

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

**WEST ORANGE BOARD OF EDUCATION  
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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## AUDITOR'S MANAGEMENT REPORT

Honorable President and  
Members of the Board of Trustees  
West Orange Board of Education  
West Orange, 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 West Orange Board of Education in the County of Essex as of and for the fiscal year ended June 30, 2017, and have issued our report thereon dated October 12, 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,

*Leach, Vinci & Higgins, LLP*

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

Donna L. Japhet  
Public School Accountant  
PSA Number CS02314

Fair Lawn, New Jersey  
October 12, 2017

**WEST ORANGE 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>
John Calavano	Business Administrator/ Board Secretary	\$550,000
Joseph Gregory Antonucci	Treasurer of School Monies	\$550,000

There is a Public Employees' Faithful Performance Blanket Bond with the Selective Insurance Company covering all other employees with multiple coverage of \$100,000.

**Tuition Charges**

A comparison of tentative tuition charges and actual certified tuition charges was made. The Board made a proper adjustment, as applicable, to the billings to sending districts in accordance with N.J.A.C. 6A:23A-17.1(f)3.

**Financial Planning, Accounting and Reporting**

**Examination of Claims**

An examination of claims paid during the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

**Classification of Expenditures**

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

**Payroll/Personnel**

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

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

**WEST ORANGE 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 (Continued)**

**Finding** – Our audit of payroll noted instances where incorrect overtime rates were calculated and used for payment of certain custodians' overtime.

**Recommendation** – It is recommended that controls be enhanced to ensure that overtime rates are properly calculated and that employees are paid at correct rates.

**Finding** – Our audit of retroactive salary payments for the 2016/2017 school year noted numerous instances where certain teachers were paid incorrectly. The District has accrued a liability of \$314,328 for the underpayment of retroactive payments.

**Recommendation** – It is recommended the greater care be exercised to ensure retroactive salary amounts paid are correctly calculated by District personnel.

**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 reviewed 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 in very good condition.

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. The monthly certification of the availability of line item appropriations and fund balances were also approved.

**Treasurer's Records**

The Treasurer did perform cash reconciliations for all accounts required.

All cash receipts were promptly deposited.

**Unemployment Compensation Insurance Trust Fund**

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

**WEST ORANGE 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.

**Finding (CAFR Finding 2017-001)** – Fiscal year 2016 NCLB carryovers were not approved by Board resolution.

**Recommendation** – All NCLB carryovers be submitted to the Board of Education for their approval by formal resolution.

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.

**TPAF Reimbursement to the State for Federal Salary Expenditures**

The amount of the expenditure charged to the current year's Final Report(s) for all federal awards for the school district to reimburse the State for the 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 prior 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.

**Nonpublic State Aid**

Project Completion Reports were finalized and transmitted to the State by the due date.

**School Purchasing Programs**

**Contracts and Agreements Requiring Advertisement for Bids**

Effective July 1, 2015 and thereafter, the bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (without a Qualified purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$18,800. The Board has designated the Business Administrator/Board Secretary as the qualified purchasing agent.

**WEST ORANGE 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 Board Attorney's opinion should be sought before a commitment is made.

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

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

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

**Finding** – Our audit revealed that although the District is approving the use of the Educational Data Services Cooperative, they are not approving the specific vendors and contracts utilized under that cooperative agreement.

**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 program. However, the program expenditures exceeded \$100,000 in federal 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.

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

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 utilized a food service management company (FSMC) and is expending program monies in accordance with N.J.S.A. Provisions of the FSMC contract were reviewed and audited. The FSMC contract included a guarantee of \$125,000 and that provision has been met.

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

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

**School Food Service (Continued)**

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.

U.S.D.A. Food Distribution Program Food and/or commodities were received and a separate inventory was maintained on a first-in, first-out basis. No exceptions were noted.

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

**Finding** – We noted that an Administrative Review Report was prepared by the New Jersey Department of Agriculture regarding the District's food service operations. The Administrative Review identified findings that required a corrective action plan. A corrective action plan was prepared by the District and approved by the State to address each finding.

**Summer Enrichment Program**

The financial records of the Summer Enrichment Program were maintained in fair condition.

**Finding** - Our audit of the Summer Enrichment Program revealed that pre-numbered receipts were not being issued for money collected and there were no registration forms available for audit. In addition, there was no cash receipt ledger maintained and no reconciliation of funds collected to what was turned over to the Board for deposit. However, it was noted that procedures have been implemented for the 2017/2018 Summer Enrichment Program to address issues noted during the 2016/2017 program year, therefore, no recommendation is deemed warranted.

**Student Body Activities**

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

**Finding** – Our audit of the student activity funds revealed the following.

**With respect to the High School Account:**

- a) There were numerous sub-accounts identified that do not appear to be student-activity related.

**With respect to the Roosevelt Middle School Account:**

- a) Certain sub accounts were in a deficit position. In addition, there were certain sub-accounts identified that do not appear to be student-activity related.

**With respect to the Edison Middle School Account:**

- a) Certain sub accounts were in a deficit position.
- b) Certain disbursements selected for audit do not appear to be for proper student activity related purchases.

**With respect to the Liberty Middle School Account:**

- a) A large number of checks were reimbursements to individuals.



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

**Student Body Activities (Continued)**

**With respect to the Gregory Elementary School Account:**

- a) Pre-numbered receipts are not being utilized.

**With respect to the Washington Elementary School Account:**

- a) A large number of checks were reimbursements to individuals
- b) Checks only contained one authorized signature.

**With respect to the Mount Pleasant Elementary School Account:**

- a) No pre-numbered receipts are being utilized.

**With respect to the Redwood Elementary School Account:**

- a) Numerous instances noted where there was no supporting documentation for certain disbursements selected for audit.

**With respect to the High School Athletic Account:**

- a) Instances noted where there was no approval signature on check request forms.

**Recommendation-** With respect to the District's various student activity accounts:

- a) Sub-accounts should be reviewed and transfers made to cover deficits. In addition, Sub-accounts should be reviewed to determine if for valid student activity purposes.
- b) Pre-numbered receipts should be utilized and properly reflect composition of funds collected.
- c) Two signatures be required on all checks issued from the Washington Elementary School Account.
- d) The student activity accounts only be utilized for purposes connected with student related activities and clubs.
- e) Payment authorization request forms contain all required proper approval signatures.
- f) Supporting documentation be obtained for all disbursements.
- g) Continued efforts be made to limit reimbursements made to individuals.

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

**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 without exception. The information on the workpapers was verified with isolated 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 Report without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

**Finding** – Our audit of the District Report of Transported Resident Students (DRTRS) revealed numerous students who are classified as Regular Special Education (without special needs) were improperly reported as Regular Public Students.

**Recommendation** – Internal control procedures over the preparation of DRTRS reporting be reviewed and enhanced to ensure special education students are properly reported.

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.

**Facilities and Capital Assets**

Our procedures included a review of the SDA grant agreements for consistency with recording SDA revenue, transfer of local funds from the General Fund or from the Capital Reserve Account and awarding of contracts per eligible facilities construction.

**Finding** – Our audit of capital assets revealed current year additions of \$307,827 were not added to the capital asset inventory report.

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

**WEST ORANGE 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**

**WEST ORANGE BOARD OF EDUCATION  
FOOD SERVICE FUND  
NET CASH RESOURCE SCHEDULE  
ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOT APPLICABLE**

**WEST ORANGE 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 from Work- papers	Sample Verfied	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared					
Half Day Preschool 3 yrs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Preschool 4 yrs	11.0	-	11.0	-	-	-	-	11.0	-	11.0	-	-	-	-	-	-	-
Full Day Preschool 4 yrs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	436.0	-	436.0	-	-	-	-	54.0	-	54.0	-	-	-	-	-	-	-
Grade 1	411.0	-	411.0	-	-	-	-	72.0	-	72.0	-	-	-	-	-	-	-
Grade 2	488.0	-	488.0	-	-	-	-	63.0	-	63.0	-	-	-	-	-	-	-
Grade 3	450.0	-	450.0	-	-	-	-	69.0	-	69.0	-	-	-	-	-	-	-
Grade 4	427.0	-	427.0	-	-	-	-	62.0	-	62.0	-	-	-	-	-	-	-
Grade 5	430.0	-	430.0	-	-	-	-	52.0	-	52.0	-	-	-	-	-	-	-
Grade 6	414.0	-	414.0	-	-	-	-	414.0	-	414.0	-	-	-	-	-	-	-
Grade 7	424.0	-	424.0	-	-	-	-	225.0	-	225.0	-	-	-	-	-	-	-
Grade 8	463.0	-	463.0	-	-	-	-	240.0	-	240.0	-	-	-	-	-	-	-
Grade 9	378.0	-	378.0	-	-	-	-	378.0	-	378.0	-	-	-	-	-	-	-
Grade 10	431.0	-	431.0	-	-	-	-	431.0	-	431.0	-	-	-	-	-	-	-
Grade 11	430.0	-	430.0	-	-	-	-	430.0	-	430.0	-	-	-	-	-	-	-
Grade 12	407.0	-	407.0	-	-	-	-	407.0	-	407.0	-	-	-	-	-	-	-
Adult School	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	5,600.0	-	5,600.0	-	-	-	-	2,908.0	-	2,908.0	-	-	-	-	-	-	-
Special Ed - Elementary	382.0	-	382.0	-	-	-	-	75.0	-	75.0	-	-	-	26.0	15.0	15.0	-
Special Ed - Middle	277.0	-	277.0	-	-	-	-	73.0	-	73.0	-	-	-	15.0	8.0	8.0	-
Special Ed - High	352.0	-	353.0	-	1.0	-	-	353.0	-	353.0	-	-	-	46.0	26.0	26.0	-
Subtotal	1,011.0	-	1,012.0	-	1.0	-	-	501.0	-	501.0	-	-	-	87.0	49.0	49.0	-
Totals	6,611.0	-	6,612.0	-	1.0	-	-	3,409.0	-	3,409.0	-	-	-	87.0	49.0	49.0	-
Percentage Error					0.02%	0.00%								0.00%	0.00%		0.00%

**WEST ORANGE 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 A.S.S.A as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Worpapers	Verified to Test Score and Register	Errors
	Half Day Preschool 4 yrs	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool 4 yrs	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	145	145	-	4	4	-	23	24	1	7	7	-
Grade 1	145	145	-	4	4	-	16	16	-	5	5	-
Grade 2	220	220	-	6	6	-	22	22	-	7	7	-
Grade 3	176	176	-	5	5	-	11	11	-	5	5	-
Grade 4	167	167	-	4	4	-	4	4	-	1	1	-
Grade 5	181	181	-	5	5	-	4	4	-	1	1	-
Grade 6	160	160	-	5	5	-	7	7	-	2	2	-
Grade 7	187	187	-	5	5	-	11	11	-	4	4	-
Grade 8	185	185	-	5	5	-	3	3	-	1	1	-
Grade 9	174	174	-	4	4	-	6	6	-	2	2	-
Grade 10	193	192	(1)	5	5	-	19	19	-	6	6	-
Grade 11	193	195	2	5	4	(1)	14	14	-	5	5	-
Grade 12	190	189	(1)	5	5	-	17	17	-	5	5	-
Subtotal	2,316	2,316	-	62	61	(1)	157	158	1	51	51	-
Special Ed - Elementary	179	179	-	4	4	-	3	2	(1)	1	1	-
Special Ed - Middle	166	166	-	5	5	-	-	-	-	-	-	-
Special Ed - High	198.5	198.5	-	5	5	-	-	-	-	-	-	-
Subtotal	544	544	-	14	14	-	3	2	(1)	1	1	-
Totals	2,860	2,860	-	76	75	(1)	160	160	-	52	52	-
Percentage Error			0.00%			-1.32%			0.00%			0.00%

	Transportation					
	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools	2,385.0	2,385.0	-	176.0	169.0	(7.0)
Transported - Non - Public	585.0	585.0	-	86.0	86.0	-
Special Ed. - Public	14.0	14.0	-	-	-	-
Special Needs - Public	463.0	463.0	-	37.0	35.0	(2.0)
	3,447.0	3,447.0	-	299.0	290.0	(9.0)
Percentage Error			0.00%			-3.01%

**WEST ORANGE 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 A.S.S.A as NOT Low Income	Reported on Workpapers as NOT Low Income	Errors	Sample Selected from Worpapers	Verified to Application and Register	Errors
Half Day Preschool 3 yrs	-	-	-	-	-	-
Full Day Preschool 3 yrs	-	-	-	-	-	-
Half Day Preschool 4 yrs	-	-	-	-	-	-
Full Day Preschool 4 yrs	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-
Full Day Kindergarten	4.0	4.0	-	3.0	3.0	-
Grade 1	5.0	5.0	-	4.0	4.0	-
Grade 2	4.0	4.0	-	3.0	3.0	-
Grade 3	2.0	2.0	-	2.0	2.0	-
Grade 4	1.0	1.0	-	1.0	1.0	-
Grade 5	-	-	-	-	-	-
Grade 6	3.0	3.0	-	3.0	3.0	-
Grade 7	5.0	5.0	-	4.0	4.0	-
Grade 8	4.0	4.0	-	3.0	3.0	-
Grade 9	4.0	4.0	-	4.0	4.0	-
Grade 10	5.0	5.0	-	4.0	4.0	-
Grade 11	-	-	-	-	-	-
Grade 12	1.0	1.0	-	1.0	1.0	-
Adult School						
Subtotal	38.0	38.0	-	32.0	32.0	-
Special Ed - Elementary	-	-	-	-	-	-
Special Ed - Middle	-	-	-	-	-	-
Special Ed - High	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
Totals	38.0	38.0	-	32.0	32.0	-

Percentage Error

0.00%

0.00%

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

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

2016-2017 Total General Fund Expenditures per the CAFR		\$ 161,034,720
Decreased by:		
Capital Leases	\$ 630,768	
On-Behalf TPAF Pension & Social Security	<u>18,086,541</u>	
		<u>18,717,309</u>
Adjusted 2016-2017 General Fund Expenditures		<u>\$ 142,317,411</u>
2% of Adjusted 2016-2017 General Fund Expenditures		\$ 2,846,348
Increased by:		
Allowable Adjustment *		<u>578,082</u>
Maximum Unassigned Fund Balance		<u>\$ 3,424,430</u>

**SECTION 2**

Total General Fund - Fund Balance at June 30, 2017 (Per CAFR Budgetary Comparison Schedule C-1)		\$ 3,834,496
Decreased by:		
Year-End Encumbrances	\$ 453,907	
Other Restricted Fund Balance - Capital Reserve	4,209	
Restricted - Designated for Subsequent Year's Expenditures	<u>900,000</u>	
		<u>1,358,116</u>
Total Unassigned Fund Balance		<u>\$ 2,476,380</u>

**SECTION 3**

Fund Balance - Excess Surplus		<u>\$ -</u>
<b>* <u>Detail of Allowable Adjustments</u></b>		
Unbudgeted Extraordinary Aid	\$ 450,811	
Additional Nonpublic School Transportation Aid	<u>127,271</u>	
Total Adjustments		<u>\$ 578,082</u>

**WEST ORANGE BOARD OF EDUCATION  
RECOMMENDATIONS**

**I. Administrative Practices and Procedures**

There are none.

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

It is recommended that:

1. Controls be enhanced to ensure that overtime rates are properly calculated and that employees are paid at correct rates.
2. Greater care be exercised to ensure retroactive salary amounts paid are correctly calculated by District personnel.
3. All NCLB carryovers be submitted to the Board of Education for their approval by formal resolution.

**III. School Purchasing Program**

It is recommended that specific vendors utilized by the District for contracts in excess of the bid threshold awarded through the cooperative purchasing agreements be formally approved by Board resolution.

**IV. School Food Services**

There are none.

**V. Summer Enrichment Program**

There are none.

**VI. Student Body Activities**

It is recommended that with respect to the District's various student activity accounts:

- \* a) Sub-accounts should be reviewed and transfers made to cover deficits. In addition, sub-accounts should be reviewed to determine if for valid student activity purposes.
- \* b) Pre-numbered receipts should be utilized and properly reflect composition of funds collected.
- \* c) Two signatures be required on all checks issued from the Washington Elementary School Account.
- \* d) The student activity accounts only be utilized for purposes connected with student related activities and clubs.
- \* e) Payment authorization request forms contain all required proper approval signatures.
- \* f) Supporting documentation be obtained for all disbursements.
- \* g) Continued efforts be made to limit reimbursements made to individuals.



**WEST ORANGE BOARD OF EDUCATION  
RECOMMENDATIONS  
(Continued)**

**VII. Application for State School Aid**

There are none.

**VIII. Pupil Transportation**

It is recommended that internal control procedures over the preparation of DRTRS reporting be reviewed and enhanced to ensure special education students are properly reported.

**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**

A review was performed on all prior years' recommendations and corrective action was taken on all, except the item 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



Donna L. Japhet  
Certified Public Accountant  
Public School Accountant