

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

**LITTLE FERRY 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

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

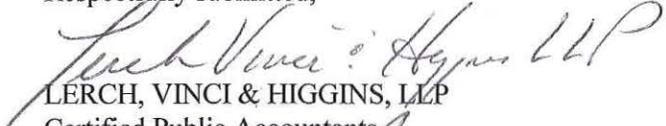
Honorable President and
Members of the Board of Trustees
Little Ferry Board of Education
Little Ferry, New Jersey

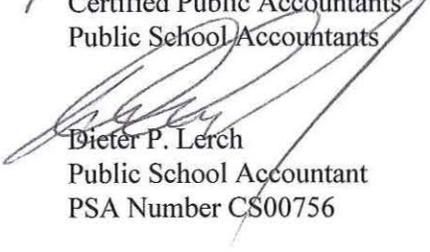
We have audited in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Little Ferry Board of Education as of and for the fiscal year ended June 30, 2015, and have issued our report thereon dated December 18, 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
Certified Public Accountants
Public School Accountants


Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
December 18, 2015

**LITTLE FERRY 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 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>
Paul Vizzuso	Business Administrator/ Board Secretary	\$100,000
Stephen P. Sanzari	Treasurer of School Monies	200,000

There is a Blanket Dishonesty Bond with the Selective Insurance Company of America covering all other employees with multiple coverage of \$500,000.

Finding – Our audit of the surety bond coverage for the Treasurer of School Monies revealed the coverage is below the minimum required by the State Department of Education.

Recommendation – The Treasurer of School Monies surety bond coverage should be increased in accordance with the New Jersey Administrative Code.

Finding (CAFR Finding 2015-010) – With respect to travel and expense reimbursements, our audit noted that Board approval is not being obtained for all travel of District employees and board members.

Recommendation – Prior Board approval for all District travel, including itemization of event, total event costs and number of employees and/or school board members attending the events be obtained in accordance with N.J.S.A. 18A:11-2.

Financial Planning, Accounting and Reporting

Examination of Claims

Finding (CAFR Finding 2015-001) – Our audit revealed that, in numerous instances, goods and/or services were ordered prior to the issuance of an approved purchase order (confirming orders).

Recommendation – Internal control procedures over purchasing be enhanced to ensure goods and/or services are ordered only after the issuance of an approved requisition and purchase order.

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

Financial Planning, Accounting and Reporting (Continued)

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 included administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3. The following was noted as a result of the procedures performed.

Finding (CAFR Finding 2015-011) – During our tests of transactions, it was noted that the District did not properly charge the salary of the Director of Child Study Team to School Administration, but rather to the Child Study Team functional area.

Recommendation – All administrative salaries be properly charged to administrative budget functions in accordance with New Jersey Administrative Code.

Finding (CAFR Finding 2015-002) – During our tests of transactions, it was noted that certain employee benefits are being allocated to instructional functional areas without any formal documentation to support the rationale. In addition, the PERS annual contribution and the amounts assessed for delayed enrollments were improperly charged to Other Retirement Contribution – ERIP.

Recommendation – Formal accounting of rationale for any allocation of employee benefits to instructional functions be documented and all employee benefits be properly charged in accordance with The Uniform Minimum Chart of Accounts.

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 Business Administrator/Board Secretary, and the Chief School Administrator.

Salary withholdings were promptly remitted to the proper agencies.

Finding – Payroll deductions for health benefit contributions for January 2015 through June 30, 2015 were calculated based on 2014 premium rates and were not adjusted for calendar year 2015 premium rates.

Recommendation – Employee health benefit contributions be calculated based on current annual premium rates.

Finding - The required Certification (E-CERT1) of Compliance with requirements for income tax on compensation of certain administrators (Superintendent and Business Administrator) to the NJ Department of Treasury was not filed.

Recommendation – The Certification (E-CERT1) of Compliance with reporting of income tax on compensation of certain administrators be properly filed with the NJ Department of Treasury prior to the March 15 due date.

**LITTLE FERRY 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/Personnel (Continued)

Finding – Our audit revealed the District was not monitoring State and Federal tax remittances by payroll company on behalf of the District. In addition, the District was not obtaining copies of the 941 and 927 forms filed. The payroll company was only providing quarterly statements of filings and deposits.

Recommendation – The District obtain copies of the executed 941 and 927 tax forms filed by the payroll company and additional procedures be implemented to ensure District is monitoring the State and Federal tax remittances made by the payroll company on behalf of the District.

Finding – Our audit revealed that the District did not complete a payroll check distribution verification during any of the past three years as required by N.J.A.C. 6A:23-5.7.

Recommendation – The District perform payroll check distribution verification procedures in compliance with N.J.A.C. 6A:23-5.7.

Finding – Our audit revealed the District was assessed \$146,303 in additional PERS billing for delayed enrollment of District employees who were not properly enrolled in the retirement pension system.

Recommendation – Procedures be enhanced to ensure that all eligible employees are properly enrolled in the respective retirement pension system.

Finding – Our audit of the health benefit bills revealed certain individuals continued to remain on health benefits after termination of employment.

Recommendation – The District's health benefit bills be reviewed on a monthly basis to ensure only active employees with the District are receiving benefits.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, for goods not yet received or services not yet rendered 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. In addition, it was noted that the contract amount for the shared services agreement of \$45,000 was not encumbered at year end.

Finding (CAFR Finding 2015-003) – Our audit of year end open purchase orders in the General, Special Revenue and Food Service Funds revealed certain encumbrances should have been classified as accounts payable (\$912,251 in General Fund; \$15,988 in Special Revenue Fund and \$91,061 in Food Service Fund). Audit adjustments were made to reclassify these purchase orders, accordingly.

Recommendation – Procedures be reviewed and revised to ensure open purchase orders are reviewed at year end for completeness and proper classification as accounts payable or encumbrances.

**LITTLE FERRY 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 reviewed.

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.

Finding (CAFR Finding 2015-004 and 2015-014) – Our audit of the general ledger account balances revealed numerous adjusting journal entries were required to reconcile the Board records to agree with subsidiary records and supporting documentation. We noted certain instances where receipts, revenue and budget account charges were misclassified. It should be noted that the year to date receipts for EDCP and Food Service Fund were recorded as a single year end entry.

Recommendation – Internal controls over financial accounting and reporting be reviewed and enhanced to ensure financial transactions are properly recorded and reported in the District's internal accounting records.

Finding (CAFR Finding 2015-007) – Our audit revealed the Capital Projects Fund has a deficit fund balance of \$557,051 at June 30, 2015. No revenue source was identified to offset the total expenditures incurred in the fund during the fiscal years ending June 30, 2014 and 2015.

Recommendation – Action be taken to fund the accumulated fund balance deficit in the Capital Projects Fund.

Finding – The audit indicated there exists various interfund balances as of June 30, 2015, as a result of various financial transactions not reported in the proper fund.

Recommendation – All interfund balances be cleared of record.

Finding – Our audit revealed that certain individual budget appropriation lines entered in the District's internal accounting budget report were not in agreement with the adopted budget.

Recommendation – The adopted annual budget appropriations be properly entered into the District's internal accounting budget report.

Finding (CAFR Finding 2015-005 and 2015-013) – Our audit revealed the General Fund budget was modified by an additional \$66,837 without any approval and/or documentation to support the increase in appropriations.

Recommendation – Any modifications to the budget appropriations be properly documented and approved.

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

Financial Planning, Accounting and Reporting (Continued)

Treasurer's Records

The Treasurer did perform cash reconciliations for all accounts required.

All cash receipts were promptly deposited.

Finding (CAFR Finding 2015-006) – Our audit of the Treasurer's Report and bank reconciliations revealed the following:

- There were numerous monthly inter-account reconciling items on the various bank reconciliations that were not in agreement and were not resolved during the course of the year.
- Prior year outstanding checks voided in Board Secretary records were not removed from Treasurer's outstanding list.

Recommendation – The Treasurer's Report and the various bank reconciliations contain only valid reconciling items.

Finding – There are numerous prior years reconciling items reflected on the Treasurer's Report.

Recommendation – Prior years' reconciling items reflected on all the District bank account reconciliations be reviewed and cleared of record.

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.

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.

Finding (CAFR Finding 2015-008) – Our audit noted that the reimbursement requests for District expenditures of Federal grant program funds were not filed in a timely manner. The only reimbursement requests were made in June 2015 for all year to date expenditures.

Recommendation – The District request reimbursement of funds for Federal grant program expenditures in a timely manner.

**LITTLE FERRY 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 (Continued)

Finding – Our audit revealed that although there are salaries charged to Federal programs, there was no evidence provided that the District determined if there was a reimbursement due to 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.

Recommendation – Internal control procedures be implemented to ensure that any reimbursement of TPAF/FICA paid by State on behalf of TPAF employees charged to Federal grants are remitted.

Finding (CAFR Finding 2015-009) – Our audit of salary charges to Federal grant programs revealed that employees and their respective salaries charged to the program were not formally approved in the Board minutes.

Recommendation – Employees and their respective salaries charged to the Federal grant programs be formally approved in the minutes.

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

Effective July 1, 2010 and thereafter, the bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$36,000 (with a Qualified Purchasing Agent) and \$26,000 (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 \$18,300. The Board has designated the School 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 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 – Professional service contracts awarded were not advertised in accordance with N.J.S.A. 18A:18AA-5a(1).

Recommendation – All professional service contracts awarded be advertised in the District's official newspaper in accordance with Public School Contracts Law.

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

School Purchasing Programs (Continued)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

Finding (CAFR Finding 2015-012) – We noted the purchase and installation of a ventilator for a total cost of \$15,500 and payments for various HVAC repairs were paid to the same vendor in excess of the quote threshold where there was no documentation to support competitive quotations were solicited by the District in accordance with N.J.S.A. 18A:18A-37(a).

Recommendation – Purchasing procedures be enhanced to ensure competitive quotations are solicited and attached to purchase orders for all contract awards that exceed the quote threshold in accordance with N.J.S.A. 18A:18A-37(a).

School Food Service

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.

The number of meals claimed for reimbursement was verified against sales and meal count records. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement vouchers were timely filed, and meals claimed agreed with meal count records.

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 file, 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.

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.

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.

Net cash resources did not exceed three months average expenditures.

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

Finding (CAFR Finding 2015-012) – Our audit of payments to the food service management company revealed payments for the reimbursement of costs related to lunch aides. These payments were for costs unrelated and outside the contract and therefore, should be procured separately in accordance with NJAC 5:34-4.4(b).

Recommendation – All payments for services unrelated and outside of the food service management company's contract for costs related to lunch aides be procured separately in accordance with N.J.A.C. 5:34-4.4(b).

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

School Food Service (Continued)

Finding – Our audit revealed no cash receipt ledger was being maintained for lunch sales collected at the school. In addition, it appears funds collected were not deposited until all monthly receipts were received from parents.

Recommendation – Internal controls be enhanced to ensure daily lunch sales are accounted for in a formal ledger and collections be deposited timely.

Finding (CAFR Finding 2015-007) – Our audit revealed a year end deficit of \$68,566 in net position of the Food Service Fund.

Recommendation – Efforts be made to eliminate the deficit in the Food Service Fund.

Finding – Our audit revealed that the District was not reconciling the food service management company's operating statement to the payments made to the company.

Recommendation – The payments made to the Food Service Management Company be reconciled to the company's operating statement on a monthly basis.

The New Jersey State Department of Agriculture, Bureau of Child Nutrition, conducted a Coordinated Review Effort (CRE) administrative review of the National School Lunch Program on May 27, June 1, and June 23, 2015. An administrative review was received from the Department of Agriculture which cited certain performance standard violations involving meal access and reimbursement and general compliance. The District has prepared and submitted a corrective action plan in response to this CRE administrative review. The Department of Agriculture has received and approved the corrective action plan.

Extended Day Care Program

The financial records of the Extended Day Care Program are maintained in fair condition.

Finding – Our audit of the Extended Day Care Program revealed that no cash receipt ledger is being maintained and reconciled to Board Secretary's records. In addition, program registration forms are not being retained for audit.

Recommendation – A cash receipt ledger be maintained for all program monies received and registration forms be retained for audit.

Finding – Our audit revealed that checks issued from the Extended Day Care Program bank account only require one payor signature.

Recommendation – All checks issued from the Extended Day Care Program bank account require at least two payor signatures.

Student Body Activity

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

**LITTLE FERRY 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 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 with minor exceptions. The information on the workpapers was verified with certain 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.

Finding (CAFR Finding 2015-015) – Out audit of the District’s Application for State School Aid (ASSA) revealed that amounts reported were not always in agreement with supporting workpapers and documentation for the respective categories.

Recommendation – Internal controls be enhanced over the reporting of information on the Application for State School Aid (A.S.S.A.) to ensure amounts reported agree to District workpapers and class registers.

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 exception. The results of our procedures are presented in the Schedule of Audited Enrollments. The information was verified to the District records with immaterial exceptions.

Finding – Our audit revealed seven students reported could not be verified to class registers.

Recommendation – Controls over DRTRS reporting be enhanced to ensure only students reflected in class registers are reported.

Suggestions to Management

In accordance with N.J.A.C. 6A:23A-5.2(a), the District have a resolution or memorandum to acknowledge that the District exceeds 130% of the statewide average for legal costs and to implement specific internal controls for the reduction of costs or to provide evidence that such procedures would not result in a reduction of costs.

**LITTLE FERRY BOARD OF EDUCATION
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHEDULE OF MEAL COUNT ACTIVITY

NOT APPLCIABLE

SCHEDULE OF NET CASH RESOURCES

NOT APPLCIABLE

**LITTLE FERRY BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
OCTOBER 14, 2014**

	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 Veri- cation	Sample Verified	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared					
Half Day Preschool - 3 years	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool - 3 years	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Preschool - 4 years	29	-	29	-	-	-	29	-	29	-	-	-	-	-	-	-	-
Full Day Preschool - 4 years	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	89	-	89	-	-	-	89	-	86	-	3	-	-	-	-	-	-
1st Grade	93	-	93	-	-	-	93	-	76	-	17	-	-	-	-	-	-
2nd Grade	95	-	95	-	-	-	95	-	93	-	2	-	-	-	-	-	-
3rd Grade	99	-	99	-	-	-	99	-	97	-	2	-	-	-	-	-	-
4th Grade	85	-	85	-	-	-	85	-	88	-	(3)	-	-	-	-	-	-
5th Grade	83	-	83	-	-	-	83	-	80	-	3	-	-	-	-	-	-
6th Grade	94	-	94	-	-	-	94	-	98	-	(4)	-	-	-	-	-	-
7th Grade	94	-	94	-	-	-	94	-	101	-	(7)	-	-	-	-	-	-
8th Grade	109	-	109	-	-	-	109	-	109	-	-	-	-	-	-	-	-
9th Grade	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10th Grade	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11th Grade	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12th Grade	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	870	-	870	-	-	-	870	-	857	-	13	-	-	-	-	-	-
Spec Ed - Elementary	35	-	36	-	(1)	-	36	-	38	-	(2)	-	1	1	1	-	-
Spec Ed- Middle School	24	-	24	-	-	-	24	-	21	-	3	-	3	3	3	-	-
Spec Ed - High School	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	59	-	60	-	(1)	-	60	-	59	-	1	-	4	4	4	-	-
Totals	929	-	930	-	(1)	-	930	-	916	-	14	-	4	4	4	-	-
Percentage Error					<u><u>-0.11%</u></u>	<u><u>0.00%</u></u>					<u><u>1.51%</u></u>						<u><u>0.00%</u></u>

LITTLE FERRY BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
OCTOBER 14, 2014

	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 Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample 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	30	30	-	10	10	-	6	6	-	3	3	-
1st Grade	26	26	-	8	8	-	10	10	-	5	5	-
2nd Grade	31	31	-	10	10	-	-	7	(7)	4	4	-
3rd Grade	35	35	-	10	10	-	3	3	-	2	2	-
4th Grade	37	37	-	10	10	-	7	6	1	3	3	-
5th Grade	22	22	-	7	7	-	4	3	1	2	2	-
6th Grade	31	31	-	10	10	-	9	8	1	4	4	-
7th Grade	29	29	-	9	9	-	4	2	2	1	1	-
8th Grade	28	28	-	9	9	-	2	2	-	1	1	-
9th Grade	-	-	-	-	-	-	-	-	-	-	-	-
10th Grade	-	-	-	-	-	-	-	-	-	-	-	-
11th Grade	-	-	-	-	-	-	-	-	-	-	-	-
12th Grade	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	<u>269</u>	<u>269</u>	<u>-</u>	<u>83</u>	<u>83</u>	<u>-</u>	<u>45</u>	<u>47</u>	<u>(2)</u>	<u>25</u>	<u>25</u>	<u>-</u>
Spec Ed - Elementary	25	19	6	7	7	-	-	2	(2)	1	1	-
Spec Ed - Middle School	21	12	9	5	5	-	1	3	(2)	2	2	-
Spec Ed - High School	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	<u>46</u>	<u>31</u>	<u>15</u>	<u>12</u>	<u>12</u>	<u>-</u>	<u>1</u>	<u>5</u>	<u>(4)</u>	<u>3</u>	<u>3</u>	<u>-</u>
Totals	<u>315</u>	<u>300</u>	<u>15</u>	<u>95</u>	<u>95</u>	<u>-</u>	<u>46</u>	<u>52</u>	<u>(6)</u>	<u>28</u>	<u>28</u>	<u>-</u>
Percentage Error			<u>4.76%</u>		<u>0.00%</u>			<u>-13.04%</u>			<u>0.00%</u>	

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
	Regular - Public Schools	212	207	5	128	121
Transported - Non-Public	10	10	-	7	7	-
AIL	48	54	(6)	34	33	1
Regular - Spec.	-	-	-	-	-	-
Special Needs or Out of District	39	41	(2)	24	24	-
Totals	<u>309</u>	<u>312</u>	<u>(3)</u>	<u>193</u>	<u>185</u>	<u>8</u>
			<u>-0.97%</u>		<u>4.15%</u>	

**LITTLE FERRY BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
OCTOBER 14, 2014**

	LEP Not 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 Register	Sample 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	16	16	-	10	9	1
1st Grade	9	9	-	6	5	1
2nd Grade	-	10	(10)	7	7	-
3rd Grade	5	5	-	3	3	-
4th Grade	1	1	-	1	1	-
5th Grade	-	-	-	-	-	-
6th Grade	1	1	-	1	1	-
7th Grade	1	1	-	1	1	-
8th Grade	4	4	-	2	2	-
9th Grade	-	-	-	-	-	-
10th Grade	-	-	-	-	-	-
11th Grade	-	-	-	-	-	-
12th Grade	-	-	-	-	-	-
Subtotal	<u>37</u>	<u>47</u>	<u>(10)</u>	<u>31</u>	<u>29</u>	<u>2</u>
Spec Ed - Elementary	-	-	-	-	-	-
Spec Ed- Middle School	1	-	1	1	1	-
Spec Ed - High School	-	-	-	-	-	-
Subtotal	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>-</u>
Totals	<u>38</u>	<u>47</u>	<u>(9)</u>	<u>32</u>	<u>30</u>	<u>2</u>
Percentage Error			<u>-23.68%</u>			<u>6.25%</u>

**LITTLE FERRY 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		\$ 20,432,978
Decreased by:		
On-Behalf TPAF Pension & Social Security	\$ 1,260,555	
Lease Purchase	<u>30,243</u>	
		<u>1,290,798</u>
Adjusted 2014-2015 General Fund Expenditures		\$ <u>19,142,180</u>
2% of Adjusted 2014-2015 General Fund Expenditures		\$ <u>382,844</u>
Enter Greater of 2% of Adjusted 2014-2015 General Fund Expenditures or \$250,000		\$ 382,844
Increased by: Allowable Adjustments-Extraordinary Aid		<u>75,270</u>
Maximum Unassigned Fund Balance		<u>\$ 458,114</u>

SECTION 2

Total General Fund - Fund Balance at June 30, 2015 (Per CAFR Budgetary Comparison Schedule/Statement)		\$ 3,298,961
Decreased by:		
Year End Encumbrances	\$ 363,777	
Restricted Fund Balance - Excess Surplus-Designated for Subsequent Year's Expenditures	832,720	
Restricted Fund Balance - Capital Reserve	<u>877,745</u>	
Total Unassigned Fund Balance		<u>\$ 1,224,719</u>

SECTION 3

Restricted Fund Balance - Excess Surplus		\$ <u>766,605</u>
<u>Recapitulation of Excess Surplus as of June 30, 2015</u>		
Excess Surplus-Designated for Subsequent Year's Expenditures		\$ 832,720
Excess Surplus		<u>766,605</u>
Total Excess Surplus		<u>\$ 1,599,325</u>

**LITTLE FERRY BOARD OF EDUCATION
RECOMMENDATIONS**

I. Administrative Practices and Procedures

It is recommended that:

1. The Treasurer of School Monies surety bond coverage should be increased in accordance with the New Jersey Administrative Code.
2. Prior Board approval for all District travel, including itemization of event, total event costs and number of employees and/or school board members attending the events be obtained in accordance with N.J.S.A. 18A:11-2.

II. Financial Planning, Accounting and Reporting

It is recommended that:

1. Internal control procedures over purchasing be enhanced to ensure goods and/or services are ordered only after the issuance of an approved requisition and purchase order.
2. All administrative salaries be properly charged to administrative budget functions in accordance with New Jersey Administrative Code.
3. Formal accounting of rationale for any allocation of employee benefits to instructional functions be documented and all employee benefits be properly charged in accordance with The Uniform Minimum Chart of Accounts.
4. Employee health benefit contributions be calculated based on current annual premium rates.
5. The Certification (E-CERT1) of Compliance with reporting of income tax on compensation of certain administrators be properly filed with the NJ Department of Treasury prior to the March 15 due date.
6. The District obtain copies of the executed 941 and 927 tax forms filed by the payroll company and additional procedures be implemented to ensure District is monitoring the State and Federal tax remittances made by the payroll company on behalf of the District.
7. The District perform payroll check distribution verification procedures in compliance with N.J.A.C. 6A:23-5.7.
8. Procedures be enhanced to ensure that all eligible employees are properly enrolled in the respective retirement pension system.
9. The District's health benefit bills be reviewed on a monthly basis to ensure only active employees with the District are receiving benefits.
10. Procedures be reviewed and revised to ensure open purchase orders are reviewed at year end for completeness and proper classification as accounts payable or encumbrances.
11. Internal controls over financial accounting and reporting procedures be reviewed and enhanced to ensure financial transactions are properly recorded and reported in the District's internal accounting records.
12. Action be taken to fund accumulated fund balance deficit in the Capital Projects Fund.
13. All interfund balances be cleared of record.
14. The adopted annual budget appropriations be properly entered into the District's internal accounting budget report.

**LITTLE FERRY BOARD OF EDUCATION
RECOMMENDATIONS**

II. Financial Planning, Accounting and Reporting (Continued)

It is recommended that:

15. Any modifications to the budget appropriations be properly documented and approved.
16. The Treasurer's Report and the various bank reconciliations contain only valid reconciling items.
17. Prior years' reconciling items reflected on all the District bank account reconciliations be reviewed and cleared of record.
18. The District request reimbursement of funds for Federal grant program expenditures in a timely manner.
19. Internal control procedures be implemented to ensure that any reimbursement of TPAF/FICA paid by State on behalf of TPAF employees charged to Federal grants are remitted.
20. Employees and their respective salaries charged to the Federal grant programs be formally approved in the minutes.

III. School Purchasing Program

It is recommended:

1. All professional service contracts awarded be advertised in the District's official newspaper in accordance with Public School Contracts Law.
2. Purchasing procedures be enhanced to ensure competitive quotations are solicited and attached to purchase orders for all contract awards that exceed the quote threshold in accordance with N.J.S.A. 18A:18A-37(a).

IV. School Food Services

It is recommended that:

1. All payments for services unrelated and outside of the food service management company's contract for costs related to lunch aides be procured separately in accordance with N.J.A.C. 5:34-4.4(b).
2. Internal controls be enhanced to ensure daily lunch sales are accounted for in a formal ledger and collections be deposited timely.
3. Efforts be made to eliminate the deficit in the Food Service Fund.
4. The payments made to the Food Service Management Company be reconciled to the company's operating statement on a monthly basis.

V. Extended Day Care Program

It is recommended that:

1. A cash receipt ledger be maintained for all program monies received and registration forms be retained for audit.
2. All checks issued from the Extended Day Care Program bank account require at least two payor signatures.

**LITTLE FERRY BOARD OF EDUCATION
RECOMMENDATIONS**

VI. Student Body Activity

There are none.

VII. Application for State School Aid

It is recommended that internal controls be enhanced over the reporting of information on the Application for State School Aid (A.S.S.A.) to ensure amounts reported agree to District workpapers and class registers.

VIII. Pupil Transportation

It is recommended that controls over DRTRS reporting be enhanced to ensure only students reflected in class registers are reported.

IX. Facilities and Capital Assets

There are none.

X. Miscellaneous

There are none.

XII. Status of Prior Years' Audit Findings/Recommendations

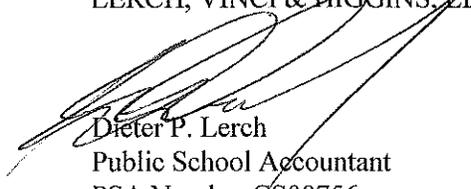
There were none.

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



Dieter P. Lerch
Public School Accountant
PSA Number CS00756