-	97	-	-	-	97	-	97	-	-	-	-	-	-	-
Six	94	-	94	-	-	-	94	-	94	-	-	-	-	-	-	-
Seven	89	-	89	-	-	-	89	-	89	-	-	-	-	-	-	-
Eight	98	-	98	-	-	-	98	-	98	-	-	-	-	-	-	-
Nine	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ten	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Eleven	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Twelve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult School (15+cr)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	857	-	857	-	-	-	857	-	857	-	-	-	-	-	-	-
Sp. Ed. - Elementary	56	-	56	-	-	-	31	-	31	-	-	-	1	1	1	-
Sp. Ed. - Middle School	32	-	32	-	-	-	18	-	18	-	-	-	2	2	2	-
Sp. Ed. - High School	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	88	-	88	-	-	-	49	-	49	-	-	-	3	3	3	-
Totals	945	-	945	-	-	-	906	-	906	-	-	-	3	3	3	-
Percentage Error					<u>0.00%</u> <u>0.00%</u>						<u>0.00%</u>					

**LITTLE FERRY BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
ENROLLMENT AS OF OCTOBER 14, 2016  
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 ASSA as LEP low Income	Reported on Workpapers as LEP low Income	Errors	Sample Selected	Verified to Test Score and Register	Errors
	Full Day Pre-K 3yr	-	-	-	-	-	-	-	-	-	-	-
Full Day Pre-K 4yr	-	-	-	-	-	-	-	-	-	-	-	-
Full Day K	31.0	31.0	-	13.0	13.0	-	3.0	3.0	-	2.0	2.0	-
One	42.0	42.0	-	18.0	18.0	-	7.0	7.0	-	6.0	6.0	-
Two	43.0	43.0	-	20.0	20.0	-	3.0	3.0	-	2.0	2.0	-
Three	34.0	34.0	-	13.0	13.0	-	1.0	1.0	-	1.0	1.0	-
Four	45.0	45.0	-	19.0	19.0	-	3.0	3.0	-	3.0	3.0	-
Five	43.0	43.0	-	21.0	21.0	-	1.0	1.0	-	1.0	1.0	-
Six	41.0	41.0	-	19.0	19.0	-	1.0	1.0	-	1.0	1.0	-
Seven	31.0	31.0	-	11.0	11.0	-	1.0	1.0	-	1.0	1.0	-
Eight	37.0	37.0	-	16.0	16.0	-	6.0	6.0	-	5.0	5.0	-
Nine	-	-	-	-	-	-	-	-	-	-	-	-
Ten	-	-	-	-	-	-	-	-	-	-	-	-
Eleven	-	-	-	-	-	-	-	-	-	-	-	-
Twelve	-	-	-	-	-	-	-	-	-	-	-	-
Adult School (15+ credits)	-	-	-	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>347.0</b>	<b>347.0</b>	<b>-</b>	<b>150.0</b>	<b>150.0</b>	<b>-</b>	<b>26.0</b>	<b>26.0</b>	<b>-</b>	<b>22.0</b>	<b>22.0</b>	<b>-</b>
Special Ed. - Elementary	22.0	22.0	-	8.0	8.0	-	5.0	5.0	-	4.0	4.0	-
Special Ed. - Middle	20.0	20.0	-	8.0	8.0	-	4.0	4.0	-	4.0	4.0	-
Special Ed. - High	-	-	-	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>42.0</b>	<b>42.0</b>	<b>-</b>	<b>16.0</b>	<b>16.0</b>	<b>-</b>	<b>9.0</b>	<b>9.0</b>	<b>-</b>	<b>8.0</b>	<b>8.0</b>	<b>-</b>
Co. Voc. -Regular	-	-	-	-	-	-	-	-	-	-	-	-
Co. Voc. Ft. Post Sec.	-	-	-	-	-	-	-	-	-	-	-	-
<b>Totals</b>	<b>389.0</b>	<b>389.0</b>	<b>-</b>	<b>166.0</b>	<b>166.0</b>	<b>-</b>	<b>35.0</b>	<b>35.0</b>	<b>-</b>	<b>30.0</b>	<b>30.0</b>	<b>-</b>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>						<u>0.00%</u>

	Transportation					
	Reported on DRTRS by BOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular Public Students	281.0	281.0	-	48.0	48.0	-
Transported Non-Public Students	13.0	13.0	-	3.0	3.0	-
lar Special Education (w/o needs)	-	-	-	-	-	-
cial Ed Students (w/special needs or out of district)	54.0	54.0	-	9.0	9.0	-
	<u>348.0</u>	<u>348.0</u>	<u>-</u>	<u>60.0</u>	<u>60.0</u>	<u>-</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 14, 2016  
SCHEDULE OF AUDITED ENROLLMENTS**

	Resident LEP Not Low Income			Sample for Verification		
	Reported on ASSA as LEP Not low Income	Reported on Workpapers as LEP Not low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Pre-K 3yr	-	-	-	-	-	-
Full Day Pre-K 4yr	-	-	-	-	-	-
Full Day Kindergarten	2.0	2.0	-	1.0	1.0	-
One	4.0	4.0	-	3.0	3.0	-
Two	5.0	5.0	-	4.0	4.0	-
Three	3.0	3.0	-	2.0	2.0	-
Four	2.0	2.0	-	2.0	2.0	-
Five	3.0	3.0	-	3.0	3.0	-
Six	1.0	1.0	-	1.0	1.0	-
Seven	3.0	3.0	-	3.0	3.0	-
Eight	-	-	-	-	-	-
Nine	-	-	-	-	-	-
Ten	-	-	-	-	-	-
Eleven	-	-	-	-	-	-
Twelve	-	-	-	-	-	-
Adult School (15+ credits)	-	-	-	-	-	-
<b>Subtotal</b>	<b>23.0</b>	<b>23.0</b>	<b>-</b>	<b>19.0</b>	<b>19.0</b>	<b>-</b>
Special Ed. - Elementary	-	-	-	-	-	-
Special Ed. - Middle	-	-	-	-	-	-
Special Ed. - High	-	-	-	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Co.Voc. -Regular						
Co.Voc. Ft. Post Sec.						
<b>Totals</b>	<b>23.0</b>	<b>23.0</b>	<b>-</b>	<b>19.0</b>	<b>19.0</b>	<b>-</b>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

**LITTLE FERRY BOARD OF EDUCATION  
CALCULATION OF EXCESS SURPLUS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

2016-2017 Total General Fund Expenditures per the CAFR		\$ 22,845,967
Increased by:		
Transfer from Capital Outlay to Capital Projects Fund	\$ 207,051	
Transfer from Capital Reserve for Capital Projects Fund	350,000	
		557,051
Decreased by:		
On-Behalf TPAF Pension & Social Security	\$ (1,771,390)	
		(1,771,390)
 Adjusted 2016-2017 General Fund Expenditures		 \$ 21,631,628
 2% of Adjusted 2016-2017 General Fund Expenditures		 \$ 432,633
 Enter Greater of 2% of Adjusted 2016-2017 General Fund Expenditures or \$250,000		 \$ 432,633
 Increased by: Allowable Adjustments-Extraordinary Aid and Additional Non-Public Transportation		 99,378
 Maximum Unassigned Fund Balance		 \$ 532,011

**SECTION 2**

Total General Fund - Fund Balance at June 30, 2017 (Per CAFR Budgetary Comparison Schedule/Statement)		\$ 2,658,969
Decreased by:		
Year End Encumbrances	\$ 78,430	
Assigned Fund Balance - Designated for Subsequent Year's Expenditures	131,676	
Restricted Fund Balance - Excess Surplus-Designated for Subsequent Year's Expenditures	1,021,387	
Restricted Fund Balance - Capital Reserve	819,289	
 Total Unassigned Fund Balance		 \$ 608,187

**SECTION 3**

<b>Restricted Fund Balance - Excess Surplus</b>		\$ 76,176
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**Recapitulation of Excess Surplus as of June 30, 2017**

Excess Surplus-Designated for Subsequent Year's Expenditures		\$ 1,021,387
Excess Surplus		76,176
 Total Excess Surplus		 \$ 1,097,563

**Allowable Adjustments**

Extraordinary Aid		\$ 88,529
Additional Non-Public Transportation Aid		10,849
		\$ 99,378

**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. A payroll deduction ledger be implemented to account for the District's payroll withholding liabilities.
- \* 2. The receipt of goods signature be obtained on all purchase orders to verify goods and/or services have been received and/or rendered.
- 3. Internal control procedures be enhanced over the issuance of IRS Tax Reporting 1099 Forms to ensure all eligible vendors are properly reported.

**III. School Purchasing Program**

It is recommended that:

- \* 1. Purchasing procedures be enhanced to ensure competitive quotations are solicited and attached to purchase orders for all contract awards that exceed the quote threshold and/or bids be sought in accordance with N.J.S.A. 18A:18A-27 and 18A-18A-37.
- \* 2. Specific vendors utilized by the District for contracts in excess of the bid threshold awarded through cooperative purchasing agreements be formally approved by Board resolution.

**IV. School Food Services**

There are none.

**V. Extended Day Care Program**

There are none.

**VI. Student Body Activities**

There are none.

**VII. Application for State School Aid**

There are none.

**VIII. Pupil Transportation**

There are none.

**LITTLE FERRY BOARD OF EDUCATION  
RECOMMENDATIONS**

**IX. Facilities and Capital Assets**

It is recommended that all current year additions be properly reflected in the District's capital asset inventory.

**X. Miscellaneous**

There are none.

**XI. Status of Prior Years' Audit Findings/Recommendations**

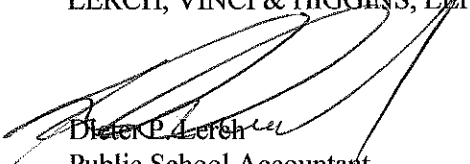
In accordance with government auditing standards, we have reviewed the status of all prior year findings. Corrective action was taken on all prior year findings except those denoted with an asterisk (\*).

**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