

**TENAFLY BOARD OF EDUCATION  
AUDITOR'S MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS -  
FINANCIAL, COMPLIANCE AND PERFORMANCE  
JUNE 30, 2016**

**TENAFLY BOARD OF EDUCATION**  
**AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS**  
**- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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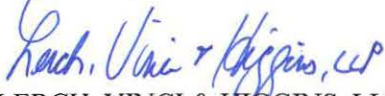
Honorable President and Members  
of the Board of Trustees  
Tenafly Board of Education  
Tenafly, New Jersey

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 Tenafly Board of Education as of and for the fiscal year ended June 30, 2016, and have issued our report thereon dated October 5, 2016.

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 J. Vinci  
Public School Accountant  
PSA Number CS00829

Fair Lawn, New Jersey  
October 5, 2016

**TENAFLY BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Scope of Audit**

The audit covered the financial transactions of the Board Secretary/School Business Administrator and the 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 in Exhibit J-20 of the District's Comprehensive Annual Financial Report (the "CAFR").

**Official Bonds**

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Yas Usami	Board Secretary/School Business Administrator	\$50,000
Joanne Wilson	Treasurer of School Monies	350,000

There is a Public Employees' Faithful Performance Blanket Position Bond with Selective Insurance covering all other employees with multiple coverage of \$100,000.

**Tuition Charges**

The District has entered into a five year contract with the Alpine Board of Education to receive Alpine's high school students. The tuition charges for the 2015/16 school year, by contract, are the State certified rates for the 2014/15 school year. The final tuition rate will be calculated in October, 2016, as a tuition adjustment in accordance with NJAC 6A:23A-17.1. The tuition rate for all other students are determined annually by the Board, and are not subject to adjustment.

**Financial Planning, Accounting and Reporting**

**Examination of Claims**

An examination of claims paid during the period under review did not reveal any discrepancies with respect to each of signature, certifications 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 payroll taxes were deposited in the Payroll Agency Account.

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

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

**TENAFLY BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Financial Planning, Accounting and Reporting (Continued)**

Payroll Account (Continued)

The District 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 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, a separate test was made to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3 as it relates to administrative coding 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's and cash reconciliation monthly financial reports was included in the minutes.

Elementary and Secondary Education Act (E.S.E.A.), as amended by the 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 II and III of the Elementary and Secondary Education Act as amended and reauthorized.

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.

Other Special Federal and/or State Projects

The District's Special Projects were approved as listed on Exhibits 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.

**TENAFLY BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**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. Reimbursements 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 90 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

Nonpublic 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, 2015 and thereafter the bid thresholds in accordance with N.J.S.A. 18A:18A-2 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.

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 \$40,000. 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/Board Secretary as the qualified purchasing agent.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Board Attorney's opinion should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

The results of our examination indicated that no payments, contracts, or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies", in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S. 18A:18A-4.

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

**TENAFLY BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**School Purchasing Programs (Continued)**

**Contracts and Agreements Requiring Advertisement for Bids (Continued)**

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 that purchases were made through the use of state contracts.

**School Food Service**

The District does not participate in the School Nutrition Program.

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

Cash receipts and bank records were reviewed for timely deposit.

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 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 not exceed three months average expenditures.

The District contracted with Pomptonian, Inc. to manage the school food services operations. Provisions of the FSMC contract/addendum were reviewed. The Food Service management company contract includes an operating result provision which guarantees that the food service program will generate a profit of \$5,500. The operating results provision has been met.

**Student Body Activity**

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

Cash receipts and disbursements records were maintained in good condition.

**Finding** – Calendar year 2015 payments to athletic officials were not reviewed to determine if athletic game officials paid over \$600 should be issued an IRS Form 1099.

**Recommendation** – Internal controls be enhanced to ensure IRS Form 1099 is issued to all athletic game officials paid in excess of \$600.

**SACC (School Age Childcare) Program**

Separate cash receipts and disbursement journals and billing records were maintained for the SACC program.

**Voice IP Shared Service Program – Internal Service Fund**

The financial records were maintained in good condition.

**TENAFLY BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Application for State School Aid**

Our audit procedures included a test of information reported in the October 15, 2015 Application for State School Aid (A.S.S.A.) for on-roll, private schools for handicapped, low-income and bilingual students. 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 isolated exceptions. The information that was included on the workpapers was verified 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 2015-2016 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 also included a review of transportation related contracts and purchases. Based on our review, the district complied with proper bidding procedures and award of contracts. No exceptions were noted in our review of transportation related purchases of goods and services.

**Facilities and Capital Assets**

Our procedures included a review of the SDA grant agreement 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.



**TENAFLY BOARD OF EDUCATION  
FOOD SERVICE FUND  
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM  
ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOT APPLICABLE**

**FOOD SERVICE FUND  
SCHEDULE OF NET CASH RESOURCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOT APPLICABLE**

**TENAFLY BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
SCHEDULE OF AUDITED ENROLLMENTS  
10/15/2015**

	2016-2017 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					-	-										
Full Day Preschool - 3 years					-	-										
Half Day Preschool - 4 years					-	-										
Full Day Preschool - 4 years					-	-										
Half Day Kindergarten					-	-										
Full Day Kindergarten	188		188		-	-	49		49							
1st Grade	222		222		-	-	60		60							
2nd Grade	240		240		-	-	60		60							
3rd Grade	232		232		-	-	49		49							
4th Grade	224		224		-	-	66		66							
5th Grade	273		273		-	-	69		69							
6th Grade	255		255		-	-	255		255							
7th Grade	244		244		-	-	244		244							
8th Grade	242		242		-	-	242		242							
9th Grade	230		232		(2)	-	232		231		1					
10th Grade	247		247		-	-	247		247							
11th Grade	235		235		-	-	235		235							
12th Grade	255		255		-	-	255		255							
<b>Subtotal</b>	<b>3,087</b>	<b>-</b>	<b>3,089</b>	<b>-</b>	<b>(2)</b>	<b>-</b>	<b>2,063</b>	<b>-</b>	<b>2,062</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Spec Ed - Elementary	182		182		-	-	23		23				5	4	4	-
Spec Ed- Middle School	149		149		-	-	19		19				3	3	3	-
Spec Ed - High School	174	1	174	1	-	-	22		23		(1)		17	15	15	-
<b>Subtotal</b>	<b>505</b>	<b>1</b>	<b>505</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>64</b>	<b>-</b>	<b>65</b>	<b>-</b>	<b>(1)</b>	<b>-</b>	<b>25</b>	<b>22</b>	<b>22</b>	<b>-</b>
<b>Totals</b>	<b>3,592</b>	<b>1</b>	<b>3,594</b>	<b>1</b>	<b>(2)</b>	<b>-</b>	<b>2,127</b>	<b>-</b>	<b>2,127</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25</b>	<b>22</b>	<b>22</b>	<b>-</b>
<b>Percentage Error</b>					<u><u>-0.06%</u></u>	<u><u>0.00%</u></u>					<u><u>0.00%</u></u>					<u><u>0.00%</u></u>

**TENAFLY BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
SCHEDULE OF AUDITED ENROLLMENTS  
10/15/2015**

	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 Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample 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	-	2.0	2.0	-	1.0	1.0	-			-
1st Grade	3.0	3.0	-	2.0	2.0	-	2.0	2.0	-	1.0	1.0	-
2nd Grade	3.0	3.0	-	2.0	2.0	-			-			-
3rd Grade	4.0	4.0	-	2.0	1.0	1.0			-			-
4th Grade	2.0	2.0	-	1.0	1.0	-			-			-
5th Grade	9.0	9.0	-	5.0	5.0	-	1.0	1.0	-	1.0	1.0	-
6th Grade	5.0	5.0	-	3.0	3.0	-	1.0	1.0	-			-
7th Grade	12.0	12.0	-	5.0	4.0	1.0	1.0	1.0	-			-
8th Grade	1.0	1.0	-	1.0	1.0	-			-			-
9th Grade	7.0	7.0	-	4.0	4.0	-	2.0	2.0	-	1.0	1.0	-
10th Grade	11.0	11.0	-	5.0	5.0	-			-			-
11th Grade	4.0	4.0	-	2.0	2.0	-			-			-
12th Grade	8.0	8.0	-	4.0	4.0	-			-			-
<b>Subtotal</b>	<b>72.0</b>	<b>72.0</b>	<b>-</b>	<b>38.0</b>	<b>36.0</b>	<b>2.0</b>	<b>8.0</b>	<b>8.0</b>	<b>-</b>	<b>3.0</b>	<b>3.0</b>	<b>-</b>
Spec Ed - Elementary	13.0	13.0	-	6.0	5.0	1.0			-			-
Spec Ed - Middle School	3.0	3.0	-	2.0	2.0	-			-			-
Spec Ed - High School	6.0	6.0	-	3.0	3.0	-	1.0	1.0	-			-
<b>Subtotal</b>	<b>22.0</b>	<b>22.0</b>	<b>-</b>	<b>11.0</b>	<b>10.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Totals</b>	<b>94.0</b>	<b>94.0</b>	<b>-</b>	<b>49.0</b>	<b>46.0</b>	<b>3.0</b>	<b>9.0</b>	<b>9.0</b>	<b>-</b>	<b>3.0</b>	<b>3.0</b>	<b>-</b>
Percentage Error			<u>0.00%</u>			<u>6.12%</u>			<u>0.00%</u>			<u>0.00%</u>

	Transportation			Tested	Verified	Errors
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors			
Regular - Public Schools	54.0	54.0	-	16.0	16.0	-
Transported - Non-Public	44.0	44.0	-	13.0	13.0	-
Regular - Spec.	8.0	8.0	-	2.0	2.0	-
Special Needs - Public	82.0	82.0	-	24.0	24.0	-
<b>Totals</b>	<b>188.0</b>	<b>188.0</b>	<b>-</b>	<b>55.0</b>	<b>55.0</b>	<b>-</b>
			<u>0.00%</u>			<u>0.00%</u>

**TENAFLY BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
SCHEDULE OF AUDITED ENROLLMENTS  
10/15/2015**

	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 Workpapers	Verified to Register	Sample 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	20.0	20.0	-	6.0	6.0	-
1st Grade	21.0	21.0	-	5.0	5.0	-
2nd Grade	22.0	22.0	-	7.0	7.0	-
3rd Grade	9.0	9.0	-	3.0	3.0	-
4th Grade	19.0	19.0	-	6.0	6.0	-
5th Grade	10.0	10.0	-	3.0	3.0	-
6th Grade	13.0	13.0	-	4.0	4.0	-
7th Grade	13.0	13.0	-	4.0	4.0	-
8th Grade	10.0	10.0	-	3.0	3.0	-
9th Grade	10.0	10.0	-	3.0	3.0	-
10th Grade	11.0	11.0	-	3.0	3.0	-
11th Grade	7.0	7.0	-	2.0	2.0	-
12th Grade	5.0	5.0	-	1.0	1.0	-
<b>Subtotal</b>	<b>170.0</b>	<b>170.0</b>	<b>-</b>	<b>50.0</b>	<b>50.0</b>	<b>-</b>
Spec Ed - Elementary	3.0	3.0	-	1.0	1.0	-
Spec Ed- Middle School	1.0	1.0	-			-
Spec Ed - High School	2.0	2.0	-	1.0	1.0	-
<b>Subtotal</b>	<b>6.0</b>	<b>6.0</b>	<b>-</b>	<b>2.0</b>	<b>2.0</b>	<b>-</b>
<b>Totals</b>	<b>176.0</b>	<b>176.0</b>	<b>-</b>	<b>52.0</b>	<b>52.0</b>	<b>-</b>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

**TENAFLY BOARD OF EDUCATION  
CALCULATION OF EXCESS SURPLUS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

2015-16 Total General Fund Expenditures per the CAFR	\$68,744,597
Increased by:	
Transfer from Capital Outlay and Capital Reserve to Capital Projects Fund	<u>2,516,771</u>
	71,261,368
Decreased by:	
On-Behalf TPAF Pension & Reimbursed TPAF Social Security	<u>6,970,971</u>
Adjusted 2015-2016 General Fund Expenditures	<u>\$64,290,397</u>
2% of Adjusted 2015-2016 General Fund Expenditures	\$1,285,808
Increased by:	
Allowable Adjustment*	<u>1,091,601</u>
Maximum Unassigned Fund Balance	<u>\$2,377,409</u>
Total General Fund – Fund Balance at June 30, 2016	\$8,189,480
Decreased by:	
Year End Encumbrances	\$ 107,780
Restricted Fund Balances – Capital Reserve	1,024,121
Restricted Fund Balances – Maintenance Reserve	350,200
Designated for Subsequent Year’s Expenditures	
Maintenance Reserve	300,150
Capital Reserve	405,855
Designated for Subsequent Year’s Expenditures	
(Excess Surplus & Assigned)	<u>2,395,801</u>
Total Unassigned Fund Balance	<u>\$3,605,573</u>
<b>Fund Balance – Excess Surplus</b>	<u><b>\$1,228,164</b></u>
<b><u>Recapitulation of Excess Surplus as of June 30, 2016</u></b>	
Excess Surplus – Designated for 2016/2017 Budget	\$ 946,767
Excess Surplus – Designated for 2017/2018 Budget	<u>1,228,164</u>
	<u>\$ 2,174,931</u>
Unbudgeted Extraordinary Aid	\$1,071,071
Unbudgeted Additional Nonpublic Transportation Aid	<u>20,530</u>
Total Allowable Adjustments	<u>\$1,091,601</u>

## **RECOMMENDATIONS**

### **I. Administrative Practices and Procedures**

There are none.

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

There are none.

### **III. School Purchasing Program**

There are none.

### **IV. School Food Services**

There are none.

### **V. Student Body Activities**

It is recommended that internal controls be enhanced to ensure IRS Form 1099 is issued to all athletic game officials paid in excess of \$600.

### **VI. SACC Program**

There are none.

### **VII. Application for State School Aid**

There are none.

### **VIII. Pupil Transportation**

There are none.

### **IX. Facilities and Capital Assets**

There are none.

### **X. Miscellaneous**

There are none.

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

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

**ACKNOWLEDGEMENT**

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

Respectfully submitted,  
LERCH, VINCI & HIGGINS, LLP



Gary J. Vinci  
Certified Public Accountant  
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