

**CARLSTADT-EAST RUTHERFORD REGIONAL  
BOARD OF EDUCATION  
AUDITOR'S MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS -  
FINANCIAL, COMPLIANCE AND PERFORMANCE  
JUNE 30, 2019**

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

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

	<b><u>Page No.</u></b>
Independent Auditor's Management Report	1
Scope of Audit	2
Administrative Practices and Procedures	2
Financial Planning, Accounting and Reporting	2-4
School Purchasing Programs	4-6
Student Body Activities	6
Application for State School Aid	7
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
Schedule of Meal County Activity – 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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## INDEPENDENT AUDITOR'S MANAGEMENT REPORT

Honorable President and  
Members of the Board of Education  
Carlstadt-East Rutherford Regional Board of Education  
East Rutherford, New Jersey

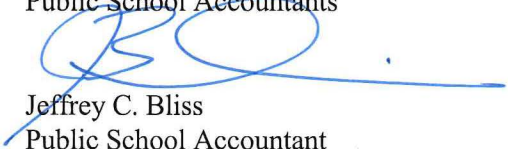
We have audited in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Carlstadt-East Rutherford Regional Board of Education as of and for the fiscal year ended June 30, 2019, and have issued our report thereon dated November 12, 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.

*Lerch, 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  
November 12, 2019

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION  
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 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, 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 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, 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 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.

- **Finding** – Our audit revealed certain expenditures for administrative salary stipends, capital outlay equipment and facilities acquisition and construction services and payments to Charter Schools that were not charged to the correct budget line account in accordance with the Uniform Minimum Chart of Accounts for New Jersey Public Schools. All material misclassified budget charges were reclassified to the proper budget line accounts for financial statement presentation purposes.

**Recommendation** – Greater care be exercised in the coding of expenditures to ensure amounts are classified to the proper budget line accounts in accordance with The Uniform Minimum Chart of Accounts for New Jersey Public Schools.

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 excepted as noted below.

The prescribed contractual order system was followed.

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

- **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.

- **Finding** – We noted the Board's acknowledgement of their receipt of the monthly Board Secretary's and Treasurer's reports for the months of February 2019 to May 2019 were not included in the minutes.

**Recommendation** – The Board formally acknowledge in the District minutes receipt of the Board Secretary's and Treasurer's monthly reports.

- **Finding** – Our audit revealed five (5) budget line accounts that were overexpended at June 30, 2019. These overexpenditures were due to audit adjustments resulting from reclassifying expenditures to the proper budget line accounts for which a recommendation has been made on our report. Therefore, no recommendation regarding this finding is deemed warranted.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**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, with exception as previously noted.

**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.

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.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**School Purchasing Program (Continued)**

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.

- **Finding** – Our audit of compliance with purchasing and contract procedures revealed the following:
  - We noted certain vendors paid in excess of the bid threshold that were contracted through a State contract or cooperative purchasing agreement which were not approved in the minutes.
  - We noted certain change orders to a contract awarded for the TV Studio renovation project that were not approved in the minutes.

**Recommendation** – Procedures be reviewed and revised to ensure contract awards and change orders are approved in the Board minutes in accordance with the Public Schools Contract Law.

**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 and/or state 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.

- **Finding** – Our audit of food sales revealed several instances where monies collected were not deposited within 48 hours of receipt.

**Recommendation** – Monies collected from food sales 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.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**School Purchasing Program (Continued)**

**Food Service Fund (Continued)**

U.S.D.A. commodities were received and a separate inventory was maintained on a first-in, first-out basis.

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 five (5) 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 that deposits from gate receipts were not deposited in a timely manner.

**Recommendation** –All athletic event gate receipts be deposited in a timely period.

- **Finding** – Our audit of the High School Student Activity Account collections revealed the following:
  - Monies collected were not turned over and deposited in a timely manner.
  - Certain pre-numbered receipt tickets and deposits slips were not available for audit.
  - We noted blank pre-numbered receipt ticket forms were given to club advisors and were not returned for several days or not returned at all.
  - Composition of deposit (i.e. cash and checks) is not always detailed on pre-numbered receipt.
  - A three (3) part pre-numbered receipt booklet is not utilized but rather separate two-part pre-numbered receipt forms.
  - Multiple individuals handled the collection of monies turned over for deposit.
  - We noted several deposits in transit at June 30, 2019 for receipts recorded in July through September 2018 which did not subsequently clear the bank.

**Recommendation** – Internal control procedures over the collection of monies in the High School Student Activity Account be reviewed and revised to ensure adequate control procedures are implemented over the collection process.

- **Finding** – Our audit of the High School Student Activity and Athletic Accounts revealed several instances where checks issued contained only one (1) authorized check signature. Board policy requires two (2) signatures on all checks.

**Recommendation** – All checks issued from the High School Student Activity and Athletic Accounts contain two (2) authorized signatures as required by Board policy.



**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**Application for State School Aid**

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 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.

**Pupil Transportation**

Our audit procedures included a test of on roll status reported in the 2018-2019 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.

**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, 2019**

**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, 2019**

**NET CASH RESOURCE SCHEDULE**

<u>Net Cash Resources:</u>	<u>Total</u>	<u>Reference</u>
<b>CAFR</b>		
<u><b>Exhibit</b></u>		
<b>Current Assets</b>		
B-4      Cash & Cash Equivalents	\$      64,623	
B-4      Intergovernmental Receivable	46,924	
B-4      Other Receivable	27	
<b>CAFR</b>		
<b>Current Liabilities</b>		
B-4      Less Accounts Payable	(11,049)	
B-4      Less Due to Other Funds		
B-4      Less Deferred Revenue	(1,574)	
	<u>98,951</u>	
<b>Net Cash Resources</b>	<b>\$      98,951</b>	<b>(A)</b>
<u><b>Total Net Adjusted Operating Expenses:</b></u>		
B-5      Total Operating Expenses	\$      535,376	
B-5      Less Depreciation	(5,206)	
	<u>530,170</u>	
	<b>\$      530,170</b>	<b>(B)</b>
<u><b>Average Monthly Operating Expenses:</b></u>		
	Total Net Adjusted Operating Expenses (B) / 10 months	
	<u>\$      53,017</u>	<b>(C)</b>
<u><b>Three Times Monthly Average:</b></u>		
	3 X Average Monthly Expenses (C)	
	<u>\$      159,051</u>	<b>(D)</b>

<b>TOTAL NET CASH RESOURCES</b>	<b>\$      98,951</b>	<b>(A)</b>
<b>LESS THREE MONTHS AVERAGE EXPENDITURES</b>	<b>\$      159,051</b>	<b>(D)</b>
<b>NET OVER (UNDER)</b>	<b><u>\$      (60,100)</u></b>	
<b>NET CASH RESOURCES DO NOT EXCEED THREE MONTH AVERAGE EXPENDITURES</b>		

**CARLSTADT-EAST RUTHERFORD BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
ENROLLMENT AS OF OCTOBER 15, 2018  
SCHEDULE OF AUDITED ENROLLMENTS**

	2019-2020 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								
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	103	4	103	4	-	-	103	4	103	4	-									-
Grade 10	114	3	114	3	-	-	114	3	114	3	-									-
Grade 11	113		113		-	-	113		113		-									-
Grade 12	91		91		-	-	91		91		-									-
Post- Graduate					-	-					-									-
Adult High School (15+ Credits)					-	-					-									-
Adult High School (1-14 Credits)					-	-					-									-
Subtotal	421	7	421	7	-	-	421	7	421	7	-	-	-	-	-					-
Sp Ed - Elementary					-	-					-									-
Sp Ed - Middle School					-	-					-									-
Sp Ed - High School	66	2	66	2	-	-	66	2	66	2	-		51	51	-		12	10	10	-
Subtotal	66	2	66	2	-	-	66	2	66	2	-		51	51	-		12	10	10	-
County Vocational - Regular					-	-					-									-
County Vocational - F.T. Post-Second					-	-					-									-
Subtotal	-	-	-	-	-	-	-	-	-	-	-		-	-	-		-	-	-	-
Totals	487	9	487	9	-	-	487	9	487	9	-	-	51	51	-		12	10	10	-
Percentage Error					-	-					-									-

CARLSTADT-EAST RUTHERFORD BOARD OF EDUCATION  
 APPLICATION FOR STATE SCHOOL AID  
 ENROLLMENT AS OF OCTOBER 15, 2018  
 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	35	34	1	10	10	-
Grade 10	39	39	-	13	13	-
Grade 11	30	30	-	9	9	-
Grade 12	27	27	-	9	9	-
Post- Graduate			-			-
Adult High School (15+ Credits)			-			-
Adult High School (1-14 Credits)			-			-
<b>Subtotal</b>	<b>131</b>	<b>130</b>	<b>1</b>	<b>41</b>	<b>41</b>	<b>-</b>
Sp Ed - Elementary			-			-
Sp Ed - Middle School			-			-
Sp Ed - High School	24	25	(1)	8	8	-
<b>Subtotal</b>	<b>24</b>	<b>25</b>	<b>(1)</b>	<b>8</b>	<b>8</b>	<b>-</b>
County Vocational - Regular			-			-
County Vocational - F.T. Post-Second			-			-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Totals</b>	<b>155</b>	<b>155</b>	<b>-</b>	<b>49</b>	<b>49</b>	<b>-</b>
Percentage Error			-			-

	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	7	7	-	6	6	-
Grade 10	2	2	-	1	1	-
Grade 11	2	2	-	2	2	-
Grade 12	2	2	-	2	2	-
Post- Graduate			-			-
Adult High School (15+ Credits)			-			-
Adult High School (1-14 Credits)			-			-
<b>Subtotal</b>	<b>13</b>	<b>13</b>	<b>-</b>	<b>11</b>	<b>11</b>	<b>-</b>
Sp Ed - Elementary			-			-
Sp Ed - Middle School			-			-
Sp Ed - High School			-			-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Totals</b>	<b>13</b>	<b>13</b>	<b>-</b>	<b>11</b>	<b>11</b>	<b>-</b>
Percentage Error			-			-

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools	57	57	-	43	43	-
Transported - Non Public	-	-	-	-	-	-
AIL Non-Public	-	-	-	-	-	-
Regular - Special Ed	16	16	-	12	12	-
Special Needs	27	27	-	21	21	-
<b>Totals</b>	<b>100</b>	<b>100</b>	<b>-</b>	<b>76</b>	<b>76</b>	<b>-</b>
Percentage Error			-			-

**CARLSTADT-EAST RUTHERFORD BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
ENROLLMENT AS OF OCTOBER 15, 2018  
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	-	2	2	-
Grade 10	2	2	-	1	1	-
Grade 11	-	-	-	-	-	-
Grade 12	2	2	-	2	2	-
Post- Graduate			-			-
Adult High School (15+ Credits)			-			-
Adult High School (1-14 Credits)			-			-
<b>Subtotal</b>	<b>6</b>	<b>6</b>	<b>-</b>	<b>5</b>	<b>5</b>	<b>-</b>
Sp Ed - Elementary						-
Sp Ed - Middle School						-
Sp Ed - High School						-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
County Vocational - Regular						
County Vocational - F.T. Post-Second						
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Totals</b>	<b>6</b>	<b>6</b>	<b>-</b>	<b>5</b>	<b>5</b>	<b>-</b>
Percentage Error			<u>-</u>			<u>-</u>

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION  
CALCULATION OF EXCESS SURPLUS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

2018-2019 Total General Fund Expenditures		\$ 15,765,778
Increased by:		
Transfer from Capital Reserve to Capital Projects Fund		-
Decreased by:		
On-Behalf TPAF Pension & Social Security	\$ (1,528,963)	
Assets Acquired Under Capital Leases	(18,582)	
		<u>(1,547,545)</u>
Adjusted 2018-2019 General Fund Expenditures		<u>14,218,233</u>
2% of Adjusted 2018-2019 General Fund Expenditures		<u>284,365</u>
Enter Greater of 2% of Adjusted 2018-2019 General Fund Expenditures or \$250,000		284,365
Increased by:		
Allowable Adjustment		<u>151,359</u>
Maximum Unreserved/Undesignated Fund Balance		<u>\$ 435,724</u>

**SECTION 2**

Total General Fund - Fund Balance at June 30, 2019		\$ 3,776,565
Decreased by:		
Year-End Encumbrances	\$ (387,631)	
Reserved Excess Surplus Designated for Subsequent Years Expenditures	(602,343)	
Assigned- Designated for Subsequent Year's Expenditures	(94,313)	
Other Restricted Fund Balances - Capital Reserve	(1,206,554)	
Other Restricted Fund Balances - Maintenance Reserve	(450,000)	
		<u>(2,740,841)</u>
Total Unassigned Fund Balance for Excess Surplus Calculation		<u>\$ 1,035,724</u>

**SECTION 3**

Restricted Fund Balance - Excess Surplus		<u>\$ 600,000</u>
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**Detail of Allowable Adjustments**

Extraordinary Aid		<u>\$ 151,359</u>
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**Recapitulation of Excess Surplus as of June 30, 2019**

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures		\$ 602,343
Reserved Excess Surplus		<u>600,000</u>
		<u>\$ 1,202,343</u>

**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. Greater care be exercised in the coding of expenditures to ensure amounts are classified to the proper budget line accounts in accordance with The Uniform Minimum Chart of Accounts for New Jersey School Districts.
- \* 2. 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.
3. The Board formally acknowledge in the District minutes receipt of the Board Secretary's and Treasurer's monthly reports.

**III. School Purchasing Program**

It is recommended that procedures be reviewed and revised to ensure contract awards and change orders are approved in the Board minutes in accordance with the Public Schools Contract Law.

**IV. Enterprise Funds**

It is recommended the monies collected from food sales be deposited in a timely manner.

**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. All athletic event gate receipts be deposited in a timely manner.
3. Internal control procedures over the collection of monies in the High School Student Activity Account be reviewed and revised to ensure adequate control procedures are implemented over the collection process.
4. All checks issued from the High School Student Activity and Athletic Accounts contain two (2) authorized signatures as required by Board policy.

**VI. Application for State School Aid**

There are none.



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

**VII. Transportation**

There are none.

**VIII. Facilities and Capital Assets**

There are none.

**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