

**PASSAIC VALLEY REGIONAL
HIGH SCHOOL DISTRICT NO. 1
BOARD OF EDUCATION
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2015**

**PASSAIC VALLEY BOARD OF EDUCATION
TABLE OF CONTENTS**

**AUDITORS MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS
- FINANCIAL, COMPLIANCE AND PERFORMANCE**

	<u>Page No.</u>
Report of Independent Auditors'	1
Scope of Audit	2
Administrative Practices and Procedures	2
Financial Planning, Accounting and Reporting	2-4
School Purchasing Programs	5
Food Service Fund	6
Student Body Activities	6
Application for State School Aid	7
Pupil Transportation	7
Facilities and Capital Assets	7
Number of Meals Served and (Over)/Under Claim – Not Applicable	8
Net Cash Resources Schedule – Not Applicable	8
Schedule of Audited Enrollments	9-11
Excess Surplus Calculation	12
Recommendations	13-14
Acknowledgment	14



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Honorable President and Members
of the Board of Trustees
Passaic Valley Regional High School
District No. 1 Board of Education
Little Falls, 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 Passaic Valley Regional High School District No. 1 Board of Education as of and for the fiscal year ended June 30, 2015, and have issued our report thereon dated January 6, 2016.

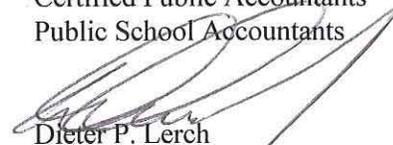
As part of our audit, we performed procedures required by the Office of School Finance, Department of Education, State of New Jersey and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

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



Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
January 6, 2016

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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 detailed on Exhibit J-20 contained in the district's CAFR.

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Mark Kramer	Business Administrator / Board Secretary	\$ 50,000

There is a Public Employees' Faithful Performance Blanket Position Bond with the Insurance Corp of Hanover covering all other employees with multiple coverage of \$500,000.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under review did not indicate any significant discrepancies with respect to signatures, 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 deposited in the Payroll Agency Account.

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

Salary withholdings were promptly remitted to the proper agencies.

Finding – Our audit revealed that employee contributions for health benefits were not being remitted to the General Fund. Rather, the District transferred the Board's portion of the monthly health benefit expenditures to the payroll agency account. Payment of monthly claims were then made from the payroll agency account.

Recommendation – Payment of health benefit claims be made directly from the District's general fund. In addition, employee health benefit contributions be remitted to the general fund and be credited against the respective budgetary line item.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Financial Planning, Accounting and Reporting (Continued)

Payroll Account (Continued)

Finding – A payroll deduction ledger is not being maintained.

Recommendation – A subsidiary ledger by payroll deduction be implemented, maintained and reconciled to the payroll agency bank account on a monthly basis.

Finding – Old outstanding checks remain on the reconciliation of the net payroll account.

Recommendation – Old outstanding checks reflected on the reconciliation of the net payroll bank account be cleared of record.

Finding – Our audit indicated that employee deductions for pension loans as reported to the State of New Jersey were not in agreement with amounts withheld from employees.

Recommendation – Employee payroll deductions for pension loans be reconciled with amounts reported to the State of New Jersey Division of Pensions and Benefits.

Finding – Our audit of District's payroll revealed that a certain professional is enrolled in the Public Employees Retirement System (PERS).

Recommendation – The District's certifying agent review eligibility of employees enrolled in the Public Employees Retirement System (PERS) to ensure compliance with State of New Jersey pension regulations.

Finding – Our audit revealed that employees' flexible spending account contributions are held in the payroll agency account.

Recommendation – A third party custodian be engaged for the employees' flexible spending accounts.

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. 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-2.4. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. As a result of the procedures performed, no additional procedures were deemed necessary to test the propriety of expenditure classification.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Financial Planning, Accounting and Reporting (Continued)

Board Secretary's Records

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

Acknowledgment of the Board's receipt of the Board Secretary's was included in the minutes.

Finding – Our audit revealed the District reported a year end deficit in the Debt Service Fund in the amount of \$9,053.

Recommendation – Appropriate action be taken to fund the deficit in the Debt Service Fund.

Elementary and Secondary Education Act (E.S.E.A.)/ Improving America's School Act (IASA) as Reauthorized by the No Child Left Behind Act 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 Titles I, II, III, IV and V of the Elementary and Secondary Education Act, as amended.

Our audit indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

Other Special Federal and/or State Projects

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

Our audit 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.

Finding – Our audit revealed that the required reimbursement worksheet for pension and social security due to the State of New Jersey for TPAF salaries funded by federal grant programs has not been filed. (CAFR Finding 2015-001)

Recommendation – The reimbursement worksheet for pension and social security due to the State of New Jersey for TPAF salaries funded by federal grant programs be filed and any amounts due be remitted accordingly.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 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-3 (as amended) and 18A:39-3 are \$36,000 and \$26,000, respectively. The law regulating bidding for public school transportation contracts under N.J.S.A. 18A:39-3 is currently \$18,300.

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.

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 business administration as the qualified purchasing agent.

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. However, the District does follow a rigorous policy where all purchases are either publicly bid, quoted or bought through the use of State contracts.

Finding – Our audit revealed certain instances in which vendor Political Contribution Disclosure Forms and Business Registration Certificates were not retained and made available for audit.

Recommendation – In all instances, vendor Political Contribution Disclosure Forms and Business Registration Certificates be retained and made available for audit.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Food Service Fund

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 price meals were reviewed for completeness and accuracy. The number of 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 price meal and free milk policy is uniformly administered throughout the school system. The required verification procedures for free and reduced price applications was completed and available for review.

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. 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.

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.

The District contracted with Pomptonian, Inc. to manage the operation of the school food services and deposited funds in accordance with applicable state statutes.

The Food Service Management Contract includes an operating results provision which guarantees that the food services program will return a profit of at least \$10,000. The operating results have been met.

Student Body Activities

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

Cash receipts and disbursements records were maintained in good condition.

Finding – Our audit of the Student Activity Fund revealed the following:

- a) Checks greater than one year old remain outstanding on the bank account reconciliation.
- b) Certain checks issued contain only one authorization signature.
- c) A cash receipt and disbursement ledger is not maintained for the athletic account.
- d) Signatures of athletic officials were not obtained on the payment voucher certifying that services were provided.

Recommendation – It is recommended that internal controls over student activity and athletic funds be reviewed and be enhanced.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 related services 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 immaterial exceptions noted. The information that was included on the workpapers was verified with exceptions noted. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

The District had adequate written procedures for the recording of student enrollment data.

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2014-15 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 complied with proper bidding procedures and award of contracts. No exceptions were noted in our review of transportation related purchases of goods and services.

Facilities and Capital Assets

Our procedures included a review of the SDA grant agreement for consistency with recording SDA revenue, transfer of local funds from the general fund or from the capital reserve account, and awarding of contracts for eligible facilities construction.

Finding – The District’s financial records reflect an aging SDA grant receivable in the Capital Projects Fund for a reimbursement of funds previously expended.

Recommendation – Efforts be made to collect the outstanding SDA grant receivable.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHEDULE OF MEAL COUNT ACTIVITY

NOT APPLICABLE

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
FOOD SERVICE FUND
NET CASH RESOURCES SCHEDULE
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHEDULE OF NET CASH RESOURCES

NOT APPLICABLE

**PASSAIC VALLEY REGIONAL BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
OCTOBER 15, 2014**

	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 for Verifi- cation	Sample Verified	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared					
Half Day Preschool - 3 years	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Preschool - 4 years	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1st Grade	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2nd Grade	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3rd Grade	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4th Grade	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5th Grade	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6th Grade	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7th Grade	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8th Grade	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9th Grade	277	-	277	-	-	-	277	-	277	-	-	-	-	-	-	-	-
10th Grade	280	-	280	-	-	-	280	-	279	-	1	-	-	-	-	-	-
11th Grade	288	2	288	2	-	-	288	-	288	-	-	-	-	-	-	-	-
12th Grade	324	3	324	4	-	(1)	324	-	322	-	2	-	-	-	-	-	-
Subtotal	1,169	5	1,169	6	-	(1)	1,169	-	1,166	-	3	-	-	-	-	-	-
Spec Ed - Elementary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Spec Ed - Middle School	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Spec Ed - High School	171	8	171	9	-	(1)	171	-	174	3	(3)	(3)	29	25	25	-	-
Subtotal	171	8	171	9	-	(1)	171	-	174	3	(3)	(3)	29	25	25	-	-
Totals	1,340	13	1,340	15	-	(2)	1,340	-	1,340	3	-	(3)	29	25	25	-	-
Percentage Error	<u>0.00%</u> <u>-15.38%</u>						<u>0.00%</u>						<u>0.00%</u>				

PASSAIC VALLEY REGIONAL BOARD OF EDUCATION
 APPLICATION FOR STATE SCHOOL AID
 SCHEDULE OF AUDITED ENROLLMENTS
 OCTOBER 15, 2014

	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on A.S.S.A as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on A.S.S.A as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Half Day Pre-School (3 Yrs)	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Pre-School (4 Yrs)	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-
1st Grade	-	-	-	-	-	-	-	-	-	-	-	-
2nd Grade	-	-	-	-	-	-	-	-	-	-	-	-
3rd Grade	-	-	-	-	-	-	-	-	-	-	-	-
4th Grade	-	-	-	-	-	-	-	-	-	-	-	-
5th Grade	-	-	-	-	-	-	-	-	-	-	-	-
6th Grade	-	-	-	-	-	-	-	-	-	-	-	-
7th Grade	-	-	-	-	-	-	-	-	-	-	-	-
8th Grade	-	-	-	-	-	-	-	-	-	-	-	-
9th Grade	81	81	-	13	13	-	2	2	-	2	1	1
10th Grade	82	83	(1)	13	11	2	4	4	-	3	1	2
11th Grade	68	68	-	13	11	2	4	4	-	3	3	-
12th Grade	69	71	(2)	11	6	5	1	1	-	1	-	1
Subtotal	300	303	(3)	50	41	9	11	11	-	9	5	4
Spec Ed - Elementary	-	-	-	-	-	-	-	-	-	-	-	-
Spec Ed - Middle School	-	-	-	-	-	-	-	-	-	-	-	-
Spec Ed - High School	80	81	(1)	12	11	1	-	-	-	-	-	-
Subtotal	80	81	(1)	12	11	1	-	-	-	-	-	-
Totals	380	384	(4)	62	52	10	11	11	-	9	5	4
Percentage Error			<u>-1.05%</u>			<u>16.13%</u>			<u>0.00%</u>			<u>44.44%</u>

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	633	633	-	50	40	10
Transported - Non-Public	29	29	-	5	5	-
Regular - Spec.	29.0	28.0	1	5	4	1
Special Needs - Public	39.0	38.0	1	6	6	-
Totals	730	728	2	66	55	11
			<u>0.27%</u>			<u>16.67%</u>

PASSAIC VALLEY REGIONAL BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
OCTOBER 15, 2014

	Resident LEP Not 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 Register	Sample Errors
Half Day Pre-School (3 Yrs)	-	-	-	-	-	-
Half Day Pre-School (4 Yrs)	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-
Full Day Kindergarten	-	-	-	-	-	-
1st Grade	-	-	-	-	-	-
2nd Grade	-	-	-	-	-	-
3rd Grade	-	-	-	-	-	-
4th Grade	-	-	-	-	-	-
5th Grade	-	-	-	-	-	-
6th Grade	-	-	-	-	-	-
7th Grade	-	-	-	-	-	-
8th Grade	-	-	-	-	-	-
9th Grade	1	2	(1)	2	2	-
10th Grade	1	2	(1)	2	1	1
11th Grade	4	3	1	2	2	-
12th Grade	-	-	-	-	-	-
Subtotal	6	7	(1)	6	5	1
Spec Ed - Elementary	-	-	-	-	-	-
Spec Ed - Middle School	-	-	-	-	-	-
Spec Ed - High School	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
Totals	6	7	(1)	6	5	1
Percentage Error			<u>-16.67%</u>			<u>16.67%</u>

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SECTION 1 - Two Percent (2%) - Calculation of Excess Surplus

2014-2015 Total General Fund Expenditures (Budgetary Basis) Per Schedule C-1 of the CAFR	\$ 26,826,793
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>(2,061,719)</u>
Adjusted 2014-2015 General Fund Expenditures	<u>\$ 24,765,074</u>
2% of Adjusted 2014-2015 General Fund Expenditures	<u>\$ 495,301</u>
Enter Greater of 2% of Adjusted 2014-2015 General Fund Expenditures or \$250,000	\$ 495,301
Increased by Allowable Adjustments*	<u>84,871</u>
Maximum Unassigned Fund Balance	<u>\$ 580,172</u>

SECTION 2

Total General Fund - Fund Balance at June 30, 2015 (Per CAFR Budgetary Comparison Schedule/Statement)	\$ 3,186,037
Decreased by:	
Restricted:	
Capital Reserve	1
Excess Surplus - Designated for Subsequent Year's Expenditures	867,774
Assigned:	
Designated for Subsequent Year's Expenditures	466,000
Year-End Encumbrances	<u>71,020</u>
Total Unassigned Fund Balance	<u>\$ 1,781,242</u>

SECTION 3

Restricted Fund Balance - Excess Surplus	<u>\$ 1,201,070</u>
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Recapitulation of Excess Surplus

Excess Surplus	\$ 1,201,070
Excess Surplus - Designated for Subsequent Year's Expenditures	<u>867,774</u>
	<u>\$ 2,068,844</u>

* **Detail of Allowable Adjustment**

Extraordinary Aid	\$ 66,672
Nonpublic Transportation Aid Reimbursement	<u>18,199</u>
Total Adjustments	<u>\$ 84,871</u>

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
RECOMMENDATIONS**

I. Administrative Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

It is recommended that:

- * 1. Payment of health benefit claims be made directly from the District's general fund. In addition, employee health benefit contributions be remitted to the general fund and be credited against the respective budgetary line item.
- * 2. A subsidiary ledger by payroll deduction be implemented, maintained and reconciled to the payroll agency bank account on a monthly basis.
- 3. Old outstanding checks reflected on the reconciliation of the net payroll bank account be cleared of record.
- 4. Employee payroll deductions for pension loans be reconciled with amounts reported to the State of New Jersey Division of Pensions and Benefits.
- * 5. The District's certifying agent review eligibility of employees enrolled in the Public Employees Retirement System (PERS) to ensure compliance with State of New Jersey pension regulations.
- 6. A third party custodian be engaged for the employees' flexible spending accounts.
- * 7. Appropriate action be taken to fund the deficit in the Debt Service Fund.
- * 8. The reimbursement worksheet for pension and social security due to the State of New Jersey for TPAF salaries funded by federal grant programs be filed in a timely manner and any amounts due be remitted accordingly.

III. School Purchasing Program

- * It is recommended that, in all instances, vendor Political Contribution Disclosure Forms and Business Registration Certificates be retained and made available for audit.

IV. School Food Services

There are none.

V. Student Body Activities

- * It is recommended that internal controls over student activity and athletic funds be reviewed and enhanced.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
RECOMMENDATIONS**

VI. Scholarship Fund

There are none.

VII. Application for State School Aid

There are none.

VIII. Pupil Transportation

There are none.

IV. Facilities and Capital Assets

It is recommended that efforts be made to collect the outstanding SDA grant receivable.

Status of Prior Years' Audit Findings/Recommendations

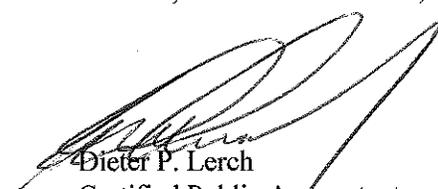
A review was performed on all prior years' recommendations and corrective action was taken on all other than those denoted with an asterisk.

ACKNOWLEDGEMENT

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

Respectfully submitted,

LERCH, VINCI & HIGGINS, LLP



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