

**HARRINGTON PARK BOARD OF EDUCATION
AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2015**

**HARRINGTON PARK BOARD OF EDUCATION
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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Honorable President and Members
of the Board of Trustees
Harrington Park Board of Education
Harrington Park, 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 Harrington Park Board of Education in the County of Bergen for the fiscal year ended June 30, 2015, and have issued our report thereon dated December 19, 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, management, 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

Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
December 19, 2015

**HARRINGTON PARK 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 Superintendent/Board Secretary and School Business Administrator, 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 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>
Dr. Adam D. Fried	Superintendent/Board Secretary	\$200,000
Bryan Jursca	Business Administrator	\$200,000

There is public employee dishonesty coverage covering all other employees, including faithful performance for elected officials, in the amount of \$100,000 per employee and \$400,000 per loss.

Financial Planning, Accounting and Reporting

Tuition Charges

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

Examination of Claims

An examination of claims paid during the period under review did indicate several 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 and Superintendent.

Salary withholdings were promptly remitted to the proper agencies, including health benefit withholdings due to the General Fund.

TPAF Reimbursement to the State for Federal Salary Reimbursements

None.

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

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 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.

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 errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classifications.

Board Secretary/Business Administrator's Records

The financial records, books of account and minutes maintained by the Board Secretary were in satisfactory condition, except as set forth below.

Finding (CAFR Finding 2015-001) – Our audit of the Capital Projects Fund revealed the following:

- School Development Authority (SDA) grant awards and contracts awarded for the boiler replacement project were not recorded in the District's accounting records at year end.
- Anticipated revenue and appropriations for the boiler project were not established in the computerized accounting system.

Recommendation- Available project balances and contract awards in the Capital Projects Fund be entered into the District's computerized accounting system when available grants and contracts are awarded.

Finding – The audit disclosed that the 2015/16 budget includes withdrawals from the capital reserve totaling \$629,762, however the available capital reserve balance at June 30, 2015 is \$550,001. No recommendation is warranted since the District does not anticipate utilizing the capital reserve in excess of the available balance.

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

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

Financial Planning, Accounting and Reporting (continued)

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 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.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-3 states:

- a. When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in a contract year the total sum of \$26,000, the contract may be awarded by a purchasing agent when so authorized by resolution of the board of education without public advertising for bids and bidding therefore, except that the board of education may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. the board of education may establish that the bid threshold may be up to \$36,000. 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.
- b. Commencing in the fifth year after the year in which P.L. 1999, c.440 takes effect, and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount and the higher threshold amount which the board of education is permitted to establish as set forth in subsection a. of this section or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in N.J.S. 18A:18A-2, and shall round the adjustment to the nearest \$1,000. The Governor shall notify all local school districts of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of the year in which it is made.

N.J.S.A. 18A:18A-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 April 17, 2000, N.J.S.A. 18A:18A (Public School Contracts Law) was revised by P.L. 1999, C. 440.

Effective July 1, 2010 and thereafter the bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:39-3(a) are \$36,000 (with a Qualified Purchasing Agent) and \$26,000 (without a Qualified Purchasing Agent), respectively. The Board has designated the Business Administrator as the Qualified Purchasing Agent by resolution and established the bid threshold at \$36,000.

The 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.

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

School Purchasing Programs (Continued)

The results of our examination did indicate that payments, contracts, or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies", in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S. 18A:18A-4, as amended.

Finding – Expenditures in excess of the bid threshold for custodial cleaning services was not publicly advertised for bid.

Recommendation – Expenditures in excess of the bid threshold for custodial cleaning services be awarded in accordance with Local Public Contracts Law.

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

Contracts and Agreements Requiring Advertisement for Bids

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 that purchases were made through the use of state contracts. These contracts were approved in the official minutes.

School Food Service

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

Cash receipts and bank records were reviewed for timely deposit.

The number of milks claimed for reimbursement was verified against sales and milk count records. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement vouchers were submitted/certified in a timely manner.

Expenditures were separately recorded as food, labor and other costs.

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 not exceed three months average expenditures.

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

Student Body Activities

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

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

**HARRINGTON PARK 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, on-roll related services and 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 without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

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

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2014-2015 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 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.

Suggestions to Management

It is suggested that :

- The prior year accounts receivable balances existing at June 30, 2015 be cancelled by Board resolution.
- Interfund transactions be reconciled between funds and interfund balances be settled prior to June 30.

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

NOT APPLICABLE

**SCHEDULE OF NET CASH RESOURCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

**HARRINGTON PARK 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 for Verifi- cation	Sample Verified	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared					
Half Day Pre-K 3yr					-	-											
Full Day Pre-K 3yr					-	-											
Half Day Pre-K 4yr					-	-											
Full Day Pre-K 4yr					-	-											
Half Day K					-	-											
Full Day K	47.0		47.0		-	-	47.0		47.0								
One	61.0		61.0		-	-	61.0		61.0								
Two	44.0		44.0		-	-	44.0		44.0								
Three	74.0		74.0		-	-	74.0		74.0								
Four	55.0		55.0		-	-	55.0		55.0								
Five	69.0		69.0		-	-	69.0		69.0								
Six	73.0		73.0		-	-	73.0		73.0								
Seven	72.0		72.0		-	-	72.0		72.0								
Eight	77.0		77.0		-	-	77.0		77.0								
Nine					-	-											
Ten					-	-											
Eleven					-	-											
Twelve					-	-											
Adult School (15+cr)					-	-											
Subtotal	572.0	-	572.0	-	-	-	572.0	-	572.0	-	-	-	-	-	-	-	-
Sp. Ed. - Elementary	28.0		28.0		-	-	28.0		28.0				1.0	1.0	1.0		
Sp. Ed. - Middle School	33.0		33.0		-	-	33.0		33.0								
Sp. Ed. - High School					-	-											
Subtotal	61.0	-	61.0	-	-	-	61.0	-	61.0	-	-	-	1.0	1.0	1.0		
Totals	633.0	-	633.0	-	-	-	633.0	-	633.0	-	-	-	1.0	1.0	1.0	-	-
Percentage Error					<u>0.00%</u>	<u>0.00%</u>											<u>0.00%</u>

**HARRINGTON PARK 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 A.S.S.A as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on ASSA as LEP low Income	Reported on Workpapers as LEP low Income	Errors	Sample Selected	Verified to Test Score and Register	Errors
Half Day Kindergarten			-			-			-			-
Full Day Pre-K 3yr			-			-			-			-
Full Day Pre-K 4yr			-			-			-			-
Full Day Kindergarten			-			-			-			-
One			-			-			-			-
Two			-			-			-			-
Three			-			-			-			-
Four			-			-			-			-
Five			-			-			-			-
Six			-			-			-			-
Seven			-			-			-			-
Eight			-			-			-			-
Nine			-			-			-			-
Ten			-			-			-			-
Eleven			-			-			-			-
Twelve			-			-			-			-
Adult School (15+ credits)			-			-			-			-
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-
Special Ed. - Elementary			-			-			-			-
Special Ed. - Middle			-			-			-			-
Special Ed. - High			-			-			-			-
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-
Co. Voc. -Regular			-			-			-			-
Co. Voc. Ft. Post Sec.			-			-			-			-
Totals	-	-	-	-	-	-	-	-	-	-	-	-
Percentage Error			<u>0.00%</u>			<u>0.00%</u>						

	Transportation					
	Reported on DRTRS by BOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools	8.0	8.0	-	7.0	7.0	-
Special Ed. - Public			-			-
Transported - Non - Public	2.0	2.0	-	2.0	2.0	-
Special Needs - Public	5.0	5.0	-	4.0	4.0	-
	<u>15.0</u>	<u>15.0</u>	-	<u>13.0</u>	<u>13.0</u>	-
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

**HARRINGTON PARK 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 ASSA as LEP Not low Income	Reported on Workpapers as LEP Not low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Half Day Kindergarten			-			-
Full Day Pre-K 3yr			-			-
Full Day Pre-K 4yr			-			-
Full Day Kindergarten	3.0	3.0	-	2.0	2.0	-
One	4.0	4.0	-	3.0	3.0	-
Two	3.0	3.0	-	2.0	2.0	-
Three	3.0	3.0	-	3.0	3.0	-
Four	3.0	3.0	-	3.0	3.0	-
Five	1.0	1.0	-	1.0	1.0	-
Six	2.0	2.0	-	2.0	2.0	-
Seven	1.0	1.0	-	1.0	1.0	-
Eight	1.0	1.0	-	1.0	1.0	-
Nine			-			-
Ten			-			-
Eleven			-			-
Twelve			-			-
Adult School (15+ credits)			-			-
Subtotal	21.0	21.0	-	18.0	18.0	-
Special Ed. - Elementary	1.0	1.0	-	1.0	1.0	-
Special Ed. - Middle			-			-
Special Ed. - High			-			-
Subtotal	1.0	1.0	-	1.0	1.0	-
Co.Voc. -Regular						
Co.Voc. Ft. Post Sec.						
Totals	22.0	22.0	-	19.0	19.0	-
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

**HARRINGTON PARK 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 expenditures of \$100 million or less)

2014-2015 Total General Fund Expenditures per the CAFR	\$	11,968,535
Decreased by:		
Capital Lease Proceeds		
On-Behalf TPAF Pension & Social Security		998,272
Adjusted 2014-2015 General Fund Expenditures	\$	<u>10,970,263</u>
2% of Adjusted 2014-2015 General Fund Expenditures	\$	<u>219,405</u>
Enter Greater of 2% of Adjusted 2014-2015 General Fund Expenditures or \$250,000	\$	250,000
Increased by:		
Allowable Adjustments		262,172
Maximum Unassigned Fund Balance	\$	<u>512,172</u>

SECTION 2

Total General Fund - Fund Balance at June 30, 2015	\$	2,271,078
Decreased by:		
Year End Encumbrances		135,340
Emergency Reserve		176,644
Capital Reserve - Designated for Subsequent Year's Expenditures		550,001
Maintenance Reserve		125,000
Designated for Subsequent Year's Expenditures		202,146
Excess Surplus - Designated for Subsequent Year's Expenditures		85,634
Total Unassigned Fund Balance	\$	<u>996,313</u>

SECTION 3

Excess Surplus	\$	<u>484,141</u>
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Recapitulation of Excess Surplus as of June 30, 2015

Excess Surplus	\$	484,141
Excess Surplus - Designated for Subsequent Year's Expenditures		85,634
	\$	<u>569,775</u>

Detail of Allowable Adjustments

Extraordinary Aid 2014-2015	\$	260,954
Nonpublic Transportation Aid 2014-2015		1,218
	\$	<u>262,172</u>

RECOMMENDATIONS

I. Administration Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

It is recommended that available project balances and contract awards in the Capital Projects Fund be entered into the District's computerized accounting system when available grants and contracts are awarded.

III. School Purchasing Program

It is recommended that expenditures in excess of the bid threshold for custodial cleaning services be awarded in accordance with Local Public Contracts Law.

IV. School Food Service

There are none.

V. Student Body Activities

There are none.

VI. Application for State School Aid

There are none.

VII. Pupil Transportation

There are none.

VIII. Status of Prior Years' Audit Findings/Recommendations

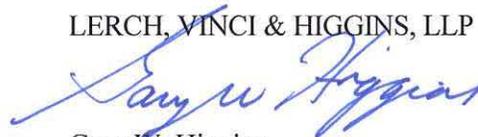
A review was performed on the prior year's recommendations and corrective action was taken on.

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
Public School Accountant
Certified Public Accountant