

**TEANECK BOARD OF EDUCATION
AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2017**

**TEANECK BOARD OF EDUCATION
TABLE OF CONTENTS**

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

Page No.

Report of Independent Auditor	1
Scope of Audit	2
Administrative Practices and Procedures	2
Financial Planning, Accounting and Reporting	2-5
School Purchasing Programs	5-6
School Food Service	6-7
Community School/Adult Education Programs	7
Student Activity and Athletic Association Accounts	7-8
Application for State School Aid	8
Pupil Transportation	8
Facilities and Capital Assets	8
Management Suggestions	9
Follow-up on Prior Year Findings	9
Schedule of Meal Count Activity – Not Applicable	10
Net Cash Resource Schedule – Not Applicable	10
Schedule of Audited Enrollments	11-13
Calculation of Excess Surplus	14
Recommendations	15-16
Acknowledgement	16



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Honorable President and Members
of the Board of Education
Teaneck Board of Education
Teaneck, 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 Teaneck Board of Education as of and for the fiscal year ended June 30, 2017, and have issued our report thereon dated November 30, 2017.

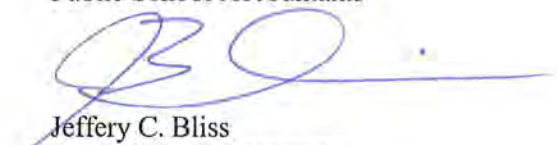
As part of our audit, we performed procedures required by the Office of School Finance, Department of Education, State of New Jersey and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended solely for the information and use of management, the Board of Education, 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


Jeffery C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
November 30, 2017

**TEANECK BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Scope of Audit

The audit covered the financial transactions of the Interim Board Secretary/School Business Administrator and Treasurer of School Monies, 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 Comprehensive Annual Financial Report (the "CAFR").

Official Bonds (N.J.S.A. 18A:17-26, 18A:17-32)

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Dr. Dennis R. Frohnapfel (7/1/16 to 12/31/16)	Interim Business Administrator/Board Secretary	100,000
James Olobardi (1/1/17 to 6/30/17)	Interim Business Administrator/Board Secretary	280,000
Anthony Bianchi	Treasurer of School Monies	425,000

There is a Public Employees' Faithful Performance Blanket Position Bond covering all other employees with multiple coverage of \$100,000 per employee and \$400,000 per loss.

Tuition Charges

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

Personnel

- **Finding** – Our audit of salaries revealed that certain part time employees that received in excess of \$5,000 per year were not enrolled in the DCRP but appear eligible.

Recommendation – A review be made of all part time employees to determine their eligibility for enrollment in DCRP.

- **Finding** – Review of the employee contracts revealed that signed employment contracts for certain individuals not part of a bargaining unit were not maintained in their personnel file.

Recommendation – All executed employment contracts for individuals not part of a bargaining unit be on file in each respective employee's personnel file.

**TEANECK BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under review did not indicate any significant discrepancies with respect to signatures, certification or supporting documentation.

Payroll Account

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

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

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

The District maintains a personnel tracking and accounting (Position Control) system.

The School Business Administrator completed and filed the required certification of compliance with federal and state law respecting the reporting of compensation for certain employees.

- **Finding** – Review of timesheets found that substitute's timesheets were not signed or reviewed by an administrator.

Recommendation – All substitute's timesheets be approved and signed by the appropriate school administrator.

- **Finding** – Review of terminated employees found that three individuals remained on the Delta Dental coverage after termination date.

Recommendation – Procedures be revised to ensure terminated employees are removed from dental coverage in a timely manner.

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. 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.

Travel

The District had an approved board travel policy as required by N.J.A.C. 6A:23A-6.13 and N.J.S.A. 18A:11-12.

**TEANECK BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 N.J.A.C. 6A:23-8.2. As a result of the procedures performed, no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

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

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

The prescribed contractual order system was followed. Bids received were summarized in the minutes (N.J.S.A. 18A:18A-21).

Treasurer's Records

The Treasurer performed certain cash reconciliations in accordance with N.J.S.A. 18A:17-36.

All cash receipts were promptly deposited.

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

The 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 Title I, Title II and Title III of the Elementary and Secondary Education Act as amended.

Our examination 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 indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

**TEANECK BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Financial Planning, Accounting and Reporting (Continued)

Other Special Federal and/or State Projects (Continued)

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. Exceptions were noted.

- **Finding (CAFR Finding 2017-002)** – Our audit of the TPAF FICA reimbursements revealed the salaries used to determine the amount reimbursed by the State for FICA included certain non-pensionable compensation.

Recommendation – The District review with its financial accounting software vendor the TPAF FICA calculation to ensure TPAF FICA reimbursements are based only on pensionable wages subject to FICA.

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.

Non-Public State Aid

Project completion reports were finalized and transmitted to the State by the due date.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

Effective July 1, 2010 and thereafter, the bid thresholds in accordance with N.J.S.A. 18A:18A-2 (as amended) and 18A:18A-3(a) are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (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 \$18,800. The Board has designated the Interim School Business Administrator as the qualified purchasing agent for the District.

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.

**TEANECK BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

School Purchasing Programs (Continued)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

Except as noted below, the results of my examination indicated that 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 provisions of N.J.S.A. 18A:18A-4, as amended.

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

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 2017-001)** – Our audit of purchases and contract awards for compliance with Public School Contracts Law revealed the following:
 - Contract awards made through National Cooperative Agreements and the General Services Administration were not procured in accordance with procedures and guidelines of the Public School Contracts Law.
 - A contract for educational staffing services in excess of the bid threshold was renewed for 2016-2017 but not approved by Board resolution. In addition, it appears the original contract was not procured through a public bid or competitive contracting process. However, we noted that these services were subsequently bid for the 2017/18 school year.
 - Professional service contracts awards were not advertised, as required.

Recommendation – Continued efforts to be made to ensure purchases and contract awards in excess of the bid threshold are made in accordance with the Public School Contracts Law.

School Food Service

The school food service program was not selected as a major federal or state program. However, the program expenditures exceeded \$100,000 in federal support. Accordingly, we inquired of school management as to whether the School Food Authority (the "SFA") had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted. In addition, we inquired as to whether the SFA's expenditures of school food service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

The Statement of Revenues, Expenses, and Changes in Fund Net Position (CAFR Schedule B-5) does separate program and non-program revenue and program and non-program cost of goods sold.

**TEANECK BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

School Food Service (Continued)

The financial transactions and records of the school food services were maintained in good condition. The financial accounts and records 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 the food service program will have a profit of \$100,000. 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 Districts deposited program monies and made expenditures in accordance with N.J.S.A. 18A:17-34. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service.

Applications for free and reduced price meals were reviewed for completeness and accuracy as part of our audit of the Application for State School Aid (ASSA).

Net cash resources did not exceed three months average expenditures.

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

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

Community School/Adult Education Program

The financial records of the Community School/Adult Education Program were maintained in good condition.

Cash receipts and bank records were reviewed for timely deposit.

Student Activity and Athletic Accounts

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

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

- **Finding** – Our audit of the High School student activity account found that there were two checks made payable to cash for the purchase of VISA gift cards for the students' class trip. In addition, a final accounting of the gift card expenses was not provided for audit.

Recommendation – With respect to the High School student activity account:

- The practice of issuing checks made payable to "cash" be discontinued.
- A final accounting of the gift card expenses be prepared and submitted for review to the Business Office.

**TEANECK BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Student Activity and Athletic Accounts (Continued)

- **Finding** – Our audit of the Lowell School collections revealed that the prenumbered receipts utilized for money collected for certain class trips did not agree to the actual deposits. It was revealed that the deposits were reduced by the amount of the parking fees for the student class trips.

Recommendation – Student collections be deposited in full and all fees be paid by check in the Lowell School student activity account.

Application for State School Aid

Our audit procedures included a test of information reported in the October 14, 2016 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, related services, bilingual students 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 immaterial exceptions noted. 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.

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 2016-17 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The results of our procedures 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

Our procedures included a review of the SDA grant agreement for consistence 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.

**TEANECK BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Management Suggestions

- Final transfer should be made to close out all of the Capital One bank accounts to TD Bank accounts.
- Tuition rates should be approved in the minutes.
- Scholarship award payments should be approved in the minutes.

Follow-up on Prior Year Findings

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

**TEANECK BOARD OF EDUCATION
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

SCHEDULE OF MEAL COUNT ACTIVITY

This Schedule is Not Applicable for 2016-17.

**FOOD SERVICES FUND
NET CASH RESOURCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

This Schedule is Not Applicable for 2016-17

**TEANECK BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 14, 2016
SCHEDULE OF AUDITED ENROLLMENTS**

	2017-2018 Application for State School Aid						Sample for Verification						On Roll - Special Education			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		Sample for Verifi- cation	Sample Verified	Sample Errors	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	24		24		-	-	24		24		-								
Full Day Preschool 3 Years Old					-	-					-								
Half Day Preschool 4 Years Old	40		40		-	-	40		40		-								
Full Day Preschool 4 Years Old					-	-					-								
Half Day Kindergarten					-	-					-								
Full Day Kindergarten	175		175		-	-	17		17		-								
Grade 1	173		173		-	-	66		66		-								
Grade 2	181		181		-	-	66		66		-								
Grade 3	170		170		-	-	52		52		-								
Grade 4	197		197		-	-	59		59		-								
Grade 5	192		192		-	-	93		93		-								
Grade 6	215		215		-	-	101		101		-								
Grade 7	186		186		-	-	104		104		-								
Grade 8	202		202		-	-	91		91		-								
Grade 9	222		222		-	-	222		222		-								
Grade 10	240	2	240	2	-	-	240		240		-								
Grade 11	270	6	270	6	-	-	270		270		-								
Grade 12	277	2	277	2	-	-	277		277		-								
Post- Graduate					-	-					-								
Adult High School (15+ Credits)					-	-					-								
Adult High School (1-14 Credits)					-	-					-								
Subtotal	2,764	10	2,764	10	-	-	1,722	-	1,722	-	-	-	-	-	-		-	-	-
Sp Ed - Elementary	344		344		-	-	80		80		-		30	30	-	6	5	5	-
Sp Ed - Middle School	205		205		-	-	89		89		-		18	18	-	8	7	7	-
Sp Ed - High School	228	3	228	3	-	-	228		228		-		19	19	-	44	38	38	-
Subtotal	777	3	777	3	-	-	397	-	397	-	-		67	67	-	58	50	50	-
County Vocational - Regular					-	-					-								
County Vocational - F.T. Post-Second					-	-					-								
Subtotal	-	-	-	-	-	-	-	-	-	-	-		-	-	-		-	-	-
Totals	3,541	13	3,541	13	-	-	2,119	-	2,119	-	-	-	67	67	-	58	50	50	-
Percentage Error					0.00%				0.00%				0.00%			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
		-			-
		-			-
		-			-
10	10	-	10	10	-
7	7	-	7	7	-
5	5	-	5	5	-
6	5	1	5	5	-
2	2	-	2	2	-
3	3	-	3	3	-
4	4	-	4	4	-
1	1	-	1	1	-
2	2	-	2	2	-
3	3	-	3	3	-
7	7	-	7	7	-
2	2	-	2	2	-
7	7	-	7	7	-
		-			-
		-			-
		-			-
59	58	1	58	58	
4	3	1	3	3	-
0	-		0	0	-
1	1		1	1	-
5	4	1	4	4	
64	62	2	62	62	
		0.00%			
			0.00%		

	Low Income			Sample for Verification		
	Reported on A.S.S.A as	Reported on Workpapers as		Sample Selected from	Verified to Application	Sample Errors
	Low Income	Low Income	Errors	Workpapers		
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	62	62	-	5	4	1
Grade 1	79	79	-	7	7	-
Grade 2	75	75	-	7	7	-
Grade 3	76	76	-	7	7	-
Grade 4	85	85	-	8	7	1
Grade 5	79	79	-	7	7	-
Grade 6	104	104	-	10	10	-
Grade 7	70	70	-	6	6	-
Grade 8	73	73	-	7	6	1
Grade 9	84	84	-	9	9	-
Grade 10	94	94	-	9	9	-
Grade 11	87	87	-	8	8	-
Grade 12	99	99	-	9	9	-
Post- Graduate			-			-
Adult High School (15+ Credits)			-			-
Adult High School (1-14 Credits)			-			-
Subtotal	1,067	1,067	-	99	96	3
Sp Ed - Elementary	145	145	-	12	11	1
Sp Ed - Middle School	96	96	-	8	8	-
Sp Ed - High School	89	89	-	8	8	-
Subtotal	330	330	-	28	27	1
County Vocational - Regular			-			-
County Vocational - F.T. Post-Second			-			-
Subtotal	-	-	-	-	-	-
Totals	1,397	1,397	-	127	123	4
Percentage Error			0.00%			3.15%

	Transportation					
	Reported on DRTS by DOE	Reported on DRTS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools	367	367	-	8	8	-
Regular - Special Ed	7	7	-	1	1	-
AIL Non-Public	332	332	-	7	7	-
Transported - Non Public	2111	2,111	-	47	46	1
Special Needs	398	398	-	8	8	-
	3,215	3,215	-	71	70	1

**TEANECK BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 14, 2016
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	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	8	8	-	8	8	-
Grade 1	4	4	-	4	4	-
Grade 2	5	5	-	5	5	-
Grade 3	2	2	-	2	2	-
Grade 4	3	3	-	3	3	-
Grade 5	3	3	-	3	3	-
Grade 6	-	-	-	-	-	-
Grade 7	2	2	-	2	2	-
Grade 8	1	1	-	1	1	-
Grade 9	-	-	-	-	0	-
Grade 10	2	2	-	2	2	-
Grade 11	7	7	-	7	7	-
Grade 12	3	3	-	3	3	-
Post- Graduate			-			-
Adult High School (15+ Credits)			-			-
Adult High School (1-14 Credits)			-			-
Subtotal	40	40	-	40	40	0
Sp Ed - Elementary	0	0	-	0	0	-
Sp Ed - Middle School	2	2	-	2	2	-
Sp Ed - High School	0	0	-	0	0	-
Subtotal	2	2	-	2	2	-
County Vocational - Regular						
County Vocational - F.T. Post-Second						
Subtotal						
Totals	42	42	-	42	42	-
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

**TEANECK BOARD OF EDUCATION
CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

SECTION 1 - Regular District

Two Percent (2%) - Calculation of Excess Surplus

2016-2017 Total General Fund Expenditures per the CAFR	\$ 99,623,479	
Decreased by:		
Assets Acquired Under Capital Leases	(219,994)	
On-Behalf TPAF Pension & Social Security	<u>(9,683,706)</u>	
Adjusted 2016-2017 General Fund Expenditures	<u>\$ 89,719,779</u>	
2% of Adjusted 2016-2017 General Fund Expenditures	\$ 1,794,396	
Allowable Adjustments	<u>260,053</u>	
Maximum Unassigned Fund Balance		\$ 2,054,449

SECTION 2

Total General Fund - Fund Balance at June 30, 2017
(Per CAFR Budgetary Comparison Schedule/Statement C-1) \$ 9,107,946

Decreased by:			
Restricted Fund Balances - Capital Reserve	\$ 1,575,801		
Restricted Fund Balances - Maintenance Reserve	201,000		
Assigned - Year End Encumbrances	1,558,304		
Excess Surplus - Designated for Subsequent Year's Expenditures	1,096,694		
Assigned Fund Balance - Unreserved Designated for Subsequent Year's Exp	<u>1,038,475</u>		
		<u>5,470,274</u>	
Total Unassigned Fund Balance			<u>3,637,672</u>
Restricted Fund Balance - Excess Surplus			<u>\$ 1,583,223</u>

SECTION 3

Recapitulation of Excess Surplus as of June 30, 2017		
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	\$ 1,096,694	
Reserved Excess Surplus	<u>1,583,223</u>	
Total		<u>\$ 2,679,917</u>

Allowable Adjustments

Excess Extraordinary Aid Revenue	\$ 136,043
Non Public Transportation	<u>124,010</u>
	<u>\$ 260,053</u>

RECOMMENDATIONS

I. Administrative Practices and Procedures

1. A review be made of all part time employees to determine their eligibility for enrollment in DCRP.
2. All executed employment contracts for individuals not part of a bargaining unit be on file in each respective employee's personnel file.

II. Financial Planning, Accounting and Reporting

It is recommended that:

1. All substitute's timesheets be approved and signed by the appropriate school administrator.
2. Procedures be reviewed to ensure terminated employees are removed from dental coverage in a timely manner.
3. The District review with its financial accounting software vendor the TPAF FICA calculation to ensure TPAF FICA reimbursements are based only on pensionable wages subject to FICA.

III. School Purchasing Program

- * It is recommended that continued efforts be made to ensure purchases and contract awards in excess of the bid threshold are made in accordance with Public School Contracts Law.

IV. School Food Services

There are none.

V. Community School/Adult Education Program

There are none.

VI. Student Body Activities

It is recommended that:

1. With respect to the High School student activity account:
 - The practice of issuing checks made payable to "cash" be discontinued.
 - A final accounting of the gift card expenses be prepared and submitted for review to the Business Office.
2. Student collections be deposited in full and all fees be paid by check in the Lowell School student activity account.

VII. Application for State School Aid

There are none.

RECOMMENDATIONS
(Continued)

VIII. Pupil Transportation

There are none.

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 except those 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



Jeffery C. Bliss
Certified Public Accountant
Public School Accountant