

**BERGENFIELD BOARD OF EDUCATION
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL COMPLIANCE AND PERFORMANCE
JUNE 30, 2018**

**BERGENFIELD BOARD OF EDUCATION
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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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, 2018, and have issued our report thereon dated January 29, 2019.

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 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.

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
January 29, 2019

**BERGENFIELD BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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>
David DiPisa	School Business Administrator/ Board Secretary	\$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, 2018**

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.

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.

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.

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.

**BERGENFIELD BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Financial Planning, Accounting and Reporting (Continued)

Elementary and Secondary School Education Act (E.S.E.A.) as Amended by Every Student Succeeds Act (ESSA)

The E.S.E.A. 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, III and IV 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.

- **Finding (CAFR Finding 2018-002)** – A review of the application for State Extraordinary Aid revealed that certain related services for which costs were claimed for reimbursement were not clearly identified in the Individual Education Plan (IEP) of the respective student.

Recommendation – Internal control procedures be reviewed and revised to ensure student's Individual Education Plans (IEP) clearly identify the related services for which costs are claimed for reimbursement on the Application for State Extraordinary Aid.

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.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

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 \$19,000 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 designated the Interim Business Administrator 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.

**BERGENFIELD BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids (Continued)

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.

- **Finding (CAFR Finding 2018-001)** - Our audit noted the following with regards to compliance with Public School Contracts Law and State procurement guidelines:
 - There were three (3) instances where contracts were awarded through the use of a National Cooperative Contract where the District did not comply with all of the necessary requirements.
 - There were three (3) instances where the District was unable to provide proof that quotes were obtained
 - There was one (1) instance where the District awarded a time and material contract for boiler maintenance and repairs but the invoices did not provide sufficient detail to ensure amounts charged were in accordance with the contract award terms.
 - There was one (1) instance where a change order was not approved by a Board resolution.

Recommendation – Internal control procedures be reviewed and enhanced to ensure purchases are made in accordance with the Public School Contracts Law and State procurement guidelines.

Food Service Fund

The financial transactions and statistical 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.

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.

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

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

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

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

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

**BERGENFIELD BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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.

- **Finding** – Our audit noted that there was an expenditure from the High School Student Activity account that was paid by a cash withdrawal.

Recommendation – All disbursements from the High School Student Activity account be made by check.

Summer Enrichment Program

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

Application for State School Aid

Our audit procedures included a test of information reported in the October 13, 2017 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 immaterial 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 2017-2018 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with 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.

- **Finding** – Our audit noted three (3) instances where a student was reported on the DRTRS as Special Transportation Needs but the student's Individualized Education Plan (IEP) did not indicate special transportation needs was required.

Recommendation – Greater care be taken when reporting students on the DRTRS to ensure their classifications are consistent with the student's Individual Education Plan (IEP).

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, 2018**

Testing for Lead of all Drinking Water in Educational Facilities

The school district submitted the annual Statement of Assurance to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

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

- Old outstanding checks and other reconciling items on the various District bank account reconciliations should be reviewed and cleared of record.
- The District should review project accounts in the Capital Projects Fund and take appropriate action to close out completed projects.

**BERGENFIELD BOARD OF EDUCATION
FOOD SERVICE FUND
SCHEDULE OF MEAL COUNT ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

SCHEDULE OF MEAL COUNTY ACTIVITY

SCHEDULE OF MEAL COUNT ACTIVITY

<u>Program</u>	<u>Meals/Milks Category</u>	<u>Meals/Milks Claimed</u>	<u>Meals/Milks Tested</u>	<u>Meals/Milks Verified</u>	<u>Difference</u>
National School Lunch (Regular Rate)	Paid	96,236	96,236	96,236	-
	Reduced	33,461	33,461	33,461	-
	Free	<u>122,478</u>	<u>122,478</u>	<u>122,478</u>	-
	Total Lunch	<u>252,175</u>	<u>252,175</u>	<u>252,175</u>	-
School Breakfast (Regular)	Paid	9,492	9,492	9,492	-
	Reduced	7,771	7,771	7,771	-
	Free	<u>42,157</u>	<u>42,157</u>	<u>42,157</u>	-
	Total Breakfast	<u>59,420</u>	<u>59,420</u>	<u>59,420</u>	-
School Breakfast (Severe Needs)	Paid	-	-	-	-
	Reduced	-	-	-	-
	Free	<u>-</u>	<u>-</u>	<u>-</u>	-
	Total Breakfast	<u>-</u>	<u>-</u>	<u>-</u>	-
TOTAL		<u><u>311,595</u></u>	<u><u>311,595</u></u>	<u><u>311,595</u></u>	<u><u>-</u></u>

BERGENFIELD BOARD OF EDUCATION
 ENTERPRISE FUND - FOOD SERVICE FUND
 NET CASH RESOURCES SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2018

NET CASH RESOURCE SCHEDULE			
Net cash resources did/did not exceed three months of expenditures			
Proprietary Funds - Food Service			
FYE 2018			
		Food Service B - 4/5	
Net Cash Resources:			
CAFR	*	Current Assets	
B-4		Cash & Cash Equiv.	\$ 367,725
B-4		Due from Other Gov'ts	39,276
B-4		Accounts Receivable	
B-4		Investment	
CAFR		Current Liabilities	
B-4		Less Accounts Payable	
B-4		Less Accruals	
B-4		Less Due to Other Funds	
B-4		Less Deferred Revenue	<u>(8,354)</u>
		Net Cash Resources	<u>\$ 398,647 (A)</u>
Net Adj. Total Operating Expense:			
B-5		Tot. Operating Exp.	\$ 1,346,318
B-5		Less Depreciation	<u>6,106</u>
		Adj. Tot. Oper. Exp.	<u>\$ 1,340,212 (B)</u>
Average Monthly Operating Expense:			
		B / 10	<u>\$ 134,021 (C)</u>
Three times monthly Average:			
		3 X C	<u>\$ 402,064 (D)</u>
<hr/>			
TOTAL IN BOX A		\$ 398,647	
LESS TOTAL IN BOX D		<u>402,064</u>	
NET		<u>\$ (3,417)</u>	
From above:			
A is greater than D, cash exceeds 3 X average monthly operating expenses.			
D is greater than A, cash does not exceed 3 X average monthly operating expenses.			

**BERGENFIELD BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
OCTOBER 13, 2017**

	2018-19 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	9		9		-	-	9		9		-	-				
Half Day Preschool - 4 years	9		9		-	-	9		9		-	-				
Half Day Kindergarten					-	-					-	-				
Full Day Kindergarten	178		178		-	-	40		40		-	-				
1st Grade	182		182		-	-	25		25		-	-				
2nd Grade	217		217		-	-	45		45		-	-				
3rd Grade	235		235		-	-	49		49		-	-				
4th Grade	212		212		-	-	38		38		-	-				
5th Grade	223		223		-	-	34		34		-	-				
6th Grade	240		240		-	-	240		240		-	-				
7th Grade	227		227		-	-	227		227		-	-				
8th Grade	239		239		-	-	239		239		-	-				
9th Grade	233		233		-	-	233		233		-	-				
10th Grade	260		260		-	-	260		260		-	-				
11th Grade	237		237		-	-	237		237		-	-				
12th Grade	288		288		-	-	288		287		1	-				
Subtotal	2,989	-	2,989	-	-	-	1,973	-	1,972	-	1	-	-	-	-	-
Spec Ed - Elementary	261	2	261	2	-	-	46	2	46	-	-	2	2	2	2	-
Spec Ed - Middle School	131		131		-	-	131	-	127		4	-	2	2	2	-
Spec Ed - High School	156		154	-	2	-	154	-	151		3	-	13	11	11	-
Subtotal	548	2	546	2	2	-	331	2	324	-	7	2	17	15	15	-
Totals	3,537	2	3,535	2	2	-	2,304	2	2,296	-	8	2	17	15	15	-
Percentage Error					<u>0.06%</u>	<u>0.00%</u>					<u>0.35%</u>	<u>0.00%</u>				<u>0.00%</u>

**BERGENFIELD BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
OCTOBER 13, 2017**

	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	178.0	178.0	-	6.0	6.0	-	59.0	59.0	-	6.0	6.0	-
1st Grade	183.0	183.0	-	7.0	7.0	-	61.0	61.0	-	7.0	7.0	-
2nd Grade	217.0	217.0	-	5.0	5.0	-	70.0	70.0	-	4.0	4.0	-
3rd Grade	236.0	236.0	-	5.0	5.0	-	69.0	69.0	-	3.0	3.0	-
4th Grade	213.0	213.0	-	5.0	5.0	-	63.0	63.0	-	3.0	3.0	-
5th Grade	225.0	225.0	-	4.0	4.0	-	74.0	74.0	-	1.0	1.0	-
6th Grade	242.0	242.0	-	3.0	3.0	-	83.0	83.0	-	2.0	2.0	-
7th Grade	228.0	228.0	-	5.0	5.0	-	93.0	93.0	-	4.0	4.0	-
8th Grade	239.0	239.0	-	5.0	5.0	-	97.0	97.0	-	4.0	4.0	-
9th Grade	233.0	233.0	-	4.0	4.0	-	81.0	81.0	-	2.0	2.0	-
10th Grade	260.0	260.0	-	7.0	7.0	-	103.0	103.0	-	4.0	4.0	-
11th Grade	238.0	238.0	-	3.0	3.0	-	83.0	83.0	-	2.0	2.0	-
12th Grade	287.0	287.0	-	4.0	4.0	-	93.0	93.0	-	2.0	2.0	-
Subtotal	2,979.0	2,979.0	-	63.0	63.0	-	1,029.0	1,029.0	-	44.0	44.0	-
Spec Ed - Elementary	258.0	258.0	-	4.0	3.0	1.0	110.0	110.0	-	2.0	2.0	-
Spec Ed - Middle School	135.0	135.0	-	4.0	4.0	-	57.0	57.0	-	3.0	3.0	-
Spec Ed - High School	180.0	180.0	-	4.0	2.0	2.0	68.0	68.0	-	-	-	-
Subtotal	573.0	573.0	-	12.0	9.0	3.0	235.0	235.0	-	5.0	5.0	-
Totals	3,552.0	3,552.0	-	75.0	72.0	3.0	1,264.0	1,264.0	-	49.0	49.0	-

Percentage Error 0.00% 4.00% 0.00% 0.00%

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	41	41	-	10	9	1
Transported - Non-Public	-	-	-	-	-	-
Regular - Spec.	18	18	-	4	7	(3)
Special Needs - Public	174	166	8	41	37	4
Totals	233	225	8	55	53	2
			<u>3.43%</u>			<u>3.64%</u>

**BERGENFIELD BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
OCTOBER 13, 2017**

	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	12	12	-	8	8	-
1st Grade	11	11	-	7	7	-
2nd Grade	7	7	-	4	4	-
3rd Grade	7	7	-	4	4	-
4th Grade	4	4	-	3	3	-
5th Grade	4	4	-	3	3	-
6th Grade	7	7	-	4	4	-
7th Grade	5	5	-	4	4	-
8th Grade	5	5	-	4	4	-
9th Grade	4	4	-	3	3	-
10th Grade	7	7	-	4	4	-
11th Grade	3	3	-	1	1	-
12th Grade	-	-	-	-	-	-
Subtotal	76	76	-	49	49	-
Spec Ed - Elementary	-	-	-	-	-	-
Spec Ed - Middle School	-	-	-	-	-	-
Spec Ed - High School	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
Totals	76	76	-	49	49	-
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, 2018**

SECTION 1A

2017-2018 Total General Fund Expenditures per the CAFR	\$	69,627,527
Increased by:		
Capital Reserve and Capital Outlay Transferred to Capital Projects Fund		760,955
Decreased by:		
On-Behalf TPAF Pension & Social Security		<u>(7,783,270)</u>
Adjusted 2017-2018 General Fund Expenditures	\$	<u>62,605,212</u>
2% of Adjusted 2017-2018 General Fund Expenditures	\$	<u>1,252,104</u>
Enter Greater of 2% of Adjusted 2017-2018 General Fund Expenditures or \$250,000	\$	1,252,104
Increased by: Allowable Adjustments		<u>714,048</u>
Maximum Unassigned Fund Balance		<u>\$ 1,966,152</u>

SECTION 2

Total General Fund - Fund Balance at June 30, 2018 (Per CAFR Budgetary Comparison Schedule/Statement)	\$	10,213,754
Decreased by:		
Year End Encumbrances		1,798,336
Capital Reserve		667,355
Capital Reserve - Designated for Subsequent Year's Expenditures		965,000
Maintenance Reserve		400,000
Maintenance Reserve - Designated for Subsequent Year's Expenditures		400,000
Emergency Reserve		594,000
Tuition Adjustments		343,000
Tuition Adjustments-Designated for Subsequent Year's Expenditures		338,000
Excess Surplus - Designated for Subsequent Year's Expenditures		1,144,579
Designated for Subsequent Year's Expenditures		<u>452,753</u>
Total Unassigned Fund Balance		<u>\$ 3,110,731</u>

SECTION 3

Restricted Fund Balance - Excess Surplus \$ 1,144,579

Recapitulation of Excess Surplus as of June 30, 2018

Excess Surplus	\$	1,144,579
Excess Surplus - Designated for Subsequent Year Expenditures		<u>1,144,579</u>
Total Excess Surplus	\$	<u>2,289,158</u>

Detail of Allowable Adjustments

Extraordinary Aid \$ 714,048

**BERGENFIELD BOARD OF EDUCATION
RECOMMENDATIONS**

I. Administrative Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

It is recommended that internal control procedures be reviewed and revised to ensure student's Individualized Education Plans (IEP) clearly identify the related service for which costs are claimed for reimbursement on the Application for State Extraordinary Aid.

III. School Purchasing Program

It is recommended that internal control procedures be reviewed and enhanced to ensure purchases are made in accordance with the Public School Contracts Law and State procurement guidelines.

IV. Food Service Fund

There are none.

V. Student Body Activities

It is recommended that all disbursements from the High School Student Activity account be made by check.

VI. Summer Enrichment Program

There are none.

VII. Application for State School Aid

There are none.

VIII. Transportation

It is recommended that greater care be taken when reporting students on the DRTRS to ensure their classifications are consistent with the student's Individualized Education Plan (IEP).

IX. Facilities and Capital Assets

There are none.

X. Miscellaneous

There are none.

XI. Status of Prior Years' Audit Findings/Recommendations

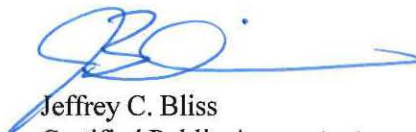
A review was performed on all prior years' recommendations and corrective action was taken on all prior year findings.

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

A handwritten signature in blue ink, appearing to read "JC Bliss", with a long horizontal flourish extending to the right.

Jeffrey C. Bliss
Certified Public Accountant
Public School Accountant