

**Carteret Board of Education  
Carteret, New Jersey**

**AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS–  
FINANCIAL, COMPLIANCE AND PERFORMANCE**

**June 30, 2023**

**AUDITOR’S MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS–  
FINANCIAL, COMPLIANCE AND PERFORMANCE**

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## INDEPENDENT AUDITORS' REPORT

Honorable President and Members  
of the Board of Trustees  
Carteret Board of Education  
County of Middlesex, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Carteret Board of Education, County of Middlesex as of and for the year ended June 30, 2023, and have issued our report thereon dated February 15, 2024.

As part of our audit, we performed procedures required by the New Jersey Department of Education 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 the Carteret Board of Education's management and Board members and the New Jersey Department of Education and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*PKF O'Connor Davies, LLP*

Woodcliff Lake, New Jersey  
February 15, 2024

A handwritten signature in blue ink that reads "Gary Higgins".

Gary Higgins, CPA  
Licensed Public School Accountant, No. CS00814

**CARTERET BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE**

**JUNE 30, 2023**

**Scope of Audit**

The audit covered the financial transactions of the Board Secretary/School Business Administrator, 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

Insurance coverage was carried in the amounts as detailed on J-20, Insurance Schedule contained in the District's ACFR.

Official Bonds (*N.J.S.A. 18A:17-26, 18A:17-32, 18A:13-13*)

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Carmela Collazo	Board Secretary/School Business Administrator	\$340,000
Mary Beth Hronich	Board Designee/Assistant Business Administrator	340,000

There is a Public Employees' Faithful Performance Blanket Position Bond with the New Jersey School Boards Association Insurance Group covering all other employees with coverage of \$250,000.

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 the 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 did not indicate any discrepancies with respect to signatures, certification or supporting documentation and no exceptions were noted.

**CARTERET BOARD OF EDUCATION**  
**ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE**

**JUNE 30, 2023**

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

Payroll Account and Position Control Roster

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, the Board Secretary/Business Administrator, and the Chief School Administrator.

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

Salary withholdings were promptly remitted to the proper agencies, including health benefits withholding due to the general fund, where applicable.

Payrolls were delivered to the secretary of the board who then deposited with warrants in separate bank accounts for net payroll and withholdings.

Our review of the payroll accounts did not reveal any exceptions.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30 for proper classification of orders as reserve for encumbrances and accounts payable and no exceptions were noted.

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 test samples, 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, a transaction error rate of 9.50 percent overall was noted, and additional procedures were deemed necessary to test the propriety of expenditures classification.

**Finding 2023-001** – During our test of transactions, it was noted that the District misclassified certain expenditures. The expenditures were reclassified to the appropriate line items for financial statement presentation purposes.

**CARTERET BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE**

**JUNE 30, 2023**

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

Classification of Expenditures (continued)

**Recommendation** – The District should reference *The Uniform Minimum Chart of Accounts for New Jersey Public Schools* and other available reference materials, such as the Budget Guidelines for the proper classifications required to be in compliance with *N.J.A.C. 6A:23A-16.2(f)*.

Board Secretary's Records

Our review of the financial and accounting records maintained by the Board Secretary disclosed no exceptions except for the following:

**Finding 2023-002** – Two budgetary account lines were over-expended during the fiscal year end at June 30, 2023. The cause of the over-expenditures were due to the reclassifications required as a result of finding 2023-001, therefore no recommendation is warranted.

Bank Reconciliations

The cash reconciliations for the general operating account and payroll accounts were performed by the Board's designee in accordance with N.J.S.A. 18A:17-9.

The monthly records pertaining to cash reconciliations were in agreement with the records of the Board Secretary.

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

The E.S.E.A./NCLB 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, Title II, Title III and Title VI of the Elementary and Secondary Education Act as amended and reauthorized. The study of compliance for E.S.E.A./N.C.L.B. indicated no instances of noncompliance and/or questionable costs.

Other Special Federal and/or State Projects

The District's special projects were approved as listed on Schedules A (K-3) and B (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.

**CARTERET BOARD OF EDUCATION**  
**ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE**

**JUNE 30, 2023**

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

Other Special Federal and/or State Projects (continued)

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.

The study of compliance for the special projects indicated no instances of noncompliance and/or questionable costs.

**Finding 2023-003 (ACFR Finding 2023-001)** - It was noted the District did not have formal written policies that address Uniform Grant Guidance requirements, such as:

- determining the allowability of costs in accordance with federal cost principles the and the terms and conditions of the federal award; and
- the mandatory disclosure of all violations of federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the federal award.

**Recommendation** – The District should develop written policies and procedures that meet the criteria required by the Uniform Grant Guidance.

**Finding 2023-004** - The amounts appropriated for several federal and state grants in the District's accounting records could not always be reconciled with corresponding amounts awarded in the federal EWEG system and to state grant award notices.

**Recommendation** - The District must implement a process to ensure that appropriations of all federal and state grants are recorded appropriately in the financial records.

**Finding 2023-005 – (ACFR Finding 2023-003)** – The District's final federal grant expenditure reports do not agree to the grant expenditures recorded in the special revenue fund general ledger.

**Recommendation** – The District should reconcile all special revenue fund expenditures, including encumbrances, to the final federal grant expenditure reports to verify they are in agreement.

**Finding 2023-006** – The audit of the Preschool Education Aid indicated the actual carryover as of June 30, 2023 of \$583,332 is less than the 2023/2024 budgeted carryover of \$833,718.

**Recommendation** – The District modify the 2023/2024 budget to reflect the actual Preschool Education Aid carryover anticipated as a revenue.

**CARTERET BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE**

**JUNE 30, 2023**

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

**Federal Programs – Collaborative Monitoring Report**

We have also reviewed any findings contained in the audit reports issued by the Office of Fiscal Accountability and Compliance (OFAC). The New Jersey Department of Education (NJDOE) conducted a review in March of 2022 to monitor the implementation and execution of certain federal programs for which the District received funds. The grants and programs reviewed were for the period July 1, 2021 through February 28, 2022.

The NJDOE issued a Collaborative Monitoring Report (the “Report”) dated June 2022. The Report included both grant specific programmatic and administrative findings and recommendations. The School Business Administrator prepared a corrective action plan (CAP) that was presented to the Board of Trustees at a public meeting on July 27, 2022. The CAP was unanimously approved and was submitted to the NJDOE for approval. As of the audit report date, the NJDOE has not notified the District with regard to the acceptance of the CAP.

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly 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 Report(s) for all federal awards for the school district to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds was made prior to the end of the 90 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

**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:18A3(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 for 2022-2023.



**CARTERET BOARD OF EDUCATION**  
**ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE**

**JUNE 30, 2023**

**School Purchasing Programs (Continued)**

Contracts and Agreements Requiring Advertisement for Bids (continued)

The District has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Solicitor's opinion should be sought before a commitment is made.

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

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

**School Food Service**

School Food Authorities, (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.

SFAs 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 financial transactions and statistical records of the school food service fund were reviewed. 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 Fixed Price or Non-Competitive Emergency Procurement contract/addendum were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will return a profit of at least \$250,000. The operating results provision has been met. All vendor discounts, rebates, and credits from vendors and/or the FSMC were tracked and credited to the Food Service Account and reconciled to supporting documentation at least annually.

**CARTERET BOARD OF EDUCATION**  
**ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE**

**JUNE 30, 2023**

**School Food Service (continued)**

Expenditures should be 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.

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

Net cash resources did exceed three months average expenditures.

**Finding 2023-007 (ACFR Finding 2023-002)** – The Food Service Fund net cash resources exceeded the maximum amount permitted by the New Jersey State Department of Education.

**Recommendation** – The District should take remedial actions to reduce net cash resources on hand in the Food Service Fund.

Time sheets were reviewed, and labor costs verified. Payroll records were maintained on all School Food Services employees authorized by the board of education/board of trustees. No exceptions were noted.

The number of meals claimed for reimbursement was compared to sales and meal count records. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement claims were certified in a timely manner.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served was compared to the number of valid applications /or to the list of directly certified students on file, times the number of operating days, on a school-by-school basis. The free and reduced price meal and free milk policy was reviewed for uniform administration throughout the school system. Sites approved to participate in Provisions I and II were examined for compliance with all counting and claiming requirements. The required verification procedures for free and reduced price applications were completed and available for review.

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.

**CARTERET BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE**

**JUNE 30, 2023**

**School Food Service (continued)**

The Statement of Revenues, Expenses, and Changes in Net Position (ACFR Schedule B-5) does separate program and non-program revenue.

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

**Finding 2023-008** – Certain meal applications were recorded in the incorrect category. The resulting over claim has been identified by the auditor on the federal and state Schedule of Meal Count Activity. No recommendation is warranted since the overclaim is immaterial and the District implemented a new review and approval system subsequent to year end.

**Student Body Activities**

During our audit of the student activity funds, we did not note any exceptions.

**Application for State School Aid**

Our audit procedures included a test of information reported in the October 14, 2022 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, 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 immaterial exceptions. The information that was included on the work papers was verified without exception. 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**

Because Transportation Aid was not tested as a major program in the 2023 fiscal year, our audit procedures did not include a test of on roll status reported in the 2022-2023 District Report of Transported Resident Students (DRTRS). We did agree the information presented on the DRTRS by the County/NJDOE and compared the information presented by the District with no exceptions.

**CARTERET BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE**

**JUNE 30, 2023**

**Pupil Transportation (Continued)**

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.

**Facilities and Capital Assets**

The District had no SDA grant projects during the year. The District utilized a third party provider to maintain the District's capital assets records.

**Testing for Lead of All Drinking Water in Educational Facilities**

The school district adhered to all the 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 submitted the annual Statement of Assurance to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

**Follow-up on Prior Year Findings**

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year recommendations including findings. All prior year findings have been corrected with the exception of finding 2022-003 (ACFR Finding 2023-001) which is repeated as finding 2023-003, finding 2022-006 which is repeated as finding 2023-004 and finding 2022-009 which is repeated as finding 2023-007.

**Acknowledgment**

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,

PKF O'CONNOR DAVIES, LLP



Gary W. Higgins, CPA  
Public School Accountant  
PSA Number CS00814

**SCHEDULE OF MEAL COUNT ACTIVITY**

**CARTERET BOARD OF EDUCATION**

**FOOD SERVICE FUND**

**NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM -FEDERAL**

**ENTERPRISE FUND**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

<u>PROGRAM</u>	<u>MEAL CATEGORY</u>	<u>MEALS CLAIMED</u>	<u>MEALS TESTED</u>	<u>MEALS VERIFIED</u>	<u>DIFFERENCE</u>	<u>RATE</u>	<u>(OVER) UNDER CLAIM</u>
National School Lunch (Regular Rate)	Paid	78,064	78,064	78,214	150	\$ 0.79	\$ 118.50
National School Lunch (Regular Rate)	Reduced	37,942	37,942	37,437	(505)	3.95	(1,994.75)
National School Lunch (Regular Rate)	Free	290,856	290,856	291,211	355	4.35	1,544.25
National School Lunch (SSO Rate)	Free	3,407	3,407	3,407	-	4.56	-
National School Breakfast (Regular Rate)	Paid	4,598	4,598	4,736	138	0.50	69.00
National School Breakfast (Regular Rate)	Reduced	3,024	3,024	2,945	(79)	1.96	(154.84)
National School Breakfast (Regular Rate)	Free	23,047	23,047	22,988	(59)	2.26	(133.34)
National School Breakfast (SSO Rate)	Free	2,781	2,781	2,781	-	2.61	-
National School Breakfast (Severe Needs Rate)	Free	108,009	108,009	108,010	1	2.67	2.67
National School Breakfast (Severe Needs Rate)	Reduced	10,146	10,146	10,146	-	2.37	-
National School Breakfast (Severe Needs Rate)	Paid	17,505	17,505	17,504	(1)	0.50	(0.50)
After School Snack Program	Paid	28,453	28,453	28,453	-	1.08	-
After School Snack Program	Reduced	-	-	-	-	0.54	-
After School Snack Program	Free	-	-	-	-	0.08	-
	<b>TOTAL</b>	<b>607,832</b>	<b>607,832</b>	<b>607,832</b>			<b>(549.01)</b>
National School Lunch	HHFKA - PB Lunch Only	406,862	406,862	406,862	-	0.08	-
							<b>Total Net Overclaim (549.01)</b>

**SCHEDULE OF MEAL COUNT ACTIVITY**

**CARTERET BOARD OF EDUCATION**

**FOOD SERVICE FUND**

**NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM -STATE**

**ENTERPRISE FUND**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

<u>PROGRAM</u>	<u>MEAL CATEGORY</u>	<u>MEALS CLAIMED</u>	<u>MEALS TESTED</u>	<u>MEALS VERIFIED</u>	<u>DIFFERENCE</u>	<u>RATE</u>	<u>(OVER) UNDER CLAIM</u>
State Reimbursement - National School Lunch (Regular and SSO Rate)	Paid	78,064	78,064	78,214	150	\$ 0.06	\$ 9.00
State Reimbursement - National School Lunch (Regular and SSO Rate)	Reduced	37,942	37,942	37,437	(505)	0.07	(35.35)
State Reimbursement - National School Lunch (Regular and SSO Rate)	Free	290,856	290,856	291,211	355	0.07	24.85
National School Lunch (Supplement Rate)	Reduced	37,942	37,942	37,942	-	0.40	-
National School Breakfast Afterbell (Supplement Rate)		116,528	116,528	116,528	-	0.10	-
	<b>TOTAL</b>	<u>561,332</u>	<u>561,332</u>	<u>561,332</u>	<b>Total Net Overclaim</b>		<u>(1.50)</u>

Carteret Board of Education

**Net cash resources did exceed three months of expenditures  
Proprietary Funds - Food Service  
Year ended June 30, 2023**

				Food Service B - 4/5	
<b><u>Net Cash Resources:</u></b>					
<b>ACFR</b>	*	<b>Current Assets</b>			
B-4		Cash & Cash Equiv.	\$	1,216,052	
B-4		Due from Other Gov'ts		404,783	
B-4		Accounts Receivable		52,237	
B-4		Interfund Receivable		190,617	
B-4		Inventories		49,262	
B-4		Investments			
<b>ACFR</b>	*	<b>Current Liabilities</b>			
B-4		Less Accounts Payable			
B-4		Less Accruals			
B-4		Less Due to Other Funds			
B-4		Less Unearned Revenue		(29,014)	
		<b>Net Cash Resources</b>	<b>\$</b>	<b>1,883,937</b>	<b>(A)</b>

**Net Adj. Total Operating Expense:**

B-5		Tot. Operating Exp.		2,364,481	
B-5		Less Depreciation		(51,922)	
		<b>Adj. Tot. Oper. Exp.</b>	<b>\$</b>	<b>2,312,559</b>	<b>(B)</b>

**Average Monthly Operating Expense:**

	B / 10	<b>\$</b>	<b>231,256</b>	<b>(C)</b>
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**Three times monthly Average:**

	3 X C	<b>\$</b>	<b>693,768</b>	<b>(D)</b>
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TOTAL IN BOX A	\$	1,883,937	
LESS TOTAL IN BOX D		693,768	
NET	<b>\$</b>	<b>1,190,169</b>	
From above:			
<b>A is greater than D, cash exceeds 3 X average monthly operating expenses.</b>			
<b>D is greater than A, cash does not exceed 3 X average monthly operating expenses.</b>			

\* Inventories are not to be included in total current assets.

SOURCE - USDA resource management comprehensive review form

**CARTERET BOARD OF EDUCATION**

**SCHEDULE OF AUDITED ENROLLMENTS**

**APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 14, 2022**

	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 Registers 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				
Half Day Preschool																
Full Day Preschool	150		139		11			48		48						
Half Day Kindergarten																
Full Day Kindergarten	224		224					65		65						
One	257		257					93		93						
Two	249		249					80		80						
Three	228		228					75		75						
Four	236		236					66		66						
Five	255		255					255		255						
Six	235		235					235		235						
Seven	268		268					268		268						
Eight	286		286					286		286						
Nine	256		256					256		256						
Ten	228		228					228		228						
Eleven	233		233					233		233						
Twelve	243		243					243		243						
Subtotal	3,348		3,337		11			2,431		2,431.0						
Special Ed - Elementary	208		208					30		30			3	2	2	
Special Ed - Middle School	88	6	88	6				35	6	35	6		3	3	3	
Special Ed - High School	129		129					129		129			7	7	7	
Subtotal	425	6	425	6				194	6	194	6		13	12	12	
Co. Voc. - Regular																
Co. Voc. Ft. Post Sec.																
Totals	3,773	6	3,762	6	11			2,625	6	2,625	6		13	12	12	
Percentage Error					0.29%											



**SCHEDULE OF AUDITED ENROLLMENTS**

**CARTERET BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 14, 2022**

	<u>Resident Low Income</u>			<u>Sample for Verification</u>			<u>Resident LEP Low Income</u>			<u>Sample for Verification</u>		
	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 A.S.S.A. as LEP low Income	Reported on Workpapers as LEP low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Half Day Preschool												
Full Day Preschool	70	70		8	7	1						
Half Day Kindergarten												
Full Day Kindergarten	131	131		13	13		37	37		15	15	
One	185	185		20	20		45	45		18	18	
Two	179	179		19	18	1	47	42	5	19	19	
Three	168	168		18	17	1	43	43		18	18	
Four	184	184		20	20		34	34		14	14	
Five	200	200		24	24		33	30	3	14	14	
Six	173	173		20	20		23	23		9	9	
Seven	204	204		26	25	1	33	30	3	14	14	
Eight	201	201		26	25	1	28	25	3	11	11	
Nine	188	188		24	23	1	24	23	1	10	10	
Ten	165	165		18	18		18	18		7	7	
Eleven	156	156		18	17	1	11	11		5	5	
Twelve	170	170		18	18		22	16	6	9	9	
Subtotal	<u>2,374</u>	<u>2,374</u>		<u>272</u>	<u>265</u>	<u>7</u>	<u>398</u>	<u>377</u>	<u>21</u>	<u>163</u>	<u>163</u>	
Special Ed - Elementary	161	161		8	8		31	30	1	13	13	
Special Ed - Middle	72	72		4	4		5	2	3	2	2	
Special Ed - High	96	96		7	7		7	4	3	3	3	
Subtotal	<u>329</u>	<u>329</u>		<u>19</u>	<u>19</u>		<u>43</u>	<u>36</u>	<u>7</u>	<u>18</u>	<u>18</u>	
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Totals	<u>2,703</u>	<u>2,703</u>		<u>291</u>	<u>284</u>	<u>7</u>	<u>441</u>	<u>413</u>	<u>28</u>	<u>181</u>	<u>181</u>	
Percentage Error						<u>2.41%</u>			<u>6.35%</u>			

<b>Transportation</b>						
	Reported on DRTRS by DOE/county	Reported on DRTRS by District	Difference	Tested	Verified	Errors
Reg. - Public Schools	162	162				
Reg -SpEd	105	105				
Transported - Non-Public						
ALL - Non-Public	85	85				
Special Ed Spec	57	57				
Totals	<u>409</u>	<u>409</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Percentage Error						

	Reported	Recalculated
Reg Avg.(Mileage) = Regular Including Grade PK students (Part A)	8.9	8.9
Reg Avg.(Mileage) = Regular Excluding Grade PK students (Part B)		
Spec Avg. = Special Ed with Special Needs	6.9	6.9

**SCHEDULE OF AUDITED ENROLLMENTS**

**CARTERET BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 14, 2022**

	<b>Resident LEP NOT Low Income</b>			<b>Sample for Verification</b>		
	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
Half Day Preschool						
Full Day Preschool						
Half Day Kindergarten						
Full Day Kindergarten	13	13		2	2	
One	8	8		1	1	
Two	9	9		1	1	
Three	11	11		1	1	
Four	8	8		1	1	
Five	6	6		1	1	
Six	7	6	1	1	1	
Seven	9	9		1	1	
Eight	5	4	1	1	1	
Nine	10	9	1	1	1	
Ten	5	5		1	1	
Eleven	8	8		1	1	
Twelve	12	12		2	2	
Subtotal	<u>111</u>	<u>108</u>	<u>3</u>	<u>15</u>	<u>15</u>	
Special Ed - Elementary	6	6		1	1	
Special Ed - Middle	1	1				
Special Ed - High	3	1	2			
Subtotal	<u>10</u>	<u>8</u>	<u>2</u>	<u>1</u>	<u>1</u>	
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	<u>121</u>	<u>116</u>	<u>5</u>	<u>16</u>	<u>16</u>	
Percentage Error			<u>4.13%</u>			

**CARTERET BOARD OF EDUCATION**

**EXCESS SURPLUS CALCULATION**

**JUNE 30, 2023**

**SECTION 1 - Regular District**

**B. 2% Calculation of Excess Surplus**

2022-23 Total General Fund Expenditures per the ACFR, Ex. C-1	\$ 84,026,044	(B)
Increased by Applicable Operating Transfers:		
Transfer from Capital Outlay to Capital Projects Fund	\$ _____	(B1a)
Transfer from Capital Reserve to Capital Projects Fund	\$ _____	(B1b)
Transfer from General Fund to SRF for PreK-Regular	\$ _____	(B1c)
Transfer from General Fund to SRF for PreK-Inclusion	\$ _____	(B1d)
Decreased by:		
On-Behalf TPAF Pension, Post-Retirement Contributions, Long-Term Disability Insurance and Social Security	\$ 16,043,184	(B2a)
Assets Acquired Under Capital Leases	\$ _____	(B2b)
Adjusted 2022-23 General Fund Expenditures [(B) + (B1s) - (B2s)]	\$ 67,982,860	(B3)
2% of Adjusted 2022-23 General Fund Expenditures [(B3) times .02]	\$ 1,359,657	(B4)
Enter Greater of (B4) or \$250,000	\$ 1,359,657	(B5)
Increased by: Allowable Adjustment*	\$ 634,099	(K)
Maximum Unassigned/Undesignated - Unreserved Fund Balance [(B5) + (K)]	\$ 1,993,756	(M)

**SECTION 2**

Total General Fund - Fund Balances at 6-30-23 (Per ACFR Budgetary Comparison Schedule C-1)	\$ 20,818,250	(C)
Decreased by:		
Year-end Encumbrances	\$ 6,240,116	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ _____	(C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ _____	(C3)
Other Restricted Fund Balances****	\$ 9,988,899	(C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	\$ 2,595,479	(C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]	\$ 1,993,756	(U1)

**CARTERET BOARD OF EDUCATION**

**EXCESS SURPLUS CALCULATION**

**JUNE 30, 2023**

**SECTION 3**

Restricted Fund Balance - Excess Surplus \*\*\*  
 [(U1)-(M)] IF NEGATIVE ENTER -0- \$ \_\_\_\_\_ - (E)

**Recapitulation of Excess Surplus as of June 30, 2023**

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ _____ - (C3)
Reserved Excess Surplus *** [(E)]	\$ _____ - (E)
 Total Excess Surplus [(C3)+(E)]	 \$ _____ - (D)

Allowable adjustment to expenditures on line K must be detailed as follows. This \* adjustment line (as detailed below) is to be utilized when applicable for:

- (H) Federal Impact Aid. The passage of P.L.2015, c.46 amended N.J.S.A. 18A:7F-41 to permit a board of education to appropriate federal impact aid funds to establish or supplement a federal impact aid legal reserve in the general fund. Accordingly the Federal Impact Aid adjustment to expenditures is limited to the portion of Federal Impact Aid Section 8002 and Section 8003 received during the fiscal year and recognized as revenue on the General Fund Budgetary Comparison Schedule, but not transferred to the Federal Impact Aid Reserve – General (8002 or 8003) by board resolution during June 1 to June 30 of the fiscal year under audit. Amounts transferred to the reserve are captured on line (C4);
- (I) Sale and Lease-back (Refer to the Audit Program Section II, Chapter 10);
- (J1) Extraordinary Aid;
- (J2) Additional Nonpublic School Transportation Aid;
- (J3) Recognized current year School Bus Advertising Revenue; and
- (J4) Family Crisis Transportation Aid.
- (J5) Maintenance of Equity Aid and State Military Impact Aid.

**Detail of Allowable Adjustments**

Impact Aid	\$ _____ - (H)
Sales & Lease-back	\$ _____ - (I)
Extraordinary Aid	\$ <u>607,579</u> (J1)
Additional Nonpublic School Transportation Aid	\$ <u>26,520</u> (J2)
Current Year School Bus Advertising Revenue Recognized	\$ _____ - (J3)
Family Crisis Transportation Aid	\$ _____ - (J4)
Maintenance of Equity Aid and State Military Impact Aid	\$ _____ - (J5)
 Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)+(J5)]	 \$ <u>634,099</u> (K)

\*\* This amount represents the June 30, 2023 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

\*\*\* Amount must agree to the June 30, 2023 ACFR and must agree to Audit Summary Worksheet Line 90030.

\*\*\*\* Amount for Other Restricted Fund Balances must be detailed for each source. Use in the excess surplus calculation of any legal reserve that is not state mandated or that is not legally imposed by any other type of government, such as the judicial branch of government, must have Departmental approval. District requests should be submitted to the Division of Finance prior to September 30.

CARTERET BOARD OF EDUCATION

EXCESS SURPLUS CALCULATION

JUNE 30, 2023

Detail of Other Restricted Fund Balance

Statutory restrictions:	
Approved unspent separate proposal	\$ -
Sale/lease-back reserve	\$ -
Capital reserve	\$ 9,201,994
Maintenance reserve	\$ -
Emergency reserve	\$ 500,000
Tuition reserve	\$ -
School bus advertising 50% fuel offset reserve - current year	\$ -
School bus advertising 50% fuel offset reserve - prior year	\$ -
Impact Aid General Fund Reserve	\$ -
Impact Aid Capital Fund Reserve	\$ -
Other state/government mandated reserves	\$ -
Reserve for unemployment	\$ 286,905
Other Restricted Fund Balance not noted above	\$ -
Total Other Restricted Fund Balance	\$ 9,988,899 (C4)

**CARTERET BOARD OF EDUCATION  
COUNTY OF MIDDLESEX**

**RECOMMENDATIONS**

**June 30, 2023**

**I. Administration Practices and Procedures**

There are none.

**II. Financial Planning, Accounting and Reporting**

2023-001      The District should reference *The Uniform Minimum Chart of Accounts for New Jersey Public Schools* and other available reference materials, such as the Budget Guidelines for the proper classifications required to be in compliance with N.J.A.C. 6A:23A-16.2(f).

2023-003 (ACFR Finding 2023-001)      The District should develop written policies and procedures that meet the criteria required by the Uniform Grant Guidance.

2023-004      The District must implement a process to ensure that appropriations of all federal and state grants are recorded appropriately in the financial records.

2023-005 (ACFR Finding 2023-003)      The District should reconcile all special revenue fund expenditures, including encumbrances, to the final federal grant expenditure reports to verify they are in agreement.

2023-006      The District modify the 2023/2024 budget to reflect the actual Preschool Education Aid carryover anticipated as a revenue.

**III. School Purchasing Program**

There are none.

**IV. School Food Service**

2023-007 (ACFR Finding 2023-002)      The District should take remedial actions to reduce net cash resources on hand in the Food Service Fund.

CARTERET BOARD OF EDUCATION  
COUNTY OF MIDDLESEX

RECOMMENDATIONS (Continued)

June 30, 2023

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**

There are none.

IX. **Miscellaneous**

There are none.

X. **Status of Prior Year Audit Findings/Recommendations**

In accordance with Government Auditing Standards, our procedures included a review of the prior year recommendations. All prior year findings have been corrected with the exception of finding 2022-003 (ACFR Finding 2023-001) which is repeated as finding 2023-004, finding 2022-006 which is repeated as finding 2023-005 and finding 2022-009 which is repeated as finding 2023-008.