

**NEW MILFORD BOARD OF EDUCATION  
AUDITOR'S MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS -  
FINANCIAL, COMPLIANCE AND PERFORMANCE  
JUNE 30, 2019**

**NEW MILFORD BOARD OF EDUCATION  
TABLE OF CONTENTS**

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

	<u>Page No.</u>
Report of Independent Auditor's	1
Scope of Audit	2
Administrative Practices and Procedures	2
Financial Planning, Accounting and Reporting	2-5
School Purchasing Programs	5-6
School Food Services	6
Latch Key Programs, Broadway Kids Summer, After School Enrichment and Summer Music Program	7
Student Activity Funds	7
Application for State School Aid	7
Pupil Transportation	8
Facilities and Capital Assets	8
Testing for Lead of all Drinking Water in Educational Facilities	8
Schedule of Meal Count Activity – Not Applicable	9
Schedule of Net Cash Resources – Food Service Fund	10
Schedule of Audited Enrollments	11-13
Excess Surplus Calculation	14
Recommendations	15-16
Acknowledgement	16



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
DONNA L. JAPHET, CPA, PSA  
JULIUS B. CONSONI, CPA, PSA  
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
RALPH M. PICONE, CPA, RMA, PSA  
DEBRA GOLLE, CPA  
MARK SACO, CPA  
SHERYL M. LEIDIG, CPA, PSA  
ROBERT LERCH, CPA  
CHRIS SOHN, CPA

Honorable President and  
Members of the Board of Education  
New Milford Board of Education  
New Milford, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the New Milford Board of Education in the County of Bergen as of and for the fiscal year ended June 30, 2019, and have issued our report thereon dated November 26, 2019.

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

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

Respectfully submitted,

*Lerch, Vinci & Higgins, LLP*

LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Public School Accountants

Jeffrey C. Bliss  
Public School Accountant  
PSA Number CS00932

Fair Lawn, New Jersey  
November 26, 2019

**NEW MILFORD BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**Scope of Audit**

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

**Administrative Practices and Procedures**

**Insurance**

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

**Officials Bonds**

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Michael Sawicz	School Business Administrator/ Board Secretary	\$100,000
Denise Amoroso	Treasurer of School Monies	\$250,000

There is Public Employee Dishonesty coverage with Great American Insurance Company, with a limit of \$100,000 per employee and \$500,000 per loss.

**Tuition Charges**

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were greater than estimated costs.

**Financial Planning, Accounting and Reporting**

**Examination of Claims**

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

- **Finding** – The audit of the District's health benefit bills revealed certain individuals continued to remain on dental and vision benefits after separation of employment.

**Recommendation** – The District's health benefit bills be reviewed on a monthly basis to ensure only active an eligible employees are receiving benefits.

**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 certified by the President of the Board and the Board Secretary/School Business Administrator.

Salary withholdings were promptly remitted to the proper agencies, including health benefit withholdings due to other funds.

The District filed the required certification (ECERT1) of compliance with requirements for income tax compensation of certain administrators with the NJ Department of Treasury by the March 15 due date.

**Employee Position Control Roster**

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

**NEW MILFORD BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**Financial Planning, Accounting and Reporting (Continued)**

Reserve for Encumbrances and Accounts Payable

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

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6:A23-16.2(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 material transaction errors were noted and therefore, no additional procedures were deemed necessary to test the propriety of expenditure classification.

Travel

The District had adopted a policy regulating travel.

Board Secretary's Records

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

Acknowledgment of the Board's receipt of the Board Secretary and Treasurer's monthly financial reports and required certifications were included in the minutes.

The prescribed contractual order system was followed.

- **Finding (CAFR Finding 2019-001)** - Our audit of the general ledger account balances of the various funds revealed certain adjusting journal entries were required to reconcile the Board's records to agree with subsidiary records, supporting documentation and prior year annual audit balances. In addition, the financial activity of the Food Service Enterprise Fund is not being maintained in the District's financial accounting and reporting computer system.

**Recommendation** - Internal controls over financial accounting and reporting be reviewed and enhanced to ensure financial transactions are properly recorded and reported in the District's internal accounting records.

- **Finding (CAFR Finding 2019-002)** - Our audit of the Capital Projects Fund revealed the following:
  - The financial transactions of the capital lease bank account held by a Fiscal Agent for the High School Field Renovation project were not recorded in the District's accounting records.
  - Project budgets were not properly recorded in the budget appropriation subsidiary report.
  - Contracts were not encumbered at June 30, 2019.

**Recommendation** - The capital lease bank account transactions for the High School Field Renovation project be recorded in the accounting records of the Capital Projects Fund. In addition, a project budget be established and recorded in budget appropriation report and all contract awards be properly recorded in the Capital Projects Fund.

**NEW MILFORD BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**Financial Planning, Accounting and Reporting (Continued)**

**Treasurer's Records**

The Treasurer did perform cash reconciliations for all District accounts. (N.J.S.A. 18A:17-36).

All cash receipts were promptly deposited.

The Treasurer's records were in agreement with the records of the Board Secretary.

The Treasurer's cash balances were in agreement with the reconciled cash balances as determined during the audit.

**Unemployment Compensation Insurance Trust Fund**

The Board has adopted the direct reimbursement method and has established an Unemployment Compensation Insurance Trust Fund. The financial transactions of this fund are reported in the Fiduciary Fund.

**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. The section of the CAFR documents the financial position pertaining to projects under Title I, Title II and Title III of the Elementary and Secondary Education Act as amended.

Our examination of the E.S.E.A. 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.

**I.D.E.A. Part B**

Separate accounting records were maintained for each approved project.

Grant application approvals and acceptance of grant funds were made by Board resolution.

- **Finding (CAFR Finding 2019-003)** – Our audit of the IDEA grant program salaries revealed employees and their respective salaries charges to the program were approved by the Board subsequent to year end.

**Recommendation** – Employees and their respective salaries to be charged to the IDEA grant program be approved by resolution prior to expenditures being incurred against the program.

**Other Special Federal and/or State Projects**

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

Our examination 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 contained herein represent a true statement of the financial position pertaining to the aforementioned special projects.

**T.P.A.F. Reimbursement**

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

**NEW MILFORD BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**Financial Planning, Accounting and Reporting (Continued)**

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

The amount of the expenditure charged to the current year's Final Report 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.

- **Finding** – Our audit of the TPAF reimbursement report to the State for federally funded salary expenditures revealed the salaries reported for reimbursement were understated resulting in the amount due for reimbursement to be understated by approximately \$39,000. We noted the District submitted a separate report subsequently to reflect the additional amount due. Therefore no recommendation is deemed warranted.

Nonpublic State Aid

Project Completion Reports were finalized and transmitted to the State by the due date.

**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-3A 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. The school business administrator is a qualified purchasing agent, thereby increasing the bid threshold for items other than transportation to \$40,000.

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

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

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

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

**NEW MILFORD BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**School Purchasing Programs (Continued)**

**Contracts and Agreements Requiring Advertisement for Bids (Continued)**

- **Finding – (CAFR Finding 2019-004)** – Our audit noted the following with regards to compliance with the Public School Contracts Law and State procurement guidelines:
  - Payments to certain vendors for goods/services provided exceeded the quote threshold; however, two (2) quotes were not obtained from vendors, only one quote was obtained.
  - The documentation to support cost savings and publication of intent for a contract awarded under a national cooperative purchasing agreement were not available for audit.
  - There was one vendor paid over the bid threshold that was not properly bid.

**Recommendation** – Internal control procedures over purchasing be reviewed and revised to ensure all contract awards and purchases which exceed the bid and quote threshold are procured in accordance with the requirements of the Public School Contracts Law and State procurement guidelines.

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

**School Food Services**

The school food service program was not selected as a major federal or state program. However, the program expenditures exceeded \$100,000 in federal support. Accordingly, we inquired of school management as to whether the School Food Authority (the “SFA”) had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted. In addition, we inquired as to whether the SFA’s expenditures of school food service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

Cash receipts and bank records were reviewed for timely deposit.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds.

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 includes an operating result which guarantees that the Food Service will return a profit. The operating results provision has not been met. All vendor discounts, rebates and credits from vendors and/or the FSMC were tracked and credited to the Food Service Account and reconciled to supporting documentation of least annually.

Net cash resources were not in excess of three months average expenditures.

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all school food services employees authorized by the board of education. No exceptions were noted.

USDA Food Distribution Program (food and/or 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 school district maintains the detailed revenue and expenditure information necessary in order to execute the USDA mandated Non-Program Food Revenue Tool at least annually.



**NEW MILFORD BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**Other Enterprise Funds**

**Latch Key Programs, Broadway Kids Summer, After School Enrichment Program and Summer Music Program**

The District provides a before and after school child care program, a summer enrichment program and an after school enrichment program for district students. The accounting records maintained for the programs were in satisfactory condition.

- **Finding** – A review of the revenue collection procedures of the Broadway Kids Summer, After School Enrichment Program and Summer Music Program revealed the following:
  - Pre-numbered receipts tickets are not utilized for fees collected. (Broadway Kids Summer and After School Enrichment Programs)
  - Fees collected were not deposited in a timely manner (all programs).

**Recommendation** – Continued efforts be made to strengthen the controls for the Broadway Kids Summer, After School Enrichment and Summer Music Programs to ensure pre-numbered receipts tickets are utilized for fees collected and deposits are made in a timely manner.

**Student Activity Funds**

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

Cash receipts and disbursement records were maintained in good condition.

- **Finding** – Our audit of the Athletic account revealed that several athletic event deposits were not made timely.

**Recommendation** – Athletic event deposits be made in a timely manner.

- **Finding** – Our audit of the Gibbs and Berkley Elementary Schools student activity accounts revealed the following:
  - Formal bank reconciliations were not performed on a monthly basis (Gibbs and Berkley).
  - Pre-numbered receipt tickets were not utilized for monies collected (Gibbs and Berkley).
  - Check request forms not utilized for payments (Gibbs).
  - A formal cash receipt and disbursements journal was not maintained (Berkley).

**Recommendation** – Standardized accounting and reporting procedures be implemented in the Gibbs and Berkley Elementary Schools student activity accounts.

**Application for State School Aid**

Our audit procedures included a test of information reported in the October 15, 2018 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, low-income and bilingual education. 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 with an immaterial exception noted. The information that was included on the workpapers was verified with without exception. 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.

**NEW MILFORD BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**Pupil Transportation**

Our audit procedures included a test of on-roll status reported in the 2018-2019 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 information on the DRTRS was compared to the district workpapers with exceptions noted. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

**Facilities and Capital Assets**

The District had no active State School Development Authority (SDA) grant projects during the year.

- **Finding** – Our audit of capital assets revealed that the capital asset records do not reflect all acquired assets from the current and previous years.

**Recommendation** – The District update the capital asset records to include all capital asset additions and accumulated depreciation for all unrecorded additions.

**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).

**NEW MILFORD BOARD OF EDUCATION  
FOOD SERVICE ENTERPRISE FUND  
SCHEDULE OF MEAL COUNT ACTIVITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOT APPLICABLE**

**NEW MILFORD BOARD OF EDUCATION  
FOOD SERVICE ENTERPRISE FUND  
CALCULATION OF NET CASH RESOURCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<b>Current Assets</b>	
Cash and Cash Equivalents	\$ 180,690
Due from Other Governments	9,791
Accounts Receivable	2,466
Due from Other Funds	57,051
 <b>Current Liabilities</b>	
Accounts Payable	(11,221)
Unearned Revenue	(19,475)
<b>Net Cash Resources</b>	<u>\$ 219,302</u>
 <b><u>Adjusted Total Operating Expense:</u></b>	
Total Operating Expenses	\$ 764,959
Less Depreciation	(23,939)
Adjusted Total Operating Expense	<u>\$ 741,020</u>
<b><u>Average Monthly Operating Expense:</u></b>	<u>\$ 74,102</u>
<b><u>Three Times Monthly Average:</u></b>	<u>\$ 222,306</u>
Total Net Cash Resources	\$ 219,302
Three Times Monthly Average	(222,306)
Excess(Deficit) Cash Resources	<u>\$ (3,004)</u>

Net Cash Resources do not exceed three month average expenditures.

**NEW MILFORD BOARD OF EDUCATION**

**SCHEDULE OF AUDITED ENROLLMENTS**

**APPLICATION FOR STATE SCHOOL AID SUMMARY**

**ENROLLMENT AS OF OCTOBER 15, 2018**

	2019-20 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 Verifi- cation	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Half Day Preschool -	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool - 3 YR	9	-	9	-	-	-	9	-	9	-	-	-	-	-	-	-
Full Day Preschool - 4 YR	1	-	1	-	-	-	1	-	1	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	155	-	155	-	-	-	79	-	79	-	-	-	-	-	-	-
One	135	-	135	-	-	-	59	-	59	-	-	-	-	-	-	-
Two	123	-	123	-	-	-	61	-	61	-	-	-	-	-	-	-
Three	123	-	123	-	-	-	59	-	59	-	-	-	-	-	-	-
Four	137	-	137	-	-	-	66	-	66	-	-	-	-	-	-	-
Five	122	-	122	-	-	-	58	-	58	-	-	-	-	-	-	-
Six	125	-	125	-	-	-	125	-	125	-	-	-	-	-	-	-
Seven	124	-	124	-	-	-	124	-	124	-	-	-	-	-	-	-
Eight	124	-	124	-	-	-	124	-	124	-	-	-	-	-	-	-
Nine	129	-	129	-	-	-	129	-	129	-	-	-	-	-	-	-
Ten	99	-	99	-	-	-	99	-	99	-	-	-	-	-	-	-
Eleven	128	-	128	-	-	-	128	-	128	-	-	-	-	-	-	-
Twelve	125	1	125	1	-	-	125	1	125	1	-	-	-	-	-	-
Post-Graduate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (15+CR.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (1-14 CR.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	1,659	1	1,659	1	-	-	1,246	1	1,246	1	-	-	-	-	-	-
Special Ed - Elementary	151	-	151	-	-	-	26	-	26	-	-	-	3	3	3	-
Special Ed - Middle School	96	-	96	-	-	-	16	-	16	-	-	-	1	1	1	-
Special Ed - High School	120	1	120	1	-	-	20	-	20	-	-	-	5.5	4	4	-
Subtotal	367	1	367	1	-	-	62	-	62	-	-	-	10	8	8	-
Co. Voc. - Regular	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Co. Voc. Ft. Post Sec.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	2,026	2	2,026	2	-	-	1,308	1	1,308	1	-	-	10	8	8	-
Percentage Error					0.00%	0.00%					0.00%	0.00%				0.00%

**SCHEDULE OF AUDITED ENROLLMENTS**

**NEW MILFORD SCHOOL DISTRICT  
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	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	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	22	22	-	4	4	-	2	2	-	2	2	-
One	23	23	-	4	4	-	6	6	-	5	5	-
Two	20	20	-	4	4	-	6	6	-	5	5	-
Three	27	27	-	5	5	-	4	4	-	3	3	-
Four	20	20	-	4	4	-	4	4	-	3	3	-
Five	21	21	-	4	4	-	1	1	-	1	1	-
Six	24	24	-	4	4	-	2	2	-	2	2	-
Seven	25	25	-	5	5	-	1	1	-	1	1	-
Eight	18	18	-	3	3	-	1	1	-	1	1	-
Nine	23	23	-	4	4	-	-	-	-	-	-	-
Ten	23	23	-	4	4	-	3	3	-	3	3	-
Eleven	12	12	-	2	2	-	2	2	-	2	2	-
Twelve	17	17	-	3	3	-	-	-	-	-	-	-
Post-Graduate	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (15+CR.)	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (1-14 CR.)	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	275	275	-	50	50	-	32	32	-	28	28	-
Special Ed - Elementary	16	16	-	3	3	-	3	3	-	3	3	-
Special Ed - Middle	11	11	-	2	2	-	2	2	-	1	1	-
Special Ed - High	24.5	24.5	-	5	5	-	-	-	-	-	-	-
Subtotal	52	52	-	10	10	-	5	5	-	4	4	-
Co. Voc. - Regular	-	-	-	-	-	-	-	-	-	-	-	-
Co. Voc. Ft. Post Sec.	-	-	-	-	-	-	-	-	-	-	-	-
Totals	327	327	-	60	60	-	37	37	-	32	32	-
Percentage Error			0.00%			0.00%			0.00%			0.00%

**Transportation**

	Reported on DRTRS by DOE/county	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools, col.	49	49	-	15	15	-
Reg -SpEd, col. 4	83	83	-	25	24	1
Transported - Non-Public,	24	24	-	8	8	-
Special Ed Spec, col. 6	14	14	-	4	4	-
Totals	170	170	-	52	51	1
Percentage Error					1.92%	

**SCHEDULE OF AUDITED ENROLLMENTS**

**NEW MILFORD SCHOOL DISTRICT**  
**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 Kindegarten	-	-		-	-	
Full Day Kindergarten	9	9	-	7	7	-
One	9	8	1	6	6	-
Two	5	6	(1)	5	5	-
Three	3	3	-	3	3	-
Four	4	4	-	3	3	-
Five	4	4	-	3	3	-
Six	2	2	-	2	2	-
Seven	2	2	-	2	2	-
Eight	2	2	-	2	2	-
Nine	-	-	-	-	-	-
Ten	1	1	-	1	1	-
Eleven	3	3	-	3	3	-
Twelve	2	2	-	2	2	-
Post-Graduate	-	-	-	-	-	-
Adult H.S. (15+CR.)	-	-	-	-	-	-
Adult H.S. (1-14 CR.)	-	-	-	-	-	-
Subtotal	<u>46</u>	<u>46</u>	<u>-</u>	<u>39</u>	<u>39</u>	<u>-</u>
Special Ed - Elementary	2	2	-	2	2	-
Special Ed - Middle	1	1	-	1	1	-
Special Ed - High	-	-	-	-	-	-
Subtotal	<u>3</u>	<u>3</u>	<u>-</u>	<u>3</u>	<u>3</u>	<u>-</u>
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	<u>49</u>	<u>49</u>	<u>-</u>	<u>42</u>	<u>42</u>	<u>-</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

**NEW MILFORD BOARD OF EDUCATION  
CALCULATION OF EXCESS SURPLUS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

2018-2019 Total General Fund Expenditures (Budgetary Basis) Per Schedule C-1 of the CAFR	\$ 42,084,929
Increased by:	
Transfer from Capital Reserve to Capital Projects	600,000
Decreased by:	
Assets Acquired Under Capital Leases	(100,691)
Lease Purchase Agreements	(318,835)
On-Behalf TPAF Pension & Social Security	<u>(5,098,730)</u>
Adjusted 2018-2019 General Fund Expenditures	<u>\$ 37,166,673</u>
2% of Adjusted 2018-2019 General Fund Expenditures	<u>\$ 743,333</u>
Enter Greater of 2% of Adjusted 2018-2019 General Fund Expenditures or \$250,000	\$ 743,333
Increased by Allowable Adjustments*	<u>551,951</u>
Maximum Unassigned Fund Balance	<u>\$ 1,295,284</u>

**SECTION 2**

Total General Fund - Fund Balance at June 30, 2019 (Per CAFR Budgetary Comparison Schedule/Statement)	\$ 5,235,948
Decreased by:	
Restricted	
Capital Reserve	413,937
Maintenance Reserve	520,956
Emergency Reserve	285,874
Excess Surplus - Designated for Subsequent Year's Expenditures	953,538
Assigned	
Designated for Subsequent Year's Expenditures	100,000
Year-End Encumbrances	<u>68,763</u>
Total Unassigned Fund Balance	<u>\$ 2,892,880</u>

**SECTION 3**

Restricted Fund Balance - Excess Surplus	<u>\$ 1,597,596</u>
--	---------------------

**Recapitulation of Excess Surplus**

Excess Surplus	\$ 1,597,596
Excess Surplus - Designated for Subsequent Year's Expenditures	<u>953,538</u>
	<u>\$ 2,551,134</u>

\* **Detail of Allowable Adjustment**

Extraordinary Aid (Unbudgeted Portion)	\$ 483,221
Nonpublic Transportation Aid Reimbursement	<u>68,730</u>
Total Adjustments	<u>\$ 551,951</u>



**NEW MILFORD BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**RECOMMENDATIONS**

**I. Administration Practices and Procedures**

There are none.

**II. Financial Planning, Accounting and Reporting**

It is recommended that:

1. The District's health benefit bills be reviewed on a monthly basis to ensure only active and eligible employees are receiving benefits.
- \* 2. Internal controls over financial accounting and reporting be reviewed and enhanced to ensure financial transactions are properly recorded and reported in the District's internal accounting records.
3. The capital lease bank account transactions for the High School Field Renovation project be recorded in the accounting records of the Capital Projects Fund. In addition, a project budget be established and recorded in the budget appropriation report and all contract awards be properly recorded in the Capital Projects Fund.
4. Employees and their respective salaries to be charged to the IDEA grant program be approved by resolution prior to expenditures being incurred against the program.

**III. School Purchasing Program**

It is recommended that internal controls over purchasing be reviewed and revised to ensure all contract awards and purchases which exceed the bid and quote threshold are procured in accordance with the requirements of the Public School Contracts Law and State procurement guidelines.

**IV. School Food Services**

There are none.

**V. Latch Key/Broadway Kids Summer/After School Enrichment Programs/Summer Music Programs**

- \* It is recommended that continued efforts be made to strengthen the controls for the Broadway Kids Summer, After School Enrichment and Summer Music Programs to ensure pre-numbered receipts tickets are utilized for fees collected and deposits are made in a timely manner.

**VI. Student Body Activities**

It is recommended that:

- \* 1. Athletic event deposits be made in a timely manner.
2. Standardized accounting and reporting procedures be implemented in the Gibbs and Berkley Elementary School student activity accounts.

**VII. Application for State School Aid**

There are none.

**NEW MILFORD BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**RECOMMENDATIONS**  
**(Continued)**

**VIII. Pupil Transportation**

There are none.

**IX. Facilities and Capital Assets**

- \* It is recommended that the District update the capital asset records to include all capital asset additions and accumulated depreciation for all unrecorded additions.

**X. Miscellaneous**

There are none.

**XI. Status of Prior Year's Audit Findings/Recommendations**

A review was performed on all prior year recommendations. Correction action was taken on all prior year recommendations except the items denoted with an asterisk (\*).

**ACKNOWLEDGEMENT**

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

Respectfully submitted,

LERCH, VINCI & HIGGINS, LLP



Jeffrey C. Bliss  
Public School Accountant  
Certified Public Accountant