

**BOGOTA BOARD OF EDUCATION
AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2015**

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

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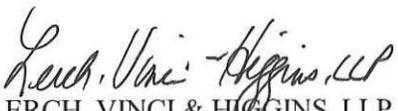
Honorable President and Members
of the Board of Trustees
Bogota Board of Education
Bogota, New Jersey

We have audited in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Bogota Board of Education as of and for the fiscal year ended June 30, 2015, and have issued our report thereon dated November 24, 2015.

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

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

Respectfully submitted,


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


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
November 24, 2015

**BOGOTA BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator, the activities of the Board of Education and the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

Fire insurance coverage was carried in the amounts as reported on Exhibit J-20 as contained in the District's Comprehensive Annual Financial report (the "CAFR").

Official Bonds (N.J.S.A. 18A:17-26, 18A:17-32)

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Janet Behrmann	Board Secretary/School Business Administrator	\$430,000

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

Financial Planning, Accounting and Reporting

Examination of Claims

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

Payroll Account

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

All payrolls tested were approved by the Board President and the Board Secretary/Business Administrator.

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

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

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

Recommendation – The end of the month payroll deduction balances be in agreement with the bank reconciliations.

Finding – In accordance with the New Jersey Administrative Code (6A:23A-5.7), school districts are required to perform a payroll verification every three years. District employee's must produce picture identification and sign for the release of his or her paycheck or direct deposit voucher. The last payroll verification completed by the Board was on May 30, 2012.

Recommendation – The School Administration perform an employee payroll verification in accordance with N.J.A.C. 6A:23A-5.7.

**BOGOTA BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 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:23-2.2(g) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.2.

As a result of the procedures performed, no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

The financial records and books of accounts maintained by the Board Secretary were in good condition.

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

Finding – Our audit revealed that the District maintains a Summer Recovery Program for students attending instructional programs during the summer. The accounting records for this program are maintained independent of the internal accounting records, and were not included in the Board Secretary's monthly financial report.

Recommendation – The financial reporting of the District's Summer Recovery Program be included in the Board Secretary's accounting records and monthly financial reports.

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

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

All cash receipts were promptly deposited.

Unemployment Compensation Insurance Trust Fund

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

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

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

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

**BOGOTA BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Financial Planning, Accounting and Reporting (Continued)

Other Special Federal and/or State Projects

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

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

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

T.P.A.F. Reimbursements

Our audit procedures included a test of the semi-monthly reimbursement forms filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund without exception.

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

The reimbursement to the State for 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 subsequent to the end of the 60 day grant liquidation period, but prior to the 90 days required by N.J.S.A. 18A:66-90. Accordingly, the expenditure was made in accordance with State law (90 days) and properly reported as obligated and not expended and as an unliquidated balance in the current year's Final Report for all federal awards.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

Effective July 1, 2010 and thereafter the bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(A) are \$36,000 (with a Qualified Purchasing Agent) and \$26,000 (without a Qualified Purchasing Agent), respectively. The Business Administrator has been designated the chief purchasing agent of the District and the Board Education has adopted a resolution increasing the bid threshold to \$36,000. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$18,300.

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 \$36,000. 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 School 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.

**BOGOTA BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

School Purchasing Programs (Continued)

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 statutory thresholds where there had been no advertising for bids in accordance with the provisions of N.J.S.A. 18A:18A-4, as amended.

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.

School Food Service

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

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

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

Cash receipts and bank records were reviewed for timely deposit.

Expenditures were separately recorded as food, labor and other costs. 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.

U.S.D.A. 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, Section F.

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

**BOGOTA BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Student Activity Fund/School Athletics

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

Finding – Our audit noted that a detail ledger by the High School Club and Activity is maintained, however the ending balance is not in agreement with the monthly bank reconciliation.

Recommendation – Procedures be implemented to ensure that the High School Club/Activity ledger is in agreement with the monthly bank reconciliation.

Finding- Our audit of student activity revealed that not all cash receipts were promptly deposited from High School Athletics, Steen and Bixby Elementary Schools.

Recommendation – All student activity cash receipts be deposited in a timely manner.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2014 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the disabled, low-income, related services and bilingual. We also performed a review of the district procedures related to its completion. The information on the A.S.S.A. was compared to the district workpapers without exceptions. The information that was included on the workpapers was verified without exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments.

The District maintained workpapers on the prescribed State forms or their equivalent.

The District's written procedures appear to be adequate for the recording of student enrollment data.

Pupil Transportation

Our audit procedures were to include a test of on-roll status reported in the 2014-2015 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with two (2) exceptions noted. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation-related contracts and purchases. Based on our review, the District complied with proper bidding procedures and award contracts. No exceptions were noted in our review of transportation-related purchases of goods and services.

Facilities and Capital Assets

Our procedures included a review of the SDA grant agreement for consistency with recording SDA grant revenue, transfer of local funds from the General Fund or from the Capital Reserve Account, and awarding of contracts for eligible facilities construction

**BOGOTA BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Facilities and Capital Assets (Continued)

Finding – At June 30, 2015, the District has an outstanding grant receivable of \$463,120, from the Schools Development Authority (the “SDA”) for the Junior/Senior High School window replacement and electrical upgrades projects.

Recommendation – The District’s year-end and Capital Projects grant receivable balance be reviewed and all required project cost documentation be submitted to the State to ensure the collectability of the receivable.

Follow-up on Prior Year Findings

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

Suggestion to Management

- All interfund balances be liquidated prior to year end.
- Old outstanding checks and reconciling items in the general operating, high school and athletic accounts be reviewed and cleared of record.

**BOGOTA BOARD OF EDUCATION
FOOD SERVICE FUND
SCHEDULE OF MEAL COUNT ACTIVITY
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

**FOOD SERVICE FUND
SCHEDULE OF NET CASH RESOURCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

**BOGOTA BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 15, 2014**

	Application for State School Aid						Sample for Verification						Private Schools for Disabled			
	Reported on		Reported on		Errors		Sample		Verified per		Errors per		Reported on	Sample	Sample	Sample
	A.S.S.A.		Workpapers				Selected from		Register		Registers		A.S.S.A. as	for		
	On Roll	Shared	On Roll	Shared	Full	Shared	Workpapers	On Roll	On Roll	On Roll	Private	Verifi-	Verified	Errors		
Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Schools	cation	Errors		
Full Preschool 4 yr.	1		1		-			1		1						
Full Day Kindergarten	77		77		-			51		51						
Grade 1	64		64		-			39		39						
Grade 2	66		66		-			35		35						
Grade 3	65		65		-			32		32						
Grade 4	77		77		-			36		36						
Grade 5	83		83		-			36		36						
Grade 6	74		74		-			39		39						
Grade 7	71		71		-			71		71						
Grade 8	73		73		-			73		73						
Grade 9	55		55		-			55		55						
Grade 10	79	1	79	1	-			79	1	79	1					
Grade 11	69		69		-			69		69						
Grade 12	71		71		-			71		71						
Subtotal	925	1	925	1	-	-		687	1	687	1					
Sp Ed- Elementary	78		78		-	-		12		12			2	2	2	-
Sp Ed - Middle School	49		49		-	-		7		7			3	2	2	-
Sp Ed - High School	43	2	43	2	-	-		6		6			9	8	8	-
Subtotal	170	2	170	2	-	-		25	-	25	-		14	12	12	-
Totals	1,095	3	1,095	3	-	-		712	1	712	1		14	12	12	-
Percentage Error					0.00%	-				0.00%	-				0.00%	

**BOGOTA BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 15, 2014
SCHEDULE OF AUDITED ENROLLMENTS**

	Low Income			Sample for Verification		
	Reported on A.S.S.A	Reported on Workpapers	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Kindergarten	27	27	-	4	4	-
Grade 1	25	25	-	4	4	-
Grade 2	23	23	-	4	4	-
Grade 3	27	27	-	4	4	-
Grade 4	44	44	-	4	4	-
Grade 5	42	42	-	5	5	-
Grade 6	37	37	-	4	4	-
Grade 7	36	36	-	6	6	-
Grade 8	42	42	-	4	4	-
Grade 9	21	21	-	3	3	-
Grade 10	33.5	33.5	-	4	4	-
Grade 11	31	31	-	4	4	-
Grade 12	25	25	-	5	5	-
Subtotal	413.5	413.5	-	55	55	-
Sp Ed - Elementary	49	49	-	5	5	-
Sp Ed - Middle School	25	25	-	6	6	-
Sp Ed - High School	30.5	30.5	-	4	4	-
Subtotal	104.5	104.5	-	15	15	-
Totals	518	518	-	70	70	-

Percentage Error 0.00% 0.00%

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools	23	23	-	5	5	-
Special Ed. - Public	13	13	-	3	2	(1)
Transported - Non - Public	-	-	-	-	-	-
Special Needs - Public	81	81	-	16	15	(1)
Subtotal	117	117	-	24	22	(2)

Percentage Error 0.00% -8.3%

	Resident LEP Low Income			Sample for Verification		
	Reported on A.S.S.A	Reported on Workpapers	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Kindergarten	5	5	-	-	-	-
Grade 1	8	8	-	3	3	-
Grade 2	5	5	-	-	-	-
Grade 3	3	3	-	1	1	-
Grade 4	3	3	-	1	1	-
Grade 5	1	1	-	1	1	-
Grade 6	3	3	-	-	-	-
Grade 7	2	2	-	2	2	-
Grade 8	-	-	-	1	1	-
Grade 9	3	3	-	2	2	-
Grade 10	5	5	-	1	1	-
Grade 11	4	4	-	2	2	-
Grade 12	1	1	-	1	1	-
Subtotal	43	43	-	15	15	-
Sp Ed - Elementary	2	2	-	-	-	-
Sp Ed - Middle School	1	1	-	-	-	-
Sp Ed - High School	1	1	-	-	-	-
Subtotal	4	4	-	-	-	-
Totals	47	47	-	15	15	-

Percentage Error 0.00% 0.00%

**BOGOTA BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 15, 2014
SCHEDULE OF AUDITED ENROLLMENTS**

	<u>Resident LEP Not Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on A.S.S.A</u>	<u>Reported on Workpapers</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Application and Register</u>	<u>Sample Errors</u>
Full Day Kindergarten	2	2	-	1	1	-
Grade 1	1	1	-	1	1	-
Grade 2	1	1	-	1	1	-
Grade 3	-	-	-			-
Grade 4	3	3	-	2	2	-
Grade 5	-	-	-			-
Grade 6	-	-	-			-
Grade 7	2	2	-	1	1	-
Grade 8	-	-	-			-
Grade 9	1	1	-	1	1	-
Grade 10	1	1	-	1	1	-
Grade 11	1	1	-	1	1	-
Grade 12	1	1	-	1	1	-
Subtotal	<u>13</u>	<u>13</u>	<u>-</u>	<u>10</u>	<u>10</u>	<u>-</u>
Sp Ed - Elementary	-	-	-	-	-	-
Sp Ed - Middle School	-	-	-	-	-	-
Sp Ed - High School	-	-	-	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>13</u>	<u>13</u>	<u>-</u>	<u>10</u>	<u>10</u>	<u>-</u>
			<u>0.00%</u>			<u>0.00%</u>

**BOGOTA BOARD OF EDUCATION
CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

2014-2015 Total General Fund Expenditures per the CAFR	\$	20,388,993
Increased by:		
Transfer from Capital Outlay to Capital Projects		96,278
	\$	20,485,271
Decreased by:		
On-Behalf TPAF Pension & Social Security		(1,574,015)
Adjusted 2014-2015 General Fund Expenditures	\$	18,911,256
2% of Adjusted 2014-2015 General Fund Expenditures	\$	378,225
Increased by:		
Allowable Adjustment - Extraordinary Aid	\$	26,038
Maximum Unassigned Fund Balance	\$	404,263
Total General Fund - Fund Balance at June 30, 2015	\$	4,213,761
Decreased by:		
Restricted		
Emergency Reserve		250,000
Maintenance Reserve		250,000
Capital Reserve		2,293,028
Excess Surplus - Designated for Subsequent Year's Budget		375,000
Committed Year-End Encumbrances		65,000
Assigned		
ARRA/SEMI - Unreserved - Designated for Subsequent Year's Expenditures		4,776
Year-End Encumbrances		142,520
Total Unassigned Fund Balance	\$	833,437
Restricted Fund Balance - Excess Surplus	\$	429,174
<u>Recapitulation of Restricted Excess Surplus as of June 30, 2015</u>		
Excess Surplus - Designated for Subsequent Year's Budget	\$	375,000
Excess Surplus		429,174
	\$	1,233,348

**BOGOTA BOARD OF EDUCATION
RECOMMENDATIONS**

I. Administrative Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

It is recommended that:

1. The end of the month payroll deduction balances be in agreement with the bank reconciliations.
2. The School Administration perform an employee payroll verification in accordance with the N.J.A.C 6A:23A-5.7.
3. The financial reporting on the District's Summer Recovery Program be included in the Board Secretary's accounting records and monthly financial reports.

III. School Purchasing Program

There are none.

IV. School Food Service

There are none.

V. Student Activity Fund/School Athletics

It is recommended that:

1. Procedures be implemented to ensure that the High School Club/Activity ledger is in agreement with the monthly bank reconciliation.
- * 2. All student activity cash receipts be deposited in a timely manner.

VI. Application for State School Aid

There are none.

VII. Pupil Transportation

There are none.

VIII. Facilities and Capital Assets

It is recommended that the District's year-end and Capital Projects grant receivable balance be reviewed and all required project cost documentation be submitted to the State to ensure collectability of the receivable.

IX. Miscellaneous

There are none.

X. Status of Prior Years' Audit Findings/Recommendations

A review was performed on all prior years' recommendations. Corrective action was taken on all prior year recommendations, except these recommendations denoted by an asterisk (*).

ACKNOWLEDGEMENT

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

Respectfully submitted,

LERCH, VINCI & HIGGINS, LLP



Gary J. Vinci
Public School Accountant
PSA Number CS00829