

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

**MOONACHIE BOARD OF EDUCATION  
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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  
CINDY JANACEK, CPA, RMA  
MARK SACO, CPA  
SHERYL M. NICOLOSI, CPA, PSA

## INDEPENDENT AUDITOR'S MANAGEMENT REPORT

Honorable President and Members  
of the Board of Trustees  
Moonachie Board of Education  
Moonachie, 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 Moonachie Board of Education for the fiscal year ended June 30, 2017, and have issued our report thereon dated November 28, 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 for the information 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

Paul J. Lerch  
Public School Accountant  
PSA Number CS01118

Fair Lawn, New Jersey  
November 28, 2017

**MOONACHIE 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 Board Secretary/School Business Administrator and the Chief School Administrator 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 district's CAFR.

**Official Bonds**

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Dr. Vincent Occhino	Interim Business Administrator/Board Secretary	\$200,000
Ernest Turner	Treasurer	\$250,000

There is a Public Employees' Dishonesty Bond 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 indicate discrepancies with respect to signatures, certification or supporting documentation.

**Finding (CAFR 2017-001)** – Our audit of the payment of claims revealed that there were numerous purchase orders that lacked a payment approval signature and/or a receipt of goods signature. In addition, the payments were not always approved in the official minutes of the District.

**Recommendation**- It is recommended that approval signatures and receipt of goods signatures are obtained on all purchase orders and payments are approved in the official minutes of the District prior to issuing payments.

**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.

**Finding** – Our audit of the payroll certifications revealed that the payrolls were not approved nor certified by the President of the Board, the Board Secretary/Business Administrator, and the Chief School Administrator.

**Recommendation** – It is recommended that all payrolls are to be approved by the Superintendent and are to be certified by the President of the Board, the Board Secretary/Business Administrator, and the Chief School Administrator.

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

The School Business Administrator completed and filed the required Certification of Compliance with Federal and State Law respecting the reporting of compensation for certain employees.

**MOONACHIE 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 Account (Continued)**

**Finding** – Our audit of salaries revealed that two part time employees that received in excess of \$5,000 per year were not enrolled in the DCRP.

**Recommendation** – It is recommended that part time employees who are eligible and earn in excess of \$5,000 are enrolled in DCRP.

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

**Finding** – Our audit of the terminated employees revealed that two former employees remained on the Delta Dental invoices subsequent to termination.

**Recommendations** – It is recommended that Delta Dental invoices be reviewed on a monthly basis to ensure that only eligible employees are receiving dental benefits.

**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 reserves 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.

**Finding** – Our audit of the open encumbrances and accounts payable revealed the following:

- Certain purchase orders were incorrectly recorded as encumbrances and should have been classified as accounts payable.
- Certain accounts payable were considered invalid and should have been cancelled prior to year-end.
- There were two unrecorded encumbrances.

**Recommendation** – Purchase orders are to be reviewed at year end to ensure that all purchase orders are recorded and that they are properly classified as accounts payable or encumbrance, in addition all invalid purchase order should be cancelled prior to year end.

**Travel**

The district has adopted a policy regulating District travel in compliance with N.J.S.A. 18A:11.12.

**Classification of Expenditures**

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23-16.2(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. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3. As a result of the procedures performed no additional procedures were deemed necessary to test the propriety of expenditure classification.

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

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

**Board Secretary's Records**

The financial records, books of accounts and minutes maintained by the Board Secretary were in good condition.

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

Bids received are summarized in the minutes.

The prescribed contracted order system was followed.

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

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 Title I and II Title of the Elementary and Secondary Education Act, as amended.

Our examination of the E.S.E.A./NCLB 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 Exhibits K-3 and K-4 located in the CAFR.

Our audit 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.

**TPAF 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 (or charter school or renaissance school project) to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district (or charter school or renaissance school project) for those employees whose salaries are identified as being paid from federal funds was made subsequent to the end of the 60 day grant liquidations period, but prior to 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**

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 (as amended) and 18A:39-3(a) are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (without a Qualified Purchasing Agent). The District has appointed Dr. Vincent Occhino as a Qualified Purchasing Agent. The law regulating bidding for public school transportation contracts under N.J.S.A. 18A:39-3 is currently \$18,800.

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 authorization 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 has designated the Business Administrator as the qualified purchasing agent.

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

**School Purchasing Programs (Continued)**

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

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.

Based on the results of our examination, we did not note any individual payments, contracts, or agreements and aggregate amounts for similar services/goods were made for the performance of work or purchased 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.

**School 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.

We also inquired of school management, or appropriate 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.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food supply items were correctly maintained and properly applied in determining the cost of food supplies used.

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all School Food Services employees authorized by the Board of Education.

Cash receipts and bank records were reviewed for timely deposit.

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.

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

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

**Finding** – Our audit noted the Food Service Funds' net cash resources at June 30, 2017 exceeded the three month average of expenditures.

**Recommendation** – Appropriate action be taken in the Food Service Fund to ensure net cash resources do not exceed the three month average of expenditures.

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

**School Food Service Fund (Continued)**

**Finding** – Our audit of the interfund with the Food Service Fund and the General Fund revealed that the Federal and State reimbursements that were deposited into the General Fund were not all transferred to the Food Service Fund in a timely manner. In addition, the General Fund budgeted transfer to the Food Service was not transferred prior to year end.

**Recommendation** – It is recommended that the federal and state reimbursement be turned over to the Food Service Fund in a timely manner. In addition, the General Fund subsidy be turned over to the Food Service Fund prior to year end.

**Finding** – The Department of the Child Nutrition performed an audit of the food service program during the prior year. A corrective action plan was approved by the board based on the findings from the audit, therefore, there is no recommendation warranted.

**Finding** – Our audit of the Food Service disbursements revealed that payments were not approved in the official minutes of the District.

**Recommendation** – It is recommended that all food service disbursements be approved in the official minutes of the District.

**Student Body Activity Fund**

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

**Finding** – We noted several instances where cash disbursement requests did not have approval signatures and that several disbursements did not have proper supporting documentation.

**Recommendation** – All cash disbursements to be approved and to have proper supporting documentation for disbursement.

**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 school for the handicapped, low income and bilingual education. 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. The information that was included on the workpapers was verified. The results of our procedures are presented in the Schedule of Audited Enrollments.

**Finding (CAFR 2017-002)** – Our audit of ASSA Resident Low Income revealed that there were certain differences noted between the ASSA report and the district workpapers.

**Recommendation** – It is recommended that internal controls are enhanced to ensure the District workpapers are in agreement with the ASSA report.

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.



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

**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 with one exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also 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.

**Follow Up On Prior Year Findings**

Corrective action has been taken.

**Management Suggestions**

Wire transfers from the Boards financial institutions currently require one authorization, it is suggested that a second person be utilized for authorization of wire transfer of funds from the District's bank account.

The District currently utilizes store cards without a written board policy, it is suggested that the board formally adopt a policy on the use of store cards.

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

**FOOD SERVICE FUND  
SCHEDULE OF MEAL/MILK COUNT ACTIVITY**

**NOT APPLICABLE**

**FOOD SERVICE FUND  
SCHEDULE OF NET CASH RESOURCES**

**NOT APPLICABLE**

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

	2017-18 Application for State School Aid						Sample for Verification						Private Schools for Disabled				
	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 Preschool - 3 years			22		-			22		22			-				
Half Day Preschool - 4 years	22		-		-			-		-			-				
Full Day Preschool - 4 years																	
Full Day Kindergarten	22		22		-			22		22			-				
1st Grade	26		26		-			26		26			-				
2nd Grade	27		27		-			27		27			-				
3rd Grade	24		24		-			24		24			-				
4th Grade	30		30		-			30		29			1				
5th Grade	30		30		-			30		30			-				
6th Grade	30		30		-			30		30			-				
7th Grade	30		30		-			30		30			-				
8th Grade	26		26		-			26		26			-				
9th Grade													-				
10th Grade													-				
11th Grade					-	-							-				
12th Grade					-	-							-				
<b>Subtotal</b>	<b>267</b>	<b>-</b>	<b>267</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>267</b>	<b>-</b>	<b>266</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Spec Ed - Elementary	31		31		-			26		26			-	2	2	1	1
Spec Ed- Middle School	16		16		-			14		14			-	1			
Spec Ed - High School					-	-							-	3	3	3	-
<b>Subtotal</b>	<b>47</b>	<b>-</b>	<b>47</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>40</b>	<b>-</b>	<b>40</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>5</b>	<b>4</b>	<b>1</b>
<b>Totals</b>	<b>314</b>	<b>-</b>	<b>314</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>307</b>	<b>-</b>	<b>306</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>6</b>	<b>5</b>	<b>4</b>	<b>1</b>
<b>Percentage Error</b>					<b>0.00%</b>					<b>0.33%</b>						<b>0.00%</b>	

**MOONACHIE BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
SCHEDULE OF AUDITED ENROLLMENTS  
ENROLLEMENT AS OF OCTOBER 14, 2016**

	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 Pre-School (3 Yrs)			-			-			-			-
Half Day Pre-School (4 Yrs)			-			-			-			-
Full Day Kindergarten	11	12	(1)	6	6	-						-
1st Grade	13	12	1	7	7	-	4	4		3	3	-
2nd Grade	14	12	2	7	7	-	3	3		2	1	1
3rd Grade	11	10	1	7	6	1						-
4th Grade	16	17	(1)	8	7	1						-
5th Grade	15	15	-	7	7	-	1	1		1	1	-
6th Grade	14	13	1	8	8	-	1	1		1	1	-
7th Grade	13	11	2	6	6	-	1	1		1	1	-
8th Grade	16	15	1	7	7	-	1	1		1	1	-
9th Grade	-	-	-	-	-	-						-
10th Grade	-	-	-	-	-	-						-
11th Grade	-	-	-	-	-	-						-
12th Grade	-	-	-	-	-	-						-
<b>Subtotal</b>	<b>123</b>	<b>117</b>	<b>6</b>	<b>63</b>	<b>61</b>	<b>2</b>	<b>11</b>	<b>11</b>	<b>-</b>	<b>9</b>	<b>8</b>	<b>1</b>
Spec Ed - Elementary	20	16	4	4	4	-	2	2		2	2	-
Spec Ed - Middle School	11	10	1	3	3	-	-	-		-	-	-
Spec Ed - High School	-	-	-	-	-	-	-	-		-	-	-
<b>Subtotal</b>	<b>31</b>	<b>26</b>	<b>5</b>	<b>7</b>	<b>7</b>	<b>-</b>	<b>2</b>	<b>2</b>	<b>-</b>	<b>2</b>	<b>2</b>	<b>-</b>
<b>Totals</b>	<b>154</b>	<b>143</b>	<b>11</b>	<b>70</b>	<b>68</b>	<b>2</b>	<b>13</b>	<b>13</b>	<b>-</b>	<b>11</b>	<b>10</b>	<b>1</b>
Percentage Error			<u>7.14%</u>			<u>2.86%</u>			<u>0.00%</u>			<u>9.09%</u>

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	17	17		13	13	
Regular - Spec.	5	5		3	3	
Transported - Non-Public	20	20		15	15	
Special Needs - Public	24	24		18	17	1
<b>Totals</b>	<b>65</b>	<b>66</b>	<b>-</b>	<b>49</b>	<b>48</b>	<b>1</b>
			<u>0.00%</u>			<u>2.04%</u>

**MOONACHIE BOARD OF EDUCATION  
 APPLICATION FOR STATE SCHOOL AID SUMMARY  
 SCHEDULE OF AUDITED ENROLLMENTS  
 ENROLLEMENT AS OF OCTOBER 14, 2016**

	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 Workpapers	Verified to Application and Register	Sample Errors
Half Day Pre-School (3 Yrs)						
Half Day Pre-School (4 Yrs)						
Half Day Kindergarten						
Full Day Kindergarten						
1st Grade						
2nd Grade	1	1		1	1	
3rd Grade						
4th Grade						
5th Grade						
6th Grade						
7th Grade						
8th Grade						
9th Grade						
10th Grade						
11th Grade			-			-
12th Grade			-			-
<b>Subtotal</b>	<u>1</u>	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>
Spec Ed - Elementary			-			-
Spec Ed- Middle School			-			-
Spec Ed - High School	-		-			-
<b>Subtotal</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Totals</b>	<u><u>1</u></u>	<u><u>1</u></u>	<u><u>-</u></u>	<u><u>1</u></u>	<u><u>1</u></u>	<u><u>-</u></u>
Percentage Error			<u><u>0.00%</u></u>			<u><u>0.00%</u></u>

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

2016-2017 Total General Fund Expenditures	\$	8,760,402
Decreased by:		
On-Behalf TPAF Pension & Social Security		635,749
Adjusted 2016-2017 General Fund Expenditures		8,124,653
2% of Adjusted 2016-2017 General Fund Expenditures		162,493
Enter Greater of 2% of Adjusted 2016-2017 General Fund Expenditures or \$250,000		250,000
Increased by:		
Allowable Adjustment		28,182
Maximum Unreserved/Undesignated Fund Balance	\$	278,182
Total General Fund - Fund Balance at June 30, 2017	\$	1,405,581
Decreased by:		
Restricted:		
Reserved Excess Surplus Designated Subsequent Year Expenditures	\$	63,072
Capital Reserve		428,978
Maintenance Reserve		17,197
Maintenance Reserve - Designated Subsequent Year Expenditures		300,000
Assigned:		
Unreserved-Designated for Subsequent Year's Expenditures		26,374
Year End Encumbrances		18,725
		854,346
Total Unassigned Fund Balance for Excess Surplus Calculation	\$	551,235
Restricted Fund Balance - Excess Surplus	\$	273,053
<b><u>Detail of Allowable Adjustments</u></b>		
Additional Nonpublic School Transportation Aid	\$	3,480
Extraordinary Aid		24,702
		28,182
<b><u>Recapitulation of Excess Surplus as of June 30, 2017</u></b>		
Reserved Excess Surplus	\$	273,053
Reserved Excess Surplus Designated for Subsequent Year's Expenditures		63,072
	\$	336,125

**MOONACHIE BOARD OF EDUCATION  
RECOMMENDATIONS**

**I. Administrative Practices and Procedures**

There are none.

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

It is recommended that:

1. Approval signatures and receipt of goods signatures are obtained on all purchase orders and payments are approved in the official minutes of the District prior to issuing payments.
2. All payrolls are to be approved by the Superintendent and are to be certified by the President of the Board, the Board Secretary/Business Administrator, and the Chief School Administrator.
3. Part time employees who are eligible and earn in excess of \$5,000 are enrolled in DCRP.
4. Purchase orders are reviewed at year end to ensure that all purchase orders are recorded and that they are properly classified as accounts payable or encumbrance, in addition all invalid purchase order should be cancelled prior to year end.
5. Delta Dental invoices are reviewed on a monthly basis to ensure that only eligible employees are receiving dental benefits.

**III. School Purchasing Program**

There are none.

**IV. School Food Services**

It is recommended that:

1. Appropriate action be taken in the Food Service Fund to ensure net cash resources do not exceed the three month average of expenditures.
2. The federal and state reimbursement be turned over to the Food Service Fund in a timely manner. In addition, the General Fund subsidy be turned over to the Food Service Fund prior to year end.
3. All food service disbursements be approved in the official minutes of the District.

**V. Student Body Activities**

It is recommended that all cash disbursements to be approved and to have proper supporting documentation for disbursement.

**MOONACHIE BOARD OF EDUCATION  
RECOMMENDATIONS**

**VI. Application for State School Aid**

It is recommended that internal controls are enhanced to ensure the District workpapers are in agreement with the ASSA report.

**VII. Pupil Transportation**

There are none.

**VIII. Facilities and Capital Assets**

There are none.

**IX. Miscellaneous**

There are none.

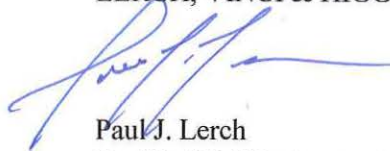
**X. Status of Prior Years' Audit Findings/Recommendations**

Prior year findings were reviewed and corrective action was taken.

**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



Paul J. Lerch  
Certified Public Accountant  
Public School Accountant