

**NORTH BERGEN BOARD OF EDUCATION  
INDEPENDENT AUDITOR'S MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS -  
FINANCIAL, COMPLIANCE AND PERFORMANCE  
JUNE 30, 2018**

**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, 2018, and have issued our report thereon dated January 22, 2019.

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

This report is intended 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  
January 22, 2019

**NORTH BERGEN BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**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** – The health benefit opt-out payments are being made at twenty-five percent of the premium cost and is not being reduced for the anticipated employee contribution.

**Recommendation** – The District calculate the payment to employees who are opting out of health benefits in accordance with Chapter 78 P.L. 2011.

**NORTH BERGEN BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

Payroll Account (Continued)

**Finding** – Our audit of health benefit bills noted several employees who are no longer employed by the District but have remained on the employee benefit bills.

**Recommendation** – Employees who are no longer employed by the District be removed from employee benefits in a timely manner.

**Finding** – Travel expenditures for the Business Office are coded to Other Purchased Services (account code 592). Travel expenditures for the Business Office Personnel should be coded to object code 580.

**Recommendation** – Travel expenditures be coded in accordance with the Department of Education Chart of Accounts.

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 that were cancelled (\$202,589) as of June 30, 2017 but remained outstanding in the District's budgetary accounting system as of June 30, 2018. 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 adjusted when projects are completed and that the residual balances on professional service contracts be reduced 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 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.

**NORTH BERGEN BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

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

**Finding** – The District maintains a transportation bank account to process aid in lieu payment checks. At June 30, 2018, the District's transportation bank account had a balance of \$3,240. 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 the excess cash balance be refunded to the Board's General Account.

**Finding** – The modified budget in the General Fund could not be reconciled to the sum of the adopted budget, prior year encumbrances, additional state aid appropriations and textbook lease. There was an unreconciled difference of \$45,325.

**Recommendation** – The modified budget amount be reconciled with the District's internal accounting records.

**Finding** – At June 30, 2018, grant receivables of approximately \$7.8 million remain uncollected from the School Development Authority (the "SDA"). Several of the projects have been completed. The Administration had several conferences with representatives from the SDA to expedite the payments due to the District. Thus, an audit recommendation is not 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.

**Elementary and Secondary Education Act (E.S.E.A.) as amended by the Every Student Succeeds Act (ESSA)**

The E.S.E.A. financial exhibits are contained within the Special Revenue section of the CAFR. This section of the CAFR documents the financial position pertaining to projects under Title I, II, III, and IV of the Elementary and Secondary Education Act (E.S.E.A.), as amended and reauthorized.

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.

**Teacher's Pension and Annuity Fund (TPAF)**

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, 2018**

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

**Teacher's Pension and Annuity Fund (TPAF) (Continued)**

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/Social Security 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 \$19,000. 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 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.

**NORTH BERGEN BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Food Service Fund (Continued)**

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.

**Finding** – The June 30, 2018 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.

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** – Our audit of the FSMC operating statement revealed that the meals claimed for which the District's administration fee is based did not agree with the meals claimed for reimbursement submitted to the Department of Agriculture.

**Recommendation** – The District review the FSMC operating statement on a monthly basis to ensure that the meals claimed for reimbursement agree with the reimbursement requests submitted to the Department of Agriculture.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served was compared to the number of valid applications or to the list of directly certified students on file, times the number of operating days, on a school-by-school basis. The free and reduced price meal and milk policy was reviewed for uniform administration throughout the school system. The required verification procedures for free and reduced price applications were completed and available for review.

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

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.

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.



**NORTH BERGEN BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Student Body Activities (Continued)**

**Finding** – Our audit of Student Body Activities and Athletic account funds revealed that the balances of individual clubs and activities in the High School account is not in agreement with the reconciled cash balance in the account.

**Recommendation** – It is recommended that account balances in the High School Activity account be reviewed and in agreement with the monthly bank reconciliations.

**Application for State School Aid**

Our audit procedures included a test of information reported in the October 13, 2017 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 exceptions noted. The information on the workpapers was verified with exceptions noted. The results of our procedures are presented in the Schedule of Audited Enrollments.

**Finding** – Our audit of the ASSA revealed that the number of students reported on the ASSA application for on-roll, low income, LEP low income and LEP not low income did not agree with the number of students on the District’s workpapers. In addition, the workpapers for on-roll students reported twenty-one more students that could be verified to the class registers.

**Recommendation** – Greater care be taken in the preparation of the District’s Application for State School Aid.

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 2017-2018 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Report with immaterial 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 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.

**NORTH BERGEN BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Miscellaneous**

**Testing for Lead of All Drinking Water in Educational Facilities**

The school district adhered to all the requirements of N.J.A.C. 26-1.2 and 12.4 related to the testing for lead of all drinking water in educational facilities.

The school district submitted the annual Statement of Assurance to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

**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. In addition, old class accounts in the High School activity account should be reviewed and cleared of record.
- Interfunds be cleared of record.
- The prior year SDA unearned revenue in the General Fund be cancelled. In addition, any receivable or payable balances that have remained outstanding or uncollected for an extended period be reviewed and 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, 2018**

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	26,606	9,084	9,084	
	Reduced	27,680	8,885	8,885	-
	Free	<u>486,038</u>	<u>181,833</u>	<u>181,833</u>	-
		<u>540,324</u>	<u>199,802</u>	<u>199,802</u>	-
Breakfast (Severe Need)	Paid	7,922	2,651	2,651	-
	Reduce	6,603	2,115	2,115	-
	Free	<u>236,526</u>	<u>88,364</u>	<u>88,364</u>	-
		<u>251,051</u>	<u>93,130</u>	<u>93,130</u>	-
Special Milk	Paid	2,889	997	997	
	Free	<u>18,752</u>	<u>6,688</u>	<u>6,688</u>	-
		<u>21,641</u>	<u>7,685</u>	<u>7,685</u>	-
After School Snack	Free	<u>14,473</u>	<u>4,802</u>	<u>4,802</u>	-
<b>TOTAL</b>		<u>827,489</u>	<u>305,419</u>	<u>305,419</u>	-

**NORTH BERGEN BOARD OF EDUCATION  
CALCULATION OF NET CASH RESOURCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Current Assets**

Cash and Cash Equivalents	\$	47,328
Due from Other Funds		603,525
Due from Other Governments		460,781
Other Receivables		601
		1,112,235

**Current Liabilities**

Less:		
Accounts Payable		(75,794)
		(75,794)

<b>Net Cash Resources</b>	\$	1,036,441
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**Adjusted Total Operating Expense:**

Total Operating Expenses	\$	2,947,323
Less Depreciation		(4,060)
		(4,060)
Adjusted Total Operating Expense	\$	2,943,263

<b><u>Average Monthly Operating Expense:</u></b>	\$	294,326
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<b><u>Three Times Monthly Average:</u></b>	\$	882,979
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Total Net Cash Resources	\$	1,036,441
Three Times Monthly Average		882,979
		882,979

Amount Above Allowable Net Cash Resources	\$	153,462
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**NORTH BERGEN BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
ENROLLMENT AS OF OCTOBER 13, 2017  
SCHEDULE OF AUDITED ENROLLMENTS**

	2018-2019 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	187		187	-	-	-		187		185	-	(2)	-				
Full Day Preschool 4 yrs																	
Full Day Kindergarten	427		427	-	-	-		22		22	-	-	-				
Grade 1	471		471	-	-	-		82		80	-	(2)	-				
Grade 2	496		496	-	-	-		135		135	-	-	-				
Grade 3	474		474	-	-	-		47		46	-	(1)	-				
Grade 4	464		464	-	-	-		146		140	-	(6)	-				
Grade 5	470		470	-	-	-		72		71	-	(1)	-				
Grade 6	498		498	-	-	-		136		135	-	(1)	-				
Grade 7	484		484	-	-	-		72		72	-	-	-				
Grade 8	474		474	-	-	-		65		66	-	1	-				
Grade 9	552		552	-	-	-		552		549	-	(3)	-				
Grade 10	539		539	-	-	-		539		537	-	(2)	-				
Grade 11	465		465	-	-	-		465		463	-	(2)	-				
Grade 12	506		506	-	-	-		506		505	-	(1)	-				
<b>Subtotal</b>	<b>6,507</b>	<b>-</b>	<b>6,507</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>3,026</b>	<b>-</b>	<b>3,006</b>	<b>-</b>	<b>(20)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Special Ed - Elementary	505	-	495	-	(10)	-		30		29	-	(1)	-	7	6	5	1
Special Ed - Middle	275	-	275	-	-	-		17		17	-	-	-	10	7	7	-
Special Ed - High	350	-	350	-	-	-		21		21	-	-	-	21	19	19	-
<b>Subtotal</b>	<b>1,130</b>	<b>-</b>	<b>1,120</b>	<b>-</b>	<b>(10)</b>	<b>-</b>		<b>68</b>	<b>-</b>	<b>67</b>	<b>-</b>	<b>(1)</b>	<b>-</b>	<b>38</b>	<b>32</b>	<b>31</b>	<b>1</b>
<b>Totals</b>	<b>7,637</b>	<b>-</b>	<b>7,627</b>	<b>-</b>	<b>(10)</b>	<b>-</b>		<b>3,094</b>	<b>-</b>	<b>3,073</b>	<b>-</b>	<b>(21)</b>	<b>-</b>	<b>38</b>	<b>32</b>	<b>31</b>	<b>1</b>
Percentage Error					<u>-0.13%</u>	<u>0.00%</u>						<u>-0.68%</u>	<u>0.00%</u>				<u>3.13%</u>

**NORTH BERGEN BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
ENROLLMENT AS OF OCTOBER 13, 2017  
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	323	323	-	5	5	-	67	67	-	9	9	-
Grade 1	341	341	-	5	5	-	49	49	-	5	5	-
Grade 2	348	348	-	5	5	-	38	38	-	4	4	-
Grade 3	350	350	-	5	5	-	33	33	-	5	5	-
Grade 4	327	329	(2)	5	5	-	36	36	-	3	3	-
Grade 5	308	308	-	5	5	-	24	24	-	4	4	-
Grade 6	284	284	-	5	5	-	36	36	-	4	4	-
Grade 7	290	290	-	5	5	-	43	43	-	3	3	-
Grade 8	271	267	4	5	5	-	34	35	(1)	4	4	-
Grade 9	308	308	-	4	4	-	43	60	(17)	4	4	-
Grade 10	310	310	-	4	4	-	47	63	(16)	4	4	-
Grade 11	250	251	(1)	4	4	-	44	47	(3)	4	4	-
Grade 12	277	277	-	4	4	-	33	33	-	4	4	-
Subtotal	<u>3,987</u>	<u>3,986</u>	<u>1</u>	<u>61</u>	<u>61</u>	<u>-</u>	<u>527</u>	<u>564</u>	<u>(37)</u>	<u>57</u>	<u>57</u>	<u>-</u>
Special Ed - Elementary	316	349	(33)	5	5	-	4	6	(2)	2	2	-
Special Ed - Middle	173	174	(1)	3	3	-	7	8	(1)	2	2	-
Special Ed - High	217	216	(1)	3	3	-	5	5	-	3	3	-
Subtotal	<u>706</u>	<u>739</u>	<u>(35)</u>	<u>11</u>	<u>11</u>	<u>-</u>	<u>16</u>	<u>19</u>	<u>(3)</u>	<u>7</u>	<u>7</u>	<u>-</u>
Juvenile Detention Center	1		1									
Totals	<u>4,694</u>	<u>4,725</u>	<u>(33)</u>	<u>72</u>	<u>72</u>	<u>-</u>	<u>543</u>	<u>583</u>	<u>(40)</u>	<u>64</u>	<u>64</u>	<u>-</u>
Percentage Error			<u>-0.70%</u>			<u>0.00%</u>			<u>-7.37%</u>			<u>0.00%</u>

	Transportation					
	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools	595	595	-	119.0	118.0	(1.0)
Special Ed. - Public	232	232	-	46.0	46.0	-
Special Needs - Public	82	82	-	16.0	14.0	(2.0)
	<u>909</u>	<u>909</u>	<u>-</u>	<u>181.0</u>	<u>178.0</u>	<u>(3.0)</u>
Percentage Error			<u>0.00%</u>			<u>-1.66%</u>

**NORTH BERGEN BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
ENROLLMENT AS OF OCTOBER 13, 2017  
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 Workpapers	Sample Verified to Register	Errors
Half Day Preschool 4 yrs	-	-	-	-	-	-
Full Day Kindergarten	7.0	7.0	-	3.0	3.0	-
Grade 1	10.0	10.0	-	4.0	4.0	-
Grade 2	5.0	5.0	-	2.0	2.0	-
Grade 3	5.0	5.0	-	2.0	2.0	-
Grade 4	6.0	6.0	-	3.0	3.0	-
Grade 5	6.0	6.0	-	4.0	4.0	-
Grade 6	6.0	6.0	-	3.0	3.0	-
Grade 7	11.0	11.0	-	5.0	5.0	-
Grade 8	5.0	5.0	-	2.0	2.0	-
Grade 9	11.0	11.0	-	5.0	5.0	-
Grade 10	12.0	12.0	-	5.0	5.0	-
Grade 11	17.0	17.0	-	8.0	7.0	1.0
Grade 12	5.0	5.0	-	2.0	3.0	(1.0)
Adult School	-	-	-	-	-	-
Subtotal	106.0	106.0	-	48.0	48.0	-
Special Ed - Elementary	2.0	1.0	1.0	1.0	1.0	-
Special Ed - Middle	2.0	-	2.0	-	-	-
Special Ed - High	-	-	-	-	-	-
Subtotal	4.0	1.0	3.0	1.0	1.0	-
Total	110.0	107.0	3.0	49.0	49.0	-
Percentage Error			<u>2.73%</u>			<u>0.00%</u>

**NORTH BERGEN BOARD OF EDUCATION  
CALCULATION OF EXCESS SURPLUS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

2017-2018 Total General Fund Expenditures		\$ 131,067,034
Decreased by:		
On-Behalf TPAF Pension & Social Security		<u>(17,241,275)</u>
Adjusted 2017-2018 General Fund Expenditures		<u>\$ 113,825,759</u>
2% of Adjusted 2017-2018 General Fund Expenditures		\$ 2,276,515
Increased by:		
Allowable Adjustment - Non-Public Transportation		<u>43,500</u>
Maximum Unassigned Fund Balance		\$ 2,320,015
Total General Fund - Fund Balance at June 30, 2018 (Budgetary Basis)		\$ 23,794,784
Decreased by:		
Encumbrances	\$ 1,963,721	
Capital Reserve	11,903,685	
Maintenance Reserve	1,600,000	
Emergency Reserve	1,000,000	
Excess Surplus Designated for Subsequent Year's Budget	1,138,943	
Designated for Subsequent Year's Budget	2,323,285	
Nonspendable - Prepaids	<u>440,660</u>	
		<u>20,370,294</u>
Total Unassigned Fund Balance		<u>3,424,490</u>
Excess Surplus, June 30, 2018		<u>\$ 1,104,475</u>
<u>Analysis of Excess Surplus</u>		
Excess Surplus Designed for Subsequent Year's Budget		\$ 1,138,943
Excess Surplus		<u>1,104,475</u>
		<u>\$ 2,243,418</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 District calculate the payment to employees who are opting out of health benefits in accordance with Chapter 78 P.L. 2011.
2. Employees who are no longer employed by the District be removed from employee benefits in a timely manner.
3. Travel expenditures be coded in accordance with the Department of Education Chart of Accounts.
- \* 4. Procedures be implemented to ensure that purchase order balances are adjusted when projects are completed and that the residual balances on professional service contracts be reduced in a timely manner.
- \* 5. 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.
6. The modified budget amount be reconciled with the District's internal accounting records.

**III. School Purchasing Program**

There are none.

**IV. School Food Services**

It is recommended that:

- \* 1. 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.
2. The District review the FSMC operating statement on a monthly basis to ensure that the meals claimed for reimbursement agree with the reimbursement requests submitted to the Department of Agriculture.

**V. Student Body Activities**

- \* It is recommended that account balances in the High School Activity account be reviewed and in agreement with the monthly bank reconciliations.

**VI. Application for State School Aid**

It is recommended that greater care be taken in the preparation of the District's Application for State School Aid.

**NORTH BERGEN BOARD OF EDUCATION  
RECOMMENDATIONS**

**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, 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