

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

**NEW MILFORD BOARD OF EDUCATION
TABLE OF CONTENTS**

**AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS
- FINANCIAL, COMPLIANCE AND PERFORMANCE**

	<u>Page No.</u>
Report of Independent Auditor's	1
Scope of Audit	2
Administrative Practices and Procedures	2
Financial Planning, Accounting and Reporting	2-4
School Purchasing Programs	4-5
School Food Services	5-6
Latch Key Programs, Broadway Kids Summer, and After School Enrichment	6
Student Activity Funds	6-7
Application for State School Aid	7
Pupil Transportation	7
Facilities and Capital Assets	7
Follow-up on Prior Year Findings	7
Schedule of Meal Count Activity – Not Applicable	8
Schedule of Net Cash Resources – Food Service Fund – Not Applicable	8
Schedule of Audited Enrollments	9-11
Excess Surplus Calculation	12
Recommendations	13-14
Acknowledgement	14



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
New Milford Board of Education
New Milford, 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 New Milford Board of Education in the County of Bergen, State of New Jersey as of and for the fiscal year ended June 30, 2015, and have issued our report thereon dated December 4, 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 of management, the Board of Trustees, others within the District and the New Jersey Department of Education and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

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

Donna L. Japhet
Public School Accountant
PSA Number CS0002314

Fair Lawn, New Jersey
December 4, 2015

**NEW MILFORD 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 Monies, 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 (Exhibit J-20) included in the District's Comprehensive Annual Financial Report (CAFR).

Officials Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Michael Sawicz	School Business Administrator/ Board Secretary	\$100,000
Denise Amoroso	Treasurer of School Monies	\$250,000

There is Public Employee Dishonesty coverage with Selective Insurance Company of America, with a limit of \$100,000 per employee.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under review did not reveal any material 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 approved by the Superintendent and certified by the President of the Board and the Board Secretary/School Business Administrator.

Salary withholdings were promptly remitted to the proper agencies, including health benefit withholdings due to other funds.

The District filed the required certification (ECERT1) of compliance with requirements for income tax compensation of certain administrators with the NJ Department of Treasury by the March 15 due date.

Employee Position Control Roster

The Board has implemented and maintains a personnel tracking and accounting (Position Control) system.

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.

**NEW MILFORD 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. 6:A23-16.2(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 material transaction errors were noted and therefore, no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

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

Acknowledgment of the Board's receipt of the Board Secretary and Treasurer's monthly financial reports and required certifications were included in the minutes.

The prescribed contractual order system was followed.

Finding (CAFR Finding 2015-001) – The district transferred to Capital Outlay – Facilities Acquisition and Construction and did not obtain approval from the Executive County Superintendent.

Recommendation – Executive County Superintendent approval should be requested for any transfer to capital outlay excluding equipment in accordance with N.J.A.C. 6A:23A-13.3(h).

Treasurer's Records

The Treasurer did perform cash reconciliations for all District accounts. (N.J.S.A. 18A:17-36).

All cash receipts were promptly deposited.

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

The Treasurer's cash balances were in agreement with the reconciled cash balances as determined during the audit.

Unemployment Compensation Insurance Trust Fund

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

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. The 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 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.

**NEW MILFORD 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 Exhibit K-3 and Exhibit 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.

T.P.A.F. Reimbursement

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. Reimbursement to the State for Federal Salary Expenditures

The amount of the expenditure charged to the current year's Final Report for all federal awards for the school district to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds was made prior to the end of the 60 day grant liquidation period required by the Office of grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

Nonpublic State Aid

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

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

Effective July 1, 2010 and thereafter the bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3A 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 school business administrator is a qualified purchasing agent, thereby increasing the bid threshold for items other than transportation to \$36,000.

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.

**NEW MILFORD 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)

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 authorized to be made through the use of State contracts.

Finding – The per unit rates being paid to a certain vendor awarded a contract through a cooperative purchasing program do not agree to the bid prices specified in the bid documentation provided by the district.

Conclusion – Vendors should be paid in accordance with per unit rates approved in the respective cooperative purchasing bid contract.

Finding – The lease purchase agreement of \$158,750 for the purchase of laptop computers was not approved by Board Resolution. Upon execution of the agreement however, the lease was subsequently approved during the 2015/16 school year, therefore no recommendation is warranted.

School Food Services

The financial transactions and statistical records of the school food services maintained by the District were in good 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 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 agree to 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 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 not exceed three months average expenditures.

U.S.D.A. commodities were received and a separate inventory was maintained on a first-in, first-out basis.

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

School Food Services (Continued)

The District utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with N.J.S.A. 18:17-34, and 19-1 through 19-4.1. Provisions of the FSMC contract were reviewed and audited. The operating results provision of the contract has been met.

Exhibits reflecting Child Nutrition Program operations are included in the basic financial statements of the CAFR on Exhibits B-4, B-5 and B-6.

Other Enterprise Funds

Latch Key Programs, Broadway Kids Summer, and After School Enrichment Program

The District provides a before and after school child care program, a summer enrichment program and an after school enrichment program for district students. The accounting records maintained for the programs were in satisfactory condition.

Finding – A review of the student rosters of the Broadway Kids Summer and After School Enrichment Program revealed the following:

- Date of actual receipt is not indicated.
- Total receipts per rosters do not agree to total program revenues.
- It appears certain registration fees are waived and/or discounted with no rationale documented.
- Pre-numbered receipts are not utilized.

Recommendation – Greater controls should be implemented for the Broadway Kids Summer and After School Enrichment Program to ensure pre-numbered receipts are utilized, accounting records are maintained to support fees collected and discounts/waivers are properly approved.

Finding – Registration fees collected for the After School Enrichment Program are not being deposited in a timely manner.

Recommendation – All After School Enrichment Program registration fees be deposited in a timely manner.

Student Activity Funds

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

Cash receipts and disbursement records were maintained in good condition.

- **Finding** – Our audit of the student activity records revealed the following:
 - Instances in the High School where supporting documentation was not provided for disbursements.

Recommendation – In all instances supporting invoices be attached to payment vouchers for disbursements to be paid from High School activity funds.

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

Student Activity Funds (Continued)

Finding – Our audit of student activity records revealed several instances in Berkley, Gibbs, High School and High School Athletic accounts where deposits were not made timely.

Recommendation –All student activity receipts be deposited in a timely manner.

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, 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 with immaterial exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

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

Pupil Transportation

Our audit procedures included a test of on-roll status reported in the 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 without exception. The results of our procedures noted immaterial differences for amounts tested which 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

In accordance with government auditing standards, our procedures included a review of all prior year recommendations.

**NEW MILFORD BOARD OF EDUCATION
FOOD SERVICE FUND
SCHEDULE OF MEAL COUNT ACTIVITY
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

**FOOD SERVICE FUND
SCHEDULE OF NET CASH RESOURCES
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

**NEW MILFORD BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool - 3 years	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Preschool - 4 years	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool - 4 years	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	132	-	132	-	-	-	68	-	68	-	-	-	-	-	-	-
1st Grade	126	-	126	-	-	-	61	-	61	-	-	-	-	-	-	-
2nd Grade	128	-	128	-	-	-	68	-	68	-	-	-	-	-	-	-
3rd Grade	116	-	116	-	-	-	59	-	59	-	-	-	-	-	-	-
4th Grade	133	-	133	-	-	-	65	-	65	-	-	-	-	-	-	-
5th Grade	147	-	147	-	-	-	67	-	67	-	-	-	-	-	-	-
6th Grade	109	-	109	-	-	-	109	-	109	-	-	-	-	-	-	-
7th Grade	137	-	137	-	-	-	137	-	137	-	-	-	-	-	-	-
8th Grade	128	-	128	-	-	-	128	-	128	-	-	-	-	-	-	-
9th Grade	137	-	137	-	-	-	137	-	137	-	-	-	-	-	-	-
10th Grade	133	2	133	2	-	-	133	2	133	2	-	-	-	-	-	-
11th Grade	145	-	145	-	-	-	145	-	145	-	-	-	-	-	-	-
12th Grade	117	1	117	1	-	-	117	1	117	1	-	-	-	-	-	-
Subtotal	1,688	3	1,688	3	-	-	1,294	3	1,294	3	-	-	-	-	-	-
Spec Ed - Elementary	120	-	120	-	-	-	25	-	25	-	-	-	3	3	3	-
Spec Ed- Middle School	77	-	77	-	-	-	15	-	16	-	(1)	-	2	2	2	-
Spec Ed - High School	88	4	88	4	-	-	18	-	21	-	(3)	-	5	4	4	-
Subtotal	285	4	285	4	-	-	58	-	62	-	(4)	-	10	9	9	-
Totals	1,973	7	1,973	7	-	-	1,352	3	1,356	3	(4)	-	10	9	9	-
Percentage Error					0.00%	0.00%					0.30%				0.00%	

**NEW MILFORD BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
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 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	19	19	-	4	4	-	7	7	-	3	3	-
1st Grade	25	25	-	5	5	-	4	5	(1)	3	3	-
2nd Grade	21	21	-	4	4	-	6	6	-	2	2	-
3rd Grade	18	18	-	4	4	-	-	-	-	-	-	-
4th Grade	24	24	-	5	5	-	2	2	-	1	1	-
5th Grade	25	25	-	4	4	-	2	2	-	1	1	-
6th Grade	23	23	-	5	5	-	1	1	-	1	1	-
7th Grade	22	22	-	4	4	-	-	-	-	-	-	-
8th Grade	23	23	-	5	5	-	1	1	-	1	1	-
9th Grade	11	11	-	3	3	-	1	1	-	1	1	-
10th Grade	12	12	-	2	2	-	-	-	-	-	-	-
11th Grade	11	11	-	2	2	-	-	-	-	-	-	-
12th Grade	11	11	-	2	2	-	-	-	-	-	-	-
Subtotal	245	245	-	49	49	-	24	25	(1)	13	13	-
Spec Ed - Elementary	20	22	(2)	4	4	-	1	-	1	-	-	-
Spec Ed - Middle School	17	17	-	3	3	-	2	2	-	2	2	-
Spec Ed - High School	21	18	3	4	4	-	-	-	-	-	-	-
Subtotal	58	57	1	11	11	-	3	2	1	2	2	-
Totals	303	302	1	60	60	-	27	27	-	15	15	-
Percentage Error			<u>0.33%</u>			<u>0.00%</u>			<u>0.00%</u>			<u>100.00%</u>

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	46	46	-	14	14	-
Transported - Non-Public	44	44	-	13	13	-
Regular - Spec.	7	7	-	2	2	-
Special Needs - Public	73	73	-	23	23	-
Totals	170	170	-	52	52	-
			<u>0.00%</u>			<u>0.00%</u>

**NEW MILFORD BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
OCTOBER 15, 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	17	17	-	15	15	-
1st Grade	6	6	-	6	6	-
2nd Grade	3	3	-	2	2	-
3rd Grade	2	2	-	1	1	-
4th Grade	2	2	-	2	2	-
5th Grade	3	3	-	3	3	-
6th Grade	-	-	-	-	-	-
7th Grade	3	3	-	3	3	-
8th Grade	1	1	-	-	-	-
9th Grade	3	3	-	2	2	-
10th Grade	1	1	-	1	1	-
11th Grade	2	2	-	2	2	-
12th Grade	2	2	-	2	2	-
Subtotal	<u>45</u>	<u>45</u>	<u>-</u>	<u>39</u>	<u>39</u>	<u>-</u>
Spec Ed - Elementary	1	1	-	-	-	-
Spec Ed- Middle School	-	-	-	-	-	-
Spec Ed - High School	1	1	-	1	1	-
Subtotal	<u>2</u>	<u>2</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>
Totals	<u>47</u>	<u>47</u>	<u>-</u>	<u>40</u>	<u>40</u>	<u>-</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

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

2014-15 Total General Fund Expenditures per the CAFR	\$33,513,576	
Increased by:		
Transfer from Capital Reserve to Capital Projects Fund	1,749,351	
Decreased by:		
On-Behalf TPAF Pension & Social Security	2,732,727	
Assets/Supplies Acquired Under Capital Lease/Lease Purchase	<u>356,783</u>	
Adjusted 2014-15 General Fund Expenditures	<u>\$34,173,417</u>	
2% of Adjusted Expenditures (if less than \$250,000 enter \$250,000)	\$ 683,468	
Increased by: Allowable Adjustment	<u>40,210</u>	
Maximum Unreserved/Undesignated Fund Balance		<u>\$ 723,678</u>
Total General Fund – Fund Balance at June 30, 2015	\$3,294,433	
Decreased by:		
Reserved for:		
Year-End Encumbrances	\$ 164,812	
Capital Reserve	240,724	
Maintenance Reserve	146,624	
Emergency Reserve	285,199	
Excess Surplus – Designated for Subsequent Year’s Budget	<u>902,382</u>	
Total Unreserved/Undesignated Fund Balance		<u>\$1,554,692</u>
Restricted Fund Balance – Excess Surplus		<u>\$831,014</u>
<u>Recapitulation of Restricted Excess Surplus as of June 30, 2015</u>		
Excess Surplus		\$ 831,014
Excess Surplus – Designated for Subsequent Year’s Budget		<u>902,382</u>
		<u>\$1,733,396</u>
<u>Analysis of Allowable Adjustment:</u>		
Non-Public Transportation		<u>\$40,210</u>

RECOMMENDATIONS

I. Administration Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

It is recommended that Executive County Superintendent approval should be requested for any transfer to capital outlay excluding equipment in accordance with N.J.A.C. 6A:23A-13.3(h).

III. School Purchasing Program

It is recommended that vendors should be paid in accordance with per unit rates approved in the respective cooperative purchasing bid contract.

IV. School Food Services

There are none.

V. Latch Key/Broadway Kids Summer/After School Enrichment Programs

It is recommended that:

1. Greater controls should be implemented for the Broadway Kids Summer and After Enrichment Program to ensure pre-numbered receipts are utilized, accounting records are maintained to support fees collected and discounts/waivers are properly approved.

- * 2. All After School Enrichment Program registration fees be deposited in a timely manner.

VI. Student Body Activities

It is recommended that:

1. In all instances, supporting invoices be attached to payment vouchers for disbursements to be paid from High School activity funds.
2. All student activity receipts be deposited in a timely manner.

VII. Application for State School Aid

There are none.

VIII. Pupil Transportation

There are none.

RECOMMENDATIONS
(Continued)

IX. Facilities and Capital Assets

There are none.

X. Miscellaneous

There are none.

XI. Status of Prior Year's Audit Findings/Recommendations

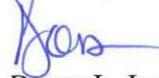
A review was performed on all prior year recommendations. Correction action was taken on all prior year recommendations except the item denoted with an asterisk (*).

ACKNOWLEDGEMENT

We received the complete cooperation of all the officials of the school district and we greatly appreciate the courtesies extended to the members of the audit team.

Respectfully submitted,

LERCH, VINCI & HIGGINS, LLP



Donna L. Japhet
Public School Accountant
Certified Public Accountant