

**TOWN OF BOONTON SCHOOL DISTRICT
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2019**

**TOWN OF BOONTON SCHOOL DISTRICT
TABLE OF CONTENTS**

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

	<u>Page No.</u>
Report of Independent Auditors	1
Scope of Audit	2
Administrative Practices and Procedures	2
Financial Planning, Accounting and Reporting	2-5
School Purchasing Programs	5-6
School Food Service	6-7
Student Body Activity	7
Application for State School Aid	8
Pupil Transportation	8
Facilities and Capital Assets	8
Miscellaneous	8
Schedule of Meal Count Activity – Not Applicable	9
Schedule of Net Cash Resources	10
Schedule of Audited Enrollments	11-13
Calculation of Excess Surplus	14
Recommendations	15-16
Acknowledgement	16



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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, 2019, and have issued our report thereon dated December 16, 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
December 16, 2019

**TOWN OF BOONTON SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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
	Treasurer of School Monies	\$250,000

Finding – Our audit indicated that the Treasurer of School Monies was not approved by the Board or included in the official minutes.

Recommendation – The appointment of the Treasurer of School Monies be approved the Board and included in the official District minutes.

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*.

Finding – Our audit indicated that a tuition adjustment was made in the amount of \$521,702 based on the fiscal year 2017-18 certified tuition rate. This adjustment has been reflected in the District's 2019-20 budget. Furthermore, an additional adjustment of \$592,979 has been made for overbilling of prior years' resource room costs. The Board has approved funding this adjustment over a three (3) year period, beginning in fiscal year 2020-21. This amount has been recorded as a liability in the June 30, 2019 Comprehensive Annual Financial Report. No recommendation is warranted as the District has approved the funding of both adjustments.

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, 2019**

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.

The District filed the required Certification (ECERT1) of Compliance with requirements for income tax compensation of certain administration with the NJ Department of Treasury by the March 15 due date.

Finding –Our audit indicated that District payrolls did not include the required certifications at time of processing.

Recommendation – District payrolls be certified by the Board President, Board Secretary/School Business Administrator and Chief School Administrator prior to processing of semi-monthly payrolls.

Finding – Our audit indicated that employee payroll withholdings for state unemployment insurance were not transferred to the unemployment trust fund.

Recommendation – Employee payroll deductions for state unemployment insurance contributions be transferred to the unemployment trust fund on a monthly basis.

Finding – Our audit indicated that the District did not perform the required payroll check verification procedure during the 2018-19 fiscal year, as required. This process is required to be completed at least once every three years. The District last completed this process during the 2015-16 fiscal year.

Recommendation – The District complete a payroll check verification in accordance with statutory requirements.

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. As a result of the procedures performed, no additional procedures were deemed necessary to test the propriety of expenditure classification.

**TOWN OF BOONTON SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Financial Planning, Accounting and Reporting (Continued)

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.

Board Secretary's and Treasurer's

The minutes maintained by the Board Secretary were in good condition.

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.

The Board Secretary's and Treasurer's monthly financial reports were presented to the Board on a timely basis and were submitted to the Executive County Superintendent as prescribed by N.J.S.A. 18:17-9 and 18A :17-36.

Finding – Our audit indicated that the District' General Fund balance was in a deficit position as of June 30, 2019.

Recommendation – A course of action be developed and implemented to eliminate the general fund balance deficit.

Finding – Our audit indicated that scholarships awarded are not approved by the Board in the official minutes.

Recommendation – Scholarships awarded be approved by the Board and be made part of the official District minutes.

Finding – Our audit indicated that checks paid from the Unemployment and Scholarship Trust fund bank accounts include only one (1) authorization signature.

Recommendation – Checks paid from the Unemployment and Scholarship Trust Fund bank accounts include two (2) authorization signatures.

Treasurer's Records

The Treasurer did perform cash reconciliations for all accounts required.

All cash receipts were promptly deposited.

**TOWN OF BOONTON SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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.

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 examination 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.

I.D.E.A. Part B

Separate accounting records were maintained for each approved project. Grant application approvals and acceptance of grant funds were made by Board resolution.

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

Finding – Our audit indicated that the reimbursement form for TPAF FICA for employees whose salaries were paid from federal funds was not prepared and submitted to the State of NJ. In addition, the expenditure for the potential amount due was not accrued.

Recommendation – The reimbursement form for TPAF FICA of employee salaries paid from federal funds be prepared and submitted to the State and any amounts due be properly accrued.

Non-Public State Aid

Project Completion Reports were finalized and transmitted to the department by the due date.

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.

**TOWN OF BOONTON SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

School Purchasing Programs (Continued)

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.

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. Our examination did reveal, however, that purchases were made through the use of State contracts.

Finding – Our audit of District contracts indicated the following:

- Acquisition of chromebooks through the use of state contract, the cost of which exceeded the bid threshold, was not approved by the Board in the official minutes.
- Payments made for various security goods and services were made without solicitation of competitive quotes.
- Payments were made for various maintenance, repair and transportation services for which documentation could not be provided to determine the method utilized to award such contracts. Furthermore, these contracts were not approved by the Board in the official minutes.
- Change orders for a construction contract were not approved by the Board in the official minutes.

Recommendation - It is recommended that internal control procedures over purchasing be reviewed and revised to ensure all contract awards and purchases which exceed the bid or quote threshold are made in accordance with the requirements of the Public School Contracts Law.

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 support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether the School Food Authority (SFA) had any Child Nutrition Program reimbursement overclaims or underclaims. 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 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.

**TOWN OF BOONTON SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 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.

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.

Finding – Our audit indicated that District approval signatures were not obtained on free and reduced lunch applications.

Recommendation – Applications for free and reduced priced meals be signed for approval by appropriate District personnel.

Student Body Activity

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

Cash receipts and disbursements records were maintained for student activity funds.

Finding – Our audit indicated that receipts were not always deposited in a timely manner from the date of collection.

Recommendation – Receipts be deposited in a timely manner from the date of collection.

Finding – Our audit indicated that payments were made to a vendor for athletic referee services. Such contract was not approved by the Board in the official minutes.

Recommendation – Payments and contract for referee services be approved by the Board, made part of the official minutes and awarded in accordance with the Public Schools Contracts Law.

**TOWN OF BOONTON SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2018 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 2018-19 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.

Facilities and Capital Assets

Our procedures included a review of the District's capital assets and related capital projects for consistency in the awarding of contracts for eligible facilities construction.

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).

Follow-up Prior Year Findings

In accordance with government standards, our procedures included a review of all prior year recommendations.

**TOWN OF BOONTON SCHOOL DISTRICT
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Not Applicable

**TOWN OF BOONTON SCHOOL DISTRICT
FOOD SERVICE FUND
NET CASH RESOURCE SCHEDULE
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

		Food Service	
<u>Net Cash Resources:</u>			
CAFR	*	Current Assets	
B-4		Cash	\$ (90,623)
B-4		Intergovernmental Receivables	13,562
B-4		Accounts Receivable	13,328
B-4		Due from Other Funds	
CAFR		Current Liabilities	
B-4		Less Accounts Payable	(6,025)
B-4		Less Due to Other Funds	(36,449)
B-4		Less Unearned Revenue	(8,642)
		Net Cash Resources	\$ (114,849) (A)
<u>Net Adj. Total Operating Expense:</u>			
B-5		Total Operating Expenses	596,008
B-5		Less Depreciation	(7,916)
		Adj. Tot. Oper. Exp.	\$ 588,092 (B)
<u>Average Monthly Operating Expense:</u>			
		B / 10	\$ 58,809 (C)
<u>Three times monthly Average Operating Expense:</u>			
		3 X C	\$ 612,585 (D)
<hr/>			
TOTAL IN BOX A		\$ (114,849)	
LESS TOTAL IN BOX D		\$ (612,585)	
NET		\$ (727,434)	

Net Cash Resources Did Not Exceed Three Months Expenditures.

**TOWN OF BOONTON SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
OCTOBER 15, 2018**

	2019-20 Application for State School Aid						Sample for Verification						Private Schools for Disabled				
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Register On Roll		Errors per Registers On Roll		Reported on A.S.S.A. as Private Schools	Sample for Verifi- cation	Sample Verified	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared					
Half Day Preschool - 3 years	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool - 3 years	8	-	8	-	-	-	8	-	8	-	-	-	-	-	-	-	-
Half Day Preschool - 4 years	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool - 4 years	20	-	20	-	-	-	20	-	20	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	54	-	55	-	(1)	-	55	-	55	-	-	-	-	-	-	-	-
1st Grade	66	-	66	-	-	-	66	-	66	-	-	-	-	-	-	-	-
2nd Grade	79	-	79	-	-	-	79	-	79	-	-	-	-	-	-	-	-
3rd Grade	74	-	74	-	-	-	74	-	74	-	-	-	-	-	-	-	-
4th Grade	60	-	60	-	-	-	60	-	60	-	-	-	-	-	-	-	-
5th Grade	70	-	71	-	(1)	-	71	-	71	-	-	-	-	-	-	-	-
6th Grade	73	-	73	-	-	-	73	-	73	-	-	-	-	-	-	-	-
7th Grade	61	-	62	-	(1)	-	62	-	62	-	-	-	-	-	-	-	-
8th Grade	60	-	60	-	-	-	60	-	60	-	-	-	-	-	-	-	-
9th Grade	139	-	139	-	-	-	139	-	139	-	-	-	-	-	-	-	-
10th Grade	122	-	123	-	(1)	-	123	-	123	-	-	-	-	-	-	-	-
11th Grade	123	4	124	4	(1)	-	124	4	124	4	-	-	-	-	-	-	-
12th Grade	110	7	111	7	(1)	-	111	7	111	7	-	-	-	-	-	-	-
Subtotal	1,119	11	1,125	11	(6)	-	1,125	11	1,125	11	-	-	-	-	-	-	-
Spec Ed - Elementary	85	-	85	-	-	-	46	-	46	-	-	-	4	-	4	-	-
Spec Ed - Middle School	39	-	38	-	1	-	38	-	38	-	-	-	1	-	1	-	-
Spec Ed - High School	130	7	129	7	1	-	129	7	129	7	-	-	6	-	4	(4)	-
Subtotal	254	7	252	7	2	-	213	7	213	7	-	-	11	-	9	(4)	(4)
Totals	1,373	18	1,377	18	(4)	-	1,338	18	1,338	18	-	-	11	-	9	(4)	(4)
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 15, 2018**

	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)	1	-	1	-	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	18	18	-	3	3	-	5	5	-	3	3	-
1st Grade	18	18	-	3	3	-	6	6	-	3	3	-
2nd Grade	32	32	-	4	4	-	8	8	-	5	5	-
3rd Grade	22	22	-	3	3	-	5	5	-	3	3	-
4th Grade	22	22	-	3	3	-	3	3	-	2	2	-
5th Grade	25	25	-	3	3	-	5	5	-	3	3	-
6th Grade	20	20	-	3	3	-	1	1	-	1	1	-
7th Grade	19	19	-	3	3	-	-	-	-	-	-	-
8th Grade	20	20	-	3	3	-	2	2	-	1	1	-
9th Grade	34	34	-	5	5	-	2	2	-	1	1	-
10th Grade	28	28	-	4	4	-	1	1	-	1	1	-
11th Grade	26	26	-	4	4	-	2	2	-	1	1	-
12th Grade	25	25	-	3	3	-	2	1	1	1	1	-
Subtotal	310	309	1	44	44	-	42	41	1	25	25	-
Spec Ed - Elementary	47	47	-	7	7	-	6	6	-	4	4	-
Spec Ed - Middle School	17	17	-	3	3	-	-	-	-	-	-	-
Spec Ed - High School	58	58	-	8	8	-	2	2	-	1	1	-
Subtotal	122	122	-	18	18	-	8	8	-	5	5	-
Totals	432	431	1	62	62	-	50	49	1	30	30	-
Percentage Error			<u>0.23%</u>			<u>0.00%</u>			<u>2.00%</u>			<u>0.00%</u>

	Transportation			Tested	Verified	Errors
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors			
Regular - Public Schools	27	27	-	23	23	-
Transported - Non-Public	-	-	-	-	-	-
Regular - Spec.	8	8	-	7	6	1
Special Needs - Public	20	20	-	17	15	2
Totals	55	55	-	47	44	3
			<u>0.00%</u>			<u>6.38%</u>

**TOWN OF BOONTON SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
OCTOBER 15, 2018**

	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	5	5	-	5	5	-
1st Grade	2	2	-	2	2	-
2nd Grade	2	2	-	2	2	-
3rd Grade	1	1	-	1	1	-
4th Grade	1	1	-	1	1	-
5th Grade	-	-	-	-	-	-
6th Grade	-	-	-	-	-	-
7th Grade	2	2	-	2	2	-
8th Grade	-	-	-	-	-	-
9th Grade	1	1	-	1	1	-
10th Grade	3	2	1	2	2	-
11th Grade	5	1	4	1	1	-
12th Grade	3	1	2	1	1	-
Subtotal	<u>25</u>	<u>18</u>	<u>7</u>	<u>18</u>	<u>18</u>	<u>-</u>
Spec Ed - Elementary	-	-	-	-	-	-
Spec Ed - Middle School	-	-	-	-	-	-
Spec Ed - High School	2	2	-	2	2	-
Subtotal	<u>2</u>	<u>2</u>	<u>-</u>	<u>2</u>	<u>2</u>	<u>-</u>
Totals	<u><u>27</u></u>	<u><u>20</u></u>	<u><u>7</u></u>	<u><u>20</u></u>	<u><u>20</u></u>	<u><u>-</u></u>
Percentage Error			<u><u>25.93%</u></u>			<u><u>0.00%</u></u>

**TOWN OF BOONTON SCHOOL DISTRICT
CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

2018-19 Total General Fund Expenditures per the CAFR (Exhibit C-1)	\$ 31,041,500
Increased by:	
Transfer to Special Revenue Fund - Preschool Program	245,574
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>(4,220,604)</u>
Adjusted 2018-19 General Fund Expenditures	<u>\$ 27,066,470</u>
2% of Adjustment 2018-19 General Fund Expenditures	\$ 541,329
Increased by: Allowable Adjustment - Extraordinary Aid	<u>217,668</u>
Maximum Unassigned Fund Balance	<u>\$ 758,997</u>
Total General Fund - Fund Balance at June 30, 2019 (Per CAFR Budgetary Comparison Schedule C-1)	\$ 622,634
Decreased by:	
Year End Encumbrances	58,812
Designated for Subsequent Year's Expenditures	577,701
Other Restricted Fund Balance - Capital Reserve	<u>9,462</u>
Total Unassigned Fund Balance	<u>\$ (23,341)</u>
Restricted Fund Balance - Excess Surplus	<u>\$ -</u>

TOWN OF BOONTON SCHOOL DISTRICT RECOMMENDATIONS

I. Administrative Practices and Procedures

It is recommended that the appointment of the Treasurer of School Monies be approved the Board and included in the official District minutes.

II. Financial Planning, Accounting and Reporting

It is recommended that:

1. District payrolls be certified by the Board President, Board Secretary/School Business Administrator and Chief School Administrator prior to processing of semi-monthly payrolls.
2. Employee payroll deductions for state unemployment insurance contributions be transferred to the unemployment trust fund on a monthly basis.
3. The District complete a payroll check verification in accordance with statutory requirements.
4. A course of action be developed and implemented to eliminate the general fund balance deficit.
5. Scholarships awarded be approved by the Board and be made part of the official District minutes.
6. Checks paid from the Unemployment and Scholarship Trust Fund bank accounts include two (2) authorization signatures.
7. The reimbursement form for TPAF FICA of employee salaries paid from federal funds be prepared and submitted to the State and any amounts due be properly accrued.

III. School Purchasing Program

It is recommended that internal control procedures over purchasing be reviewed and revised to ensure all contract awards and purchases which exceed the bid or quote threshold are made in accordance with the requirements of the Public School Contracts Law.

IV. School Food Services

It is recommended that applications for free and reduced priced meals be signed for approval by appropriate District personnel.

V. Student Body Activity

Is it recommended that:

1. Receipts be deposited in a timely manner from the date of collection.
2. Payments and contract for referee services be approved by the Board, made part of the official minutes and awarded in accordance with the Public Schools Contracts Law.

**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

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.

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