

**CARLSTADT-EAST RUTHERFORD REGIONAL
BOARD OF EDUCATION
AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2022**

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

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LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRISTOPHER VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA, PSA

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

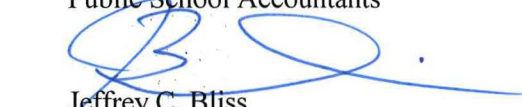
We have audited in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Carlstadt-East Rutherford Regional Board of Education as of and for the fiscal year ended June 30, 2022, and have issued our report thereon dated January 25, 2023.

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 & Bliss, LLP

LERCH, VINCI & BLISS, LLP
Certified Public Accountants
Public School Accountants



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
January 25, 2023

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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 Annual Comprehensive Financial Report (ACFR).

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Nicholas Annitti	Board Secretary/School Business Administrator	\$225,000
Dominic Giancaspro	Treasurer of School Monies	225,000

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.

P.L. 2020, c44

Our audit procedures included an inquiry and subsequent review of health benefit data required per N.J.S.A. 18A:16-13.3 (Chapter 44) submitted for the year of audit. The Chapter 44 summary report was reviewed for reasonableness and timeliness.

The data submitted did appear to include all health benefit plans offered by the school district.

The school district data certification was completed by the chief school administrator. The school district Chapter 44 data was submitted timely.

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 approved by the Superintendent and 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.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Financial Planning, Accounting and Reporting (Continued)

Payroll Account (Continued)

The District maintains a personnel tracking and accounting (position control) system.

It did not appear the School Business Administrator completed and filed the required Certification of Compliance with Federal and State Law for the reporting of compensation for certain administrative 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 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 we noted immaterial instances of incorrect budget charges. Therefore we determined no additional procedures were deemed necessary to test the propriety of expenditure classifications.

Board Secretary's Records

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

Acknowledgement of the Board's receipt of the Board Secretary's monthly financial reports was included in the minutes with exception.

- **Finding 2022-1 (ACFR Finding 2022-001)** – The monthly Board Secretary's and Treasurer's reports for the month of June 2022 were not submitted to and approved by the Board in a timely manner. In addition, it did not appear the June 2022 monthly reports were submitted to the Executive County Superintendent as required. (NJSA 18A:17-9 and NJSA 18A:17-36)

Recommendation - The monthly financial reports of the Board Secretary and Treasurer be submitted to and approved by the Board in a timely manner in accordance with NJAC 18A:17-9 and 18A:17-36. In addition, the June year end monthly reports be submitted to the Executive County Superintendent as required.

The prescribed contractual order system was followed.

- **Finding 2022-2** – 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 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.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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 noted above.

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 ACFR. This section of the ACFR documents the financial position pertaining to projects under Title I, II, 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 ACFR.

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 ACFR. This section of the ACFR 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 not made prior to the end of the 90 day grant liquidation period required by the Office of Grants Management. The expenditure was not submitted for reimbursement by the District.

- **Finding 2022-3 (ACFR Finding 2022-002)** – Our audit revealed the District did not complete and remit the report to reimburse the State for on behalf social security and pension contributions for pensionable wages covered by the Teachers' Pension and Annuity Fund (TPAF) that were funded by Federal grant programs. (NJSA 18A:66-90)

Recommendation – Procedures be reviewed and revised to ensure the annual report to reimburse the State for on behalf pension and social security contributions for federally funded TPAF pensionable salaries be prepared and remitted to the State in accordance with NJSA 18A:66-90.

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 N.J.S.A. 18A:39-3 is currently \$20,200.

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 \$44,000. 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, 2022**

School Purchasing Programs (Continued)

Contracts and Agreements Requiring Advertisement for Bids (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 indicate 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 2022-04** – Our audit of compliance with purchasing and contract award procedures revealed the following:
 - Required procedures and documentation were not adhered to or made available for audit for the purchase and installation of security cameras procured through a National Cooperative Purchasing Program.
 - Exceptions were noted for vendors who were paid in excess of the bid threshold and rendered all like-kind services that were not awarded through a publicly advertised bid process.
 - We noted instances where competitive quotes were not obtained for purchases in excess of the quote threshold.

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

School Food Service

Public Health Emergency

In accordance with the Governor's Declaration of Emergency pertaining to the public health emergency all 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. Governor Murphy's emergency declaration ended June 4, 2021; however, the United States Department of Agriculture's federal waiver continued through June 30, 2022. Food Service Agencies operated under this federal waiver.

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). SFA's could also choose to participate in the National School Lunch Program utilizing standard counting and claiming practices.

SFAs 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 SFAs 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 selected and audited as a major Federal program in accordance with Uniform Guidance.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

School Food Service (Continued)

The financial transactions and records of the school food service fund were maintained in satisfactory condition. The financial accounts, meal count records were reviewed on a test-check basis. Cash receipts and bank records were reviewed for timely deposit.

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 contract were reviewed and audited. The FSMC contract does not include an operating results provision and therefore contains no guarantee.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food and supply items were currently maintained and properly applied in determining the cost of food and supplies used.

The cash disbursements records reflected expenditures for program related goods and services. 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 FSMC did apply for and receive a loan in accordance with the Payroll Protection Plan and did use the funds to pay for costs applicable to the Food Service Programs. We inquired if the PPP loan was subsequently forgiven and whether the FSMC did refund or credit the applicable amounts to the SFA.

The number of meals claimed for reimbursement was compared to meal count records. As part of the claims review process the edit check worksheet was completed. Reimbursement claims were submitted/certified in a timely manner.

Applications for free and reduced price meals were reviewed for completeness and accuracy as part of the audit the Application for State School Aid (ASSA). The number of meals claimed as served were compared to meal count records.

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

The Statement of Revenues, Expenses and Changes in Fund Net Assets (ACFR 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.

Student Body Activities

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

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

Application for State School Aid

Audit procedures included a test of information reported in the October 15, 2021 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 exceptions noted. The information that was included on the workpapers was verified with exceptions 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.

- **Finding 2022-5** – Our audit of low income students reported on the ASSA report did not agree to the amounts reported in the workpapers and supporting documentation.

Recommendation – Procedures over ASSA reporting be reviewed to ensure low income students reported on the ASSA agree to District workpapers and supporting documentation.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2021-2022 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.

- **Finding 2022-6** – The capital asset accounting records were not updated for current and certain prior year additions nor adjusted for duplicate entries and invalid items.

Recommendation – Capital asset accounting records be updated to reflect all additions and required adjustments.

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.

**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, 2022**

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) Claim</u>
National School Lunch	SSO	<u>67,043</u>	<u>15,084</u>	<u>15,084</u>	<u>-</u>
	Total Lunch	<u><u>67,043</u></u>	<u><u>15,084</u></u>	<u><u>15,084</u></u>	<u><u>-</u></u>
National School Breakfast	SSO	<u>21,487</u>	<u>4,692</u>	<u>4,692</u>	<u>-</u>
	Total Breakfast	<u>21,487</u>	<u>4,692</u>	<u>4,692</u>	<u>-</u>
	Grand Total	<u>88,530</u>	<u>19,776</u>	<u>19,776</u>	<u>-</u>

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, 2022

NET CASH RESOURCES SCHEDULE

Proprietary Funds - Food Service
FYE 2022

<u>Net Cash Resources:</u>	<u>Food Service</u> <u>B - 4/5</u>	
ACFR		* Current Assets
B-4	\$ 74,708	Cash & Cash Equiv.
B-4	142,830	Due from Other Gov'ts
		Current Liabilities
B-4	(20)	Less Due to Other Funds
B-4	(4,696)	Less Deferred Revenue
	<u>\$ 212,822</u>	Net Cash Resources
		(A)
 <u>Net Adj. Total Operating Expense:</u>		
B-5	932,249	Tot. Operating Exp.
B-5	(8,650)	Less Depreciation
	<u>\$ 923,599</u>	Adj. Tot. Oper. Exp.
		(B)
 <u>Average Monthly Operating Expense:</u>		
	<u>\$ 92,360</u>	B / 10
		(C)
 <u>Three times monthly Average:</u>		
	<u>\$ 277,080</u>	3 X C
		(D)

TOTAL IN BOX A	\$	212,822	
LESS TOTAL IN BOX D	\$	277,080	
NET	\$	<u>(64,258)</u>	
Net cash resources do not exceed 3 X average monthly operating expenses.			

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 15, 2021
SCHEDULE OF AUDITED ENROLLMENTS**

	2022-2023 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 Veri- cation	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Grade 9	187	2	187	2	-	-	187	2	187	2	-	-				
Grade 10	153	2	153	2	-	-	153	2	153	2	-	-				
Grade 11	117		117		-	-	117		117		-	-				
Grade 12	88	4	88	4	-	-	88	4	88	4	-	-				
Subtotal	545	8	545	8	-	-	545	8	545	8	-	-				
Spec Ed - High School	96	3	96	3	-	-	25	3	25	3	-	-	8	8	8	-
Subtotal	96	3	96	3	-	-	25	3	25	3	-	-	8	8	8	-
Totals	641	11	641	11	-	-	570	11	570	11	-	-	8	8	8	-
Percentage Error					0.00%	0.00%					0.00%	0.00%				0.00%

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 15, 2021
SCHEDULE OF AUDITED ENROLLMENTS**

	Resident 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 and Register	Sample Errors	Reported on ASSA	Reported on Workpapers	Errors	Sample Selected	Sample Verified	Errors
Grade 9	30	48	(18)	12	11	1		2	(2)	2	2	-
Grade 10	37	46	(9)	12	7	5			-			-
Grade 11	36	36	-	9	8	1	3	3	-	3	3	-
Grade 12	31	29	2	7	5	2	3	2	1	2	1	1
Subtotal	134	159	(25)	40	31	9	6	7	(1)	7	6	1
Spec Ed - High School	31	36	(5)	9	7	2			-			-
	31	36	(5)	9	7	2	-	-	-	-	-	-
Totals	165	195	(30)	49	38	11	6	7	(1)	7	6	1
Percentage Error			<u>-18.24%</u>			<u>22.45%</u>			<u>-16.67%</u>			<u>14.29%</u>

	Transportation			Tested	Verified	Errors
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors			
Regular - Public Schools	55	55	-	14	14	-
Transported - Nonpublic			-			-
Regular - Special Educ.	6	6	-	2	1	1
Special Educ. - Special Needs	21	21	-	5	3	2
Totals	82	82	-	21	18	3
Percentage Error			<u>0.00%</u>			<u>14.29%</u>

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 APPLICATION FOR STATE SCHOOL AID
 ENROLLMENT AS OF OCTOBER 15, 2021
 SCHEDULE OF AUDITED ENROLLMENTS**

	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 Application and Register	Sample Errors
Grade 9	1	1	-	1	1	-
Grade 10	4	4	-	4	4	-
Grade 11	3	2	1	2	2	-
Grade 12	2	2	-	2	2	-
Subtotal	10	9	1	9	9	-
Spec Ed - High School			-			-
	-	-	-	-	-	-
Totals	10	9	1	9	9	-
Percentage Error			<u>10.00%</u>			<u>0.00%</u>

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

SECTION 1 - Four Percent (4%) - Calculation of Excess Surplus

2021-2022 Total General Fund Expenditures		\$ 18,667,430
Decreased by:		
On-Behalf TPAF Pension & Social Security	\$ (2,655,681)	<u>(2,655,681)</u>
Adjusted 2021-2022 General Fund Expenditures		<u>16,011,749</u>
4% of Adjusted 2021-2022 General Fund Expenditures		<u>640,470</u>
Enter Greater of 4% of Adjusted 2021-2022 General Fund Expenditures or \$250,000		640,470
Increased by:		
Allowable Adjustment		<u>110,834</u>
Maximum Unreserved/Undesignated Fund Balance		<u>\$ 751,304</u>

SECTION 2

Total General Fund - Fund Balance at June 30, 2022		\$ 6,261,259
Decreased by:		
Year-End Encumbrances	\$ 318,459	
Capital Reserve	3,399,668	
Maintenance Reserve	399,000	
Maintenance Reserve - Designated for Subsequent Year's Expenditures	167,603	
Excess Surplus - Designated for Subsequent Year's Expenditures	600,000	
Designated for Subsequent Year's Expenditures	<u>325,225</u>	
		<u>5,209,955</u>
Total Unassigned Fund Balance for Excess Surplus Calculation		<u>\$ 1,051,304</u>

SECTION 3

Restricted Fund Balance - Excess Surplus		<u>\$ 300,000</u>
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Detail of Allowable Adjustments

Extraordinary Aid		<u>\$ 110,834</u>
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Recapitulation of Excess Surplus as of June 30, 2022

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures		\$ 600,000
Reserved Excess Surplus		<u>300,000</u>
Total Excess Surplus		<u>\$ 900,000</u>

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS-FINANCIAL, COMPLIANCE AND PERFORMING REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
RECOMMENDATIONS**

I. Administrative Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

It is recommended that:

1. The monthly financial reports of the Board Secretary and Treasurer be submitted to and approved by the Board in a timely manner in accordance with NJAC 18A:17-9 and 18A:17-36. In addition, the June year end monthly reports be submitted to the Executive County Superintendent as required.
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:23A-14.
3. Procedures be reviewed and revised to ensure the annual report to reimburse the State for on behalf pension and social security contributions for federally funded TPAF pensionable salaries be prepared and remitted to the State in accordance with NJSA 18A:66-90.

III. School Purchasing Program

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

IV. Enterprise Funds

There are none.

V. Student Body Activities

There are none.

VI. Application for State School Aid

- * 5. It is recommended that procedures over ASSA reporting be reviewed to ensure low income students reported on the ASSA agree to District workpapers and supporting documentation.

VII. Transportation

There are none.

VIII. Facilities and Capital Assets

- * 6. It is recommended that capital asset accounting records be updated to reflect all additions and required adjustments.

VIII. Miscellaneous

There are none.

IX. Status of Prior Years' Audit Findings/Recommendations

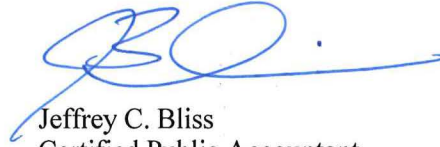
A review was performed on all prior years' recommendations. Corrective action was taken on all prior year recommendations, except those denoted with an asterisk (*).

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 & BLISS, LLP

A handwritten signature in blue ink, appearing to read 'J. Bliss', with a long horizontal flourish extending to the right.

Jeffrey C. Bliss
Certified Public Accountant
Public School Accountant