CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE JUNE 30, 2025

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
TABLE OF CONTENTS

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

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, PSA
CHRISTOPHER M. VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA, PSA
JOHN CUIFFO, CPA, PSA

INDEPENDENT AUDITOR'S MANAGEMENT REPORT

Honorable President and
Members of the Board of Education
Carlstadt-East Rutherford Regional Board of Education
East Rutherford, New Jersey

We have audited in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Carlstadt-East Rutherford Regional Board of Education as of and for the fiscal year ended June 30, 2025, and have issued our report thereon dated February 4, 2026.

As part of our audit, we performed procedures required by the Office of School Finance, Department of Education, State of New Jersey and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended solely for the information and use of management, the Board of Education, others within the District and the New Jersey State Department of Education. However, this report is a matter of public record and its distribution is not limited.

Lerch, Vinci & Bliss, LLP
LERCH, VINCI & BLISS, LLP
Certified Public Accountants
Public School Accountants

Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
February 4, 2026

17-17 ROUTE 208 FAIR LAWN, NJ 07410 • TELEPHONE (201) 791-7100 • FACIMILE (201) 791-3035
WWW.LVBCPA.COM

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Moneys, the activities of the Board of Education and the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

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

Official Bonds

Name	Position	Amount
Jessenia Kan	Board Secretary/School Business Administrator	$225,000
Philip Nisonoff	Treasurer of School Monies	$217,500

There is an Employee Dishonesty and Faithful Performance coverage with the Great American Insurance Group covering all other employees with multiple coverage of $100,000 per employee and $500,000 per loss.

P.L. 2020, c44

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

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

The school district data certification was completed by the Chief School Administrator.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under review did not reveal any material discrepancies with respect to signatures, certification or supporting documentation.

Payroll Account

The net salaries of all employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of payroll taxes were deposited in the Payroll Agency Account.

All payrolls tested were approved by the Superintendent and were certified by the President of the Board and the Board Secretary/School Business Administrator.

Salary withholdings were promptly remitted to the proper agencies, including the health benefit withholdings due to the General Fund.

Financial Planning, Accounting and Reporting (Continued)

Payroll Account (Continued)

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

The School Business Administrator completed and filed the required Certification of Compliance with Federal and State Law for the reporting of compensation for certain administrative employees.

- **Finding 2025-1** – Our audit revealed the payroll agency ledger contained numerous deduction sub-accounts in a negative position and positive balances that appear invalid. Additionally, an excess balance appears to exist in the payroll agency account at year-end.

  Recommendation – The District review and adjust its payroll agency deduction ledger account balances to reflect liabilities due at month end and any excess funds be cleared of record.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, for goods not yet received or services not yet rendered and it was determined that no blanket purchase orders were included in the balance of the reserves for encumbrances. Also, unpaid purchase orders included in the balance of accounts payable were reviewed for propriety and to determine that goods were received and services were rendered, as of June 30.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, we also selected administrative coding classifications to determine overall reliability and compliance with NJAC 6A:23A-8.3. As a result of the procedures we noted immaterial instances of incorrect budget charges. Therefore we determined no additional procedures were deemed necessary to test the propriety of expenditure classifications.

Board Secretary's Records

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

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

The prescribed contractual order system was followed.

- **Finding 2025-2** – Our audit of the monthly Board Secretary's and Board Treasurer's Reports revealed they were not submitted to and approved by the Board in a timely manner as required by N.J.S.A 18A:17-36.

  Recommendation – The monthly financial reports of the Board Secretary and Treasurer of School Monies be submitted to and approved by the Board in a timely manner in accordance with the requirements of N.J.S.A. 18A:17-36.

Financial Planning, Accounting and Reporting (Continued)

Board Secretary's Records (Continued)

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

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

Our examination of the E.S.E.A./ESSA funds on a test basis indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

Other Special Federal and/or State Projects

The district's Special Projects were approved as listed on Exhibit K-3 and K-4 located in the ACFR.

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

The financial exhibits are contained within the Special Revenue section of the ACFR. This section of the ACFR documents the financial position pertaining to the aforementioned special projects.

T.P.A.F. Reimbursements

Our audit procedures included a test of the semi-monthly reimbursement forms filed with the Department of Education for district employees who are members of the Teachers' Pension and Annuity Fund. No exceptions were noted.

T.P.A.F Reimbursement to the State for Federal Salary Expenditures

The amount of the expenditure charged to the current year's Final Reports for all federal awards for the school district to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds was made prior to the end of the 90 day grant liquidation period required by the Office of Grants Management. 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: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 $22,400.

School Purchasing Programs (Continued)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

If the purchasing agent is qualified pursuant to subsection b of section 9 of P.L. 1971, c.198 (c.40A:11-9), the Board of Education may establish that the bid threshold may be up to $44,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section. The Board has designated the School Business Administrator as the qualified purchasing agent.

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

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

The results of our examination did indicate individual payments, contracts, or agreements which were made "for the performance of any work or the furnishing or hiring of any materials or supplies," in excess of statutory thresholds where there had been no advertising for bids in accordance with the provisions of N.J.S.A. 18A:18A-4, as amended.

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

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained. Our examination did reveal, however, that purchases were made through the use of State contracts.

- **Finding 2025-3** – Our audit of the District's purchasing practices revealed employees are being reimbursed for purchases made with their personal credit cards for school supplies and materials made directly from vendors.

  Recommendation – The District's purchasing practices be reviewed and revised to ensure all purchases of school supplies and materials are procured through the proper purchasing procedures in accordance with Board policy.

Food Service Fund

The school food service program was not selected as a major federal program. However, the program expenditures exceeded $100,000 in federal support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether the School Food Authority (SFA) had any Child Nutrition Program reimbursement overclaims or underclaims. Exceptions were not noted.

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

The financial transactions and records of the school food service fund were reviewed. The financial accounts were reviewed on a test-check basis.

The district utilized a food service management company (FSMC) and is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34, and 19-1 through 19-4.1. Provisions of the FSMC Cost Reimbursable contract were reviewed and audited. The FSMC contract does not include an operating results provision.

Food Service Fund (Continued)

Expenditures were not separately recorded as food, labor and other costs as previously mentioned. 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 supplied used.

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service.

Net cash resources did not exceed the three-month average expenditures at June 30, 2025 in the Food Service Fund.

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

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

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

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

Student Body Activities

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

The accounting records were maintained in good condition.

Receipts tested were deposited in a timely manner.

Disbursements tested had proper supporting documentation.

Application for State School Aid

Audit procedures included a test of information reported in the October 15, 2024 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, low-income and bilingual. A review was performed of the district procedures related to its completion. The information on the A.S.S.A. was compared to the district workpapers with exceptions noted. The information that was included on the workpapers was verified with exceptions noted. The results of these procedures are presented in the Schedule of Audited Enrollments.

The district maintained workpapers on the prescribed state forms or their equivalent.

The district has adequate written procedures for the recording of student enrollment data.

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2024-2025 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures included a review of transportation-related contracts and purchases. Based on our review, the district complied with proper bidding procedures and award of contracts. No exceptions were noted in our review of transportation-related purchases of goods and services.

Facilities and Capital Assets

Our audit procedures included a review of the transfer of local funds from the General Fund or from the capital reserve accounts, and awarding of contracts for eligible facilities construction.

Testing for Lead of all Drinking Water in Educational Facilities

The school district adhered to all requirements of N.J.A.C. 26-1.2 and 12.4 related to the testing for lead of all drinking water in educational facilities.

Follow-up on Prior Year Findings

In accordance with government auditing standards, our procedures included a review of all prior year recommendations.

Suggestions to Management

- The District file reimbursement requests for its federally funded grant programs and food service meal claims in a more timely basis.
- Old reconciling items (i.e. deposits-in-transit and outstanding checks) on the student activity bank reconciliations be reviewed and cleared of record.
- Appropriate procedures be implemented to ensure vendors awarded contracts through cooperative purchasing programs provide detailed proposals and invoices in accordance with the approved contract award.

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
FOOD SERVICE FUND
NUMBER OF MILKS SERVED AND (OVER)/UNDERCLAIM
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOT APPLICABLE

NET CASH RESOURCES SCHEDULE

Proprietary Funds - Food Service
FYE 2025

				Food Service B - 4/5	
Net Cash Resources:					
ACFR	*	**Current Assets**			
B-4		Cash & Cash Equiv.	$	61,113	
B-4		Due from Other Gov'ts		90,856	
B-4		Other Accounts Receivable		23,723	
		Current Liabilities			
B-4		Less Due to Other Funds		(20)	
B-4		Less Deferred Revenue		(5,272)	
		Net Cash Resources	**$**	**170,400**	**(A)**
Net Adj. Total Operating Expense:					
B-5		Tot. Operating Exp.		944,623	
B-5		Less Depreciation		(26,670)	
		Adj. Tot. Oper. Exp.	**$**	**917,953**	**(B)**
Average Monthly Operating Expense:					
		B / 10	**$**	**91,795**	**(C)**
Three times monthly Average:					
		3 x C	**$**	**275,386**	**(D)**

TOTAL IN BOX A	$	170,400
LESS TOTAL IN BOX D	$	275,386
NET	**$**	**(104,986)**

Net cash resources do not exceed 3 X average monthly operating expenses.

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2024

	2025-2026 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				
Grade 9	178	2	178	2	-	-	178	2	178	2	-	-				
Grade 10	165	1	165	1	-	-	165	1	165	1	-	-				
Grade 11	184	3	184	3	-	-	184	3	184	3	-	-				
Grade 12	183		183		-	-	183		183		-	-				
Subtotal	710	6	710	6	-	-	710	6	710	6	-	-				
Spec Ed - High School	126	3	124	3	2	-	126	3	124	3	2	-	11	3	3	-
Subtotal	126	3	124	3	2	-	126	3	124	3	2	-	11	3	3	-
Totals	836	9	834	9	2	-	836	9	834	9	2	-	11	3	3	-
Percentage Error					0.24%	0.00%					0.24%	0.00%				0.00%

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2024

	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on A.S.S.A as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on ASSA	Reported on Workpapers	Errors	Sample Selected	Sample Verified	Errors
Grade 9	64	62	2	14	14	-	7	7	-	2	2	-
Grade 10	46	46	-	10	10	-	7	7	-	2	1	1
Grade 11	56.5	56.5	-	13	13	-	5	5	-	2	2	-
Grade 12	37	37	-	8	8	-	3	3	-	1	1	-
Subtotal	203.5	201.5	2	45	45	-	22.0	22	-	7	6	1
Spec Ed - High School	63	46.5	16.5	11	11	-			-			-
Subtotal	63	46.5	16.5	11	11	-	-	-	-	-	-	-
Totals	266.5	248	18.5	56	56	-	22.0	22	-	7	6	1.0
Percentage Error			6.94%			0.00%			0.00%			14.29%

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	64	64	-	20	19	1
Transported - Non-Public			-			-
Regular - Spec. Ed.	11	11	-	3	3	-
Special Needs - Public	17	17	-	5	5	-
Totals	92	92	-	28	27	1
Percentage Error			0.00%			3.57%

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2024

	Resident LEP Not Low Income			Sample for Verification		
	Reported on A.S.S.A as Not Low Income	Reported on Workpapers as Not Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Grade 9	6	6	-	2	2	-
Grade 10	1	1	-			-
Grade 11	3	3	-	1	1	-
Grade 12	4	4	-	1	1	-
Subtotal	14	14	-	4	4	-
Spec Ed - High School	1	1	-			-
Subtotal	1	1	-	-	-	-
Totals	15	15	-	4	4	-
Percentage Error			0.00%			0.00%

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

SECTION 1 - *Two Percent (2%) - Calculation of Excess Surplus*

2024-2025 Total General Fund Expenditures		$ 23,156,165	
Increased by:			
Transfer to Special Revenue Fund		61,702	
Decreased by:			
On-Behalf TPAF Pension & Social Security		(3,642,902)	
Adjusted 2024-2025 General Fund Expenditures		19,574,965	
2% of Adjusted 2024-2025 General Fund Expenditures		391,499	
Enter Greater of 2% of Adjusted 2024-2025 General Fund Expenditures, or $250,000		391,499	
Increased by:			
Allowable Adjustment		85,007	
Maximum Unreserved/Undesignated Fund Balance			$ 476,506

SECTION 2

Total General Fund - Fund Balance at June 30, 2025		$ 4,416,848	
Decreased by:			
Year-End Encumbrances	$ 43,001		
Capital Reserve	1,499,346		
Capital Reserve - Designated for Subsequent Year's Expenditures	125,000		
Maintenance Reserve	433,466		
Maintenance Reserve - Designated for Subsequent Year's Expenditures	200,000		
Excess Surplus - Designated for Subsequent Year's Expenditures	539,529		
		2,840,342	
Total Unassigned Fund Balance for Excess Surplus Calculation			$ 1,576,506

SECTION 3

Restricted Fund Balance - Excess Surplus	$ 1,100,000

Detail of Allowable Adjustments

Extraordinary Aid	78,936
Nonpublic Transportation Aid	6,071
	$ 85,007

Recapitulation of Excess Surplus as of June 30, 2025

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	$ 539,529
Reserved Excess Surplus	1,100,000
Total Excess Surplus	$ 1,639,529

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS-FINANCIAL, COMPLIANCE AND PERFORMING REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
RECOMMENDATIONS

I. Administrative Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

It is recommended that:

* 1. The District review and adjust its payroll agency deduction ledger account balances to reflect liabilities due at month end and any excess funds be cleared of record.

2. The monthly financial reports of the Board Secretary and Treasurer of School Monies be submitted to and approved by the Board in a timely manner in accordance with the requirements of N.J.S.A. 18A:17-36.

III. School Purchasing Program

3. It is recommended that the District's purchasing practices be reviewed and revised to ensure all purchases of school supplies and materials are procured through the proper purchasing procedures in accordance with Board policy.

IV. Enterprise Funds

There are none.

V. Student Body Activities

There are none.

VI. Application for State School Aid

There are none.

VII. Transportation

There are none.

VIII. Facilities and Capital Assets

There are none.

VIII. Miscellaneous

There are none.

IX. Status of Prior Years' Audit Findings/Recommendations

A review was performed on all prior years' recommendations. Corrective action was taken on all prior year recommendations.

ACKNOWLEDGEMENT

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

Respectfully submitted,

LERCH, VINCI & BLISS, LLP

Jeffrey C. Bliss
Certified Public Accountant
Public School Accountant