

**TOWN OF BOONTON SCHOOL DISTRICT
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2016**

**TOWN OF BOONTON SCHOOL DISTRICT
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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Honorable President and Members
of the Board of Education
Town of Boonton School District
Boonton, 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 Town of Boonton School District as of and for the fiscal year ended June 30, 2016, and have issued our report thereon dated October 28, 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



Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
October 28, 2016

**TOWN OF BOONTON SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Superintendent of Schools, 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, "Schedule of Insurance", as presented in the District's Comprehensive Annual Financial Report (the "CAFR").

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Michael Neves	Board Secretary/School Business Administrator	\$250,000
Jon Rheinhardt	Treasurer of School Monies	\$220,000

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

Tuition Charges (N/A to charter schools)

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were less than estimated costs. The board made a proper adjustment to the billings to sending districts for the decrease in per pupil costs in accordance with *N.J.A.C. 6A:23A-17.1(f)3*.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under review revealed minor discrepancies with respect to signature certification, proper itemization or supporting documentation. Due to the immaterial nature of these discrepancies, no audit recommendation is warranted.

**TOWN OF BOONTON SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Financial Planning, Accounting and Reporting (Continued)

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, Board Secretary/School Business Administrator and Chief School Administrator.

Salary withholdings were promptly remitted to the proper agencies, including health benefits withholdings.

Finding 2016-1

Finding – Our audit indicated that transactions related to unemployment were not maintained in the Unemployment Trust Fund.

Recommendation – Unemployment payroll withholdings and related expenditures be accounted for in the Unemployment Insurance Trust Fund.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, for goods not yet received or services not yet rendered and it was determined that no blanket purchase orders were included in the balance of the reserve for encumbrances. Also, unpaid purchase orders included in the balance of accounts payable were reviewed for propriety and to determine that goods were received and services were rendered, as of June 30.

Finding 2016-2

Finding – Our audit indicated that certain purchase orders outstanding at year end did not represent valid obligations of the District.

Recommendation – Outstanding purchase orders be reviewed at year end and be liquidated or otherwise be cancelled.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23-8.3.

**TOWN OF BOONTON SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Financial Planning, Accounting and Reporting (Continued)

Board Secretary's and Treasurer's Records

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

The prescribed contractual order system was followed.

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

Finding 2016-3 (CAFR Findings 2016-001 and 2016-003)

Finding – Our audit indicated that the monthly reports of the Treasurer and Board Secretary were not submitted to the Board for approval in a timely basis.

Recommendation – The monthly reports of the Board Secretary and Treasurer of School Monies, along with related bank account reconciliations, be submitted to the Board for approval in a timely manner.

Finding 2016-4

Finding – Our audit indicated that the special revenue fund budget, as reported in the District's financial reporting system, was not in agreement with the approved budget.

Recommendation – The special revenue fund budget reported in the District's financial system be in agreement with the final approved District budget.

Finding 2016-5

Finding – Our audit indicated that the net payroll and payroll agency accounts were not reconciled on a monthly basis. In addition, old outstanding checks remain on the reconciliations.

Recommendation – The net payroll and payroll agency bank accounts be reconciled on a monthly basis and old outstanding checks be cleared of record.

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./NCLB financial exhibits are contained within the Special Revenue section of the CAFR. This section of the CAFR documents the financial position pertaining to projects under Titles I, II and III of the Elementary and Secondary Education Act, as amended.

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

**TOWN OF BOONTON SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Financial Planning, Accounting and Reporting (Continued)

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.

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

The amount of the expenditure charged for the reimbursement to the State of New Jersey for 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 reviewed subsequent to the reimbursement and no exceptions were noted. The payment was made prior to the end of the 90 day grant liquidation period required by the Office of Grants Management.

Other Special Federal and/or State Projects

The district's Special Projects were approved as listed on Exhibit K-3 and Exhibit K-4 located in the Single Audit Section of 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 contained herein represent a true statement of the financial position pertaining to the aforementioned special projects.

Finding 2016-6 (CAFR Finding 2016-002)

Finding – Our audit indicated that the District did not maintain the required level of effort with respect to Special Education expenditures related to the federal IDEA grant program.

Recommendation – The District maintain its level of effort with respect to special education expenditures funded from state and/or local funds in accordance with the Federal IDEA grant program compliance requirements.

During fiscal year 2015-16, the Department of Education, State of New Jersey completed a fiscal audit of federal funds disbursed by the Town of Boonton School District. The funding sources reviewed include titled programs under the No Child Left Behind (NCLB) program. The review covered the periods of September 1, 2011 through August 31, 2012 and September 1, 2012 through August 31, 2013. The results of the NCLB Title I audit include, but are not limited to, the following:

- Adequate documentation was not provided demonstrating that costs charged to the Title I, Part A program represent allowable costs.
- Appointments of Title I, Part A instructional personnel recorded in the Board of Education meeting minutes did not contain all of the required information.
- The District obligated Title I funds prior to the start of the grant period.
- Certain records were not maintained in accordance with departmental and federal guidelines.
- The District did not accurately record benefit costs on a consistent basis as program activities were performed.
- The final expenditure report for 2011-12 reflects excess expenditures of \$57,028.50 which were not substantiated by actual program charges.

As a result of the findings, the District was required to remit \$62,524.50 to the State of New Jersey. This payment was made and charged to the Districts 2015-16 budget. The District has completed and filed the required corrective action plan with respect to the findings, therefore no additional recommendation is warranted for this audit report.

**TOWN OF BOONTON SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

School Purchasing Programs

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$40,000 (with a Qualified Purchasing Agent) on \$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.

If the purchasing agent is qualified pursuant to subsection b of section 9 of P.L. 19761, c. 198 (C.40A:11-9), the Board of Education may establish that the bid threshold may be up to \$40,000. 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 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 contract 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 did not indicate any individual payments, contracts, or agreements which were made "for the performance of any work or the furnishing or hiring of any materials or supplies," in excess of statutory thresholds where there had been no advertising for bids in accordance with the provisions of N.J.S.A. 18A:18A-4, as amended.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained.

School Food Service / Bridges to Learning Program

The financial transactions and statistical records of the school food services and bridges to learning program were maintained in satisfactory condition. The financial accounts were reviewed on a test-check basis.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified.

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.

The school food service program was not selected as a major federal or state program. However, the program expenditures exceeded \$100,000 in federal and/or state support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether the SFA had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted.

The school food service program was not selected as a major federal or state program. However, the program expenditures exceeded \$100,000 in federal and/or state support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether the SFA's expenditures of school food service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

**TOWN OF BOONTON SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Student Body Activity

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

Finding 2016-7

Finding – Our audit of the high school student activity account indicated the following:

- Certain instances where only one authorization signature was required on checks disbursed.
- Various check number sequences were utilized.

Recommendation – Internal controls over disbursements made from the high school student activity account be reviewed and enhanced.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2015 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the disabled, low-income and bilingual students. We also performed a review of the district procedures related to its completion. The information on the A.S.S.A. was compared to the district workpapers without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

The district did 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 2015-16 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.

Facilities and Capital Assets

Our procedures included a review of the District's capital assets and referendum project for consistency in the awarding of contracts for eligible facilities construction.

Finding 2016-8

Finding – Our audit indicated that the District's capital asset inventory appraisal report has not been updated since June 30, 2013.

Recommendation – The District conduct an update of its capital asset inventory appraisal and related depreciation report.

Suggestions to Management

Cooperative purchasing agreement contracts detailing goods, services and per unit prices be maintained on file and made available for audit.

**TOWN OF BOONTON SCHOOL DISTRICT
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Program</u>	<u>Meals Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>(Over) Under Claim</u>
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NOT APPLICABLE

**TOWN OF BOONTON SCHOOL DISTRICT
FOOD SERVICE FUND
NET CASH RESOURCE SCHEDULE
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

TOWN OF BOONTON SCHOOL DISTRICT
A.S.S.A.
SCHEDULE OF AUDITED ENROLLMENTS
OCTOBER 15, 2015

	2016-17 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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool - 3 years	9	-	9	-	-	-	9	-	9	-	-	-	-	-	-	-	-
Half Day Preschool - 4 years	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool - 4 years	24	-	24	-	-	-	24	-	24	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	89	-	89	-	-	-	89	-	89	-	-	-	-	-	-	-	-
1st Grade	68	-	68	-	-	-	68	-	68	-	-	-	-	-	-	-	-
2nd Grade	77	-	77	-	-	-	77	-	77	-	-	-	-	-	-	-	-
3rd Grade	78	-	78	-	-	-	78	-	78	-	-	-	-	-	-	-	-
4th Grade	58	-	58	-	-	-	58	-	58	-	-	-	-	-	-	-	-
5th Grade	58	-	58	-	-	-	58	-	58	-	-	-	-	-	-	-	-
6th Grade	74	-	74	-	-	-	74	-	74	-	-	-	-	-	-	-	-
7th Grade	60	-	60	-	-	-	60	-	60	-	-	-	-	-	-	-	-
8th Grade	53	-	53	-	-	-	53	-	53	-	-	-	-	-	-	-	-
9th Grade	131	-	131	-	-	-	131	-	131	-	-	-	-	-	-	-	-
10th Grade	112	-	112	-	-	-	112	-	112	-	-	-	-	-	-	-	-
11th Grade	123	-	123	-	-	-	123	-	123	-	-	-	-	-	-	-	-
12th Grade	116	1	116	1	-	-	116	1	116	1	-	-	-	-	-	-	-
Subtotal	1,130	1	1,130	1	-	-	1,130	1	1,130	1	-	-	-	-	-	-	-
Spec Ed - Elementary	67	-	67	-	-	-	17	-	17	-	-	-	2	1	1	-	-
Spec Ed - Middle School	50	-	50	-	-	-	50	-	50	-	-	-	2	1	1	-	-
Spec Ed - High School	110	3	110	3	-	-	109	3	109	3	-	-	7	5	5	-	-
Subtotal	227	3	227	3	-	-	176	3	176	3	-	-	11	7	7	-	-
Totals	1,357	4	1,357	4	-	-	1,306	4	1,306	4	-	-	11	7	7	-	-
Percentage Error					<u>0.00%</u>	<u>0.00%</u>					<u>0.00%</u>	<u>0.00%</u>				<u>0.00%</u>	

TOWN OF BOONTON SCHOOL DISTRICT
A.S.S.A.
SCHEDULE OF AUDITED ENROLLMENTS
OCTOBER 15, 2015

	Low Income			Sample for Verification			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 Preschool (3 Yrs)	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool (3 Yrs)	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Preschool (4 Yrs)	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool (4 Yrs)	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	23	23	-	3	3	-	2	2	-	-	-	-
1st Grade	20	20	-	5	5	-	7	7	-	5	5	-
2nd Grade	28	28	-	4	4	-	9	9	-	5	5	-
3rd Grade	23	23	-	4	4	-	6	6	-	3	3	-
4th Grade	24	24	-	4	4	-	6	6	-	3	3	-
5th Grade	15	15	-	4	4	-	3	3	-	1	1	-
6th Grade	23	23	-	4	4	-	3	3	-	1	1	-
7th Grade	18	18	-	3	3	-	3	3	-	1	1	-
8th Grade	15	15	-	4	4	-	-	-	-	-	-	-
9th Grade	26	26	-	2	2	-	6	6	-	3	3	-
10th Grade	15	15	-	2	2	-	6	6	-	2	2	-
11th Grade	25	25	-	4	4	-	6	6	-	3	3	-
12th Grade	26	26	-	4	4	-	2	2	-	2	2	-
Subtotal	281	281	-	47	47	-	59	59	-	29	29	-
Spec Ed - Elementary	34	34	-	5	5	-	1	1	-	-	-	-
Spec Ed - Middle School	29	29	-	4	4	-	1	1	-	-	-	-
Spec Ed - High School	40	40	-	5	5	-	1	1	-	1	1	-
Subtotal	103	103	-	14	14	-	3	3	-	1	1	-
Totals	384	384	-	61	61	-	62	62	-	30	30	-
Percentage Error			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>

	Transportation			Tested	Verified	Errors
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors			
Regular - Public Schools	9	9	-	8	8	-
Transported - Non-Public	-	-	-	-	-	-
Regular - Spec.	11	11	-	10	10	-
Special Needs - Public	19	19	-	17	17	-
Totals	39	39	-	35	35	-
			<u>0.00%</u>			<u>0.00%</u>

TOWN OF BOONTON SCHOOL DISTRICT
A.S.S.A.
SCHEDULE OF AUDITED ENROLLMENTS
OCTOBER 15, 2015

	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 Preschool (3 Yrs)	-	-	-	-	-	-
Full Day Preschool (3 Yrs)	-	-	-	-	-	-
Half Day Preschool (4 Yrs)	-	-	-	-	-	-
Full Day Preschool (4 Yrs)	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-
Full Day Kindergarten	-	-	-	-	-	-
1st Grade	2	2	-	2	2	-
2nd Grade	1	1	-	1	1	-
3rd Grade	1	1	-	1	1	-
4th Grade	-	-	-	-	-	-
5th Grade	-	-	-	-	-	-
6th Grade	-	-	-	-	-	-
7th Grade	1	1	-	1	1	-
8th Grade	-	-	-	-	-	-
9th Grade	-	-	-	-	-	-
10th Grade	-	-	-	-	-	-
11th Grade	-	-	-	-	-	-
12th Grade	-	-	-	-	-	-
Subtotal	5	5	-	5	5	-
Spec Ed - Elementary	-	-	-	-	-	-
Spec Ed - Middle School	-	-	-	-	-	-
Spec Ed - High School	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
Totals	5	5	-	5	5	-
Percentage Error		<u>0.00%</u>			<u>0.00%</u>	

**TOWN OF BOONTON SCHOOL DISTRICT
CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

2015-16 Total General Fund Expenditures per the CAFR (Exhibit C-1)	\$	28,171,477
Increased by:		
Transfers from Capital Outlay/Capital Reserve to Capital Projects		245,000
Decreased by:		
Assets Acquired Under Capital Leases		(96,490)
On-Behalf TPAF Pension & Social Security		<u>(2,660,205)</u>
Adjusted 2015-16 General Fund Expenditures		<u>\$ 25,659,782</u>
2% of Adjustment 2015-16 General Fund Expenditures	\$	513,196
Increased by: Allowable Adjustment		<u>129,472</u>
Maximum Unassigned Fund Balance		<u>\$ 642,668</u>
Total General Fund - Fund Balance at June 30, 2016 (Per CAFR Budgetary Comparison Schedule C-1)	\$	763,143
Decreased by:		
Year End Encumbrances		215,133
Designated for Subsequent Year's Expenditures		23,754
Other Restricted Fund Balance - Capital Reserve		<u>729</u>
Total Unassigned Fund Balance		<u>\$ 523,527</u>
Restricted Fund Balance - Excess Surplus		<u>\$ -</u>
<u>Detail of Allowable Adjustment:</u>		
Extraordinary Aid	\$	108,067
SEMI Cost Settlement		<u>21,405</u>
	\$	<u>129,472</u>

**TOWN OF BOONTON SCHOOL DISTRICT
RECOMMENDATIONS**

I. Administrative Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

It is recommended that:

1. Unemployment payroll withholdings and related expenditures be accounted for in the Unemployment Insurance Trust Fund.
2. Outstanding purchase orders be reviewed at year end and be liquidated or otherwise be cancelled.
3. The monthly reports of the Board Secretary and Treasurer of School Monies, along with related bank account reconciliations, be submitted to the Board for approval in a timely manner.
4. The special revenue fund budget reported in the District's financial system reflect the final approved District budget.
5. The net payroll and payroll agency bank accounts be reconciled on a monthly basis and old outstanding checks be cleared of record.
6. The District maintain its level of effort with respect to special education expenditures funded from state and/or local funds in accordance with the Federal IDEA grant program compliance requirements.

III. School Purchasing Program

There are none.

IV. School Food Services/Bridges to Learning Program

There are none.

V. Student Body Activity

It is recommended that internal controls over disbursements made from the high school student activity account be reviewed and enhanced.

VI. Application for State School Aid

There are none.

**TOWN OF BOONTON SCHOOL DISTRICT
RECOMMENDATIONS**

VII. Pupil Transportation

There are none.

VIII. Facilities and Capital Assets

It is recommended that the District conduct an update of its capital asset inventory appraisal and related depreciation report.

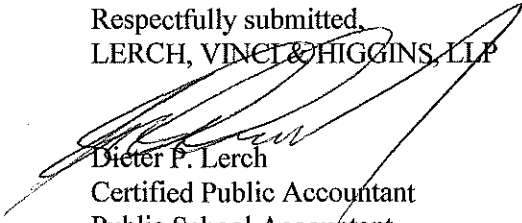
IX. Status of Prior Years' Audit Findings/Recommendations

A review was performed on all prior years' recommendations. Corrective action was taken on all.

ACKNOWLEDGEMENT

We received the complete cooperation of all the officials of the school district and would like to thank the Business Office, Superintendent's Office and their staff for the courtesies extended to us.

Respectfully submitted,
LERCH, VINCI & HIGGINS, LLP



Dieter P. Lerch
Certified Public Accountant
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