

**EAST RUTHERFORD BOARD OF EDUCATION  
AUDITORS' MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS -  
FINANCIAL COMPLIANCE AND PERFORMANCE  
JUNE 30, 2015**

**EAST RUTHERFORD BOARD OF EDUCATION  
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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# L<sub>V</sub>H 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

DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
MARK SACO, CPA  
SHERYL M. NICOLosi, CPA  
KATHLEEN WANG, CPA  
ROBERT AMPONSAH, CPA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ANDREW PARENTE, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
RALPH M. PICONE, CPA, RMA, PSA

## AUDITOR'S MANAGEMENT REPORT

Honorable President and Members  
of the Board of Trustees  
East Rutherford Board of Education  
East Rutherford, 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 East Rutherford Board of Education as of and for the fiscal year ended June 30, 2015, and have issued our report thereon dated November 25, 2015.

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*

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



Jeffrey C. Bliss  
Public School Accountant  
PSA Number CS00932

Fair Lawn, New Jersey  
November 25, 2015

**EAST RUTHERFORD BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Scope of Audit**

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Moneys, 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 Exhibit J-20, Insurance Schedule contained in the district's Comprehensive Annual Financial Report (the "CAFR").

**Official Bonds**

<u>Name</u>	<u>Position</u>	<u>Amount</u>
James Olobardi	Board Secretary/School Business Administrator	\$200,000
Diane Chorazy	Treasurer of School Monies	200,000

There is a Public Employees' Faithful Performance Blanket Position Bond with Selective Insurance Company of America covering all other employees with multiple coverage of \$400,000.

**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.

**Finding (CAFR Finding 2015-001)** – Our audit of claims revealed certain purchase orders and/or invoices were not available for audit.

**Recommendation** – All purchase orders and/or invoices be maintained on file and made available for audit.

**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 not deposited in the Payroll Agency Account.

**Finding** – Our audit of payroll revealed approval of the Superintendent and certifications of the Board President and Board Secretary/Business Administrator were not signed for the months of September 2014, February 2015 and June 2015.

**Recommendation** – All payrolls be approved and certified by signatures of the required District officials.

**EAST RUTHERFORD BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

**Payroll Account (Continued)**

**Finding** – Our audit of payroll revealed the District’s share of unemployment compensation insurance was not being transferred to the payroll agency account during the year. An audit adjustment was made to reflect amounts due at year end.

**Recommendation** – The District’s share of unemployment compensation insurance be transferred to the payroll agency account at the end of each payroll period during the year.

**Finding** – Our audit of payroll revealed longevity payments made to certain employees appeared to be incorrectly recalculated based on the respective employee’s salary contract.

**Recommendation** – Internal controls be reviewed and enhanced to ensure longevity payments are properly made in accordance with the respective employee’s salary contract.

**Finding** – Our audit of salaries revealed certain eligible part-time employees were not enrolled in the State’s Defined Contribution Retirement Program (DCRP).

**Recommendation** – The District implement procedures to enroll all eligible employees in the Defined Contribution Retirement Program (DCRP).

Salary withholdings were promptly remitted to the proper agencies. Health benefits withholdings were transferred to the general fund.

Payrolls were delivered to the Treasurer of School Monies with a warrant made to her order for the full amount of each payroll.

**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 reserve 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.

**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 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 N.J.A.C. 6A:23A-8.3. As a result of the procedures performed, no transaction errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

**EAST RUTHERFORD BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

Board Secretary's Records

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

The prescribed contractual order system was followed.

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

Monthly Board Secretary's report and certifications were approved by the Board in a timely manner.

**Finding** – Our audit revealed one budget appropriation line account was overexpended \$22,903 due to audit adjustments to record payroll agency amounts due for the District's share of unemployment insurance compensation. Recommendation is not warranted since audit adjustments created this line item overexpenditure.

Treasurer's Records

The Treasurer did perform cash reconciliations for the general operating accounts and payroll accounts.

All cash receipts were promptly deposited.

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

Unemployment Compensation Insurance Trust Fund

The Board has adopted the contributory method.

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./IASA financial exhibits are contained within the Special Revenue Fund of the CAFR. This section of the CAFR documents the financial position pertaining to projects under Title I, Title II, and Title III of the Elementary and Secondary Education Act.

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.

Other Special Federal and/or State Projects

The district's Special Projects were approved as listed on Exhibit K-3 and K-4 located in 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 contained herein represent a true statement of the financial position pertaining to the aforementioned special projects.

**EAST RUTHERFORD BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**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. Reimbursements to the State for Federal Salary Expenditures**

**Finding** – Our audit revealed that the TPAF FICA and pension reimbursement for federally funded teacher salaries was not completed and filed with the State by the required due date of September 30, 2015.

**Recommendation** – The TPAF FICA and pension reimbursement be completed and filed with the State by the required due date.

**School Purchasing Programs**

**Contracts and Agreements Requiring Advertisement for Bids**

N.J.S.A. 18A:18-4 states, “Every contract for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the board of education to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law”.

Effective July 1, 2010 and thereafter the bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:39-3 are \$36,000 (with a Qualified Purchasing Agent) and \$26,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school transportation contracts under N.J.S.A. 18A:39-3 is currently \$18,300. The Board has appointed the Board Secretary/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 Solicitor’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 goods or service, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

The results of my examination indicated that no individual payments, contracts, or agreements were 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.

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.

**EAST RUTHERFORD BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Food Service Fund**

The financial transactions and statistical records of the school food services were maintained in satisfactory condition. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

Cash receipts and bank records were reviewed for timely deposit.

The District has contracted with T. J. Rocco Enterprise, LLC, as its food service management company (FSMC) and is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34 and 19-1 through 19-4.1. Provisions of the FSMC contract/addendum were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will return a profit of least \$10,000. The operating results provision has been met.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served did not exceed the number of valid applications on files, times the number of operating days, on a school by school basis. The free and reduced price meal and free milk policy is uniformly administered throughout the school system. The required verification procedures for free and reduced price applications were completed and available for review.

Expenditures 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.

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. Net cash resources did exceed three months average expenditures.

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

**Finding** – The Food Service Fund net cash resources exceeded the maximum amount permitted by the New Jersey State Department of Education.

**Recommendation** – Procedures be implemented to ensure that the year end net cash resources do not exceed three months average expenditures in the Food Service Fund.

**Student Activity Fund**

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

Cash receipts and cash disbursements records were maintained in satisfactory condition.

**Finding** – Our audit of the student activities account revealed the following:

- Pre numbered receipts for monies collected were not always utilized.
- Payment withdrawal authorization forms were not always utilized.
- Support documentation was not available for certain disbursements.
- Multiple activity sub-accounts exist for the same purpose. We noted the total for all sub-accounts do not agree to the bank reconciliation balance at June 30, 2015. We also noted numerous activity sub-accounts with deficit balances.

**Recommendation** – Internal controls over student activity accounting and reporting procedures be reviewed and enhanced to ensure transactions are properly accounted for during the year.

**EAST RUTHERFORD BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Application for State School Aid**

Our audit procedures included a test of information reported in the October 15, 2014 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, related services, 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 exceptions. The information that was included on the workpapers was verified with immaterial exceptions noted. The results of our procedures are presented in the Schedule of Audited Enrollments.

The district maintained workpapers on the prescribed State forms or their equivalent.

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

**Pupil Transportation**

Our audit procedures included a test of on roll status reported in the 2014-2015 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures included a review of transportation-related contracts and purchases. Based on our review, the district complied with proper bidding procedures and award of contracts. No exceptions were noted in our review of transportation related purchases of goods and services.

**Facilities and Capital Assets**

The District had no SDA grant projects during the year.

**Suggestions to Management**

- Old outstanding reconciling items on bank reconciliations be reviewed and cleared of record.
- Food Service Fund accounting transactions be recorded through the CSI software system.
- Payroll check distribution verification procedures be performed during the 2015/16 school year.

**EAST RUTHERFORD BOARD OF EDUCATION  
 SCHEDULE OF MEAL COUNT ACTIVITY  
 FOOD SERVICE FUND  
 NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**SCHEDULE OF MEAL COUNT ACTIVITY**

<u>Program</u>	<u>Meals Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>Under (Over) Claim</u>
National School Lunch (Regular Rate)	Paid	30,701	30,701	30,701	-	0.28	-
	Reduced	7,594	7,594	7,594	-	2.58	-
	Free	<u>24,544</u>	<u>24,544</u>	<u>24,544</u>	-	2.98	-
		<u>62,839</u>	<u>62,839</u>	<u>62,839</u>	-		-
National School Lunch	HHFKA-PB Lunch Only	<u>62,839</u>	<u>62,839</u>	<u>62,839</u>	-	0.06	-
National School Breakfast (Regular Rate)	Paid	1,191	1,191	1,191	-	0.28	-
	Reduced	2,498	2,498	2,498	-	1.32	-
	Free	<u>23,504</u>	<u>23,504</u>	<u>23,504</u>	-	1.62	-
		<u>27,193</u>	<u>27,193</u>	<u>27,193</u>	-		-

**EAST RUTHERFORD BOARD OF EDUCATION  
 FOOD SERVICE ENTERPRISE FUND  
 CALCULATION OF NET CASH RESOURCES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Net Cash Resources**

**Current Assets**

Cash and Cash Equivalents	\$	124,570
Intergovernmental Receivable		9,738

**Current Liabilities**

Less:

Accounts Payable		(19,748)
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<b>Net Cash Resources</b>	<b>\$</b>	<b>114,560</b>
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**Adjusted Total Operating Expense:**

Total Operating Expenses	\$	314,627
Less Depreciation		(2,967)

Adjusted Total Operating Expense	\$	311,660
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<b><u>Average Monthly Operating Expense:</u></b>	<b>\$</b>	<b>31,166</b>
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<b><u>Three Times Monthly Average:</u></b>	<b>\$</b>	<b>93,498</b>
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Total Net Cash Resources	\$	114,560
Three Times Monthly Average Expenditures		93,498

Excess(Deficit) Cash Resources	\$	21,062
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Net cash resources exceed three times monthly average expense.

**EAST RUTHERFORD BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
ENROLLMENT AS OF OCTOBER 15, 2014  
SCHEDULE OF AUDITED ENROLLMENTS**

	2015-2016 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 Verified	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared					
Half Day Preschool 4 yrs	28.0	-	28.0	-	-	-	28.0	-	28.0	-	-	-	-	-	-	-	-
Full Day Preschool 4 yrs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	81.0	-	81.0	-	-	-	81.0	-	81.0	-	-	-	-	-	-	-	-
Grade 1	78.0	-	78.0	-	-	-	78.0	-	78.0	-	-	-	-	-	-	-	-
Grade 2	76.0	-	76.0	-	-	-	76.0	-	76.0	-	-	-	-	-	-	-	-
Grade 3	62.0	-	62.0	-	-	-	62.0	-	62.0	-	-	-	-	-	-	-	-
Grade 4	81.0	-	81.0	-	-	-	81.0	-	81.0	-	-	-	-	-	-	-	-
Grade 5	65.0	-	65.0	-	-	-	65.0	-	65.0	-	-	-	-	-	-	-	-
Grade 6	82.0	-	82.0	-	-	-	82.0	-	82.0	-	-	-	-	-	-	-	-
Grade 7	59.0	-	59.0	-	-	-	59.0	-	59.0	-	-	-	-	-	-	-	-
Grade 8	60.0	-	60.0	-	-	-	60.0	-	60.0	-	-	-	-	-	-	-	-
Grade 9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grade 10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grade 11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grade 12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	672.0	-	672.0	-	-	-	672.0	-	672.0	-	-	-	-	-	-	-	-
Special Ed - Elementary	71.0	-	71.0	-	-	-	60.0	-	60.0	-	-	-	11.0	9.0	9.0	-	-
Special Ed - Middle	29.0	-	29.0	-	-	-	29.0	-	29.0	-	-	-	2.0	2.0	2.0	-	-
Special Ed - High	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	100.0	-	100.0	-	-	-	89.0	-	89.0	-	-	-	13.0	11.0	11.0	-	-
Totals	772.0	-	772.0	-	-	-	761.0	-	761.0	-	-	-	13.0	11.0	11.0	-	-

Percentage Error

0.00% 0.00%

0.00% 0.00%

0.00%

**EAST RUTHERFORD BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
ENROLLMENT AS OF OCTOBER 15, 2014  
SCHEDULE OF AUDITED ENROLLMENTS**

	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on	Reported on	Errors	Sample	Verified to	Sample	Reported on	Reported on	Errors	Sample	Verified to	Errors
	A.S.S.A as	Workpapers as					A.S.S.A as	Workpapers as				
Low	Low	Low	Workpapers	Application	Errors	Low Income	LEP Low	Income	Workpapers	and Register	Errors	
Half Day Preschool 4 yrs	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool 4 yrs	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	24	24	-	13	13	-	3	6	3	5	5	-
Grade 1	25	25	-	13	13	-	8	6	(2)	5	4	(1)
Grade 2	23	21	(2)	11	11	-	2	2	-	1	1	-
Grade 3	18	15	(3)	8	8	-	1	1	-	1	1	-
Grade 4	24	23	(1)	12	12	-	1	1	-	1	1	-
Grade 5	25	23	(2)	12	12	-	3	1	(2)	1	1	-
Grade 6	30	25	(5)	13	13	-	1	1	-	1	1	-
Grade 7	30	29	(1)	15	15	-	-	-	-	-	-	-
Grade 8	20	17	(3)	9	9	-	1	1	-	1	1	-
Grade 9	-	-	-	-	-	-	-	-	-	-	-	-
Grade 10	-	-	-	-	-	-	-	-	-	-	-	-
Grade 11	-	-	-	-	-	-	-	-	-	-	-	-
Grade 12	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	219	202	(17)	106	106	-	20	19	(1)	16	15	(1)
Special Ed - Elementary	36	32	(4)	16	16	-	2	-	(2)	-	-	-
Special Ed - Middle	20	19	(1)	10	10	-	1	1	-	1	1	-
Special Ed - High	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	56	51	(5)	26	26	-	3	1	(2)	1	1	-
Totals	275	253	(22)	132	132	-	23	20	(3)	17	16	(1)
Percentage Error			<u>-8.00%</u>			<u>0.00%</u>			<u>-13.04%</u>			<u>-5.88%</u>

	Transportation					
	Reported on	Reported on	Errors	Tested	Verified	Errors
	DRTRS by	DRTRS by				
DOE/County	District	DOE/County	District			
Reg. - Public Schools		1.0	1.0	1.0	1.0	-
Special Ed. - Public		4.0	4.0	3.0	2.0	(1.0)
Transported - Non - Public			-	28.0	25.0	(3.0)
Special Needs - Public		32.0	32.0			-
		37.0	37.0	32.0	28.0	(4.0)
Percentage Error			<u>#DIV/0!</u>			<u>-12.50%</u>

**EAST RUTHERFORD BOARD OF EDUCATION  
 APPLICATION FOR STATE SCHOOL AID  
 ENROLLMENT AS OF OCTOBER 15, 2014  
 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 Workpapers	Verified to Application and Register	Errors
Half Day Preschool 4 yrs	-	-	-	-	-	-
Full Day Preschool 4 yrs	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-
Full Day Kindergarten	13.0	14.0	1.0	12.0	12.0	-
Grade 1	13.0	7.0	(6.0)	6.0	6.0	-
Grade 2	3.0	6.0	3.0	5.0	5.0	-
Grade 3	2.0	3.0	1.0	2.0	2.0	-
Grade 4	1.0	2.0	1.0	2.0	2.0	-
Grade 5	-	-	-	-	-	-
Grade 6	-	-	-	-	-	-
Grade 7	-	-	-	-	-	-
Grade 8	1.0	1.0	-	1.0	1.0	-
Grade 9	-	-	-	-	-	-
Grade 10	-	-	-	-	-	-
Grade 11	-	-	-	-	-	-
Grade 12	-	-	-	-	-	-
Adult School						
Subtotal	33.0	33.0	-	28.0	28.0	-
Special Ed - Elementary	-	-	-	-	-	-
Special Ed - Middle	-	-	-	-	-	-
Special Ed - High	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
Totals	33.0	33.0	-	28.0	28.0	-
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

**EAST RUTHERFORD BOARD OF EDUCATION  
CALCULATION OF EXCESS SURPLUS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

2014-2015 Total General Fund Expenditures per the CAFR	\$16,309,840	
Decreased by:		
Assets Acquired Under Capital Leases	290,758	
On-Behalf TPAF Pension & Social Security	<u>1,441,998</u>	
Adjusted 2014-2015 General Fund Expenditures	<u>\$14,577,084</u>	
2% of Adjusted 2014-2015 General Fund Expenditures	\$291,542	
Enter Greater of 2% of Adjusted 2014-2015 General Fund Expenditures or \$250,000	291,542	
Increased by: Allowable Adjustment	<u>-0-</u>	
Maximum Unassigned Fund Balance		<u>\$291,542</u>

**SECTION 2**

Total General Fund – Fund Balance at June 30, 2015 (Per CAFR Budgetary Comparison schedule/statement)	\$1,277,345	
Decreased by:		
Assigned Fund Balance - Year End Encumbrances	134,802	
Restricted Fund Balance – Capital Reserve	411,302	
Restricted Fund Balance – Maintenance Reserve	300,000	
Assigned Fund Balance – Designated for Subsequent Year’s Expenditures	<u>139,699</u>	
Total Unassigned Fund Balance		<u>\$291,542</u>
Fund Balance – Excess Surplus		<u>\$-0-</u>

**EAST RUTHERFORD BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**RECOMMENDATIONS**

I. Administrative Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

It is recommended that:

1. All purchase orders and/or invoices be maintained on file and made available for audit.
- \* 2. All payrolls be approved and certified by signature of the required District officials.
3. The District's share of unemployment compensation insurance be transferred to the payroll agency account at the end of each payroll period during the year.
4. Internal controls be reviewed and enhanced to ensure longevity payments are properly made in accordance with the respective employee's salary contract.
5. The District implement procedures to enroll all eligible employees in the Defined Contribution Retirement Program (DCRP).
6. The TPAF FICA and pension reimbursement be completed and filed with the State by the required due date.

III. School Purchasing Program

There are none.

IV. School Food Services

- \* It is recommended that procedures be implemented to ensure that the year end net cash resources do not exceed three months average expenditures in the Food Service Fund.

V. Student Body Activities

It is recommended that internal controls over student activity accounting and reporting procedures be reviewed and enhanced to ensure transactions are properly accounted for during the year.

VI. Application for State School Aid

There are none.

**EAST RUTHERFORD BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**RECOMMENDATIONS**

VII. Pupil Transportation

There are none.

VIII. Facilities and Capital Assets

There are none.

IX. Status of Prior Years' Audit Findings/Recommendations

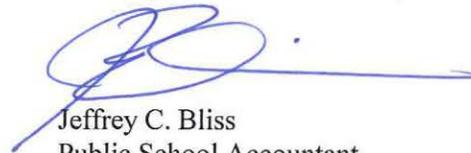
Corrective action was taken on all prior year recommendations except those denoted with an asterisk (\*).

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



Jeffrey C. Bliss  
Public School Accountant  
PSA Number CS00932