

**RAHWAY SCHOOL DISTRICT
AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2024**

**RAHWAY SCHOOL DISTRICT
TABLE OF CONTENTS**

**AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS
- FINANCIAL, COMPLIANCE AND PERFORMANCE**

| | <u>Page No.</u> |
|--|------------------------|
| Report of Independent Auditor | 1 |
| Scope of Audit | 2 |
| Administrative Practices and Procedures | 2 |
| Financial Planning, Accounting and Reporting | 2-5 |
| School Purchasing Programs | 6 |
| School Food Service | 6-7 |
| Scholarship Program | 7 |
| Student Body Activities | 7 |
| Application for State School Aid | 7 |
| Pupil Transportation | 8 |
| Facilities and Capital Assets | 8 |
| Testing for Lead of all Drinking Water in Educational Facilities | 8 |
| Follow-up on Prior Year Findings | 8 |
| Schedule of Meal County Activity – Not Applicable | 9 |
| Schedule of Net Cash Resources | 10 |
| Schedule of Audited Enrollments | 11-13 |
| Excess Surplus Calculation | 14 |
| Recommendations | 15-17 |
| Acknowledgement | 17 |



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

AUDITOR'S MANAGEMENT REPORT

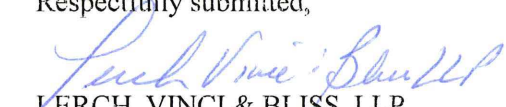
Honorable President and
Members of the Board of Education
Rahway School District
Rahway, New Jersey

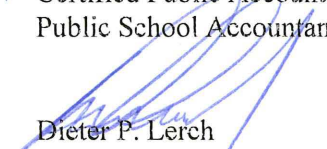
We have audited in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Rahway School District as of and for the fiscal year ended June 30, 2024 and have issued our report thereon dated January 8, 2025.

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 Rahway School District'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
January 8, 2025

**RAHWAY SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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> |
|---------------|---|---------------|
| Stephen Fried | Business Administrator/ Board Secretary (July 1, 2023 – November 15, 2023) | \$400,000 |
| Rafik Tawfik | Business Administrator/ Board Secretary (January 2, 2024 - June 30, 2024) | \$400,000 |

There is a Public Employees' Faithful Performance Blanket Bond with the Selective Insurance Company covering all other employees with multiple coverage of \$250,000.

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.

- **Finding 2024-1** – Our audit indicated numerous purchase orders which did not include a District signature certifying the receipt of goods and/or provision of services.

Recommendation – In all instances, receipt of goods signatures be obtained on purchase orders prior to processing payments to the vendor.

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.

**RAHWAY SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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.

- **Finding 2024-2** - Our audit indicated that quarterly amounts due for unemployment claims were not always remitted to the State of New Jersey Department of Labor on a timely basis. In addition, the District duplicately paid a quarterly claims bill.

Recommendation – Amounts due and payable to the State of New Jersey Department of Labor for unemployment claims be remitted on a timely basis and efforts be made to obtain a refund for a payment made in duplicate.

- **Finding 2024-3** – Our audit indicated that the required certification (E-CERT1) of compliance with requirements for income tax compensation of certain administrators was not filed with the NJ Department of Treasury for the 2023 calendar year.

Recommendation – The required certification of compliance with requirements for income tax compensation of certain administrators be completed and filed with NJ Department of Treasury on an annual basis.

- **Finding 2024-4** – Our audit indicated that the District did not maintain a report of the value of unused sick and vacation time accumulated by employees.

Recommendation - A report of the value of accumulated sick and vacation time be prepared, maintained and made available for audit.

- **Finding 2024-5** - Our audit indicated that an excess balance remains in the payroll agency account at year-end.

Recommendation – The excess balance in the payroll agency account be reviewed and remaining amounts be promptly remitted to the appropriate agency or otherwise be transferred.

Employee Position Control Roster

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

- **Finding 2024-6** - Our audit indicated that the District's position control roster is not maintained on a current basis with respect to positions, employees and budget accounts.

Recommendation – The District's position control roster be reviewed, updated and maintained on a current basis.

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.

**RAHWAY SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Financial Planning, Accounting and Reporting (Continued)

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 good condition.

- **Finding 2024-7 (ACFR Finding 2024-001)** – Our audit indicated that the beginning of year general ledger balances were not in agreement with the prior year audited balances.

Recommendation – The beginning general ledger balances be adjusted to ensure agreement with the prior year audit.

The prescribed contractual order system was followed.

- **Finding 2024-8 (ACFR Findings 2024-002 and 2024-004)** - Our audit indicated numerous budget appropriation line items were overexpended.

Recommendation – Budget appropriation transfers be made prior to the commitment of District funds to ensure sufficient funds are available.

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

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

- **Finding 2024-9** – Our audit indicated that the required monthly certification from the school business administrator/board secretary with respect to the sufficiency of line item appropriations was not included in the official minutes.

Recommendation – The monthly certification of the Business Administrator/Board Secretary with respect to the sufficiency of line item appropriations be included in the official minutes.

The Board Secretary'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 2024-10 (ACFR Finding 2024-005)** – Our audit indicated that budget appropriation transfers which exceeded the statutory maximums were made without seeking approval of the Executive County Superintendent.

Recommendation – County approval be sought for budget appropriation transfers exceeding the statutory maximum.

Cash Reconciliations

N.J.S.A. 18A:13-14 allows for a board of education to make the treasurer of school monies an optional position. Upon the Board's election to eliminate the treasurer's position, the law requires a shifting of internal control and internal reporting responsibilities from the treasurer to the Board Secretary and Chief School Administrator.

All cash receipts were promptly deposited.

- **Finding 2024-11** – Our audit indicated that monthly reconciliations were not performed for the net payroll, summer savings, flexible spending, unemployment and certain scholarship bank accounts.

Recommendation – A reconciliation be performed for all District bank accounts on a monthly basis.

**RAHWAY SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Financial Planning, Accounting and Reporting (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 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.

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.

- **Finding 2024-12** – During the 2023-24 fiscal year, the New Jersey Department of Education issued a Collaborative Monitoring Report pertaining to a review of the Rahway School District's various 2022-23 federal grant programs. The report noted findings in the areas of inventory management, adequate documentation of payroll costs, confirming orders, compliance with federal procurement standards and timely submission of reimbursement requests.

Recommendation – The corrective action plan approved by the Board to address the findings resulting from the Collaborative Monitoring Report of federal programs issued by the State of New Jersey Department of Education be implemented.

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.

**RAHWAY SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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.

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 2024-13 (ACFR Findings 2024-003 and 2024-006)** - Our audit indicated that payments were made for purchases and services related to landscaping, cafeteria equipment and athletic supplies, the cost of which exceeded that statutory threshold, without seeking bid through public advertisement.

Recommendation – Bids be sought through public advertisement for bids for landscaping services, cafeteria equipment purchases and athletic supplies when such costs exceed the statutory threshold of \$44,000.

- **Finding 2024-14** - Our audit indicated that notification to the state comptroller was not made for contract awards exceeding \$2,500,000.

Recommendation – Notification to the State Comptroller's office be made upon the awarding of contracts in excess of the statutory maximum of \$2,500,000.

School Food Service

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 all children throughout the age of 18, as well as persons over 18 with disabilities as defined in the regulations.

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.

**RAHWAY SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

School Food Service (Continued)

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.

Net cash resources did not exceed three month's average expenditures.

Scholarship Program

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

Student Body Activities

The Board has a policy establishing the regulation of student activity funds.

- **Finding 2024-15** – Our audit of the various student activity accounts of the District indicated the following:
 - Transaction ledgers and formal bank reconciliations were not always maintained and performed.
 - Pre-numbered receipts or other similar documentation at the source of collection is not maintained.
 - Documentation to support disbursements were not always available for audit.

Recommendation – Internal controls over the maintenance of the student activity accounts be reviewed and enhanced.

- **Finding 2024-16** – Our audit indicated that payments to individuals for athletic events were made from the student activity account rather than from the athletic account. In addition, certain individuals receiving payment were employees of the Rahway Public Schools. Furthermore, documentation was not always sufficient to determine proper payment amounts.

Recommendation – With respect to payments to individuals for athletic event duties:

- Payments be made from the athletic account rather than the student activity account.
- Payments made to employees of the District be made through the payroll process.
- Documentation to support payments be adequately detailed as to services performed.

Application for State School Aid

Our audit procedures included a test of information reported in the October 13, 2023 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.

**RAHWAY SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2023-24 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.

Facilities and Capital Assets

Our procedures included a review of the District's capital assets and related depreciation, as well as the District's approved 2021 referendum for the awarding and accounting of contracts for eligible facilities construction.

- **Finding 2024-17** - Our audit indicated that an individual appropriation within the approved 2021 referendum was overexpended. The approved referendum allowed for transfers between individual projects.

Recommendation – Transfers between individual capital project appropriations within the referendum be made to ensure sufficient funding is available.

- **Finding 2024-18** - Our audit of capital improvement projects indicated the following:
 - Contracts were not always encumbered upon award.
 - Certain contracts were encumbered through multiple purchase orders.
 - Purchase orders were not always adjusted for contract change orders

Recommendation – Contracts be encumbered in full on a single purchase order upon award and such purchase order be adjusted for contract change orders.

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.

**RAHWAY SCHOOL DISTRICT
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Not Applicable

**RAHWAY SCHOOL DISTRICT
FOOD SERVICE FUND
NET CASH RESOURCE SCHEDULE
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**Net cash resources did not exceed three months of expenditures
Proprietary Funds - Food Service
FYE 2024**

Current Assets

| | |
|-----------------------|----------------|
| Cash & Cash Equiv. | \$ 362,569 |
| Due from Other Gov'ts | 298,249 |
| Accounts Receivable | <u>212,006</u> |

Current Liabilities

| | |
|-------------------------|-----------------|
| Less Due to Other Funds | (22,268) |
| Unearned Revenue | <u>(16,218)</u> |

| | |
|---------------------------|---------------------------------|
| Net Cash Resources | <u><u>\$ 834,338</u></u> |
|---------------------------|---------------------------------|

Net Adjusted Total Operating Expense:

| | | |
|-----|-------------------------------|-----------------------------------|
| B-5 | Total Operating Exp. | 3,087,864 |
| B-5 | Less Depreciation | <u>(57,162)</u> |
| | Adjusted Total Operating Exp. | <u><u>\$ 3,030,702</u></u> |

| | |
|--|---------------------------------|
| <u>Average Monthly Operating Expense:</u> | <u><u>\$ 303,070</u></u> |
|--|---------------------------------|

| | |
|--|---------------------------------|
| <u>Three times monthly Average:</u> | <u><u>\$ 909,211</u></u> |
|--|---------------------------------|

| | |
|---|----------------------------------|
| Total Net Cash Resources | \$ 834,338 |
| Three Times Monthly Average | <u>\$ 909,211</u> |
| Amount Above Allowable Net Cash Resources | <u><u>\$ (74,873)</u></u> |

**RAHWAY SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
OCTOBER 15, 2023**

| | 2024-25 Application for State School Aid | | | | | | Sample for Verification | | | | | | Private Schools for Disabled | | | |
|------------------------------|--|--------|-------------|--------|--------|--------|-------------------------|--------|--------------|--------|------------|--------|------------------------------|---------|----------|--------|
| | Reported on | | Reported on | | | | Sample | | Verified per | | Errors per | | Reported on | Sample | | |
| | A.S.S.A. | | Workpapers | | | | Selected from | | Register | | Registers | | A.S.S.A. as | for | | |
| | On Roll | | On Roll | | Errors | | Workpapers | | On Roll | | On Roll | | Private | Verifi- | Sample | Sample |
| | Full | Shared | Full | Shared | Full | Shared | Full | Shared | Full | Shared | Full | Shared | Schools | cation | Verified | Errors |
| Half Day Preschool - 3 years | | | | | | | | | | | | | | | | |
| Half Day Preschool - 4 years | | | | | | | | | | | | | | | | |
| Full Day Preschool - 3 years | 55 | | 55 | | | | 36 | | 36 | | | | | | | |
| Full Day Preschool - 4 years | 182 | | 182 | | | | 15 | | 15 | | | | | | | |
| Half Day Kindergarten | | | | | | | | | | | | | | | | |
| Full Day Kindergarten | 248 | | 248 | | | | 78 | | 78 | | | | | | | |
| One | 238 | | 238 | | | | 96 | | 96 | | | | | | | |
| Two | 231 | | 231 | | | | 56 | | 56 | | | | | | | |
| Three | 228 | | 228 | | | | 71 | | 71 | | | | | | | |
| Four | 208 | | 208 | | | | 51 | | 51 | | | | | | | |
| Five | 231 | | 231 | | | | 99 | | 99 | | | | | | | |
| Six | 224 | | 224 | | | | 78 | | 78 | | | | | | | |
| Seven | 253 | | 253 | | | | 315 | | 315 | | | | | | | |
| Eight | 240 | | 240 | | | | 296 | | 296 | | | | | | | |
| Nine | 264 | 1 | 264 | 1 | | | 316 | | 316 | | | | | | | |
| Ten | 257 | 8 | 257 | 8 | | | 331 | | 331 | | | | | | | |
| Eleven | 279 | 9 | 279 | 9 | | | 341 | | 341 | | | | | | | |
| Twelve | 229 | 8 | 229 | 8 | - | - | 290 | - | 290 | - | - | - | - | - | - | - |
| Subtotal | 3,367 | 26 | 3,367 | 26 | - | - | 2,469 | - | 2,469 | - | - | - | - | - | - | - |
| Spec Ed - Elementary | 362 | | 362 | | | | 28 | | 28 | | | | 13.0 | 11.0 | 11.0 | |
| Spec Ed- Middle School | 136 | | 136 | | | | 18 | | 18 | | | | 11.0 | 9.0 | 9.0 | |
| Spec Ed - High School | 242 | 23 | 242 | 23 | - | - | 17 | - | 17 | - | - | - | 22.0 | 19.0 | 19.0 | - |
| Subtotal | 740 | 23 | 740 | 23 | - | - | 63 | - | 63 | - | - | - | 46.0 | 39.0 | 39.0 | - |
| Totals | 4,107 | 49 | 4,107 | 49 | - | - | 2,532 | - | 2,532 | - | - | - | 46.0 | 39.0 | 39.0 | - |
| Percentage Error | | | | | 0.00% | 0.00% | | | | | 0.00% | 0.00% | | | 0.00% | |

RAHWAY SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
OCTOBER 15, 2023

| | Low Income | | | Sample for Verification | | | 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 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 |
| Half Day Pre-School (3 Yrs) | | | | | | | | | | | | |
| Half Day Pre-School (4 Yrs) | | | | | | | | | | | | |
| Full Day Preschool - 3 years | | | | | | | | | | | | |
| Full Day Preschool - 4 years | | | | | | | | | | | | |
| Half Day Kindergarten | | | | | | | | | | | | |
| Full Day Kindergarten | 134.0 | 134.0 | | 4.0 | 4.0 | | 27.0 | 27.0 | | 5.0 | 5.0 | |
| One | 155.0 | 155.0 | | 5.0 | 5.0 | | 36.0 | 36.0 | | 6.0 | 6.0 | |
| Two | 151.0 | 151.0 | | 5.0 | 5.0 | | 43.0 | 43.0 | | 8.0 | 8.0 | |
| Three | 149.0 | 149.0 | | 5.0 | 5.0 | | 35.0 | 35.0 | | 6.0 | 6.0 | |
| Four | 139.0 | 139.0 | | 4.0 | 4.0 | | 30.0 | 30.0 | | 5.0 | 5.0 | |
| Five | 143.0 | 143.0 | | 4.0 | 4.0 | | 19.0 | 19.0 | | 3.0 | 3.0 | |
| Six | 145.0 | 145.0 | | 4.0 | 4.0 | | 11.0 | 11.0 | | 2.0 | 2.0 | |
| Seven | 157.0 | 157.0 | | 5.0 | 5.0 | | 10.0 | 10.0 | | 2.0 | 2.0 | |
| Eight | 142.0 | 142.0 | | 4.0 | 4.0 | | 8.0 | 8.0 | | 1.0 | 1.0 | |
| Nine | 160.0 | 160.0 | | 5.0 | 5.0 | | 8.0 | 8.0 | | 1.0 | 1.0 | |
| Ten | 151.0 | 151.0 | | 4.0 | 4.0 | | 21.0 | 21.0 | | 4.0 | 4.0 | |
| Eleven | 154.0 | 154.0 | | 5.0 | 5.0 | | 14.0 | 14.0 | | 2.0 | 2.0 | |
| Twelve | 110.5 | 110.5 | - | 3.0 | 3.0 | - | 10.0 | 10.0 | - | 2.0 | 2.0 | - |
| Subtotal | 1,890.5 | 1,890.5 | - | 57.0 | 57.0 | - | 272.0 | 272.0 | - | 47.0 | 47.0 | - |
| Spec Ed - Elementary | 246.0 | 246.0 | | 7.0 | 7.0 | | 50.0 | 50.0 | | 9.0 | 9.0 | |
| Spec Ed- Middle School | 89.0 | 89.0 | | 3.0 | 3.0 | | 6.0 | 6.0 | | 1.0 | 1.0 | |
| Spec Ed - High School | 144.5 | 144.5 | - | 4.0 | 4.0 | - | 10.0 | 10.0 | - | 2.0 | 2.0 | - |
| Subtotal | 479.5 | 479.5 | - | 14.0 | 14.0 | - | 66.0 | 66.0 | - | 12.0 | 12.0 | - |
| Totals | 2,370.0 | 2,370.0 | - | 71.0 | 71.0 | - | 338.0 | 338.0 | - | 59.0 | 59.0 | - |
| Percentage Error | | | 0.00% | | | 0.00% | | | 0.00% | | | 0.00% |

| Transportation | | | | | | |
|--------------------------|--------------------------------|-------------------------------------|--------|--------|----------|--------|
| | Reported on DRTRS by DOE | Reported on DRTRS by District | Errors | Tested | Verified | Errors |
| Regular- Public Schools | 204.0 | 204.0 | | 27.0 | 27.0 | |
| Regular - Sped. | 51.0 | 51.0 | | 7.0 | 7.0 | |
| Transported- Non- Public | 30.0 | 30.0 | | 4.0 | 4.0 | |
| Special Needs- Public | 183.0 | 183.0 | - | 25.0 | 25.0 | - |
| Totals | 468.0 | 468.0 | - | 63.0 | 63.0 | - |
| | | | 0.00% | | | 0.00% |

**RAHWAY SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
OCTOBER 15, 2023**

| | 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 Register | Sample Errors |
| Half Day Pre-School (3 Yrs) | | | | | | |
| Half Day Pre-School (4 Yrs) | | | | | | |
| Full Day Pre-School (3 Yrs) | | | | | | |
| Full Day Pre-School (4 Yrs) | | | | | | |
| Half Day Kindergarten | | | | | | |
| Full Day Kindergarten | 9.0 | 9.0 | | 5.0 | 5.0 | |
| One | 6.0 | 6.0 | | 3.0 | 3.0 | |
| Two | 9.0 | 9.0 | | 5.0 | 5.0 | |
| Three | 8.0 | 8.0 | | 4.0 | 4.0 | |
| Four | 6.0 | 6.0 | | 3.0 | 3.0 | |
| Five | 4.0 | 4.0 | | 2.0 | 2.0 | |
| Six | 5.0 | 5.0 | | 3.0 | 3.0 | |
| Seven | 3.0 | 3.0 | | 2.0 | 2.0 | |
| Eight | 3.0 | 3.0 | | 2.0 | 2.0 | |
| Nine | 5.0 | 5.0 | | 3.0 | 3.0 | |
| Ten | 10.0 | 10.0 | | 5.0 | 5.0 | |
| Eleven | 6.0 | 6.0 | | 3.0 | 3.0 | |
| Twelve | 8.0 | 8.0 | - | 4.0 | 4.0 | - |
| Subtotal | 82.0 | 82.0 | - | 44.0 | 44.0 | - |
| | | | | | | |
| Spec Ed - Elementary | 4.0 | 4.0 | | 2.0 | 2.0 | |
| Spec Ed- Middle School | 1.0 | 1.0 | | 1.0 | 1.0 | |
| Spec Ed - High School | 3.0 | 3.0 | - | 2.0 | 2.0 | - |
| Subtotal | 8.0 | 8.0 | - | 5.0 | 5.0 | - |
| | | | | | | |
| Totals | 90.0 | 90.0 | - | 49.0 | 49.0 | - |
| Percentage Error | | | 0.00% | | | 0.00% |

**RAHWAY SCHOOL DISTRICT
CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

| | | |
|--|------------------|----------------------------|
| 2023-2024 Total General Fund Expenditures per the ACFR | | \$ 101,319,366 |
| Increased by: | | |
| Transfer from Capital Reserve to Capital Projects | \$ 2,827,246 | |
| Transfer from General Fund to Special Revenue Fund Pre-K | <u>581,388</u> | |
| | | 3,408,634 |
| Decreased by: | | |
| On-Behalf TPAF Pension & Social Security | | <u>(18,464,056)</u> |
| Adjusted 2023-2024 General Fund Expenditures | | <u>\$ 86,263,944</u> |
| 2% of Adjusted 2023-2024 General Fund Expenditures | | \$ 1,725,279 |
| Increased by: | | |
| Allowable Adjustment | | <u>778,123</u> |
| Maximum Unassigned Fund Balance | | <u>\$ 2,503,402</u> |
| Total General Fund - Fund Balance at June 30, 2024 | | \$ 25,699,876 |
| Decreased by: | | |
| Year-End Encumbrances | \$ 700,094 | |
| Other Restricted Fund Balance - Capital Reserve | 16,553,625 | |
| Other Restricted Fund Balance - Maintenance Reserve | 1,000,000 | |
| Other Restricted Fund Balance - Unemployment Reserve | 342,755 | |
| Excess Surplus - Designated for Subsequent Year's Expenditures | <u>1,800,000</u> | |
| | | <u>20,396,474</u> |
| Total Unassigned Fund Balance | | <u>\$ 5,303,402</u> |
| Fund Balance - Excess Surplus | | <u><u>2,800,000</u></u> |
| <u>Recapitulation of Excess Surplus as of June 30, 2024</u> | | |
| Excess Surplus- Designated in Subsequent Year's Budget | | \$ 1,800,000 |
| Excess Surplus | | <u>2,800,000</u> |
| | | <u><u>\$ 4,600,000</u></u> |
| * <u>Detail of Allowable Adjustments</u> | | |
| Unbudgeted Extraordinary Aid | | \$ 703,958 |
| Unbudgeted Additional Nonpublic School Transportation Aid | | <u>74,165</u> |
| Total Adjustments | | <u><u>\$ 778,123</u></u> |

RAHWAY SCHOOL DISTRICT RECOMMENDATIONS

I. Administrative Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

It is recommended that:

1. In all instances, receipt of goods signatures be obtained on purchase orders prior to processing payments to the vendor.
2. Amounts due and payable to the State of New Jersey Department of Labor for unemployment claims be remitted on a timely basis and efforts be made to obtain a refund for a payment made in duplicate.
3. The required certification of compliance with requirements for income tax compensation of certain administrators be completed and filed with NJ Department of Treasury on an annual basis
4. A report of the value of accumulated sick and vacation time be prepared, maintained and made available for audit.
5. The excess balance in the payroll agency account be reviewed and remaining amounts be promptly remitted to the appropriate agency or otherwise be transferred.
6. The District's position control roster be reviewed, updated and maintained on a current basis.
7. The beginning general ledger balances be adjusted to ensure agreement with the prior year audit.
8. Budget appropriation transfers be made prior to the commitment of District funds to ensure sufficient funds are available.
9. The monthly certification of the Business Administrator/Board Secretary with respect to the sufficiency of line item appropriations be included in the official minutes.
10. County approval be sought for budget appropriation transfers exceeding the statutory maximum.
11. A reconciliation be performed for all District bank accounts on a monthly basis.
12. The corrective action plan approved by the Board to address the findings resulting from the Collaborative Monitoring Report of federal programs issued by the State of New Jersey Department of Education be implemented.

III. School Purchasing Program

13. Bids be sought through public advertisement for bids for landscaping services, cafeteria equipment purchases and athletic supplies when such costs exceed the statutory threshold of \$44,000.
14. Notification to the State Comptroller's office be made upon the awarding of contracts in excess of the statutory maximum of \$2,500,000.

RAHWAY SCHOOL DISTRICT RECOMMENDATIONS

IV. School Food Services

There are none.

V. Scholarships

There are none.

VI. Student Body Activities

- * 15. Internal controls over the maintenance of the student activity accounts be reviewed and enhanced.
- 16. With respect to payments to individuals for athletic event duties:
 - Payments be made from the athletic account rather than the student activity account.
 - Payments made to employees of the District be made through the payroll process.
 - Documentation to support payments be adequately detailed as to services performed.

VII. Application for State School Aid

There are none.

VIII. Pupil Transportation

There are none.

IX. Facilities and Capital Assets

It is recommended that:

- 17. Transfers between individual capital project appropriations within the referendum be made to ensure sufficient funding is available.
- 18. Contracts be encumbered in full on a single purchase order upon award and such purchase order be adjusted for contract change orders.

X. Miscellaneous

There are none.

**RAHWAY SCHOOL DISTRICT
RECOMMENDATIONS**

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