

**HACKENSACK BOARD OF EDUCATION  
AUDITORS' MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS -  
FINANCIAL, COMPLIANCE AND PERFORMANCE  
JUNE 30, 2019**

**HACKENSACK 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  
Hackensack Board of Education  
Hackensack, 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 Hackensack Board of Education, State of New Jersey as of and for the fiscal year ended June 30, 2019, and have issued our report thereon dated November 22, 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 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 22, 2019

**HACKENSACK BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**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>
Adrian Pollio (7/1/18-8/30/18)	Business Administrator/Board Secretary	\$480,000
Joseph R. Amatuzzi (8/21/18-1/1/19)	Business Administrator/Board Secretary	\$500,000
Dennis Frohnapfel (1/2/19-6/30/19)	Business Administrator/Board Secretary	\$500,000

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

**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.

Salary withholdings were promptly remitted to the proper agencies, including health benefits premium amounts withheld and due to the governmental funds.

The District maintains a personnel tracking and accounting (Position Control) system.

- **Finding** – There were instances in which the Position Control Roster was not updated with current year positions, salaries and/or assigned budget accounts as required by N.J.A.C. 6A:23A-6.8.

**Recommendation** – The District update the Position Control Roster to be in compliance the requirements of the New Jersey Administrative Code.

**HACKENSACK BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30 for goods not yet received or services not yet rendered 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 determine that goods were received and services were rendered as of June 30.

- **Finding – (CAFR Finding 2019-001)** – Our audit of year end open purchase orders revealed certain accounts payable that should have been classified as encumbrances and certain encumbrances that should have been classified as accounts payable. Additionally, we noted liabilities that were not recorded in the District’s accounting records at year end.

**Recommendation** – Procedures be revised to ensure open orders are reviewed at year end for proper classification as accounts payable or encumbrances. Additionally, greater care be taken to ensure all liabilities are recorded in the District’s accounting records at year end.

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*. As a result of the procedures performed, no material exceptions were noted, therefore, no additional procedures were deemed necessary to test the propriety of expenditure classification.

- **Finding (CAFR Finding 2019-004)** – Our audit revealed certain expenditures were not classified and charged to the proper budget line accounts in accordance with The Uniform Minimum Chart of Accounts for New Jersey Public Schools.

**Recommendation** – Procedures be enhanced to ensure expenditures are charged to the proper budget line accounts 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 good 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 with exceptions as previously noted.

**HACKENSACK BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

**Board Secretary's Records (Continued)**

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

- **Finding (CAFR Finding 2019-002)** – We noted the financial transactions of a \$1,500,730 lease-purchase account with TD Wealth Bank for the acquisition of Chromebooks and various information technology items and an \$800,000 lease-purchase bank account with Peapack Gladstone Bank for the acquisition of a phone system were not being recorded in the District's accounting records. In addition, the payments made by the banks (fiscal agents) to vendors from these accounts were not included on the bills list and therefore not approved by the Board in the official minutes.

**Recommendation** – The District record all transactions of its lease-purchase agreement's bank accounts in their financial accounting records and vendor payments be included on the bills list presented to the Board, be approved by Board action and made part of the official minutes prior to payment by the Fiscal Agent.

- **Finding (CAFR Finding 2019-003)** – The District was not in compliance with Secondary Market Disclosure requirements in conjunction with the District's outstanding school bonds.

**Recommendation** – The District take appropriate action to ensure compliance with Secondary Market Disclosure requirements with respect to its outstanding school bonds

**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.) as amended by the Every Student Succeeds Acts (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 Title I, II, III and IV of the Elementary and Secondary Education Act, as amended and reauthorized.

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

- **Finding** – We noted certain Federal ESEA grant program funds in the amount of \$142,089, that were released from the District's available funds for carryover as a result of the District's failure to expend program funds within the allowable grant period.

**Recommendation** – Internal control procedures be reviewed and enhanced in the monitoring of available Federal grant funds to ensure program funds are expended in the allowable grant period.

**Other Special Federal and/or State Projects**

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

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

The financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

**HACKENSACK BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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 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

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 are \$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 \$19,000.

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 Assistant School Business Administrator as the qualified purchasing agent and established the bid threshold at \$40,000 effective April 29, 2019.

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 Findings 2019-005 and 2019-007)** – Our audit of purchases and contract awards in excess of the bid and quote thresholds revealed the following as it relates to compliance with the Public School Contracts Law and State procurement guidelines:
  - 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).
  - 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).

**HACKENSACK BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**School Purchasing Programs (Continued)**

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

- Our audit indicated several vendors paid in excess of the bid threshold were based on the use of state contracts or cooperative purchasing agreements which were not approved by the Board and included in the official minutes. Furthermore, the applicable state contract and cooperative purchasing agreements were not provided in order to determine the validity of the contracts.
- We noted approved change orders approved to a contract that exceeded 20% of the original contract were not published in the official newspaper detailing the additional amount to be expended, the original contract price and the nature of the additional work in accordance with the New Jersey Administrative Code (N.J.A.C. 5:30-11.9).
- We noted instances where vendor Political Contribution Disclosure Forms (PCDF) were not provided by vendors and maintained on file as required.
- We noted numerous instances where Board approved professional service contract awards in excess of the bid threshold were not subsequently published in the District's official newspaper as required by the Public School Contracts Law (N.J.S.A. 18A:18A-5(a)(1)).

**Recommendation –**

- Internal control procedures over purchasing be reviewed and revised to ensure all contract awards and purchases which exceed the bid and quote threshold are procured 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).
- Contract awards and purchases made in excess of the bid threshold through the use of State contracts and cooperative purchasing agreements be approved by the Board in the official minutes. In addition, documentation be maintained on file and made available for audit to support the District's awards pursuant to state contracts and cooperative purchasing agreements.
- A notice be published in the District's official newspaper when change orders exceed 20% of the original contract amount as required by the New Jersey Administrative Code.
- Procedures be revised to ensure Political Contribution Disclosure Forms are obtained from vendors and maintained on file as required.
- Procedures be enhanced to ensure professional service contract awards are subsequently published in the District's official newspaper as required by the Public School Contracts Law.

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

**School Food Service**

The 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, or appropriate school food service personnel, as to whether the School Food Authority (SFA) had any Child Nutrition Program reimbursement overclaims or underclaims. We also inquired of school management, or appropriate school food service personnel, as to whether the SFA's expenditures of school food service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

The 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.



**HACKENSACK BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**School Food Service (Continued)**

The financial transactions of the school food service fund were maintained in good condition. The financial accounts 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 not met by the FSMC for the current fiscal year. A credit was provided by the FSMC to the District for the shortfall in the operating results provision.

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 exceed three months average expenditures.

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

USDA 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.

- **Finding** – Our audit of Food Service operations revealed the net cash resources at June 30, 2019 exceeded three (3) months average expenditures.  
**Recommendation** – Appropriate action be taken to ensure net cash resources do not exceed three months average expenditures.

**Student Body Activities**

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

- **Finding** – Pre-numbered receipt tickets were not utilized for monies collected in the Elementary, Middle School or High School Student Activity accounts.  
**Recommendation** – Pre-numbered receipt tickets be utilized for monies collected in all District student activity accounts.
- **Finding** – Deposits for gate receipts from sporting events are not deposited in a timely manner in the High School Athletic Account.  
**Recommendation** – Sporting event deposits be made in a timely manner in the High School Athletic account.
- **Finding** – Vouchers or checks request forms were not utilized for disbursements made from the Elementary and Middle School Student Activity accounts.  
**Recommendation** – Vouchers or check request forms be utilized for payments made from the Elementary and Middle School Student Activity accounts.
- **Finding** – Payments were made for items in the High School Student Activity and High School Athletic accounts for items that do not appear to be student related type activities and athletics.  
**Recommendation** – Payments from the High School Student Activity and High School Athletic accounts be only for student related type activities and athletics, respectively.

**HACKENSACK BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**Application for State School Aid**

Our audit procedures included a test of information reported in the October 15, 2018 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 without exception. 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 2018-19 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.

Our procedures included a review of transportation related contracts and purchases. Based on our review, the district did not comply in all instances with proper bidding procedures and award of contracts. See the section of this report entitled "School Purchasing Program".

- **Finding (CAFR Finding 2019-006)** – Several transportation contracts and renewals were not supported by a signed Executive County Superintendent approval memo and/or a certified copy of the Board minutes approving the contract.

**Recommendation** – All transportation contracts and renewals be supported by a signed Executive County Superintendent's approval memo and a certified copy of the Board minutes approving the contract.

**Facilities and Capital Assets**

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

**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).

**Management Suggestions**

- Payments made from the Scholarship and Unemployment trust accounts should be approved in the Board minutes.
- The District should perform a review of all bank accounts utilizing the District's employer identification number (EIN) and any accounts not under the control and approval of the Board should discontinue the use of the District's EIN.

**Follow-up Prior Year Findings**

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

**HACKENSACK BOARD OF EDUCATION  
FOOD SERVICE FUND  
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM  
ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOT APPLICABLE**

**HACKENSACK BOARD OF EDUCATION  
FOOD SERVICE FUND  
SCHEDULE OF NET CASH RESOURCES  
ENTERPRISE FUNDS FOR THE FISCAL YEAR ENDING JUNE 30, 2019**

<u>Net Cash Resources:</u>		<b>Food Service B - 4/5</b>	
<b>CAFR</b>	*	<b>Current Assets</b>	
B-4		Cash & Cash Equiv.	\$ 1,242,346
B-4		Due from Other Gov'ts	196,499
B-4		Due from Other Fund	-
B-4		Accounts Receivable	18,171
B-4		Investments	
<b>CAFR</b>		<b>Current Liabilities</b>	
B-4		Less Accounts Payable	\$ (379,049)
B-4		Less Accruals	
B-4		Less Due to Other Funds	
B-4		Less Unearned Revenue	<u>\$ (12,888)</u>
		<b>Net Cash Resources</b>	<u><u>\$ 1,065,079</u></u> (A)

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.	2,737,472	
B-5	Less Depreciation	<u>(34,287)</u>	
	Adj. Tot. Oper. Exp.	<u><u>\$ 2,703,185</u></u>	(B)

Average Monthly Operating Expense:

B / 10	<u><u>270,319</u></u>	(C)
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Three times monthly Average:

3 X C	<u><u>810,957</u></u>	(D)
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TOTAL IN BOX A	<u>1,065,079</u>	
LESS TOTAL IN BOX D	<u>810,957</u>	
NET	<u><u>254,122</u></u>	
From above:		
<b>Net Cash Resources Exceeds Three Months Expenditures</b>		

**HACKENSACK BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
ENROLLMENT AS OF OCTOBER 15, 2018  
SCHEDULE OF AUDITED ENROLLMENTS**

	2019-2020 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 Verification	Sample Verified	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared					
Half Day Preschool 3 Years Old					-	-											
Half Day Preschool 4 Years Old					-	-											
Full Day Preschool 3 Years Old					-	-											
Full Day Preschool 4 Years Old	162		162		-	-	34		34								
Half Day Kindergarten					-	-											
Full Day Kindergarten	347		347		-	-	78		78								
Grade 1	318		318		-	-	89		89								
Grade 2	283		283		-	-	69		69								
Grade 3	348		348		-	-	64		64								
Grade 4	346		346		-	-	82		82								
Grade 5	310		310		-	-	310		310								
Grade 6	314		314		-	-	314		314								
Grade 7	284		284		-	-	284		284								
Grade 8	282		282		-	-	282		282								
Grade 9	443	5	443	5	-	-	443	5	443	5	-	-					
Grade 10	394	10	394	10	-	-	394	10	394	10	-	-					
Grade 11	395	4	395	4	-	-	395	4	395	4	-	-					
Grade 12	403	4	403	4	-	-	403	4	403	4	-	-					
Post- Graduate					-	-											
Adult High School (15+ Credits)					-	-											
Adult High School (1-14 Credits)					-	-											
Subtotal	4,629	23	4,629	23	-	-	3,241	23	3,241	23	-	-					
Sp Ed - Elementary	577		577		-	-	31		31		-	-	17.0	13	13		-
Sp Ed - Middle School	227		227		-	-	12		12		-	-	11.0	8	8		-
Sp Ed - High School	296	11	296	11	-	-	12	2	12	2	-	-	28.5	22	22		-
Subtotal	1,100	11	1,100	11	-	-	55	2	55	2	-	-	56.5	43	43		-
County Vocational - Regular					-	-											
County Vocational - F.T. Post-Second					-	-											
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-					
Totals	5,729	34	5,729	34	-	-	3,296	25	3,296	25	-	-	56.5	43	43		-
Percentage Error					<u>0.00%</u>						<u>0.00%</u>						<u>0.00%</u>

**HACKENSACK BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
ENROLLMENT AS OF OCTOBER 15, 2018  
SCHEDULE OF AUDITED ENROLLMENTS**

	Resident 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	Sample Errors
Half Day Preschool 3 Years Old			-			-
Half Day Preschool 4 Years Old			-			-
Full Day Preschool 3 Years Old			-			-
Full Day Preschool 4 Years Old			-			-
Half Day Kindergarten			-			-
Full Day Kindergarten	201.0	201.0	-	17	17	-
Grade 1	220.0	220.0	-	19	19	-
Grade 2	175.0	175.0	-	15	15	-
Grade 3	225.0	225.0	-	20	20	-
Grade 4	231.0	231.0	-	20	20	-
Grade 5	221.0	221.0	-	19	19	-
Grade 6	216.0	216.0	-	19	19	-
Grade 7	213.0	213.0	-	18	18	-
Grade 8	191.0	191.0	-	17	17	-
Grade 9	232.5	232.5	-	20	20	-
Grade 10	185.5	185.5	-	16	16	-
Grade 11	194.5	194.5	-	17	17	-
Grade 12	189.0	189.0	-	16	16	-
Post- Graduate			-			-
Adult High School (15+ Credits)	-	-	-			-
Adult High School (1-14 Credits)	-	-	-			-
<b>Subtotal</b>	<b>2,694.5</b>	<b>2,694.5</b>	<b>-</b>	<b>233</b>	<b>233</b>	<b>-</b>
Sp Ed - Elementary	408.0	408.0	-	35	35	-
Sp Ed - Middle School	176.0	176.0	-	15	15	-
Sp Ed - High School	188.0	188.0	-	16	16	-
<b>Subtotal</b>	<b>772.0</b>	<b>772.0</b>	<b>-</b>	<b>66</b>	<b>66</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>3,466.5</b>	<b>3,466.5</b>	<b>-</b>	<b>299.0</b>	<b>299.0</b>	<b>-</b>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

	Resident LEP Low Income			Sample for Verification		
	Reported on ASSA as LEP low Income	Reported on Workpapers as LEP low Income	Errors	Sample Selected	Verified to Test Score and Register	Errors
Half Day Preschool 3 Years Old			-			-
Half Day Preschool 4 Years Old			-			-
Full Day Preschool 3 Years Old			-			-
Full Day Preschool 4 Years Old			-			-
Half Day Kindergarten			-			-
Full Day Kindergarten	37	37	-	14	14	-
Grade 1	60	60	-	23	23	-
Grade 2	43	43	-	16	16	-
Grade 3	34	34	-	13	13	-
Grade 4	19	19	-	5	5	-
Grade 5	12	12	-	5	5	-
Grade 6	11	11	-	4	4	-
Grade 7	17	17	-	7	7	-
Grade 8	18	18	-	7	7	-
Grade 9	34	34	-	13	13	-
Grade 10	29	29	-	11	11	-
Grade 11	30	30	-	11	11	-
Grade 12	19	19	-	7	7	-
Post- Graduate			-			-
Adult High School (15+ Credits)			-			-
Adult High School (1-14 Credits)			-			-
<b>Subtotal</b>	<b>363</b>	<b>363</b>	<b>-</b>	<b>136</b>	<b>136</b>	<b>-</b>
Sp Ed - Elementary	25	25	-	10	10	-
Sp Ed - Middle School	8	8	-	3	3	-
Sp Ed - High School	3	3	-	1	1	-
<b>Subtotal</b>	<b>36</b>	<b>36</b>	<b>-</b>	<b>14</b>	<b>14</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>399</b>	<b>399</b>	<b>-</b>	<b>150</b>	<b>150</b>	<b>-</b>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools	258	258	-	78	78	-
Regular - Special Ed	182	182	-	57	56	1
Transported - Non Public	-	-	-	-	-	-
Special Needs	192	192	-	60	58	2
<b>Totals</b>	<b>632</b>	<b>632</b>	<b>-</b>	<b>195</b>	<b>192</b>	<b>3</b>
Percentage Error			<u>0.0%</u>			<u>1.5%</u>

**HACKENSACK BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
ENROLLMENT AS OF OCTOBER 15, 2018  
SCHEDULE OF AUDITED ENROLLMENTS**

	Resident LEP Not Low Income			Sample for Verification		
	Reported on ASSA as NOT Low Income	Reported on Workpapers as NOT low Income	Errors	Sample Selected From Workpapers	Verified to Application Workpapers	Errors
Half Day Preschool 3 Years Old						
Half Day Preschool 4 Years Old			-			-
Full Day Preschool 3 Years Old			-			-
Full Day Preschool 4 Years Old			-			-
Half Day Kindergarten			-			-
Full Day Kindergarten	17	17	-	7	7	-
Grade 1	16	15	1	6	6	-
Grade 2	5	5	-	2	2	-
Grade 3	8	8	-	3	3	-
Grade 4	10	10	-	4	4	-
Grade 5	2	2	-	1	1	-
Grade 6	8	8	-	3	3	-
Grade 7	4	4	-	2	2	-
Grade 8	6	6	-	2	2	-
Grade 9	9	7	2	3	3	-
Grade 10	11	15	(4)	4	4	-
Grade 11	8	9	(1)	3	3	-
Grade 12	3	4	(1)	1	1	-
Post- Graduate			-			-
Adult High School (15+ Credits)			-			-
Adult High School (1-14 Credits)			-			-
<b>Subtotal</b>	<b>107</b>	<b>110</b>	<b>(3)</b>	<b>41</b>	<b>41</b>	<b>0</b>
Sp Ed - Elementary	5	5	-	2	2	-
Sp Ed - Middle School	1	1	-	1	1	-
Sp Ed - High School	1	0	1	1	1	-
<b>Subtotal</b>	<b>7</b>	<b>6</b>	<b>1</b>	<b>4</b>	<b>4</b>	<b>-</b>
County Vocational - Regular						
County Vocational - F.T. Post-Second						
<b>Subtotal</b>						
<b>Totals</b>	<b>114</b>	<b>116</b>	<b>(2)</b>	<b>45</b>	<b>45</b>	<b>-</b>
Percentage Error			<u>-1.75%</u>		<u>0.00%</u>	

**HACKENSACK BOARD OF EDUCATION  
EXCESS SURPLUS CALCULATION  
FOR THE FISCAL YEAR ENDING JUNE 30, 2019**

**SECTION 1A - Two Percent (2%) - Calculation of Excess surplus**

2018-19 Total General Fund Expenditures per the CAFR	\$ 127,982,010
Increased by:	
Transfer Out - Special Revenue Fund - Preschool Program	411,499
	128,393,509
Decreased by:	
On-Behalf TPAF Pension & Social Security	16,502,841
Adjusted 18-19 General Fund Expenditures	\$ 111,890,668
2% of Adjusted 2018-19 General Fund Expenditures	\$ 2,237,813
Allowable Adjustment - Unbudgeted Extraordinary Aid	550,737
Maximum Unreserved/Undesignated Fund Balance	\$ 2,788,550

**SECTION 2**

Total General Fund - Fund Balance at June 30, 2019	\$ 17,142,946
Decreased by:	
Reserved for Encumbrances	1,170,127
Other Reserved Fund Balances - Capital Reserve	7,753,406
Other Reserved Fund Balance - Maintenance Reserve	765,331
Other Reserved Fund Balance - Emergency Reserve	2,335
Excess Surplus - Designated for Subsequent Year's Expenditures	2,950,832
Total Unreserved/Undesignated Fund Balance	\$ 4,500,915

**SECTION 3**

<b>Reserved Fund Balance - Excess Surplus</b>	<b>\$ 1,712,365</b>
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**Recapitulation of Excess Surplus as of June 30, 2019**

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	\$ 2,950,832
Reserved Excess Surplus	1,712,365
Total	\$ 4,663,197



**HACKENSACK BOARD OF EDUCATION  
RECOMMENDATIONS**

**I. Administration Practices and Procedures**

There are none.

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

It is recommended that:

- \* 1. The District update the Position Control Roster to be in compliance with the requirements of the New Jersey Administrative Code.
- \* 2. Procedures be revised to ensure open orders are reviewed at year end for proper classification as accounts payable or encumbrances. Additionally, greater care be taken to ensure all liabilities are recorded in the District's accounting records at year end.
- \* 3. Procedures be enhanced to ensure expenditures are charged to the proper budget line accounts in accordance with The Uniform Minimum Chart of Accounts for New Jersey Public Schools.
- 4. The District record all transactions of its lease-purchase agreement's bank accounts in their financial accounting records and vendor payments be included on the bills list presented to the Board, be approved by Board action and made part of the official minutes prior to payment by the Fiscal Agent.
- 5. The District take appropriate action to ensure compliance with Secondary Market Disclosure requirements with respect to its outstanding school bonds.
- 6. Internal control procedures be reviewed and enhanced in the monitoring of available Federal grant funds to ensure program funds are expended in the allowable grant period.

**III. School Purchasing Program**

It is recommended that:

- 1. Internal control procedures over purchasing be reviewed and revised to ensure all contract awards and purchases which exceed the bid and quote threshold are procured 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).
- 2. Contract awards and purchases made in excess of the bid threshold through the use of State contracts and cooperative purchasing agreements be approved by the Board in the official minutes. In addition, documentation be maintained on file and made available for audit to support the District's awards pursuant to state contracts and cooperative purchasing agreements.

**HACKENSACK BOARD OF EDUCATION  
RECOMMENDATIONS**

**III. School Purchasing Program (Continued)**

3. A notice be published in the District's official newspaper when change orders exceed 30% of the original contract amount as required by the New Jersey Administration Code.
- \* 4. Procedures be revised to ensure Political Contribution Disclosure Forms are obtained from vendors and maintained on file as required.
5. Procedures be enhanced to ensure professional service contract awards are subsequently published in the District's official newspaper as required by the Public School Contracts Law.

**IV. School Food Service**

- \* It is recommended that appropriate action be taken to ensure net cash resources do not exceed three months average expenditures.

**V. Student Body Activities**

It is recommended that:

1. Pre-numbered receipt tickets be utilized for monies collected in all District student activity accounts.
- \* 2. Sporting event deposits be made in a timely manner in the High School Athletic account.
3. Vouchers or checks request forms be utilized for payments made from the Elementary and Middle School Student Activity accounts.
4. Payments from the High School Student Activity and High School Athletic accounts be only for student related type activities and athletics, respectively.

**VI. Application for State School Aid**

There are none.

**VIII. Pupil Transportation**

- \* It is recommended that all transportation contracts and renewals be supported by a signed Executive County Superintendent's approval memo and a certified copy of the Board minutes approving the contract.

**IX. Facilities and Capital Assets**

There are none.

**X. Miscellaneous**

There are none.

**HACKENSACK BOARD OF EDUCATION  
RECOMMENDATIONS**


**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