

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

**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, 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.

Respectfully submitted,

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

**EAST RUTHERFORD 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 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 "ACRF").

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Cameron Cox	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.

P.L. 2020,C.44

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 on audit. The Chapter 44 summary report was reviewed for reasonableness and timeliness.

The data submitted did include all health benefit plans offered by 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 indicate 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 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 administrative employees.

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

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.

Finding 2022-01 (CAFR Finding 2022-001) – Our audit of year end purchase orders in the General Fund revealed certain encumbrances that were deemed overstated at June 30, 2022. Additionally, we noted an unrecorded accounts payable at year end in the Special Revenue Fund.

Recommendation – Procedures be reviewed and revised to ensure open purchase orders are reviewed at year end for validity and invalid encumbrances be cancelled accordingly in the General Fund. In addition, greater care be exercised at year end to ensure all accounts payable are recorded in the Special Revenue Fund.

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 satisfactory condition.

The prescribed contractual order system was followed with exceptions noted.

Monthly Board Secretary's reports for the months of November 2021 to April 2022 were not submitted to the Board for approval in a timely manner. However, we noted the monthly reports for May to June 2022 were submitted to and approved by the Board in a timely manner.

Finding (2022-02) – Our audit indicated that the District approved resolutions to transfer unanticipated revenue and unexpended appropriations into its Capital and Maintenance Reserves were subsequent to the June 30, statutory deadline.

Recommendation – The District resolutions to approve the transfer of unanticipated revenue and unexpended appropriations into its Reserve Accounts be no earlier than June 1 and no later than June 30, in accordance with N.J.S.A. 6A:23A-14.3.

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 for the months of November 2021 to April 2022 were not submitted to the Board for approval in a timely manner. However, we noted the monthly reports for May to June 2022 were submitted to and approved by the Board in a timely manner.

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

Financial Planning, Accounting and Reporting (Continued)

Unemployment Compensation Insurance Account

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

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 ACRF. This section of the ACRF 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 ACRF.

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.

Finding 2022-3.1 (CAFR Finding 2022-002) – Our audit of the Federal CARES-ESSER, CRRSA-ESSER and ARP-ESSER grant programs revealed the following with respect to compliance with purchasing and contract awards:

- Required procedures and documentation were not adhered to or made available for audit for the purchase and installation of security cameras through a National Cooperative Purchasing Program.
- Exceptions were noted for cooperative purchasing program vendors who were paid in excess of the bid threshold that were not approved in the minutes.
- Noted a professional service contract for an ABA Therapist paid in excess of the bid threshold whose contract award was not publicly advertised as required.

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 Federal and State procurement regulations.

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.

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

Financial Planning, Accounting and Reporting (Continued)

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 \$20,200. 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.

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 2022-3.2 (CAFR Finding 2022-003)– 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 through a National Cooperative Purchasing Program.
- Exceptions were noted for cooperative purchasing program vendors who were paid in excess of the bid threshold that were not approved in the minutes.
- Noted a professional service contract for an ABA Therapist paid in excess of the bid threshold whose contract award was not publicly advertised as required.

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.

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

Food Service Fund

Public Health Emergency

In accordance with the Governor's Declaration of Emergency pertaining to the public health emergency all Public, Charter, 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. 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 (SFAs) were required to provide meals in accordance with the regulations governing the National School Nutrition Seamless Summer Option (SSO). SFAs could also choose to participate in the National School Lunch Program utilizing standard counting and claiming practices.

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

The school food service program was not selected as a major federal 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. Exceptions were not noted.

We also inquired of school management, or appropriate school food service personnel, as to whether the SFA's expenditures of school food service revenues were limited to allowable direct and indirect costs. Exceptions were not noted.

Non-program foods were purchased, prepared and offered for sale.

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.

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

The district utilized a food service management company (FSMC) and is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34, and 19-1 through 19-4.1. Provisions of the FSMC contract/addendum were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will return a profit of a least \$40,000. The operating results provision has been met.

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 costs 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 exceed three months average expenditures.

Finding 2022-4 – Our audit revealed net cash resources exceeded three month of average expenditures at June 30, 2022 in the Food Service Fund.

Recommendation – The District develop a plan to eliminate the excess of net cash resources in the Food Service Fund.

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

Food Service Fund (Continued)

Public Health Emergency (Continued)

Applications for free and reduced price meals were reviewed for completeness and accuracy as part of the audit of the Application for State School Aid (ASSA).

USDA Food Distribution Program (food and/or commodities) were received and a single inventory was maintained on a first-in, first-out basis. No exceptions were noted.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets (ACFR Schedule B-5) does separate program and non-program revenue and program costs of goods sold.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Section B of the ACFR.

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, 2021 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 with minor exceptions noted. 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 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 exceptions. 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

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

Finding 2022-5 – Our audit revealed that the District’s capital asset accounting records were not updated for the current school year. The financial statements were adjusted to reflect these capital assets and their related depreciation.

Recommendation – The District’s capital asset accounting records be updated on an annual basis.

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

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).

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, 2022**

NOT APPLICABLE

**EAST RUTHERFORD BOARD OF EDUCATION
FOOD SERVICE ENTERPRISE FUND
CALCULATION OF NET RESOURCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

<u>Net Cash Resources:</u>	<u>Food Service</u>	
CAFR *	Current Assets	
B-4	Cash & Cash Equiv.	\$ 520,194
B-4	Due from Other Gov'ts	58,004
B-4	Accounts Receivable	670
CAFR	Current Liabilities	
B-4	Less Accounts Payable	(28,051)
B-4	Less Deferred Revenue	(5,000)
	Net Cash Resources	<u><u>\$ 545,817</u></u> (A)
 <u>Net Adj. Total Operating Expense:</u>		
B-5	Tot. Operating Exp.	\$ 532,587
B-5	Less Depreciation	(3,725)
	Adj. Tot. Oper. Exp.	<u><u>\$ 528,862</u></u> (B)
 <u>Average Monthly Operating Expense:</u>		
	B / 10	<u><u>\$ 52,886</u></u> (C)
 <u>Three times monthly Average:</u>		
	3 X C	<u><u>\$ 158,659</u></u> (D)

TOTAL IN BOX A	\$	<u>545,817</u>	
LESS TOTAL IN BOX D	\$	<u>158,659</u>	
NET	\$	<u><u>387,158</u></u>	
Net Cash Resources does exceed three months average expenditures.			

**EAST RUTHERFORD 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 Verifi- cation	Sample Verified	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared					
Half Day Preschool - 3 yrs	5		3		2			5		3							
Full Day Preschool - 3 yrs	7		7		-			7		7							
Half Day Preschool - 4 yrs	7		7		-			7		7							
Full Day Preschool - 4 yrs	9		9		-			9		9							
Full Day Kindergarten	73		73		-			73		73							
Grade 1	89		89		-			89		89							
Grade 2	67		67		-			67		67							
Grade 3	65		63		2			65		63							
Grade 4	54		53		1			54		53							
Grade 5	65		65		-			65		65							
Grade 6	57		57		-			57		57							
Grade 7	56		56		-			56		56							
Grade 8	68		68		-			68		68							
Subtotal	622	-	617	-	5	-		622	-	617	-	5	-				
Spec Ed - Elementary	71		78		(7)	-		14		14			2	2	2	-	
Spec Ed - Middle School	31		31		-	-		6		6			5	5	5	-	
Subtotal	102	-	109	-	(7)	-		20	-	20	-	-	7	7	7	-	
Totals	724	-	726	-	(2)	-		642	-	637	-	5	-	7	7	7	-
Percentage Error					-0.28%	0.00%											0.00%

**EAST RUTHERFORD BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 15, 2021
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	19	20	(1)	4	4	-	3	4	(1)	1	1	-
Grade 1	23	23	-	4	4	-	4	4	-	1	1	-
Grade 2	20	23	(3)	5	5	-	2	2	-			-
Grade 3	17	18	(1)	4	4	-	2	2	-			-
Grade 4	19	19	-	4	4	-	2	2	-			-
Grade 5	24	21	3	7	7	-			-			-
Grade 6	19	21	(2)	6	6	-		2	(2)			-
Grade 7	21	22	(1)	6	6	-	1	2	(1)	1	1	-
Grade 8	28	27	1	7	7	-		1	(1)			-
Subtotal	190	194	(4)	47	47	-	14	19	(5)	3	3	-
Sp Ed - Elementary	26	26	-	5	5	-	5	6	(1)	1	1	-
Sp Ed - Middle School	16	16	-	3	3	-			-	-	-	-
Subtotal	42	42	-	8	8	-	5	6	(1)	1	1	-
Totals	232	236	(4)	55	55	-	19	25	(6)	4	4	-
Percentage Error			<u>-1.72%</u>			<u>0.00%</u>			<u>-31.58%</u>			<u>0.00%</u>

	Transportation			Tested	Verified	Errors
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors			
Reg. - Public Schools	21	21	-	4	4	-
Transported - Non Public	-	-	-	-	-	-
Regular - Special Ed	-	-	-	-	-	-
Special Needs	11	11	-	2	2	-
	32	32	-	6	6	-
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

**EAST RUTHERFORD 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 ASSA as NOT Low Income	Reported on Workpapers as NOT low Income	Errors	Sample Selected From Workpapers	Verified to Application	Errors
Full Day Kindergarten	6	6	-	1	1	-
Grade 1	6	6	-	2	2	-
Grade 2	2	2	-			-
Grade 3	2	2	-			-
Grade 4	1	1	-			-
Grade 5	4	4	-	1	1	-
Grade 6	1	1	-			-
Grade 7	3	2	1	1	1	-
Grade 8			-			-
Subtotal	25	24	1	5	5	-
Sp Ed - Elementary			-			-
Sp Ed - Middle School			-			-
Subtotal	-	-	-	-	-	-
Totals	25	24	1	5	5	-
Percentage Error			4.00%			0.00%

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

SECTION 1 - Regular District

Four Percent (4%) - Calculation of Excess Surplus

2021-2022 Total General Fund Expenditures per the ACFR		\$ 21,732,390
Decreased by:		
On-Behalf TPAF Pension & Social Security		(4,307,938)
Adjusted 2021-2022 General Fund Expenditures		<u>\$ 17,424,452</u>
4% of Adjusted 2021-2022 General Fund Expenditures		\$ 696,978
Allowable Adjustment		<u>120,817</u>
Maximum Unassigned Fund Balance		<u>\$ 817,795</u>

SECTION 2 - All Districts

Total General Fund - Fund Balance at June 30, 2022		\$ 6,241,869
Decreased by:		
Capital Reserve	\$ 3,387,411	
Maintenance Reserve	740,082	
Excess Surplus - Designated for Subsequent Year's Expenditures	600,000	
Year End Encumbrances	<u>96,581</u>	
		<u>4,824,074</u>
Total Unassigned Fund Balance		<u>\$ 1,417,795</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, 2022

Reserved Excess Surplus		\$ 600,000
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures		<u>600,000</u>
Total		<u>\$ 1,200,000</u>

Detail of Allowable Adjustments

Extraordinary Aid - Unbudgeted		<u>\$ 120,817</u>
		<u>\$ 120,817</u>

**EAST RUTHERFORD BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE 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. Procedures be reviewed and revised to ensure open purchase orders are reviewed at year end for validity and invalid encumbrances be cancelled accordingly in the General Fund. In addition, greater care be exercised at year end to ensure all accounts payable are recorded in the Special Revenue Fund.
2. The District resolutions to approve the transfer of unanticipated revenue and unexpended appropriations into its Reserve Accounts be no earlier than June 1 and no later than June 30, in accordance with N.J.S.A. 6A:23A-14.3.

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 Federal and State procurement regulations.

IV. School Food Services

4. It is recommended that the District develop a plan to eliminate the excess of net cash resources in the Food Service Fund.

V. Student Body Activities

There are none.

VI. Application for State School Aid

There are none.

VII. Pupil Transportation

There are none.

VIII. Facilities and Capital Assets

5. It is recommended that the District's capital asset accounting records be updated on an annual basis.

IX. Status of Prior Years' Audit Findings/Recommendations

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

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

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 & BLISS, LLP



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932