

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT  
AUDITORS' MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS -  
FINANCIAL, COMPLIANCE AND PERFORMANCE  
JUNE 30, 2016**

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT  
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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# 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  
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
RALPH M. PICONE, CPA, RMA, PSA  
DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
MARK SACO, CPA  
SHERYL M. NICOLosi, CPA  
ROBERT AMPONSAH, CPA

Honorable President and Members  
of the Board of Trustees  
Belleville Township School District  
Belleville, 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 Belleville Township School District, State of New Jersey as of and for the fiscal year ended June 30, 2016, and have issued our report thereon dated November 30, 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 for the information 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*

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

Jeffrey C. Bliss  
Public School Accountant  
PSA Number CS00932

Fair Lawn, New Jersey  
November 30, 2016

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT  
 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 Treasurer of School Monies, the activities of the Board of Education and the records of the various funds under the auspices of the Board of Education.

**Administrative Practices and Procedures**

**Insurance**

Fire insurance coverage was carried in the amounts as detailed on Exhibit J-20, Schedule of Insurance contained in the district's Comprehensive Annual Financial Report ("CAFR").

**Official Bonds**

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Wayne Demikoff (7/1/15-5/30/16)	Interim Board Secretary/School Business Administrator	\$350,000
John DeFilipps (5/31/16-6/30/16)	Acting Board Secretary/School Business Administrator	
Brooke Bartley	Treasurer of School Monies	\$350,000

There is an Employee Dishonesty Faithful Performance Crime Coverage policy with N.J. Schools Insurance Group covering all other employees with multiple coverage of \$500,000 per employee.

- **Finding** – Our audit revealed vehicle use logs are not currently maintained for District vehicles in accordance with Board policy and State Regulations.

**Recommendation** – The District implement and maintain vehicle use logs for all District vehicles in accordance with Board policy and State regulations.

- **Finding** – Our audit revealed IRS Form 1099 are not being issued to all required vendors in accordance with IRS regulations.

**Recommendation** – The District issue IRS Form 1099 to any non-incorporated entity paid \$600 or more in the calendar year in accordance with IRS regulations.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Financial Planning, Accounting and Reporting**

**Examination of Claims**

An examination of claims paid during the period under review disclosed the following discrepancies with respect to signatures, certifications or supporting documentation.

- **Finding** - Our audit revealed an accounting is not maintained for individuals being invoiced for reimbursement of dental or family leave benefit premiums.

**Recommendation** – An accounting ledger be maintained by individual for amounts being invoiced and received for reimbursement of dental or family leave benefit premiums.

**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.

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** – We noted the District issued three (3) manual net paychecks that were not support by timesheets or other documentation. We were unable to determine if these manual net paychecks were subsequently adjusted to the employee's payroll records.

**Recommendation** – Payments made by manual paychecks be supported by approved timesheets or other documentation and adjusted on the employee's payroll records.

- **Finding** – Our audit of certain hourly and overtime salary payments revealed the following:
  - Time sheets were not available for two (2) employees reviewed
  - Errors were noted in the calculation of overtime rates and hours earned for four (4) employees reviewed
  - Time sheets do not appear to be reviewed for accuracy

**Recommendation** – Procedures be implemented to ensure all overtime and hourly salary payments are accurately calculated and supported by time sheets.

- **Finding** – We noted the retroactive salary pay calculations for the custodians for 2015/16 was incorrectly calculated based on the difference between the approved 2015/16 contractual salary and the 2014/15 contractual salary instead of the salary amount actually paid in 2015/2016.

**Recommendation** – Greater care be exercised to ensure retroactive salary amounts paid are correctly calculated by District personnel.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**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. 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.

- **Finding (CAFR Finding 2016-010)** –Our audit of travel expense reimbursements revealed the following:
- Total travel expenses exceeded the Board approved maximum for 2015/16.
  - Purpose and relevance statements were not attached to travel reimbursement requests or purchase orders as required by Board policy.
  - Noted instances for reimbursement of travel expenses to certain individuals for travel events that were not pre-approved as required by Board policy.
  - In certain instances, travel expenses are not being charged to the correct budget account line.

**Recommendation** – Procedures be reviewed and revised to ensure travel expenditures are made and accounted for in accordance with Board policy and State guidelines.

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 N.J.A.C. 6A:23-8.3. The following was noted as a result of the procedures performed.

- **Finding** – Our audit revealed expenditures for transportation aid in lieu of payments, purchased services, supplies, capital lease payments and equipment purchases were not charged to the proper budget lines.

**Recommendation** – Greater care be exercised over classifying payments to ensure amounts are budgeted and charged to the proper budget lines in accordance with The Uniform Minimum Chart of Accounts for New Jersey Public Schools.

Board Secretary's Records

Our review of the financial and accounting records maintained by the Board Secretary disclosed the following items:

- **Finding** – We noted four (4) budget line account was overexpended at June 30, 2016. The overexpenditure is a result of adjustments made during our audit. No recommendation is warranted since this is considered an isolated incident resulting from an audit adjustment.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT  
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 2016-004)** – Our review of the June 30, 2016 outstanding check list and related supporting documentation revealed the District is backdating checks issued after year end.

**Recommendation** – The practice of backdating checks processed and issued after June 30, 2016 be discontinued by the District.

- **Finding (CAFR Finding 2016-003)** – Our audit of payments made subsequent to June 30, 2015 revealed unrecorded liabilities (\$411,063) and encumbrances (\$158,170) that were not reflected in the District's accounting records at year end. Audit adjustments were made to record these amounts.

**Recommendation** – Greater care be taken at year end to ensure all liabilities and encumbrances are recorded in the District's accounting records at June 30.

- **Finding (CAFR Finding 2016-005)** – We noted several of the financial transactions of a \$2,150,000 capital lease bank account with First Hope Bank for the boiler replacement project at School Number 8 and the Middle School were not being recorded in the District's accounting records.

**Recommendation** – The District record all transactions of its capital lease bank accounts in their financial accounting records.

**Treasurer's Records**

- **Finding (CAFR Finding 2016-002)** – We noted certain bank account reconciliations at year end were incomplete as a number of significant invalid reconciling items were noted during the audit that were not properly accounted for in the District's internal records.

**Recommendation** – Greater care be taken when preparing monthly bank account reconciliations to ensure all reconciling items are properly reviewed for validity and appropriately accounted for in the District's internal records.

- **Finding (CAFR Finding 2016-001)** – Our review of the June 2016 Treasurer's Report and supporting bank account reconciliations revealed they were not in agreement.

**Recommendation** – Internal control procedures be revised to ensure the Treasurer's monthly reports are in agreement with the supporting reconciled bank account balances and all discrepancies be reviewed and resolved accordingly.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

The study of compliance for E.S.E.A. disclosed the following areas of noncompliance.

- **Finding (CAFR Finding 2016-006)** – Our audit of employee salary charges to the Title I grant program revealed the following:
  - Time and effort calculations were not specifically completed to support salary allocations for the Title I program for certain employees.
  - Time sheets for certain hourly employees charged to the Title I program were not available for our review.

**Recommendation** – With respect to the salary amounts charged to the Title I grant program:

- Internal controls be enhanced to ensure hourly employees charged to the Title I grant program are supported with approved timesheets.
  - Time and effort calculations be completed to support individual's salary allocations to the grant program for all employees.
- **Finding (CAFR Finding 2016-007)** – Our audit of the Title I and Title II grant programs revealed expenditures for supplies and equipment were not charged to the proper expenditure lines.

**Recommendation** – Greater care be exercised over classifying payments to ensure amounts are budgeted and charged to the proper budget lines in accordance with Uniform Minimum Chart of Accounts (**See Classification of Expenditures**).

- **Finding** – Equipment acquired using Title I and Title II program funds were not included in the capital asset records in certain instances. The program equipment that was included on the capital asset records did not identify the assets as federally funded.

**Recommendation** – All equipment acquired using Title I and Title II funds be included in the District's capital asset records and be identified as federally funded program assets.



**BELLEVILLE TOWNSHIP SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**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 audit 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.

**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. One isolated exception was noted.

**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 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.

**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 is \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (without a Qualified Purchasing Agent), respectively. The law regulates bidding for public school student transportation contracts under NJSA 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 Interim Business Administrator as the qualified purchasing agent and established the bid threshold at \$40,000.

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

Based on the results of our examination, we noted isolated instances where individual payments, contracts or agreements were made for the performance of 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, as amended.

Resolutions were adopted authorizing the awarding of contracts and agreements for "Professional Services" per N.J.S.A. 18A:18A-5 and 19:44A.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT  
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.

**School Food Service**

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

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 with exception. Provisions of the FSMC contract/addendum were reviewed and audited. The FSMC contract includes an operating result provision which was met by the FSMC for the current fiscal year.

Cash receipts and bank records were reviewed for timely deposit.

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 with exceptions noted. 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 number of meals claimed for reimbursement was compared to sales and meal count records. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement claims were submitted/certified in a timely manner.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served was compared to the number of valid applications and/or to the list of directly certified students on file, times the number of operating days, on a school by school basis. The free and reduced price meal was reviewed for uniform administration throughout the school system. The required verification procedures for free and reduced price applications were completed and available for review.

➤ **Finding (CAFR Finding 2016-008)** – Our audit of the application for free and reduced price meals noted the following exceptions:

- One (1) application approved as free did not meet the eligibility requirement for free meals. This application should have been approved for reduced priced meals.
- One (1) application approved as free did not meet eligibility requirement for free meals. This application should have been denied.
- Two (2) applications approved as reduced met the eligibility requirements of free meals. These applications should have been approved for free meals.
- Seven (7) applications were not located and, therefore, were unavailable for audit.
- Two (2) applications approved were not signed by the parent or guardian.

**Recommendation** – Greater care be exercised when reviewing applications for determination of eligibility for free and reduced price meals of the child nutrition programs.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**School Food Service (Continued)**

Food Distribution Program 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, Exhibits B-4 through B-6 of the CAFR.

**Student Body Activities**

During our review of the student activity funds, the following matters were noted:

- **Finding** – We noted prenumbered receipt tickets were not utilized for monies collected in the Middle School or Summer Program student activity accounts. In additions we noted the High School issued pre-numbered receipt tickets after monies were deposited.

**Recommendation** – Prenumbered receipt tickets be issued for monies collected in all the District's student activity accounts and they be issued at the time of receipt by the account treasurer.

- **Finding** – We noted several instances where deposits were not made in a timely manner in the High School student account.

**Recommendation** – Deposits be made in a timely manner in the High School account.

- **Finding** – We noted vouchers were not utilized for disbursements made from the Summer Program student account.

**Recommendation** – Vouchers be utilized for payments made from the Summer Program account.

- **Finding** – We noted cash receipts collected for the Summer Program student account were not deposited, but rather utilized by the program to pay expenses.

**Recommendation** – All Summer Program receipts collected be deposited into the bank account and the District discontinue the practice of paying expenses directly from undeposited funds.

**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 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 exceptions noted. The information that was included on the workpapers was verified with exceptions noted. The results of our procedures are presented in the Schedule of Audited Enrollments.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Application for State School Aid (Continued)**

- **Finding (CAFR Finding 2016-009)** – Our audit of the District’s ASSA revealed several discrepancies between the ASSA enrollment counts, District workpapers and supporting District records.

**Recommendation** – Internal control procedures be strengthened over the reporting of information on the Application for State School Aid (ASSA) to ensure District workpapers, class registers and related records support student counts and classifications reported on the A.S.S.A.

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 2015-16 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.

- **Finding** –Our review of the DRTRS report indicated several students reported were not enrolled as of October 15, 2015 or were either recorded in a school different from their class register or recorded incorrectly (i.e. reported as special education student but not classified). We also noted several students were denoted as having graduated and however, were never removed from the District’s records.

**Recommendation** – Internal control procedures be strengthened over the reporting of information on the District Report of Transported Resident Students (DRTRS) to ensure District workpapers, class registers and related records support student counts and classifications reported on the DRTRS.

Our procedures included a review of transportation related contracts and purchases. Based on our review, the district complied with proper bidding procedures and award of contracts. No exceptions were noted in our review of transportation related purchases of goods and services.

**Facilities and Capital Assets**

The District had no SDA grant projects during the current year.

**Follow-up Prior Year Findings**

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

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Management Suggestions**

- The District implement procedures for supervisory personnel to review federal and state tax agencies websites to verify payroll tax filings and payments are made timely.
- Continued efforts be made to reflect payroll deduction balances by deduction category and agreement to the payroll agency account balance.
- The District submit to the State the pension contribution report for the retro salary payments that were made during the 2014/15 and 2015/16 school years.
- The District compare the unused sick/personal days in the compensated absence calculations to the days in the attendance records and all discrepancies be reviewed and reconciled.
- The District establish specific internal control procedures for the reduction of legal costs or provide evidence that such procedures would not result in a reduction of legal costs.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT  
FOOD SERVICE FUND  
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM  
ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**SCHEDULE OF MEAL COUNT ACTIVITY**

<u>Program</u>	<u>Meals/Milks Category</u>	<u>Total Meals/Milks Claimed</u>	<u>Meals/Milks Tested</u>	<u>Meals/Milks Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>(Over) Under Claim</u>
National School Lunch (Regular Rate)	Paid	115,131	47,506	47,506	-		
	Reduced	63,391	26,910	26,910	-		
	Free	<u>282,428</u>	<u>120,369</u>	<u>120,369</u>	<u>-</u>		<u>-</u>
	Total Lunch	<u>460,950</u>	<u>194,785</u>	<u>194,785</u>	<u>-</u>		<u>-</u>
Breakfast	Paid	4,220	1,696	1,696	-		
	Reduced	3,517	1,531	1,531	-		
	Free	<u>33,376</u>	<u>14,371</u>	<u>14,371</u>	<u>-</u>		<u>-</u>
	Total Breakfast	<u>41,113</u>	<u>17,598</u>	<u>17,598</u>	<u>-</u>		<u>-</u>
TOTAL		<u>502,063</u>	<u>212,383</u>	<u>212,383</u>	<u>-</u>		<u>-</u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT  
FOOD SERVICE FUND  
SCHEDULES OF NET CASH RESOURCE  
ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

		Food Service	
<b><u>Net Cash Resources:</u></b>			
CAFR	*	Current Assets	
B-4		Cash	\$ (84,026)
B-4		Intergovernmental Receivables	232,790
B-4		Accounts Receivable	30,037
B-4		Due from Other Funds	
CAFR		Current Liabilities	
B-4		Less Accounts Payable	
B-4		Less Due to Other Funds	(18,492)
B-4		Less Unearned Revenue	<u>(8,408)</u>
		Net Cash Resources	<u>\$ 151,901</u> (A)
<b><u>Net Adj. Total Operating Expense:</u></b>			
B-5		Total Operating Expenses	2,115,354
B-5		Less Depreciation	<u>(73,405)</u>
		Adj. Tot. Oper. Exp.	<u>\$ 2,041,949</u> (B)
<b><u>Average Monthly Operating Expense:</u></b>			
		B / 10	<u>\$ 204,195</u> (C)
<b><u>Three times monthly Average Operating Expense:</u></b>			
		3 X C	<u>\$ 612,585</u> (D)

TOTAL IN BOX A	\$	151,901
LESS TOTAL IN BOX D	\$	<u>(612,585)</u>
NET	\$	<u><u>(460,684)</u></u>

Net Cash Resources Did Not Exceed Three Months Expenditures.

**BELLEVILLE BOARD OF EDUCATION  
A.S.S.A.  
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	19	-	25	-	(6)	-	8		9		(1)	-				
Half Day Preschool - 4 years	20	-	28	-	(8)	-	9		9		-	-				
Full Day Preschool - 3 years	6	-	-	-	6	-	-		-		-	-				
Full Day Preschool - 4 years	8	-	-	-	8	-	-		-		-	-				
Half Day Kindergarten	-	-	-	-	-	-	-		-		-	-				
Full Day Kindergarten	306	-	306	-	-	-	48		49		(1)	-				
1st Grade	280	-	280	-	-	-	25		25		-	-				
2nd Grade	280	-	280	-	-	-	57		60		(3)	-				
3rd Grade	329	-	329	-	-	-	25		25		-	-				
4th Grade	264	-	264	-	-	-	38		38		-	-				
5th Grade	267	-	267	-	-	-	35		37		(2)	-				
6th Grade	293	-	293	-	-	-	293		300		(7)	-				
7th Grade	262	-	262	-	-	-	262		260		2	-				
8th Grade	307	-	307	-	-	-	307		308		(1)	-				
9th Grade	290	-	290	-	-	-	290		286		4	-				
10th Grade	320	-	320	-	-	-	320		328		(8)	-				
11th Grade	293	-	293	-	-	-	293		293		-	-				
12th Grade	320	-	320	-	-	-	320		323		(3)	-				
<b>Subtotal</b>	<b>3,864</b>	<b>-</b>	<b>3,864</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,330</b>	<b>-</b>	<b>2,350</b>	<b>-</b>	<b>(20)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Spec Ed - Elementary	316	-	316	-	-	-	80		78		2	-	29	19	17	2
Spec Ed- Middle School	165	-	165	-	-	-	51		42		9	-	15	4	4	-
Spec Ed - High School	206	5	206	5	-	-	66		61		5	-	24	14	14	-
<b>Subtotal</b>	<b>687</b>	<b>5</b>	<b>687</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>197</b>	<b>-</b>	<b>181</b>	<b>-</b>	<b>16</b>	<b>-</b>	<b>68</b>	<b>37</b>	<b>35</b>	<b>2</b>
<b>Totals</b>	<b>4,551</b>	<b>5</b>	<b>4,551</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>2,527</b>	<b>-</b>	<b>2,531</b>	<b>-</b>	<b>(4)</b>	<b>-</b>	<b>68</b>	<b>37</b>	<b>35</b>	<b>2</b>
<b>Percentage Error</b>					<u>0.00%</u>	<u>0.00%</u>					<u>-0.16%</u>					<u>2.94%</u>



**BELLEVILLE BOARD OF EDUCATION  
A.S.S.A.  
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 Work papers as Low Income	Errors	Sample Selected from Work papers	Verified to Application and Register	Sample Errors	Reported on A.S.S.A as LEP Low Income	Reported on Work papers as LEP Low Income	Errors	Sample Selected from Work papers	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	178	178	-	19	18	1	12	16	(4)	9	9	-
1st Grade	188	194	(6)	21	21	-	16	18	(2)	10	10	-
2nd Grade	186	193	(7)	21	21	-	21	24	(3)	14	14	-
3rd Grade	211	220	(9)	23	22	1	21	22	(1)	12	12	-
4th Grade	172	171	1	18	16	2	10	14	(4)	9	9	-
5th Grade	186	188	(2)	20	19	1	8	13	(5)	7	7	-
6th Grade	192	196	(4)	21	21	-	11	10	1	6	6	-
7th Grade	172	166	6	18	17	1	7	7	-	4	4	-
8th Grade	175	173	2	18	18	-	9	11	(2)	6	6	-
9th Grade	150	148	2	16	16	-	11	13	(2)	7	6	1
10th Grade	174	177	(3)	19	19	-	9	9	-	5	5	-
11th Grade	163	164	(1)	17	15	2	12	14	(2)	8	7	1
12th Grade	171	165	6	18	17	1	17	17	-	10	10	-
<b>Subtotal</b>	<b>2,318</b>	<b>2,333</b>	<b>(15)</b>	<b>249</b>	<b>240</b>	<b>9</b>	<b>164</b>	<b>188</b>	<b>(24)</b>	<b>107</b>	<b>105</b>	<b>2</b>
Spec Ed - Elementary	208	162	46	17	17	-	3	5	(2)	3	1	2
Spec Ed - Middle School	107	109	(2)	11	10	1	1	2	(1)	1	1	-
Spec Ed - High School	136	128	8	14	14	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>451</b>	<b>399</b>	<b>52</b>	<b>42</b>	<b>41</b>	<b>1</b>	<b>4</b>	<b>7</b>	<b>(3)</b>	<b>4</b>	<b>2</b>	<b>2</b>
<b>Totals</b>	<b>2,769</b>	<b>2,732</b>	<b>37</b>	<b>291</b>	<b>281</b>	<b>10</b>	<b>168</b>	<b>195</b>	<b>(27)</b>	<b>111</b>	<b>107</b>	<b>4</b>
Percentage Error			<u>1.34%</u>			<u>3.44%</u>			<u>16.07%</u>			<u>3.60%</u>

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	15	15	-	9	3	6
Transported - Non-Public	-	-	-	-	-	-
Regular - Spec.	105	105	-	60	3	57
Special Needs - Public	163	163	-	92	31	61
<b>Totals</b>	<b>283</b>	<b>283</b>	<b>-</b>	<b>161</b>	<b>37</b>	<b>124</b>
			<u>0.00%</u>			<u>77.02%</u>

**BELLEVILLE BOARD OF EDUCATION  
A.S.S.A.  
SCHEDULE OF AUDITED ENROLLMENTS  
10/15/2015**

	LEP Not Low Income			Sample for Verification		
	Reported on A.S.S.A as LEP Not Low Income	Reported on Work papers as LEP Not Low Income	Errors	Sample Selected from Work papers	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	7	5	2	3	3	-
1st Grade	6	4	2	2	2	-
2nd Grade	5	5	-	4	4	-
3rd Grade	3	3	-	1	1	-
4th Grade	2	3	(1)	2	2	-
5th Grade	1	1	-	-	-	-
6th Grade	3	3	-	2	2	-
7th Grade	1	2	(1)	1	1	-
8th Grade	2	2	-	1	-	1
9th Grade	6	5	1	3	3	-
10th Grade	7	8	(1)	4	4	-
11th Grade	6	6	-	3	3	-
12th Grade	2	4	(2)	2	2	-
<b>Subtotal</b>	<u>51</u>	<u>51</u>	<u>-</u>	<u>28</u>	<u>27</u>	<u>1</u>
Spec Ed - Elementary	1	1	-	1	1	-
Spec Ed- Middle School	-	1	(1)	1	1	-
Spec Ed - High School	-	-	-	-	-	-
<b>Subtotal</b>	<u>1</u>	<u>2</u>	<u>(1)</u>	<u>2</u>	<u>2</u>	<u>-</u>
<b>Totals</b>	<u><u>52</u></u>	<u><u>53</u></u>	<u><u>(1)</u></u>	<u><u>30</u></u>	<u><u>29</u></u>	<u><u>1</u></u>
Percentage Error			<u><u>-1.92%</u></u>			<u><u>3.33%</u></u>

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT  
EXCESS SURPLUS CALCULATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**SECTION 1A**

2015-2016 Total General Fund Expenditures per the CAFR	\$ 70,442,226	
Decreased by:		
On-Behalf TPAF Pension & Social Security	<u>7,330,905</u>	
Adjusted 2015-2016 General Fund Expenditures	<u>\$ 63,111,321</u>	
1.5% of Adjusted 2015-2016 General Fund Expenditures	\$ 946,670	
Increased by:		
Allowable Adjustment - Non Public Transportation	<u>\$ 64,206</u>	
	<u>64,206</u>	
Maximum Unassigned Fund Balance		\$ 1,010,876

**SECTION 2**

Total General Fund - Fund Balance (Deficit) at June 30, 2016	\$ 2,653,300	
Decreased by:		
Year End Encumbrances	\$ 966,275	
Capital Reserve	<u>676,149</u>	
	<u>1,642,424</u>	
Total Unassigned Fund Balance (Deficit)		<u>1,010,876</u>

**SECTION 3**

Restricted Fund Balance - Excess Surplus		<u>\$ -</u>
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**BELLEVILLE TOWNSHIP SCHOOL DISTRICT  
RECOMMENDATIONS**

**I. Administration Practices and Procedures**

It is recommended that:

- \* 1. The District implement and maintain vehicle use logs for all District vehicles in accordance with Board policy and State regulations.
- 2. The District issue IRS Form 1099 to any non-incorporated entity paid \$600 or more in the calendar year in accordance with IRS regulations.

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

It is recommended that:

- 1. An accounting ledger be maintained by individual for amounts being invoiced and received for the reimbursement of dental or family leave benefit premiums.
- 2. Payments made by manual paychecks be supported by approved timesheets or other documentation and adjusted on the employee's payroll records.
- 3. Procedures be implemented to ensure all overtime and hourly salary payments are accurately calculated and supported by time sheets.
- 4. Greater care be exercised to ensure retroactive salary amounts paid are correctly calculated by District personnel.
- 5. Procedures be reviewed and revised to ensure travel expenditures are made and accounted for in accordance with Board policy and State guidelines.
- \* 6. Greater care be exercised over classifying payments to ensure amounts are budgeted and charged to the proper budget lines in accordance with The Uniform Minimum Chart of Accounts for New Jersey Public Schools.
- \* 7. The practice of backdating checks processed and issued after June 30, 2016 be discontinued by the District.
- 8. Greater care be taken at year end to ensure all liabilities and encumbrances are recorded in the District's accounting records at June 30.
- \* 9. The District record all transactions of its capital lease bank accounts in their financial accounting records.
- 10. Greater care be taken when preparing monthly bank account reconciliations to ensure all reconciling items are properly reviewed for validity and appropriately accounted for in the District's internal records.
- 11. Internal control procedures be revised to ensure the Treasurer's monthly reports are in agreement with the supporting reconciled bank account balances and all discrepancies be reviewed and resolved accordingly.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT  
RECOMMENDATIONS**

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

It is recommended that:

12. With respect to the salary amounts charged to the Title I grant program:

- Internal controls be enhanced to ensure hourly employees charged to the Title I grant program are supported with approved timesheets.
- Time and effort calculations be completed to support individual's salary allocations to the grant program for all employees.

13. All equipment acquired using Title I and Title II funds be included in the District's capital asset records and be identified as federally funded program assets.

**III. School Purchasing Program**

There are none.

**IV. School Food Service**

It is recommended that greater care be exercised when reviewing applications for determination of eligibility for free and reduced price meals of the child nutrition program.

**V. Student Body Activities**

It is recommended that:

- \* 1. Prenumbered receipt tickets be utilized for monies collected in all the District's student activity accounts and they be issued at the time of receipt by the account treasurer.
- \* 2. Deposits be made in a timely manner in the High School account.
- \* 3. Vouchers be utilized for payments made from the Summer Program account.
- 4. All Summer Program receipts collected be deposited into the bank account and the District discontinue the practice of paying expenses directly from undeposited funds.

**VI. Application for State School Aid**

It is recommended that internal control procedures be strengthened over the reporting of information on the Application for State School Aid (ASSA) to ensure District workpapers, class registers and related records support student counts and classifications reported on the A.S.S.A.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT  
RECOMMENDATIONS**

**VIII. Pupil Transportation**

It is recommended that Internal control procedures be strengthened over the reporting of information on the District Report of Transported Resident Students (DRTRS) to ensure District workpapers, class registers and related records support student counts and classifications reported on the DRTRS.

**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 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  
Public School Accountant  
Certified Public Accountant