

**RUTHERFORD BOARD OF EDUCATION  
AUDITOR'S MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS -  
FINANCIAL, COMPLIANCE AND PERFORMANCE  
JUNE 30, 2023**

**RUTHERFORD BOARD OF EDUCATION  
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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REGISTERED MUNICIPAL ACCOUNTANTS

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## AUDITOR'S MANAGEMENT REPORT


Honorable President and Members  
of the Board of Trustees  
Rutherford Board of Education  
176 Park Avenue  
Rutherford, New Jersey 07070

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 Rutherford Board of Education as of and for the fiscal year ended June 30, 2023, and have issued our report thereon dated December 5, 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 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

  
Gary J. Vinci  
Public School Accountant  
PSA Number CS00829

Fair Lawn, New Jersey  
December 5, 2023

**RUTHERFORD BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**Scope of Audit**

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Chief School 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**

Fire insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the district's Annual Comprehensive Financial Report (the "ACFR").

**Official Bonds**

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Joseph Kelly	Board Secretary/School Business Administrator	\$350,000

There is a Public Employees' Faithful Performance Blanket Position Bond with School Alliance Insurance Fund covering all other employees with multiple coverage of \$500,000.

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

The data submitted did include all health benefit plans offered by school district. The school district data certification was completed by the Chief School Administrator. The school district submitted the Chapter 44 data in a timely manner.

**Tuition Charges**

A comparison of tentative tuition charges and actual certified tuition charges was made.

**Financial Planning, Accounting and Reporting**

**Examination of Claims**

An examination of claims paid during the period under review did not indicate any significant 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, the Board Secretary/Business Administrator and the Chief School Administrator.

Salary withholdings were promptly remitted to the proper agencies. Health benefits withholdings were transferred to the general fund.

The District filed the required certification (ECERTI) of compliance with requirements for income tax on compensation of administrators with the NJ Department of Treasury by the March 15 due date.

**RUTHERFORD BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

Payroll Account (Continued)

The Board has implemented and maintains a personnel tracking and accounting (position control) system.

Year-End 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, a sample of 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 2023-1** - Our audit of year end liabilities indicated certain purchase orders were not properly classified as accounts payable and encumbrances. Additionally, unrecorded liabilities exist at year end.

**Recommendation** - Procedures be reviewed and revised to ensure open purchase orders are reviewed at year end for accuracy, appropriateness and proper classification as an accounts payable or encumbrance. Additionally, all liabilities be recorded at year end.

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 transaction errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

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

The prescribed contractual order system was followed.

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

Monthly Board Secretary's report and certifications were approved by the Board in a timely manner.

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

The E.S.E.A./ESSA financial exhibits are contained within the Special Revenue Fund of the ACFR. This section of the ACFR documents the financial position pertaining to projects under Title I, Title II, Title III and Title IV of the Elementary and Secondary Education Act.

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 ACFR.

Our examination of the Federal and State funds on a test basis indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits contained herein represent a true statement of the financial position pertaining to the aforementioned special projects.

**RUTHERFORD BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

**Teacher's Pension and Annuity Fund (TPAF)**

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.

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**

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 \$20,200 effective 2022-23. The Board has appointed the Board Secretary/School 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 our examination indicated no instances where 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.

**Food Service Fund**

The financial transactions and statistical records of the school food service fund were maintained in good condition.

The District does not participate in the Child Nutrition Program.

**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. Supporting documentation was maintained for all cash disbursements tested. The financial transactions of this fund are reported in the Special Revenue Fund.

**RUTHERFORD BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**Application for State School Aid**

Our audit procedures included a test of information reported in the October 15, 2022 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, related services, 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 noted. The information that was included on the workpapers was verified with immaterial 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 2022-2023 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with no 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**

Our procedures included a review of the SDA grant agreements for consistency 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. No exceptions were noted.

**Testing for Lead of All Drinking Water in Education 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 education 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**

- Prior year open purchase orders be reviewed for validity.
- Financial transactions of the Food Service Fund and Before/After Care Fund be included on the monthly Treasurer's Report.

**RUTHERFORD BOARD OF EDUCATION  
FOOD SERVICE ENTERPRISE FUND  
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**SCHEDULE OF MEAL COUNT ACTIVITY**

**NOT APPLICABLE**

**RUTHERFORD BOARD OF EDUCATION  
FOOD SERVICE ENTERPRISE FUND  
CALCULATION OF NET CASH RESOURCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOT APPLICABLE**



**RUTHERFORD BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
ENROLLMENT AS OF OCTOBER 15, 2022**

	2023-24 Application for State School Aid						Sample for Verification						Private Schools for Disabled				
	Reported on Original 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 Pre K (3yrs)	15	-	15.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Pre K (3yrs)	22	-	22.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Pre K (4yrs)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Pre K (4yrs)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	175	-	175	-	-	-	175	-	175	-	-	-	-	-	-	-	-
Grade 1	187	-	187	-	-	-	86	-	86	-	-	-	-	-	-	-	-
Grade 2	162	-	162	-	-	-	87	-	87	-	-	-	-	-	-	-	-
Grade 3	186	-	186	-	-	-	84	-	84	-	-	-	-	-	-	-	-
Grade 4	151	-	151	-	-	-	151	-	151	-	-	-	-	-	-	-	-
Grade 5	163	-	163	-	-	-	163	-	163	-	-	-	-	-	-	-	-
Grade 6	182	-	182	-	-	-	182	-	182	-	-	-	-	-	-	-	-
Grade 7	150	-	150	-	-	-	150	-	150	-	-	-	-	-	-	-	-
Grade 8	171	-	171	-	-	-	171	-	171	-	-	-	-	-	-	-	-
Grade 9	156	-	156	-	-	-	156	-	156	-	-	-	-	-	-	-	-
Grade 10	167	-	167	-	-	-	167	-	170	-	(3)	-	-	-	-	-	-
Grade 11	155	-	155	-	-	-	155	-	157	-	(2)	-	-	-	-	-	-
Grade 12	165	-	165	-	-	-	165	-	165	-	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>2,207</b>	<b>-</b>	<b>2,207</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,892</b>	<b>-</b>	<b>1,897</b>	<b>-</b>	<b>(5)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Sp Ed- Elementary	124	-	124	-	-	-	51	-	51	-	-	-	12	3	3	-	-
Sp Ed - Middle School	72	-	72	-	-	-	24	-	24	-	-	-	3	1	1	-	-
Sp Ed - High School	99	5	99	5	-	-	98	-	98	-	-	-	15	5	5	-	-
<b>Subtotal</b>	<b>295</b>	<b>5</b>	<b>295</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>173</b>	<b>-</b>	<b>173</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30</b>	<b>9</b>	<b>9</b>	<b>-</b>	<b>-</b>
<b>Totals</b>	<b>2,502</b>	<b>5</b>	<b>2,502</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>2,065</b>	<b>-</b>	<b>2,070</b>	<b>-</b>	<b>(5)</b>	<b>-</b>	<b>30</b>	<b>9</b>	<b>9</b>	<b>-</b>	<b>-</b>
Percentage Error					<u>0.00%</u>	<u>0.00%</u>					<u>-0.24%</u>	<u>0.00%</u>				<u>0.00%</u>	

**RUTHERFORD BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
ENROLLMENT AS OF OCTOBER 15, 2022  
SCHEDULE OF AUDITED ENROLLMENTS**

	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on A.S.S.A	Reported on Workpapers	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on A.S.S.A	Reported on Workpapers	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Half Day Pre K (3yrs)	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Pre K (3yrs)	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Pre K (4yrs)	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Pre K (4yrs)	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	13	13	-	5	5	-	1	1	-	-	-	-
Grade 1	14	13	1	5	4	(1)	-	-	-	-	-	-
Grade 2	6	4	2	2	2	-	2	2	-	1	1	-
Grade 3	5	5	-	2	2	-	1	1	-	-	-	-
Grade 4	8	6	2	3	3	-	1	1	-	-	-	-
Grade 5	5	5	-	2	2	-	-	-	-	-	-	-
Grade 6	6	5	1	1	1	-	-	-	-	-	-	-
Grade 7	5	6	(1)	-	-	-	-	-	-	-	-	-
Grade 8	-	-	-	-	-	-	-	-	-	-	-	-
Grade 9	3	2	1	1	1	-	1	1	-	1	1	-
Grade 10	2.5	2.5	-	-	-	-	-	-	-	-	-	-
Grade 11	3	3	-	-	-	-	-	-	-	-	-	-
Grade 12	5	5	-	1	1	-	-	-	-	-	-	-
Subtotal	<u>75.5</u>	<u>70</u>	<u>6</u>	<u>22</u>	<u>21</u>	<u>(1)</u>	<u>6</u>	<u>6</u>	<u>-</u>	<u>2</u>	<u>2</u>	<u>-</u>
Sp Ed - Elementary	18	15	3	7	7	-	1	1	-	-	-	-
Sp Ed - Middle School	5	4	1	1	1	-	-	-	-	-	-	-
Sp Ed - High School	2	1	1	-	-	-	-	-	-	-	-	-
Subtotal	<u>25</u>	<u>20</u>	<u>5</u>	<u>8</u>	<u>8</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>101</u>	<u>90</u>	<u>11</u>	<u>30</u>	<u>29</u>	<u>(1)</u>	<u>7</u>	<u>7</u>	<u>-</u>	<u>2</u>	<u>2</u>	<u>-</u>
Percentage Error			<u>10.95%</u>			<u>3.33%</u>			<u>0.00%</u>			<u>0.00%</u>

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools	68	68	-	21	21	-
Transported - Non - Public	-	-	-	-	-	-
Special Ed. - Public	14	14	-	4	4	-
Special Needs - Public	50	50	-	15	15	-
Subtotal	<u>132</u>	<u>132</u>	<u>-</u>	<u>40</u>	<u>40</u>	<u>-</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

**RUTHERFORD BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
ENROLLMENT AS OF OCTOBER 15, 2022  
SCHEDULE OF AUDITED ENROLLMENTS**

	Resident LEP Not Low Income			Sample for Verification		
	Reported on A.S.S.A	Reported on Workpapers	Errors	Sample Selected from Workpapers	Verified to Register	Sample Errors
Half Day Pre K (3yrs)	-	-	-	-	-	-
Full Day Pre K (3yrs)	-	-	-	-	-	-
Half Day Pre K (4yrs)	-	-	-	-	-	-
Full Day Pre K (4yrs)	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-
Full Day Kindergarten	2	2	-	1	1	-
Grade 1	7	5	(2)	2	2	-
Grade 2	8	8	-	2	2	-
Grade 3	6	4	(2)	1	1	-
Grade 4	6	6	-	1	1	-
Grade 5	2	2	-	1	1	-
Grade 6	1	1	-	-	-	-
Grade 7	2	2	-	1	1	-
Grade 8	3	3	-	1	1	-
Grade 9	2	2	-	1	1	-
Grade 10	1	1	-	-	-	-
Grade 11	2	2	-	1	1	-
Grade 12	-	-	-	-	-	-
Subtotal	<u>42</u>	<u>38</u>	<u>(4)</u>	<u>12</u>	<u>12</u>	<u>-</u>
Sp Ed - Elementary	1	1	-	1	1	-
Sp Ed - Middle School	1	1	-	-	-	-
Sp Ed - High School	1	1	-	-	-	-
Subtotal	<u>3</u>	<u>3</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>
Totals	<u><u>45</u></u>	<u><u>41</u></u>	<u><u>(4)</u></u>	<u><u>13</u></u>	<u><u>13</u></u>	<u><u>-</u></u>
Percentage Error		<u><u>8.89%</u></u>			<u><u>0.00%</u></u>	

**RUTHERFORD BOARD OF EDUCATION  
CALCULATION OF EXCESS SURPLUS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

2022-2023 Total General Fund Expenditures per the ACFR	\$ 61,773,703
Decreased by:	
On-Behalf TPAF Pension & Social Security	11,431,251
Capital Financing Agreements	126,813
Other Financing Agreements	264,610
Adjusted 2022-2023 General Fund Expenditures	\$ 49,951,029
2% of Adjusted 2022-2023 General Fund Expenditures	\$ 999,021
Allowable Adjustments:	
Extraordinary Aid	563,771
Maximum Unassigned Fund Balance	\$ 1,562,792
Total General Fund - Fund Balance at June 30, 2023	\$ 9,513,283
Decreased by:	
Restricted Fund Balances	
Excess Surplus - Designated for Subsequent Year's Budget	500,000
Capital Reserve	5,039,462
Maintenance Reserve	100,000
Unemployment Compensation Reserve	168,414
Assigned Fund Balance	
Year End Encumbrances	1,573,766
Designated for Subsequent Year's Budget	100,000
Total Unassigned Fund Balance	\$ 2,031,641
 <b><u>SECTION 3</u></b>	
Restricted Fund Balance - Excess Surplus	\$ 468,849
 <b><u>Recapitulation of Excess Surplus as of June 30, 2023</u></b>	
Excess Surplus - Designated for Subsequent Year's Expenditures	\$ 500,000
Excess Surplus	468,849
	\$ 968,849

**RUTHERFORD BOARD OF EDUCATION  
RECOMMENDATIONS**

**I. Administrative Practices and Procedures**

There are none.

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

1. It is recommended that procedures be reviewed and revised to ensure open purchase orders are reviewed at year end for accuracy, appropriateness and proper classification as an accounts payable or encumbrance. Additionally, all liabilities be recorded at year end.

**III. School Purchasing Program**

There are none.

**IV. School Food Services**

There are none.

**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. Status of Prior Years' Audit Findings/Recommendations**

There were no prior year recommendations.

**ACKNOWLEDGEMENT**

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