

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

**MOONACHIE 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

Honorable President and Members  
of the Board of Trustees  
Moonachie Board of Education  
Moonachie, 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 Moonachie Board of Education for the fiscal year ended June 30, 2015, and have issued our report thereon dated November 23, 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 for the information 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

Paul J. Lerch  
Public School Accountant  
PSA Number CS01118

Fair Lawn, New Jersey  
November 23, 2015

**MOONACHIE 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, the activities of the Board of Education and the records of the various funds under the auspices of the Board of Education.

**Administrative Practices and Procedures**

**Insurance**

Fire insurance coverage was carried in the amounts as detailed on the Insurance Schedule contained in the district's CAFR.

**Official Bonds**

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Sue Anne Mather	Business Administrator/Board Secretary	\$195,000

There is a Public Employees' Dishonesty Bond covering all other employees with multiple coverage of \$500,000.

**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.

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

Salary withholdings were promptly remitted to the proper agencies, including health benefits premium amounts withheld due to the General Fund.

**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.

**Travel**

The district did account for training, workshops and travel separately utilizing object code "580" – travel. This enables the district to generate reports on travel to determine their yearly travel has not exceeded the maximum.

**MOONACHIE 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:23-16.2(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. 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 additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

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

Acknowledgement of the Board's receipt of the Board Secretary monthly financial reports was included in the minutes.

Elementary and Secondary Education Act (E.S.E.A.)/Improving America's Schools Act (I.A.S.A.) 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 I, II and Title III of the Elementary and Secondary Education Act, as amended.

Our examination of the E.S.E.A./NCLB 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 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 contained herein represent a true statement of 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.

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

**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 (as amended) and 18A:39-3(a) are \$36,000 (with a Qualified Purchasing Agent) and \$26,000 (without a Qualified Purchasing Agent). The District has appointed Sue Anne Mather as a Qualified Purchasing Agent. The law regulating bidding for public school transportation contracts under N.J.S.A. 18A:39-3 is currently \$18,300.

If the purchasing agent is qualified pursuant to subsection b of section 9 of P.L. 1971, c.198 (c.40A:11-9), 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. The Board has designated the 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.

Based on the results of our examination, we did not note any individual payments, contracts, or agreements and aggregate amounts for similar services/goods were made for the performance of work or purchased 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.

**School Food Service Fund**

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

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

Applications for free and reduced price meals and milks were reviewed for completeness and accuracy. The number of free and reduced price meals and milks claimed as served did not exceed the number of valid applications and/or to the list of directly certified students 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. The required verification procedures for free and reduced price meal 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 correctly maintained and properly applied in determining the cost of food supplies used.

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all School Food Services employees authorized by the Board of Education.

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

**School Food Service Fund (Continued)**

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 Activity Fund**

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

All receipts were promptly deposited.

Cash disbursements had proper supporting documentation.

**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 school for the handicapped, 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 exceptions. The information that was included on the workpapers was verified 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 Report with no exceptions. 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.

**Facilities and Capital Assets**

Our procedures included a review of the SDA grant agreement for consistency with recording SDA revenue, transfer of local funds from the general fund or from the capital reserve account, and awarding of contracts for eligible facilities construction.

**Follow Up On Prior Year Findings**

There were no prior year findings.

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

**FOOD SERVICE FUND  
SCHEDULE OF MEAL/MILK COUNT ACTIVITY**

**NOT APPLICABLE**

**FOOD SERVICE FUND  
SCHEDULE OF NET CASH RESOURCES**

**NOT APPLICABLE**

MOONACHIE BOARD OF EDUCATION  
 APPLICATION FOR STATE SCHOOL AID SUMMARY  
 SCHEDULE OF AUDITED ENROLLMENTS  
 ENROLLMENT AS OF OCTOBER 15, 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 Verifi- cation	Sample Verified	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared					
Half Day Preschool - 3 years	-		-		-		-		-		-						
Half Day Preschool - 4 years	13		13		-		13		13		-						
Half Day Kindergarten	-		-		-		-		-		-						
Full Day Kindergarten	27		27		-		27		27		-						
1st Grade	27		27		-		27		27		-						
2nd Grade	23		23		-		23		23		-						
3rd Grade	26		26		-		26		26		-						
4th Grade	26		26		-		26		26		-						
5th Grade	29		29		-		29		29		-						
6th Grade	27		27		-		27		27		-						
7th Grade	20		19		1		19		19		-						
8th Grade	28		29		(1)		29		29		-						
9th Grade					-						-						
10th Grade					-						-						
11th Grade					-						-						
12th Grade					-						-						
<b>Subtotal</b>	<b>246</b>	<b>-</b>	<b>246</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>246</b>	<b>-</b>	<b>246</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Spec Ed - Elementary	29		29		-		29		29		-		-	-	-	-	-
Spec Ed- Middle School	13		13		-		13		13		-		1	1	1	-	-
Spec Ed - High School					-						-		4	3	3	-	-
<b>Subtotal</b>	<b>42</b>	<b>-</b>	<b>42</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>42</b>	<b>-</b>	<b>42</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>-</b>	<b>-</b>
<b>Totals</b>	<b>288</b>	<b>-</b>	<b>288</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>288</b>	<b>-</b>	<b>288</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>-</b>	<b>-</b>
<b>Percentage Error</b>					<u><u>0.00%</u></u>						<u><u>0.00%</u></u>						<u><u>0.00%</u></u>

**MOONACHIE BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
SCHEDULE OF AUDITED ENROLLMENTS  
ENROLLEMENT AS OF OCTOBER 15, 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 LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Half Day Pre-School (3 Yrs)			-			-			-			-
Half Day Pre-School (4 Yrs)			-			-			-			-
Full Day Kindergarten			-	6	6	-	1	1	-	1	1	-
1st Grade	9	9	-	6	6	-	1	1	-	1	1	-
2nd Grade	10	10	-	8	8	-	1	1	-	1	1	-
3rd Grade	12	12	-	8	8	-	1	1	-	1	1	-
4th Grade	12	12	-	7	7	-	1	1	-	1	1	-
5th Grade	14	14	-	8	8	-	1	1	-	1	1	-
6th Grade	14	14	-	9	9	-			-			-
7th Grade	5	5	-	3	3	-			-			-
8th Grade	8	8	-	5	5	-			-			-
9th Grade			-			-			-			-
10th Grade			-			-			-			-
11th Grade			-			-			-			-
12th Grade			-			-			-			-
<b>Subtotal</b>	<b>96</b>	<b>96</b>	<b>-</b>	<b>60</b>	<b>60</b>	<b>-</b>	<b>6</b>	<b>6</b>	<b>-</b>	<b>6</b>	<b>6</b>	<b>-</b>
Spec Ed - Elementary	17	17	-	9	9	-			-			-
Spec Ed - Middle School	7	7	-	2	2	-			-			-
Spec Ed - High School	-	-	-	-	-	-			-			-
<b>Subtotal</b>	<b>24</b>	<b>24</b>	<b>-</b>	<b>11</b>	<b>11</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Totals</b>	<b>120</b>	<b>120</b>	<b>-</b>	<b>71</b>	<b>71</b>	<b>-</b>	<b>6</b>	<b>6</b>	<b>-</b>	<b>6</b>	<b>6</b>	<b>-</b>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	50	50	-	30	30	-
Regular - Spec.	9	9	-	6	6	-
Transported - Non-Public	4	4	-	4	4	-
Special Needs - Public	20	20	-	12	12	-
<b>Totals</b>	<b>83</b>	<b>83</b>	<b>-</b>	<b>52</b>	<b>52</b>	<b>-</b>
			<u>0.00%</u>		9	<u>0.00%</u>

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

	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	Sample Errors
Half Day Pre-School (3 Yrs)						
Half Day Pre-School (4 Yrs)						
Half Day Kindergarten			-			-
Full Day Kindergarten	3	3	-	3	3	-
1st Grade	2	2	-	2	2	-
2nd Grade			-			-
3rd Grade			-			-
4th Grade			-			-
5th Grade			-			-
6th Grade			-			-
7th Grade			-			-
8th Grade			-			-
9th Grade			-			-
10th Grade			-			-
11th Grade			-			-
12th Grade			-			-
<b>Subtotal</b>	<u>5</u>	<u>5</u>	<u>-</u>	<u>5</u>	<u>5</u>	<u>-</u>
Spec Ed - Elementary			-			-
Spec Ed- Middle School			-			-
Spec Ed - High School			-			-
<b>Subtotal</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Totals</b>	<u><u>5</u></u>	<u><u>5</u></u>	<u><u>-</u></u>	<u><u>5</u></u>	<u><u>5</u></u>	<u><u>-</u></u>
Percentage Error		<u><u>0.00%</u></u>			<u><u>0.00%</u></u>	

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

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

2014-2015 Total General Fund Expenditures	\$	7,956,173
Increased by:		
Transfer from Capital Reserve to Capital Projects		507,336
Decreased by:		
On-Behalf TPAF Pension & Social Security		541,813
Assets Acquired Under Capital Leases		-
Adjusted 2014-2015 General Fund Expenditures		7,921,696
2% of Adjusted 2014-2015 General Fund Expenditures		158,434
Enter Greater of 2% of Adjusted 2014-2015 General Fund Expenditures or \$250,000		250,000
Increased by:		
Allowable Adjustment		13,002
Maximum Unreserved/Undesignated Fund Balance	\$	263,002

**SECTION 2**

Total General Fund - Fund Balance at June 30, 2015	\$	1,833,401
Decreased by:		
Restricted:		
Capital Reserve	\$	428,978
Maintenance Reserve		317,197
Reserve Excess Surplus Designated Subsequent Year Expenditure		270,000
Assigned:		
Unreserved-Designated for Subsequent Year's Expenditures		14,564
Year End Encumbrances		80,585
		1,111,324
Total Unassigned Fund Balance for Excess Surplus Calculation	\$	722,077

**SECTION 3**

Restricted Fund Balance - Excess Surplus	\$	459,075
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**Detail of Allowable Adjustments**

Additional Nonpublic School Transportation Aid	\$	3,882
Extraordinary Aid		9,120
	\$	13,002

**Recapitulation of Excess Surplus as of June 30, 2015**

Reserved Excess Surplus	\$	459,075
Reserved Excess Surplus Designated for Subsequent Year's Expenditures		270,000
	\$	729,075

**MOONACHIE BOARD OF EDUCATION  
RECOMMENDATIONS**

I. **Administrative Practices and Procedures**

There are none.

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

There are none.

III. **School Purchasing Program**

There are none.

IV. **School Food Services**

There are none.

V. **Student Body Activities**

There are none.

VI. **Application for State School Aid**

There are none.

VII. **Pupil Transportation**

There are none.

VIII. **Facilities and Capital Assets**

There are none.

IX. **Miscellaneous**

There are none.

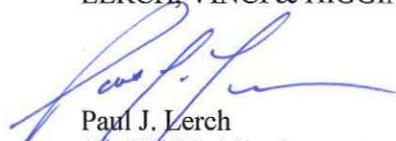
X. **Status of Prior Years' Audit Findings/Recommendations**

There were no prior year findings.

**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



Paul J. Lerch  
Certified Public Accountant  
Public School Accountant