

**CARLSTADT-EAST RUTHERFORD REGIONAL
BOARD OF EDUCATION
AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2016**

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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AUDITOR'S MANAGEMENT REPORT

Honorable President and Members
of the Board of Trustees
Carlstadt-East Rutherford Regional Board of Education
East Rutherford, 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 Carlstadt-East Rutherford Regional Board of Education as of and for the fiscal year ended June 30, 2016, and have issued our report thereon dated December 5, 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.

Lerch, Vinci & Higgins, LLP

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

Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
December 5, 2016

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
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 Treasurer of School Monies, 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 the Insurance Schedule (Exhibit J-20) contained in the district's Comprehensive Annual Financial Report (CAFR).

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Nicholas Annitti	Board Secretary/School Business Administrator	\$200,000
Dominic Giancaspro	Treasurer of School Monies	200,000

There is an Employee Dishonesty and Faithful Performance coverage with the Selective Way Insurance Group covering all other employees with multiple coverage of \$100,000.

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 signatures or certification.

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 and the Board Secretary/School Business Administrator.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Financial Planning, Accounting and Reporting (Continued)

Payroll Account (Continued)

Salary withholdings were promptly remitted to the proper agencies, including the health benefit withholdings due to the General Fund.

- **Finding** – Review of the payroll deduction ledger revealed the ledger is not being maintained by deduction category.

Recommendation – The payroll deduction ledger be maintained by deduction category.

- **Finding** – Our audit of salaries revealed that certain salary amounts were not paid in accordance with the approved employment contract guides.
 - One individual was not paid at the correct salary step per the approved Board resolution.
 - Custodians on Step 10 of the guide were paid \$250 less than the BEA agreement.
 - Over time hourly pay for one night custodian did not include the night differential in the calculation of overtime pay.

Recommendation – Internal control procedures be reviewed and revised to ensure that all salary payments are paid in accordance with approved employment contracts.

The District maintains a personnel tracking and accounting (position control) system.

The School Business Administrator completed and filed the required Certification of Compliance with Federal and State Law respecting the reporting of compensation for certain employees.

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: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, we also selected administrative coding classifications to determine overall reliability and compliance with NJAC 6A:23A-8.3. As a result of the procedures performed no additional procedures were deemed necessary to test the propriety of expenditure classifications.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 good condition.

- **Finding (CAFR Finding 2016-001)**– We noted that the monthly Board Secretary’s and Treasurer’s reports were not submitted to and approved by the Board in a timely manner, as required by N.J.S.A. 18A:17-36. We noted several months where the reports were not submitted and approved timely and the final June 2016 reports were approved at the October 2016 Board meeting.

Recommendation – The monthly financial reports of the Board Secretary and Treasurer be submitted to and approved by the Board in a timely manner in accordance with the requirements of N.J.S.A. 18A:17-36.

- **Finding** – Review of the final transfer report and requests for approval by the County of certain transfers revealed that the report and requests were not submitted until October 2016.

Recommendation – The final transfer report and requests for County approval of transfers be submitted in a timely manner in accordance with the New Jersey Administrative Code.

- **Finding-** Our review of the year end receivable found that the Carlstadt Board of Education June tax payment was not received and deposited by June 30th. We noted the amount was subsequently received and deposited in July, therefore no recommendation is required.

The prescribed contractual order system was followed.

Bids were summarized in the minutes (NJSA 18A:18A-21).

Treasurer's Records

The Treasurer did perform cash reconciliations for all District accounts.

Elementary and Secondary Education Act (E.S.E.A.)/Improving America’s Schools Act (I.A.S.A.) 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 Title I, II and III of the Elementary and Secondary Education Act as amended.

Our examination of the E.S.E.A./NCLB 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 Exhibit 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.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Financial Planning, Accounting and Reporting (Continued)

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.

- **Finding** – We noted for the Elementary and Secondary Education Act (ESEA) programs and the Individuals with Disabilities Education Act (IDEA) programs that a consolidated monitoring report was prepared by the New Jersey Department of Education and reported certain findings of noncompliance with program requirements. A corrective action plan was prepared and approved by the District to address each finding. We noted the District has implemented the corrective action plan and is monitoring the programs on an on-going basis for adherence to the plan.

T.P.A.F. Reimbursements

Our audit procedures included a test of the semi-monthly reimbursement forms filed with the Department of Education for district employees who are members of the Teachers' Pension and Annuity Fund. No exceptions were noted.

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

The amount of the expenditure 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 90 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

Effective July 1, 2015 and thereafter 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) 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.

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 \$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 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 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.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

School Purchasing Programs (Continued)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

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.

Enterprise Funds

Food Service Fund

The school food service program was not selected as a major federal or state program and the program did not exceed \$100,000 in federal support.

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

The required verification procedures for free and reduced price applications were completed and available for review.

The District utilizes a food service management company (FSMC) 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 FSMC contract/addendum were reviewed. The FSMC contract includes an operating results provision which guarantees that the food service program will break even. The operating results provision has been met during the current school year.

Cash receipts and bank records were reviewed for timely deposit.

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.

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

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 exceed three months average expenditures.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Student Body Activities

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

- **Finding** - Our audit of the High School Student Activity account revealed that three (3) sub-activity accounts that were in a deficit balance at year end.

Recommendation - A review be made of the Student Activity sub-accounts and all deficit balances be reviewed and cleared of record.

Application for State School Aid

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 handicapped, low-income and bilingual. A review was performed of the district procedures related to its completion. The information on the A.S.S.A. was compared to the district workpapers with an immaterial exception noted. The information that was included on the workpapers was verified without exception. The results of these procedures are presented in the Schedule of Audited Enrollments.

The district maintained 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 2015-2016 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 audit procedures included a review of the SDA grant agreements 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** – Our audit of the District’s capital assets revealed that the Noise Abatement project for \$26,991,278 and the Technology Upgrade for \$839,512 were not included on the District’s capital asset accounting records at June 30, 2016

Recommendation – The capital asset accounting records be reviewed and updated for all completed capital projects at year end.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Follow-up on Prior Year Findings

In accordance with government auditing standards, our procedures included a review of all prior year recommendations. Corrective action has been taken on prior year findings.

Suggestions to Management

- Monthly bank reconciliations be reviewed for old outstanding checks and reconciling items and these items be cleared of record.
- Noise Abatement Project be closed and appropriate action be taken to clear the unexpended project balance in the Capital Projects Fund.
- The Board should approve and/or ratify all scholarship awards.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
FOOD SERVICE FUND
NUMBER OF MILKS SERVED AND (OVER)/UNDERCLAIM
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

SCHEDULE OF MEAL COUNT ACTIVITY

NOT APPLICABLE

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
FOOD SERVICE FUND
COMPARISON OF NET CASH RESOURCES TO THREE MONTHS AVERAGE EXPENDITURES
ENTERPRISE FUND
AS OF JUNE 30, 2016**

NET CASH RESOURCE SCHEDULE

<u>Net Cash Resources:</u>		<u>Total</u>	<u>Reference</u>
CAFR			
<u>Exhibit</u>			
	Current Assets		
B-4	Cash & Cash Equivalents	\$ 64,270	
B-4	Intergovernmental Receivable	115,971	
CAFR			
Current Liabilities			
B-4	Less Accounts Payable	(30,121)	
B-4	Less Due to Other Funds	(101,107)	
	Net Cash Resources	<u>\$ 49,013</u>	(A)
<u>Total Net Adjusted Operating Expenses:</u>			
B-5	Total Operating Expenses	\$ 747,239	
B-5	Less Depreciation	(8,285)	
	Total Net Adjusted Total Operating Expenditures	<u>\$ 738,954</u>	(B)
<u>Average Monthly Operating Expenses:</u>			
	Total Net Adjusted Operating Expenses (B) / 10 months	<u>\$ 73,895</u>	(C)
<u>Three Times Monthly Average:</u>			
	3 X Average Monthly Expenses (C)	<u>\$ 221,686</u>	(D)

TOTAL NET CASH RESOURCES	\$ 49,013	(A)
LESS THREE MONTHS AVERAGE EXPENDITURES	\$ 221,686	(D)
NET OVER (UNDER)	<u>\$ (172,673)</u>	

NET CASH RESOURCES DO NOT EXCEED THREE MONTH AVERAGE EXPENDITURES

CARLSTADT-EAST RUTHERFORD BOARD OF EDUCATION
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 SCHEDULE OF AUDITED ENROLLMENTS
 ENROLLMENT AS OF OCTOBER 15, 2015

	2016-2017 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	102	4	102	4	-	-	102		102								
10th Grade	107	4	107	4	-	-	107		107		-	-					
11th Grade	104	3	103	3	1	-	103		103		-	-					
12th Grade	91	1	91	1	-	-	91		91		-	-					
Subtotal	404	12	403	12	1	-	403	-	403	-	-	-	-	-	-	-	-
Spec Ed - Elementary					-	-					-	-					
Spec Ed- Middle School					-	-					-	-					
Spec Ed - High School	49	3	49	3	-	-	49		49		-	-	12	12	12		-
Subtotal	49	3	49	3	-	-	49	-	49	-	-	-	12	12	12	-	-
Totals	453	15	452	15	1	-	452	-	452	-	-	-	12	12	12	-	-
Percentage Error	<u>0.22%</u>						<u>0.00%</u>						<u>0.00%</u>				

CARLSTADT-EAST RUTHERFORD BOARD OF EDUCATION
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 SCHEDULE OF AUDITED ENROLLMENTS
 ENROLLEMENT AS OF OCTOBER 15, 2015

	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 Score and Register	Sample Errors
Half Day Pre-School (3 Yrs)			-			-			-			-
Half Day Pre-School (4 Yrs)			-			-			-			-
Full Day Kindergarten			-			-			-			-
1st Grade			-			-			-			-
2nd Grade			-			-			-			-
3rd Grade			-			-			-			-
4th Grade			-			-			-			-
5th Grade			-			-			-			-
6th Grade			-			-			-			-
7th Grade			-			-			-			-
8th Grade			-			-			-			-
9th Grade		33	-	18	18	-	3	3	-	3	3	-
10th Grade		29	-	15	15	-	4	4	-	4	4	-
11th Grade		31	-	19	19	-	2	2	-	2	2	-
12th Grade		13	-	8	8	-			-			-
Subtotal	106	106	-	60	60	-	9	9	-	9	9	-
Spec Ed - Elementary			-			-			-			-
Spec Ed - Middle School			-			-			-			-
Spec Ed - High School		24	-	11	11	-			-			-
Subtotal	24	24	-	11	11	-	-	-	-	-	-	-
Totals	130	130	-	71	71	-	9	9	-	9	9	-
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	45	45	-	23	23	-
Regular - Spec.			-			-
Transported - Non-Public	2.5	2.5	-	1	1	-
Special Needs - Public	49.5	49.5	-	24	24	-
Totals	97	97	-	48	48	-
Percentage Error			<u>0.00%</u>		12	<u>0.00%</u>

**CARLSTADT-EAST RUTHERFORD BOARD OF EDUCATION
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 SCHEDULE OF AUDITED ENROLLMENTS
 ENROLLMENT AS OF OCTOBER 15, 2015**

	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	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	1	1	-	1	1	-
10th Grade	4	4	-	4	4	-
11th Grade	1	1	-	1	1	-
12th Grade			-			-
Subtotal	6	6	-	6	6	-
Spec Ed - Elementary			-			-
Spec Ed- Middle School			-			-
Spec Ed - High School			-			-
Subtotal	-	-	-	-	-	-
Totals	6	6	-	6	6	-
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

2015-2016 Total General Fund Expenditures		\$ 14,083,298 ^v
Increased by:		
Transfer from Capital Reserve to Capital Projects Fund		625,000 ^v
Decreased by:		
On-Behalf TPAF Pension & Social Security	\$(1,078,069)	
Assets Acquired Under Capital Leases	-	
		(1,078,069)
Adjusted 2015-2016 General Fund Expenditures		13,630,229
2% of Adjusted 2015-2016 General Fund Expenditures		272,605
Enter Greater of 2% of Adjusted 2015-2016 General Fund Expenditures or \$250,000		272,605 ^v
Increased by:		
Allowable Adjustment		33,029
Maximum Unreserved/Undesignated Fund Balance		\$ 305,634

SECTION 2

Total General Fund - Fund Balance at June 30, 2016		\$ 2,497,936
Decreased by:		
Year-End Encumbrances	\$ (500)	
Legally Restricted - Reserved Excess Surplus Designated for Subsequent Years Expenditures	(500,000)	
Assigned- Designated for Subsequent Year's Expenditures	(51,859)	
Other Restricted Fund Balances - Capital Reserve	(994,992)	
Other Restricted Fund Balances - Maintenance Reserve	(100,000)	
		(1,647,351)
Total Unassigned Fund Balance for Excess Surplus Calculation		\$ 850,585

SECTION 3

Restricted Fund Balance - Excess Surplus		\$ 544,951
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Detail of Allowable Adjustments

Extraordinary Aid		\$ 33,029
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Recapitulation of Excess Surplus as of June 30, 2016

Reserved Excess Surplus - Desiggnated for Subsequent Year's Expenditures		\$ 500,000
Reserved Excess Surplus		544,951
Total Excess Surplus		\$ 1,044,951

**CARLSTADT-EAST RUTHERFORD REGIONAL 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 deduction ledger be maintained by deduction category.
- * 2. Internal control procedures be reviewed and revised to ensure that all salary payments are paid in accordance with approved employment contracts.
- 3. The monthly financial reports of the Board Secretary and Treasurer be submitted to and approved by the Board in a timely manner in accordance with the requirements of N.J.S.A. 18A:17-36.
- 4. The final transfer report and requests for County approval of transfers be submitted in a timely manner in accordance with the New Jersey Administrative Code.

III. School Purchasing Program

There are none.

IV. Enterprise Funds

There are none.

V. Student Body Activities

It is recommended that a review be made of the Student Activity sub-accounts and all deficit balances be reviewed and cleared of record.

VI. Application for State School Aid

There are none.

VII. Transportation

There are none.

VIII. Facilities and Capital Assets

It is recommended that the capital asset accounting records be reviewed and updated for all completed capital projects at year end.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
RECOMMENDATIONS**

IX. **Miscellaneous**

There are none.

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

A review was performed on all prior years' recommendations. 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 the members of the audit team.

Respectfully submitted,

LERCH, VINCI & HIGGINS, LLP



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