

**EAST RUTHERFORD BOARD OF EDUCATION  
AUDITORS' MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS -  
FINANCIAL COMPLIANCE AND PERFORMANCE  
JUNE 30, 2021**

**EAST RUTHERFORD BOARD OF EDUCATION  
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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## AUDITOR'S MANAGEMENT REPORT

Honorable President and Members  
of the Board of Education  
East Rutherford 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 East Rutherford Board of Education as of and for the fiscal year ended June 30, 2021, and have issued our report thereon dated March 9, 2022.

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.

Respectfully submitted,

*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  
March 9, 2022

**EAST RUTHERFORD BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Scope of Audit**

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Moneys, 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 Comprehensive Annual Financial Report (the "CAFR").

**Official Bonds**

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Lameka Augustin	Board Secretary/School Business Administrator	\$200,000
Diane Chorazy	Treasurer of School Monies	225,000

There is a Public Employees Dishonesty coverage with Selective Insurance Company of America 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 indicate any material discrepancies with respect to signatures, certification or supporting documentation.

**Finding 2021-1** – Our audit of the health benefit bills revealed certain individuals remained on health benefits after separation of employment.

**Recommendation** – The District review the health benefit bills on a monthly basis to ensure only active and eligible employees are receiving benefits.

**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 fringe benefits were deposited in the Payroll Agency Account.

All payrolls tested were approved by the Superintendent and were certified by the President of the Board and Board Secretary/School Business Administrator.

Salary withholdings were promptly remitted to the proper agencies. Employee health benefit contributions withheld were transferred 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.

**Finding 2021-2** – We noted the pension reports for the retroactive salary payments for the first half of the 2020/2021 school year have not been completed and submitted to the State as of the date of audit.

**Recommendation** – The required pension reports for the retroactive salary payments made during the year be completed and submitted to the State.

**EAST RUTHERFORD BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**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.

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

Travel

The District had an approved Board travel policy as required by NJAC 6A:23A-6.13 and NJSA 18A:11-12.

Board Secretary's Records

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

The prescribed contractual order system was followed.

Monthly Board Secretary's reports were accepted and certifications were approved by the Board in a timely manner.

Treasurer's Records

The Treasurer did perform cash reconciliations for the general operating accounts and payroll accounts.

All cash receipts were promptly deposited.

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

Monthly Treasurer's Reports were accepted by the Board in a timely manner.

Unemployment Compensation Insurance Account

The Board has adopted the contributory method therefore an unemployment compensation insurance account is not maintained by the District.

**EAST RUTHERFORD BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

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

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.

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 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.

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. Reimbursements to the State for Federal Salary Expenditures

The amount of the expenditure charged to the current year's 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 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

N.J.S.A. 18A:18-4 states, "Every contract for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the board of education to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law".

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:39-3 are \$44,000 (with a Qualified Purchasing Agent) and \$32,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school transportation contracts under N.J.S.A. 18A:39-3 is currently \$19,600. The Board has appointed the Board Secretary/Business Administrator as the Qualified Purchasing Agent.

The board of education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Solicitor'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 goods or service, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

**EAST RUTHERFORD BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**School Purchasing Programs (Continued)**

**Contracts and Agreements Requiring Advertisement for Bids (Continued)**

The results of my examination indicated that certain individual payments, contracts, or agreements were made for the performance of any work or goods or services, in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A. 18A:18A-4.

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 the district purchased items through the use of State contracts.

**Finding 2021-3** – Our audit of compliance with purchasing and contract award procedures revealed the following:

- A Pre-Advertisement Notice was not submitted to the Office of the State Comptroller for a contract awarded in excess of the \$12.5 million threshold. In addition, the Post-Award Notice was not submitted to the State Comptroller in a timely manner.
- We noted instances where competitive quotes were not obtained for payments in excess of the quote threshold.
- We noted a vendor whose invoices were not detailed to differentiate the goods and services that were rendered (i.e. labor, equipment, etc.)
- A vendor appears to have billed the District at an hourly rate that exceeds the hourly rate in the vendor’s approved contract award.
- Payment approval signatures do not appear to be present on the District’s purchase orders.

**Recommendation** – Procedures be reviewed and revised to ensure purchases and contract awards are procured and approved in accordance with the Public School Contracts Law and State procurement regulations.

**Food Service Fund**

**Public Health Emergency**

In accordance with the Governor’s Declaration of Emergency pertaining to the public health emergency, all public, charter and non-public schools were ordered to close effective as of March 18, 2020 for an undetermined period to limit the spread of the virus. As a result, School Food Authorities (SFA) were required to institute alternate procedures to provide meals to eligible students during the period of school closures.

During SY 2020-2021 the public health emergency was still applicable. As a result, School Food Authorities (SFA’s) were required to provide meals in accordance with the regulations governing the National School Nutrition Seamless Summer Option (SSO) or the Summer Food Service Program (SFSP) option.

**EAST RUTHERFORD BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Food Service Fund (Continued)**

Public Health Emergency (Continued)

SFA's were authorized to solicit and award emergency noncompetitive procurements and contracts with Food Service Management Companies in accordance with 2 CFR 200.320 and N.J.S.A. 18A:18A-7. The SFA's were also authorized to submit contract modifications to their existing cost reimbursable or fixed price contracts as necessary to ensure the feeding of all children throughout the ages of 18, as well as persons over 18 with disabilities as defined in the regulations.

SFA's were notified of the requirement to maintain and report separate meal count records and financial records of all applicable costs incurred in providing meals to all students during the emergency.

The food service program was selected as a major federal program.

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.

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 Cost Reimbursable Fixed Price or Non-Competitive Emergency Procurement 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 \$40,000. The operating results provision has been met. All vendor discounts, rebates, and credits from vendors and/or the FSMC were credited to the Food Service account.

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.

The FSMC recorded and maintained separate supporting documentation for additional costs (food supplied, transportation, etc.) applicable to the implementation of the COVID-19 meal service under SSA or SFSP program requirements.

The FSMC did not apply for and did not receive a loan in accordance with the Payroll Protection Plan.

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 certified in a timely manner. Minor exceptions were noted.

Applications for free and reduced price meals were reviewed for completeness and accuracy as part of our audit of the Application for State School Aid (ASSA). Meals claimed as served was compared to the number of meals served on a test basis. Sites approved to participate in Provisions I and II were examined for compliance with all counting and claiming requirements. The required verification procedures for free and reduced price applications was not required for 2020/2021 school year.

USDA Food Distribution Program were received and a single inventory was maintained on a first-in, first-out basis. No exceptions were noted.

Net cash resources did exceed three-months average expenditures. However due to the public health emergency the District was unable to take appropriate action to reduce net cash resources during the current school year.

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.

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



**EAST RUTHERFORD BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Student Activity Fund**

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

Cash receipts and cash disbursements records were maintained in satisfactory condition.

**Application for State School Aid**

Our audit procedures included a test of information reported in the October 15, 2020 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the disabled, 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 with minor exceptions noted. 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 2020-2021 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments.

**Finding 2021-4** – The District’s Report of Transported Resident Students (DRTRS) contained several students who do not appear to be active students as of October 15, 2020. Additionally, several in-district students residing less than the remote mileage threshold from their attending school did not have an Individualized Education Plan (IEP) that stated the student required door-to-door transportation.

**Recommendation** - Greater care be exercised in the reporting of students on the DRTRS Report to ensure students meet eligibility requirements.

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**

The District had no active SDA grant funded projects during the current year.

**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).

**EAST RUTHERFORD BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Suggestions to Management**

- Old reconciling items on the District's bank reconciliations be reviewed and cleared of record.
- Greater care be exercised in the posting of receipts and recording of receivables in the CSI Financial Accounting and Reporting System.
- Although payroll deductions are accounted for in the CSI system, the District should maintain a detailed accounting by deduction category.
- District update its Long Range Facilities Plan

**Follow-up on Prior Year Findings**

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

**EAST RUTHERFORD BOARD OF EDUCATION  
 SCHEDULE OF MEAL COUNT ACTIVITY  
 FOOD SERVICE FUND  
 NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**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>Over/(Under) Claimed Meals</u>	<u>Rate per Rate</u>	<u>Total Over/(Under) Claimed Amount</u>
National School Lunch	SSO	<u>95,655</u>	<u>26,083</u>	<u>26,063</u>	<u>20</u>	\$ 3.60	<u>\$ 72</u>
	Total Lunch	<u>95,655</u>	<u>26,083</u>	<u>26,063</u>	<u>20</u>		<u>72</u>
National School Breakfast	SSO	<u>95,655</u>	<u>26,083</u>	<u>26,083</u>	<u>-</u>	\$ 2.26	<u>-</u>
	Total Breakfast	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>-</u>
						Total Overclaim	<u>\$ 72</u>

**EAST RUTHERFORD BOARD OF EDUCATION  
FOOD SERVICE ENTERPRISE FUND  
CALCULATION OF NET RESOURCE SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NET CASH RESOURCE SCHEDULE**

<u>Net Cash Resources:</u>	<u>Food Service B - 4/5</u>	
<b>CAFR</b> *	<b>Current Assets</b>	
B-4	Cash & Cash Equiv.	\$ 304,203
B-4	Due from Other Gov'ts	61,463
B-4	Accounts Receivable	1,298
B-4	Investments	
<b>CAFR</b>	<b>Current Liabilities</b>	
B-4	Less Accounts Payable	(1,473)
B-4	Less Unearned Revenue	<u>(7,166)</u>
	<b>Net Cash Resources</b>	<b><u>\$ 358,325</u></b> (A)

**Net Adj. Total Operating Expense:**

B-5	Tot. Operating Expenses	\$ 313,401	
B-5	Less Depreciation	<u>(3,769)</u>	
	Adj. Tot. Oper. Exp.	<b><u>\$ 309,632</u></b>	(B)

**Average Monthly Operating Expense:**

B / 10	<b><u>\$ 30,963</u></b>	(C)
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**Three times monthly Average:**

3 X C	<b><u>\$ 92,890</u></b>	(D)
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TOTAL IN BOX A	\$ 358,325
LESS TOTAL IN BOX D	<u>\$ 92,890</u>
NET	<b><u>\$ 265,435</u></b>

**NET CASH RESOURCES DOES EXCEED THREE MONTH AVERAGE EXPENSES**

**EAST RUTHERFORD BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
ENROLLMENT AS OF OCTOBER 15, 2020  
SCHEDULE OF AUDITED ENROLLMENTS**

	2021-2022 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 yrs	6		6		-			6		6							
Full Day Preschool - 3 yrs	4		4		-			4		4							
Half Day Preschool - 4 yrs	4		4		-			4		4							
Full Day Preschool - 4 yrs	7		7		-			7		7							
Full Day Kindergarten	105		105		-			105		105							
Grade 1	75		75		-			75		75							
Grade 2	74		74		-			74		74							
Grade 3	71		71		-			71		69		2					
Grade 4	66		66		-			66		67		(1)					
Grade 5	54		54		-			54		54							
Grade 6	58		58		-			58		58							
Grade 7	59		59		-			59		59							
Grade 8	76		76		-			76		76							
Subtotal	659	-	659	-	-	-		659	-	658	-	1	-				
Spec Ed - Elementary	72		72		-	-		32		32				1	1	1	-
Spec Ed - Middle School	40		40		-	-		17		17				4	4	4	-
Subtotal	112	-	112	-	-	-		49	-	49	-	-	-	5	5	5	-
Totals	771	-	771	-	-	-		708	-	707	-	1	-	5	5	5	-
Percentage Error					0.00%	0.00%				0.14%	0.00%					0.00%	

**EAST RUTHERFORD BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
ENROLLMENT AS OF OCTOBER 15, 2020  
SCHEDULE OF AUDITED ENROLLMENTS**

	Low Income			Sample for Verification			Resident 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	Sample Errors	Reported on ASSA as LEP low Income	Reported on Workpapers as LEP low Income	Errors	Sample Selected	Verified to Test Score and Register	Errors
Full Day Kindergarten	16	16	-	5	5	-	2	2	-	2	2	-
Grade 1	16	16	-	5	4	1	1	1	-	1	1	-
Grade 2	13	13	-	4	4	-	2	2	-	2	2	-
Grade 3	11	11	-	4	4	-	3	3	-	3	3	-
Grade 4	8	8	-	3	3	-			-			-
Grade 5	9	9	-	3	3	-			-			-
Grade 6	15	15	-	5	5	-	1	1	-	1	1	-
Grade 7	11	11	-	3	3	-	2	2	-	2	2	-
Grade 8	14	14	-	4	4	-	1	1	-	1	1	-
Subtotal	113	113	-	36	35	1	12	12	-	12	12	-
Sp Ed - Elementary	28	28	-	9	9	-	4	4	-	4	4	-
Sp Ed - Middle School	13	13	-	4	3	1			-			-
Subtotal	41	41	-	13	12	1	4	4	-	4	4	-
Totals	154	154	-	49	47	2	16	16	-	16	16	-
Percentage Error			<u>0.00%</u>			<u>4.08%</u>			<u>0.00%</u>			<u>0.00%</u>

	Transportation			Tested	Verified	Errors
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors			
Reg. - Public Schools	24	24	-	18	16	2
Transported - Non Public	-	-	-	-	-	-
Regular - Special Ed	-	-	-	-	-	-
Special Needs	45	45	-	34	22	12
	69	69	-	52	38	14
Percentage Error			<u>0.00%</u>			<u>26.92%</u>

**EAST RUTHERFORD BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
ENROLLMENT AS OF OCTOBER 15, 2020  
SCHEDULE OF AUDITED ENROLLMENTS**

	<u>Resident LEP Not Low Income</u>			<u>Sample for Verification</u>		
	Reported on ASSA as NOT Low Income	Reported on Workpapers as NOT low Income	Errors	Sample Selected From Workpapers	Verified to Application	Errors
Full Day Kindergarten	12	12	-	10	10	-
Grade 1	7	7	-	6	6	-
Grade 2	4	4	-	4	4	-
Grade 3	4	4	-	3	3	-
Grade 4	-	-	-	-	-	-
Grade 5	2	2	-	2	2	-
Grade 6	2	2	-	2	2	-
Grade 7	-	-	-	-	-	-
Grade 8	4	4	-	3	3	-
Subtotal	<u>35</u>	<u>35</u>	<u>-</u>	<u>30</u>	<u>30</u>	<u>-</u>
Sp Ed - Elementary	1	1	-	1	1	-
Sp Ed - Middle School	-	-	-	-	-	-
Subtotal	<u>1</u>	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>
Totals	<u><u>36</u></u>	<u><u>36</u></u>	<u><u>-</u></u>	<u><u>31</u></u>	<u><u>31</u></u>	<u><u>-</u></u>
Percentage Error		<u><u>0.00%</u></u>			<u><u>0.00%</u></u>	

**EAST RUTHERFORD BOARD OF EDUCATION  
CALCULATION OF EXCESS SURPLUS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**SECTION 1 - Regular District**

*Four Percent (4%) - Calculation of Excess Surplus*

2020-2021 Total General Fund Expenditures per the ACFR		\$ 19,036,806
Decreased by:		
On-Behalf TPAF Pension & Social Security		(3,266,264)
Adjusted 2020-2021 General Fund Expenditures		<u>\$ 15,770,542</u>
4% of Adjusted 2020-2021 General Fund Expenditures		\$ 630,822
Allowable Adjustment		<u>26,630</u>
Maximum Unassigned Fund Balance		<u>\$ 657,452</u>

**SECTION 2 - All Districts**

Total General Fund - Fund Balance at June 30, 2021		\$ 5,597,669
Decreased by:		
Capital Reserve	\$ 2,164,826	
Maintenance Reserve	418,282	
Maintenance Reserve - Designated for Subsequent Year's Expenditures	321,800	
Excess Surplus - Designated for Subsequent Year's Expenditures	375,000	
Committed - Year End Encumbrances	1,005,174	
Assigned - Year End Encumbrances	<u>55,135</u>	
		<u>4,340,217</u>
Total Unassigned Fund Balance		<u>\$ 1,257,452</u>

**SECTION 3 - All Districts**

Reserved Fund Balance - Excess Surplus		<u>\$ 600,000</u>
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**Recapitulation of Excess Surplus as of June 30, 2021**

Reserved Excess Surplus		\$ 600,000
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures		<u>375,000</u>
Total		<u>\$ 975,000</u>

**Detail of Allowable Adjustments**

Extraordinary Aid - Unbudgeted		<u>\$ 26,630</u>
		<u>\$ 26,630</u>



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**RECOMMENDATIONS**

I. Administrative Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

It is recommended that:

1. The District review the health benefit bills on a monthly basis to ensure only active and eligible employees are receiving benefits.
2. The required pension reports for the retroactive salary payments made during the year be completed and submitted to the State.

III. School Purchasing Program

- \* 3. It is recommended that procedures be reviewed and revised to ensure purchases and contract awards are procured and approved in accordance with the Public School Contracts Law and State procurement regulations.

IV. School Food Services

There are none.

V. Student Body Activities

There are none.

VI. Application for State School Aid

There are none.

VII. Pupil Transportation

4. It is recommended that greater care be exercised in the reporting of students on the DRTRS report to ensure students meet eligibility requirements.

VIII. Facilities and Capital Assets

There are none.

IX. Status of Prior Years' Audit Findings/Recommendations

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

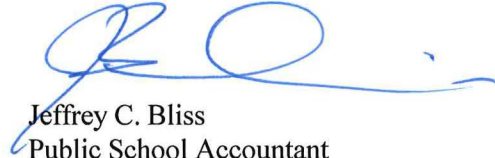
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**ACKNOWLEDGEMENT**

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



Jeffrey C. Bliss  
Public School Accountant  
PSA Number CS00932