

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

**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, 2018, and have issued our report thereon dated January 25, 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.

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

Gary W. Higgins  
Public School Accountant  
PSA Number CS00814

Fair Lawn, New Jersey  
January 25, 2019

**CARTERET 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, 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>
Hector Berrios	Board Secretary	\$310,000

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, 2018**

**Financial Planning, Accounting and Reporting (Continued)**

**Reserve for Encumbrances and Accounts Payable (Continued)**

**Finding (CAFR Finding 2018-001)** – With respect to year end encumbrances and accounts payable:

- Our audit of year end outstanding purchase orders in the General Fund revealed a significant encumbrance for a previously utilized vendor remained open of record.
- Our audit of payments made subsequent to June 30, 2018 indicated unrecorded liabilities that were not reflected in the District's accounting records at year end.

**Recommendation** – Procedures be reviewed and revised to ensure only valid purchase orders are recorded at year end and that all liabilities are recorded in the District's accounting records at 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, 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 (CAFR Finding 2018-004)** – Our audit revealed the original budget included in the District's revenue and appropriation reports for the Special Revenue Fund were not in agreement with the adopted budget.

**Recommendation** – The original budget included in the District's revenue and appropriation reports for the Special Revenue Fund be in agreement with the adopted budget.

**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.

**CARTERET BOARD OF EDUCATION  
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, III and IV of the Elementary and Secondary Education Act as amended and reauthorized.

**Finding (CAFR Finding 2018-002)** – Our audit of the ESEA Title I grant programs revealed employee benefits charged were not properly supported by a detail calculation nor were they charged on a monthly basis. We noted the District made one entry to reallocate General Fund employee benefit charges to the grant programs.

**Recommendation** – Employee benefits charged to the ESAA Title I grant programs be supported by an analysis detailing the basis for the amount allocated to the program and the benefits be charged when paid throughout the grant period.

**Finding (CAFR 2018-003)** – The audit of ESEA grant reimbursements indicated the District requested no reimbursements for actual grant expenditures during the 2017/18 fiscal year.

**Recommendation** – Grant reimbursement for ESEA programs be made on a timely periodic basis.

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.

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.

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

**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 \$19,000.

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 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.

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.

**Finding** – Our audit of the Food Service expenditures indicated an overpayment of \$27,000 was made to the Food Service Management Company due to a transposition error on the check used for payment.

**Recommendation** – Internal controls over Food Service expenditures be reviewed and enhanced to ensure proper payments are made to the respective vendor.

**Finding** – Our audit of the Food Service revenue revealed the State and Federal June 2018 reimbursement receivables in the amount of \$124,717 were not accrued as of June 30, 2018.

**Recommendation** – All State and Federal reimbursement receivables be accrued at June 30, 2018.

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

**School Food Service (Continued)**

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. All vendor discounts, rebates and credits from vendors and/or the FSMC were tracked and credited to the Food Service Account and reconciled to supporting documentation at least annually.

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. No exceptions were noted.

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.

The District engaged Maschio's Food Services, Inc. to operate its food service operation during the 2017/18 school year.

**Enrichment Academy**

The District operates an enrichment academy by providing a before and after school program. The District maintains cash receipts and disbursements records. Cash disbursements had proper supporting documentation.

**Finding** – Our audit of the Enrichment Academy revenues revealed receipts collected were not deposited in a timely manner.

**Recommendation** – Enrichment Academy receipts collected be deposited in a timely manner.

**Finding** – Our audit of the Enrichment Academy revealed the cash balance of the general ledger was not in agreement with the bank reconciliation in the amount of \$25,559 as of June 30, 2018.

**Recommendation** – The cash balance in the Enrichment Academy's general ledger be reconciled to the bank reconciliation on a monthly basis.

**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 for High School student activities and for Athletic events were not turned over timely by the respective advisor or ticket seller.

**Recommendation** – Monies collected for High School student activities and for Athletic events be turned over timely by the respective advisor or ticket seller to the treasurer.



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

**Student Body Activity (Continued)**

**Finding** – Our audit indicated old outstanding checks existed on certain student activity bank reconciliations at June 30, 2018.

**Recommendation** – Old outstanding checks on the student activity bank reconciliations be reviewed and 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, 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 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 with no exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments.

**Testing for Lead of all Drinking Water in Educational Facilities**

The school district adhered to all requirements of N.J.A.C. 26-12 and 12.4 related to the testing for lead of all drinking water in education 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).

**Facilities and Capital Assets**

The District had no SDA grant projects during the year.

The District utilized a third party provider to maintain the District's capital assets records.

**CARTERET BOARD OF EDUCATION  
FOOD SERVICE FUND  
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM  
ENTERPRISE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**SCHEDULE OF MEAL COUNT ACTIVITY**

<u>Program</u>	<u>Meals Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>Under (Over) Claim</u>
National School Lunch (High Rate)	Paid	63,870	23,782	23,782	-	0.33	-
	Reduced	34,031	12,637	12,637	-	2.85	-
	Free	<u>325,823</u>	<u>119,986</u>	<u>119,986</u>	<u>-</u>	3.25	<u>-</u>
		<u>423,724</u>	<u>156,405</u>	<u>156,405</u>	<u>-</u>		<u>-</u>
National School Lunch	HHFKA-PB Lunch Only	<u>423,724</u>	<u>156,405</u>	<u>156,405</u>	<u>-</u>	0.06	<u>-</u>
National School Breakfast (Severe Need)	Paid	17,137	5,759	5,759	-	0.3	-
	Reduced	9,375	3,239	3,239	-	1.79	-
	Free	<u>228,028</u>	<u>79,181</u>	<u>79,181</u>	<u>-</u>	2.09	<u>-</u>
		<u>254,540</u>	<u>88,179</u>	<u>88,179</u>	<u>-</u>		<u>-</u>
After School Snacks (Regular Rate)	Free	<u>39,070</u>	<u>13,927</u>	<u>13,927</u>	<u>-</u>	0.88	<u>-</u>
		<u>39,070</u>	<u>13,927</u>	<u>13,927</u>	<u>-</u>		<u>-</u>

**CARTERET BOARD OF EDUCATION  
FOOD SERVICE ENTERPRISE FUND  
CALCULATION OF NET CASH RESOURCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Net Cash Resources**

**Current Assets**

Cash and Cash Equivalents (Overdraft)	\$ (45,986)
Due from Other Governments	124,717
Accounts Receivable	<u>27,000</u>

**Current Liabilities**

Less:	
Accounts Payable	<u>(273)</u>

<b>Net Cash Resources</b>	<b><u>\$ 105,458</u></b>
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**Adjusted Total Operating Expense:**

Total Operating Expenses	\$ 2,354,336
Less Depreciation	<u>41,710</u>

Adjusted Total Operating Expense	<b><u>\$ 2,312,626</u></b>
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<b><u>Average Monthly Operating Expense:</u></b>	<b><u>\$ 231,263</u></b>
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<b><u>Three Times Monthly Average:</u></b>	<b><u>\$ 693,788</u></b>
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Total Net Cash Resources	\$ 105,458
Three Times Monthly Average	<u>693,788</u>

Excess(Deficit) Cash Resources	<b><u>\$ (588,330)</u></b>
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**CARTERET BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 13, 2017  
SCHEDULE OF AUDITED ENROLLMENTS**

	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 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	132	-	132	-	-	-	41	-	41	-	-	-				
Full Day Preschool - 3yr	-	-	-	-	-	-	-	-	-	-	-	-				
Full Day Preschool - 4yr	-	-	-	-	-	-	11	-	11	-	-	-				
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-				
Full Day Kindergarten	229	-	229	-	-	-	94	-	94	-	-	-				
One	259	-	259	-	-	-	71	-	71	-	-	-				
Two	274	-	274	-	-	-	92	-	92	-	-	-				
Three	275	-	275	-	-	-	109	-	109	-	-	-				
Four	226	-	226	-	-	-	76	-	76	-	-	-				
Five	271	-	271	-	-	-	86	-	86	-	-	-				
Six	211	-	211	-	-	-	247	-	247	-	-	-				
Seven	260	-	260	-	-	-	237	-	237	-	-	-				
Eight	253	-	253	-	-	-	258	-	258	-	-	-				
Nine	241	-	241	-	-	-	220	-	220	-	-	-				
Ten	239	-	239	-	-	-	241	-	241	-	-	-				
Eleven	219	-	219	-	-	-	238	-	238	-	-	-				
Twelve	239	-	239	-	-	-	203	-	203	-	-	-				
Post-Graduate																
Adult H.S. (15+CR.)																
Adult H.S. (1-14 CR.)																
Subtotal	3,328	-	3,328	-	-	-	2,224	-	2,224	-	-	-	-	-	-	-
Special Ed - Elementary	192	-	192	-	-	-	29	-	29	-	-	-	5	4	4	-
Special Ed - Middle School	118	-	118	-	-	-	16	2	16	2	-	-	3	3	3	-
Special Ed - High School	93	1	93	1	-	-	14	1	14	1	-	-	16	14	14	-
Subtotal	403	1	403	1	-	-	59	3	59	3	-	-	24	21	21	-
Co. Voc. - Regular																
Co. Voc. Ft. Post Sec.																
Totals	3,731	1	3,731	1	-	-	2,283	3	2,283	3	-	-	24	21	21	-
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 13, 2017  
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	186.0	186.0	-	5.0	5.0	-	32.0	32.0	-	6.0	6.0	-
One	185.0	185.0	-	5.0	5.0	-	47.0	47.0	-	9.0	9.0	-
Two	190.0	190.0	-	5.0	5.0	-	37.0	37.0	-	7.0	7.0	-
Three	211.0	211.0	-	6.0	6.0	-	38.0	38.0	-	7.0	7.0	-
Four	207.0	207.0	-	5.0	5.0	-	28.0	28.0	-	3.0	3.0	-
Five	178.0	178.0	-	5.0	5.0	-	15.0	15.0	-	3.0	3.0	-
Six	184.0	184.0	-	5.0	5.0	-	13.0	13.0	-	2.0	2.0	-
Seven	185.0	185.0	-	5.0	5.0	-	14.0	14.0	-	2.0	2.0	-
Eight	180.0	180.0	-	5.0	5.0	-	9.0	9.0	-	2.0	2.0	-
Nine	166.0	166.0	-	4.0	4.0	-	15.0	15.0	-	3.0	3.0	-
Ten	166.0	166.0	-	4.0	4.0	-	16.0	16.0	-	3.0	3.0	-
Eleven	165.0	165.0	-	4.0	4.0	-	23.0	23.0	-	4.0	4.0	-
Twelve	137.0	137.0	-	4.0	4.0	-	7.0	7.0	-	1.0	1.0	-
Post-Graduate												
Adult H.S. (15+CR.)												
Adult H.S. (1-14 CR.)												
Subtotal	<u>2,340.0</u>	<u>2,340.0</u>	<u>-</u>	<u>62.0</u>	<u>62.0</u>	<u>-</u>	<u>294.0</u>	<u>294.0</u>	<u>-</u>	<u>52.0</u>	<u>52.0</u>	<u>-</u>
Special Ed - Elementary	157.0	157.0	-	4.0	4.0	-	27.0	27.0	-	6.0	6.0	-
Special Ed - Middle	98.0	98.0	-	3.0	3.0	-	7.0	7.0	-	1.0	1.0	-
Special Ed - High	93.0	93.0	-	2.0	2.0	-	3.0	3.0	-	1.0	1.0	-
Subtotal	<u>348.0</u>	<u>348.0</u>	<u>-</u>	<u>9.0</u>	<u>9.0</u>	<u>-</u>	<u>37.0</u>	<u>37.0</u>	<u>-</u>	<u>8.0</u>	<u>8.0</u>	<u>-</u>
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Totals	<u>2,688.0</u>	<u>2,688.0</u>	<u>-</u>	<u>71.0</u>	<u>71.0</u>	<u>-</u>	<u>331.0</u>	<u>331.0</u>	<u>-</u>	<u>60.0</u>	<u>60.0</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	218.0				
Reg -SpEd, col. 4	76.0	76.0	-	11.0	11.0	-
Transported - Non-Public, col. 3	75.0	75.0	-	10.0	10.0	-
Special Ed Spec, col. 6	80.0	80.0	-	11.0	11.0	-
Totals	<u>449.0</u>	<u>449.0</u>	<u>-</u>	<u>63.0</u>	<u>63.0</u>	<u>-</u>
Percentage Error					<u>0.00%</u>	

**CARTERET BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 13, 2017  
SCHEDULE OF AUDITED ENROLLMENTS**

	<u>Resident LEP NOT Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on A.S.S.A. as NOT Low Income</u>	<u>Reported on Workpapers as NOT Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Application and Register</u>	<u>Sample Errors</u>
Half Day Preschool						
Full Day Preschool						
Half Day Kindergarten						
Full Day Kindergarten	11	11	-	9	9	-
One	8	8	-	6	6	-
Two	6	6	-	5	5	-
Three	4	4	-	3	3	-
Four	3	3	-	2	2	-
Five	1	1	-	1	1	-
Six	1	1	-	1	1	-
Seven	2	2	-	2	2	-
Eight	2	2	-	2	2	-
Nine	1	1	-	1	1	-
Ten	4	4	-	3	3	-
Eleven	2	2	-	1	1	-
Twelve	1	1	-	1	1	-
Post-Graduate						
Adult H.S. (15+CR.)						
Adult H.S. (1-14 CR.)						
Subtotal	<u>46</u>	<u>46</u>	<u>-</u>	<u>37</u>	<u>37</u>	<u>-</u>
Special Ed - Elementary	2	2	-	1	1	-
Special Ed - Middle	1	1	-	1	1	-
Special Ed - High	1	1	-	1	1	-
Subtotal	<u>4</u>	<u>4</u>	<u>-</u>	<u>3</u>	<u>3</u>	<u>-</u>
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	<u>50</u>	<u>50</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, 2018**

**SECTION 1B - Two Percent (2%) - Calculation of Excess Surplus (2017-2018 expenditures of \$100 million or less)**

2017-2018 Total General Fund Expenditures per the CAFR (Budgetary Basis)	\$ 63,351,178
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>(8,226,166)</u>
Adjusted 2017-2018 General Fund Expenditures	<u>\$ 55,125,012</u>
2% of Adjusted 2017-2018 General Fund Expenditures	\$ 1,102,500
Increased by: Allowable Adjustments	<u>130,101</u>
Maximum Unassigned Fund Balance	<u>\$ 1,232,601</u>

**SECTION 2**

Total General Fund - Fund Balance at June 30, 2018	\$ 4,057,000
Decreased by:	
Restricted Fund Balance - Capital Reserve	500,000
Assigned Fund Balance - Year End Encumbrances	1,470,993
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	<u>745,995</u>
Total Unassigned Fund Balance	<u>\$ 1,340,012</u>

**SECTION 3**

Restricted Fund Balance - Excess Surplus	\$ <u>107,411</u>
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**Details of Allowable Adjustments**

Extraordinary Aid (Excess of Amount Budgeted)	\$ 97,738
Additional Nonpublic School Transportation Aid	<u>32,363</u>
	<u>\$ 130,101</u>

**CARTERET BOARD OF EDUCATION  
RECOMMENDATIONS**

**I. Administrative Practices and Procedures**

There are none.

**II. Financial Planning, Accounting and Reporting**

It is recommended that:

1. Procedures be reviewed and revised to ensure only valid purchase orders are recorded at year end and that all liabilities are recorded in the District's accounting records at June 30.
2. The original budget included in the District's revenue and appropriation reports for the Special Revenue Fund be in agreement with the adopted budget.
3. Employee benefits charged to the ESEA Title I grant programs be supported by an analysis detailing the basis for the amount allocated to the program and the benefits be charged when paid throughout the grant period.
4. Grant reimbursements for ESEA programs be made on a timely periodic basis.

**III. School Purchasing Program**

There are none.

**IV. School Food Services**

It is recommended that:

1. Internal controls over Food Service expenditures be reviewed and enhanced to ensure proper payments are made to the respective vendor.
2. All State and Federal reimbursements receivable be accrued at June 30, 2018.

**V. Enrichment Academy**

It is recommended that:

1. Enrichment Academy receipts collected be deposited in a timely manner.
2. The cash balances in the Enrichment Academy's general ledger be reconciled to the bank reconciliation on a monthly basis.

**VI. Student Body Activities**

It is recommended that:

- \* 1. Monies collected for High School student activities and for Athletic events be turned over timely by the respective advisor or ticket seller to the treasurer.
2. Old outstanding checks on the student activity bank reconciliations be reviewed and cleared of record.

**VII. Application for State School Aid**

There are none.

**VIII. Pupil Transportation**

There are none.



IX. **Facilities and Capital Assets**

There are none.

X. **Miscellaneous**

There are none.

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

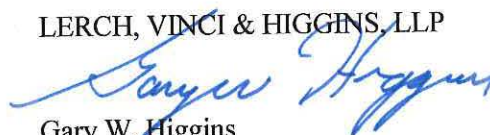
Corrective action was taken on all prior year recommendations except those denoted with an asterisk (\*).

**ACKNOWLEDGEMENT**

We received the complete cooperation of all the officials of the school district and we greatly appreciate the courtesies extended to us.

Respectfully submitted,

LERCH, VINCI & HIGGINS, LLP



Gary W. Higgins  
Certified Public Accountant  
Public School Accountant