

**SECAUCUS BOARD OF EDUCATION
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL COMPLIANCE AND PERFORMANCE
JUNE 30, 2015**

**SECAUCUS BOARD OF EDUCATION
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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AUDITOR'S MANAGEMENT REPORT

Honorable President and Members
of the Board of Trustees
Secaucus Board of Education
Secaucus, 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 Secaucus Board of Education as of and for the fiscal year ended June 30, 2015, and have issued our report thereon dated November 16, 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

Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
November 16, 2015

**SECAUCUS 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 Exhibit J-20, Insurance Schedule contained in the district's Comprehensive Annual Financial Report (the "CAFR").

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Richard Calhoun	Acting Board Secretary/School Business Administrator	\$25,000
Anna Territola	Treasurer of School Monies	250,000

There is a Public Employees' Faithful Performance Blanket Position Bond with School Alliance Insurance Fund 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 not certified by the President of the Board and the Board Secretary/School Business Administrator and the Chief School Administrator.

Salary withholdings were promptly remitted to the proper agencies, including health benefits withholding due to the general fund.

Payrolls were delivered to the Treasurer of School Monies with a warrant made to his order for the full amount of each payroll.

Finding – The audit of the Net Payroll and Payroll Agency bank accounts indicated there exists excess unallocated balances of \$17,749 and \$36,427 respectively at June 30, 2015.

Recommendation – Unallocated balances in the Net Payroll and Payroll Agency bank accounts be reviewed and cleared of record.

**SECAUCUS 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 Account (Continued)

Finding – The audit of payroll indicated that the District did not complete the payroll check distribution verification procedures in compliance with N.J.A.C. 6A:23-5.7.

Recommendation – The District complete the payroll check distribution verification procedures and submit a certification of compliance pursuant to N.J.A.C. 6A:23-5.7

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 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.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3. As a result of the procedures performed, no transaction errors were noted and 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.

The prescribed contractual order system was followed.

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

Finding – The audit indicated there exists a district tax levy receivable at June 30, 2015 of \$2. No recommendation is warranted since this amount is deemed immaterial.

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.

Finding – Our audit revealed that there exists certain old outstanding checks and reconciling items on District bank reconciliations.

Recommendation – Old outstanding checks and reconciling items on bank reconciliations be reviewed and cleared of record.

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 Expendable Trust Fund.

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

Financial Planning, Accounting and Reporting (Continued)

Elementary and Secondary Education Act (E.S.E.A.)/Improving America's Schools Act (IASA) as Reauthorized by the No Child Left Behind (NCLB) Act of 2001

The E.S.E.A./IASA financial exhibits are contained within the Special Revenue Fund of the CAFR. This 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.

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 – The audit disclosed that there exists a Title I balance of \$43,415 from the 2012/13 fiscal year that is due to the grantor agency.

Recommendation – It is recommended that the prior year grant balance be returned to the respective grantor agency.

Other Special Federal and/or State Projects

The district's Special Projects were approved as listed on Exhibit K-3 and 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. 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.

TPAF Reimbursement to the State for Federal Salary Expenditures

The amount of the expenditure charged to the current year's Final Report(s) 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.

**SECAUCUS 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

N.J.S.A. 18A:18-4 states, "Every contract for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the board of education to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law".

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

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

The board of education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the 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.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or goods or service, 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 my examination indicated that no individual payments, contracts, or agreements were made for the performance of any work or 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.

Finding – (CAFR Finding 2015-001) – The audit of the construction contract pertaining to the Middle/High School renovations and expansion indicated that the District did not submit the pre-advertisement notice 30 days prior to advertisement and the post-award notice within 20 days after the award to the Office of State Comptroller in accordance with N.J.S.A. 52:15 C-10.

Recommendation – Purchasing procedures be enhanced to ensure pre-advertisement and post-award notices are submitted to the Office of State Comptroller in accordance with N.J.S.A. 52:15 C-10.

**SECAUCUS 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 2015-002) – We noted instances where contract awards and purchases were made in excess of the quote threshold where there was no documentation to support that the District received competitive quotations in accordance with N.J.S.A. 18A:18A-37(a). Additionally, business registration certificates and political contribution disclosure forms were not available for certain vendors.

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). Additionally, business registration certificates and political contribution disclosure forms be obtained for all applicable vendors.

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 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 claims were submitted/certified in a timely manner.

Cash receipts and bank records were reviewed for timely deposit.

Applications for free and reduced price meals and free milks were reviewed for completeness and accuracy. The number of free and reduced price meals and free milks 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. The required verification procedures for free and reduced price applications were completed and available for review.

The district utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34, and 19-1 through 19-4.1. Provisions of the FSMC contract/addendum were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will return a profit of at least \$130,000. The operating results provision has been met.

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 District's food service management company is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34, and 19-1 through 19-4.1. 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 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.

The Food Service operations are managed by an outside food service vendor.

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

Food Service Fund (Continued)

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

Finding – The Food Service Fund net cash resources exceeded the maximum amount permitted by the New Jersey State Department of Education.

Recommendation – Procedures be implemented to ensure that the year end net cash resources do not exceed three months average expenditures in the Food Service Fund.

Student Activity Fund

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

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

All cash disbursements did have proper supporting documentation.

Finding – With respect to the Student Activity accounts our audit noted the following:

- Old outstanding checks and deposits in transit exists on certain bank reconciliations.
- Prenumbered receipts were not utilized at Huber School
- Certain receipts were not deposited within 48 hours at Clarendon School
- Support documentation was not available for certain High School activity cash disbursements.

Recommendation – Internal controls over the Student Activity accounts be reviewed and enhanced.

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, related services, low-income and bilingual. 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 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 with exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures 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 had no SDA grant projects during the year.

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

SCHEDULE OF MEAL COUNT ACTIVITY

<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>Under (Over) Claim</u>
National School Lunch (Regular Rate)	Paid	95,553	35,701	35,701	-	0.28	-
	Reduced	18,202	6,708	6,708	-	2.58	-
	Free	<u>66,053</u>	<u>24,613</u>	<u>24,613</u>	<u>-</u>	2.98	<u>-</u>
		<u>179,808</u>	<u>67,022</u>	<u>67,022</u>	<u>-</u>		<u>-</u>
National School Lunch	HHFKA-PB Lunch Only	<u>179,808</u>	<u>67,022</u>	<u>67,022</u>	<u>-</u>	0.06	<u>-</u>
National School Breakfast (Regular Rate)	Paid	6,402	2,232	2,232	-	0.28	-
	Reduced	3,974	1,429	1,429	-	1.32	-
	Free	<u>42,648</u>	<u>16,491</u>	<u>16,491</u>	<u>-</u>	1.62	<u>-</u>
		<u>53,024</u>	<u>20,152</u>	<u>20,152</u>	<u>-</u>		<u>-</u>

**SECAUCUS BOARD OF EDUCATION
FOOD SERVICE ENTERPRISE FUND
CALCULATION OF NET CASH RESOURCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Net Cash Resources

Current Assets

Cash and Cash Equivalents	\$ 577,697
Due from Other Governments	66,880
Accounts Receivable	92,977

Current Liabilities

Less:	
Accounts Payable	<u>(63,585)</u>

Net Cash Resources	<u>\$ 673,969</u>
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Adjusted Total Operating Expense:

Total Operating Expenses	\$ 938,181
Less Depreciation	<u>(15,732)</u>

Adjusted Total Operating Expense	<u>\$ 922,449</u>
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<u>Average Monthly Operating Expense:</u>	<u>\$ 92,245</u>
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<u>Three Times Monthly Average:</u>	<u>\$ 276,735</u>
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Total Net Cash Resources	\$ 673,969
Three Times Monthly Average	<u>276,735</u>

Excess(Deficit) Cash Resources	<u>\$ 397,234</u>
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Net cash resources exceed three times monthly average expense.

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

	2015-2016 Application for State School Aid						Sample for Verification						Private Schools for Disabled					
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Register On Roll		Errors per Registers On Roll		Reported on A.S.S.A. as Private Schools	Sample from Work- papers	Errors	Sample Verified	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared						
Half Day Preschool 4 yrs	83		83		-			83		83								
Full Day Preschool 4 yrs																		
Half Day Kindergarten																		
Full Day Kindergarten	168		168		-	-		168		168								
Grade 1	185		185		-	-		185		185								
Grade 2	137		137		-	-		137		137								
Grade 3	157		157		-	-		157		157								
Grade 4	154		154		-	-		154		154								
Grade 5	136		137		(1)	-		137		137								
Grade 6	132		132		-	-		132		132								
Grade 7	155		155		-	-		155		155								
Grade 8	174		174		-	-		174		174								
Grade 9	112		112		-	-		112		112								
Grade 10	116		116		-	-		116		116								
Grade 11	109		109		-	-		109		109								
Grade 12	125		125		-	-		125		125								
Adult School																		
Subtotal	1,943	-	1,944	-	(1)	-		1,944	-	1,944	-	-	-	-	-	-	-	-
Special Ed - Elementary	99		99		-	-		99		99				5	7	(2)	6	1
Special Ed - Middle	68		68		-	-		65		65				-	-	-	-	-
Special Ed - High	76	2	76	2	-	-		78		78				5	7	(2)	7	-
Subtotal	243	2	243	2	-	-		242	-	242	-	-	-	10	14	(4)	13	1
Totals	2,186	2	2,187	2	(1)	-		2,186	-	2,186	-	-	-	10	14	(4)	13	1
Percentage Error					<u>-0.05%</u>	<u>0.00%</u>										<u>-28.57%</u>		<u>7.14%</u>

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

	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on A.S.S.A as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on A.S.S.A as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Worpapers	Verified to Test Score and Register	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	36	36	-	36	36	-	2	2	-	2	2	-
Grade 1	51	51	-	51	51	-	1	1	-	1	1	-
Grade 2	29	29	-	29	29	-	-	-	-	-	-	-
Grade 3	49	49	-	49	49	-	4	4	-	3	3	-
Grade 4	39	39	-	39	39	-	1	1	-	1	1	-
Grade 5	38	38	-	38	38	-	-	-	-	-	-	-
Grade 6	43	43	-	43	43	-	-	-	-	-	-	-
Grade 7	43	43	-	43	43	-	2	2	-	2	2	-
Grade 8	48	48	-	48	48	-	1	1	-	1	1	-
Grade 9	40	40	-	40	40	-	4	4	-	3	3	-
Grade 10	36	36	-	36	36	-	-	-	-	-	-	-
Grade 11	29	29	-	29	29	-	-	-	-	-	-	-
Grade 12	36	36	-	36	36	-	1	1	-	1	1	-
Subtotal	517	517	-	517	517	-	16	16	-	14	14	-
Special Ed - Elementary	43	43	-	43	43	-	-	-	-	-	-	-
Special Ed - Middle	28.0	28.0	-	28	28	-	-	-	-	-	-	-
Special Ed - High	27.0	27.0	-	27	27	-	-	-	-	-	-	-
Subtotal	98	98	-	98	98	-	-	-	-	-	-	-
Totals	615	615	-	615	615	-	16	16	-	14	14	-
Percentage Error			0.00%			0.00%			0.00%			0.00%

	Transportation					
	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools	297.0	297.0	-	35.0	35.0	-
Special Ed. - Public	31.0	31.0	-	4.0	4.0	-
Aid in Lieu	82.0	82.0	-	9.0	9.0	-
Transported - Non - Public	43.0	43.0	-	5.0	5.0	-
Special Needs - Public	91.0	91.0	-	11.0	10.0	1.0
	544.0	544.0	-	64.0	63.0	1.0
Percentage Error			0.00%			1.56%

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

	Resident LEP NOT Low Income			Sample for Verification		
	Reported on A.S.S.A as NOT Low Income	Reported on Workpapers as NOT Low Income	Errors	Sample Selected from Worpapers	Verified to Application and Register	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	3.0	3.0	-	3.0	3.0	-
Grade 1	1.0	1.0	-	1.0	1.0	-
Grade 2	2.0	2.0	-	2.0	2.0	-
Grade 3	2.0	2.0	-	2.0	2.0	-
Grade 4	3.0	3.0	-	3.0	3.0	-
Grade 5	-	-	-	-	-	-
Grade 6	1.0	1.0	-	1.0	1.0	-
Grade 7	1.0	1.0	-	1.0	1.0	-
Grade 8	4.0	4.0	-	4.0	4.0	-
Grade 9	3.0	2.0	1.0	3.0	3.0	-
Grade 10	1.0	1.0	-	1.0	1.0	-
Grade 11	1.0	1.0	-	1.0	1.0	-
Grade 12	-	-	-	-	-	-
Adult School						
Subtotal	22.0	21.0	1.0	22.0	22.0	-
Special Ed - Elementary	-	-	-			-
Special Ed - Middle	-	-				
Special Ed - High	1.0	1.0				
Subtotal	1.0	1.0	-	-	-	-
Totals	23.0	22.0	1.0	22.0	22.0	-
Percentage Error			4.35%			0.00%

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

SECTION 1A - Two Percent (2%) - Calculation of Excess surplus

2014-15 Total General Fund Expenditures per the CAFR	\$ 36,404,995
Decreased by:	
On-Behalf TPAF Pension & Social Security	3,109,801
Adjusted 2014-15 General Fund Expenditures	\$ 33,295,194
2% of Adjusted 2014-15 General Fund Expenditures	
Allowable Adjustments	665,904 64,600
Maximum Unassigned Fund Balance	\$ 730,504

SECTION 2

Total General Fund - Fund Balance at June 30, 2015	\$ 3,377,673
Decreased by:	
Year End Encumbrances	(989,007)
Other Restricted Fund Balances - Capital Reserve	(750,000)
Reserved for Excess Surplus - Designated for Subsequent Year's Expenditures	(413,767)
Assigned Fund Balance - Designated for Subsequent Year's Expenditures	(94,362)
Assigned Fund Balance - ARRA SEMI Designated for Subsequent Year's Expenditures	(15,659)
Total Unassigned Fund Balance	\$ 1,114,878

SECTION 3

Reserved Fund Balance - Excess Surplus	\$ 384,374
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Detail of Allowable Adjustments

Extraordinary Aid	\$ 51,243
Nonpublic Transportation Aid	13,357
	\$ 64,600

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

RECOMMENDATIONS

I. Administrative Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

It is recommended that:

1. Unallocated balances in the Net Payroll and Payroll Agency bank accounts be reviewed and cleared of record.
2. Old outstanding checks and reconciling items on bank reconciliations be reviewed and cleared of record.
3. The District complete the payroll check distribution verification procedures and submit a certification of compliance pursuant to N.J.A.C. 6A:23-5.7.
4. The prior year grant balance be returned to the respective grantor agency.

III. School Purchasing Program

It is recommended that:

1. Purchasing procedures be enhanced to ensure pre-advertisements and post-award notices are submitted to the Office of State Comptroller in accordance with N.J.S.A. 52:15 C-10.
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). Additionally, business registration certificates and political contribution disclosure forms be obtained for all applicable vendors.

IV. School Food Services

It is recommended that procedures be implemented to ensure that the year end net cash resources do not exceed three months average expenditures in the Food Service Fund.

V. Student Body Activities

It is recommended that internal controls over Student Activity accounts be reviewed and enhanced.

VI. Application for State School Aid

There are none.

VII. Pupil Transportation

There are none.

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

RECOMMENDATIONS

VIII. Facilities and Capital Assets

There are none.

IX. Status of Prior Years' Audit Findings/Recommendations

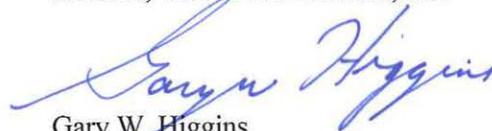
Corrective action was taken on all prior year recommendations.

ACKNOWLEDGEMENT

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

Respectfully submitted,

LERCH, VINCI & HIGGINS, LLP



Gary W. Higgins
Public School Accountant
PSA Number CS00814