

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT  
AUDITORS' MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS -  
FINANCIAL, COMPLIANCE AND PERFORMANCE  
JUNE 30, 2017**

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT  
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      | 3-6             |
| School Purchasing Programs                        | 6-7             |
| School Food Service                               | 8               |
| Student Body Activities                           | 8               |
| Application for State School Aid                  | 9               |
| Pupil Transportation                              | 9               |
| Facilities and Capital Assets                     | 9               |
| Follow-up Prior Year Findings                     | 9               |
| Management Suggestions                            | 9               |
| Schedule of Meal Count Activity -- Not Applicable | 10              |
| Net Cash Resource Schedule -- Not Applicable      | 11              |
| Schedule of Audited Enrollments                   | 12-14           |
| Excess Surplus Calculation                        | 15              |
| Recommendations                                   | 16-17           |
| Acknowledgement                                   | 18              |



# 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, PSA

## AUDITOR'S MANAGEMENT REPORT

Honorable President and Members  
of the Board of Education  
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, 2017, and have issued our report thereon dated November 29, 2017.

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

This report is intended for the information of management, the Board of Education, others within the District and the New Jersey State Department of Education. However, this report is a matter of public record and its distribution is not limited.

*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 29, 2017

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT  
 ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Scope of Audit**

The audit covered the financial transactions of the 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 (7/1/16-5/30/17)   | Interim Board Secretary/School Business Administrator    | \$350,000     |
| Matthew Paladino (6/1/17-6/30/17) | Acting Board Secretary/<br>School Business Administrator |               |
| Brooke Bartley (7/1/16-12/31/16)  | Treasurer of School Monies                               | \$350,000     |
| Debra Besold (1/1/17 – 6/30/17)   | Treasurer of School Monies                               |               |

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** – The District appointed the Treasurer of School Monies effective January 1, 2017 and the acting Business Administrator effective June 1, 2017, however no surety bond coverage was secured at those times. We noted surety bond coverage was obtained effective July 1, 2017, for both individuals therefore no recommendation is warranted.
  
- **Finding** – The signatures printed on checks in June 2017 for the custodial, food service, net payroll, payroll agency and unemployment account contain the signatures of the former Board President whose term expired December 31, 2017, former Treasurer of School Monies, who resigned effective December 31, 2017 and the former Interim Board Secretary/School Business Administrator whose contract ended May 31, 2017. Cancelled checks for the worker's compensation internal service account contained only the signature of a former Interim Board Secretary/Business Administrator who resigned as Interim Board Secretary/Business Administrator effective November 30, 2014 and retired from the District effective July 1, 2016. The District subsequently updated the signature cards and checks issued to contain the signatures of the current Board President, current Treasurer of School Monies, and current acting Business Administrator/Board Secretary; therefore, no recommendation is warranted.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Financial Planning, Accounting and Reporting**

**Examination of Claims**

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

**Payroll Account**

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

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 payroll certification for the March 15, 2017 payroll reflected a stamped signature of the former Board President. The former Board President's term expired December 31, 2016. The elected Board President's signature certified the payroll periods beginning March 31, 2017, therefore no recommendation is warranted.
  
- **Finding** – The District has not reported and remitted to the State pension systems the retroactive salary and related pension deductions for the custodian/maintenance and administrator bargaining units which was paid during the 2015/2016 school year.

**Recommendation** – The District report and remit to the State Division of Pensions and Benefits the retroactive salary and related pension deductions for the custodian/maintenance and administrator bargaining units.

- **Finding** – We noted three (3) individuals received compensation upon retirement for prior year unused vacation days, however the respective bargaining unit agreements did not allow for the payment of prior year unused vacation days. In two (2) instances the number of days carried forward from the prior year exceeded the maximum allowed in the agreement.

**Recommendation** – The District discontinue the practice of compensating individuals for prior year unused vacation days that are not permitted in their respective contracts. In addition, the carry forward of prior year unused vacation days be in accordance with the terms outlined in the bargaining unit agreements.

**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 reserves for encumbrances. Also, unpaid purchase orders included in the balance of accounts payable were reviewed for propriety and to

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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.

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, salaries, 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

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

Acknowledgment of the Board's receipt of the Board Secretary's monthly financial reports were included in the minutes.

The prescribed contractual order system was followed.

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

- **Finding** – We noted two (2) budget line accounts were overexpended at June 30, 2017. The overexpenditures are a result of adjustments made during our audit. No recommendation is warranted since this is considered an isolated incident resulting from an audit adjustment.
  
- **Finding** – Our review of the District's calculation for compensated absences liability for accumulated unused sick days revealed the following:
  - The liability calculated for the employees in the administrator's bargaining unit was not calculated at the rates indicated in the contract.
  - Certain individuals were capped at a maximum number of days, however the respective agreement did not indicate a maximum number of days for payment.
  - Certain individuals were excluded based on the employees' age, however the respective agreements did not indicate a minimum age for payment.

**Recommendation** – The District calculate the compensated absence liability for accumulated unused sick days based on the provisions of each employees' respective bargaining unit terms.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

Treasurer's Records

- **Finding (CAFR Finding 2017-001)** – Our review of the June 2017 Board Secretary's and Treasurer's Reports revealed they were not in agreement when approved by the Board.

**Recommendation** – Internal control procedures be revised to ensure the Board Secretary's and Treasurer's monthly reports are in agreement prior to submission and approval by the Board.

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 Funds.

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 2017-002)** – Our audit of the NCLB Title I and Title II grant programs revealed expenditures for equipment were not charged to the proper budget line account.

**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**).

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.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

**Other Special Federal and/or State Projects (Continued)**

The financial exhibits 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** – The Office of Fiscal Accountability and Compliance (OFAC) reviewed the 2014/2015 applications for Extraordinary Aid (EXAID) and issued a report of its findings. The result of OFAC’s review determined the District over reported eligible costs and received an EXAID overpayment totaling \$93,062. The District approved a corrective action plan and repaid the EXAID overpayment during the 2016/2017 fiscal year.
  
- **Finding (CAFR Finding 2017-003)** – We noted the salaries charged to the IDEA Preschool grant program were not charged by pay period. The salary amount charged was made through a one-time redistribution of salaries previously recorded to budget account child study team – salaries of other professional staff.

**Recommendation** – Salaries charged to the IDEA Preschool grant program be supported by time and effort calculations and be charged by pay period throughout the grant period.

**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.

- **Finding (CAFR Finding 2017-005)** – Our audit of T.P.A.F FICA reimbursements revealed the salaries used to determine the amount reimbursed by the State for FICA included certain non-pensionable compensation.

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

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

The amount of expenditure charged to the current year’s Final Report for all federal awards for the school district to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds was made prior to the end of the 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.



**BELLEVILLE TOWNSHIP SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**School Purchasing Programs (Continued)**

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

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 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 in certain instances.

➤ **Finding (CAFR Finding 2017-004)** – Our audit of purchases and procedures related to compliance with the Public School Contracts Law revealed the following:

- We noted numerous instances where contract awards and purchases were made in excess of the bid threshold where there was no documentation provided to support publicly advertised bids were sought, State contract or cooperative purchasing contracts 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), nor were they approved by Board Resolution.
- We noted instances where contract awards and purchases were made in excess of the quote threshold where there was no documentation to support competitive quotations were solicited by the District in accordance with N.J.S.A. 18A:18A-37 (a).
- We noted purchases made through National Purchasing Cooperative agreements were not publically advertised for intent to purchase. In addition, documentation was not provided to support verification of bid process or proof of cost savings.
- We noted professional service contract awards were not approved by Board resolution in certain instances and contract awards were not publically advertised as required.
- We noted numerous exceptions in which vendor Political Contribution Disclosure Forms (PCDF) and Business Registration Certificates (BRC) were not on file.

**Recommendation** – Internal control procedures over purchasing be reviewed and revised to ensure all contract awards and purchases which exceed the bid and quote thresholds are made in accordance with the requirements of the Public School Contracts Law. In addition, documentation be maintained on file and made available for audit to support the District's compliance with the procedures required under the Public School Contracts Law (N.J.S.A. 18A:18A).

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.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**School Food Service**

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

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

The financial transactions and statistical records of the school food service fund were maintained in good 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.

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

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 Summer Program student activity accounts. In addition, we noted vouchers were not utilized for disbursements made from the Summer Program student account. We also noted formal bank reconciliations do not appear to be completed on a monthly basis.

**Recommendation** – Prenumbered receipt tickets be issued for monies collected in the Summer Program student activity account and vouchers be utilized for payments made from the Summer Program account. In addition, the Summer Program account be reconciled on a monthly basis.

- **Finding** – We noted several instances where deposits were not turned over to the student activity account treasurer from the activity advisors in a timely manner in the High School student account.

**Recommendation** – Deposits be turned over to the student activity account treasurer from the activity advisors in a timely manner in the High School account.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Application for State School Aid**

Our audit procedures included a test of information reported in the October 14, 2016 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, related services, bilingual students and low-income. We also performed a review of the district procedures related to its completion. The information on the A.S.S.A. was compared to the district workpapers with minor exceptions noted. The information that was included on the workpapers was verified with minor exceptions noted. The results of our procedures are presented in the Schedule of Audited Enrollments.

The district maintained workpapers on the prescribed state forms or their equivalent.

The district has adequate written procedures for the recording of student enrollment data.

**Pupil Transportation**

Our audit procedures included a test of on roll status reported in the 2016-17 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

- **Finding** –Our review of the DRTRS report indicated several students reported were not enrolled as of October 14, 2016 and therefore could not be traced to a class register or tuition contract or were recorded incorrectly (i.e. reported as special education student but not classified).

**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.

**Management Suggestions**

- The daily rate of pay for substitutes be approved by the Board in the District's minutes.
- The interfund for the excess balance in the net payroll bank account be liquidated.
- The petty cash fund established for the Summer Program be approved by Board resolution.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT  
FOOD SERVICE FUND  
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM  
ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**SCHEDULE OF MEAL COUNT ACTIVITY**

**NOT APPLICABLE FOR 2016/2017**

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT  
FOOD SERVICE FUND  
SCHEDULES OF NET CASH RESOURCE  
ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOT APPLICABLE FOR 2016/2017**

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

|                                      | 2017-2018 Application for State School Aid |        |                                |        |        |        | Sample for Verification         |        |                               |        |                              |        | 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 Old       | 22   |        | 22                             |        | -      | -      | 8                               |        | 8                             |        | -                            |        |   |                           |                 |               |
| Full Day Preschool 3 Years Old       | -  |        | -                              |        | -      | -      |                                 |        |                               |        | -                            |        |   |                           |                 |               |
| Half Day Preschool 4 Years Old       | 23   |        | 23                             |        | -      | -      | 8                               |        | 8                             |        | -                            |        |   |                           |                 |               |
| Full Day Preschool 4 Years Old       | 2  |        | 2                              |        | -      | -      | 1                               |        | 1                             |        | -                            |        |   |                           |                 |               |
| Half Day Kindergarten                |  |        |                                |        | -      | -      |                                 |        |                               |        | -                            |        |   |                           |                 |               |
| Full Day Kindergarten                | 295  |        | 295                            |        | -      | -      | 46                              |        | 46                            |        | -                            |        |   |                           |                 |               |
| Grade 1                              | 312  |        | 312                            |        | -      | -      | 68                              |        | 68                            |        | -                            |        |   |                           |                 |               |
| Grade 2                              | 271  |        | 271                            |        | -      | -      | 14                              |        | 14                            |        | -                            |        |   |                           |                 |               |
| Grade 3                              | 304  |        | 304                            |        | -      | -      | 26                              |        | 26                            |        | -                            |        |   |                           |                 |               |
| Grade 4                              | 328  |        | 328                            |        | -      | -      | 45                              |        | 46                            |        | (1)                          |        |   |                           |                 |               |
| Grade 5                              | 263  |        | 263                            |        | -      | -      | 39                              |        | 39                            |        | -                            |        |   |                           |                 |               |
| Grade 6                              | 262  |        | 262                            |        | -      | -      | 262                             |        | 262                           |        | -                            |        |   |                           |                 |               |
| Grade 7                              | 293  |        | 293                            |        | -      | -      | 293                             |        | 293                           |        | -                            |        |   |                           |                 |               |
| Grade 8                              | 267  |        | 267                            |        | -      | -      | 267                             |        | 267                           |        | -                            |        |   |                           |                 |               |
| Grade 9                              | 307  |        | 307                            |        | -      | -      | 307                             |        | 307                           |        | -                            |        |   |                           |                 |               |
| Grade 10                             | 300  |        | 300                            |        | -      | -      | 300                             |        | 300                           |        | -                            |        |   |                           |                 |               |
| Grade 11                             | 313  |        | 313                            |        | -      | -      | 313                             |        | 313                           |        | -                            |        |   |                           |                 |               |
| Grade 12                             | 271  |        | 271                            |        | -      | -      | 271                             |        | 271                           |        | -                            |        |   |                           |                 |               |
| Post- Graduate                       |  |        |                                |        | -      | -      |                                 |        |                               |        | -                            |        |   |                           |                 |               |
| Adult High School (15+ Credits)      |  |        |                                |        | -      | -      |                                 |        |                               |        | -                            |        |   |                           |                 |               |
| Adult High School (1-14 Credits)     |  |        |                                |        | -      | -      |                                 |        |                               |        | -                            |        |   |                           |                 |               |
| Subtotal                             | 3,833                                      | -      | 3,833                          | -      | -      | -      | 2,268                           | -      | 2,269                         | -      | (1)                          | -      |   |                           |                 |               |
| Sp Ed - Elementary                   | 274  |        | 274                            |        | -      | -      | 86                              |        | 85                            |        | 1                            |        | 23                                      | 20                        | 20              | -             |
| Sp Ed - Middle School                | 152  |        | 152                            |        | -      | -      | 46                              |        | 46                            |        | -                            |        | 9                                       | 8                         | 8               | -             |
| Sp Ed - High School                  | 197  | 8      | 197                            | 8      | -      | -      | 65                              |        | 65                            |        | -                            |        | 24                                      | 20                        | 20              | -             |
| Subtotal                             | 623  | 8      | 623                            | 8      | -      | -      | 197                             | -      | 196                           | -      | 1                            |        | 56                                      | 48                        | 48              | -             |
| County Vocational - Regular          |  |        |                                |        | -      | -      |                                 |        |                               |        | -                            |        |   |                           |                 |               |
| County Vocational - F.T. Post-Second |  |        |                                |        | -      | -      |                                 |        |                               |        | -                            |        |   |                           |                 |               |
| Subtotal                             | -  | -      | -                              | -      | -      | -      | -                               | -      | -                             | -      | -                            |        | -                                       | -                         | -               | -             |
| Totals                               | 4,456                                      | 8      | 4,456                          | 8      | -      | -      | 2,465                           | -      | 2,465                         | -      | -                            | -      | 56                                      | 48                        | 48              | -             |
| Percentage Error                     |  |        |                                |        | 0.00%  |        |                                 |        |                               |        | 0.00%                        |        | 0.00%                                   |                           | 0.00%           |               |

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

|                                      | Resident Low Income                        |   |              | Sample for Verification               |                            |                  |
|--------------------------------------|--|---|--------------|---------------------------------------|----------------------------|------------------|
|                                      | Reported on<br>A.S.S.A as<br>Low<br>Income | Reported on<br>Workpapers as<br>Low<br>Income | Errors       | Sample<br>Selected from<br>Workpapers | Verified to<br>Application | Sample<br>Errors |
| Half Day Preschool 3 Years Old       |  |   | -            |                                       |                            | -                |
| Full Day Preschool 3 Years Old       |  |   | -            |                                       |                            | -                |
| Half Day Preschool 4 Years Old       |  |   | -            |                                       |                            | -                |
| Full Day Preschool 4 Years Old       |  |   | -            |                                       |                            | -                |
| Half Day Kindergarten                |  |   | -            |                                       |                            | -                |
| Full Day Kindergarten                | 156  | 156   | -            | 15.0                                  | 15.0                       | -                |
| Grade 1                              | 191  | 191   | -            | 20.0                                  | 20.0                       | -                |
| Grade 2                              | 184  | 184   | -            | 18.0                                  | 18.0                       | -                |
| Grade 3                              | 215  | 215   | -            | 21.0                                  | 21.0                       | -                |
| Grade 4                              | 209  | 209   | -            | 21.0                                  | 21.0                       | -                |
| Grade 5                              | 169  | 169   | -            | 17.0                                  | 17.0                       | -                |
| Grade 6                              | 180  | 180   | -            | 18.0                                  | 18.0                       | -                |
| Grade 7                              | 193  | 193   | -            | 19.0                                  | 19.0                       | -                |
| Grade 8                              | 179  | 179   | -            | 17.0                                  | 17.0                       | -                |
| Grade 9                              | 182  | 182   | -            | 19.0                                  | 18.0                       | 1                |
| Grade 10                             | 169  | 169   | -            | 16.0                                  | 16.0                       | -                |
| Grade 11                             | 173  | 173   | -            | 15.0                                  | 15.0                       | -                |
| Grade 12                             | 154  | 154   | -            | 17.0                                  | 17.0                       | -                |
| Post- Graduate                       |  |   | -            |                                       |                            | -                |
| Adult High School (15+ Credits)      |  |   | -            |                                       |                            | -                |
| Adult High School (1-14 Credits)     |  |   | -            |                                       |                            | -                |
| <b>Subtotal</b>                      | <b>2,354.0</b>                             | <b>2,354.0</b>                                | <b>-</b>     | <b>233.0</b>                          | <b>232.0</b>               | <b>1</b>         |
| Sp Ed - Elementary                   | 206.0                                      | 206.0   | -            | 21.0                                  | 21.0                       | -                |
| Sp Ed - Middle School                | 112.0                                      | 112.0   | -            | 12.0                                  | 12.0                       | -                |
| Sp Ed - High School                  | 147.5                                      | 149.0   | (1.5)        | 16.0                                  | 15.0                       | 1                |
| <b>Subtotal</b>                      | <b>465.5</b>                               | <b>467.0</b>                                  | <b>(1.5)</b> | <b>49.0</b>                           | <b>48.0</b>                | <b>1</b>         |
| County Vocational - Regular          |  |   | -            |                                       |                            | -                |
| County Vocational - F.T. Post-Second |  |   | -            |                                       |                            | -                |
| <b>Subtotal</b>                      | <b>-</b>                                   | <b>-</b>                                      | <b>-</b>     | <b>-</b>                              | <b>-</b>                   | <b>-</b>         |
| <b>Totals</b>                        | <b>2,819.5</b>                             | <b>2,821.0</b>                                | <b>(1.5)</b> | <b>282.0</b>                          | <b>280.0</b>               | <b>2.0</b>       |

Percentage Error -0.05% 0.71%

|                          | Transportation                 |                                     |          |            |            |           |
|--------------------------|--------------------------------|-------------------------------------|----------|------------|------------|-----------|
|                          | Reported on<br>DRTRS by<br>DOE | Reported on<br>DRTRS by<br>District | Errors   | Tested     | Verified   | Errors    |
| Reg. - Public Schools    | 222                            | 222                                 | -        | 62         | 51         | 11        |
| Regular - Special Ed     | 137                            | 137                                 | -        | 37         | 28         | 9         |
| Transported - Non Public | -                              | -                                   | -        | -          | -          | -         |
| Special Needs            | 81                             | 81                                  | -        | 23         | 31         | (8)       |
| <b>Totals</b>            | <b>440</b>                     | <b>440</b>                          | <b>-</b> | <b>122</b> | <b>110</b> | <b>12</b> |

Percentage Error 0.0% 9.8%

|                                      | Resident LEP Low Income                     |   |          | Sample for Verification |   |          |
|--------------------------------------|---|---|----------|-------------------------|---|----------|
|                                      | Reported on<br>ASSA as<br>LEP low<br>Income | Reported on<br>Workpapers<br>as LEP low<br>Income | Errors   | Sample<br>Selected      | Verified to<br>Test Score<br>and Register | Errors   |
| Half Day Preschool 3 Years Old       |   |   | -        |                         |   | -        |
| Full Day Preschool 3 Years Old       |   |   | -        |                         |   | -        |
| Half Day Preschool 4 Years Old       |   |   | -        |                         |   | -        |
| Full Day Preschool 4 Years Old       |   |   | -        |                         |   | -        |
| Half Day Kindergarten                |   |   | -        |                         |   | -        |
| Full Day Kindergarten                | 21  | 21  | -        | 13                      | 12  | 1        |
| Grade 1                              | 23  | 23  | -        | 14                      | 14  | -        |
| Grade 2                              | 18  | 18  | -        | 11                      | 10  | 1        |
| Grade 3                              | 19  | 19  | -        | 12                      | 12  | -        |
| Grade 4                              | 13  | 13  | -        | 8                       | 8   | -        |
| Grade 5                              | 7   | 7   | -        | 4                       | 4   | -        |
| Grade 6                              | 11  | 11  | -        | 7                       | 7   | -        |
| Grade 7                              | 10  | 10  | -        | 6                       | 6   | -        |
| Grade 8                              | 9   | 9   | -        | 5                       | 5   | -        |
| Grade 9                              | 15  | 15  | -        | 9                       | 9   | -        |
| Grade 10                             | 13  | 13  | -        | 8                       | 8   | -        |
| Grade 11                             | 15  | 15  | -        | 9                       | 9   | -        |
| Grade 12                             | 12  | 12  | -        | 8                       | 8   | -        |
| Post- Graduate                       |   |   | -        |                         |   | -        |
| Adult High School (15+ Credits)      |   |   | -        |                         |   | -        |
| Adult High School (1-14 Credits)     |   |   | -        |                         |   | -        |
| <b>Subtotal</b>                      | <b>186</b>                                  | <b>186</b>  | <b>-</b> | <b>114</b>              | <b>112</b>                                | <b>2</b> |
| Sp Ed - Elementary                   |   |   | -        |                         |   | -        |
| Sp Ed - Middle School                | 1   | 1   | -        | 1                       | 1   | -        |
| Sp Ed - High School                  |   |   | -        |                         |   | -        |
| <b>Subtotal</b>                      | <b>1</b>                                    | <b>1</b>  | <b>-</b> | <b>1</b>                | <b>1</b>                                  | <b>-</b> |
| County Vocational - Regular          |   |   | -        |                         |   | -        |
| County Vocational - F.T. Post-Second |   |   | -        |                         |   | -        |
| <b>Subtotal</b>                      | <b>-</b>                                    | <b>-</b>  | <b>-</b> | <b>-</b>                | <b>-</b>                                  | <b>-</b> |
| <b>Totals</b>                        | <b>187</b>                                  | <b>187</b>  | <b>-</b> | <b>115</b>              | <b>113</b>                                | <b>2</b> |

Percentage Error 0.00% 1.74%

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

|                                      | Resident LEP Not Low Income                 |   |        | Sample for Verification               |  |        |
|--------------------------------------|---|---|--------|---------------------------------------|--|--------|
|                                      | Reported on<br>ASSA as<br>NOT Low<br>Income | Reported on<br>Workpapers<br>as NOT low<br>Income | Errors | Sample<br>Selected From<br>Workpapers | Verified to<br>Application<br>Workpapers | Errors |
| Half Day Preschool 3 Years Old       |   |   | -      |                                       |  | -      |
| Full Day Preschool 3 Years Old       |   |   | -      |                                       |  | -      |
| Half Day Preschool 4 Years Old       |   |   | -      |                                       |  | -      |
| Full Day Preschool 4 Years Old       |   |   | -      |                                       |  | -      |
| Half Day Kindergarten                |   |   | -      |                                       |  | -      |
| Full Day Kindergarten                | 6.0   | 6.0   | -      | 5.0                                   | 5.0                                      | -      |
| Grade 1                              | 5.0   | 5.0   | -      | 4.0                                   | 4.0                                      | -      |
| Grade 2                              | 4.0   | 4.0   | -      | 3.0                                   | 3.0                                      | -      |
| Grade 3                              | 3.0   | 3.0   | -      | 3.0                                   | 3.0                                      | -      |
| Grade 4                              | 6.0   | 6.0   | -      | 5.0                                   | 5.0                                      | -      |
| Grade 5                              | 1.0   | 1.0   | -      | 1.0                                   | 1.0                                      | -      |
| Grade 6                              | -   | -   | -      | -                                     | -  | -      |
| Grade 7                              | 3.0   | 3.0   | -      | 3.0                                   | 3.0                                      | -      |
| Grade 8                              | 3.0   | 3.0   | -      | 3.0                                   | 3.0                                      | -      |
| Grade 9                              | -   | -   | -      | -                                     | -  | -      |
| Grade 10                             | 3.0   | 3.0   | -      | 3.0                                   | 3.0                                      | -      |
| Grade 11                             | 5.0   | 5.0   | -      | 4.0                                   | 4.0                                      | -      |
| Grade 12                             | -   | -   | -      | -                                     | -  | -      |
| Post- Graduate                       |   |   | -      |                                       |  | -      |
| Adult High School (15+ Credits)      |   |   | -      |                                       |  | -      |
| Adult High School (1-14 Credits)     |   |   | -      |                                       |  | -      |
| Subtotal                             | 39.0  | 39.0  | -      | 34.0                                  | 34.0                                     | -      |
| Sp Ed - Elementary                   |   |   | -      |                                       |  | -      |
| Sp Ed - Middle School                |   |   | -      |                                       |  | -      |
| Sp Ed - High School                  |   |   | -      |                                       |  | -      |
| Subtotal                             | -   | -   | -      | -                                     | -  | -      |
| County Vocational - Regular          |   |   | -      |                                       |  | -      |
| County Vocational - F.T. Post-Second |   |   | -      |                                       |  | -      |
| Subtotal                             |   |   | -      |                                       |  | -      |
| Totals                               | 39.0  | 39.0  | -      | 34.0                                  | 34.0                                     | -      |
| Percentage Error                     |   |   | 0.00%  |                                       |  | 0.00%  |



**BELLEVILLE TOWNSHIP SCHOOL DISTRICT  
EXCESS SURPLUS CALCULATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**SECTION 1A**

|  |                  |              |
|--|------------------|--------------|
| 2016-2017 Total General Fund Expenditures per the CAFR | \$ 72,941,487    |              |
| Decreased by:  |                  |              |
| On-Behalf TPAF Pension & Social Security               | 8,103,341        |              |
|  | <u>8,103,341</u> |              |
| Adjusted 2016-2017 General Fund Expenditures           | \$ 64,838,146    |              |
| 1.5% of Adjusted 2016-2017 General Fund Expenditures   | \$ 972,572       |              |
| Increased by:  |                  |              |
| Allowable Adjustment - Non Public Transportation       | \$ 67,338        |              |
|  | <u>67,338</u>    |              |
| Maximum Unassigned Fund Balance                        |                  | \$ 1,039,910 |

**SECTION 2**

|  |                  |                  |
|--|------------------|------------------|
| Total General Fund - Fund Balance at June 30, 2017 | \$ 3,512,757     |                  |
| Decreased by:                                      |                  |                  |
| Year End Encumbrances                              | \$ 893,042       |                  |
| Capital Reserve                                    | 1,386,149        |                  |
| Maintenance Reserve                                | <u>193,656</u>   |                  |
|  | <u>2,472,847</u> |                  |
| Total Unassigned Fund Balance                      |                  | <u>1,039,910</u> |

**SECTION 3**

|  |  |             |
|--|--|-------------|
| Restricted Fund Balance - Excess Surplus |  | \$ <u>-</u> |
|--|--|-------------|

## **BELLEVILLE TOWNSHIP SCHOOL DISTRICT RECOMMENDATIONS**

### **I. Administration Practices and Procedures**

There are none.

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

It is recommended that:

1. The District report and remit to the State Division of Pensions and Benefits the retroactive salary and related pension deductions for the custodian/maintenance and administrator bargaining units.
2. The District discontinue the practice of compensating individuals for prior year unused vacation days that are not permitted in their respective contracts. In addition, the carry forward of prior year unused vacation days be in accordance with the terms outlined in the bargaining unit agreements.
- \* 3. 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.
4. The District calculate the compensated absence liability for accumulated unused sick days based on the provisions of each employees' respective bargaining unit terms.
5. Internal control procedures be revised to ensure the Board Secretary's and Treasurer's monthly reports are in agreement prior to submission and approval by the Board.
6. Salaries charged to the IDEA Preschool grant program be supported by time and effort calculations and be charged by pay period throughout the grant period.
7. The District review with its financial accounting software vendor the T.P.A.F. FICA calculation to ensure T.P.A.F. FICA reimbursements are based only on pensionable wages subject to FICA.

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

It is recommended that internal control procedures over purchasing be reviewed and revised to ensure all contract awards and purchases which exceed the bid and quote thresholds are made in accordance with the requirements of the Public School Contracts Law. In addition, documentation be maintained on file and made available for audit to support the District's compliance with the procedures required under the Public School Contracts Law (N.J.S.A. 18A:18A).

### **IV. School Food Service**

There are none.

**BELLEVILLE TOWNSHIP SCHOOL DISTRICT  
RECOMMENDATIONS**

**V. Student Body Activities**

It is recommended that:

- \* 1. Prenumbered receipt tickets be issued for monies collected in the Summer Program student activity account and vouchers be utilized for payments made from the Summer Program account. In addition, the Summer Program account be reconciled on a monthly basis.
- \* 2. Deposits be turned over to the student activity account treasurer from the activity advisors in a timely manner in the High School account.

**VI. Application for State School Aid**

There are none.

**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