

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

**BOGOTA BOARD OF EDUCATION
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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
Bogota Board of Education
Bogota, 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 Bogota Board of Education as of and for the fiscal year ended June 30, 2016, and have issued our report thereon dated November 14, 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
November 14, 2016

**BOGOTA 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, 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 reported on Exhibit J-20 as 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>
Janet Behrmann	Board Secretary/School Business Administrator (7/1/15-10/24/15)	\$430,000
Weijiun Jessica Kao	Board Secretary/School Business Administrator (10/24/15-6/30/16)	\$430,000

There is a Public Employee Dishonesty with Faithful Performance Bond with New Jersey School Boards Association Insurance Group covering all other employees with a limit of \$250,000.

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 signatures, certification, proper itemization and 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.

Finding – Certain payrolls tested were not approved by the Superintendent, President of the Board and Board Secretary/School Business Administrator.

Recommendation – All payrolls be approved by the Superintendent, President of the Board and Board Secretary/School Business Administrator.

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

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

Financial Planning, Accounting and Reporting (Continued)

Examination of Claims (Continued)

The Board has implemented and maintains a personnel tracking and accounting (Position Control) system.

Finding – Our audit revealed that a payroll deduction ledger (i.e., cash receipts/disbursements by deduction) is being maintained but is not in agreement with the monthly bank reconciliation.

Recommendation – The payroll deduction ledger balances be in agreement with the monthly bank reconciliations.

Finding – Our audit revealed certain individuals who terminated their employment from the District were not removed from health benefits in a timely manner.

Recommendation – The monthly health benefit invoices be reviewed to ensure only eligible individuals are enrolled in the respective insurance plans.

Finding – Our audit revealed differences between the required employee health benefit contributions, as required by Chapter 78, and the actual amounts withheld from District employees.

Recommendation – Internal controls be enhanced to ensure employee health benefit contributions are in accordance with New Jersey statutes.

Finding – The required certification (E-CERT1) of compliance for income tax on compensation of school administrators to the NJ Department of Treasury was not available for audit.

Recommendation – The annual certification for confirming the accuracy of income tax reporting of the District's administrators be filed with the NJ Department of Treasury and retained for audit.

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.

Finding – Our audit of the General Fund year end open purchase orders revealed certain encumbrances should have been classified as accounts payable and certain encumbrances were deemed invalid and/or overstated at June 30, 2016.

Recommendation – Procedures be reviewed and revised to ensure open purchase orders are reviewed at year end for proper classifications as accounts payable or encumbrances and invalid balances be cancelled prior to year end.

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

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(g) 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:23A-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 and books of accounts maintained by the Board Secretary were in good condition.

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

Bids received were summarized in the minutes (N.J.S.A. 18A:18A-21).

The Assistant to the School Business Administrator/Board Secretary did perform cash reconciliations for all the accounts as required (N.J.S.A. 18A:17-36).

All cash receipts were promptly deposited.

Finding (CAFR Finding 2016-001) - Our audit revealed that certain General Fund and Debt Service Fund revenues were not recorded in the District's accounting records. As a result, certain year end receivable balances in the General and Debt Service Funds were understated.

Recommendation – Accounting procedures be reviewed and enhanced to ensure all current year revenues are realized when they are both measurable and available.

Finding – Our audit revealed that the District did not have available for audit the annual plan for the maintenance of school facilities.

Recommendation – The annual plan for the maintenance of school facilities be available for audit.

Finding (CAFR Finding 2016-003) – The District recorded a budget line-item transfer to Capital Outlay (non-equipment) without obtaining approval from the Executive County Superintendent.

Recommendation – Executive County Superintendent approval be obtained for any transfers to Capital Outlay non-equipment budget line items.

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

Financial Planning, Accounting and Reporting (Continued)

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 Fiduciary Trust Fund.

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 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 the various Titles of the Elementary and Secondary Education Act as amended.

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 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.

Finding (CAFR Finding 2016-002) - Our audit revealed that certain General Fund State aid revenues were not recorded in the District's accounting records. As a result, the intergovernmental accounts receivable balance at year end was understated.

Recommendation –Accounting procedures be reviewed and enhanced to ensure that the current year State aid awards are realized when they are both measurable and available.

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 without exception.

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

The amount of the expenditure charged to the current year's Final Report for all federal awards for the school district (or charter school or renaissance school project) 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 Grant Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

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

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 District's Business Administrator is not qualified and the bid threshold utilized is \$29,000. 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 District's Business Administrator is not qualified.

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 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.

Finding – Our audit of procedures revealed the following:

- We noted certain contracts in excess of the bid threshold were not approved by the Board of Education.
- We noted Political Contribution Disclosure forms and Business Registration Certificates were not on file and available for audit for certain vendors requiring such documentation.
- We noted certain instances where contract awards and purchases were made in excess of the bid threshold where there were no documentation provided to support publicly advertised bids were sought, State contract or cooperative purchasing contracts (or extraordinary unspecifiable services) were awarded or a competitive contracting process was conducted in accordance with the requirements of the Public School Contracts Law (N.J.S.A. 18A:18A).

Recommendation – Internal controls be reviewed and enhanced to ensure that all contracts awarded comply with the requirements of the Public School Contracts Law (N.J.S.A. 18A:18A).

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.

Finding – Our audit revealed certain purchase orders and invoices were not available for audit.

Recommendation – All purchase orders and invoices be retained and available for audit.

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

School Food Service

The financial transactions and statistical records of the School Food Services were maintained in satisfactory condition. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

The number of meals claimed for reimbursement was verified against sales and meal count records. As part of the claims review process, the Edit Check Worksheet was completed. Reimbursement vouchers were timely filed, and meals claimed did agree with meal count records.

Applications for free and reduced priced meals were reviewed for completeness and accuracy. The number of free and reduced priced meals claimed as served did not exceed the number of valid applications on file, times the number of operating days, on a school-by-school basis. The free and reduced priced meals and free milk policy is uniformly administered throughout the School System. The required verification procedures for free and reduced price applications were completed and available for review.

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

Exhibits reflecting Child Nutrition Program operations are included in the CAFR on Exhibits B-4, B-5 and B-6.

The Board utilizes a food service management company (FSMC) for the operation of the school food services. Provisions of the FSMC contract were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will return a profit of at least \$28,038. The operating results provision has been met.

USDA Food Distribution Program (food and/or commodities) were received and a single inventory was maintained on a first-in, first-out basis. No exceptions were noted.

The school district maintains the detailed revenue and expenditure information necessary in order to execute the USDA mandated Non-Program Food Revenue Tool at least annually.

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

Student Activity Fund/School Athletics

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

Finding – Our audit with regards to the student activities revealed the following:

- The High School Club and Activity ledgers were not in agreement with monthly bank reconciliations.
- Bank reconciliations were not prepared during the 2015-2016 school year.
- Prenumbered receipts were not always utilized for monies collected in the High School Activities Account.
- Supporting documentation for certain Bixby Elementary Account expenditures was not available for audit.

Recommendation – Internal controls over the Student Activity funds be reviewed and enhanced.

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 disabled, low-income, related services and bilingual. We also performed a review of the district procedures related to its completion. The information on the A.S.S.A. was compared to the district workpapers without exceptions. The information that was included on the workpapers was verified without 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's written procedures appear to be adequate for the recording of student enrollment data.

Pupil Transportation

Our audit procedures were to include 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 two (2) exceptions noted. 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 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 grant revenue, transfer of local funds from the General Fund or from the Capital Reserve Account, and awarding of contracts for eligible facilities construction

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

Facilities and Capital Assets (Continued)

Finding – At June 30, 2016, the District has an outstanding grant receivable of \$463,120, from the Schools Development Authority (the “SDA”) for the Junior/Senior High School window replacement and electrical upgrades projects. The District has submitted the required project cost documentation to the state and \$463,120 has been received as of August 25, 2016. Thus, no audit recommendation is warranted.

Follow-up on Prior Year Findings

In accordance with government auditing standards, our procedures included a review of all prior year recommendations. Corrective action had been taken on all prior year findings with the exception of those marked with an asterisk (*), which are identified in the recommendation section.

Suggestion to Management

- All interfund balances be liquidated prior to year end.
- Old outstanding checks and reconciling items in the general operating, food service and net payroll accounts be reviewed and cleared of record.

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

<u>Program</u>	<u>Meals Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>Difference</u>
National School Lunch (Regular Rate)	Paid	40,655	19,766	19,766	-
	Reduced	12,653	6,240	6,240	-
	Free	<u>55,610</u>	<u>27,539</u>	<u>27,539</u>	-
	Total Lunch	<u>108,918</u>	<u>53,545</u>	<u>53,545</u>	-
National School Lunch	HHFKA-PB Lunch Only	<u>108,918</u>	<u>53,545</u>	<u>53,545</u>	-
School Breakfast (Severe Needs Rate)	Paid	5,762	2,770	2,770	-
	Reduced	2,712	1,341	1,341	-
	Free	<u>16,506</u>	<u>8,228</u>	<u>8,228</u>	-
	Total Breakfast	<u>24,980</u>	<u>12,339</u>	<u>12,339</u>	-

**BOGOTA BOARD OF EDUCATION
FOOD SERVICE ENTERPRISE FUND
CALCULATION OF NET CASH RESOURCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Current Assets

Cash and Cash Equivalents	\$ 48,845
Due from Other Governments	49,745
Accounts Receivable	28,277

Current Liabilities

Due to Other Funds	(93,361)
Unearned Revenue	(2,973)

Net Cash Resources \$ 30,533

Adjusted Total Operating Expense:

Total Operating Expenses	\$ 481,857
Less Depreciation	(5,719)

Adjusted Total Operating Expense \$ 476,138

Average Monthly Operating Expense: \$ 47,614

Three Times Monthly Average: \$ 142,841

Total Net Cash Resources \$ 30,533

Three Times Monthly Average 142,841

Excess(Deficit) Cash Resources \$ (112,308)

**BOGOTA BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
OCTOBER 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		Reported on Workpapers On Roll		Errors		Reported on A.S.S.A. as Private Schools	Reported on 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					-	-											
Half Day Preschool - 4 years					-	-											
Half Day Kindergarten					-	-											
Full Day Kindergarten	94		94		-	-	48		48								
1st Grade	82		82		-	-	29		29								
2nd Grade	59		59		-	-	33		33								
3rd Grade	68		68		-	-	32		32								
4th Grade	62		62		-	-	32		32								
5th Grade	67		67		-	-	34		34								
6th Grade	85		85		-	-	40		40								
7th Grade	65		65		-	-	65		65								
8th Grade	70		70		-	-	70		70								
9th Grade	73		73		-	-	73		73								
10th Grade	57		57		-	-	57		57								
11th Grade	82	1	82	1	-	-	82	1	82	1	-	-					
12th Grade	74		74		-	-	74		74								
Subtotal	938	1	938	1	-	-	669	1	669	1	-	-	-	-	-	-	-
Spec Ed - Elementary	75		75		-	-	11		11				4	4	4	4	-
Spec Ed - Middle School	42		42		-	-	6		6				1	1	1	1	-
Spec Ed - High School	50	1	50	1	-	-	8	-	8	-	-	-	5	5	5	5	-
Subtotal	167	1	167	1	-	-	25	-	25	-	-	-	10	10	10	10	-
Totals	1,105	2	1,105	2	-	-	694	1	694	1	-	-	10	10	10	10	-
Percentage Error					0.00%												0.00%

**BOGOTA BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
OCTOBER 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 Pre-School (3 Yrs)			-			-			-			-
Half Day Pre-School (4 Yrs)			-			-			-			-
Half Day Kindergarten			-			-			-			-
Full Day Kindergarten	36	36	-	6	6	-	8	8	-	3	3	-
1st Grade	23	23	-	4	4	-	3	3	-	1	1	-
2nd Grade	17	17	-	3	3	-	3	3	-	1	1	-
3rd Grade	21	21	-	3	3	-	2	2	-	1	1	-
4th Grade	26	26	-	4	4	-	4	4	-	1	1	-
5th Grade	22	22	-	4	4	-	3	3	-	1	1	-
6th Grade	34	34	-	5	5	-	7	7	-	3	3	-
7th Grade	18	18	-	3	3	-	4	4	-	1	1	-
8th Grade	29	29	-	5	4	1	4	4	-	1	1	-
9th Grade	26	26	-	4	3	1	2	2	-	1	1	-
10th Grade	23	23	-	4	3	1	2	2	-	1	1	-
11th Grade	27	27	-	4	4	-	5	5	-	2	2	-
12th Grade	17	17	-	3	3	-	4	4	-	1	1	-
Subtotal	319	319	-	52	49	3	51	51	-	18	18	-
Spec Ed - Elementary	25	25	-	4	4	-	6	6	-	2	2	-
Spec Ed - Middle School	23	23	-	4	4	-	7	7	-	3	3	-
Spec Ed - High School	16	16	-	2	-	2	3	3	-	1	1	-
Subtotal	64	64	-	10	8	2	16	16	-	6	6	-
Totals	383	383	-	62	57	5	67	67	-	24	24	-
Percentage Error			<u>0.00%</u>			<u>8.06%</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	11	11	-	6	6	-
Transported - Non-Public	-	-	-	-	-	-
Regular - Spec.	5	5	-	3	2	1
Special Needs - Public	72	72	-	40	39	1
Totals	88	88	-	49	47	2
			<u>0.00%</u>			<u>4.08%</u>

**BOGOTA BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
OCTOBER 15, 2015**

	Resident LEP Not 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 Register	Sample Errors
Half Day Pre-School (3 Yrs)			-			-
Half Day Pre-School (4 Yrs)			-			-
Half Day Kindergarten	-	-	-	-	-	-
Full Day Kindergarten	2	2	-	2	2	-
1st Grade	2	2	-	2	2	-
2nd Grade	7	7	-	7	7	-
3rd Grade	3	3	-	3	3	-
4th Grade	1	1	-	1	1	-
5th Grade	7	7	-	7	7	-
6th Grade	3	3	-	3	3	-
7th Grade	5	5	-	5	5	-
8th Grade	1	1	-	1	1	-
9th Grade	1	1	-	1	1	-
10th Grade	2	2	-	2	2	-
11th Grade	3	3	-	3	3	-
12th Grade	2	2	-	2	2	-
Subtotal	39	39	-	39	39	-
Spec Ed - Elementary	1	1	-	1	1	-
Spec Ed - Middle School	3	3	-	3	3	-
Spec Ed - High School	-	-	-	-	-	-
Subtotal	4	4	-	4	4	-
Totals	43	43	-	43	43	-
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

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

2015-2016 Total General Fund Expenditures per the CAFR	\$	20,490,363
Decreased by:		
On-Behalf TPAF Pension & Social Security		<u>(1,887,521)</u>
Adjusted 2015-2016 General Fund Expenditures	\$	<u>18,602,842</u>
2% of Adjusted 2015-2016 General Fund Expenditures	\$	372,057
Increased by:		
Allowable Adjustment - Extraordinary Aid	\$	<u>100,157</u>
Maximum Unassigned Fund Balance	\$	472,214
Total General Fund - Fund Balance at June 30, 2016	\$	5,994,378
Decreased by:		
Restricted		
Emergency Reserve		250,000
Maintenance Reserve		500,000
Capital Reserve		2,593,028
Capital Reserve - Designated for Subsequent Year's Budget		700,000
Excess Surplus - Designated for Subsequent Year's Budget		429,174
Assigned		
Designated for ARRA/SEMI		4,776
Year-End Encumbrances		173,121
Designated for Subsequent Year's Budget		<u>246,277</u>
Total Unassigned Fund Balance	\$	<u>1,098,002</u>
Restricted Fund Balance - Excess Surplus	\$	<u>625,788</u>
 <u>Recapitulation of Restricted Excess Surplus as of June 30, 2016</u>		
Excess Surplus - Designated for Subsequent Year's Budget	\$	429,174
Excess Surplus		<u>625,788</u>
	\$	<u>1,054,962</u>

**BOGOTA BOARD OF EDUCATION
RECOMMENDATIONS**

I. Administrative Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

It is recommended that:

1. All payrolls be approved by the Superintendent, President of the Board and Board Secretary/School Business Administrator.
- * 2. The payroll deduction ledger balances be in agreement with the monthly bank reconciliations.
3. The monthly health benefit invoices be reviewed to ensure only eligible individuals are enrolled in the respective insurance plans.
4. Internal controls be enhanced to ensure employee health benefit contributions are in accordance with New Jersey statutes.
5. The annual certification for confirming the accuracy of income tax reporting of the District's administrators be filed with the NJ Department of Treasury and retained for audit.
6. Procedures be reviewed and enhanced to ensure open purchase orders are reviewed at year end for proper classifications as accounts payable or encumbrances and invalid balances be cancelled prior to year end.
7. Accounting procedures be reviewed and enhanced to ensure all current year revenues, including State Aid, are realized when they are both measurable and available.
8. The annual plan for the maintenance of school facilities be available for audit.
9. Executive County Superintendent approval be obtained for any transfers to Capital Outlay non-equipment budget line items.

III. School Purchasing Program

It is recommended that:

1. Internal controls be reviewed and enhanced to ensure that all contracts awarded comply with the requirements of the Public School Contracts Law (N.J.S.A. 18A:18A).
2. All purchase orders and invoices be retained and available for audit.

IV. School Food Service

There are none.

V. Student Activity Fund/School Athletics

It is recommended that internal controls over the Student Activity funds be reviewed and enhanced.

VI. Application for State School Aid

There are none.

**BOGOTA BOARD OF EDUCATION
RECOMMENDATIONS**

VII. Pupil Transportation

There are none.

VIII. Facilities and Capital Assets

There are none.

IX. 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, except the recommendation denoted by 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



Gary J. Vinci
Public School Accountant
PSA Number CS00829