

**WEEHAWKEN
BOARD OF EDUCATION**

**Auditor's Management Report on
Administrative Findings –
Financial, Compliance and Performance**

For the Fiscal Year Ended June 30, 2018

WEEHAWKEN BOARD OF EDUCATION

**Auditor's Management Report on
Administrative Findings -
Financial, Compliance and Performance**

**For the Fiscal Year Ended
June 30, 2018**

**AUDITORS MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE
For the Fiscal Year Ended June 30, 2018**

Exhibit A

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Exhibit B

Report of Independent Auditors

Honorable President and
Members of the Board of Education
Weehawken School District
County of Hudson, 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 Weehawken School District in the County of Hudson for the year ended June 30, 2018 and have issued our report thereon dated February 21, 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 Weehawken Board of Education's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.



Paul W. Garbarini, CPA
Registered Municipal Accountant
No. 534
Licensed Public School Accountant
No. 2415



Garbarini & Co. P.C. CPAs

Carlstadt, New Jersey
February 21, 2019

Exhibit C

Administrative Findings – Financial, Compliance and Performance

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, the “District”.

Administrative Practices and Procedures

Insurance

Fire insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the district’s CAFR.

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

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Robert Brown	Interim Board Secretary/Business Admin.	200,000
Lisa Toscano	Treasurer	200,000

There is a Public Employee’s Faithful Performance Blanket Position Bond with the North Jersey Insurance Service Fund covering all other employees with multiple coverage of \$ 50,000.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were less than estimated cost. The Board made a proper adjustment to the billings to sending districts for the decrease in per pupil costs in accordance with N.J.A.C. 6A:23-3.1(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.

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

Salary withholdings were always promptly remitted to the proper agencies, including health benefits premium amounts withheld due to general fund. Salaries were verified to the contracts and salary guide on a test basis and appear to be in agreement.

Payrolls were delivered to the treasurer of school moneys with warrant made to his order for the full amount of each payroll, except for the employer’s share of unemployment as noted below.

Administrative Findings – Financial, Compliance and Performance

Financial Planning, Accounting and Reporting(continued)

Payroll Account (continued)

Finding 2018-001: (CAFR Finding 2018-001):

Employer's share of State of New Jersey Unemployment was not transmitted or posted by the General Fund to the Payroll Agency Fund. Employer share for TPAF social security although submitted to the payroll agency was not posted to General Fund budget appropriation. Journal entries to correct the unemployment and social security required employer taxes entries were made after auditor recommendation.

Recommendation:

The full amount of each payroll must be submitted to the payroll agency fund and posted to the General Fund, including amounts owed for NJ employer share of unemployment and social security taxes.

Finding 2018-002 (CAFR Finding 2018-002):

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of Business Administrator and Superintendent to the NJ Department of Treasury was not filed.

Recommendation:

The District should designate someone to prepare and submit the certification as required by *N.J.S.A. 18A:14.4* and submit the E-CERT1 if not yet submitted.

Finding 2018-003:

Health benefit waivers were paid incorrectly to 2 employees. Waivers were incorrectly based on health premiums and should have been based on prescription premiums.

Recommendation:

Health benefit waivers should be reviewed to ascertain they are based on the correct premiums & waivers paid in error be recovered from 2 employees.

Finding 2018-004:

Health benefit employee contributions were incorrect for 5 employees tested. Some of the employees had not made any contributions during the 2017-2018 school year.

Recommendation:

Health benefit contributions should be reviewed for all employees to ascertain they are computed correctly for the 2017-18 school year.

Administrative Findings – Financial, Compliance and Performance

Financial Planning, Accounting and Reporting(continued)

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was performed as of June 30 for proper classification of orders as reserve for encumbrances and accounts payable.

Finding 2018-005 (CAFR Finding 2018-003):

The Business Administrator did not perform an analysis of outstanding purchase orders at June 30 and prepare a separate listings of purchase orders comprising the balance sheet accounts payable and reserve for encumbrances. There were numerous amounts of payable and possible encumbrances that were not recorded. Audit testing revealed approximately \$299,207 in payables and or encumbrances that were not recorded. The business administrator was asked to record the payables and replied that the books were closed and purchase orders in question had already been charged to the FY 2018-19 budget. As a result, the CAFR has reflected the entire amount in question as encumbrance payable.

Recommendation:

Purchase orders should be reviewed for proper classification at June 30, as accounts payable or reserve for encumbrances based upon whether the goods have been received or the services rendered. Reconciliation of the adjusted June 30 balances for accounts payable and reserve for encumbrances should be performed and the required schedules be prepared for the year-end audit.

Travel

A review of the approved District's travel policy was made to ensure compliance with N.J.A.C. 6A:23A-6.13 and N.J.S.A. 18A:11-12.

An examination of travel reimbursements was made to ensure proper authorization was given and to ensure that travel expenses were under the maximum travel reimbursement rate. No findings were noted.

Administrative Findings – Financial, Compliance and Performance

Financial Planning, Accounting and Reporting(continued)

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A: 23-16.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A: 23A-8.3. As a result of the procedures performed, no major overall transaction error rate occurred, and no additional procedures were deemed necessary to test the propriety of expenditure classification.

A. General Classification Findings - No material findings were noted.

Finding 2018-006:

During the testing of capital expenditures added to fixed assets, it was determined that certain fixed assets were not charged to Fund 12 as required.

Recommendation:

Fixed asset additions should be charged to Fund 12 and agree to the fixed asset inventory.

B. Administrative Classification Findings -No findings were noted.

Board Secretary's Records

A review of the financial and accounting records maintained by the board secretary indicated no findings required to be reported herein, except for the following:

Finding 2018-007 (CAFR Finding 2018-004):

Several budgetary line item accounts were over-expended during the fiscal year ended June 30, 2018 in violation of *N.J.A.C. 6A:23A-16.10*. The over-expenditures occurred due to the non-posting of employer share of unemployment, TPAF social security, incorrect posting of health insurance payable and numerous other incorrect postings. These over-expenditures totaled \$172,950. Had the correct amount of accounts payable been posted (*Finding # 2018-005*), over-expenditures would have been an approximately an additional \$330,000.

Recommendation:

Approved budgetary line accounts should not be over-expended. The Board Administrator 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. Monthly certifications filed should be consistent with the actual budgetary records.

Administrative Findings – Financial, Compliance and Performance

Financial Planning, Accounting and Reporting(continued) Board Secretary's Records (continued):

Finding 2018-008 (CAFR Finding 2018-005):

Several budget transfers were not always approved and recorded in the minutes of the School Board. The district did not receive Executive County Superintendent approval for transfers over 10% in advertised appropriation accounts as defined under N.J.A.C. 6A:23A-13.3.

Recommendation:

All budget transfers should be approved and recorded in the minutes of the School Board. Executive County Superintendent approval should be requested for any transfer over 10% in advertised appropriation accounts as defined under N.J.A.C. 6A:23A-13.3.

Treasurer's Records

A review of the financial and accounting records maintained by the treasurer indicated no findings required to be reported herein.

Pupil Transportation

Our report procedures included a test of on roll status reported in the 2017-18 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 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.

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

The E.S.E.A. financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to projects under Title I and VI of the Elementary and Secondary Education Acts as amended and reauthorized.

Finding 2018-009 (CAFR 2018-009):

Upon acceptance of Title 1 grant funds, the allocation of teacher's salaries which were to be charged to the grant was not approved in the minutes or by board resolution.

Recommendation:

That allocations of teachers' salaries to be charged to Title 1 be board approved and recorded in the minutes.

Administrative Findings – Financial, Compliance and Performance

Financial Planning, Accounting and Reporting(continued)

Other Special Federal and/or State Projects

The district's Special Projects were approved as listed on Schedule A and Schedule B 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 following exceptions were noted:

Finding 2018-010 (CAFR SA 2018-010):

During the preparation and completion of the Application for The Extraordinary Aid (EXAID) and supporting workpapers in the area of in-district costs and out of district costs, the district did not ensure that costs were submitted in accordance with EXAID directions in accordance with the Division of Finance. Applications for 38 out of 42 students were not net of off-setting Medical Assistance Program (SEMI) revenues, an average of costs was used to calculate support costs for all student application instead of calculating actual per student costs, applications for separate private school students included support costs which are unallowable, all related service costs billed by the private school must be detailed and entered as a related service, and support costs for students placed in-district did not agree with the audit year budgeted average district per pupil support cost found in the *Taxpayers' Guide to Education Spending*. It is estimated that the application overstated expenditures and as a result an excess of \$30,000 was requested.

Recommendation:

The Extraordinary Aid application should be corrected for the FY 2018. The Extraordinary Aid application should be reviewed for accuracy before submission. The District should establish procedures to review and use guidelines provided by the Extraordinary Aid program in order to provide accurate and supported costs for each student covered by the program.

Administrative Findings – Financial, Compliance and Performance

Financial Planning, Accounting and Reporting(continued)

T.P.A.F. Reimbursement

Our audit procedure included a test of the biweekly reimbursements filed with the Department of Education for district employees who are members of the Teachers' Pension and Annuity Fund. No exceptions were noted.

The reimbursement to the State for the amount of the expenditure charged to the current year's Final Reports for all federal awards for school districts 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 reimbursement and no exceptions were noted, except for the following:

Finding 2018-011 (CAFR 2018-006):

The reimbursement to the State for the expenditure charged to federal awards for school districts to reimburse the State for the TPAF/FICA payment made by the State was partially charged to the General Fund in the amount of \$20,022.16. There were insufficient funds in the Special Revenue Fund to charge the complete reimbursement.

Recommendation:

It is recommended that reimbursements to the State for TPAF/FICA payments should be charged directly to the grant that includes the charges for those specific salaries. Budgeted grant allocations for salaries and benefits for federal grants should be allocated to allow for the allocated amount of the salaries and related benefits to be charged to the grant.

Administrative Findings – Financial, Compliance and Performance

Financial Planning, Accounting and Reporting(continued)

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 \$40,000 (with 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.

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 result of our examination indicated that there was no individual payments, contracts, or agreements made for the performance of any work of goods or services, in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provisions of N.J.S.A. 18A:18A-4, amended.

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

Contracts and Agreements Requiring Advertisement for Bids

The following findings were noted during testing of contracts:

Finding 2018-012 (CAFR Finding 2018-007):

Our review of vendor payments in excess of the quote threshold revealed that 17 vendors of 20 tested did not have the required documentation that requires that the purchasing agent solicit at least two competitive quotations before award of the contract.

Recommendation:

All contracts in excess of the quote threshold should have the required documentation that at least two competitive quotations were received before award of that contract in accordance with N.J.S.A. 18A:18A-37.

Finding 2018-013 (CAFR Finding 2018-008):

Our review of vendors required to have IRS form W-9 and NJ Business Registration Certificates on file revealed that 2 vendors did not have the IRS form W-9 on file and 3 vendors did not have NJ Business Registration Certificates on file. Our examination also indicated that 4 vendors were paid in excess of \$600 and did not receive the required form 1099-Misc from the District.

Recommendation:

All vendors must have the required IRS form W-9 and NJ Business Registration Certificate on file. IRS form 1099-Misc. must be transmitted to all vendors that are paid in excess of \$600 and are not exempt.

Administrative Findings – Financial, Compliance and Performance

School Food Service

The school service program was not selected as a major federal and/or state program. However, the program expenditures exceeded \$100,000 in federal support. Certain financial transactions and statistical records were reviewed and were maintained in satisfactory condition.

The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis. Based on inquiry of school personnel and testing of meal count records the Child Nutrition Program reimbursement had no overclaims or underclaims. No exceptions were noted except for the following:

Finding 2018-014:

The District did not certify the submission for the June 2017 reimbursement to the NJ Department of Agriculture on a timely basis. Once discovered by the auditor the amount was certified and is expected to be received in January of 2019 as per correspondence with the N.J. Department of Agriculture. The amount requested was \$16,244.58 from the national school lunch program and \$357.92 from the state school lunch program.

Recommendation:

Claims for reimbursement to the New Jersey Department of Agriculture should be certified on a timely basis. Corrective action has been taken and the District is expected to receive the funds in January of 2019.

We also inquired of school management as to whether the SFA's expenditures of school service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

The district utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34, and 19-1 through 19-4.1. Provisions of the FSMC contract/addendum were reviewed and audited. The FSMC contract does not include an operating results provision which guarantees that the food service program will either break even or return a profit. All vendor discounts, rebates, and credits from vendors and/or FSMC were tracked and credited to the Food Service Account and reconciled to supporting documentation at least annually.

Net cash resources did not exceed three months average expenditures. The District is currently charging the minimum rate for paid lunch. The administrator has indicated the Child Nutrition Program is meeting all federal and state guidelines.

The number of meals claimed for reimbursement was compared to sales and meal count records. As part of the claims review process, the Edit Check Worksheet was completed. Reimbursement claims were submitted/certified in a timely matter except for June 30, 2017 as noted in the finding above.

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

Administrative Findings – Financial, Compliance and Performance

School Food Service (continued):

USDA Food Distribution Program commodities were received and a single inventory was maintained on a first-in, first-out basis. 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.

The District did provide the detailed revenue and expenditure information necessary in order to execute the USDA mandated “Non-Program Food Revenue Tool” at least annually.

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

Student Body Activities

During our review of the student activity funds, the following items were noted:

Finding 2018-015:

Not all “cash” receipts contained all the proper documentation, therefore prompt deposit could not always be verified. (N.J.A.C. 6A:23A-16.12). However, there were 3 receipts of 25 tested that were not deposited within 48 hours of receipt.

Recommendation:

All “cash” receipts shall have the proper documentation which indicate date received, sources (from whom it was received), purpose, amount and other documentation such as pre-numbered receipts. Policies and procedures should be enforced to ensure that all employees collecting “cash” promptly deposit and document all receipts.

Finding 2018-016:

Our examination of expenditures from the student activity accounts revealed that 15 out of 25 disbursements tested did not have all the appropriate approving signatures. Our examination also revealed that 2 out of 25 disbursements tested did not have supporting documentation.

Recommendation:

Proper supporting documentation and required approval signatures should be maintained for all disbursements.

Administrative Findings – Financial, Compliance and Performance

Application for State School Aid Summary

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 work papers without exception. The information that was included on the work papers was verified without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

The District maintained work papers on the prescribed state forms or their equivalent.

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

Facilities and Capital Assets

Our procedures included a review of the transfer of local funds from the general fund or from the capital reserve account, and awarding of contracts for eligible facilities construction.

Finding 2018-017:

During the examination of fixed asset inventory report, it was determined that the accumulated depreciation for fiscal year ended June of 2017 was adjusted to reflect the additional depreciation of salvage values. There was also the addition of the new bus that had not been included on the schedule. As a result, the financial statements required an adjustment for accumulated depreciation and inclusion of the new bus as an addition to fixed assets and related depreciation of the same.

Recommendation:

The fixed asset inventory report should be adjusted to reflect the addition of the new bus.

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 ad 12.4 related to 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).

Administrative Findings – Financial, Compliance and Performance

Follow-up on Prior Year Findings

In accordance with government auditing standards, our procedures included a review of all prior year recommendations including findings. Corrective action had been taken on all prior year findings with the exception of the following, which is repeated in this year's recommendations noted as current year finding "2018-014."

Not all "cash" receipts contained all the proper documentation, therefore prompt deposit could not always be verified. (N.J.A.C. 6A:23A-16.12).

Acknowledgment

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



Paul W. Garbarini, CPA
Registered Municipal Accountant
No. 534
Public School Accountant
No. 2415



Garbarini & Co. P.C. CPAs
Carlstadt, New Jersey
February 21, 2019

SCHEDULE OF MEAL COUNTY ACTIVITY

WEEHAWKEN BOARD OF EDUCATION
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER) / UNDER CLAIM - FEDERAL
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

<u>PROGRAM</u>	<u>MEAL CATEGORY</u>	<u>MEALS CLAIMED</u>	<u>MEALS TESTED</u>	<u>MEALS VERIFIED</u>	<u>DIFFERENCE</u>	<u>RATE</u>	<u>(OVER) UNDER CLAIM</u>
National School Lunch (Regular Rate)	Paid	48,987	48,987	48,987	-	0.31	\$ -
National School Lunch (Regular Rate)	Reduced	6,165	6,165	6,165	-	2.83	-
National School Lunch (Regular Rate)	Free	46,343	46,343	46,343	-	3.23	-
	TOTAL	<u>101,495</u>	<u>101,495</u>	<u>101,495</u>	<u>-</u>		<u>-</u>
National School Lunch	HHFKA-PB Lunch Only	<u>101,495</u>	<u>101,495</u>	<u>101,495</u>	<u>-</u>	0.06	<u>-</u>
School Breakfast (Severe Needs Rate)	Paid	2,928	2,928	2,928	-	0.30	-
School Breakfast (Severe Needs Rate)	Reduced	367	367	367	-	1.79	-
School Breakfast (Severe Needs Rate)	Free	10,428	10,428	10,428	-	2.09	-
	TOTAL	<u>13,723</u>	<u>13,723</u>	<u>13,723</u>	<u>-</u>		<u>-</u>
Net (Over) Underclaim							\$ -

SCHEDULE OF MEAL COUNTY ACTIVITY

WEEHAWKEN BOARD OF EDUCATION
 FOOD SERVICE FUND
 NUMBER OF MEALS SERVED AND (OVER) / UNDER CLAIM - STATE
 ENTERPRISE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

<u>PROGRAM</u>	<u>MEAL CATEGORY</u>	<u>MEALS CLAIMED</u>	<u>MEALS TESTED</u>	<u>MEALS VERIFIED</u>	<u>DIFFERENCE</u>	<u>RATE</u>	<u>(OVER) UNDER CLAIM</u>
State Reimbursement - National School Lunch (Regular Rate)	Paid	48,987	48,987	48,987	-	0.050	\$ -
State Reimbursement - National School Lunch (Regular Rate)	Reduced	6,165	6,165	6,165	-	0.055	-
State Reimbursement - National School Lunch (Regular Rate)	Free	46,343	46,343	46,343	-	0.055	-
		<u> </u>	<u> </u>	<u> </u>	<u> </u>		<u> </u>
	TOTAL	<u>101,495</u>	<u>101,495</u>	<u>101,495</u>	<u>-</u>		<u>-</u>
Net (Over) Underclaim							<u>\$ -</u>

**WEEHAWKEN BOARD OF EDUCATION
NET CASH RESOURCE SCHEDULE
PROPRIETARY FUNDS - FOOD SERVICE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Net Cash Resources:</u>		Food Service B - 4/5	
CAFR	*	Current Assets	
B-4		Cash & Cash Equiv.	\$ 50,396
B-4		Due from Other Gov'ts	
B-4		Accounts Receivable	46,006
B-4		Investments	
CAFR		Current Liabilities	
B-4		Less Accounts Payable	(9,480)
B-4		Less Accruals	
B-4		Less Due to Other Funds	(3,958)
B-4		Less Deferred Revenue	
		Net Cash Resources	<u><u>\$ 82,964</u></u> (A)

Net Adj. Total Operating Expense:

B-5		Tot. Operating Exp.	404,538	
B-5		Less Depreciation	(6,876)	
		Adj. Tot. Oper. Exp.	<u><u>\$ 397,662</u></u>	(B)

Average Monthly Operating Expense:

	B / 10	<u><u>\$ 39,766</u></u>	(C)
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Three times monthly Average:

	3 X C	<u><u>\$ 119,299</u></u>	(D)
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TOTAL IN BOX A	\$	<u>82,964</u>	
LESS TOTAL IN BOX D	\$	<u>119,299</u>	
NET	\$	<u><u>(36,335)</u></u>	

From above:

**A is greater than D, cash exceeds 3 X average monthly operating expenses.
D is greater than A, cash does not exceed 3 X average monthly operating expenses.**

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

SOURCE - USDA resource management comprehensive review form

SCHEDULE OF AUDITED ENROLLMENTS

**WEEHAWKEN BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2017**

	2017-2018 Application for State School Aid						Sample for Verification						Private School for Disabled			
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Workpapers 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				
Full Day Preschool	84		84		0		84		84		0					
Full Day Kindergarten	104		104		0		104		104		0					
One	93		93		0		93		93		0					
Two	102		102		0		102		102		0					
Three	98		98		0		98		98		0					
Four	96		96		0		96		96		0					
Five	81		81		0		81		81		0					
Six	74		74		0		74		74		0					
Seven	84		84		0		84		84		0					
Eight	82		82		0		82		82		0					
Nine	84		84		0		84		84		0					
Ten	74		74		0		74		74		0					
Eleven	86		86		0		86		86		0					
Twelve	51		51		0		51		51		0					
Subtotal	<u>1,193</u>	<u>0</u>	<u>1,193</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,193</u>	<u>0</u>	<u>1,193</u>	<u>0</u>	<u>0</u>	<u>0</u>				
Sp Ed - Elementary	57		57		0		57		57		0		3	3	3	0
Sp Ed - Middle School	30		30		0		30		30		0		2	2	2	0
Sp Ed - High School	64	1	64	1	0	0	64	1	64	1	0	0	3	3	3	0
Subtotal	<u>151</u>	<u>1</u>	<u>151</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>151</u>	<u>1</u>	<u>151</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>0</u>
Total	<u>1,344</u>	<u>1</u>	<u>1,344</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>1,344</u>	<u>1</u>	<u>1,344</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>0</u>
Percentage Error					<u>0.00%</u>	<u>0.00%</u>					<u>0.00%</u>	<u>0.00%</u>				<u>0.00%</u>

SCHEDULE OF AUDITED ENROLLMENTS

**WEEHAWKEN BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2017**

	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 A.S.S.A. as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Full Day Preschool	0	0	0	0	0	0	0	0	0	0	0	0
Full Day Kindergarten	25	25	0	25	25	0	3	3	0	3	3	0
One	24	24	0	24	24	0	7	7	0	7	7	0
Two	23	23	0	23	23	0	8	8	0	8	8	0
Three	28	28	0	28	28	0	6	6	0	6	6	0
Four	28	28	0	28	28	0	4	4	0	4	4	0
Five	23	23	0	23	23	0	2	2	0	2	2	0
Six	20	20	0	20	20	0	2	2	0	2	2	0
Seven	19	19	0	19	19	0	0	0	0	0	0	0
Eight	28	28	0	28	28	0	2	2	0	2	2	0
Nine	22	22	0	22	22	0	2	2	0	2	2	0
Ten	25	25	0	25	25	0	5	5	0	5	5	0
Eleven	31	31	0	31	31	0	0	0	0	0	0	0
Twelve	15	15	0	15	15	0	1	1	0	1	1	0
Subtotal	311	311	0	311	311	0	42	42	0	42	42	0
Sp Ed - Elementary	35	35	0	35	35	0	0	0	0	0	0	0
Sp Ed - Middle School	22	22	0	22	22	0	0	0	0	0	0	0
Sp Ed - High School	33	33	0	33	33	0	3	3	0	3	3	0
Subtotal	90	90	0	90	90	0	3	3	0	3	3	0
Low Inc. out of District			0			0	0	0		0	0	
Total	401.0	401.0	0	401.0	401.0	0	45	45	0	45	45	0
Percentage Error			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>

	Transportation						Reg. Avg.(Mileage) = Regular Including Grade PK students (Part A) Reg. Avg.(Mileage) = Regular Excluding Grade PK students If Applicable Spec. Avg. = Special Ed. With Special Needs	Reported	Re-Calculated
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors			
Reg. - Public Schools, col. 1	0	0	0	0	0	0	1.1	1.1	
Reg-SpEd, col. 4	43	43	0	43	43	0			
Transported - Non public, col. 2	0	0	0	0	0	0	10.6	10.6	
Special Ed Spec, col. 6	35	35	0	35	35	0			
Totals	78	78	0	78	78	0			
Percentage Error			<u>0.00%</u>			<u>0.00%</u>			

SCHEDULE OF AUDITED ENROLLMENTS

**WEEHAWKEN BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2017**

	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
Full Day Preschool	0	0	0	0	0	0
Full Day Kindergarten	2	2	0	2	2	0
One	2	2	0	2	2	0
Two	3	3	0	3	3	0
Three	1	1	0	1	1	0
Four	2	2	0	2	2	0
Five	0	0	0	0	0	0
Six	1	1	0	1	1	0
Seven	1	1	0	1	1	0
Eight	2	2	0	2	2	0
Nine	3	3	0	3	3	0
Ten	3	3	0	3	3	0
Eleven	2	2	0	2	2	0
Twelve	2	2	0	2	2	0
Subtotal	24	24	0	24	24	0
Sp Ed - Elementary	0	0	0	0	0	0
Sp Ed - Middle School	0	0	0	0	0	0
Sp Ed - High School	0	0	0	0	0	0
Subtotal	0	0	0	0	0	0
Low Inc. out of District						
Total	24	24	0	24	24	0
Percentage Error			0.00%			0.00%

Excess Surplus Calculation

**Excess Surplus Calculation
REGULAR DISTRICT**

SECTION 1

A. 2% Calculation of Excess Surplus

2017-18 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ 27,120,121 (B)
Increased By:	
Transfer from Capital Outlay to Capital Projects Fund	(B1a)
Transfer from Capital Reserve to Capital Projects Fund	\$ - (B1b)
Transfer from General Fund to SRF for Pre-K-Regular	(B1c)
Transfer from General Fund to SRF fro PreK-Inclusion	\$ - (B1d)
Decreased By:	
On-Behalf TPAF Pension & Social Security	(2,947,207) (B2a)
Assets Acquired Under Capital Leases	\$ - (B2b)
Adjusted 2017 - 18 General Fund Expenditures [(B) + (B1's) - (B2's)]	<u>\$ 24,172,914 (B3)</u>
2% of Adjusted 2017 - 18 General Fund Expenditures [(B3) times .02]	\$ 483,458 (B4)
Enter greater of (B4) or \$250,000	\$ 483,458 (B5)
Increased by: Allowable Adjustment)Extraordinary Aid	(K)
Maximum Unassigned Fund Balance [(B5) +(K)]	<u>\$ 483,458 (M)</u>

SECTION 2

Total General Fund - Fund Balances @ 6-30-18 (Per CAFR Budgetary Comparison Schedule C-1)	<u>\$ 884,892 (C)</u>
Decreased By:	
Year End Encumbrances	\$ (299,207) (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	(C2)
Excess Surplus - Designated for Subsequent Year's Expenditures	\$ (327,583) (C3)
Other Restricted/ Reserved Fund Balances	(C4)
Assigned -- Designated for Subsequent Year's Expenditures	\$ (258,102) (C5)
Additional Assigned Fund Balance- Unreserved- Designated for Subsequent Year's Expenditures- July 1, 2018- August 1, 2018	(C6)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	<u>\$ - (U1)</u>

SECTION 3

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

Recapitulation of Excess Surplus as of June 30, 2018

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	\$ 327,583 (C3)
Reserved Excess Surplus [(E)]	\$ - (E)
Total Excess Surplus [(C3) + (E)]	<u>\$ 327,583 (D)</u>

Administrative Findings – Financial, Compliance and Performance

AUDIT RECOMMENDATIONS SUMMARY

For the Fiscal Year Ended June 30, 2018

Weehawken Board of Education

Exhibit G

Recommendations:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

Payroll Account

2018-001: (CAFR Finding 2018-001):

The full amount of each payroll must be submitted to the payroll agency fund and posted to the General Fund, including amounts owed for employer share of unemployment and social security.

2018-002 (CAFR Finding 2018-002):

The Board of District should designate someone to prepare and submit the certification as required by *N.J.S.A. 18A:14.4* and submit the E-CERT1 if not yet submitted.

2018-003:

Health benefit waivers should be reviewed to ascertain they are based on the correct premiums & waivers paid in error be recovered from 2 employees.

2018-004:

Health benefit contributions should be reviewed for all employees to ascertain they are computed correctly for the 2017-18 school year.

Reserve for Encumbrance and Accounts Payable

2018-005 (CAFR Finding 2018-003):

Purchase orders should be reviewed for proper classification at June 30, as accounts payable or reserve for encumbrances based upon whether the goods have been received or the services rendered. Reconciliation of the adjusted June 30 balances for accounts payable and reserve for encumbrances should be performed and the required schedules be prepared for the year-end audit.

Administrative Findings – Financial, Compliance and Performance

AUDIT RECOMMENDATIONS SUMMARY

For the Fiscal Year Ended June 30, 2018

Weehawken Board of Education

Exhibit G

Recommendations (continued):

Classification of Expenditures

2018-006:

Fixed asset additions should be charged to Fund 12 and agree to the fixed asset inventory.

Board Secretary Records

2018-007 (CAFR Finding 2018-004):

Approved budgetary line accounts should not be over-expended. The Board Administrator 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. Monthly certifications filed should be consistent with the actual budgetary records.

2018-008 (CAFR Finding 2018-005):

All budget transfers should be approved and recorded in the minutes of the School Board. Executive County Superintendent approval should be requested for any transfer over 10% in advertised appropriation accounts as defined under N.J.A.C. 6A:23A-13.3.

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

Finding 2018-009 (CAFR 2018-009):

Upon acceptance of Title 1 grant funds, allocation of teachers' salaries which were to be charged to the grant was not approved in the minutes or by board resolution.

Other Special Federal and/or State Projects

Finding 2018-010 (CAFR 2018-010):

The Extraordinary Aid application should be corrected for the FY 2018. The Extraordinary Aid application should be reviewed for accuracy before submission.

Administrative Findings – Financial, Compliance and Performance

AUDIT RECOMMENDATIONS SUMMARY

For the Fiscal Year Ended June 30, 2018

Weehawken Board of Education

Exhibit G

Recommendations (continued):

T.P.A.F. Reimbursement:

Finding 2018-011 (CAFR Finding 2018-006):

It is recommended that reimbursements to the State for TPAF/FICA payments should be charged directly to the grant that includes the charges for those specific salaries. Budgeted grant allocations for salaries and benefits for federal grants should be allocated to allow for the allocated amount of the salaries and related benefits to be charged to the grant.

3. School Purchasing Programs

2018-012 (CAFR Finding 2018-007):

All contracts in excess of the quote threshold should have the required documentation that at least two competitive quotations were received before award of that contract in accordance with N.J.S.A. 18A:18A-37.

2018-013 (CAFR Finding 2018-008):

All vendors must have the required IRS form W-9 and NJ Business Registration Certificate on file. IRS form 1099-Misc. must be transmitted to all vendors that are paid in excess of \$600 and are not exempt.

4. School Food Service

2018-014:

Claims for reimbursement to the New Jersey Department of Agriculture should be certified on a timely basis.

5. Student Body Activities

2018-015:

All “cash” receipts shall have the proper documentation which indicate date received, sources (from whom it was received), purpose, amount and other documentation such as pre-numbered receipts. Policies and procedures should be enforced to ensure that all employees collecting “cash” promptly deposit and document all receipts.

2018-016:

Proper supporting documentation and required approval signatures should be maintained for all disbursements.

Administrative Findings – Financial, Compliance and Performance

AUDIT RECOMMENDATIONS SUMMARY

For the Fiscal Year Ended June 30, 2018

Weehawken Board of Education

Recommendations (continued):

Exhibit G

2018-017:

That all documentation and bank statements be available for audit for the student activity accounts.

6. Application for State School Aid

None

7. Pupil Transportation

None

8. Facilities and Capital Assets

2018-018:

The fixed asset inventory report should be adjusted to reflect the addition of the new bus.

9. Miscellaneous

None

10. Status of Prior Year Audit Findings/Recommendations

A review was performed on the prior year recommendations and corrective action was taken on all prior year findings with the exception of the following, which is repeated in this year's recommendations noted as current year finding "2018-014."

Not all "cash" receipts contained all the proper documentation, therefore prompt depositing could not always be verified. (N.J.A.C. 6A:23A-16.12).