

**BERGENFIELD BOARD OF EDUCATION
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL COMPLIANCE AND PERFORMANCE
JUNE 30, 2016**

**BERGENFIELD BOARD OF EDUCATION
TABLE OF CONTENTS**

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

	<u>Page No.</u>
Auditor's Management Report	1
Scope of Audit	2
Administrative Practices and Procedures	2
Financial Planning, Accounting and Reporting	2-5
School Purchasing Programs	5
Food Service Fund	5-6
Student Body Activities	6
Summer Enrichment Program	6
Application for State School Aid	6
Pupil Transportation	6
Facilities and Capital Assets	6
Follow-Up Prior Year Findings	7
Suggestions to Management	7
Schedule of Meal Count Activity	8
Schedule of Net Cash Resources	9
Schedule of Audited Enrollments	10-12
Calculation of Excess Surplus	13
Recommendations	14
Acknowledgement	15



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. NICOLSI, CPA
ROBERT AMPONSAH, CPA

AUDITOR'S MANAGEMENT REPORT

Honorable President and Members
of the Board of Education
Bergenfield Board of Education
Bergenfield, 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 Bergenfield Board of Education 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 solely for the information and use of management, the Board of Trustees, others within the District and the New Jersey State Department of Education. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

Lerch, Vinci & Higgins, LLP

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

Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
November 30, 2016

**BERGENFIELD 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 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 CAFR.

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Christopher M. Tully	Interim Superintendent/ Qualified Purchasing Agent	\$325,000
Sean Gately	Treasurer of School Monies	\$325,000

There is a Public Employees' Dishonesty Insurance Coverage with the Northeast Bergen County School Board Insurance Group (NESBIG) 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.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under review did not reveal any material discrepancies with respect to each of signature certification and proper itemization.

Payroll Account

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

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

**BERGENFIELD 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)

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 – The audit indicated that payments to employees for health benefit waivers pursuant to P.L. 2011, Chapter 78 were determined based upon gross premiums rather than gross premiums net of calculated employee contributions.

Recommendation – Employee health benefit waiver payments be calculated in accordance with the requirements of P.L. 2011, Chapter 78.

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 to randomly selecting a test sample, our sample selection included administrative coding classifications to determine overall reliability and compliance with NJAC 6A:23A-8.3. As a result of the procedures performed additional procedures were not deemed necessary to test the propriety of expenditure classification.

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 – Our audit of travel reimbursements revealed that in certain instances, supporting documentation was not available and attached to the purchase order.

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

Board Secretary's Records

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

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

The prescribed contractual order system was followed with exceptions noted.

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

Financial Planning, Accounting and Reporting (Continued)

Board Secretary's Records (Continued)

Finding (CAFR Finding 2016-001) – We noted certain encumbrances for contract balances outstanding which were unrecorded in the Capital Projects Fund at June 30, 2016.

Recommendation – Internal control procedures be reviewed and enhanced to ensure purchase orders are issued and encumbered in the Capital Projects Fund based on the total contract award amount.

Treasurer's Records

The Treasurer did perform reconciliations for all required accounts.

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

Unemployment Compensation Insurance Trust Fund

The Board has adopted the direct reimbursement method and has established an Unemployment Compensation Insurance Trust Fund. The financial transactions of this fund are reported in the Expendable Trust Fund.

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

The E.S.E.A./NCLB financial exhibits are contained within the Special Revenue section of the CAFR. This section of the CAFR documents the financial position pertaining to projects under Titles I, II and III of the Elementary and Secondary Education Act as amended and reauthorized.

Our examination of the E.S.E.A./NCLB funds on a test basis indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

Other Special Federal and/or State Projects

The district's Special Projects were approved as listed on Exhibit K-3 and Exhibit K-4 located in the CAFR.

Our examination of the Federal and State funds on a test basis indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits contained herein represent a true statement of the financial position pertaining to the aforementioned special projects.

T.P.A.F. Reimbursements

Our audit procedures included a test of the semi-monthly reimbursement forms filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

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

The amount of expenditures charged to the current year's Final Reports 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.

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

Financial Planning, Accounting and Reporting (Continued)

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-3 (as amended) and 18A:39-3 (public school student transportation) are \$29,000 and \$18,800 respectively.

If the purchasing agent is qualified pursuant to subsection b of section 9 of P.L. 1971, c.198 (c.40A:11-9), the board of education may establish that the bid threshold may be up to \$40,000 in accordance with 18A:18A-2. 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 Superintendent 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 did not indicate any individual payments, contracts, or agreements which were made "for the performance of any work or the furnishing or hiring of any materials or supplies," in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A. 18A:18A-4.

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

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

Food Service Fund

The school food service program was not selected as a major federal and/or State program. However, the program expenditures exceeded \$100,000 in federal support. Accordingly, we inquired of school management and the appropriate school food service personnel, as to whether the SFA had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted. We also inquired of school management and the appropriate school food service personnel, 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 financial transactions and records of the school food services were maintained in satisfactory 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 generate a profit. The operating results provision has been met in the current fiscal year.

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.

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

Food Service Fund (Continued)

The cash disbursement records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service. Net cash resources did not exceed three months average expenditures.

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

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

Finding – The District had an Administrator Review (AR) of the National School Lunch Program. It disclosed certain findings that required corrective action. The District prepared a corrective action plan which was received and approved by the State.

Student Body Activities

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

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

Summer Enrichment Program

A formal cash receipts and cash disbursement journal was maintained for the Community Schools and Summer Enrichment Program's financial transactions.

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, low-income and limited English proficiency. 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 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 had adequate written procedures for the recording of student enrollment data.

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 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 with isolated exceptions. 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 State Schools Development Authority (SDA) grant agreements for consistency with recording SDA revenue, transfer of local funds from the general fund or from the capital reserve account, and awarding of contracts for eligible facilities construction.

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

Follow-up Prior Year Findings

In accordance with government standards, our procedures included a review of all prior year recommendations. Corrective action had been taken on all prior year findings.

Suggestions to Management

- Interfund balances should be reviewed and cleared of record.
- Continued efforts be made to process claims for reimbursement for all SDA grant projects.

**BERGENFIELD BOARD OF EDUCATION
FOOD SERVICE FUND
SCHEDULE OF MEAL COUNT ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

SCHEDULE OF MEAL COUNTY ACTIVITY

NOT APPLICABLE

**BERGENFIELD BOARD OF EDUCATION
NET CASH RESOURCE SCHEDULE
FOOD SERVICE FUND
FOR THE FISCAL YEAR ENDING JUNE 30, 2016**

Net Cash Resources:

Current Assets

Cash & Cash Equivalents	\$	162,479	
Intergovernmental Receivables		104,073	
Accounts Receivable		-	
Investments		-	

Current Liabilities

Less Accounts Payable		(42)	
Less Accruals		-	
Less Due to Other Funds		-	
Less Deferred Revenue		-	

Net Cash Resources	\$	266,510	(A)
---------------------------	-----------	----------------	------------

Net Adj. Total Operating Expense:

Total Operating Expenses		1,103,811	
Less Depreciation		(1,650)	

Adjusted Total Operating Expenses	\$	1,102,161	(B)
-----------------------------------	-----------	------------------	------------

Average Monthly Operating Expense:

B / 10	\$	110,216	(C)
--------	-----------	----------------	------------

Three times monthly Average:

3 X C	\$	330,648	(D)
-------	-----------	----------------	------------

TOTAL IN BOX A	\$	266,510	
LESS TOTAL IN BOX D	\$	(330,649)	
NET	\$	(64,139)	

Net cash resources do not exceed three months average expenditures.

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

	2016-17 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		Reported on Work paper as Private Schools		Sample for Verifi- cation		Sample Verified Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Half Day Preschool - 3 years	10	-	10	-	-	-	10		10		-	-								
Half Day Preschool - 4 years	10	-	10	-	-	-	10		10		-	-								
Half Day Kindergarten	-	-	-	-	-	-	-		-		-	-								
Full Day Kindergarten	205	-	205	-	-	-	22		22		-	-								
1st Grade	215	-	215	-	-	-	46		46		-	-								
2nd Grade	199	-	199	-	-	-	41		41		-	-								
3rd Grade	211	-	211	-	-	-	40		40		-	-								
4th Grade	234	-	234	-	-	-	63		63		-	-								
5th Grade	201	-	202	-	(1)	-	22		22		-	-								
6th Grade	221	-	221	-	-	-	221		221		-	-								
7th Grade	223	-	223	-	-	-	223		224		(1)	-								
8th Grade	233	-	233	-	-	-	233		233		-	-								
9th Grade	235	-	236	-	(1)	-	236		236		-	-								
10th Grade	285	-	285	-	-	-	285		286		(1)	-								
11th Grade	262	-	262	-	-	-	262		263		(1)	-								
12th Grade	264	3	264	3	-	-	264	3	261	3	3	-								
Subtotal	3,008	3	3,010	3	(2)	-	1,978	3	1,978	3	-	-	-	-	-	-	-	-	-	-
Spec Ed - Elementary	229	1	212	1	17	-	35	-	35	-	-	-	4	4	-	3	3	-	-	-
Spec Ed - Middle School	110	-	110	-	-	-	110		108		2	-	1	1	-	1	1	-	-	-
Spec Ed - High School	157	-	157	-	-	-	157		150		7	-	7	7	-	6	6	-	-	-
Subtotal	496	1	479	1	17	-	302	-	293	-	9	-	12	12	-	10	10	-	-	-
Totals	3,504	4	3,489	4	15	-	2,280	3	2,271	3	9	-	12	12	-	10	10	-	-	-
Percentage Error					<u>0.43%</u>	<u>0.00%</u>					<u>0.39%</u>	<u>0.00%</u>								<u>0.00%</u>

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

	Low Income			Sample for Verification			LEP Low Income			Sample for Verification		
	Reported on A.S.S.A as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on A.S.S.A as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Half Day Pre-School (3 Yrs)			-			-			-			-
Half Day Pre-School (4 Yrs)			-			-			-			-
Half Day Kindergarten			-			-			-			-
Full Day Kindergarten	63	63	-	3	3	-	20	20	-	6	6	-
1st Grade	74	74	-	4	4	-	17	17	-	5	5	-
2nd Grade	73	73	-	4	4	-	7	7	-	2	2	-
3rd Grade	84	84	-	4	4	-	8	8	-	2	2	-
4th Grade	97	97	-	5	5	-	8	8	-	2	2	-
5th Grade	84	84	-	4	4	-	5	5	-	1	1	-
6th Grade	88	88	-	4	4	-	5	5	-	1	1	-
7th Grade	82	82	-	5	5	-	6	6	-	2	2	-
8th Grade	111	111	-	6	6	-	11	11	-	3	3	-
9th Grade	99.00	99	-	4	4	-	10	10	-	3	3	-
10th Grade	109.00	109	-	5	5	-	5	5	-	1	1	-
11th Grade	94.00	94	-	3	3	-	2	2	-	1	1	-
12th Grade	91.50	92	-	6	6	-	5	5	-	1	1	-
Subtotal	1,149.5	1,149.5	-	57	57	-	109	109	-	30	30	-
Spec Ed - Elementary	101	101	-	5	5	-	4	4	-	2	2	-
Spec Ed - Middle School	54	54	-	3	3	-	-	-	-	-	-	-
Spec Ed - High School	79.0	79	-	4	4	-	-	-	-	-	-	-
Subtotal	234.0	234.0	-	12	12	-	4	4	-	2	2	-
Totals	1,383.5	1,383.5	-	69	69	-	113	113	-	32	32	-
Percentage Error			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	35	-	35	10	10	-
Transported - Non-Public	-	-	-	-	-	-
Regular - Spec.	13	-	13	4	4	-
Special Needs - Public	167	-	167	47	47	-
Totals	215	-	215	61	61	-
			<u>100.00%</u>		<u>0.00%</u>	

**BERGENFIELD 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 Pre-School (3 Yrs)	-	-	-	-	-	-
Half Day Pre-School (4 Yrs)	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-
Full Day Kindergarten	20	20	-	4	4	-
1st Grade	10	10	-	3	3	-
2nd Grade	5	5	-	2	2	-
3rd Grade	3	3	-	1	1	-
4th Grade	-	-	-	-	-	-
5th Grade	2	2	-	1	1	-
6th Grade	6	6	-	2	2	-
7th Grade	2	2	-	1	1	-
8th Grade	4	4	-	1	1	-
9th Grade	2	2	-	1	1	-
10th Grade	2	2	-	1	1	-
11th Grade	-	-	-	-	-	-
12th Grade	-	-	-	-	-	-
Subtotal	56	56	-	17	17	-
Spec Ed - Elementary	-	-	-	-	-	-
Spec Ed - Middle School	-	-	-	-	-	-
Spec Ed - High School	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
Totals	56	56	-	17	17	-
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

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

SECTION 1A

2015-2016 Total General Fund Expenditures per the CAFR	\$ 63,672,689	
Increased by:		
Capital Reserve and Capital Outlay Transferred to Capital Projects Fund	2,655,934	
Decreased by:		
On-Behalf TPAF Pension & Social Security	(5,757,087)	
Adjusted 2015-2016 General Fund Expenditures	<u>\$ 60,571,536</u>	
2% of Adjusted 2015-2016 General Fund Expenditures	<u>\$ 1,211,431</u>	
Enter Greater of 2% of Adjusted 2015-2016 General Fund Expenditures or \$250,000	\$ 1,211,431	
Increased by: Allowable Adjustments	<u>740,075</u>	
Maximum Unassigned Fund Balance		<u>\$ 1,951,506</u>

SECTION 2

Total General Fund - Fund Balance at June 30, 2016 (Per CAFR Budgetary Comparison Schedule/Statement)	\$ 10,629,632	
Decreased by:		
Year End Encumbrances	1,733,869	
Capital Reserve	972,715	
Capital Reserve - Designated for Subsequent Year's Expenditures	830,140	
Maintenance Reserve	685,000	
Maintenance Reserve - Designated for Subsequent Year's Expenditures	690,953	
Emergency Reserve	594,000	
Tuition Adjustments	307,000	
Tuition Adjustments-Designated for Subsequent Year's Expenditures	283,000	
Excess Surplus - Designated for Subsequent Year's Expenditures	1,115,100	
ARRA-SEMI - Designated for Subsequent Year's Expenditures	6,100	
Designated for Subsequent Year's Expenditures	<u>313,732</u>	
Total Unassigned Fund Balance		<u>\$ 3,098,023</u>

SECTION 3

Restricted Fund Balance - Excess Surplus \$ 1,146,517

Recapitulation of Excess Surplus as of June 30, 2016

Excess Surplus	\$ 1,146,517	
Excess Surplus - Designated for Subsequent Year Expenditures	1,115,100	
Total Excess Surplus		<u>\$ 2,261,617</u>

Detail of Allowable Adjustments

Extraordinary Aid	\$ 725,953	
SEMI 2014 Cost Settlement	<u>14,122</u>	
		<u>\$ 740,075</u>

**BERGENFIELD BOARD OF EDUCATION
RECOMMENDATIONS**

I. Administrative Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

It is recommended that:

1. Employee health benefit waiver payments be calculated in accordance with the requirements of P.L. 2011, Chapter 78.
2. Procedures be reviewed and revised to ensure travel expenditures are made and accounted for in accordance with Board policy and State guidelines.
3. Internal control procedures be reviewed and enhanced to ensure purchase orders are issued and encumbered in the Capital Projects Fund based on the total contract award amount.

III. School Purchasing Program

There are none.

IV. Food Service Fund

There are none.

V. Student Body Activities

There are none.

VI. Summer Enrichment Program

There are none.

VII. Application for State School Aid

There are none.

VIII. 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 prior year findings.

ACKNOWLEDGEMENT

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

Respectfully submitted,

LERCH, VINCI & HIGGINS, LLP



Jeffrey C. Bliss
Certified Public Accountant
Public School Accountant