

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

**NORTH BERGEN BOARD OF EDUCATION  
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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Honorable President and Members  
of the Board of Education  
North Bergen Board of Education  
North Bergen, 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 North Bergen Board of Education as of and for the fiscal year ended June 30, 2015, and have issued our report thereon dated December 18, 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.

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

  
Gary J. Vinci  
Public School Accountant  
PSA Number CS00829

Fair Lawn, New Jersey  
December 18, 2015

**NORTH BERGEN 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 and Treasurer of School Moneys, 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 Exhibit J-20, "Schedule of Insurance", as reported in the District's Comprehensive Annual Financial Report (the "CAFR").

**Official Bonds**

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Hugo Cabrera	Board Secretary	\$650,000
Steven Somick	School Business Administrator	150,000
Robert Pittfield	Treasurer of School Monies	500,000

There is a Public Employees' Faithful Performance Blanket Position Bond covering all other employees with multiple coverage of \$100,000.

**Tuition Charges**

A comparison of tentative tuition charges and actual certified tuition charges was made. The Board made a proper adjustment to the billings to sending Districts for the adjustment in per pupil costs in accordance with N.J.A.C. 6:A:23.3(f)3.

**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 signature certification 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 payroll taxes were also deposited in the Payroll Account.

All payrolls tested were certified by the President of the Board, the Board Secretary and the Chief School Administrator.

Salary withholdings tested 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 of certain employees.

**Finding** – A payroll agency ledger by payroll deduction is not currently maintained by the District.

**Recommendation** – A payroll agency ledger by deduction be currently maintained and reconciled with the monthly bank reconciliations.

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

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

Employee Position Control Roster

**Finding** – A review of the position control roster noted that certain information required by the Department of Education was not included in the district's position control roster as of June 30, 2015. The District is in the process of implementing a new software program to address this matter, therefore, no recommendation is warranted.

Unemployment Compensation

The District has elected the reimbursement method for unemployment compensation. Under this method, a portion of the quarterly worker contribution is to be deposited into the District's unemployment insurance trust fund and be used to pay invoices received from the State for unemployment claims.

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.

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, our sample selection specifically targeted administrative coding, classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-2.4.

Board Secretary's Records

The minutes and financial records maintained by the Board Secretary were in good condition.

The prescribed contractual order system was followed.

Acknowledgment of the Board's receipt of the Board Secretary's and Treasurer's monthly financial reports was included in the minutes.

**Finding** – The annual PERS contribution was charged to incorrect budget account codes in the Unallocated Employee Benefit accounts. An audit adjustment was made to re-classify the expenditure to the correct budget account which created an overexpenditure in the account. This was an isolated instance, thus no audit recommendation is warranted.

Treasurer's Records

The Treasurer performed all cash reconciliations as required.

The Treasurer's records were in agreement with the records of the Board Secretary.

The Treasurer's cash balances were in agreement with the reconciled cash balances as determined during the audit.

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

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

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

The E.S.E.A. 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, IV and Title V of the Elementary and Secondary Education Act (E.S.E.A.), as amended.

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.

**Finding** – Salaries of certain individuals charged to the Title I and Title IIA programs were not included in the District's minutes or were not in agreement with the actual salary charged to the grant. In addition, in one instance the pro-rata percentage included in the minutes was not in agreement with the time and activity report.

**Recommendation** – Procedures be implemented to ensure that salaries of all employees charged to the federal grants be included in the District's minutes. Furthermore, the respective employee funding percentages be in agreement with the time and activity reports.

**Finding** – The budgeted appropriations for Title I, Title IIA and Preschool Education aid agreed with the grant award in the aggregate, however, certain line items were not in agreement with the approved grant budgets. Management has made internal budget modifications, however, these modifications were not always ratified by Board resolution.

**Recommendation** – The District's budgeted appropriations for federal and state grants be in agreement with the state approved budget. Furthermore, procedures be implemented to ensure that all Special Revenue Fund budget transfers be submitted to the Board for approval.

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.

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 60 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

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

**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-23 and 18A:18A-3(a) are \$36,000 (with a Qualified Purchasing Agent) and \$26,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$18,300. 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.

The results of our examination indicated that no individual payments, contracts, or agreements 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** – Business registration certificates and political contribution disclosure forms were not always obtained by the District. These instances appear to be isolated and unintentional; therefore, no recommendation is warranted.

**Finding** – Certain contracts that were awarded utilizing state contract, education consortiums or other third party bids were not always approved by board resolution.

**Recommendation** – All third party contracts utilized by the District be ratified by board resolution and included in the District's official minutes.

**Food Service Fund**

The financial transactions and statistical records of the school food services were reviewed. The financial accounts, meal count records and eligibility applications 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 NuWay Concessionaries 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 contract were reviewed. The contract includes a provision which guarantees that the food service program will have a minimum profit of \$80,000. The operating results provision has been met.

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.

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

**Food Service Fund (Continued)**

The number of meals claimed for reimbursement was compared to meal count records. As part of the claims process, the district completed edit check worksheets. Reimbursement claims were submitted/certified in a timely manner.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served did not exceed the number of valid applications on file, times the number of operating days. The free and reduced price meal 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.

The cash disbursements records reflected expenditures for program related goods and services. 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.

**Student Body Activities**

The Board has a policy which clearly established the regulation of student activity and athletic account funds.

**Finding** – Our audit of the High School Student Activity account noted that the balances of the individual clubs and activities is not in agreement with the reconciled cash balance in the account. A difference of \$15,092 was noted.

**Recommendation** – Account balances in the High School Activity account be reviewed and reconciled monthly to the available cash resources.

**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 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 District workpapers with immaterial exceptions noted. The information on the workpapers was verified with no exceptions noted. The results of our procedures are presented in the Schedule of Audited Enrollments.

The District maintain 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 2014-2015 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified with no exceptions noted. The results of our procedures noted that there were immaterial differences between the District report and the County summary report.

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.

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

**Facilities and Capital Assets**

Our procedures included a review of the School Development Authority (the "SDA") grant agreement for consistency with recording SDA revenue, transfer of local funds from the general fund and awarding of contracts for eligible facilities construction.

**Follow-Up on Prior Year Findings**

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

**Suggestions to Management**

- Outstanding checks and other reconciling items on the District's bank reconciliations be reviewed and cleared of record.
- The outstanding grant receivable balances which remain uncollected for the various SDA capital projects be reviewed and action taken to collect or clear of record.

**NORTH BERGEN BOARD OF EDUCATION  
FOOD SERVICE FUND  
NUMBER OF MEALS  
FOOD SERVICE ENTERPRISE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Program	<u>Meals Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>Difference</u>
National School Lunch (Regular Rate)	Paid	23,651	9,650	9,650	
	Reduced	27,431	11,918	11,918	-
	Free	<u>536,168</u>	<u>216,530</u>	<u>216,530</u>	-
		<u>587,250</u>	<u>238,098</u>	<u>238,098</u>	-
Breakfast (Severe Need)	Paid	6,558	2,692	2,692	-
	Reduce	6,433	2,752	2,752	-
	Free	<u>250,493</u>	<u>101,367</u>	<u>101,367</u>	-
		<u>263,484</u>	<u>106,811</u>	<u>106,811</u>	-
Special Milk	Paid	2,384	999	999	
	Free	<u>16,587</u>	<u>6,747</u>	<u>6,747</u>	-
		<u>18,971</u>	<u>7,746</u>	<u>7,746</u>	-
After School Snack	Free	<u>12,385</u>	<u>5,315</u>	<u>5,315</u>	-
<b>TOTAL</b>		<u>882,090</u>	<u>357,970</u>	<u>357,970</u>	-

**NORTH BERGEN BOARD OF EDUCATION  
FOOD SERVICE FUND ENTERPRISE FUND  
CALCULATION OF NET CASH RESOURCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Current Assets**

Due from Other Funds	\$ 653,694
Due from Other Governments	212,374
Accounts Receivable	3,939

**Current Liabilities**

Less:	
Accounts Payable	(142,557)

<b>Net Cash Resources</b>	<b>\$ <u>727,450</u></b>
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**Adjusted Total Operating Expense:**

Total Operating Expenses	\$ 2,945,158
Less Depreciation	(2,762)
Adjusted Total Operating Expense	<b>\$ <u>2,942,396</u></b>

<b><u>Average Monthly Operating Expense:</u></b>	<b>\$ <u>294,240</u></b>
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<b><u>Three Times Monthly Average:</u></b>	<b>\$ <u>882,719</u></b>
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Total Net Cash Resources	\$ 727,450
Three Times Monthly Average	882,719

Amount Below Allowable Net Cash Resources	<b>\$ <u>(155,269)</u></b>
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**NORTH BERGEN BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
ENROLLMENT AS OF OCTOBER 15, 2014  
SCHEDULE OF AUDITED ENROLLMENTS**

	2015-2016 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 from Work- papers	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Half Day Preschool 4 yrs	272.0		272.0					272.0		272.0						
Full Day Kindergarten	489.0		489.0					22.0		22.0						
Grade 1	521.0		521.0					65.0		65.0						
Grade 2	515.0		515.0					49.0		49.0						
Grade 3	510.0		510.0					42.0		42.0						
Grade 4	462.0		462.0					132.0		132.0						
Grade 5	479.0		479.0					73.0		73.0						
Grade 6	466.0		466.0					145.0		145.0						
Grade 7	524.0		524.0					53.0		53.0						
Grade 8	519.0		519.0					136.0		136.0						
Grade 9	606.0		606.0					606.0		606.0						
Grade 10	542.0		542.0					542.0		542.0						
Grade 11	512.0		512.0					512.0		512.0						
Grade 12	550.0		550.0					550.0		550.0						
Subtotal	6,967.0	-	6,967.0	-	-	-	-	3,199.0	-	3,199.0	-	-	-	-	-	-
Special Ed - Elementary	460.0		460.0					62.0		62.0			9.0	8.0	8.0	
Special Ed - Middle	239.0		239.0					26.0		26.0			11.0	9.0	9.0	
Special Ed - High	383.0		383.0					376.0		376.0			16.0	14.0	14.0	
Subtotal	1,082.0	-	1,082.0	-	-	-	-	464.0	-	464.0	-	-	-	36.0	31.0	31.0
Totals	8,049.0	-	8,049.0	-	-	-	-	3,663.0	-	3,663.0	-	-	-	36.0	31.0	31.0
Percentage Error					0.00%	0.00%				0.00%	0.00%					0.00%

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

	Resident Low Income			Sample for Verification			Resident LEP Free/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 LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Worpapers	Verified to Test Application and Register	Errors
Half Day Preschool 4 yrs												
Full Day Kindergarten	337.0	337.0		8.0	8.0		60.0	60.0	3.0	8.0	8.0	
Grade 1	409.0	409.0		11.0	11.0		45.0	42.0		5.0	5.0	
Grade 2	389.0	389.0		11.0	11.0		37.0	37.0		5.0	5.0	
Grade 3	360.0	360.0		10.0	10.0		26.0	26.0		3.0	3.0	
Grade 4	348.0	348.0		9.0	9.0		38.0	38.0		5.0	5.0	
Grade 5	327.0	327.0		7.0	7.0		27.0	27.0		4.0	4.0	
Grade 6	338.0	338.0		9.0	9.0		31.0	31.0		4.0	4.0	
Grade 7	366.0	366.0		9.0	9.0		43.0	43.0		6.0	6.0	
Grade 8	344.0	344.0		9.0	9.0		52.0	52.0		7.0	7.0	
Grade 9	391.0	391.0		9.0	9.0		35.0	35.0		5.0	5.0	
Grade 10	333.0	333.0		9.0	9.0		33.0	33.0		4.0	4.0	
Grade 11	310.0	310.0		8.0	8.0		24.0	24.0		3.0	3.0	
Grade 12	318.0	318.0		8.0	8.0		20.0	20.0		3.0	3.0	
Subtotal	<u>4,570.0</u>	<u>4,570.0</u>	<u>-</u>	<u>117.0</u>	<u>117.0</u>	<u>-</u>	<u>471.0</u>	<u>468.0</u>	<u>3.0</u>	<u>62.0</u>	<u>62.0</u>	<u>-</u>
Special Ed - Elementary	374.0	374.0		9.0	9.0		8.0	8.0		1.0	1.0	
Special Ed - Middle	201.0	201.0		5.0	5.0		4.0	4.0		1.0	1.0	
Special Ed - High	282.0	282.0	-	7.0	7.0	-	2.0	2.0	-	-	-	-
Subtotal	<u>857.0</u>	<u>857.0</u>	<u>-</u>	<u>21.0</u>	<u>21.0</u>	<u>-</u>	<u>14.0</u>	<u>14.0</u>	<u>-</u>	<u>2.0</u>	<u>2.0</u>	<u>-</u>
Totals	<u>5,427.0</u>	<u>5,427.0</u>	<u>-</u>	<u>138.0</u>	<u>138.0</u>	<u>-</u>	<u>485.0</u>	<u>482.0</u>	<u>3.0</u>	<u>64.0</u>	<u>64.0</u>	<u>-</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>			<u>0.62%</u>			<u>0.00%</u>

	Transportation					
	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools	584.0	582.0	(2.0)	139.0	139.0	-
Transported - Non - Public	57.0	59.0	2.0	14.0	14.0	-
Special Ed. - Public	346.0	346.0	-	82.0	82.0	-
Special Needs - Public	86.0	80.0	(6.0)	19.0	19.0	-
	<u>1,073.0</u>	<u>1,067.0</u>	<u>(6.0)</u>	<u>254.0</u>	<u>254.0</u>	<u>-</u>
Percentage Error			<u>-0.56%</u>			<u>0.00%</u>

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

	Resident 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 Worpapers	Sample Verified to Register	Errors
Half Day Preschool 4 yrs	-	-	-	-	-	-
Full Day Kindergarten	11.0	11.0	-	8.0	8.0	-
Grade 1	3.0	3.0	-	2.0	2.0	-
Grade 2	2.0	2.0	-	2.0	2.0	-
Grade 3	5.0	5.0	-	4.0	4.0	-
Grade 4	4.0	4.0	-	3.0	3.0	-
Grade 5	2.0	2.0	-	2.0	2.0	-
Grade 6	2.0	2.0	-	2.0	2.0	-
Grade 7	4.0	4.0	-	3.0	3.0	-
Grade 8	6.0	5.0	1.0	5.0	5.0	-
Grade 9	12.0	12.0	-	9.0	9.0	-
Grade 10	3.0	3.0	-	2.0	2.0	-
Grade 11	2.0	2.0	-	2.0	2.0	-
Grade 12	3.0	3.0	-	1.0	1.0	-
Adult School	-	-	-	-	-	-
Subtotal	59.0	58.0	1.0	45.0	45.0	-
Special Ed - Elementary	1.0	1.0	-	1.0	1.0	-
Special Ed - Middle	-	-	-	-	-	-
Special Ed - High	-	-	-	-	-	-
Subtotal	1.0	1.0	-	1.0	1.0	-
Total	60.0	59.0	1.0	46.0	46.0	-
Percentage Error			<u>1.67%</u>			0.00%

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

2014-2015 Total General Fund Expenditures	\$	115,463,704	
Increased by:			
Transfer to Capital Projects Fund		2,364,834	
Decreased by:			
On-Behalf TPAF Pension & Social Security		<u>(11,404,310)</u>	
Adjusted 2014-2015 General Fund Expenditures	\$	<u>106,424,228</u>	
2% of Adjusted 2014-2015 General Fund Expenditures	\$	2,128,485	
Increased by:			
Allowable Adjustment - Non-Public Transportation		<u>9,918</u>	
Maximum Unassigned Fund Balance			\$ 2,138,403
Total General Fund - Fund Balance at June 30, 2015 (Budgetary Basis)	\$	20,107,746	
Decreased by:			
Year End Encumbrances	\$	291,687	
Capital Reserve		8,567,006	
Maintenance Reserve		1,000,000	
Emergency Reserve		1,000,000	
Sales/Leaseback		734,103	
SEMI/ARRA - Designated for Subsequent Year's Expenditures		91,673	
Designated for Subsequent Year's Budget		3,370,202	
Nonspendable - Prepaids		<u>746,280</u>	
		<u>15,800,951</u>	
Total Unassigned Fund Balance			<u>4,306,795</u>
Excess Surplus, June 30, 2015			<u>\$ 2,168,392</u>

**NORTH BERGEN BOARD OF EDUCATION  
RECOMMENDATIONS**

**I. Administrative Practices and Procedures**

There are none.

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

It is recommended that:

1. A payroll agency ledger by deduction be currently maintained and reconciled with the monthly bank reconciliations.
2. Procedures be implemented to ensure that salaries of all employees charged to federal grants be included in the District's minutes. Furthermore, the respective employee's funding percentages be in agreement with the time and activity reports.
3. The District's budgeted appropriations for federal and state grants be in agreement with the state approved budgets. Furthermore, procedures be implemented to ensure Special Revenue Fund budgets transfers be submitted to the Board for approval.

**III. School Purchasing Program**

It is recommended that all third party contracts utilized by the District be ratified by board resolution and included in the District's official minutes.

**IV. School Food Services**

There are none.

**V. Student Body Activities**

It is recommended that account balances in the High School Activity account be reviewed and reconciled monthly to the available cash resources.

**VI. Application for State School Aid**

There are none.

**VII. Pupil Transportation**

There are none.

**VIII. Facilities and Capital Assets**

There are none.

**IX. Miscellaneous**

There are none.

**X. Status of Prior Years' Audit Findings/Recommendations**

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

**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  
Certified Public Accountant  
Public School Accountant