

**RAHWAY SCHOOL DISTRICT
AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2021**

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

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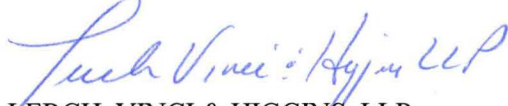
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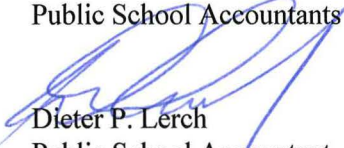
Honorable President and Members
of the Board of Education
Rahway School District
Rahway, New Jersey

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, 2021, and have issued our report thereon dated March 2, 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 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
March 2, 2022

**RAHWAY SCHOOL DISTRICT
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 School Business Administrator, Board Secretary, Board designee, 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>
Patricia Wilson	School Business Administrator	\$ 400,000

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 School Business Administrator completed and filed the required Certification of Compliance with Federal and State Law respecting the reporting of compensation for certain employees.

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.

**RAHWAY SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Financial Planning, Accounting and Reporting (Continued)

Travel

The District has an approved board travel policy as required by N.J.A.C. 6A:23A-6.13 and N.J.S.A. 18A:11-12.

Payments made to employees for travel were in accordance with the approved travel policy except for the following:

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 good condition.

The Board Secretary's and designee's cash reports were presented monthly to the Board and were submitted to the Executive County Superintendent as prescribed by N.J.S.A. 18AS:17-9 and 18A:17-36.

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).

Finding 2021-1 – Our audit indicated that appropriation transfers were made to the School Administration line items which exceeded the statutory 10% maximum. In addition, a transfer was made from capital reserve to the capital projects fund for the cost of various improvement projects. A withdrawal from capital reserve was not approved by the Board or the County for this transfer. Furthermore, a contract was awarded for an additional project for which no transfer was made. Such transfer was not properly reflected in the District's accounting records. **(CAFR Finding 2021-001 and 2021-002)**

Recommendation – Required approvals be sought for all appropriation transfers exceeding the statutory maximum and prior to the commitment and transfer of capital reserve funds. In addition, such capital reserve transfers be properly reflected in the District's general fund budgetary reporting system upon approval.

Board Designee – Bank Reconciliations

The Board has appointed the accountant as the designee to perform cash reconciliations.

The Board designee did perform cash reconciliations for certain District accounts (N.J.S.A. 18A:17-36).

The monthly bank reconciliations were in agreement with the records of the Board Secretary and designee that were approved in the official minutes.

**RAHWAY SCHOOL DISTRICT
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 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.

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.

Non Public State Aid

Project completion reports were finalized and transmitted to the Department of Education by the due date.

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.

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.

**RAHWAY SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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 \$44,000 (with a qualified purchasing agent) and \$32,000 (without a qualified purchasing agent), respectively. The law regulating bidding for public school student transportation contracts under NJSA 18:39-3 is currently \$19,600. The Business Administrator is 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.

The results of our examination indicated that no 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. 18:A18-4.

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 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 2021-2 – Our audit indicated certain contracts for which cooperative purchasing agreements were utilized, the cost of which exceeded the bid threshold, were not specifically approved in the official minutes.

Recommendation – All contracts awarded through the use of cooperative purchase agreements, the cost of which exceed the bid threshold, be specifically approved in the minutes.

School Food Service

In accordance with the Governor's Declaration of Emergency pertaining to COVID-19, 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 2020-2021, the public health emergency was still applicable. As a result, School Food Service Authorities (SFAs) 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.

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 age 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 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.

**RAHWAY SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

School Food Service (Continued)

We inquired of management about the public health emergency procedures/practices that the SFA instituted to provide meals to all students, maintenance of all applicable production records; meal counts; noncompetitive procurements; modification of existing contracts and applicable financial records to document the specific costs applicable to the emergency operations. We also inquired if the FSMC received a loan in accordance with the Payroll Protection Plan and whether the funds were used to pay for costs applicable to the Food Service Programs. We also inquired if the PPP loan was subsequently forgiven and the FSMC refunded or credited the applicable amounts to the SFA.

Net cash resources exceeded three months' average expenditures.

Student Activity Funds/Athletic Association/Scholarships

Finding 2021-3 – Our audit of the district's student activity accounts indicated the following:

Franklin School

- Sufficient detailed documentation was not maintained to support monies collected.
- Bank deposit slips were not always retained.
- Disbursements were not always supported by an approval form or vendor invoice.

Roosevelt School

- Bank account was not properly reconciled. Transactions reflected on the account ledger could not always be verified to bank deposit. Bank Deposits could not always be verified to transaction ledger.
- Numerous bank account transactions were processed through the use of Venmo. Adequate documentation to support the monies collected and payments made were not maintained. Furthermore, transactions did not always appear to be related to student type activities.

Middle School

- Bank account was not properly reconciled.
- Outstanding checks from the previous school year remain uncleared.
- A receipt ledger is not being maintained and documentation to support monies collected was not retained.
- Disbursements were made to a bank for the purchase of gift cards. Documentation was not maintained to support the approval of these purchases or the distribution thereof.

Athletic Account

- Documentation for certain disbursements were not supported by sufficient documentation.
- Two (2) payments to officials were noted which were not in agreement with the fee schedule.
- A payment was noted which did not appear to be related to athletics.

Recommendation – Internal controls over the maintenance and utilization of Student Activity accounts be reviewed and enhanced.

**RAHWAY SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2020 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 exceptions noted. The information on the workpapers was verified with exceptions noted. 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 2020-2021 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 2021-4 – Our audit indicated that the building and building improvement values and related depreciation reflected on the capital assets appraisal report do not include the cost of all historical District building improvements.

Recommendation - The District's capital assets appraisal report be revised to include the cost of all historical District building improvements.

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 on Prior Year Findings

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

Suggestions to Management

The District develop and implement a plan to reduce net cash resources in the Food Service Fund below the maximum allowable amount.

Interfunds between District funds and accounts be liquidated

**RAHWAY SCHOOL DISTRICT
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM - FEDERAL
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Not Applicable

**RAHWAY SCHOOL DISTRICT
FOOD SERVICE FUND
NET CASH RESOURCES SCHEDULE
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NET CASH RESOURCES SCHEDULE

Net Cash Resources

Current Assets

Cash and Cash Equivalents	\$	500,021
Accounts Receivable		7,511
Intergovernmental Accounts Receivable		93,006

Current Liabilities

Accounts Payable		(83,779)
Unearned Revenue		(22,730)

Net Cash Resources **\$ 494,029 (A)**

Operating Expenditures

Total Operating Expenditures		976,948
Less Depreciation		(33,252)

Adjusted Total Operating Expenditures **\$ 943,696 (B)**

Average Monthly Operating Expense:

B / 10 **\$ 94,370 (C)**

Three times monthly Average:

C x 3 **\$ 283,109 (D)**

TOTAL IN BOX A	\$	494,029
LESS TOTAL IN BOX D	\$	<u>283,109</u>
NET	\$	<u>210,920</u>

**RAHWAY BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
OCTOBER 15, 2020**

10

	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 years					-	-											
Half Day Preschool - 4 years					-	-											
Full Day Preschool - 3 years	28		28		-	-	28		28								
Full Day Preschool - 4 years	162		162		-	-	27		27								
Half Day Kindergarten					-	-											
Full Day Kindergarten	238		238		-	-	69		69								
One	240		240		-	-	88		89		(1)						
Two	266		266		-	-	48		48								
Three	213		213		-	-	34		34								
Four	223		223		-	-	63		63								
Five	235		235		-	-	69		69								
Six	254		254		-	-	74		73		1						
Seven	253		253		-	-	253		254		(1)						
Eight	264		264		-	-	264		264								
Nine	280		280		-	-	280		281		(1)						
Ten	221	8	221	8	-	-	221	8	221	8							
Eleven	176	19	176	19	-	-	176	19	176	19							
Twelve	220	6	220	6	-	-	220	6	220	6							
Subtotal	3,273	33	3,273	33	-	-	1,914	33	1,916	33	(2)						
Spec Ed - Elementary	247		247		-	-	28		26		2		14.0	12.0	12.0		
Spec Ed- Middle School	156		156		-	-	18		18				10.0	9.0	9.0		
Spec Ed - High School	170	22	170	22	-	-	17	2	17	2			23.0	19.0	19.0		
Subtotal	573	22	573	22	-	-	63	2	61	2	2		47.0	40.0	40.0		
Totals	3,846	55	3,846	55	-	-	1,977	35	1,977	35	-		47.0	40.0	40.0		
Percentage Error					0.00%	0.00%					0.00%	0.00%					0.00%

**RAHWAY BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
OCTOBER 15, 2020**

	Low Income			Sample for Verification			LEP Low Income			Sample for Verification		
	Reported on	Reported on	Errors	Sample	Verified to	Sample	Reported on	Reported on	Errors	Sample	Verified to	Sample
	A.S.S.A as	Workpapers as					A.S.S.A as	Workpapers as				
Income	Low	Income	Workpapers	and Register	Errors	Income	Income	Workpapers	and Register	Errors		
Half Day Pre-School (3 Yrs)			-									
Half Day Pre-School (4 Yrs)			-									
Full Day Preschool - 3 years												
Full Day Preschool - 4 years			-									
Half Day Kindergarten			-									
Full Day Kindergarten	112.0	112.0	-	4.0	3.0	1.0	15.0	15.0	-	4.0	4.0	-
One	132.0	133.0	(1.0)	5.0	5.0	-	32.0	32.0	-	7.0	5.0	(2.0)
Two	133.0	133.0	-	5.0	5.0	-	29.0	29.0	-	7.0	7.0	-
Three	119.0	116.0	3.0	4.0	4.0	-	26.0	26.0	-	6.0	6.0	-
Four	119.0	119.0	-	4.0	4.0	-	19.0	19.0	-	4.0	4.0	-
Five	146.0	145.0	1.0	5.0	4.0	1.0	14.0	14.0	-	3.0	3.0	-
Six	136.0	135.0	1.0	5.0	5.0	-	9.0	9.0	-	2.0	2.0	-
Seven	132.0	131.0	1.0	5.0	5.0	-	3.0	3.0	-	1.0	1.0	-
Eight	142.0	141.0	1.0	5.0	4.0	1.0	3.0	3.0	-	1.0	1.0	-
Nine	154.0	152.0	2.0	5.0	4.0	1.0	19.0	19.0	-	4.0	4.0	-
Ten	119.5	117.5	2.0	4.0	2.0	2.0	8.0	8.0	-	2.0	1.0	(1.0)
Eleven	92.5	91.0	1.5	3.0	3.0	-	9.0	9.0	-	2.0	1.0	(1.0)
Twelve	122.5	118.5	4.0	4.0	4.0	-	9.0	9.0	-	2.0	2.0	-
Subtotal	1,659.5	1,644.0	15.5	58.0	52.0	6.0	195.0	195.0	-	45.0	41.0	(4.0)
11 Spec Ed - Elementary	138.0	135.0	3.0	4.0	3.0	1.0	24.0	24.0	-	6.0	6.0	-
Spec Ed- Middle School	105.0	102.0	3.0	4.0	4.0	-	12.0	12.0	-	3.0	3.0	-
Spec Ed - High School	127.5	126.5	1.0	4.0	4.0	-	3.0	3.0	-	1.0	1.0	-
Subtotal	370.5	363.5	7.0	12.0	11.0	1.0	39.0	39.0	-	10.0	10.0	-
Totals	2,030.0	2,007.5	22.5	70.0	63.0	7.0	234.0	234.0	-	55.0	51.0	(4.0)
Percentage Error			1.11%			10.00%			0.00%			-7.27%

	Transportation					
	Reported on	Reported on	Errors	Tested	Verified	Errors
DRTRS by	DRTRS by	DOE				
Regular- Public Schools	204.0	204.0	-	27.0	27.0	-
Regular - Sped.	51.0	51.0	-	7.0	7.0	-
Transported- Non- Public	30.0	30.0	-	4.0	4.0	-
Special Needs- Public	183.0	183.0	-	25.0	25.0	-
Totals	468.0	468.0	-	63.0	63.0	-
			0.00%			0.00%

**RAHWAY BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
OCTOBER 15, 2020**

12

	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	19.0	19.0	-	9.0	9.0	-
One	14.0	14.0	-	7.0	7.0	-
Two	17.0	17.0	-	8.0	8.0	-
Three	4.0	4.0	-	2.0	2.0	-
Four	8.0	8.0	-	4.0	4.0	-
Five	5.0	5.0	-	2.0	2.0	-
Six	3.0	3.0	-	1.0	1.0	-
Seven	2.0	2.0	-	1.0	1.0	-
Eight	5.0	5.0	-	2.0	2.0	-
Nine	8.0	8.0	-	4.0	4.0	-
Ten	2.0	2.0	-	2.0	2.0	-
Eleven	3.0	3.0	-	1.0	1.0	-
Twelve	5.0	5.0	-	2.0	2.0	-
Subtotal	95.0	95.0	-	45.0	45.0	-
Spec Ed - Elementary	5.0	5.0	-	2.0	2.0	-
Spec Ed- Middle School	1.0	1.0	-	1.0	1.0	-
Spec Ed - High School	1.0	1.0	-	1.0	1.0	-
Subtotal	7.0	7.0	-	4.0	4.0	-
Totals	102.0	102.0	-	49.0	49.0	-
Percentage Error			0.00%			0.00%

**RAHWAY SCHOOL DISTRICT
CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

SECTION 1

Calculation A: 4% Excess Surplus:

2020-21 Total General Fund Expenditures Reported on Exhibit C-1		\$ 78,454,832
Increased by:		
Capital Reserve Transfer to Capital Projects	\$ 2,859,647	2,859,647
Decreased by:		
On-Behalf TPAF Pension & Social Security		<u>(13,626,593)</u>
Adjusted 2020-21 General Fund Expenditures		<u>\$ 67,687,886</u>
4% of Adjusted 2020-21 General Fund Expenditures		<u>\$ 2,707,515</u>
Enter Greater of 4% of Adjusted 2020-21 General Fund Expenditures or \$250,000	\$ 2,707,515	
Increased by: Allowable Adjustment*	<u>754,437</u>	
Maximum Unassigned Fund Balance		<u>\$ 3,461,952</u>

SECTION 2 - All Districts

Total General Fund - Fund Balances at June 30, 2021 (Per CAFR Budgetary Comparison Schedule/Statement)		\$ 13,675,641
Decreased by:		
Year End Encumbrances	(375,879)	
Capital Reserve / Maintenance Reserve / Unemployment / FFCRA	(6,127,669)	
Excess Surplus -Designated for Subsequent Year's Expenditures	(1,910,141)	
Assigned-Designated for Subsequent Year's Expenditures	<u>-</u>	
Total Unassigned Fund Balance		<u>\$ 5,261,952</u>

SECTION 3

Fund Balance - Excess Surplus \$ 1,800,000

***Detail of Allowable Adjustments**

Extraordinary Aid		\$ 709,777
Additional Nonpublic School Transportation Aid		<u>44,660</u>
		<u>\$ 754,437</u>

**RAHWAY SCHOOL DISTRICT
RECOMMENDATIONS**

I. Administrative Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

1. It is recommended that required approvals be sought for all appropriation transfers exceeding the statutory maximum and prior to the commitment and transfer of capital reserve funds. In addition, such capital reserve transfers be properly reflected in the District's general fund budgetary reporting system upon approval.

III. School Purchasing Program

2. All contracts awarded through the use of cooperative purchase agreements, the cost of which exceed the bid threshold, be specifically approved in the minutes.

IV. School Food Service

There are none.

V. Student Body Activities/Athletics/Scholarships

3. It is recommended that: Internal controls over the maintenance and utilization of Student Activity 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

4. It is recommended that The District's capital assets appraisal report be revised to include the cost of all historical District building improvements.

IX. Miscellaneous

There are none.

**RAHWAY SCHOOL DISTRICT
RECOMMENDATIONS**

Follow-Up on Prior Year Findings

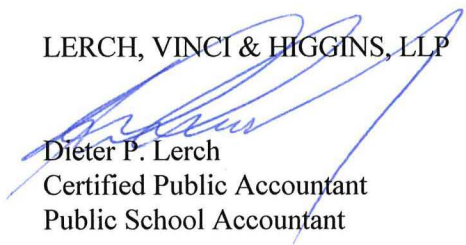
A review was performed on prior year's recommendations and corrective action was taken on all.

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