

**Borough of Edgewater School District  
County of Bergen  
MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS—  
FINANCIAL, COMPLIANCE AND PERFORMANCE  
June 30, 2018**

**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 Education  
Borough of Edgewater School District  
County of Bergen, New Jersey

We have audited, in accordance with generally accepted audit standards and *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Borough of Edgewater School District, County of Bergen as of and for the year ended June 30, 2018, and have issued our report thereon dated March 15, 2019.

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 for the information of the Borough of Edgewater School Board of Education's management and Board members and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

*PKF O'Connor Davies, LLP*

Cranford, New Jersey  
March 15, 2019

A handwritten signature in black ink, appearing to read "Michael Andriola".

Michael Andriola, CPA  
Licensed Public School Accountant  
No. 2409

**BOROUGH OF EDGEWATER SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE**

**JUNE 30, 2018**

**Scope of Audit**

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

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

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

| <u>Name</u>     | <u>Position</u>                               | <u>Amount</u> |
|-----------------|---|---------------|
| Gary Gremboweic | Board Secretary/School Business Administrator | \$230,000     |

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 \$100,000.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were more than estimated costs. The Board made a proper adjustment ("billing") to sending Districts for the increase in per pupil costs in accordance with N.J.A.C. 6A:23A-17.1(f)3.

**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.

**BOROUGH OF EDGEWATER SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE**

**JUNE 30, 2018**

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 Superintendent.

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 treasurer of school moneys with a warrant made to her order for the full amount of each payroll.

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. Subsequent to year end of the fiscal year, the District performed an analysis of accounts payable and open purchase order and made entries to properly classify the account balances. Our testing identified the following:

**Finding 2018-002**

*Finding:*

During our review of accounts payable and open purchase orders, we noted several instances, identified throughout various testing, where the District did not issue a purchase order prior to goods being received or services being rendered (confirming order). District policy and State regulations require that a properly executed purchase order be issued prior to the purchase of goods or the rendering of services.

*Recommendation:*

We suggest the District strengthen internal controls and procedures to ensure that all purchase orders issued to vendors for goods or services be approved prior to the vendor providing those goods or services.

**BOROUGH OF EDGEWATER SCHOOL DISTRICT**  
**ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE**

**JUNE 30, 2018**

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 our selected 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*. No exceptions were noted.

Board Secretary's Records

Our review of the financial and accounting records maintained by the Board Secretary disclosed the following exceptions:

***Finding 2018–001:***

Management's preparation and review of the financial statements and related supporting schedules in regard to accounts receivable, accounts payable and interfunds were not performed timely and consistently. The District did not expend funds in accordance with appropriations established by the approved budget resulting in over-expenditures being identified despite the Board Secretary's monthly certification to the contrary (*N.J.A.C. 6A:23A-16.10*). In addition, the District did not allocate expenditures to the correct fund in a timely manner in certain instances.

***Recommendation:***

We suggest the District maintain a general ledger accounting record that is reconciled monthly to other subsidiary records. The District should also strengthen controls to ensure accurate and timely posting of the financial activity for the fiscal period so that actions can be taken and informed decisions can be made in a timely manner. Approved budgetary line accounts should not be over-expended. The Board Secretary should not approve the issuance of purchase orders that would cause over-expenditure in the line account to be charged, prior to the board approving the requested transfer of additional appropriations to cover such orders. The Board Secretary should file monthly certifications of the budgetary line item status which are consistent with the actual budgetary records.

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 Section of the CAFR. This section of the CAFR documents the financial position pertaining to the projects under Title I and Title VI of the Elementary and Secondary Education Act as amended and reauthorized.

**BOROUGH OF EDGEWATER SCHOOL DISTRICT**  
**ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE**

**JUNE 30, 2018**

The study of compliance for E.S.E.A./ESSA 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 CAFR.

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 CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

The study of compliance for the special projects indicated no instances of noncompliance.

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 Teacher's 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

Effective July 1, 2015 and thereafter, the bid thresholds in accordance with *N.J.S.A. 18A:18A-2* and *18A:18A-3(a)* are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (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 \$19,000.

**BOROUGH OF EDGEWATER SCHOOL DISTRICT**  
**ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE**

**JUNE 30, 2018**

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.

The results of our examination, performed on a test basis, indicated the following are for improvement.

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

**School Food Service**

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 and/or State support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether the SFA had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were 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. No exceptions were noted.

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

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

**Student Body Activities**

In planning and performing our audit of the financial statements of the Board, we considered the condition of the records of the Student Activities Fund for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments.



**BOROUGH OF EDGEWATER SCHOOL DISTRICT**  
**ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE**

**JUNE 30, 2018**

**Application for State School Aid**

Our audit procedures included a test of information reported in the October 15, 2017 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 without material exceptions. The information that was included on the work papers was verified with the following exceptions:

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 2017-2018 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 and no exceptions were noted.

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. The bid specifications for the purchase of buses were in compliance with applicable statutes. 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 New Jersey Schools Development Authority (“NJSDA”) grant agreements for consistency with recording NJSDA 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 in our review of NJSDA expenditures.

**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.

**BOROUGH OF EDGEWATER SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE**

**JUNE 30, 2018**

**Follow-up on Prior Year Findings**

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year recommendations. Corrective action had been taken on all prior year findings.

**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.

**SCHEDULE OF AUDITED ENROLLMENTS**

**BOROUGH OF EDGEWATER SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2017**

|                            | 2017-2018 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         | 68   | -        | 67                             | -        | 1            | -            | 18                              |          | 18                             |          | -                            |              |   |                         |                 |               |
| Full Day Kindergarten      | 172  | -        | 172                            | -        | -            | -            | 35                              |          | 35                             |          | -                            |              |   |                         |                 |               |
| One                        | 123  | -        | 123                            | -        | -            | -            | 38                              |          | 38                             |          | -                            |              |   |                         |                 |               |
| Two                        | 125  | -        | 125                            | -        | -            | -            | 36                              |          | 36                             |          | -                            |              |   |                         |                 |               |
| Three                      | 108  | -        | 108                            | -        | -            | -            | 32                              |          | 32                             |          | -                            |              |   |                         |                 |               |
| Four                       | 105  | -        | 105                            | -        | -            | -            | 24                              |          | 24                             |          | -                            |              |   |                         |                 |               |
| Five                       | 91   | -        | 91                             | -        | -            | -            | 27                              |          | 27                             |          | -                            |              |   |                         |                 |               |
| Six                        | 87   | -        | 87                             | -        | -            | -            | 19                              |          | 19                             |          | -                            |              |   |                         |                 |               |
| Seven                      | -  | -        | -                              | -        | -            | -            | -                               |          | -                              |          | -                            |              |   |                         |                 |               |
| Eight                      | -  | -        | -                              | -        | -            | -            | -                               |          | -                              |          | -                            |              |   |                         |                 |               |
| Nine                       | -  | -        | -                              | -        | -            | -            | -                               |          | -                              |          | -                            |              |   |                         |                 |               |
| Ten                        | -  | -        | -                              | -        | -            | -            | -                               |          | -                              |          | -                            |              |   |                         |                 |               |
| Eleven                     | -  | -        | -                              | -        | -            | -            | -                               |          | -                              |          | -                            |              |   |                         |                 |               |
| Twelve                     | -  | -        | -                              | -        | -            | -            | -                               |          | -                              |          | -                            |              |   |                         |                 |               |
| Post-Graduate              |  |          |                                |          |              |              |                                 |          |                                |          |                              |              |   |                         |                 |               |
| Adult H.S. (15+CR.)        |  |          |                                |          |              |              |                                 |          |                                |          |                              |              |   |                         |                 |               |
| Adult H.S. (1-14 CR.)      |  |          |                                |          |              |              |                                 |          |                                |          |                              |              |   |                         |                 |               |
| Subtotal                   | <u>879</u>                                 | <u>-</u> | <u>878</u>                     | <u>-</u> | <u>1</u>     | <u>-</u>     | <u>229</u>                      | <u>-</u> | <u>229</u>                     | <u>-</u> | <u>-</u>                     | <u>-</u>     | <u>-</u>                                | <u>-</u>                | <u>-</u>        | <u>-</u>      |
| Special Ed - Elementary    | 69   |          | 69                             |          | -            |              | 25                              |          | 25                             |          | -                            |              | 2                                       | 2                       | 2               | -             |
| Special Ed - Middle School | 8  |          | 8                              |          | -            |              | -                               |          | -                              |          | -                            |              | 2                                       | 2                       | 2               | -             |
| Special Ed - High School   | -  |          | -                              |          | -            |              | -                               |          | -                              |          | -                            |              | 4                                       | 3                       | 3               | -             |
| Subtotal                   | <u>77</u>                                  | <u>-</u> | <u>77</u>                      | <u>-</u> | <u>-</u>     | <u>-</u>     | <u>25</u>                       | <u>-</u> | <u>25</u>                      | <u>-</u> | <u>-</u>                     | <u>-</u>     | <u>8</u>                                | <u>7</u>                | <u>7</u>        | <u>-</u>      |
| Co. Voc. - Regular         |  |          |                                |          |              |              |                                 |          |                                |          |                              |              |   |                         |                 |               |
| Co. Voc. Ft. Post Sec.     |  |          |                                |          |              |              |                                 |          |                                |          |                              |              |   |                         |                 |               |
| Totals                     | <u>956</u>                                 | <u>-</u> | <u>955</u>                     | <u>-</u> | <u>1</u>     | <u>-</u>     | <u>254</u>                      | <u>-</u> | <u>254</u>                     | <u>-</u> | <u>-</u>                     | <u>-</u>     | <u>8</u>                                | <u>7</u>                | <u>7</u>        | <u>-</u>      |
| Percentage Error           |  |          |                                |          | <u>0.10%</u> | <u>0.00%</u> |                                 |          |                                |          | <u>0.00%</u>                 | <u>0.00%</u> |   |                         |                 | <u>0.00%</u>  |



**BOROUGH OF EDGEWATER SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY (continued)  
ENROLLMENT AS OF OCTOBER 15, 2017**

**SCHEDULE OF AUDITED ENROLLMENTS**

|                       | <u>Resident LEP NOT Low Income</u>                |   |               | <u>Sample for Verification</u>                 |   |                          |
|-----------------------|---|---|---------------|--|---|--------------------------|
|                       | <u>Reported on<br/>ASSA as Not<br/>Low Income</u> | <u>Reported on<br/>Workpapers as<br/>Not Low Income</u> | <u>Errors</u> | <u>Sample<br/>Selected from<br/>Workpapers</u> | <u>Verified to<br/>Application<br/>&amp; Register</u> | <u>Sample<br/>Errors</u> |
| Full Day Preschool    |   |   |               |  |   |                          |
| Full Day Kindergarten | 57  | 57  | -             | 35   | 35  | -                        |
| One                   | 24  | 24  | -             | 14   | 14  | -                        |
| Two                   | 20  | 20  | -             | 12   | 12  | -                        |
| Three                 | 8   | 8   | -             | 8  | 8   | -                        |
| Four                  | 9   | 9   | -             | 8  | 8   | -                        |
| Five                  | 5   | 5   | -             | 5  | 5   | -                        |
| Six                   | 6   | 6   | -             | 6  | 6   | -                        |
| Seven                 | -   | -   | -             | -  | -   | -                        |
| Eight                 | -   | -   | -             | -  | -   | -                        |
| Nine                  | -   | -   | -             | -  | -   | -                        |
| Ten                   | -   | -   | -             | -  | -   | -                        |
| Eleven                | -   | -   | -             | -  | -   | -                        |
| Twelve                | -   | -   | -             | -  | -   | -                        |
| Subtotal              | <u>129</u>  | <u>129</u>  | <u>-</u>      | <u>88</u>                                      | <u>88</u>   | <u>-</u>                 |
| Sp Ed - Elementary    | 4   | 4   |               | 1  | 1   | -                        |
| Sp Ed - Middle School | 1   | 1   |               | 1  | 1   | (0)                      |
| Sp Ed - High School   | -   | -   |               | -  | -   | -                        |
| Subtotal              | <u>5</u>  | <u>5</u>  | <u>-</u>      | <u>2</u>                                       | <u>2</u>  | <u>(0)</u>               |
| Total                 | <u>134</u>  | <u>134</u>  | <u>-</u>      | <u>90</u>                                      | <u>90</u>   | <u>(0)</u>               |
| Percentage Error      |   |   | <u>0.00%</u>  |  |   | <u>0.00%</u>             |

**BOROUGH OF EDGEWATER SCHOOL DISTRICT**

**EXCESS SURPLUS CALCULATION**

**June 30, 2018**

**SECTION 1 - Regular District**

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

|  |                           |
|--|---------------------------|
| 2017-18 Total General Fund Expenditures per the CAFR, Ex. C-1        | <u>\$ 22,255,052</u> (B)  |
| Increased by:  |                           |
| Transfer from Capital Outlay to Capital Projects Fund                | <u>\$ -</u> (B1a)         |
| Transfer from Capital Reserve to Capital Projects Fund               | <u>\$ -</u> (B1b)         |
| Transfer from General Fund to SRF for PreK-Regular                   | <u>\$ -</u> (B1c)         |
| Transfer from General Fund to SRF for PreK-Inclusion                 | <u>\$ -</u> (B1d)         |
| Decreased by:  |                           |
| On-Behalf TPAF Pension & Social Security                             | <u>\$ 1,604,632</u> (B2a) |
| Assets Acquired Under Capital Leases                                 | <u>\$ -</u> (B2b)         |
| Adjusted 2017-18 General Fund Expenditures [(B) + (B1s) - (B2s)]     | <u>\$ 20,650,420</u> (B3) |
| 2% of Adjusted 2017-18 General Fund Expenditures<br>[(B3) times .02] | <u>\$ 413,008</u> (B4)    |
| Enter Greater of (B4) or \$250,000                                   | <u>\$ 413,008</u> (B5)    |
| Increased by: Allowable Adjustment*                                  | <u>\$ 59,368</u> (K)      |
| Maximum Unreserved/Undesignated Fund Balance [(B5) + (K)]            | <u>\$ 472,376</u> (M)     |

**SECTION 2**

|   |                          |
|---|--------------------------|
| Total General Fund - Fund Balances at 6-30-2018<br>(Per CAFR Budgetary Comparison Schedule C-1)   | <u>\$ 1,321,815</u> (C)  |
| Decreased by:   |                          |
| Year-end Encumbrances   | <u>\$ 6,479</u> (C1)     |
| Legally Restricted - Designated for Subsequent Year's<br>Expenditures                             | (C2)                     |
| Legally Restricted - Excess Surplus - Designated for<br>Subsequent Year's Expenditures**          | (C3)                     |
| Other Restricted Fund Balances****  | <u>\$ 1,122,523</u> (C4) |
| Assigned Fund Balance - Unreserved - Designated<br>for Subsequent Year's Expenditures             | <u>\$ -</u> (C5)         |
| Assigned Fund Balance - Unreserved - Designated<br>for Subsequent Year's Expenditures - ARRA SEMI | <u>\$ -</u> (C6)         |
| Total Unassigned Fund Balance<br>[(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]                              | <u>\$ 192,813</u> (U1)   |

**BOROUGH OF EDGEWATER SCHOOL DISTRICT**

**EXCESS SURPLUS CALCULATION**

**June 30, 2018**

**SECTION 3**

|  |                |
|--|----------------|
| Restricted Fund Balance - Excess Surplus ***<br>[(U1)-(M)] IF NEGATIVE ENTER -0- | \$ _____ - (E) |
|--|----------------|

**Recapitulation of Excess Surplus as of June 30, 2018**

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

**Footnotes:**

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, effective for the year ending June 30, 2015 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.

**Detail of Allowable Adjustments**

|  |                 |
|--|-----------------|
| Impact Aid   | \$ _____ - (H)  |
| Sales & Lease-back                                     | \$ _____ - (I)  |
| Extraordinary Aid                                      | \$ 19,112 (J1)  |
| Additional Nonpublic School Transportation Aid         | \$ 40,256 (J2)  |
| Current Year School Bus Advertising Revenue Recognized | \$ _____ - (J3) |
| Family Crisis Transportation Aid                       | \$ _____ - (J4) |
| Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)]        | \$ 59,368 (K)   |

**BOROUGH OF EDGEWATER SCHOOL DISTRICT**

**EXCESS SURPLUS CALCULATION**

**June 30, 2018**

- \*\* This amount represents the June 30, 2018 Excess Surplus (C3 above) and must be included in the Audit Summary Line 90031.
- \*\*\* Amount must agree to the June 30, 2018 CAFR and the sum of the two lines must agree to Audit Summary Line 90030.
- \*\*\*\* Amount for Other Reserved 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 Office of School Finance prior to September 30.
- \*\*\*\*\* Increase in Assigned Fund Balance - Unreserved - Designated for Subsequent Year's expenditures July 1, 2018 to August 1, 2018 resulting from decrease in state aid after adoption of the 2018-19 district budget. Refer to Commissioner's Broadcast and to page I-4.2 of the Audit program.

**Detail of Other Restricted Fund Balance**

|   |                              |
|---|------------------------------|
| Statutory restrictions:                                       |                              |
| Approved unspent separate proposal                            | \$ -                         |
| Sale/lease-back reserve                                       | \$ -                         |
| Capital reserve   | \$ 1,022,513                 |
| Maintenance reserve   | \$ 100,010                   |
| Emergency reserve   | \$ -                         |
| Waiver offset reserve - Designated for subsequent year        | \$ -                         |
| 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 reserve                       | \$ -                         |
| [Other Restricted Fund Balance not noted above]****           | \$ -                         |
| <br>Total Other Restricted Fund Balance                       | <br><u>\$ 1,122,523 (C4)</u> |



**BOROUGH OF EDGEWATER SCHOOL DISTRICT  
AUDIT RECOMMENDATIONS SUMMARY**

**JUNE 30, 2018**

- I. **Administrative Practices and Procedures**  
There are none.
  
- II. **Financial Planning, Accounting and Reporting**  
**2018-001** – It is recommended that the District maintain a general ledger accounting record that is reconciled monthly to other subsidiary records. The District should also strengthen controls to ensure accurate and timely posting of the financial activity for the fiscal period so that actions can be taken and informed decisions can be made in a timely manner. Approved budgetary line accounts should not be over-expended. The Board Secretary should not approve the issuance of purchase orders that would cause over-expenditure in the line account to be charged, prior to the board approving the requested transfer of additional appropriations to cover such orders. The Board Secretary should file monthly certifications of the budgetary line item status which are consistent with the actual budgetary records.
  
- III. **School Purchasing Program**  
There are none.
  
- IV. **School Food Service**  
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. **Miscellaneous**  
There are none.
  
- X. **Status of Prior Year' s Findings/Recommendations**  
All prior year findings were corrected, except for finding 2018-001.