

**ROSELLE PUBLIC SCHOOLS
AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2022**

**ROSELLE PUBLIC SCHOOLS
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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 M. VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA

AUDITOR'S MANAGEMENT REPORT

Honorable President and
Members of the Board of Education
Roselle Public Schools
Roselle, 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 Roselle Public Schools as of and for the fiscal year ended June 30, 2022 and have issued our report thereon dated February 16, 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 Roselle Public School's 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.

Respectfully submitted,

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

Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
February 16, 2023

**ROSELLE PUBLIC SCHOOLS
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 Business Administrator/Board Secretary and Treasurer of School Monies, 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 Schedule of Insurance contained in the Statistical Section of the District's Annual Comprehensive Financial Report (the "ACFR").

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Anthony Juskiewicz	Business Administrator/ Board Secretary	\$310,000
Brian P. McCarthy	Treasurer of School Monies	\$310,000

There is a Public Employees' Faithful Performance Blanket Bond with the Selective Insurance Company covering all other employees with multiple coverage of \$100,000.

Finding 2022-1 – Our audit indicated that the surety bond of the Treasurer of School Monies is insufficient with respect to the minimum coverage required by N.J.A.C. 6A:23A-16.4.

Recommendation – The surety bond of the Treasurer of School Monies be increased to ensure coverage meets the minimum amount required by statute.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The Board made a proper adjustment, as applicable, to the billings to sending districts in accordance with N.J.A.C. 6A:23A-17.1(f)3.

P.L. 2020, c. 44

Our audit procedures included an inquiry and subsequent review of health benefits data required per N.J.S.A. 18A:16-3.3 (Chapter 44) submitted for the year of audit. The Chapter 44 summary report was reviewed for reasonableness.

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 signatures, certification or supporting documentation.

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 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.

**ROSELLE PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Financial Planning, Accounting and Reporting (Continued)

Payroll/Personnel

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.

Payrolls were approved by the Superintendent and were certified by the President of the Board, the Treasurer and the Chief School Administrator.

Salary withholdings were properly remitted to the proper agencies including health benefits withholding due to the general fund.

The District filed the required certification (E-CERT1) of compliance with requirements for income tax compensation of certain administrators with the NJ Department of Treasury.

Employee Position Control Roster

The Board has implemented and maintains a personnel tracking and accounting (Position Control) system.

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 to determine 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 received for propriety and to determine that goods were received and services were rendered, as of June 30.

Finding 2022-2 – Our audit of open purchase order balances indicated the following:

- A purchase order balance for payroll classified as a reserved for encumbrance was deemed invalid and should have been cancelled.
- A purchase order for a fiscal year 2021-22 obligation was reflected as a reserved for encumbrance rather than as an accounts payable.
- Purchase orders issued to Union County Vocational-Technical Schools for the 2020-21 and 2021-22 school years remain outstanding. Documentation could not be provided to support the District's obligation.

Recommendation – The open purchase order report be reviewed at year end to ensure balances are properly classified between accounts payable and reserved for encumbrances and that amounts represent valid obligations of the District.

Travel

The Board of Trustees has adopted a travel policy that complies with N.J.S.A. 18A:11-12.

Board Secretary's Records

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

The prescribed contractual order system was followed.

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

**ROSELLE PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Financial Planning, Accounting and Reporting (Continued)

Board Secretary's Records (Continued)

Acknowledgement of the Board's receipt of the Board Secretary and Treasurer's monthly financial reports was included in the minutes. The monthly certification of the availability of line item appropriations and fund balances were also approved.

The Board Secretary's and Treasurer's monthly reports were presented to the Board on a timely basis and were submitted to the Executive County Superintendent as prescribed by N.J.S.A. 18A:17-9 and 18A:17-36.

Finding 2022-3 (ACFR Finding 2022-02) – Our audit indicated that payments made to vendors through a lease purchase escrow account were not reflected in the District's financial records.

Recommendation – Payments made to vendors through lease purchase escrow accounts be reflected in the District's financial reporting system.

Finding 2022-4 – Our audit of the Special Revenue Fund budget report indicated the following:

- The original budget, as reflected in the budgetary reporting system, was \$-0- and did not reflect the District's approved Special Revenue Fund budget.
- Grant budget appropriations were not in agreement with actual grant amounts awarded to the District.

Recommendation – The Special Revenue Fund original budget, as reflected in the budgetary reporting system, be in agreement with District's approved budget. Furthermore, grant appropriations be in agreement with actual grant amounts awarded to the District.

Treasurer's Records

The Treasurer did perform cash reconciliations for all accounts required.

All cash receipts were promptly deposited.

Finding 2022-5 – Our audit of the payroll agency account indicated that the bank account was not properly reconciled with District records. The following was noted with respect to the payroll agency account:

- Outstanding checks listed on the reconciliation do not correspond with actual check numbers issued.
- Numerous aging outstanding reconciling items which appear to be invalid are reflected on the account reconciliation and should be cleared of record.
- The reconciled account balance at year end was insufficient to cover subsequent payments made for District obligations at June 30, 2022.

Recommendation – It is recommended that a review of the payroll agency account be undertaken to ensure that the account is properly reconciled, reconciling items are accurate and that the account is maintained on an imprest basis.

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 the projects under Title I, II, III, and IV of the Elementary and Secondary Education Act, as amended.

The audit indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

**ROSELLE PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Financial Planning, Accounting and Reporting (Continued)

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.

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 ACFR.

Our audit 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.

TPAF 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 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.

Nonpublic State Aid

Project Completion Reports were finalized and transmitted to the State by the due date.

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. The Board has designated the Business Administrator/Board Secretary 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 Board Attorney's opinion should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

**ROSELLE PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

School Purchasing Programs (Continued)

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 2022-6 (ACFR Findings 2022-01 and 2022-03) – Our audit of purchases and contract awards in excess of the bid threshold revealed the following as it relates to compliance with the Public School Contracts Law and State procurement guidelines

- Our audit indicated that payments were made to a vendor for substitute personnel services in the amount of \$454,638. The District awarded this as a professional service rather than through competitive contracting and/or public advertisement for bids.
- Our audit indicated several vendors were paid based on the utilization of state contracts and other cooperative purchasing agreements. In certain instances, the respective contract number utilized was not specified in the minutes or on the purchase order. Additionally, the applicable state contract and cooperative purchasing agreements were not able to be provided in order to determine the validity of the contracts, the propriety of the services performed and the accuracy of the amounts billed to the District.
- Our audit indicated that multiple contracts were awarded for general construction, carpentry and painting services based on time and material rates as stated in the cooperative purchasing agreement, however, payments were made based on vendor invoices with lump sum amounts. In addition, such vendor was utilized for numerous contracts that were not approved by the Board prior to services rendered.

Recommendation – It is recommended that:

- Contract for substitute personnel services be procured by public bid or competitive contracting.
- Documentation be maintained on file and made available for audit to support the District's awards pursuant to state contract and cooperative purchasing agreements.
- All invoices be itemized as to hourly rates, time and materials utilized for general construction services.
- In all instances, contract awards be approved by the Board prior to services rendered.

School Food Service

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 on 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.

**ROSELLE PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

School Food Service (Continued)

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 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 Free and Reduced Price meal eligible students.

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.

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.

Finding 2022-7 - Our audit indicated that the District's net cash resources in the food service fund exceeded the maximum allowed of three months' average expenditures.

Recommendation – Continued efforts be made to reduce net cash resources in the food service fund below the maximum allowed of three months' average expenditures.

Finding 2022-8 - Our audit indicated that the management fee charged by the Food Service Management Company exceeded the amount agreed upon in the approved contract.

Recommendation – The management fee charged to the District by the Food Service Management Company be calculated in accordance with the approved contract.

Scholarship Program

The financial records of the Scholarship Program were maintained in good condition.

Finding 2022-9 – Our audit of scholarship awards indicated that payments were not approved by the Board in the official minutes.

Recommendation – Scholarship payments be approved by the Board and included in the official minutes.

**ROSELLE PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Student Body Activities

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

Finding 2022-10 – Our of the various student activity accounts of the District indicated the following:

- Although deposit information is maintained, documentation is not maintained from the source of collection in order to ensure deposits were properly made.
- Certain disbursements were not supported by adequate documentation (ie-vendor invoices)
- Certain disbursements were made without approval signatures being obtained.

Recommendation – Internal controls over student activities be reviewed and enhanced to ensure that adequate documentation is maintained for transactions and that approval signatures are obtained prior to disbursements being made.

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, 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 District workpapers and information on the workpapers was verified. 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 2021-22 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with immaterial exceptions. The information on the DRTRS was verified with immaterial exceptions. 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. No exceptions were noted in our review of transportation related purchases of goods and services.

**ROSELLE PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Facilities and Capital Assets

Our procedures included a review of the SDA grant agreement for consistence with recording SDA revenue, transfer of local funds from the general fund or from the capital reserve account, and awarding of contracts for eligible facilities construction.

Finding 2022-11 – Our audit of the District’s Capital Projects Fund indicated the following:

- Appropriations for numerous capital projects were approved in 2010, 2012 and 2016 for a total of \$11,073,182. As of June 30, 2022, balances totaling \$5,913,539 remain unexpended.
- School Development Authority (SDA) grants were awarded to the District for the aforementioned projects in the total amount of \$6,666,036. As of June 30, 2022, \$2,928,747 is due from the State based on completion to date.

Recommendation – A review of the District’s SDA capital projects funding be undertaken to determine if the projects have been completed. Furthermore, efforts to be made to collect outstanding SDA grant receivables related to capital project expenditures.

Finding 2022-12 – Our audit indicated that the district’s budgetary reporting system for the capital projects fund did not reflect the available appropriations and remaining balances of uncompleted capital projects as reported in the audit.

Recommendation – The District’s budgetary reporting system include the appropriations and unexpended balances of uncompleted capital projects.

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.

The school district did submit 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.

Suggestion to Management

- Efforts be made to ensure year end cut off procedures pertaining to cash disbursements are adhered to.
- Disbursements made for pension and unemployment expenditures be included on the monthly bills list.
- Transactions occurring in the Computer Protection Account be recorded on the District’s financial system.
- The Community School Account be reviewed for necessity.

**ROSELLE PUBLIC SCHOOLS
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Not Applicable

**ROSELLE PUBLIC SCHOOLS
FOOD SERVICE FUND
NET CASH RESOURCE SCHEDULE
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**Net cash resources did exceed three months of expenditures
Proprietary Funds - Food Service
FYE 2022**

Current Assets

Cash & Cash Equiv.	\$	1,700,669
Due from Other Gov'ts		238,963

Current Liabilities

Less Due to Other Funds		(1,017,967)
Unearned Revenue		(8,335)

Net Cash Resources	\$	913,330.00
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Net Adjusted Total Operating Expense:

B-5	Total Operating Exp.	2,879,769
B-5	Less Depreciation	(14,972)
	Adjusted Total Operating Exp.	\$ 2,864,797.00

<u>Average Monthly Operating Expense:</u>	\$	286,479.70
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<u>Three times monthly Average:</u>	\$	859,439.10
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Total Net Cash Resources	\$	913,330.00
Three Times Monthly Average	\$	859,439.10
Amount Above Allowable Net Cash Resources	\$	53,890.90

**ROSELLE PUBLIC SCHOOLS
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 Years Old	6		6		-	-	6		6		-					
Half Day Preschool 4 Years Old	19		19		-	-	7		7		-					
Full Day Preschool 3 Years Old	8		8		-	-	4		4		-					
Full Day Preschool 4 Years Old	13		13		-	-	4		4		-					
Full Day Kindergarten	187		187		-	-	187		187		-					
Grade 1	198		198		-	-	61		61		-					
Grade 2	177		177		-	-	60		60		-					
Grade 3	209		209		-	-	68		68		-					
Grade 4	181		181		-	-	51		51		-					
Grade 5	208		208		-	-	208		208		-					
Grade 6	189		189		-	-	189		189		-					
Grade 7	216		216		-	-	216		216		-					
Grade 8	234		234		-	-	234		234		-					
Grade 9	183		183		-	-	183		183		-					
Grade 10	210		210		-	-	210		210		-					
Grade 11	179		179		-	-	179		179		-					
Grade 12	145		145		-	-	145		145		-					
Post- Graduate					-	-					-					
Adult High School (15+ Credits)					-	-					-					
Adult High School (1-14 Credits)					-	-					-					
Subtotal	2,562	-	2,562	-	-	-	2,012	-	2,012	-	-	-	-	-	-	-
Sp Ed - Elementary	150		150		-	-	21		21		-					
Sp Ed - Middle School	73		73		-	-	15		15		-					
Sp Ed - High School	86		86		-	-	23		23		-		4	4	4	-
Subtotal	309	-	309	-	-	-	59	-	59	-	-	-	4	4	4	-
County Vocational - Regular					-	-					-					
County Vocational - F.T. Post-Second					-	-					-					
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	2,871	-	2,871	-	-	-	2,071	-	2,071	-	-	-	4	4	4	-
Percentage Error					0.00%						0.00%		0.00%		0.00%	

ROSELLE PUBLIC SCHOOLS
 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
Half Day Preschool 3 Years Old			-			-
Full Day Preschool 3 Years Old			-			-
Half Day Preschool 4 Years Old			-			-
Full Day Preschool 4 Years Old			-			-
Full Day Kindergarten	19	19	-	2	2	-
Grade 1	14	14	-	5	5	-
Grade 2	11	11	-	4	4	-
Grade 3	7	7	-	5	5	-
Grade 4	5	5	-	6	6	-
Grade 5	13	13	-	4	4	-
Grade 6	7	7	-	2	2	-
Grade 7	8	8	-	2	2	-
Grade 8	11	11	-	4	4	-
Grade 9	10	10	-	5	5	-
Grade 10	12	12	-	3	3	-
Grade 11	17	17	-	2	2	-
Grade 12	9	9	-	2	2	-
Post- Graduate			-			-
Adult High School (15+ Credits)			-			-
Adult High School (1-14 Credits)			-			-
Subtotal	143	143	-	46	46	0
Sp Ed - Elementary	1	1	-	1	1	-
Sp Ed - Middle School	1	1	-	1	1	-
Sp Ed - High School	1	1	-	1	1	-
Subtotal	3	3	-	3	3	-
County Vocational - Regular						
County Vocational - F.T. Post-Second						
Subtotal						
Totals	146	146	-	49	49	-
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

**ROSELLE PUBLIC SCHOOLS
CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

2021-2022 Total General Fund Expenditures per the ACFR		\$ 73,596,827
Decreased by:		
Acquisitions Under Leases and Capital Financing Agreements	\$ (2,952,856)	
On-Behalf TPAF Pension & Social Security	<u>(12,031,807)</u>	
		<u>(14,984,663)</u>
Adjusted 2021-2022 General Fund Expenditures		<u>\$ 58,612,164</u>
4% of Adjusted 2021-2022 General Fund Expenditures		\$ 2,344,487
Increased by:		
Allowable Adjustment		<u>-</u>
Maximum Unassigned Fund Balance		<u>\$ 2,344,487</u>
Total General Fund - Fund Balance at June 30, 2022		\$ 12,212,379
Decreased by:		
Reserved for Encumbrances	\$ 2,330,869	
Other Restricted Fund Balance - Capital Reserve	3,500,986	
Other Restricted Fund Balance - Maintenance Reserve	300,000	
Other Restricted Fund Balance - Emergency Reserve	100,000	
Other Restricted Fund Balances - Capital Financing Agreements	118,937	
Excess Surplus - Designated for Subsequent Year's Expenditures	1,848,098	
Assigned - Designated for Subsequent Year's Expenditures	<u>251,902</u>	
		<u>8,450,792</u>
Total Unassigned Fund Balance		<u>\$ 3,761,587</u>
Fund Balance - Excess Surplus		<u>1,417,100</u>
<u>Recapitulation of Excess Surplus as of June 30, 2022</u>		
Excess Surplus- Designated in Subsequent Year's Budget	\$ 1,848,098	
Excess Surplus		<u>1,417,100</u>
		<u>\$ 3,265,198</u>

**ROSELLE PUBLIC SCHOOLS
RECOMMENDATIONS**

I. Administrative Practices and Procedures

1. It is recommended that the surety bond of the Treasurer of School Monies be increased to ensure coverage meets the minimum amount required by statute.

II. Financial Planning, Accounting and Reporting

It is recommended that:

2. The open purchase order report be reviewed at year end to ensure balances are properly classified between accounts payable and reserved for encumbrances and that amounts represent valid obligations of the District.
3. Payments made to vendors through lease purchase escrow accounts be reflected in the District's financial reporting system.
4. The Special Revenue Fund original budget, as reflected in the budgetary reporting system, be in agreement with District's approved budget. Furthermore, grant appropriations be in agreement with actual grant amounts awarded to the District.
5. A review of the payroll agency account be undertaken to ensure that the account is properly reconciled, reconciling items are accurate and that the account is maintained on an imprest basis

III. School Purchasing Program

6. With respect to District contract awards, it is recommended that:
 - a. Contract for substitute personnel services be procured by public bid or competitive contracting.
 - b. Documentation be maintained on file and made available for audit to support the District's awards pursuant to state contract and cooperative purchasing agreements.
 - c. All invoices be itemized as to hourly rates, time and materials utilized for general construction services.
 - d. In all instances, contract awards be approved by the Board prior to services rendered.

IV. School Food Services

It is recommended that:

- * 7. Continued efforts be made to reduce net cash resources in the food service fund below the maximum allowed of three months' average expenditures.
8. The management fee charged to the District by the Food Service Management Company be calculated in accordance with the approved contract.

V. Scholarships

9. It is recommended that scholarship payments be approved by the Board and included in the official minutes.

**ROSELLE PUBLIC SCHOOLS
RECOMMENDATIONS**

VI. Student Body Activities

10. It is recommended that internal controls over student activities be reviewed and enhanced to ensure that adequate documentation is maintained for transactions and that approval signatures are obtained prior to disbursements being made.

VII. Application for State School Aid

There are none.

VIII. Pupil Transportation

There are none.

IX. Facilities and Capital Assets

It is recommended that:

11. A review of the District's SDA capital projects funding be undertaken to determine if the projects have been completed. Furthermore, efforts to be made to collect outstanding SDA grant receivables related to capital project expenditures.
12. The District's budgetary reporting system include the appropriations and unexpended balances of uncompleted capital projects.

X. Miscellaneous

There are none.

XI. Status of Prior Years' Audit Findings/Recommendations

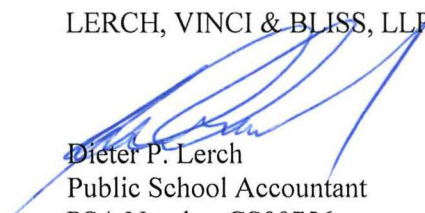
A review was performed on all prior years' recommendations and corrective action was taken on all, other than those denoted with an asterisk (*) above.

ACKNOWLEDGEMENT

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

Respectfully submitted,

LERCH, VINCI & BLISS, LLP


Dieter P. Lerch
Public School Accountant
PSA Number CS00756