

**TOWN OF BOONTON SCHOOL DISTRICT
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2018**

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

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LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
CHRIS SOHN, CPA


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, 2018, and have issued our report thereon dated January 24, 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.

Respectfully submitted,
LERCH, VINCI & HIGGINS, LLP



Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
January 24, 2019

**TOWN OF BOONTON SCHOOL DISTRICT
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/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>
Steven Gardberg	Board Secretary/School Business Administrator	\$250,000
Robert Brown	Treasurer of School Monies	\$250,000

Finding – Our audit indicated that the official district minutes were not always signed and attachments as referenced in the minutes were not included.

Recommendation – Official district minutes be signed and include all referenced attachments.

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

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, 2018**

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.

Finding – The reconciliation of the payroll agency bank account included reconciling items which do not appear to be valid.

Recommendation – Reconciling items on the payroll agency bank account reconciliation be reviewed and appropriately cleared of record.

Finding – Payroll deductions for employee pension contributions were not always remitted to the State of New Jersey on a timely basis.

Recommendation – Employee pension contributions be remitted to the State of New Jersey on a timely basis.

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 – 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, 2018**

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 – Our audit indicated that checks were disbursed in excess of the cash balance available.

Recommendation - Internal controls be enhanced to prevent the issuance of checks in excess of the available cash balance.

Finding – Our audit indicated that expenditures paid through lease purchase escrow accounts were not reflected on the District's financial records. Additionally, contracts to be paid through lease purchase escrow accounts were not encumbered upon award.

Recommendation – Contracts awarded and expenditures paid through lease purchase escrow accounts be reflected on the District's financial records.

Finding – Our audit indicated that cash balances on the monthly reports of the Treasurer and Board Secretary were not in agreement with the reconciled bank account balance. **(CAFR Findings 2018-001 and 2018-002).**

Recommendation – The monthly reports of the Board Secretary and Treasurer of School Monies be reconciled with the operating bank account.

**TOWN OF BOONTON SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Financial Planning, Accounting and Reporting (Continued)

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 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.

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.

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.

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 \$19,000.

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.

**TOWN OF BOONTON SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

School Purchasing Programs (Continued)

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.

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

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

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

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 with exception. Provisions of the FSMC contract/addendum were reviewed and audited. The FSMC contract includes an operating result provision which was met by the FSMC for the current fiscal year.

Cash receipts and bank records were reviewed for timely deposit.

Finding – Our audit indicated food service collections were not always deposited in a timely manner.

Recommendation – In all instances, food service collections be deposited in a timely manner.

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 with exceptions noted. 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.

The number of meals claimed for reimbursement was compared to sales and meal count records. As part of the claims review process the Edit Check Worksheet was completed. 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 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 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.

USDA Food Distribution Program commodities were received and a separate inventory was maintained on a first-in, first-out basis.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Exhibits B-4 through B-6 of the CAFR.

**TOWN OF BOONTON SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Student Body Activity

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

Finding – Our audit indicated that documentation to support receipts collected at John Hill school were not able to be provided for audit.

Recommendation – Documentation to support receipts collected at John Hill school be maintained and made available for audit.

Finding – Our audit indicated that stale dated checks remain outstanding on the reconciliation of the High School athletic bank account.

Recommendation – Stale dated checks on the High School athletic bank account reconciliation be reviewed and appropriately cleared of record.

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 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 with immaterial exceptions noted. 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 2017-18 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.

**TOWN OF BOONTON SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 – Our audit indicated that the District's capital reserve fund balance at June 30, 2018 was insufficient with respect to the amount appropriated in the subsequent budget. The District has appropriated \$475,000 in the 2018/19 approved budget. As of June 30, 2018, the available funds in the capital reserve was only \$732.

Recommendation – A course of action be developed to ensure sufficient funds are made available to fund those projects in the subsequent capital outlay budget.

Miscellaneous

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).

Suggestions for Management

Appropriations in the subsequent budget be reviewed to ensure adequate funds are available for the required annual lease purchase principal and interest payments.

**TOWN OF BOONTON SCHOOL DISTRICT
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Program</u>	<u>Meals/Milks Category</u>	<u>Total Meals/Milks Claimed</u>	<u>Meals/Milks Tested</u>	<u>Meals/Milks Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>(Over) Under Claim</u>
National School Lunch (Regular Rate)	Paid	66,941	26,074	26,074	-		
	Reduced	8,755	3,548	3,548	-		
	Free	<u>47,163</u>	<u>18,603</u>	<u>18,603</u>	<u>-</u>		<u>-</u>
	Total Lunch	<u>122,859</u>	<u>48,225</u>	<u>48,225</u>	<u>-</u>		<u>-</u>
Breakfast	Paid	6,343	2,382	2,382	-		
	Reduced	1,341	527	527	-		
	Free	<u>10,165</u>	<u>3,865</u>	<u>3,865</u>	<u>-</u>		<u>-</u>
	Total Breakfast	<u>17,849</u>	<u>6,774</u>	<u>6,774</u>	<u>-</u>		<u>-</u>
TOTAL		<u><u>140,708</u></u>	<u><u>54,999</u></u>	<u><u>54,999</u></u>	<u><u>-</u></u>		<u><u>-</u></u>

**TOWN OF BOONTON SCHOOL DISTRICT
FOOD SERVICE FUND
NET CASH RESOURCE SCHEDULE
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Net Cash Resources:

CAFR	*	Current Assets	
B-4		Cash	\$ (17,595)
B-4		Intergovernmental Receivables	46,443
B-4		Accounts Receivable	24,676
B-4		Due from Other Funds	
CAFR		Current Liabilities	
B-4		Less Accounts Payable	
B-4		Less Due to Other Funds	(60,015)
B-4		Less Unearned Revenue	(5,726)
			<u>(5,726)</u>
		Net Cash Resources	<u>\$ (12,217)</u>

Net Adj. Total Operating Expense:

B-5	Total Operating Expenses	602,316
B-5	Less Depreciation	(7,477)
		<u>(7,477)</u>
	Adj. Tot. Oper. Exp.	<u>\$ 594,839</u>

Average Monthly Operating Expense:

B / 10	<u>\$ 59,484</u>
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Three times monthly Average Operating Expense:

3 X C	<u>\$ 612,585</u>
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TOTAL IN BOX A	\$	(12,217)
LESS TOTAL IN BOX D	\$	(612,585)
NET	\$	<u>(624,802)</u>
Net Cash Resources Did Not Exceed Three Months Expenditures.		

**TOWN OF BOONTON SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
OCTOBER 13, 2017**

	2018-19 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 Veri- cation Sample Sample		
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	
Half Day Preschool - 3 years	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool - 3 years	12	-	12	-	-	-	12	-	12	-	-	-	-	-	-	-	-
Half Day Preschool - 4 years	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool - 4 years	19	-	15	-	4	-	15	-	15	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	66	-	66	-	-	-	66	-	66	-	-	-	-	-	-	-	-
1st Grade	81	-	81	-	-	-	81	-	81	-	-	-	-	-	-	-	-
2nd Grade	81	-	81	-	-	-	81	-	81	-	-	-	-	-	-	-	-
3rd Grade	63	-	63	-	-	-	63	-	63	-	-	-	-	-	-	-	-
4th Grade	77	-	77	-	-	-	77	-	77	-	-	-	-	-	-	-	-
5th Grade	74	-	74	-	-	-	74	-	74	-	-	-	-	-	-	-	-
6th Grade	60	-	60	-	-	-	60	-	60	-	-	-	-	-	-	-	-
7th Grade	57	-	57	-	-	-	57	-	57	-	-	-	-	-	-	-	-
8th Grade	72	-	72	-	-	-	72	-	72	-	-	-	-	-	-	-	-
9th Grade	113	-	113	-	-	-	112	-	112	-	-	-	-	-	-	-	-
10th Grade	123	-	123	-	-	-	122	-	122	-	-	-	-	-	-	-	-
11th Grade	116	7	116	7	-	-	115	7	115	7	-	-	-	-	-	-	-
12th Grade	107	3	107	3	-	-	106	3	106	3	-	-	-	-	-	-	-
Subtotal	1,121	10	1,117	10	4	-	1,113	10	1,113	10	-	-	-	-	-	-	-
Spec Ed - Elementary	83	-	83	-	-	-	83	-	83	-	-	-	-	3	3	3	-
Spec Ed - Middle School	42	-	42	-	-	-	42	-	42	-	-	-	-	1	1	1	-
Spec Ed - High School	130	3	130	3	-	-	130	3	130	3	-	-	-	3	3	3	-
Subtotal	255	3	255	3	-	-	255	3	255	3	-	-	-	7	7	7	-
Totals	1,376	13	1,372	13	4	-	1,368	13	1,368	13	-	-	-	7	7	7	-
Percentage Error					0.29%	0.00%					0.00%	0.00%					0.00%

**TOWN OF BOONTON SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
OCTOBER 13, 2017**

	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)	2	2	-	-	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	15	15	-	4	4	-	5	5	-	4	4	-
1st Grade	34	34	-	4	4	-	7	7	-	4	4	-
2nd Grade	24	24	-	3	3	-	4	4	-	2	2	-
3rd Grade	23	23	-	4	4	-	2	2	-	2	2	-
4th Grade	24	24	-	3	3	-	4	4	-	1	1	-
5th Grade	22	22	-	3	3	-	-	-	-	-	-	-
6th Grade	24	24	-	3	3	-	-	-	-	-	-	-
7th Grade	19	19	-	3	3	-	2	2	-	2	2	-
8th Grade	21	21	-	3	3	-	1	1	-	1	1	-
9th Grade	27	27	-	4	4	-	-	-	-	-	-	-
10th Grade	26	26	-	5	5	-	1	1	-	1	1	-
11th Grade	26	26	-	4	4	-	1	1	-	1	1	-
12th Grade	20	21	(1)	4	4	-	-	-	-	-	-	-
Subtotal	307	308	(1)	47	47	-	27	27	-	18	18	-
Spec Ed - Elementary	36	36	-	5	5	-	2	2	-	2	2	-
Spec Ed - Middle School	18	18	-	3	3	-	1	1	-	1	1	-
Spec Ed - High School	62	62	-	7	7	-	1	1	-	1	1	-
Subtotal	116	116	-	15	15	-	4	4	-	4	4	-
Totals	423	424	(1)	62	62	-	31	31	-	22	22	-
Percentage Error			<u>-0.24%</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	18	18	-	16	16	-
Transported - Non-Public	-	-	-	-	-	-
Regular - Spec.	15	15	-	13	13	-
Special Needs - Public	13	13	-	11	11	-
Totals	46	46	-	40	40	-
			<u>0.00%</u>			<u>0.00%</u>

**TOWN OF BOONTON SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
OCTOBER 13, 2017**

	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	3	3	-	3	3	-
1st Grade	3	3	-	2	2	-
2nd Grade	3	3	-	3	3	-
3rd Grade	2	2	-	1	1	-
4th Grade	2	2	-	1	1	-
5th Grade	-	-	-	-	-	-
6th Grade	1	1	-	1	1	-
7th Grade	-	-	-	-	-	-
8th Grade	1	1	-	1	1	-
9th Grade	1	1	-	-	-	-
10th Grade	3	-	3	2	2	-
11th Grade	2	1	1	1	1	-
12th Grade	2	2	-	2	2	-
Subtotal	23	19	4	17	17	-
Spec Ed - Elementary	2	1	1	1	1	-
Spec Ed - Middle School	-	-	-	-	-	-
Spec Ed - High School	3	3	-	1	1	-
Subtotal	5	4	1	2	2	-
Totals	28	23	5	19	19	-
Percentage Error			<u>17.86%</u>			<u>0.00%</u>

**TOWN OF BOONTON SCHOOL DISTRICT
CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

2017-18 Total General Fund Expenditures per the CAFR (Exhibit C-1)	\$ 30,575,025	
Decreased by:		
On-Behalf TPAF Pension & Social Security	(3,638,312)	
Adjusted 2017-18 General Fund Expenditures		<u>\$ 26,936,713</u>
2% of Adjustment 2017-18 General Fund Expenditures	\$ 538,734	
Increased by: Allowable Adjustment - Extraordinary Aid	110,230	
Maximum Unassigned Fund Balance		<u>\$ 648,964</u>
Total General Fund - Fund Balance at June 30, 2018 (Per CAFR Budgetary Comparison Schedule C-1)	\$ 549,663	
Decreased by:		
Year End Encumbrances	132,776	
Designated for Subsequent Year's Expenditures	285,886	
Other Restricted Fund Balance - Capital Reserve	<u>732</u>	
Total Unassigned Fund Balance		<u>\$ 130,269</u>
Restricted Fund Balance - Excess Surplus		<u>\$ -</u>

TOWN OF BOONTON SCHOOL DISTRICT RECOMMENDATIONS

I. Administrative Practices and Procedures

It is recommended that the official district minutes be signed and include all referenced attachments.

II. Financial Planning, Accounting and Reporting

It is recommended that:

1. Reconciling items on the payroll agency bank account reconciliation be reviewed and appropriately cleared of record.
2. Employee pension contributions be remitted to the State of New Jersey on a timely basis.
- * 3. Outstanding purchase orders be reviewed at year end and be liquidated or otherwise be cancelled.
- * 4. Internal controls be enhanced to prevent the issuance of checks in excess of the available cash balance.
5. Contracts awarded and expenditures paid through lease purchase escrow accounts be reflected on the District's financial records.
- * 6. The monthly reports of the Board Secretary and Treasurer of School Monies be reconciled with the operating bank account.

III. School Purchasing Program

There are none.

IV. School Food Services

It is recommended that in all instances, food service collections be deposited in a timely manner.

V. Student Body Activity

Is it recommended that:

1. Documentation to support receipts collected at John Hill school be maintained and made available for audit.
2. Stale dated checks on the High School athletic bank account reconciliation be reviewed and appropriately cleared of record.

**TOWN OF BOONTON SCHOOL DISTRICT
RECOMMENDATIONS**

VI. Application for State School Aid

There are none.

VII. Pupil Transportation

There are none.

VIII. Facilities and Capital Assets

It is recommended that a course of action be developed to ensure sufficient funds are made available to fund those projects in the subsequent capital outlay budget.

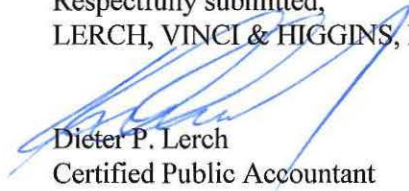
IX. Status of Prior Years' Audit Findings/Recommendations

A review was performed on all prior years' recommendations. Corrective action was taken on all other than those denoted with an asterisk (*) above.

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
Public School Accountant