

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

**CARTERET BOARD OF EDUCATION
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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INDEPENDENT AUDITOR'S MANAGEMENT REPORT

Honorable President and
Members of the Board of Trustees
Carteret Board of Education
Carteret, 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 Carteret Board of Education as of and for the fiscal year ended June 30, 2017, and have issued our report thereon dated September 11, 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 W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
September 11, 2017

**CARTERET 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/School Business Administrator, the activities of the Board of Education and the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

Fire insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule, contained in the district's CAFR.

Official Bonds (N.J.S.A. 18A:17-26, 18A:17-32, 18A:13-13)

<u>Name</u>	<u>Position and Coverage Period</u>	<u>Amount</u>
Nilkanth Patel	Board Secretary/Business Administrator	\$300,000

There is Public Employee Dishonesty with Faithful Performance coverage with the New Jersey Schools Insurance Group covering all other employees in the amount of \$250,000.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

Payroll Account

The net salaries of all employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of payroll taxes were deposited in the Payroll Agency Account.

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

Salary withholdings were promptly remitted to the proper agencies, including health benefits premium withholding due to general fund.

Payrolls were delivered to the Board Secretary who then deposited with warrants in separate bank accounts, for net payroll and withholdings.

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

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, for proper classifications of orders as reserve for encumbrances and accounts payable.

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

Financial Planning, Accounting and Reporting (Continued)

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:23A-8.3.

Board Secretary's Records

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

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

The Board Secretary promptly deposited all cash receipts.

The prescribed contractual order system was followed.

Finding – Our audit of the Debt Service Fund indicated there exists a prior year intergovernmental payable due to the State in the amount of \$19,188 at year end.

Recommendation – The intergovernmental payable in the Debt Service Fund be reviewed and cleared of record.

Board Designee – Bank Reconciliations

The Board Designee other than the Board Secretary performed cash reconciliations for the general operating account, payroll account and payroll agency 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 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 and reauthorized.

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.

During the 2016/17 school year the New Jersey Department of Education completed a review of funds received for the (NCLB) Title I Grant for the period July 1, 2012 through June 30, 2013. A report covering the review was reviewed and discussed at a public Board meeting and a corrective action plan (CAP) was approved by Board resolution on September 28, 2016. The report dated August 1, 2016 and the corrective action plan are on file with the District.

**CARTERET 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

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.

TPAF Reimbursement to the State for Federal Salary Expenditures

The amount of the expenditure charged to the current years Final Report 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 threshold in accordance with N.J.S.A. 18A:18A-2, 18A:18A-3(a) is \$40,000 with a qualified purchasing agent. The law regulating bidding for public school transportation contracts under N.J.S.A. 18A:39-3 is currently \$18,800.

Contracts and Agreements Requiring Advertisement for Bids (Continued)

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 and approved the bid threshold at \$40,000.

The District 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 solicitor's opinion should be sought before a commitment is made.

Based on the results of our examination, we did not note any individual payments, contracts or agreements made for the performance of any work or goods or services, in excess of the statutory thresholds when there had been no advertising bids in accordance with the provision of N.J.S.A. 18A:18A-4, amended.

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

School Food Service

The school food service program was not selected as a major federal and/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 and/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.

We also 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.

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

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

School Food Service (Continued)

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

Cash receipts and bank records were reviewed for timely deposit.

The number of meals claimed for reimbursement was verified against sales and meal count records. As part of the claims review process the Edit Check Worksheet was completed. Meals claimed did agree with meal count records. Reimbursement claims were submitted/certified in a timely manner.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served did not exceed the number of valid applications on file, times the number of operating days, on a school-by-school basis. The free and reduced price meal policy is uniformly administered throughout the school system. 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 and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will return a profit of at least \$100,000. 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.

Net cash resources did not exceed three months average expenditures.

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all school food services employees authorized by the board of education.

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.

USDA Food Distribution Program commodities were received and a single inventory was maintained on a first-in first-out basis. No exceptions were noted.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Section G of the CAFR.

The District engaged Maschio's Food Services, Inc. to operate its food service operation during the 2016/17 school year.

Student Body Activity

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

Cash disbursements had proper supporting documentation.

Finding – Our audit indicated certain monies collected were not turned over timely by the respective advisor or ticket seller and certain deposits were not made in a timely manner.

Recommendation – Student activity funds be turned over timely by the respective advisor or ticket seller to the treasurer and deposits be made promptly after receipt.

**CARTERET 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, related services, private schools for the handicapped, low-income and bilingual. 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 information that was included on the workpapers was verified without exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

The district 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 Summary Report with no exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments.

Facilities and Capital Assets

Finding – Our audit revealed certain prior year and current year additions, including related depreciation, were not recorded in the capital asset report as of June 30, 2017.

Recommendation – The District update its capital asset records on a timely basis to reflect all activity.

Suggestions to Management

Prior year local grant unearned revenue balances be reviewed and cleared of record.

**CARTERET BOARD OF EDUCATION
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOT APPLICABLE

**FOOD SERVICE ENTERPRISE FUND
CALCULATION OF NET CASH RESOURCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOT APPLICABLE

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

	2017-18 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 Registers 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 - 4yr	128	-	128	-	-	-	50	-	50	-	-	-	-	-	-	-
Full Day Preschool - 3yr	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool - 4yr	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	229	-	229	-	-	-	74	-	74	-	-	-	-	-	-	-
One	259	-	259	-	-	-	65	-	65	-	-	-	-	-	-	-
Two	274	-	274	-	-	-	96	-	96	-	-	-	-	-	-	-
Three	275	-	275	-	-	-	112	-	112	-	-	-	-	-	-	-
Four	226	-	226	-	-	-	66	-	66	-	-	-	-	-	-	-
Five	271	-	271	-	-	-	87	-	87	-	-	-	-	-	-	-
Six	211	-	211	-	-	-	211	-	211	-	-	-	-	-	-	-
Seven	260	-	260	-	-	-	260	-	260	-	-	-	-	-	-	-
Eight	253	-	253	-	-	-	253	-	253	-	-	-	-	-	-	-
Nine	241	-	241	-	-	-	241	-	241	-	-	-	-	-	-	-
Ten	239	-	239	-	-	-	239	-	239	-	-	-	-	-	-	-
Eleven	219	-	219	-	-	-	219	-	219	-	-	-	-	-	-	-
Twelve	239	-	239	-	-	-	239	-	239	-	-	-	-	-	-	-
Post-Graduate																
Adult H.S. (15+CR.)																
Adult H.S. (1-14 CR.)																
Subtotal	3,324	-	3,324	-	-	-	2,212	-	2,212	-	-	-	-	-	-	-
Special Ed - Elementary	182	-	182	-	-	-	31	-	31	-	-	-	4	4	4	-
Special Ed - Middle School	92	2	92	2	-	-	15	1	15	1	-	-	5	5	5	-
Special Ed - High School	82	5	82	5	-	-	12	2	12	2	-	-	15	15	15	-
Subtotal	356	7	356	7	-	-	58	3	58	3	-	-	24	24	24	-
Co. Voc. - Regular																
Co. Voc. Ft. Post Sec.																
Totals	3,680	7	3,680	7	-	-	2,270	3	2,270	3	-	-	24	24	24	-
Percentage Error					0.00%	0.00%					0.00%	0.00%				0.00%

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

	<u>Resident Low Income</u>			<u>Sample for Verification</u>			<u>Resident LEP Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on A.S.S.A. as Low Income</u>	<u>Reported on Workpapers as Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Application and Register</u>	<u>Sample Errors</u>	<u>Reported on A.S.S.A. as LEP low Income</u>	<u>Reported on Workpapers as LEP low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Test Score and Register</u>	<u>Sample Errors</u>
Half Day Preschool												
Full Day Preschool												
Half Day Kindergarten												
Full Day Kindergarten	39.0	39.0	-	8.0	8.0	-	39.0	39.0	-	8.0	8.0	-
One	36.0	36.0	-	8.0	8.0	-	36.0	36.0	-	8.0	8.0	-
Two	40.0	40.0	-	8.0	8.0	-	40.0	40.0	-	8.0	8.0	-
Three	32.0	32.0	-	7.0	7.0	-	32.0	32.0	-	7.0	7.0	-
Four	12.0	12.0	-	3.0	3.0	-	12.0	12.0	-	3.0	3.0	-
Five	14.0	14.0	-	3.0	3.0	-	14.0	14.0	-	3.0	3.0	-
Six	11.0	11.0	-	2.0	2.0	-	11.0	11.0	-	2.0	2.0	-
Seven	6.0	6.0	-	1.0	1.0	-	6.0	6.0	-	1.0	1.0	-
Eight	9.0	9.0	-	2.0	2.0	-	9.0	9.0	-	2.0	2.0	-
Nine	13.0	13.0	-	3.0	3.0	-	13.0	13.0	-	3.0	3.0	-
Ten	16.0	16.0	-	3.0	3.0	-	16.0	16.0	-	3.0	3.0	-
Eleven	9.0	9.0	-	2.0	2.0	-	9.0	9.0	-	2.0	2.0	-
Twelve	8.0	8.0	-	2.0	2.0	-	8.0	8.0	-	2.0	2.0	-
Post-Graduate												
Adult H.S. (15+CR.)												
Adult H.S. (1-14 CR.)												
Subtotal	<u>245.0</u>	<u>245.0</u>	<u>-</u>	<u>52.0</u>	<u>52.0</u>	<u>-</u>	<u>245.0</u>	<u>245.0</u>	<u>-</u>	<u>52.0</u>	<u>52.0</u>	<u>-</u>
Special Ed - Elementary	20.0	20.0	-	4.0	4.0	-	20.0	20.0	-	4.0	4.0	-
Special Ed - Middle	4.0	4.0	-	1.0	1.0	-	4.0	4.0	-	1.0	1.0	-
Special Ed - High	3.0	3.0	-	1.0	1.0	-	3.0	3.0	-	1.0	1.0	-
Subtotal	<u>27.0</u>	<u>27.0</u>	<u>-</u>	<u>6.0</u>	<u>6.0</u>	<u>-</u>	<u>27.0</u>	<u>27.0</u>	<u>-</u>	<u>6.0</u>	<u>6.0</u>	<u>-</u>
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Totals	<u>272.0</u>	<u>272.0</u>	<u>-</u>	<u>58.0</u>	<u>58.0</u>	<u>-</u>	<u>272.0</u>	<u>272.0</u>	<u>-</u>	<u>58.0</u>	<u>58.0</u>	<u>-</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>

Transportation

	<u>Reported on DRTRS by DOE/county</u>	<u>Reported on DRTRS by District</u>	<u>Errors</u>	<u>Tested</u>	<u>Verified</u>	<u>Errors</u>
	Reg. - Public Schools, col. 1	230.0	230.0	-	33.0	33.0
Reg -SpEd, col. 4	44.5	44.5	-	6.0	6.0	-
Transported - Non-Public, col. 3	93.0	93.0	-	13.0	13.0	-
Special Ed Spec, col. 6	81.5	81.5	-	12.0	12.0	-
Totals	<u>449</u>	<u>449</u>	<u>-</u>	<u>64</u>	<u>64</u>	<u>-</u>
Percentage Error					<u>0.00%</u>	

**CARTERET BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
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 Workpapers	Verified to Application and Register	Sample Errors
Half Day Preschool						
Full Day Preschool						
Half Day Kindegarten						
Full Day Kindergarten	13	13	-	13	13	-
One	6	6	-	6	6	-
Two	1	1	-	1	1	-
Three	3	3	-	3	3	-
Four	2	2	-	2	2	-
Five	-	-	-	-	-	-
Six	-	-	-	-	-	-
Seven	3	3	-	3	3	-
Eight	1	1	-	1	1	-
Nine	4	4	-	4	4	-
Ten	3	3	-	3	3	-
Eleven	1	1	-	1	1	-
Twelve	1	1	-	1	1	-
Post-Graduate						
Adult H.S. (15+CR.)						
Adult H.S. (1-14 CR.)						
Subtotal	<u>38</u>	<u>38</u>	<u>-</u>	<u>38</u>	<u>38</u>	<u>-</u>
Special Ed - Elementary	-	-	-	-	-	-
Special Ed - Middle	1	1	-	1	1	-
Special Ed - High	1	1	-	1	1	-
Subtotal	<u>2</u>	<u>2</u>	<u>-</u>	<u>2</u>	<u>2</u>	<u>-</u>
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	<u>40</u>	<u>40</u>	<u>-</u>	<u>40</u>	<u>40</u>	<u>-</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

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

SECTION 1B - Two Percent (2%) - Calculation of Excess Surplus (2016-2017 expenditures of \$100 million or less)

2016-2017 Total General Fund Expenditures per the CAFR (Budgetary Basis)	\$ 59,651,447
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>(7,048,822)</u>
Adjusted 2016-2017 General Fund Expenditures	<u>\$ 52,602,625</u>
2% of Adjusted 2016-2017 General Fund Expenditures	\$ 1,052,053
Increased by: Allowable Adjustments - Additional Nonpublic School Transportation Costs	<u>18,384</u>
Maximum Unassigned Fund Balance	<u>\$ 1,070,437</u>

SECTION 2

Total General Fund - Fund Balance at June 30, 2017	\$ 3,759,585
Decreased by:	
Restricted Fund Balance - Capital Reserve	1,400,000
Committed Fund Balance - Year End Encumbrances	303,159
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	<u>1,893,228</u>
Total Unassigned Fund Balance	<u>\$ 163,198</u>

SECTION 3

Restricted Fund Balance - Excess Surplus	<u>\$ -</u>
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**CARTERET BOARD OF EDUCATION
RECOMMENDATIONS**

I. Administrative Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

It is recommended that the intergovernmental payable in the Debt Service Fund be reviewed and cleared of record.

III. School Purchasing Program

There are none.

IV. School Food Services

There are none.

V. Student Body Activities

It is recommended that student activity funds be turned over timely by the respective advisor or ticket seller to the treasurer and deposits be made promptly after receipt.

VI. Application for State School Aid

There are none.

VII. Pupil Transportation

There are none.

VIII. Facilities and Capital Assets

It is recommended that the District update its capital asset records on a timely basis to reflect all activity.

IX. Miscellaneous

There are none.

X. Status of Prior Years' Audit Findings/Recommendations

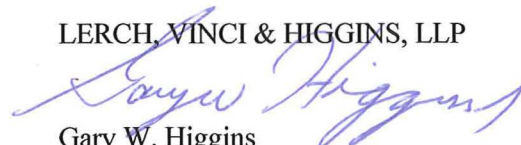
There were no prior year findings/recommendations.

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 W. Higgins
Certified Public Accountant
Public School Accountant