

**PASSAIC PUBLIC SCHOOLS  
AUDITOR'S MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS -  
FINANCIAL, COMPLIANCE AND PERFORMANCE  
JUNE 30, 2015**

**PASSAIC PUBLIC SCHOOLS  
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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Honorable President and Members  
of the Board of Trustees  
Passaic Public Schools  
Passaic, 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 financial statements of the Passaic Public Schools as of and for the fiscal year ended June 30, 2015, and have issued our report thereon dated December 15, 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 the Board of Education's management, the Board of Trustees and 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 J. Vinci  
Public School Accountant  
PSA Number CS00829

Fair Lawn, New Jersey  
December 15, 2015

**PASSAIC PUBLIC SCHOOLS  
ADMINISTRATION 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 contained in the District's Comprehensive Annual Financial Report (the "CAFR").

**Officials Bonds**

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Erlinda Arellano, CPA	Board Secretary/School Business Administrator/ Purchasing Agent	\$ 60,000
Peter Aquino	Treasurer of School Monies	955,000

There is Public Employee Dishonesty with Faithful Performance coverage with the New Jersey School Boards Association Insurance Group 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 reveal any material discrepancies with respect to signatures, certification and proper itemization.

**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 payroll taxes were deposited into the payroll agency account.

All payrolls tested were certified by the President of the Board, the Board Secretary/School Business Administrator, and the Chief School Administrator.

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

The District filed the required Certification (ECERTI) of Compliance with Federal and State Law respecting the reporting of compensation for certain employees.

The District has implemented and maintains a personnel tracking and accounting (position control) system.

**PASSAIC PUBLIC SCHOOLS  
ADMINISTRATION 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 purchases orders were included in the balance of the reserve for encumbrances. Also, unpaid purchase orders included in the balance of accounts payable were reviewed for propriety and to determine that goods were received and services were rendered, as of June 30. Our procedures noted no exceptions with respect to proper classification of accounts payable and year end encumbrances.

**Classification of Expenditures**

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23-2.2(g) 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-2.4.

**Board Secretary's Records**

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

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

Bids received were summarized in the minutes (N.J.S.A. 18A:18A-21) and agendas made available for audit.

**Treasurer's Records**

The Treasurer performed cash reconciliations for the general operating account, payroll account and the payroll agency account on a monthly basis.

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

**Elementary and Secondary Education Act of (E.S.E.A./Improving America's Schools Act (IASA) as Reauthorized by the No Child Left Behind (NCLB) 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 projects under Titles I, II and III of the Elementary and Secondary Education Act, as amended.

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.

**Finding** – Time and activity reports were not always completed in a timely manner for personnel charged to the Title I grant. In addition, approved time and activity reports for the Title III grant were not remitted to and retained by the Division of Bilingual Education/English as a Second Language.

**Recommendation** – Procedures be implemented to ensure that time and activity reports are prepared in a timely manner for personnel charged to Title I. In addition, copies of approved time and activity reports for Title III be remitted and retained by the Division of Bilingual Education/English as a Second Language.

The financial exhibits contained in the CAFR represent a true statement of the financial position pertaining to the aforementioned special projects.

**PASSAIC PUBLIC SCHOOLS  
ADMINISTRATION 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 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 ("TPAF").

**T.P.A.F Reimbursement to the State for Federal Salary Expenditures**

The reimbursement to the State for the amount of the expenditure charged to the current year's Final Reports 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 subsequent to the end of the 60 day grant liquidation period, but prior to the 90 days required by *N.J.S.A* 18A:66-90. Accordingly, the expenditure was made in accordance with state law (90 days) and properly reported in the current year's Final Reports for all federal awards.

**Preschool Education Aid Accounting**

The School District's accounting records for Preschool Education Aid were maintained in accordance with N.J.A.C. 6:23-5.5(c) which states that the District must maintain separate program school accounts in the Special Revenue Fund section of the District's budget.

**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 appointed 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.

The results of our examination indicated that no individual 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.A. 18A:18A-4.

**PASSAIC PUBLIC SCHOOLS  
ADMINISTRATION 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)**

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.

**Food Service Fund**

The financial transactions and statistical records of the School Food Services were reviewed. 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.

**Finding** – Our audit noted that a cash register was not utilized to record monies collected from non-students at School No. 4.

**Recommendation** – A cash register be utilized to record all sales at School No. 4.

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.

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

Exhibits reflecting Child Nutrition Program operations are included in the section, of the District's CAFR entitled Enterprise Funds (Exhibits B-4, B-5 and B-6).

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

The District operated its Child Nutrition Program under the Community Eligibility Provision (CEP). To be eligible for the CEP, schools must have a minimum of forty percent of identified students directly certified for free meals in the prior school year; agree to serve free lunches and breakfasts to all students; and agree to cover with non-federal funds any costs of providing free meals to all students that exceed the Federal reimbursement. There are no household applications collected and reimbursement is based on meals claimed. The District is required to collect Household Surveys. Our audit procedures included a test to verify that the number of meals claimed agreed with supporting documentation.

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

**Finding** – Our audit of lunch reimbursements revealed that the number of breakfasts and lunches for school number 2 for November 2014 were incorrectly inputted resulting in an underclaim in the number of breakfasts by 183 (\$353) and an over claim in lunches of 183 (\$539). In addition, there was an underclaim of 10 lunches at school number 9 in October, 2014.

**Recommendation** – Internal meal count records be reconciled with the meals being claimed for reimbursement prior to submission to the Department of Agriculture.

**PASSAIC PUBLIC SCHOOLS  
ADMINISTRATION FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Food Service Fund (Continued)**

**Finding** – Net cash resources exceeded three months average expenses.

**Recommendation** – The District review the operations of its food service enterprise fund to ensure that the Fund's net cash resources do not exceed three months average expenses.

**Student Body Activities**

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

Cash receipts and disbursements records for certain schools were maintained in good condition.

**Finding** – Certain cash receipt and disbursement transactions of the elementary school account were not reconciled in the accounting ledgers.

**Recommendation** – All cash receipt and disbursement activity be recorded in the district's elementary account student activity ledger.

**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, 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 the district workpapers with no exceptions noted. The information that was included on the workpapers was verified with no exceptions noted. The results of our procedures are presented in the Schedule of Audited Enrollments.

The district maintains workpapers in the prescribed state forms or their equivalents.

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 2014-15 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 information that was included on the workpapers was verified with immaterial exceptions noted. The results of our procedures are presented in the Schedule of Audited Enrollments.

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**

The District is designated a School Based Budget District and as a result all construction related expenditures are funded by the State of New Jersey. This grant activity is reported in the District's financial statements as on behalf State Aid revenue and Capital Outlay expenditures.

**PASSAIC PUBLIC SCHOOLS  
ADMINISTRATION FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Suggestions to Management**

The District's capital asset inventory records be integrated with the purchase order accounting system.

**Follow-Up on Prior Year Findings**

In accordance with Government Auditing Standards, our procedures included a review of all prior year recommendations. Corrective action was taken on all prior year findings.

**PASSAIC PUBLIC SCHOOLS  
SCHEDULE OF MEAL COUNT ACTIVITY  
FOOD SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>Program</u>	<u>Meals Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>Over/ (Under) Claim</u>
National School Lunch (Regular Rate)	Free	2,051,229	922,510	922,337	173	\$ 3.055	\$ 528.52
	HHFKA	<u>2,051,229</u>	<u>922,510</u>	<u>922,337</u>	173	0.06	<u>10.38</u>
	Total NSLP						<u>\$ 538.90</u>
National School Breakfast (Severe Rate)	Free	<u>1,537,886</u>	<u>685,278</u>	<u>685,461</u>	<u>(183)</u>	\$ 1.93	<u>\$ (353.19)</u>
After School Snack	Free	<u>408,903</u>	<u>214,009</u>	<u>214,009</u>	<u>-</u>	\$ 0.82	<u>-</u>
		<u>3,998,018</u>	<u>1,821,797</u>	<u>1,821,807</u>	<u>(10)</u>		<u>\$ 185.71</u>

**PASSAIC PUBLIC SCHOOLS  
FOOD SERVICE ENTERPRISE FUND  
CALCULATION OF NET CASH RESOURCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Current Assets**

Cash and Cash Equivalents	\$ 1,142,035
Due from Other Governments	3,008,664
Due from Other Funds	380,053

**Current Liabilities**

Less:

Accounts Payable	(1,007,128)
Accrued Salaries and Wages	<u>(163,791)</u>

<b>Net Cash Resources</b>	<b><u>\$ 3,359,833</u></b>
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**Adjusted Total Operating Expenses:**

Total Operating Expenses	\$ 9,787,984
Less Depreciation	<u>(49,882)</u>
Adjusted Total Operating Expenses	<b><u>\$ 9,738,102</u></b>

<b><u>Average Monthly Operating Expenses:</u></b>	<b><u>\$ 973,810</u></b>
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<b><u>Three Times Monthly Average:</u></b>	<b><u>\$ 2,921,431</u></b>
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Total Net Cash Resources	\$ 3,359,833
Three Times Monthly Average	<u>2,921,431</u>

Amount Above Allowable Net Cash Resources	<b><u>\$ 438,402</u></b>
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**PASSAIC PUBLIC SCHOOLS  
APPLICATION FOR STATE SCHOOL AID  
ENROLLMENT AS OF OCTOBER 15, 2014  
SCHEDULE OF AUDITED ENROLLMENTS**

	2015-2016 Application for State School Aid						Sample for Verification						Private Schools for Disabled			
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Register On Roll		Errors per Registers On Roll		Reported on A.S.S.A. as Private Schools	Sample from Work- papers	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Full Day Preschool 3 yrs	553		553					96		96						
Full Day Preschool 4 yrs	725		725					127		127						
Full Day Kindergarten	1,073		1,073					82		82						
Grade 1	1,129		1,129					192		192						
Grade 2	1,074		1,074					154		154						
Grade 3	1,044		1,044					43		43						
Grade 4	921		921					159		159						
Grade 5	910		910					109		109						
Grade 6	833		833					89		89						
Grade 7	803		803					803		803						
Grade 8	787		787					787		787						
Grade 9	667		667					667		667						
Grade 10	619		619					619		619						
Grade 11	596		596					596		596						
Grade 12	571		571					571		571						
Subtotal	12,305	-	12,305	-	-	-		5,094	-	5,094	-	-	-	-	-	-
Special Ed - Elementary	852		852					33		33			38	9	9	
Special Ed - Middle	469		469					335		335			44	11	11	
Special Ed - High	443		443					443		443			146	36	36	
Subtotal	1,764	-	1,764	-	-	-		811	-	811	-	-	228	56	56	-
Totals	14,069	-	14,069	-	-	-		5,905	-	5,905	-	-	228	56	56	-
Percentage Error					0.00%	0.00%										0.00%

**PASSAIC PUBLIC SCHOOLS  
APPLICATION FOR STATE SCHOOL AID  
ENROLLMENT AS OF OCTOBER 15, 2014  
SCHEDULE OF AUDITED ENROLLMENTS**

	Resident Low Income			Sample for Verification			Resident LEP Free/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 Application and Register	Errors
Full Day Kindergarten	1,084.0	1,084.0		14.0	14.0		609.0	609.0		13.0	13.0	
Grade 1	1,137.0	1,137.0		16.0	16.0		557.0	557.0		12.0	12.0	
Grade 2	1,079.0	1,079.0		16.0	16.0		554.0	554.0		12.0	12.0	
Grade 3	1,054.0	1,054.0		15.0	15.0		463.0	463.0		10.0	10.0	
Grade 4	929.0	929.0		13.0	13.0		163.0	163.0		3.0	3.0	
Grade 5	925.0	925.0		14.0	14.0		83.0	83.0		2.0	2.0	
Grade 6	856.0	856.0		13.0	13.0		66.0	66.0		1.0	1.0	
Grade 7	802.0	802.0		11.0	11.0		88.0	88.0		2.0	2.0	
Grade 8	789.0	789.0		11.0	11.0		122.0	122.0		3.0	3.0	
Grade 9	662.0	662.0		10.0	10.0		101.0	101.0		2.0	2.0	
Grade 10	608.0	608.0		8.0	8.0		80.0	80.0		2.0	2.0	
Grade 11	555.0	555.0		8.0	8.0		68.0	68.0		1.0	1.0	
Grade 12	528.0	528.0		8.0	8.0		63.0	63.0		1.0	1.0	
Subtotal	11,008.0	11,008.0	-	157.0	157.0	-	3,017.0	3,017.0	-	64.0	64.0	-
Special Ed - Elementary	788.0	788.0		10.0	10.0		273.0	273.0		6.0	6.0	
Special Ed - Middle	481.0	481.0		7.0	7.0		34.0	34.0		1.0	1.0	
Special Ed - High	503.5	503.5		7.0	7.0		22.0	22.0		-	-	
Subtotal	1,772.5	1,772.5	-	24.0	24.0	-	329.0	329.0	-	7.0	7.0	-
Totals	12,780.5	12,780.5	-	181.0	181.0	-	3,346.0	3,346.0	-	71.0	71.0	-
Percentage Error			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>

	Transportation					
	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular- Public Schools	572.0	572.0	-	114.0	114.0	-
Regular - Sped.	137.0	136.5	(0.5)	27.0	26.0	(1.0)
Special Needs- Public	611.0	611.5	0.5	123.0	120.0	(3.0)
	1,320.0	1,320.0	-	264.0	260.0	(4.0)
Percentage Error			<u>0.00%</u>			<u>-1.52%</u>

**PASSAIC PUBLIC SCHOOLS  
APPLICATION FOR STATE SCHOOL AID  
ENROLLMENT AS OF OCTOBER 15, 2014  
SCHEDULE OF AUDITED ENROLLMENTS**

	Resident LEP NOT Low Income			Sample for Verification		
	Reported on A.S.S.A as NOT Low Income	Reported on Workpapers as NOT Low Income	Errors	Sample Selected from Worpapers	Sample Verified to Register	Errors
Full Day Kindergarten	7.0	7.0		5.0	5.0	
Grade 1	9.0	9.0		6.0	6.0	
Grade 2	16.0	16.0		11.0	11.0	
Grade 3	4.0	4.0		3.0	3.0	
Grade 4	3.0	3.0		2.0	2.0	
Grade 5	2.0	2.0		1.0	1.0	
Grade 6	5.0	5.0		3.0	3.0	
Grade 7	3.0	3.0		2.0	2.0	
Grade 8	6.0	6.0		4.0	4.0	
Grade 9	3.0	3.0		2.0	2.0	
Grade 10	1.0	1.0		1.0	1.0	
Grade 11	7.0	7.0		5.0	5.0	
Grade 12	8.0	8.0		5.0	5.0	
Adult School						
Subtotal	<u>74.0</u>	<u>74.0</u>	<u>-</u>	<u>50.0</u>	<u>50.0</u>	<u>-</u>
Special Ed - Elementary	5.0	5.0		3.0	3.0	
Special Ed - Middle	-	-		-	-	
Special Ed - High	2.0	2.0		1.0	1.0	
Subtotal	<u>7.0</u>	<u>7.0</u>	<u>-</u>	<u>4.0</u>	<u>4.0</u>	<u>-</u>
Total	<u>81.0</u>	<u>81.0</u>	<u>-</u>	<u>54.0</u>	<u>54.0</u>	<u>-</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

**PASSAIC PUBLIC SCHOOLS  
EXCESS SURPLUS CALCULATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

2014-15 Total General Fund Expenditures reported on Exhibit C-1	\$ 269,873,996
Add:	
Transfer to Special Revenue Fund - Preschool Education	3,980,614
Less: Expenditures allocated to restricted federal sources as reported on Exhibit D-2	<u>(5,472,894)</u>
2014-15 Adjusted General Fund Expenditures	\$ 268,381,716
Decreased by:	
On-Behalf TPAF Pension and Social Security	<u>(23,042,127)</u>
Adjusted 2014-15 General Fund Expenditures	<u>\$ 245,339,589</u>
2% of Adjusted 2014-15 General Fund Expenditures	\$ 4,906,792
Allowable Adjustment Extraordinary Aid	<u>2,358,950</u>
Maximum Unreserved/Undesignated Fund Balance	\$ 7,265,742
Total General Fund - Fund Balances at June 30, 2015 (Per CAFR Budgetary Comparison schedule/statement)	\$ 56,814,356
Decreased by:	
Encumbrances - Committed and Assigned	7,718,755
Restricted - Excess Surplus Designated for Subsequent Year's Budget	
Other Restricted Fund Balances - Capital, Maintenance and Emergency Reserves	17,474,079
Assigned - Designated for SEMI/ARRA	413,243
Assigned - Designated for Subsequent Year's Budget	<u>23,957,101</u>
Total Unassigned Fund Balance	<u>7,251,178</u>
Amount Below Maximum Unreserved/Undesignated Fund Balance	<u>\$ 14,564</u>
Excess Surplus	<u>\$ -</u>

**PASSAIC PUBLIC SCHOOLS  
SCHEDULE OF ENCUMBRANCES  
BOARD SECRETARY REPORT (FUNDS 10 AND 15)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Description	Total by Category	Amount Encumbered	Encumbrances Cancelled Through Audit Adjustments
Cleaning Repairs and Maintenance	\$ 193,882	\$ 193,882	-
General Supplies	805,821	805,821	-
Construction Services	5,317,629	5,317,629	-
Unaudited	<u>1,401,423</u>	<u>1,401,423</u>	-
	<u>\$ 7,718,755</u>	<u>\$ 7,718,755</u>	<u>-</u>

Total Encumbrances Cancelled During the Audit

Fund Balance, Year End Encumbrances, June 30, 2015

Committed	\$ 7,169,388
Assigned	<u>549,367</u>
	<u>\$ 7,718,755</u>

**PASSAIC PUBLIC SCHOOLS  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**RECOMMENDATIONS**

**I. Administration Practices and Procedures**

There are none.

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

It is recommended that procedures be implemented to ensure that time and activity reports are prepared in a timely manner for personnel charged to Title I. In addition, copies of approved time and activity reports for Title III be remitted and retained by the Division of Bilingual Education/English as a Second Language.

**III. School Purchasing System**

There are none.

**IV. Food Services Fund**

It is recommended that:

1. A cash register be utilized to record all sales at School No. 4.
2. Internal meal count records be reconciled with the meals being claimed for reimbursement prior to submission to the Department of Agriculture.
3. The District review the operations of its food service enterprise fund to ensure the Fund's net cash resources do not exceed three months average expenses.

**V. Student Body Activities**

It is recommended that all cash receipt and disbursement activity be recorded in the district's elementary account activity ledger.

**VI. Application for State School Aid**

There are none.

**VII. Transportation**

There are none.

**VIII. Miscellaneous**

There are none.

**IX. Facilities and Capital Assets**

There are none.

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

A review was performed on all prior years' recommendations. Corrective action was taken on all prior year recommendations.

**PASSAIC PUBLIC SCHOOLS  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**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 J. Vinci  
Public School Accountant  
Certified Public Accountant