

**ESSEX COUNTY VOCATIONAL SCHOOLS
COUNTY OF ESSEX
NEW JERSEY**

**AUDITOR'S MANAGEMENT REPORT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED
JUNE 30, 2019**

PREPARED BY

**SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS**

**ESSEX COUNTY VOCATIONAL SCHOOLS
COUNTY OF ESSEX
NEW JERSEY**

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

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REPORT OF INDEPENDENT AUDITORS

Honorable President and Members
of the Board of Education
Essex County Vocational Schools
County of Essex, New Jersey 07044

We have audited, in accordance with accounting principles 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 Board of Education of the Essex County Vocational Schools in the County of Essex, for the year ended June 30, 2019, and have issued our report thereon dated December 3, 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 Essex County Vocational Schools 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.



JOSEPH J. FACCONI
Licensed Public School Accountant #194



SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Newark, New Jersey
December 3, 2019

ESSEX COUNTY VOCATIONAL SCHOOLS

ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE

Scope of Audit

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

Administrative Practices and Procedures

Insurance

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

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount of Bond</u>
Bernetta Davis	Business Administrator	\$300,000
Lori Tanner	Board Secretary	300,000
Paul Hopkins	Treasurer of School Moneys	300,000

There is a Public Employees' Faithful Performance Blanket Position Bond with the New Jersey School Boards Association Insurance Group covering all other employees.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The Board did make an adjustment to the billings to sending districts for per pupil costs in accordance with N.J.A.C. 6A:23A-17.1(f)3.

Financial Planning, Accounting and Reporting

Condition 2019-01:

Condition:

We compared the General Ledger balance for tuitions receivable with the detailed list balance for tuition provided by management. There was a difference that could not be identified by management. We adjusted the General Ledger to agree to the detailed list provided by management.

Recommendation:

That General Ledger and the detailed list should be reconciled on a monthly basis.

Financial Planning, Accounting and Reporting (Continued)

Condition 2019-02:

Finding:

Reconciling items were corrected for the audit. In the future, reconciliations should be reviewed and differences reconciled before closing out the month.

Recommendation:

That bank reconciliations should be reviewed and all differences should be reconciled prior to closing out the month.

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.

In verifying expenditures, computations were tested on claims approved and paid. No attempt was made in this connection to establish proof of rendition, character or extent of services, nor quantities, nature, propriety of prices or receipt of materials, these elements being left necessarily to internal review in connection with approval of claims.

Payroll Fund and Position Control Roster

Net salaries of all employees were deposited in the Payroll Bank Account.

All payroll deductions with Withholding Tax, Social Security, Employees' Pension Funds, Hospitalization Premiums and other items as well as the Board's Payroll Contributions, were deposited to the Payroll Agency Bank Account.

All payrolls were approved by the Superintendent of Schools and certified by the President and the Secretary of the Board of Education.

Salary withholdings were promptly remitted to the proper agencies, including health benefits premium amounts withheld due to the general fund.

The propriety of deductions from individual salaries for Pensions, Social Security, Withholding Tax and other purposes were not verified as part of this examination.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30th for proper classification of orders, a reserve for encumbrances and accounts payable. Careful consideration should be given to proper classification of both encumbrances and liabilities on an ongoing basis.

We reviewed the accounts payable as of June 30, 2019 for invoices which have not been liquidated by September 30th following the fiscal year end.

We reviewed the encumbrances as of June 30, 2019 for invoices which have not been liquidated by September 30th following the fiscal year end.

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:23A-16.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classification to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3. As a result of the procedures performed, a transaction error rate of 0% overall was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

The financial records and books of accounts maintained by the Board Secretary were in satisfactory condition. The prescribed contractual order system was followed.

District funds were provided and expended in the proper GAAP account codes based upon audit testing of transactions.

Revenue and receipts were established and verified as to source and amount only insofar as the local records permitted.

The School District's double entry system of accounting records was maintained in accordance with the Department of Education's prescribed GAAP Technical System Manual, pursuant to N.J.S.A. 18A:4-14 and N.J.A.C. 6:20-2A.

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 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.

The study of compliance for ESEA did not indicate any areas of noncompliance.

Other Special Federal and State Projects

The District's Special Projects were approved as listed on Schedule A (K-3) and Schedule B (K-4) reflected 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 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.

TPAF 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 Teachers' Pension and Annuity Fund. No exceptions were noted.

Financial Planning, Accounting and Reporting (Continued)

TPAF Reimbursement to the State for Federal Salary Expenditures

The reimbursement to the State for 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 subsequent to the end of the 60 day grant liquidation period, but prior to the 90 days required by N.J.S.A. 18A:66-90. Accordingly, the expenditure was made in accordance with State law (90 days) and properly reported as obligated and not expended and as an unliquidated balance in the current year's Final Report(s) for all federal awards.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 is \$40,000.00 with a Qualified Purchasing Agent. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$19,000.00.

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

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

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

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

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

School Food Service

The financial transactions and statistical records of the School Food Service Fund were maintained in satisfactory condition. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

Cash receipts and bank records were reviewed for timely deposit. The District utilizes a food service management company (Maschio's Food Services) 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 Maschio's Food Services contract were reviewed and audited. The Maschio's Food Services contract includes an operating results provision which guarantees that the Food Service Program will return a profit of at least \$85,000.00. The operating results provision has been met.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food supply items were currently maintained and properly applied in determining the cost of food and supplies used.

School Food Service (Continued)

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the nonprofit status of the School Food Service.

Net cash resources exceeded three months average expenditures.

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all School Food Service employees authorized by the Board of Education.

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 manner.

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 on file, times the number of operating days, on a school by school basis. The free and reduced price meal is uniformly administered throughout the School System. Sites approved to participate in provisions complied with all counting and claiming requirements. The required verification procedures for free and reduced price applications were completed and available for review.

The School District did provide the detail revenue and expenditure information necessary in order to execute the U.S.D.A. Mandated Non-Program Food Revenue Tool at least annually.

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.

Food Distribution Program Commodities were received and a separate inventory was maintained on a first-in, first-out basis.

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

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2018 Application for State School Aid (ASSA) 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 ASSA was compared to the District work papers with exceptions. The information that was included on the work papers was verified with 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 written procedures appear to be adequate for the recording of student enrollment data.

Condition 2019-03:

Finding:

We noted several differences between the amounts presented on the October 15, 2018 ASSA count and the information presented in the District's workpapers.

Recommendation:

That greater care should be exercised when preparing the workpapers used to develop the ASSA Report.

Facilities and Capital Assets

Accounting for capital assets is required in order to maintain physical accountability over the assets owned by a school. The accounting system should provide a record of the fixed assets obtained over the years that are still in service and identify the funding source for the purchase of those assets. This provides the ability to prevent, detect and recognize losses of capital assets. The New Jersey Department of Education notified school districts that, effective July 1, 2001, there is a \$2,000.00 capitalization threshold for capital assets. This is a policy set for financial reporting and accounting purposes. Schools may use a lower threshold for asset management and insurance purposes.

Testing for Lead of all Drinking Water in Educational Facilities

The School District adheres 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.

The School District submitted the Annual Statement of Assurance to the Department of Education pursuant to N.J.A.C. 6A:26-12.4(g).

Follow-Up on Prior Year Findings

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year recommendations. Corrective action has been taken with the exception of those recommendations marked with an asterisk.

Miscellaneous

The minutes indicate that the Report on the Examination of Accounts for the 2017-2018 fiscal year was reviewed by the Board, a synopsis thereof distributed at a public meeting and public discussion held.

Revenue and receipts were established and verified as to source and amount only insofar as the local records permitted.

Acknowledgment

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


JOSEPH J. FACCONI
Licensed Public School Accountant #194


SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Newark, New Jersey
December 3, 2019

ESSEX COUNTY VOCATIONAL SCHOOLS
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM - FEDERAL
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

<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 (High Rate)	Paid	32,616	32,616	32,616		\$0.33	\$
National School Lunch (High Rate)	Reduced	26,624	26,624	26,624		2.93	
National School Lunch (High Rate)	Free	218,263	218,263	218,263		3.33	
	Total	<u>277,503</u>	<u>277,503</u>	<u>277,503</u>			<u>-</u>
National School Lunch	HHFKA	<u>277,503</u>	<u>277,503</u>	<u>277,503</u>		0.06	<u>-</u>
School Breakfast (Severe Need Rate)	Paid	36,019	36,019	36,019		0.31	
	Reduced	15,412	15,412	15,412		1.84	
	Free	123,098	123,098	123,098		2.14	
	Total	<u>174,529</u>	<u>174,529</u>	<u>174,529</u>			<u>-</u>
Total							<u>\$ -</u>

ESSEX COUNTY VOCATIONAL SCHOOLS
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM - STATE
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

<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 (High Rate)	Paid	32,616	32,616	32,616		\$ 0.050	\$ -
State Reimbursement - National School Lunch (High Rate)	Reduced	26,624	26,624	26,624		0.055	
State Reimbursement - National School Lunch (High Rate)	Free	<u>218,263</u>	<u>218,263</u>	<u>218,263</u>		0.055	
	Total	<u>277,503</u>	<u>277,503</u>	<u>277,503</u>			
Total							<u>\$ -</u>

NET CASH RESOURCE SCHEDULE

Net Cash Resources did not Exceed Three Months of Expenditures Proprietary Funds - Food Service FYE 2019

<u>Net Cash Resources</u>	Food Service B - 4/5	
CAFR		Current Assets
B-4	\$ 653,737.26	Cash and Cash Equiv.
B-4	80,728.83	Due from Other Gov'ts
B-4		Accounts Receivable
B-4		Investments
CAFR		Current Liabilities
B-4	(20,114.57)	Less Accounts Payable
B-4		Less Accruals
B-4	(1,042,542.75)	Less Due to Other Funds
B-4		Less Deferred Revenue
	<u>\$ (328,191.23)</u>	Net Cash Resources (A)

Net Adj. Total Operating Expense

B-5	\$ 1,542,412.70	Total Operating Exp.
B-5	<u>(83,281.54)</u>	Less Depreciation
	<u>\$ 1,459,131.16</u>	Adj. Total Oper. Exp. (B)

Average Monthly Operating Expense

B / 10 \$ 145,913.12 (C)

Three Times Monthly Average

3 X C \$ 437,739.35 (D)

TOTAL IN BOX A	\$ (328,191.23)
LESS TOTAL IN BOX D	<u>\$ 437,739.35</u>
NET	<u>\$ (765,930.58)</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

ESSEX COUNTY VOCATIONAL SCHOOLS

SCHEDULE OF AUDITED ENROLLMENTS

APPLICATION FOR STATE SCHOOL AID SUMMARY

ENROLLMENT AS OF OCTOBER 15, 2018

	2019-2020 Application for State School Aid						Sample for Verification					
	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	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Half Day Preschool 3					0	0					0	0
Half Day Preschool 4					0	0					0	0
Full Day Preschool 4					0	0					0	0
Half Day Kindergarten					0	0					0	0
Full Day Kindergarten					0	0					0	0
One					0	0					0	0
Two					0	0					0	0
Three					0	0					0	0
Four					0	0					0	0
Five					0	0					0	0
Six					0	0					0	0
Seven					0	0					0	0
Eight					0	0					0	0
Nine					0	0					0	0
Ten					0	0					0	0
Eleven					0	0					0	0
Twelve					0	0					0	0
Post-Graduate					0	0					0	0
Adult H.S. (15+CR.)					0	0					0	0
Adult H.S. (1-14 CR.)					0	0					0	0
Sub-Total	0	0	0	0	0	0	0	0	0	0	0	0
Special Ed - Elementary					0	0						
Special Ed - Middle School					0	0						
Special Ed - High School	223	43	223	47	0	-4	27	5	27	5	0	0
Sub-Total	223	43	223	47	0	(4)	27	5	27	5	0	0
Co. Voc. - Regular	2,138	3	2,138	3	0	0	256	1	256	1	0	0
Co. Voc. Ft. Post Sec.	62	0	71	0	(9)	0	8	0	8	0	0	0
Totals	2,423	46	2,432	50	(9)	(4)	291	6	291	6	0	0
							(a)	(a)				
Percentage Error					-0.37%	-8.70%					0.00%	0.00%

SCHEDULE OF AUDITED ENROLLMENTS

**ESSEX COUNTY VOCATIONAL SCHOOLS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2018**

	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 + share time	Reported on Workpapers as LEP low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Half Day Preschool												
Full Day Preschool												
Half Day Kindergarten			0			0			0			0
Full Day Kindergarten			0			0			0			0
One			0			0			0			0
Two			0			0			0			0
Three			0			0			0			0
Four			0			0			0			0
Five			0			0			0			0
Six			0			0			0			0
Seven			0			0			0			0
Eight			0			0			0			0
Nine			0			0			0			0
Ten			0			0			0			0
Eleven			0			0			0			0
Twelve			0			0			0			0
Post-Graduate			0			0			0			0
Adult H.S. (15+CR.)			0			0			0			0
Adult H.S. (1-14 CR.)			0			0			0			0
Sub-Total	0	0	0	0	0	0	0	0	0	0	0	0
Special Ed - Elementary			0			0		0	0		0	0
Special Ed - Middle			0			0		0	0		0	0
Special Ed - High	174.0	190.0	(16.0)	27	23	4	0.0	0.0	0	0	0	0
Sub-Total	174.0	190.0	(16.0)	27	23	4	0.0	0.0	0	0	0	0
Co. Voc. - Regular	1,642.0	1,729.0	(87)	260	240	20	110	110	0	68	66	2
Co. Voc. Ft. Post Sec.	0						0	0	0	0	0	0
Totals	1,816.0	1,919.0	(103.0)	287	263	24	110.0	110.0	0	68	66	2
Percentage Error			-5.67%	(c)		8.36%			0.00%	(d)		2.94%

ESSEX COUNTY VOCATIONAL SCHOOLS

SCHEDULE OF AUDITED ENROLLMENTS

APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2018

	<u>Resident LEP NOT Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on A.S.S.A. as NOT Low Income</u>	<u>Reported on Workpapers as NOT Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Application and Register</u>	<u>Sample Errors</u>
Half Day Preschool						
Full Day Preschool						
Half Day Kindergarten			0			0
Full Day Kindergarten			0			0
One			0			0
Two			0			0
Three			0			0
Four			0			0
Five			0			0
Six			0			0
Seven			0			0
Eight			0			0
Nine			0			0
Ten			0			0
Eleven			0			0
Twelve			0			0
Post-Graduate			0			0
Adult H.S. (15+CR.)			0			0
Adult H.S. (1-14 CR.)			0			0
Sub-Total	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Special Ed - Elementary			0	0	0	0
Special Ed - Middle			0	0	0	0
Special Ed - High	<u>2</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Sub-Total	<u>2</u>	<u>0 2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Co. Voc. - Regular	84	84	0	54	54	0
Co. Voc. Ft. Post Sec.						
Totals	<u>86</u>	<u>86</u>	<u>0</u>	<u>54</u>	<u>54</u>	<u>0</u>
Percentage Error			<u>0.00%</u>	(f)		<u>0.00%</u>

**BOARD OF EDUCATION
ESSEX COUNTY VOCATIONAL SCHOOLS
COUNTY OF ESSEX
FISCAL YEAR ENDED JUNE 30, 2019**

**EXCESS SURPLUS CALCULATION
VOCATIONAL DISTRICT**

SECTION 1

A. 6% Calculation of Excess Surplus

2018-19 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ <u>47,396,072.41</u> (B)	
Increased by:		
Transfer from Capital Outlay to Capital Projects Fund	\$ _____ (B1a)	
Transfer from Capital Reserve to Capital Projects Fund	\$ _____ (B1b)	
Decreased by:		
On-Behalf TPAF Pension & Social Security	\$ <u>6,113,003.91</u> (B2a)	
Assets Acquired Under Capital Leases	\$ _____ (B2b)	
Adjusted 2018-19 General Fund Expenditures [(B)+(B1s)-(B2s)]	\$ <u><u>41,283,068.50</u></u> (B3)	
6% of Adjusted 2018-19 General Fund Expenditures [(B3) times .06]	\$ <u>2,476,984.11</u> (B4)	
Enter Greater of (B4) or \$250,000	\$ <u>2,476,984.11</u> (B5)	
Increased by: Allowable Adjustment*	\$ _____ (K)	
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]		\$ <u><u>2,476,984.11</u></u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6-30-2019 (Per CAFR Budgetary Comparison Schedule-C1)	\$ <u>25,012,111.79</u> (C)	
Decreased by:		
Year-end Encumbrances	\$ <u>30,073.83</u> (C1)	
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ _____ (C2)	
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ <u>6,019,495.37</u> (C3)	
Other Restricted Fund Balances ****	\$ <u>6,018,094.05</u> (C4)	
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	\$ <u>309,602.63</u> (C5)	
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]		\$ <u><u>12,634,845.91</u></u> (U1)

**BOARD OF EDUCATION
ESSEX COUNTY VOCATIONAL SCHOOLS
COUNTY OF ESSEX
FISCAL YEAR ENDED JUNE 30, 2019**

SECTION 3

Restricted Fund Balance - Excess Surplus***[(U1)-(M)] IF NEGATIVE ENTER -0- \$ 10,157,861.80 (E)

Recapitulation of Excess Surplus as of June 30, 2019

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ 6,019,495.37 (C3)
Reserved Excess Surplus***[(E)]	\$ <u>10,157,861.80</u> (E)
 Total Excess Surplus [(C3) + (E)]	 \$ <u>16,177,357.17</u> (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, 2016 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.

Notes to auditor: Refer to the Audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid, Family Crisis Transportation Aid, and Additional Nonpublic School Transportation Aid.

Detail of Allowable Adjustments

Impact Aid	\$ _____ (H)
Sale & Lease-back	\$ _____ (I)
Extraordinary Aid	\$ _____ (J1)
Additional Nonpublic School Transportation Aid	\$ _____ (J2)
Current Year School Bus Advertising Revenue Recognized	\$ _____ (J3)
Family Crisis Transportation Aid	\$ _____ (J4)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)]	\$ _____ (K)

** This amount represents the June 30, 2019 Excess Surplus (C3 above) and must be included in the Audit Summary Line 90031.

*** Amount must agree to the June 30, 2019 CAFR and must agree to Audit Summary Line 90030.

**** Amount for Other Restricted 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 an other type of government, such as the judicial branch of government, must have departmental approval. District requests should be submitted to the Division of Administration and Finance prior to September 30.

BOARD OF EDUCATION
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Detail of Other Restricted Fund Balance

Statutory Restrictions:	
Approved Unspent Separate Proposal	\$ _____
Sale/Lease-Back Reserve	\$ _____
Capital Reserve	\$ <u>6,000,000.00</u>
Maintenance Reserve	\$ _____
Emergency Reserve	\$ _____
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 (Sections 8002 and 8003)	\$ _____
Impact Aid Capital Fund Reserve (Sections 8007 and 8008)	\$ _____
Other State/Government Mandated Reserve	\$ <u>18,094.05</u>
Adult Education Program	\$ _____
 Total Other Restricted Fund Balance	 \$ <u>6,018,094.05</u> (C4)

ESSEX COUNTY VOCATIONAL SCHOOLS
AUDIT RECOMMENDATIONS SUMMARY
FISCAL YEAR ENDED JUNE 30, 2018

It is recommended that:

1. Administrative Practices and Procedures
None
2. Financial Planning, Accounting and Reporting
That the General Ledger and the detailed list should be reconciled on a monthly basis.

That bank reconciliations should be reviewed and all differences should be reconciled prior to closing out the month.
3. School Purchasing Program
None
4. School Food Service
None
5. Student Body Activities
None
6. Application for State School Aid

That greater care should be exercised when preparing the workpapers used to develop the ASSA Report.
7. Facilities and Capital Assets
None
8. Pupil Transportation
None
9. Follow-Up on Prior Years' Findings
None
10. Miscellaneous
None

