

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

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

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Honorable President and Members
of the Board of Trustees
Wallington Board of Education
Wallington, 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 Wallington Board of Education as of and for the fiscal year ended June 30, 2015, and have issued our report thereon dated December 20, 2015.

As part of our audit, we performed procedures required by the Office of School Finance, Department of Education, State of New Jersey and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended for the information 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.

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

Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
December 20, 2015

**WALLINGTON 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 contained in the Statistical Section of the district's Comprehensive Annual Financial Report (the "CAFR").

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Joseph Brunacki III	Board Secretary/School Business Administrator	\$500,000
William L. Mendyk	Treasurer of School Monies	250,000

There is an employee blanket dishonesty bond, including faithful performance for elected officials with coverage of \$500,000 per loss.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under review revealed no discrepancies with respect to signatures, certification or supporting documentation.

Payroll Account

The net salaries of all employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

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

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

The required certification (ECERT1) of compliance with requirements for income tax on compensation of administrators to the New Jersey Department was filed by the March 15 due date.

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 proper classification of orders as reserve for encumbrances and accounts payable.

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

Financial Planning, Accounting and Reporting (Continued)

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23-2.2(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 NJAC 6A:23A-8.3. As a result of the procedures performed, no errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

The records of the Board Secretary and Treasurer were in agreement.

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

Treasurer's Records

The Treasurer did perform cash reconciliations for the general operating account and payroll accounts.

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

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. 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 Federal 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 single audit section of 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 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.

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

Financial Planning, Accounting and Reporting (Continued)

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.

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 Report for all federal awards for the school district to reimburse the State for 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 as obligated and not expended and as an unliquidated balance in the current year's Final Report for all federal awards.

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 District's Business Administrator is qualified and the bid threshold of \$36,000 has been established by Board resolution. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$18,300.

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

Based on the results of our examination, we did not note any individual payments, contracts, or agreements 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*, amended.

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

Finding – Our audit indicated that competitive quotations were not always obtained from certain vendors for purchases made in excess of the quote threshold.

Recommendation – The District obtain competitive quotations from vendors for purchases which exceed the quote threshold.

School Food Service

The financial transactions and statistical records of the school food services were maintained in accordance with requirements of the Bureau of Child Nutrition. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

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

School Food Service (Continued)

Cash receipts and bank records were reviewed for timely deposit.

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 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 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.

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

The State Department of Agriculture conducted an Administrative Review (AR) of the District's Nutrition Program in March, 2015. The AR summary report cited certain findings which require corrective action. A corrective action plan has been approved by the District to address the findings.

Student Body Activities

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

Cash receipts and disbursements records were maintained and bank reconciliations were performed.

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. 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 without exception. 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.

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

Facilities and Capital Assets

Our procedures included a review of the School Development Authority (SDA) grant agreements for consistency with recording SDA revenue, transfer of local funds from the general fund or from the capital reserve, and awarding of contracts for eligible facilities construction.

Follow-up on Prior Year Findings

There were no prior year recommendations.

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

NOT APPLICABLE

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

NOT APPLICABLE

**WALLINGTON 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 for Verifi- cation	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Half Day Preschool 3 Years Old					-	-										
Full Day Preschool 3 Years Old					-	-										
Half Day Preschool 4 Years Old					-	-										
Full Day Preschool 4 Years Old					-	-										
Half Day Kindergarten					-	-										
Full Day Kindergarten	112		112		-	-	88		88							
Grade 1	117		117		-	-	87		87							
Grade 2	94		94		-	-	69		69							
Grade 3	102		102		-	-	49		49							
Grade 4	87		87		-	-	87		87							
Grade 5	97		97		-	-	97		97							
Grade 6	85		85		-	-	85		85							
Grade 7	84		84		-	-	84		84							
Grade 8	85		85		-	-	85		85							
Grade 9	63	1	63	1	-	-	63	1	63	1	-					
Grade 10	76	1	76	1	-	-	76	1	76	1	-					
Grade 11	81		81		-	-	81		81		-					
Grade 12	91	1	91	1	-	-	91	1	91	1	-					
Post- Graduate					-	-					-					
Adult High School (15+ Credits)					-	-					-					
Adult High School (1-14 Credits)					-	-					-					
Subtotal	1,174	3	1,174	3	-	-	1,042	3	1,042	3	-	-				
Sp Ed - Elementary	47		47		-	-	10		10		-					
Sp Ed - Middle School	27		27		-	-	6		6		-		2	2	2	-
Sp Ed - High School	39	1	39	1	-	-	8		7		1		3	2	2	-
Subtotal	113	1	113	1	-	-	24	-	23	-	1		5	4	4	-
County Vocational - Regular					-	-					-					
County Vocational - F.T. Post-Second					-	-					-					
Subtotal	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-
Totals	1,287	4	1,287	4	-	-	1,066	3	1,065	3	1	-	5	4	4	-
Percentage Error					0.00%						0.09%					0.00%

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

	Resident 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
Half Day Preschool 3 Years Old			-			-
Full Day Preschool 3 Years Old			-			-
Half Day Preschool 4 Years Old			-			-
Full Day Preschool 4 Years Old			-			-
Half Day Kindergarten			-			-
Full Day Kindergarten	26	26	-	1	1	-
Grade 1	48	48	-	3	3	-
Grade 2	31	31	-	2	2	-
Grade 3	36	36	-	2	2	-
Grade 4	33	33	-	2	2	-
Grade 5	29	29	-	2	2	-
Grade 6	28	28	-	2	2	-
Grade 7	30	30	-	2	2	-
Grade 8	26	26	-	2	2	-
Grade 9	21	21	-	1	1	-
Grade 10	25	25	-	1	1	-
Grade 11	20	20	-	1	1	-
Grade 12	28	28	-	2	2	-
Post- Graduate			-			-
Adult High School (15+ Credits)			-			-
Adult High School (1-14 Credits)			-			-
Subtotal	381	381	-	23	23	-
Sp Ed - Elementary	41	41	-	2	2	-
Sp Ed - Middle School	13	13	-	1	1	-
Sp Ed - High School	19	19	-	1	1	-
Subtotal	73	73	-	4	4	-
County Vocational - Regular			-			-
County Vocational - F.T. Post-Second			-			-
Subtotal			-			-
Totals	454.0	454.0	-	27.0	27.0	-
Percentage Error			0.00%			0.00%

	Resident LEP Low Income			Sample for Verification		
	Reported on ASSA as LEP low Income	Reported on Workpapers as LEP low Income	Errors	Sample Selected	Verified to Test Score and Register	Errors
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	3	3	-	2	2	-
	4	4	-	3	3	-
	1	1	-	1	1	-
	3	3	-	2	2	-
		1	(1)	1	1	-
			-			-
	2	2	-	1	1	-
	3	3	-	3	3	-
	2	2	-	2	2	-
	1	1	-	1	1	-
	3	3	-	3	3	-
	1	1	-	1		1
			-			-
			-			-
			-			-
Subtotal	23	24	(1)	20	19	1
Sp Ed - Elementary	3	3		2	2	-
Sp Ed - Middle School						-
Sp Ed - High School	1	1		1	1	-
Subtotal	4	4	-	3	3	-
County Vocational - Regular						
County Vocational - F.T. Post-Second						
Subtotal						
Totals	27	28	(1)	23	22	1
Percentage Error			-3.70%			4.35%

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools	25	25	-	10	10	-
Regular - Special Ed			-			-
Transported - Non Public			-			-
Special Needs	38	38	-	14	14	-
Subtotal	63	63	-	24	24	-
Percentage Error			0.0%			0.0%

**WALLINGTON 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 ASSA as NOT Low Income	Reported on Workpapers as NOT low Income	Errors	Sample Selected From Workpapers	Verified to Application and Register	Errors
Half Day Preschool 3 Years Old			-			-
Full Day Preschool 3 Years Old			-			-
Half Day Preschool 4 Years Old			-			-
Full Day Preschool 4 Years Old			-			-
Half Day Kindergarten			-			-
Full Day Kindergarten	14	14	-	13	13	-
Grade 1	7	7	-	6	6	-
Grade 2	4	4	-	3	3	-
Grade 3	3	3	-	2	2	-
Grade 4	1	1	-	1	1	-
Grade 5	2	2	-	2	2	-
Grade 6	1	1	-	1	1	-
Grade 7	3	3	-	2	2	-
Grade 8			-			-
Grade 9	1	1	-	1	1	-
Grade 10	2	2	-	1	1	-
Grade 11	2	2	-	2	2	-
Grade 12	2	2	-	2	2	-
Post- Graduate			-			-
Adult High School (15+ Credits)			-			-
Adult High School (1-14 Credits)			-			-
Subtotal	42	42	-	36	36	-
Sp Ed - Elementary						-
Sp Ed - Middle School						-
Sp Ed - High School						-
Subtotal	-	-	-	-	-	-
County Vocational - Regular						
County Vocational - F.T. Post-Second						
Subtotal						
Totals	42	42	-	36	36	-
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

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

SECTION 1

A. - 2% Calculation of Excess Surplus

2014-2015 Total General Fund Expenditures per the CAFR, Ex. C-1	\$	21,558,681
Increased by:		
Transfer from Capital Reserve to Capital Projects Fund		959
		21,559,640
Decreased by:		
On-Behalf TPAF Pension & Social Security	\$	(1,606,916)
Assets Acquired through Insurance Recovery		(2,621,087)
		(4,228,003)
Adjusted 2014-2015 General Fund Expenditures	\$	17,331,637
2% of Adjusted 2014-2015 General Fund Expenditures	\$	346,633
Enter Greater of 2% or \$250,000	\$	346,633
Allowable Adjustment - Extraordinary Aid	\$	60,412
Maximum Unassigned Fund Balance	\$	407,045

SECTION 2

Total General Fund - Fund Balances at June 30, 2015	\$	2,175,543
Decreased by:		
Year End Encumbrances	\$	132,468
Restricted for Capital Reserve		151,000
Restricted - Excess Surplus Designated for Subsequent Year's Expenditures		489,532
Assigned, ARRA/SEMI-Designated for Subsequent Year's Expenditures		4,840
Assigned, Designated for Subsequent Year's Expenditures		245,468
		1,023,308
Total Unassigned Fund Balance	\$	1,152,235

SECTION 3

Restricted Fund Balance - Excess Surplus	\$	745,190
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Recapitulation of Excess Surplus as of June 30, 2015

Restricted for Excess Surplus - Designated for Subsequent Year's Expenditures	\$	489,532
Restricted for Excess Surplus		745,190
	\$	1,234,722

**WALLINGTON BOARD OF EDUCATION
RECOMMENDATIONS**

I. Administrative Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

There are none.

III. School Purchasing Program

It is recommended that the District obtain competitive quotations from vendors for purchases which exceed the quote threshold.

IV. School Food Services

There are none.

V. Student Body Activities

There are none.

VI. Scholarships

There are none.

VII. Application for State School Aid

There are none.

VIII. Pupil Transportation

There are none.

IX. Miscellaneous

There are none.

X. Status of Prior Year Findings/Recommendations

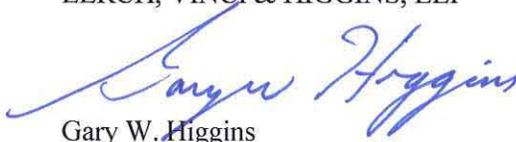
There are none.

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
Certified Public Accountant
Public School Accountant