

**WALLINGTON BOARD OF EDUCATION
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL COMPLIANCE AND PERFORMANCE
JUNE 30, 2017**

**WALLINGTON 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

AUDITOR'S MANAGEMENT REPORT

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, 2017, and have issued our report thereon dated November 30, 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 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
November 30, 2017

**WALLINGTON 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 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/School Business Administrator	\$200,000
William L. Mendyk	Treasurer of School Monies (July 1, 2016-May 7, 2017)	250,000
Dorothy B. Siek	Treasurer of School Monies (May 8, 2017-Present)	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.

Finding – Employee health benefit contributions were calculated based upon contract terms which awarded raises in 18 month intervals versus annually as required by Chapter 78 of the Public Laws of 2011. No recommendation is warranted since effective July 1, 2017, all District employees are contributing to health benefits on Tier 4.

The required certification (ECERT1) 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.

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

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.

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.

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.)/Improving America's Schools Act (IASA) as Reauthorized by the No Child Left Behind (NCLB) 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 Titles I, IIA, and III 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.

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.

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

Financial Planning, Accounting and Reporting (Continued)

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 60 day grant liquidation period required by the Office of Grants Management and also subsequent to the 90 days required by N.J.S.A. 18A:66-90. Accordingly, the expenditure was made in accordance with State law (90 days) and properly reflected in the current year's final report for all federal awards.

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 \$18,800.

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*.

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.

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

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.

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 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. 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 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

Our procedures included a review of the School Development Authority (SDA) grant agreements for consistency with recording SDA revenue, transfer of local funds from the general fund or from the capital reserve, and awarding of contracts for eligible facilities construction.

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

NOT APPLICABLE

**FOOD SERVICE FUND
SCHEDULE OF NET CASH RESOURCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOT APPLICABLE

WALLINGTON BOARD OF EDUCATION

SCHEDULE OF AUDITED ENROLLMENTS

APPLICATION FOR STATE SCHOOL AID SUMMARY

ENROLLMENT AS OF OCTOBER 14, 2016

	2016-17 Application for State School Aid						Sample for Verification						Private Schools for Disabled				
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Registers On Roll		Errors per Registers On Roll		Reported on A.S.S.A. as Private Schools	Sample for Verifi-cation	Sample Verified	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared					
Half Day Preschool																	
Full Day Preschool																	
Half Day Kindergarten																	
Full Day Kindergarten	96		96		-	-	-	71		71		-	-				
One	101		101		-	-	-	77		77		-	-				
Two	110		110		-	-	-	84		84		-	-				
Three	96		96		-	-	-	49		49		-	-				
Four	84		84		-	-	-	84		84		-	-				
Five	99		99		-	-	-	99		99		-	-				
Six	82		82		-	-	-	82		82		-	-				
Seven	94		94		-	-	-	94		94		-	-				
Eight	84		84		-	-	-	84		84		-	-				
Nine	85		85		-	-	-	85		85		-	-				
Ten	72		72		-	-	-	72		72		-	-				
Eleven	64	1	64	1	-	-	-	64	1	64	1	-	-				
Twelve	81	1	81	1	-	-	-	81	1	81	1	-	-				
Post-Graduate																	
Adult H.S. (15+CR.)																	
Adult H.S. (1-14 CR.)																	
Subtotal	1,148	2	1,148	2	-	-	-	1,026	2	1,026	2	-	-	-	-	-	-
Special Ed - Elementary	51		51		-	-	-	18		18		-	-	2	2	2	-
Special Ed - Middle School	46		46		-	-	-	17		17		-	-	1	1	1	-
Special Ed - High School	38	2	38	2	-	-	-	14	1	14	1	-	-	3	3	3	-
Subtotal	135	2	135	2	-	-	-	49	1	49	1	-	-	6	6	6	-
Co. Voc. - Regular																	
Co. Voc. Ft. Post Sec.																	
Totals	1,283	4	1,283	4	-	-	-	1,075	3	1,075	3	-	-	6	6	6	-
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 14, 2016**

	<u>Resident Low Income</u>			<u>Sample for Verification</u>			<u>Resident LEP Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on A.S.S.A. as Low Income</u>	<u>Reported on Workpapers as Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Application and Register</u>	<u>Sample Errors</u>	<u>Reported on A.S.S.A. as LEP low Income</u>	<u>Reported on Workpapers as LEP low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Test Score and Register</u>	<u>Sample Errors</u>
Half Day Preschool												
Full Day Preschool												
Half Day Kindergarten												
Full Day Kindergarten	27	27	-	2	2	-	3	3	-	3	3	-
One	37	37	-	2	2	-	7	7	-	7	7	-
Two	34	34	-	2	2	-	5	5	-	5	5	-
Three	35	35	-	2	2	-	1	1	-	1	1	-
Four	32	32	-	2	2	-	1	1	-	1	1	-
Five	31	31	-	2	2	-	3	3	-	3	3	-
Six	32	32	-	2	2	-	1	1	-	1	1	-
Seven	26	26	-	1	1	-	-	-	-	-	-	-
Eight	27	27	-	2	2	-	1	1	-	1	1	-
Nine	23	23	-	1	1	-	2	2	-	2	2	-
Ten	19	19	-	1	1	-	1	1	-	1	1	-
Eleven	20	20	-	1	1	-	-	-	-	-	-	-
Twelve	28	28	-	2	2	-	1	1	-	1	1	-
Post-Graduate												
Adult H.S. (15+CR.)												
Adult H.S. (1-14 CR.)												
Subtotal	<u>371</u>	<u>371</u>	<u>-</u>	<u>22</u>	<u>22</u>	<u>-</u>	<u>26</u>	<u>26</u>	<u>-</u>	<u>26</u>	<u>26</u>	<u>-</u>
Special Ed - Elementary	44	44	-	2	2	-	-	-	-	-	-	-
Special Ed - Middle	27	27	-	2	2	-	-	-	-	-	-	-
Special Ed - High	23	23	-	1	1	-	-	-	-	-	-	-
Subtotal	<u>94</u>	<u>94</u>	<u>-</u>	<u>5</u>	<u>5</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Totals	<u>465</u>	<u>465</u>	<u>-</u>	<u>27</u>	<u>27</u>	<u>-</u>	<u>26</u>	<u>26</u>	<u>-</u>	<u>26</u>	<u>26</u>	<u>-</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>

<u>Transportation</u>						
	<u>Reported on DRTRS by DOE/county</u>	<u>Reported on DRTRS by District</u>	<u>Errors</u>	<u>Tested</u>	<u>Verified</u>	<u>Errors</u>
Reg. - Public Schools, col. 1	25	25	-	17	17	-
Reg - SpEd, col. 4	1	1	-	1	1	-
Transported - Non-Public, col. 3	-	-	-	-	-	-
Special Ed Spec, col. 6	46	46	-	31	31	-
Totals	<u>72</u>	<u>72</u>	<u>-</u>	<u>49</u>	<u>49</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 14, 2016

	<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	12	12	-	12	12	-
One	5	5	-	5	5	-
Two	3	3	-	3	3	-
Three	1	1	-	1	1	-
Four	1	1	-	1	1	-
Five	-	-	-	-	-	-
Six	1	1	-	1	1	-
Seven	1	1	-	1	1	-
Eight	3	3	-	3	3	-
Nine	8	8	-	8	8	-
Ten	2	2	-	2	2	-
Eleven	5	5	-	5	5	-
Twelve	2	2	-	2	2	-
Post-Graduate						
Adult H.S. (15+CR.)						
Adult H.S. (1-14 CR.)						
Subtotal	<u>44</u>	<u>44</u>	<u>-</u>	<u>44</u>	<u>44</u>	<u>-</u>
Special Ed - Elementary	-	-	-	-	-	-
Special Ed - Middle	-	-	-	-	-	-
Special Ed - High	-	-	-	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	<u>44</u>	<u>44</u>	<u>-</u>	<u>44</u>	<u>44</u>	<u>-</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

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

SECTION 1

A. - 2% Calculation of Excess Surplus

2016-2017 Total General Fund Expenditures per the CAFR, Ex. C-1	\$	21,592,231
Decreased by:		
On-Behalf TPAF Pension & Social Security		<u>(2,114,916)</u>
Adjusted 2016-2017 General Fund Expenditures	\$	<u>19,477,315</u>
2% of Adjusted 2016-2017 General Fund Expenditures	\$	<u>389,546</u>
Enter Greater of 2% or \$250,000	\$	389,546
Allowable Adjustment - Extraordinary Aid		<u>17,231</u>
Maximum Unassigned Fund Balance	\$	<u>406,777</u>

SECTION 2

Total General Fund - Fund Balances at June 30, 2017	\$	2,089,131
Decreased by:		
Year End Encumbrances	\$	118,770
Restricted for Capital Reserve		147,290
Restricted - Excess Surplus Designated for Subsequent Year's Expenditures		786,793
Assigned, ARRA/SEMI-Designated for Subsequent Year's Expenditures		933
Assigned, Designated for Subsequent Year's Expenditures		<u>118,063</u>
		<u>1,171,849</u>
Total Unassigned Fund Balance	\$	<u>917,282</u>

SECTION 3

Restricted Fund Balance - Excess Surplus	\$	<u>510,505</u>
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Recapitulation of Excess Surplus as of June 30, 2017

Restricted for Excess Surplus - Designated for Subsequent Year's Expenditures	\$	786,793
Restricted for Excess Surplus		<u>510,505</u>
	\$	<u>1,297,298</u>

**WALLINGTON BOARD OF EDUCATION
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

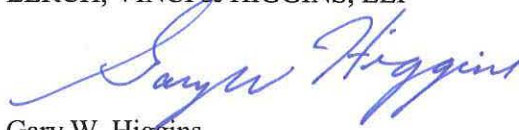
A review was performed on all prior years' recommendations. Corrective action was taken on all prior year recommendations.

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