

**RAHWAY SCHOOL DISTRICT  
AUDITOR'S MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS -  
FINANCIAL, COMPLIANCE AND PERFORMANCE  
JUNE 30, 2018**

**RAHWAY SCHOOL DISTRICT  
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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# LVH LERCH, VINCI & HIGGINS, LLP

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REGISTERED MUNICIPAL ACCOUNTANTS

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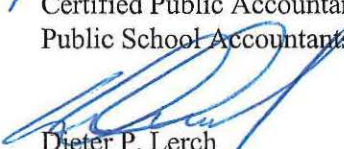
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Honorable President and Members  
of the Board of Education  
Rahway School District  
Rahway, New Jersey

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 Rahway School District as of and for the fiscal year ended June 30, 2018, and have issued our report thereon dated January 28, 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 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  
  
Dieter P. Lerch  
Public School Accountant  
PSA Number CS00756

Fair Lawn, New Jersey  
January 28, 2019

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

**Scope of Audit**

The audit covered the financial transactions of the School Business Administrator, Board Secretary, the activities of the Board of Education, 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 (the "CAFR").

**Official Bonds**

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Albert DiGiorgio	School Business Administrator	\$ 50,000

There is a Public Employees' Faithful Performance Blanket Position Bond with Selective Insurance covering all other employees with coverage 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 supporting documentation.

**Payroll Account**

The net salaries and payroll deductions and employer's share of payroll taxes of all employees of the Board were deposited in the Payroll Account.

All payrolls tested were certified by the President of the Board, the Board Secretary and the Chief School Administrator.

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

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (superintendent, assistant superintendents and business administrator) to the NJ Department of Treasury was filed.

**Finding** – Our audit indicated the employee health benefit contributions were not always calculated in accordance with the requirements of P.L. 2011, c. 78.

**Recommendation** – Employee health benefit contributions be calculated in accordance with the requirements of P.L. 2011, c. 78.

**RAHWAY SCHOOL DISTRICT  
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

A review of outstanding issued purchase orders was made as of June 30, for goods not yet received or services not yet rendered. 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, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.2. As a result of the procedures performed, no additional procedures were deemed necessary to test the propriety of expenditure classification

Board Secretary's Records

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

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

Bids received were summarized in the minutes (N.J.S.A. 18A:18A-21).

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

The E.S.E.A./E.S.S.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, Title II, Title III and Title IV of the Elementary and Secondary Education Act, as amended..

Our examination of the E.S.E.A./E.S.S.A. 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 Exhibit K-4 located in 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.

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

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

**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 Report(s) 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 NJSA 18:39-3 is currently \$19,000. The Board has approved a resolution designating the Business Administrator as a Qualified Purchasing Agent.

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 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 N.J.S.A. 18A:18A-10, 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 (CAFR Finding 2018-001)** – Our audit of district vendor contract awards indicated the following:

- Professional service contracts were not advertised upon award.
- A contract for student consultation services, the cost of which exceeded the bid threshold, was not approved by the Board in the official minutes.
- Contracts awarded through cooperative purchasing agreements were not specifically approved by the Board in the official minutes.
- Payments were made for fire alarm services, the cost of which exceeded the bid threshold, were made without solicitation of bids through public advertisement.

**Recommendation** – Internal control procedures over purchasing be reviewed and revised to ensure all contract awards and purchases which exceed the bid threshold are made in accordance with the requirements of the Public School Contracts Law.

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

**School Food Service**

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

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

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 disbursement 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.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds (Exhibits B4-B6).

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

Net cash resources do 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 priced meals were reviewed for completeness and accuracy. The number of free and reduced priced meals claimed as serviced 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 priced meal policy was reviewed for uniform administration throughout the school system. The required verification procedures for free and reduced priced applications were completed and available for review.

The District contracted with Pomptonian, Inc. to manage the operations of the school food service operations and deposited funds in accordance with applicable State statutes. Provisions of the FSMC contract includes an operating results provision which 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.

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

**Student Activity Funds/Athletic Association/Scholarships**

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

**Finding** – Our audit of the district’s student activity and athletic accounts indicated the following:

- Bank account reconciliations are not being performed for the High School, Athletic, Middle School and Roosevelt School accounts.
- Pre-numbered receipts and/or other documentation to support the source of student activity receipts are not being maintained.
- A transaction ledger was not maintained for the Middle School and Roosevelt School bank accounts.
- Approve signatures are not obtained prior to disbursements being made from the High School bank account.
- Cancelled checks were not able to be provided for audit for disbursements made from the High School and Athletics bank accounts.

**Recommendation** – Internal controls over the student activity and athletic accounts be reviewed and enhanced.

**Application for State School Aid**

Our audit procedures included a test of information reported in the October 13, 2017 Application for State School Aid (ASSA) for on-roll, private schools for the handicapped, related services, bilingual and low income. 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 information on the workpapers was verified without exceptions. The results are presented in the Schedule of Audited Enrollments.

The district maintained workpapers on the prescribed State forms or their equivalent.

The district written procedures appear to be adequate for the recording of student enrollment data, except as noted below.

**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 results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the District complied with proper bidding procedures and award of contracts.

**Facilities and Capital Assets**

Our procedures included a review of the School Development Authority grant agreements for consistency with recording SDA revenue, transfer of local funds from the General Fund or from Capital Reserve and awarding of contracts for eligible facilities construction.

**Finding** – Our audit indicated that SDA grant receivables in the amount of \$3,791,674 remain uncollected for capital improvement projects which have been completed.

**Recommendation** – Continued efforts be made to collect outstanding School Development Authority grants receivable for completed projects.



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

**Not Applicable**

**RAHWAY SCHOOL DISTRICT  
FOOD SERVICE FUND  
NET CASH RESOURCES SCHEDULE  
ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NET CASH RESOURCES SCHEDULE**

**Net Cash Resources**

**Current Assets**

Cash and Cash Equivalents	\$	347,531
Accounts Receivable		7,202
Intergovernmental Accounts Receivable		74,240

**Current Liabilities**

Accounts Payable		(20,278)
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<b>Net Cash Resources</b>	<b>\$</b>	<b>408,695 (A)</b>
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**Operating Expenditures**

Total Operating Expenditures		1,999,302
Less Depreciation		(24,514)

<b>Adjusted Total Operating Expenditures</b>	<b>\$</b>	<b>1,974,788 (B)</b>
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**Average Monthly Operating Expense:**

B / 10	\$	197,479 (C)
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**Three times monthly Average:**

C x 3	\$	592,436 (D)
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TOTAL IN BOX A	\$	408,695
LESS TOTAL IN BOX D	\$	592,436
NET	\$	-

**RAHWAY BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
SCHEDULE OF AUDITED ENROLLMENTS  
OCTOBER 15, 2017**

	2018-2019 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					-	-					-	-				
Half Day Preschool - 4 years	9		9		-	-	9		9		-	-				
Full Day Preschool - 3 years					-	-					-	-				
Full Day Preschool - 4 years	167		167		-	-	24		27		3	-				
Half Day Kindergarten					-	-					-	-				
Full Day Kindergarten	236		236		-	-	80		80		-	-				
One	240		240		-	-	42		42		-	-				
Two	230		230		-	-	84		84		-	-				
Three	270		270		-	-	59		59		-	-				
Four	258		258		-	-	79		79		-	-				
Five	266		266		-	-	43		43		-	-				
Six	245		245		-	-	66		66		-	-				
Seven	243		243		-	-	243		246		3	-				
Eight	213		213		-	-	213		213		-	-				
Nine	252		252		-	-	252		253		-	1	-			
Ten	214	2	214	2	-	-	214	5	218	5	4	-				
Eleven	162	14	162	14	-	-	162	5	165	5	3	-				
Twelve	229	5	229	5	-	-	229	8	235	8	6	-				
Subtotal	3,234	21	3,234	21	-	-	1,799	18	1,819	18	20	-	-	-	-	-
Spec Ed - Elementary	230		231		1	-	23		26		3	-	9.0	8.0	8.0	-
Spec Ed- Middle School	155		155		-	-	94		94		-	-	6.0	4.0	4.0	-
Spec Ed - High School	182	30	182	30	-	-	182	30	180	30	(2)	-	27.0	20.0	20.0	-
Subtotal	567	30	568	30	1	-	299	30	300	30	1	-	42.0	32.0	32.0	-
<b>Totals</b>	<b>3,801</b>	<b>51</b>	<b>3,802</b>	<b>51</b>	<b>1</b>	<b>-</b>	<b>2,098</b>	<b>48</b>	<b>2,119</b>	<b>48</b>	<b>21</b>	<b>-</b>	<b>42.0</b>	<b>32.0</b>	<b>32.0</b>	<b>-</b>
Percentage Error					<u>0.03%</u>	<u>0.00%</u>					<u>1.00%</u>	<u>0.00%</u>				<u>0.00%</u>

**RAHWAY BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
SCHEDULE OF AUDITED ENROLLMENTS  
OCTOBER 15, 2017**

10

	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 Pre-School (3 Yrs)			-			-			-			-
Half Day Pre-School (4 Yrs)	7.0	7.0	-			-		1.0	1.0			-
Full Day Preschool - 3 years			-			-			-			-
Full Day Preschool - 4 years	68.0	68.0	-			-			-			-
Half Day Kindergarten			-			-			-			-
Full Day Kindergarten	115.0	115.0	-	5.0	5.0	-	26.0	26.0	-	5.0	5.0	-
One	131.0	131.0	-	5.0	5.0	-	24.0	24.0	-	9.0	9.0	-
Two	124.0	124.0	-	5.0	5.0	-	36.0	36.0	-	6.0	6.0	-
Three	152.0	152.0	-	6.0	6.0	-	29.0	29.0	-	5.0	5.0	-
Four	142.0	142.0	-	4.0	4.0	-	26.0	26.0	-	4.0	4.0	-
Five	144.0	144.0	-	5.0	5.0	-	10.0	10.0	-	1.0	1.0	-
Six	131.0	131.0	-	4.0	4.0	-	9.0	9.0	-	2.0	2.0	-
Seven	133.0	133.0	-	4.0	4.0	-	3.0	3.0	-	1.0	1.0	-
Eight	104.0	104.0	-	4.0	4.0	-	13.0	13.0	-	2.0	2.0	-
Nine	157.0	157.0	-	5.0	5.0	-	25.0	25.0	-	3.0	3.0	-
Ten	104.0	104.0	-	5.0	5.0	-	12.0	12.0	-	3.0	3.0	-
Eleven	72.0	72.0	-	4.0	4.0	-	9.0	9.0	-	3.0	3.0	-
Twelve	98.0	98.0	-	3.0	3.0	-	4.0	4.0	-	1.00	1.0	-
Subtotal	1,682.0	1,682.0	-	59.0	59.0	-	226.0	227.0	1.0	45.0	45.0	-
Spec Ed - Elementary	125.0	125.0	-	5.0	5.0	-	23.0	22.0	(1.0)	1.0	1.0	-
Spec Ed- Middle School	95.0	94.0	(1.0)	3.0	3.0	-	1.0	-	(1.0)	-	-	-
Spec Ed - High School	103.0	103.0	-	3.0	3.0	-	2.0	2.0	-	1.0	1.0	-
Subtotal	323.0	322.0	(1.0)	11.0	11.0	-	26.0	24.0	(2.0)	2.0	2.0	-
<b>Totals</b>	<b>2,005.0</b>	<b>2,004.0</b>	<b>(1.0)</b>	<b>70.0</b>	<b>70.0</b>	<b>-</b>	<b>252.0</b>	<b>251.0</b>	<b>(1.0)</b>	<b>47.0</b>	<b>47.0</b>	<b>-</b>
Percentage Error			<u>-0.05%</u>			<u>0.00%</u>			<u>-0.40%</u>			<u>0.00%</u>

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular- Public Schools	163.0	163.0	-	20.0	20.0	-
Regular - Sped.	101.0	101.0	-	18.0	18.0	-
Transported- Non- Public	11.0	11.0	-	2.0	2.0	-
Special Needs- Public	225.0	225.0	-	22.0	22.0	-
<b>Totals</b>	<b>500.0</b>	<b>500.0</b>	<b>-</b>	<b>62.0</b>	<b>62.0</b>	<b>-</b>
			<u>0.00%</u>			<u>0.00%</u>

**RAHWAY BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
SCHEDULE OF AUDITED ENROLLMENTS  
OCTOBER 15, 2017**

	Resident LEP Not Low Income			Sample for Verification		
	Reported on A.S.S.A as Not Low Income	Reported on Workpapers as Not Low Income	Errors	Sample Selected from Workpapers	Verified to Register	Sample Errors
Half Day Pre-School (3 Yrs)			-			-
Half Day Pre-School (4 Yrs)			-			-
Full Day Pre-School (3 Yrs)			-			-
Full Day Pre-School (4 Yrs)	-	-	-			-
Half Day Kindergarten			-			-
Full Day Kindergarten	9.0	9.0	-	1.0	1.0	-
One	12.0	12.0	-	1.0	1.0	-
Two	11.0	12.0	1.0	1.0	1.0	-
Three	8.0	8.0	-	1.0	1.0	-
Four	3.0	4.0	1.0	1.0	1.0	-
Five	4.0	4.0	-	1.0	1.0	-
Six	2.0	2.0	-	1.0	1.0	-
Seven	-	-	-	-	-	-
Eight	2.0	4.0	2.0	-	-	-
Nine	2.0	2.0	-	1.0	1.0	-
Ten	5.0	5.0	-	1.0	1.0	-
Eleven	3.0	3.0	-	1.0	1.0	-
Twelve	1.0	1.0	-	1.0	1.0	-
Subtotal	<u>62.0</u>	<u>66.0</u>	<u>4.0</u>	<u>11.0</u>	<u>11.0</u>	<u>-</u>
Spec Ed - Elementary	3.0	3.0	-	1.0	1.0	-
Spec Ed- Middle School	-	1.0	1.0			-
Spec Ed - High School			-			-
Subtotal	<u>3.0</u>	<u>4.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>-</u>
Totals	<u>65.0</u>	<u>70.0</u>	<u>5.0</u>	<u>12.0</u>	<u>12.0</u>	<u>-</u>
Percentage Error			<u>7.69%</u>			<u>0.00%</u>

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

**SECTION 1**

**Calculation A: 2% Excess Surplus:**

2017-18 Total General Fund Expenditures Reported on Exhibit C-1		\$ 71,832,382
Decreased by:		
On-Behalf TPAF Pension & Social Security		<u>(9,051,393)</u>
Adjusted 2017-18 General Fund Expenditures		<u>\$ 62,780,989</u>
2% of Adjusted 2017-18 General Fund Expenditures		<u>\$ 1,255,620</u>
Enter Greater of 2% of Adjusted 2017-18 General Fund Expenditures or \$250,000	\$ 1,255,620	
Increased by: Allowable Adjustment*	<u>269,540</u>	
Maximum Unassigned Fund Balance		<u>\$ 1,525,160</u>

**SECTION 2 - All Districts**

Total General Fund - Fund Balances at June 30, 2018 (Per CAFR Budgetary Comparison Schedule/Statement)		\$ 8,026,560
Decreased by:		
Year End Encumbrances		(87,301)
Capital Reserve / Maintenance Reserve		(1,787,546)
Excess Surplus -Designated for Subsequent Year's Expenditures		(1,293,134)
Assigned-Designated for Subsequent Year's Expenditures		<u>(1,277,284)</u>
Total Unassigned Fund Balance		<u>\$ 3,581,295</u>

**SECTION 3**

<b>Fund Balance - Excess Surplus</b>		<u>\$ 2,056,135</u>
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**\*Detail of Allowable Adjustments**

Extraordinary Aid		\$ 205,728
Additional Nonpublic School Transportation Aid		<u>63,812</u>
		<u>\$ 269,540</u>

**RAHWAY SCHOOL DISTRICT  
RECOMMENDATIONS**

**I. Administrative Practices and Procedures**

There are none.

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

It is recommended that employee health benefit contributions be calculated in accordance with the requirements of P.L. 2011, c. 78.

**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 threshold are made in accordance with the requirements of the Public School Contracts Law.

**IV. School Food Service**

There are none.

**V. Student Body Activities/Athletics/Scholarships**

- \* It is recommended that internal controls over the student activity and athletic accounts be reviewed and enhanced.

**VI. Application for State School Aid**

There are none.

**VII. Pupil Transportation**

There are none.

**VIII. Facilities and Capital Assets**

- \* It is recommended that continued efforts be made to collect outstanding School Development Authority grants receivable for completed projects.

**IX. Miscellaneous**

There are none.

**RAHWAY SCHOOL DISTRICT  
RECOMMENDATIONS**

**Follow-Up on Prior Year Findings**

A review was performed on prior year's recommendations and corrective action was taken on all other than those denoted with an asterisk (\*) above.

**ACKNOWLEDGEMENT**

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

Respectfully submitted,

LERCH, VINCI & HIGGINS, LLP



Dieter P. Lerch  
Certified Public Accountant  
Public School Accountant