

**NORTH BERGEN BOARD OF EDUCATION  
INDEPENDENT AUDITOR'S MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS -  
FINANCIAL, COMPLIANCE AND PERFORMANCE  
JUNE 30, 2017**

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

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REGISTERED MUNICIPAL ACCOUNTANTS

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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, 2017, and have issued our report thereon dated November 30, 2017.

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  
November 30, 2017

**NORTH BERGEN BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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	\$150,000
Steven Somick	School Business Administrator	150,000
Thomas Tango	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 deduction is maintained, but is not in agreement with the bank reconciliations. Furthermore, there were insufficient funds available for the subsequent payment of payroll and interfund liabilities.

**Recommendation** – The payroll agency ledger be reconciled with the bank account in a timely manner. In addition, the District review the timing of transfers between accounts to ensure that there are sufficient funds available to liquidate the District's outstanding liabilities.

**NORTH BERGEN BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

Payroll Account (Continued)

**Finding** – The gross taxable wages reported on the District’s year-end W-3 Form was not in agreement with the quarterly 941 reports. A difference of \$73,288 was noted.

**Recommendation** – The District consult with its payroll service provider and implement procedures to ensure that quarterly tax report filings agree with amounts reported on the year end W-3.

Employee Position Control Roster

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

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.

**Finding** – Our audit of outstanding purchase orders in the Capital Projects Fund revealed that the balance of certain purchase orders was not reduced for credit change orders. An audit adjustment was made to cancel \$202,589 of outstanding purchase orders. In addition, balances on certain professional services purchase orders remain open after the project has been completed.

**Recommendation** – Procedures be implemented to ensure that purchase order balances are modified for credit change orders and that residual balances on professional service contracts be adjusted in a timely manner.

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 District maintains a transportation bank account to process aid in lieu payment checks. At June 30, 2017, the District’s transportation bank account had a balance of \$43,962. This account balance was not recorded in the District’s financial reports and was not included in the Board Secretary’s report or Treasurer’s cash report. An audit adjustment was made to record the balance.

**Recommendation** – The transportation account balance be included in the District’s monthly financial reports and excess cash balance be refunded to the Board’s General Account.

**NORTH BERGEN BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

Board Secretary's Records (Continued)

**Finding** – The original budget had six budgetary line items recorded in the District’s budgetary accounting system were not in agreement with the State budget document approved by the Board.

**Recommendation** – The original budget as reported in the District’s accounting records be in agreement with the approved State budget document.

**Finding** – At June 30, 2017, grant receivables of approximately \$7.8 million remain uncollected from the School Development Authority (the “SDA”). Several of the projects have been completed.

**Recommendation** – Continued efforts be made to collect the outstanding Capital Projects Fund grant receivables.

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.

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.

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.

**NORTH BERGEN BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

**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.

**School Purchasing Programs**

**Contracts and Agreements Requiring Advertisement for Bids**

The bid thresholds in accordance with N.J.S.A. 18A:18A-23 and 18A:18A-3(a) are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (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 \$18,800. 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.

**Food Service Fund**

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 as to whether the School Food Authority (the "SFA") had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted. In addition, we inquired as to whether the SFA's expenditures of school food service revenues were limited to allowable direct or indirect costs. No exceptions were noted.

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

**NORTH BERGEN BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Food Service Fund (Continued)**

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. 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 fund.

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.

**Finding** – The June 30, 2017 net cash resources exceeded the three month average of food service expenses.

**Recommendation** – The District review the operations of its Food Service Enterprise Fund to ensure that the net cash resources do not exceed the three month average expenses.

U.S.D.A. commodities were received and a separate inventory was maintained on a first-in, first-out basis.

The District's FSMC did provide the USDA mandated Non-Program Food Revenue tool.

Exhibits reflecting Child Nutrition Program operations are included on Exhibits B-4, B-5 and B-6 of the District's CAFR.

**Student Body Activities**

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

**Finding** – Our audit of Student Body Activities and Athletic account funds revealed the following:

- Gate receipts for athletic events are not always deposited in a timely manner.
- The balances of individual clubs and activities in the High School account is not in agreement with the reconciled cash balance in the account. There is a difference in excess of \$90,000.

**Recommendation** – It is recommended that:

- All athletic event receipts be deposited in a timely manner.
- Account balances in the High School Activity account be reviewed and in agreement with the monthly bank reconciliations.



**NORTH BERGEN BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Application for State School Aid**

Our audit procedures included a test of information reported in the October 14, 2016 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the disabled, low-income and limited English proficient. 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 immaterial 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 2016-2017 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Report with exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments.

**Finding** –Eleven special education students reported as requiring transportation did not have transportation required in their Individualized Education Plan (IEP).

**Recommendation** – The District Report of Transported Resident Students (DRTRS) include only those special education students who require transportation per their Individualized Education Plan.

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.

**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.
- Interfunds be cleared of record.

**NORTH BERGEN BOARD OF EDUCATION  
FOOD SERVICE FUND  
NUMBER OF MEALS  
FOOD SERVICE ENTERPRISE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

This Schedule is Not Applicable

**CALCULATION OF NET CASH RESOURCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

This Schedule is Not Applicable

**NORTH BERGEN BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
ENROLLMENT AS OF OCTOBER 14, 2016  
SCHEDULE OF AUDITED ENROLLMENTS**

	2017-2018 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	186		186					186		186						
Full Day Kindergarten	462		462					30		30						
Grade 1	506		506					79		79						
Grade 2	478		478					70		70						
Grade 3	480		480					52		52						
Grade 4	475		475					128		128						
Grade 5	491		491					37		37						
Grade 6	462		462					133		133						
Grade 7	494		494					66		66						
Grade 8	466		466					49		49						
Grade 9	587		587					587		587						
Grade 10	534		534					534		534						
Grade 11	483		482		(1)			482		482						
Grade 12	501		501					501		501						
Subtotal	6,605	-	6,604	-	(1)	-		2,934	-	2,934	-	-	-	-	-	-
Special Ed - Elementary	498		498					67		67			9	8	8	
Special Ed - Middle	262		262					42		42			8	7	7	
Special Ed - High	346		346					346		346			20	17	17	
Subtotal	1,106	-	1,106	-	-	-		455	-	455	-	-	37	32	32	-
Totals	7,711	-	7,710	-	(1)	-		3,389	-	3,389	-	-	37	32	32	-
Percentage Error					<u>-0.01%</u>	<u>0.00%</u>										<u>0.00%</u>

NORTH BERGEN BOARD OF EDUCATION  
 APPLICATION FOR STATE SCHOOL AID  
 ENROLLMENT AS OF OCTOBER 14, 2016  
 SCHEDULE OF AUDITED ENROLLMENTS

	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 LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Test Application and Register	Errors
	Full Day Kindergarten	368	368		5	5		61	61		7	7
Grade 1	381	381		6	6		54	54		6	6	
Grade 2	365	365		5	5		38	38		5	5	
Grade 3	358	358		5	5		33	33		4	4	
Grade 4	329	329		5	5		25	25		3	3	
Grade 5	324	324		5	5		27	26	1	3	3	
Grade 6	303	303		4	4		37	37		4	4	
Grade 7	319	319		5	5		49	49		6	6	
Grade 8	286	286		4	4		32	32		4	4	
Grade 9	364	364		5	5		53	53		7	7	
Grade 10	299	299		4	4		53	53		6	6	
Grade 11	255	255		4	4		26	26		3	3	
Grade 12	274	274		4	4		24	24		3	3	
Subtotal	<u>4,225</u>	<u>4,225</u>	<u>-</u>	<u>61</u>	<u>61</u>	<u>-</u>	<u>512</u>	<u>511</u>	<u>1</u>	<u>61</u>	<u>61</u>	<u>-</u>
Special Ed - Elementary	350	350		5	5		5	5		1	1	
Special Ed - Middle	188	188		3	3		6	6		1	1	
Special Ed - High	230	230		3	3		9	9		1	1	
Subtotal	<u>768</u>	<u>768</u>	<u>-</u>	<u>11</u>	<u>11</u>	<u>-</u>	<u>20</u>	<u>20</u>	<u>-</u>	<u>3</u>	<u>3</u>	<u>-</u>
Res. Mental Health Ctr	<u>1</u>	<u>1</u>	<u>-</u>									
Totals	<u>4,994</u>	<u>4,994</u>	<u>-</u>	<u>72</u>	<u>72</u>	<u>-</u>	<u>532</u>	<u>531</u>	<u>1</u>	<u>64</u>	<u>64</u>	<u>-</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>			<u>0.19%</u>			<u>0.00%</u>

	Transportation					
	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools	783.0	783.0		163.0	163.0	
Special Ed. - Public	339.0	339.0		71.0	60.0	(11.0)
Special Needs - Public	98.0	98.0		20.0	19.0	(1.0)
	<u>1,220.0</u>	<u>1,220.0</u>	<u>-</u>	<u>254.0</u>	<u>242.0</u>	<u>(12.0)</u>
Percentage Error			<u>0.00%</u>			<u>-4.72%</u>

**NORTH BERGEN BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
ENROLLMENT AS OF OCTOBER 14, 2016  
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
Full Day Kindergarten	7.0	7.0		5.0	5.0	
Grade 1	3.0	3.0		2.0	2.0	
Grade 2	4.0	4.0		3.0	3.0	
Grade 3	3.0	3.0		2.0	2.0	
Grade 4	6.0	6.0		5.0	5.0	
Grade 5	8.0	9.0	(1.0)	7.0	7.0	
Grade 6	5.0	5.0		4.0	4.0	
Grade 7	8.0	8.0		6.0	6.0	
Grade 8	3.0	2.0	1.0	2.0	2.0	
Grade 9	3.0	4.0	(1.0)	3.0	3.0	
Grade 10	12.0	12.0		9.0	9.0	
Grade 11	5.0	5.0		5.0	5.0	
Grade 12	4.0	4.0		3.0	3.0	
Subtotal	71.0	72.0	(1.0)	56.0	56.0	-
Special Ed - Elementary						
Special Ed - Middle						
Special Ed - High						
Subtotal	-	-	-	-	-	-
Total	71.0	72.0	(1.0)	56.0	56.0	-
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

**NORTH BERGEN BOARD OF EDUCATION  
CALCULATION OF EXCESS SURPLUS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

2016-2017 Total General Fund Expenditures	\$	123,439,071	
Decreased by:			
On-Behalf TPAF Pension & Social Security		(14,874,027)	
Adjusted 2016-2017 General Fund Expenditures	\$	<u>108,565,044</u>	
2% of Adjusted 2016-2017 General Fund Expenditures	\$	2,171,301	
Increased by:			
Allowable Adjustment - Non-Public Transportation		57,942	
Maximum Unassigned Fund Balance	\$		2,229,243
Total General Fund - Fund Balance at June 30, 2017 (Budgetary Basis)	\$	24,649,622	
Decreased by:			
Encumbrances	\$	2,348,726	
Capital Reserve		11,351,419	
Maintenance Reserve		1,900,000	
Emergency Reserve		1,000,000	
Sales/Leaseback		433,103	
Excess Surplus Designated for Subsequent Year's Budget		1,326,703	
Designated for Subsequent Year's Budget		2,465,663	
Nonspendable - Prepaids		<u>455,822</u>	
		21,281,436	
Total Unassigned Fund Balance			<u>3,368,186</u>
Excess Surplus, June 30, 2017			<u>\$ 1,138,943</u>
 <u>Analysis of Excess Surplus</u>			
Excess Surplus Designed for Subsequent Year's Budget	\$		1,326,703
Excess Surplus			<u>1,138,943</u>
	\$		<u>2,465,646</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. The payroll agency ledger be reconciled with the bank account in a timely manner. In addition, the District review the timing of transfers between accounts to ensure that there are sufficient funds available to liquidate the District's outstanding liabilities.
2. The District consult with its payroll service provider and implement procedures to ensure that quarterly tax report filings agree with amounts reported on the year end W-3.
3. Procedures be implemented to ensure that purchase order balances are modified for credit change orders and that residual balances on professional service contracts be adjusted in a timely manner.
4. The transportation account balance be included in the District's monthly financial reports and the excess cash balance be refunded to the Board's General Account.
5. The original budget as reported in the District's accounting records be in agreement with the approved State budget document.
6. Continued efforts be made to collect the outstanding Capital Projects Fund grant receivables.

**III. School Purchasing Program**

There are none.

**IV. School Food Services**

It is recommended that the District review the operations of its Food Service Enterprise Fund to ensure that the net cash resources do not exceed the three months average expenses.

**V. Student Body Activities**

It is recommended that:

- \* 1. Account balances in the High School Activity account be reviewed and in agreement with the monthly bank reconciliations.
- \* 2. All athletic event receipts be deposited in a timely manner.

**VI. Application for State School Aid**

There are none.

**VII. Pupil Transportation**

- \* It is recommended that the District Report of Transported Resident Students (DRTRS) include only those special education students who require transportation per their Individualized Education Plan.

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RECOMMENDATIONS**

**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, except those 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



Gary J. Vinci  
Certified Public Accountant  
Public School Accountant