

**CARLSTADT-EAST RUTHERFORD REGIONAL
BOARD OF EDUCATION
AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2018**

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
TABLE OF CONTENTS**

**AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS
- FINANCIAL, COMPLIANCE AND PERFORMANCE**

	<u>Page No.</u>
Auditor's Management Report	1
Scope of Audit	2
Administrative Practices and Procedures	2
Financial Planning, Accounting and Reporting	2-4
School Purchasing Programs	4-5
Enterprise Funds	5-6
Student Body Activities	6
Application for State School Aid	6
Pupil Transportation	7
Facilities and Capital Assets	7
Testing for Lead of all Drinking Water in Educational Facilities	7
Follow-up on Prior Year Findings	7
Suggestions to Management	7
Number of Milks Served and (Over)/Underclaim – Not Applicable	8
Net Cash Resource Schedule	9
Schedule of Audited Enrollments	10-12
Calculation of Excess Surplus	13
Recommendations	14-15
Acknowledgment	15



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AUDITOR'S MANAGEMENT REPORT

Honorable President and Members
of the Board of Education
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, 2018, and have issued our report thereon dated January 18, 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 Education, 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.

Leach, 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
January 18, 2019

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Scope of Audit

The audit covered the financial transactions of the Board Secretary/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 Great American Insurance Group covering all other employees with multiple coverage of \$100,000 per employee and \$500,000 per loss.

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.

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

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 for the reporting of compensation for certain employees.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Financial Planning, Accounting and Reporting (Continued)

Payroll Account (Continued)

- **Finding** – We noted pension reports have not been filed with the State of New Jersey for the fiscal years 2015, 2016 and 2017 retroactive salary amounts paid in fiscal year 2017.

Recommendation – Pension reports be filed with the State of New Jersey for the fiscal year 2015, 2016 and 2017 retroactive salaries paid in fiscal year 2017.

- **Finding** – Our audit of payroll revealed certain part-time and on-call (substitute) employees who appeared eligible for DCRP but were not enrolled in the plan.

Recommendation – A review be made of all part-time and on-call employees to determine their eligibility for enrollment in the State DCRP pension plan.

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.

Board Secretary's Records

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

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

The prescribed contractual order system was followed.

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

- **Finding** – We noted two (2) budget line accounts were overexpended at June 30, 2018. The overexpenditures were the result of adjustments made during our audit. As a result, no recommendation is warranted.
- **Finding** – Our audit revealed that year end transfers of unanticipated revenue and unexpended line-item appropriation amounts to the capital reserve and maintenance reserve were not approved by the Board in a timely manner in accordance with the NJAC 6A:23A.14. We noted the Board resolutions approving such transfers were subsequent to year end.

Recommendation – Resolutions approving the transfers of unanticipated revenue and unexpended line-item appropriation amounts to the capital reserve and maintenance reserve at year end be made in a timely manner in accordance with NJAC 6A:23A-14.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Financial Planning, Accounting and Reporting (Continued)

Treasurer's Records

The Treasurer did perform cash reconciliations for all District accounts.

The Treasurer's records were in agreement with the Board Secretary's records.

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

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

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

Our examination of the E.S.E.A./ESSA 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.

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.

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

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 \$19,000.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

School Purchasing Programs (Continued)

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 School Business Administrator as the qualified purchasing agent.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Board Attorney's opinion should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

The results of our examination 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. 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.

Applications for free and reduced price meals were reviewed for completeness and accuracy as part of the audit of the Application of State School Aid (ASSA).

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.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Enterprise Funds (Continued)

Food Service Fund (Continued)

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.

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

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

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 six (6) sub-activity accounts were in a deficit balance at year end.

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

- **Finding** – Review of the Athletic Account revealed the following:
 - Deposits from gate receipts were not deposited in a timely manner. We noted six (6) athletic events from December 2017, January 2018 and March 2018 that were not deposited as of November 2018.
 - We noted event staff workers at a District held basketball tournament were paid from cash withdrawn from gate receipts collected at the event.
 - There was two (2) instances where a game summary sheet was not provided for audit.

Recommendation – With respect to the Athletic Account:

- All gate receipts be deposited in a timely period.
- The practice of paying event staff workers directly from game receipts be discontinued.
- All game summary sheets be retained and made available for audit.

Application for State School Aid

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 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 with an immaterial exception noted. 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.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2017-2018 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility 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 transfer of local funds from the General Fund or from the capital reserve accounts, and awarding of contracts for eligible facilities construction.

Testing for Lead of all Drinking Water in Educational Facilities

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

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

- Interfunds be reviewed and cleared of record.
- Scholarship accounts be maintained in interest bearing account.
- A payroll check distribution verification be performed during the 2018/2019 school year.

**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, 2018**

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, 2018**

NET CASH RESOURCE SCHEDULE

<u>Net Cash Resources:</u>	<u>Total</u>	<u>Reference</u>
CAFR Exhibit		
Current Assets		
B-4 Cash & Cash Equivalents	\$ 17,980	
B-4 Intergovernmental Receivable	63,177	
CAFR Current Liabilities		
B-4 Less Accounts Payable		
B-4 Less Due to Other Funds		
B-4 Less Deferred Revenue	(1,064)	
	<hr/>	
Net Cash Resources	\$ 80,093	(A)
	<hr/>	
<u>Total Net Adjusted Operating Expenses:</u>		
B-5 Total Operating Expenses	\$ 510,074	
B-5 Less Depreciation	(4,668)	
	<hr/>	
Total Net Adjusted Total Operating Expenditures	\$ 505,406	(B)
	<hr/>	
<u>Average Monthly Operating Expenses:</u>		
Total Net Adjusted Operating Expenses (B) / 10 months	\$ 50,541	(C)
	<hr/>	
<u>Three Times Monthly Average:</u>		
3 X Average Monthly Expenses (C)	\$ 151,622	(D)
	<hr/>	

TOTAL NET CASH RESOURCES	\$ 80,093	(A)
LESS THREE MONTHS AVERAGE EXPENDITURES	\$ 151,622	(D)
NET OVER (UNDER)	\$ (71,529)	
NET CASH RESOURCES DO NOT EXCEED THREE MONTH AVERAGE EXPENDITURES		

**CARLSTADT-EAST RUTHERFORD BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 13, 2017
SCHEDULE OF AUDITED ENROLLMENTS**

	2018-2019 Application for State School Aid						Sample for Verification						On Roll - Special Education			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		Sample for Verifi- cation	Sample Verified	Sample Errors	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									
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared									
Half Day Preschool 3 Years Old					-	-															
Half Day Preschool 4 Years Old					-	-															
Full Day Preschool 3 Years Old					-	-															
Full Day Preschool 4 Years Old					-	-															
Half Day Kindergarten					-	-															
Full Day Kindergarten					-	-															
Grade 1					-	-															
Grade 2					-	-															
Grade 3					-	-															
Grade 4					-	-															
Grade 5					-	-															
Grade 6					-	-															
Grade 7					-	-															
Grade 8					-	-															
Grade 9	105	3	105	3	-	-	105	3	105	3	-										
Grade 10	109	-	109	-	-	-	109	-	109	-	-										
Grade 11	95	-	95	-	-	-	95	-	95	-	-										
Grade 12	96	3	96	3	-	-	96	3	96	3	-										
Post- Graduate					-	-															
Adult High School (15+ Credits)					-	-															
Adult High School (1-14 Credits)					-	-															
Subtotal	405	6	405	6	-	-	405	6	405	6	-	-	-	-	-	-	-	-	-		
Sp Ed - Elementary					-	-															
Sp Ed - Middle School					-	-															
Sp Ed - High School	60	5	60	5	-	-	60	5	60	5	-		47	47	-	10	9	9	-		
Subtotal	60	5	60	5	-	-	60	5	60	5	-		47	47	-	10	9	9	-		
County Vocational - Regular					-	-															
County Vocational - F.T. Post-Second					-	-															
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Totals	465	11	465	11	-	-	465	11	465	11	-	-	47	47	-	10	9	9	-		
Percentage Error					0.00%						0.00%					0.00%				0.00%	

CARLSTADT-EAST RUTHERFORD BOARD OF EDUCATION
 APPLICATION FOR STATE SCHOOL AID
 ENROLLMENT AS OF OCTOBER 13, 2017
 SCHEDULE OF AUDITED ENROLLMENTS

	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	Sample Errors
Half Day Preschool 3 Years Old			-			-
Half Day Preschool 4 Years Old			-			-
Full Day Preschool 3 Years Old			-			-
Full Day Preschool 4 Years Old			-			-
Half Day Kindergarten			-			-
Full Day Kindergarten			-			-
Grade 1			-			-
Grade 2			-			-
Grade 3			-			-
Grade 4			-			-
Grade 5			-			-
Grade 6			-			-
Grade 7			-			-
Grade 8			-			-
Grade 9	37	37	-	24	23	1
Grade 10	28	29.0	(1)	20	20	-
Grade 11	22	22.0	-	15	15	-
Grade 12	22	22.0	-	15	15	-
Post- Graduate			-			-
Adult High School (15+ Credits)			-			-
Adult High School (1-14 Credits)			-			-
Subtotal	109	110	(1)	74	73	1
Sp Ed - Elementary			-			-
Sp Ed - Middle School			-			-
Sp Ed - High School	23.5	23.5	-	11	11	-
Subtotal	23.5	23.5	-	11	11	-
County Vocational - Regular			-			-
County Vocational - F.T. Post-Second			-			-
Subtotal	-	-	-	-	-	-
Totals	132.5	133.5	(1.0)	85.0	84.0	1.0
Percentage Error			<u>-0.75%</u>			<u>1.18%</u>

	Resident LEP Low Income			Sample for Verification		
	Reported on ASSA as LEP low Income	Reported on Workpapers as LEP low Income	Errors	Sample Selected	Verified to Test Score and Register	Errors
Half Day Preschool 3 Years Old			-			-
Half Day Preschool 4 Years Old			-			-
Full Day Preschool 3 Years Old			-			-
Full Day Preschool 4 Years Old			-			-
Half Day Kindergarten			-			-
Full Day Kindergarten			-			-
Grade 1			-			-
Grade 2			-			-
Grade 3			-			-
Grade 4			-			-
Grade 5			-			-
Grade 6			-			-
Grade 7			-			-
Grade 8			-			-
Grade 9	3	2	1	1	1	-
Grade 10	-	-	-	-	-	-
Grade 11	-	-	-	-	-	-
Grade 12	2	1	1	1	1	-
Post- Graduate			-			-
Adult High School (15+ Credits)			-			-
Adult High School (1-14 Credits)			-			-
Subtotal	5	3	2	2	2	-
Sp Ed - Elementary			-			-
Sp Ed - Middle School			-			-
Sp Ed - High School			-			-
Subtotal	-	-	-	-	-	-
County Vocational - Regular			-			-
County Vocational - F.T. Post-Second			-			-
Subtotal	-	-	-	-	-	-
Totals	5	3	2	2	2	-
Percentage Error			<u>40.00%</u>			<u>0.00%</u>

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools	50	50	-	38	38	-
Regular - Special Ed	1	1	-	1	1	-
AIL Non-Public			-			-
Transported - Non Public			-			-
Special Needs	49	49	-	37	37	-
Totals	100	100	-	76	76	-
Percentage Error			<u>0.0%</u>			<u>0.0%</u>

**CARLSTADT-EAST RUTHERFORD BOARD OF EDUCATION
 APPLICATION FOR STATE SCHOOL AID
 ENROLLMENT AS OF OCTOBER 13, 2017
 SCHEDULE OF AUDITED ENROLLMENTS**

	Resident LEP Not Low Income			Sample for Verification		
	Reported on ASSA as NOT Low Income	Reported on Workpapers as NOT low Income	Errors	Sample Selected From Workpapers	Verified to Application	Errors
Half Day Preschool 3 Years Old						
Full Day Preschool 3 Years Old			-			-
Half Day Preschool 4 Years Old			-			-
Full Day Preschool 4 Years Old			-			-
Half Day Kindergarten			-			-
Full Day Kindergarten			-			-
Grade 1			-			-
Grade 2			-			-
Grade 3			-			-
Grade 4			-			-
Grade 5			-			-
Grade 6			-			-
Grade 7			-			-
Grade 8			-			-
Grade 9	2	2	-	1	1	-
Grade 10	-	-	-	-	-	-
Grade 11	2	1	1	1	1	-
Grade 12	-	1	(1)	1	1	-
Post- Graduate			-			-
Adult High School (15+ Credits)			-			-
Adult High School (1-14 Credits)			-			-
Subtotal	4	4	-	3	3	0
Sp Ed - Elementary						-
Sp Ed - Middle School						-
Sp Ed - High School						-
Subtotal	0	-	-	-	-	-
County Vocational - Regular						
County Vocational - F.T. Post-Second						
Subtotal						
Totals	4	4	-	3	3	-
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, 2018**

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

2017-2018 Total General Fund Expenditures		\$ 14,802,148
Increased by:		
Transfer from Capital Reserve to Capital Projects Fund		50,000
Decreased by:		
On-Behalf TPAF Pension & Social Security	\$ (1,356,295)	
Assets Acquired Under Capital Leases	(59,864)	
		(1,416,159)
Adjusted 2017-2018 General Fund Expenditures		13,435,989
2% of Adjusted 2017-2018 General Fund Expenditures		268,720
Enter Greater of 2% of Adjusted 2017-2018 General Fund Expenditures or \$250,000		268,720
Increased by:		
Allowable Adjustment		119,200
Maximum Unreserved/Undesignated Fund Balance		\$ 387,920

SECTION 2

Total General Fund - Fund Balance at June 30, 2018		\$ 3,879,030
Decreased by:		
Year-End Encumbrances	\$ (34,984)	
Legally Restricted - Reserved Excess Surplus Designated for Subsequent Years Expenditures	(502,142)	
Assigned- Designated for Subsequent Year's Expenditures	(27,297)	
Other Restricted Fund Balances - Capital Reserve	(1,699,344)	
Other Restricted Fund Balances - Maintenance Reserve	(625,000)	
		(2,888,767)
Total Unassigned Fund Balance for Excess Surplus Calculation		\$ 990,263

SECTION 3

Restricted Fund Balance - Excess Surplus		\$ 602,343
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Detail of Allowable Adjustments

Extraordinary Aid		\$ 119,200
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Recapitulation of Excess Surplus as of June 30, 2018

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures		\$ 502,142
Reserved Excess Surplus		602,343
		\$ 1,104,485

**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. Pension reports be filed with the State of New Jersey for the fiscal year 2015, 2016 and 2017 retroactive salaries paid in fiscal year 2017.
2. A review be made of all part-time and on-call employees to determine their eligibility for enrollment in the State DCRP pension plan.
3. Resolutions approving the transfers of unanticipated revenue and unexpended line-item appropriation amounts to the capital reserve and maintenance reserve at year end be made in a timely manner in accordance with NJAC 6A:23A14.

III. School Purchasing Program

There are none.

IV. Enterprise Funds

There are none.

V. Student Body Activities

It is recommended that:

- * 1. A review be made of the High School Student Activity sub-accounts and all deficit balances be reviewed and cleared of record.
- 2. With respect to the Athletic Account:
 - * – All gate receipts be deposited in a timely manner.
 - The practice of paying event staff workers directly from game receipts be discontinued.
 - All game summary sheets be retained and made available for audit.

VI. Application for State School Aid

There are none.

VII. Transportation

There are none.

VIII. Facilities and Capital Assets

There are none.

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

VIII. Miscellaneous

There are none.

IX. 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



Jeffrey C. Bliss
Certified Public Accountant
Public School Accountant