

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

**SOUTH PLAINFIELD BOARD OF EDUCATION
TABLE OF CONTENTS**

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

	<u>Page No.</u>
Report of Independent Auditors'	1
Scope of Audit	2
Administrative Practices and Procedures	2
Financial Planning, Accounting and Reporting	2-5
School Purchasing Programs	5-6
Food Service Fund	6-7
Student Body Activities	7
Other Enterprise Funds	7
Application for State School Aid	7-8
Pupil Transportation	8
Facilities and Capital Assets	8
Suggestions to Management	8
Schedule of Meal Count Activity	9
Schedule of Net Cash Resources	10
Schedule of Audited Enrollments	11-13
Calculation of Excess Surplus	14
Recommendations	15-16
Acknowledgement	16



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
South Plainfield Board of Education
South Plainfield, 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 South Plainfield Board of Education as of and for the fiscal year ended June 30, 2015, and have issued our report thereon dated November 24, 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

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

Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
November 24, 2015

**SOUTH PLAINFIELD 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 Moneys, the activities of the Board of Education, the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

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

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Alexandre Ferreira	Board Secretary/School Business Administrator	\$350,000
Glenn Cullen	Treasurer of School Monies	\$350,000

There is a Public Employees' Dishonesty Insurance Coverage with the New Jersey Schools Insurance Group (NJSIG) covering all other employees with multiple coverage of \$500,000.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made.

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 each of signature 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 fringe benefits were deposited in the Payroll Agency Account.

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

**SOUTH PLAINFIELD BOARD OF EDUCATION
ADMINISTRATIVE 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 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.

- **Finding (CAFR Finding 2015-001)** – Our audit noted the following:
 - There were several amounts encumbered at year end that should have been classified as accounts payable.
 - There were unrecorded purchase orders at June 30, 2015 that should have been set up as reserve for encumbrances and/or accounts payable.
 - There were several instances where approved change orders were not reflected in the open purchase order balance at June 30, 2015.

Recommendation – It is recommended that year end closing procedures be reviewed and enhanced to ensure open purchase orders are properly classified as accounts payable or encumbrances and that they are complete at year end.

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 included administrative coding classifications to determine overall reliability and compliance with NJAC 6A:23A-8.3. As a result of the procedures performed additional procedures were not 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 satisfactory condition.

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

The prescribed contractual order system was followed with exceptions as previously noted.

- **Finding** - Our audit revealed that the cash balances of the Board Secretary's report at June 30, 2015 were not in agreement with the Treasurer's report cash balances of each respective fund. It was noted in total the cash balances were in agreement; however, significant differences were noted between the governmental funds.

Recommendation – The cash balances of the Board Secretary's report be reconciled to and in agreement with the Treasurer's report cash balances for each respective fund.

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

Financial Planning, Accounting and Reporting (Continued)

Board Secretary's Records (Continued)

- **Finding (CAFR Finding 2015-004)** – Our audit noted that expenditures for security projects were charged to the Capital Projects Fund that were not allowable project expenditures. An audit adjustment was subsequently made to reclassify those expenses to the General Fund.

Recommendation – Only allowable project expenditures be charged to the Capital Projects Fund.

- **Finding** - Our audit revealed that one budget line item was overexpended at year end. This was the result of an audit adjustment related to a reallocation of an expenditure. Therefore, a recommendation is not deemed warranted for the overexpended budget line account.

Treasurer's Records

The Treasurer did perform reconciliations for all required accounts.

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.

Elementary and Secondary School 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./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 and reauthorized.

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 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.

- **Finding (CAFR Findings 2015-002)** - Our audit noted that the final expenditure reports for the NCLB grant programs were not in agreement with the District's accounting records

Recommendation - Final expenditure reports for the NCLB grant programs be reconciled to and in agreement with the District's accounting records prior to their submission.

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

Financial Planning, Accounting and Reporting (Continued)

Other Special Federal and/or State Projects (Continued)

- **Finding** – Our audit revealed that reimbursement requests for District expenditures of Federal funds were not filed in a timely manner. There were no reimbursement requests for the NCLB FY 2015 allocations made during the fiscal year ended June 30, 2015.

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

- **Finding** – The District does not have a complete and detailed accounting of the outstanding receivable and deferred revenue balances by program for the various local grants in the Special Revenue Fund.

Recommendation –The District maintain a detailed accounting of its local grant program balances in the Special Revenue Fund.

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.

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

The amount of 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.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

Effective July 1, 2011 and thereafter the bid thresholds in accordance with N.J.S.A. 18A:18A-3 (as amended) and 18A:39-3 (public school student transportation) are \$26,000 and \$18,300 respectively.

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 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.

**SOUTH PLAINFIELD 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 results of our examination did indicate certain individual payments, contracts, or agreements which 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.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained. Our examination did reveal, however, that purchases were made through the use of State contracts.

• **Finding (CAFR Finding 2015-003) -** Our audit revealed the following:

- There were two instances where transportation expenses for trips in the Adult School exceeded the quote threshold where quotes were not obtained. In addition, the vendor was paid \$64,660 in the aggregate for the school year.
- Our review of invoices for bus repairs revealed certain per unit labor costs and the markup in parts were not in accordance with the bid award terms.
- There were insufficient documentation to support the District's assertion that the alarm system was purchased through the use of a State contract.

Recommendation - Internal control procedures be reviewed and enhanced to ensure purchases and contract awards in excess of the bid or quote threshold are made in accordance with the Public School Contracts Law.

Food Service Fund

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

Cash receipts and bank records were reviewed for timely deposit.

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. The FSMC contract includes an operating results provision which guarantees that any loss in the food service program will be covered up to the management fee. The operating results provision has been met.

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

Applications for free and reduced price meals were reviewed for completeness and accuracy. 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 was completed and available for review.

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

Food Service Fund (Continued)

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 disbursement 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.

Food Distribution Program commodities were received and a separate inventory were maintained on a first-in, first-out basis.

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

Student Body Activities

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

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

- **Finding** – Our audit noted that it appeared that an expenditure from the High School Student Activity account was paid with cash.

Recommendation – All disbursements from the High School Student Activity account be made by check.

Other Enterprise Funds

A formal cash receipts and cash disbursement journal was maintained for the Preschool, Latchkey and Adult School Program's financial transactions.

- **Finding** – With respect to the District's Preschool and Latchkey Program Enterprise Funds, our audit noted the following:
 - A complete accounting is not maintained by participant to record amounts billed, collected and due from participants.
 - It appears that late fees are not being paid when assessed to participants and unpaid amounts are not reflected in amounts due at year end.

Recommendation – It is recommended that continued efforts be made to develop and implement a computerized billing and collection accounting system in the District's Preschool and Latchkey Programs to enhance and strengthen recordkeeping over program fees and accounts receivable balances.

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, 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 without exception. 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.

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

Application for State School Aid (Continued)

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

The District had 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.

- **Finding** – Our audit of the District Report of Transported Resident Students (DRTRS) revealed that amounts reported were not always in agreement with supporting documentation.

Recommendation – Internal controls be enhanced to ensure the District Report of Transported Resident Students is in agreement with supporting documentation.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, except as previously discussed under School Purchasing Programs, the District complied with proper bidding procedures and award of contracts. No other 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 State Schools Development Authority (SDA) grant agreements 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.

Suggestions to Management

- The District should review and clear of record all old outstanding checks and other reconciling items on the various District bank account reconciliations.
- The District conduct a payroll check distribution verification in 2015/16 as required.
- The District should review the carryover balance of Preschool Aid in the Special Revenue Fund for proper disposition.

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

SCHEDULE OF MEAL COUNT ACTIVITY

<u>Program</u>	<u>Meals/Milks Category</u>	<u>Meals/Milks Claimed</u>	<u>Meals/Milks Tested</u>	<u>Meals/Milks Verified</u>
National School Lunch (Regular Rate)	Paid	185,404	94,396	94,396
	Reduced	34,708	17,834	17,834
	Free	<u>80,058</u>	<u>40,635</u>	<u>40,635</u>
	Total Lunch	<u>300,170</u>	<u>152,865</u>	<u>152,865</u>
School Breakfast (Regular)	Paid	11,852	5,832	5,832
	Reduced	4,293	2,111	2,111
	Free	<u>15,929</u>	<u>7,955</u>	<u>7,955</u>
	Total Breakfast	<u>32,074</u>	<u>15,898</u>	<u>15,898</u>
TOTAL		<u>332,244</u>	<u>168,763</u>	<u>168,763</u>

SOUTH PLAINFIELD BOARD OF EDUCATION
 FOOD SERVICE
 NET CASH RESOURCE SCHEDULE
 ENTERPRISE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Food
Service

Net Cash Resources:

CAFR	*	Current Assets		
B-4		Cash & Cash Equiv.	\$	134,962
B-4		Intergovernmental Receivables		35,534
B-4		Accounts Receivable		62,962
CAFR		Current Liabilities		
B-4		Less Accounts Payable		(244,558)
B-4		Less Due to Other Funds		
B-4		Less Unearned Revenue		(10,517)
				<hr/>
		Net Cash Resources	\$	(21,617)
				(A)

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.			1,375,120
B-5	Less Depreciation			(11,788)
				<hr/>
	Adj. Tot. Oper. Exp.		\$	1,386,908
				(B)

Average Monthly Operating Expense:

	B / 10		\$	138,691
				<hr/>
				(C)

Three times monthly Average:

	3 X C		\$	416,072
				<hr/>
				(D)

TOTAL IN BOX A		\$	(21,617)	
LESS TOTAL IN BOX D		\$	(416,072)	
NET		\$	(437,689)	
				<hr/>

Net Cash Resources did not exceed Three Months of Expenditures

**South Plainfield Board of Education
A.S.S.A.
SCHEDULE OF AUDITED ENROLLMENTS
10/15/2014**

	2015-2016 Application for State School Aid						Sample for Verification						Private Schools for Disabled			
	Reported on		Reported on		Errors		Sample		Verified per		Errors per		Reported on	Sample		
	A.S.S.A.		Workpapers				Selected from		Register		Registers		A.S.S.A. as	for		
	On Roll		On Roll		Full		Workpapers		On Roll		On Roll		Private	Verifi-	Sample	Sample
Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Schools	cation	Verified	Errors	
Half Day Preschool - 3 years	64		71		(7)	-		71		71						
Half Day Preschool - 4 years	54		71		(17)	-		71		71						
Full Day Kindergarten	201		201		-	-		40		41		(1)				
One	229		229		-	-		64		64						
Two	237		237		-	-		60		60						
Three	212		212		-	-		68		68						
Four	234		234		-	-		43		43						
Five	242		242		-	-		242		242						
Six	233		233		-	-		233		233						
Seven	202		202		-	-		202		202						
Eight	231		231		-	-		231		231						
Nine	242		242		-	-		242		242						
Ten	231		231		-	-		231		231						
Eleven	242		242		-	-		242		243		(1)				
Twelve	256		256		-	-		256		257		(1)				
Adult High School(15+ Credits)					-	-										
Subtotal	3,110	-	3,134	-	(24)	-		2,296	-	2,299	-	(3)				
Spec Ed - Elementary	200		200		-	-		30		29		1		2	2	2
Spec Ed- Middle School	102		102	5	-	(5)		72	5	72	5	-		4	3	3
Spec Ed - High School	137		137	1	-	(1)		136	1	134	1	2		12	10	8
Subtotal	439	-	439	6	-	(6)		238	6	235	6	3		18	15	13
Totals	3,549	-	3,573	6	(24)	(6)		2,534	6	2,534	6	-		18	15	13
Percentage Error					-0.68%	-100.00%						0.00%	0.00%			13.33%

**SOUTH PLAINFIELD BOARD OF EDUCATION
ASSA
SCHEDULE OF AUDITED ENROLLMENTS
10/15/2014**

	Resident Low Income			Sample for Verification			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 Pre-School (3 Yrs)			-			-			-			-
Half Day Pre-School (4 Yrs)			-			-			-			-
Full Day Kindergarten	37.0	37.0	-	9.0	9.0	-	2.0	2.0	-	2.0	2.0	-
One	46.0	46.0	-	12.0	12.0	-			-			-
Two	45.0	45.0	-	11.0	9.0	2.0	1.0	1.0	-	1.0	1.0	-
Three	47.0	47.0	-	12.0	11.0	1.0			-			-
Four	58.0	58.0	-	15.0	15.0	-	2.0	2.0	-	1.0	1.0	-
Five	65.0	65.0	-	16.0	15.0	1.0			-			-
Six	67.0	67.0	-	17.0	17.0	-	2.0	2.0	-	2.0	2.0	-
Seven	64.0	64.0	-	15.0	15.0	-	1.0	1.0	-	1.0	1.0	-
Eight	65.0	65.0	-	16.0	16.0	-	3.0	3.0	-	3.0	3.0	-
Nine	69.0	69.0	-	17.0	16.0	1.0	4.0	4.0	-	3.0	3.0	-
Ten	66.0	66.0	-	17.0	17.0	-	2.0	2.0	-	1.0	1.0	-
Eleven	58.0	58.0	-	15.0	15.0	-			-			-
Twelve	69.0	69.0	-	17.0	16.0	1.0	1.0	1.0	-	1.0	1.0	-
Subtotal	756.0	756.0	-	189.0	183.0	6.0	18.0	18.0	-	15.0	15.0	-
Spec Ed - Elementary	60.0	60.0	-	15.0	15.0	-			-			-
Spec Ed- Middle School	43.0	47.0	(4.0)	11.0	10.0	1.0			-			-
Spec Ed - High School	67.0	67.0	-	17.0	16.0	1.0	1.0	1.0	-	1.0	1.0	-
Totals	170.0	174.0	(4.0)	43.0	41.0	2.0	1.0	1.0	-	1.0	1.0	-
Percentage Error			-0.43%			3.45%			0.00%			0.00%

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular Public Schools	354.0	355.0	1.0	132.0	121.0	11.0
Transported Non-Public	52.0	52.0	-	19.0	19.0	-
Regular Special Ed.	9.0	9.0	-	3.0	12.0	(9.0)
Special Needs or OOD	115.0	115.0	-	43.0	41.0	2.0
Totals	530.0	531.0	1.0	197.0	193.0	4.0
Percentage Error			0.00%			2.03%

**SOUTH PLAINFIELD BOARD OF EDUCATION
ASSA
SCHEDULE OF AUDITED ENROLLMENTS
10/15/2014**

	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 Pre-School (3 Yrs)			-			-
Half Day Pre-School (4 Yrs)			-			-
Full Day Kindergarten	1.0	1.0	-	1.0	1.0	-
One			-			-
Two	2.0	2.0	-	2.0	2.0	-
Three			-			-
Four			-			-
Five	1.0	1.0	-	1.0	1.0	-
Six	3.0	3.0	-	2.0	2.0	-
Seven			-			-
Eight	1.0	1.0	-	1.0	1.0	-
Nine	2.0	2.0	-	1.0	1.0	-
Ten	1.0	1.0	-	1.0	1.0	-
Eleven	3.0	3.0	-	3.0	3.0	-
Twelve			-			-
Subtotal	14.0	14.0	-	12.0	12.0	-
Spec Ed - Elementary		1.0	(1.0)	1.0	1.0	-
Spec Ed- Middle School	1.0		1.0			-
Spec Ed - High School			-			-
	1.0	1.0	-	1.0	1.0	-
Totals	15.0	15.0	-	13.0	13.0	-
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

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

SECTION 1A

2014-2015 Total General Fund Expenditures per the CAFR	\$	58,586,272
Increased by:		
Transfer to Capital Projects Fund	\$	1,481,600
Decreased by:		
On-Behalf TPAF Pension & Social Security		<u>(5,489,758)</u>
Adjusted 2014-2015 General Fund Expenditures	\$	<u>54,578,114</u>
2% of Adjusted 2014-2015 General Fund Expenditures	\$	<u>1,091,562</u>
Enter Greater of 2% of Adjusted 2014-2015 General Fund Expenditures or \$250,000	\$	1,091,562
Increased by: Allowable Adjustments		<u>122,774</u>
Maximum Unassigned Fund Balance	\$	<u>1,214,336</u>

SECTION 2

Total General Fund - Fund Balance at June 30, 2015 (Per CAFR Budgetary Comparison Schedule/Statement)	\$	5,801,143
Decreased by:		
Year End Encumbrances		459,512
Capital Reserve		1,033,879
Maintenance Reserve		449,481
Emergency Reserve		196,533
Excess Surplus - Designated for Subsequent Year's Expenditures		926,879
Assigned - SEMI-ARRA		8,143
Assigned - Designated for Subsequent Year's Expenditures		<u>298,121</u>
Total Unassigned Fund Balance	\$	<u>2,428,595</u>

SECTION 3

Restricted Fund Balance - Reserved Excess Surplus \$ 1,214,259

Recapitulation of Excess Surplus as of June 30, 2015

Reserved Excess Surplus	\$	1,214,259
Reserved Excess Surplus - Designated for Subsequent Year Expenditures		<u>926,879</u>
Total Reserved Excess Surplus	\$	<u>2,141,138</u>

Detail of Allowable Adjustments

Extraordinary Aid	\$	96,674
Non-Public Transportation Aid		<u>26,100</u>
	\$	<u>122,774</u>

**SOUTH PLAINFIELD BOARD OF EDUCATION
RECOMMENDATIONS**

I. Administrative Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

It is recommended that:

1. Year end closing procedures be reviewed and enhanced to ensure open purchase orders are properly classified as accounts payable or encumbrances and that they are complete at year end.
2. The cash balances of the Board Secretary's report be reconciled to and in agreement with the Board Treasurer's report cash balances for each respective fund.
3. Only allowable project expenditures be charged to the Capital Projects Fund.
- * 4. Final expenditure reports for the NCLB grant programs be reconciled to and in agreement with the District's accounting records prior to their submission.
5. The District request reimbursement of funds for Federal grant program expenditures in a timely manner.
6. The District maintain a detailed accounting of its local grant program balances in the Special Revenue Fund.

III. School Purchasing Program

- * It is recommended that internal control procedures be reviewed and enhanced to ensure purchases and contract awards in excess of the bid or quote threshold are made in accordance with the Public School Contracts Law.

IV. School Food Services

There are none.

V. Student Body Activities

It is recommended that all disbursements from the High School Student Activity account be made by check.

VI. Other Enterprise Funds

- * It is recommended that continued efforts be made to develop and implement a computerized billing and collection accounting system in the District's Preschool and Latchkey Programs to enhance and strengthen recordkeeping over program fees and accounts receivable balances.

VII. Application for State School Aid

There are none.

**SOUTH PLAINFIELD BOARD OF EDUCATION
RECOMMENDATIONS**

VIII. Transportation

It is recommended that internal controls be enhanced to ensure the District Report of Transported Resident Students is in agreement with supporting documentation.

IX. Facilities and Capital Assets

There are none.

X. Miscellaneous

There are none.

XI. Status of Prior Years' Audit Findings/Recommendations

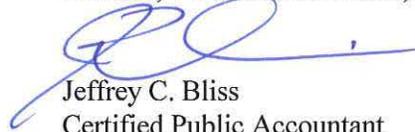
A review was performed on all prior years' recommendations and corrective action was taken on all prior year findings except additional action is required on the recommendations denoted with an asterisk (*).

ACKNOWLEDGEMENT

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

Respectfully submitted,

LERCH, VINCI & HIGGINS, LLP



Jeffrey C. Bliss
Certified Public Accountant
Public School Accountant