

**PERTH AMBOY PUBLIC SCHOOL DISTRICT  
AUDITORS' MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS -  
FINANCIAL, COMPLIANCE AND PERFORMANCE  
JUNE 30, 2019**

**PERTH AMBOY PUBLIC SCHOOL DISTRICT  
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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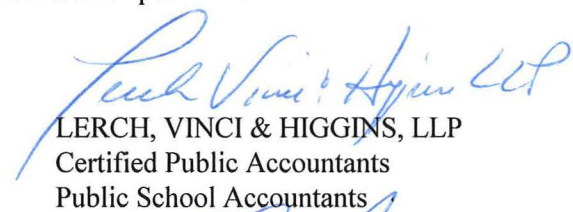
## AUDITOR'S MANAGEMENT REPORT

Honorable President and Members  
of the Board of Education  
Perth Amboy Public School District  
Perth Amboy, New Jersey

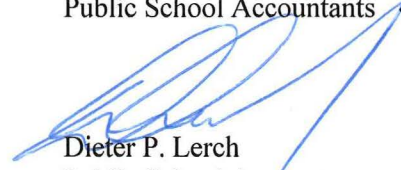
We have audited in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Perth Amboy Public School District, State of New Jersey as of and for the fiscal year ended June 30, 2019, and have issued our report thereon dated January 6, 2020.

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



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



Dieter P. Lerch  
Public School Accountant  
PSA Number CS00932

Fair Lawn, New Jersey  
January 6, 2020

**PERTH AMBOY PUBLIC SCHOOL DISTRICT  
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 Exhibit J-20, Schedule of Insurance contained in the district's Comprehensive Annual Financial Report ("CAFR").

**Official Bonds**

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Derek J. Jess	Board Secretary/ School Business Administrator	\$150,000
Michael Adamschick	Treasurer of School Monies	\$1,000,000

There is an Employee Dishonesty Faithful Performance Crime Coverage policy with N.J. Schools Insurance Group covering all other employees with multiple coverage of \$500,000 per employee.

**Financial Planning, Accounting and Reporting**

**Examination of Claims**

An examination of claims paid during the period under review was made 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.

Salary withholdings were promptly remitted to the proper agencies for the payroll periods tested, including health benefit withholdings due to the General Fund.

The School Business Administrator completed and filed the required certification of compliance with federal and state law respecting the reporting of compensation for certain employees.

**Finding** – Our audit indicated that the District did not complete the verification of payroll check distribution, as required by N.J.A.C. 6A:23A-22.8.

**Recommendation** – The District complete a verification of payroll check distribution, as required by N.J.A.C. 6A:23A-22.8.

**PERTH AMBOY PUBLIC SCHOOL DISTRICT  
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.

**Finding** – Our audit of the outstanding purchase order report revealed numerous balances classified as reserved for encumbrances which were invalid. **(CAFR Finding 2019-001)**

**Recommendation** – The outstanding purchase order report be periodically reviewed for validity of obligations and cancellations be made accordingly.

**Travel**

The District had an approved board travel policy as required by N.J.A.C. 6A:23A-6.13 and N.J.S.A. 18A:11-12.

**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 included administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23-8.3. As a result of the procedures performed, no additional procedures were deemed necessary to test the propriety of expenditure classification.

**Finding** – Our audit indicated that expenditures for employee health benefits, along with the related employee contributions, were not charged to the proper funds in accordance with the respective employee budgetary salary charges.

**Recommendation** – Expenditures for employee health benefits be charged to the proper fund in accordance with the respective employees' budgetary salary charges.

**Board Secretary's Records**

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

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

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

**Finding** – Our audit revealed that the District overpaid the Academy for Urban Leadership Charter School in the amount of \$116,197 for the 2018-19 school year.

**Recommendation** – The District seek reimbursements/credit for overpayment in the amount of \$116,197 from the Academy for Urban Leadership Charter School.

**PERTH AMBOY PUBLIC SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

**Finding** – Our audit indicated that the District is maintaining a permanent fund on the financial records. The cash balance reported in the fund of \$171,165 could not be supported by bank account documentation. In addition, an investment balance of \$295,767 is reported, however, the source and purpose of the funds could not be documented.

**Recommendation** – Documentation to support the cash balance reported in the Permanent Fund be maintained and made available for audit. Furthermore, a determination on the purpose of the fund be made.

**Finding** – Our audit indicated numerous budgetary line items in both the General Fund and Blended Resource Fund which were overexpended. (CAFR Findings 2019-002 and 2019-004)

**Recommendation** – Expenditures be made only upon sufficient funds being made available in the respective budgetary line item accounts.

**Finding** – Our audit indicated instances of individuals who are no longer employed by the District, including a deceased individual, that remain on the District's benefit coverage.

**Recommendation** – Individuals be promptly removed from the District's employee benefit coverage upon termination of employment.

**Treasurer's Records**

The Treasurer did perform monthly reconciliations of the general operating, net payroll and payroll agency bank accounts.

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

**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 Funds.

**Elementary and Secondary Education Act (E.S.E.A.) as amended by the Every Student Succeeds Acts (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, II, III and IV of the Elementary and Secondary Education Act, as amended and reauthorized.

The study of compliance for E.S.E.A. disclosed the following areas of noncompliance.

**PERTH AMBOY PUBLIC SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

Other Special Federal and/or State Projects

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

Our audit of the Federal and State funds on a test basis indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

**Finding** – Our audit indicated that amounts reported on the final grant expenditure reports for the Federal ESSA and IDEA grant programs and the State of New Jersey Nonpublic Project Completion Report were not in agreement with the District's financial records.

**Recommendation** – Final grant expenditure reports be in agreement with amounts reported on the District's financial records.

IDEA Part B and Preschool

Separate accounting records were maintained for each approved project. Grant applications, approvals and acceptance of grant funds were made by Board resolution.

T.P.A.F. Reimbursements

Our audit procedures included a test of the semi-monthly reimbursement forms filed with the Department of Education for District employees who are members of the Teachers Pension and Annuity Fund.

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

**Finding** – Our audit indicated that the reimbursement form to calculate the amount due to the State of New Jersey for TPAF FICA of employees whose salaries were funded by federal grant programs was not completed. As such, the liability for the required amount due was not accrued on the District's financial records.

**Recommendation** – The reimbursement form for TPAF FICA of federally funded salaries be completed and the required amount due be accrued on the District's financial records and paid in a timely manner.

**PERTH AMBOY PUBLIC SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**School Purchasing Programs**

**Contracts and Agreements Requiring Advertisement for Bids**

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (without a Qualified Purchasing Agent), respectively. The law regulates bidding for public school student transportation contracts under NJSA 18A:39-3 is currently \$19,000.

If the purchasing agent is qualified pursuant to subsection b of section 9 of P.L. 1971, c. 198 (c.40A:11-9), the board of education may establish that the bid threshold may be up to \$40,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section. The Board has designated the School Business Administrator as the qualified purchasing agent and established the bid threshold at \$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.

Based on the results of our examination, we noted instances where individual payments, contracts or agreements were made for the performance of 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 and agreements for "Professional Services" per N.J.S.A. 18A:18A-5 and 19:44A in certain instances.

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

**Finding**— Our audit of purchases and contract awards in excess of the bid threshold revealed the following as it relates to compliance with the Public School Contracts Law and State procurement guidelines: **(CAFR Findings 2019-003 and 2019-005)**

- Four (4) contracts awarded under state contract and/or cooperative purchasing agreements were not supported by adequate documentation to determine validity of contracts and were not approved in the official Board minutes.
- Invoices submitted for mechanical, preventive maintenance and NJDMV inspections were not detailed as per the bid award.

**Recommendation** – It is recommended that:

- Documentation be maintained on file and made available for audit to support the District's awards pursuant to state contract and other cooperative purchasing agreements.
- Invoices submitted for mechanical, preventive maintenance and NJDMV inspections be reviewed prior to payment to ensure costs and/or rates are in agreement with contract award.



**PERTH AMBOY PUBLIC SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**School Food Service**

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

The financial transactions and statistical records of the school food service fund were maintained in good 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.

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.

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

Net cash resources did not exceed three (3) months' average expenditures.

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 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 policy was reviewed for uniform administration throughout the school system. The required verification procedures for free and reduced price applications were completed and available for review.

USDA 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, Exhibits B-4 through B-6 of the CAFR.

**Student Body Activities**

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

**Finding** – Our audit indicated that four (4) checks were disbursed from the athletics account totaling approximately \$193,000 for general district operating expenditures.

**Recommendation** – Internal controls be enhanced to prevent the practice of disbursing checks from the athletics account for general operating purposes.

**PERTH AMBOY PUBLIC SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**Student Body Activities (Continued)**

**Finding-** Our audit of the various student activity accounts of the District indicated the following:

- With respect to the Anthony V. Ceres Elementary School account:
  - Transaction ledger is maintained in summary form only and does not identify dates and source of individual collections.
  - Pre-numbered receipts were not utilized for monies collected.
- With respect to the High School account:
  - A transaction ledger was not maintained and reconciled with the bank account.
  - Documentation to support certain disbursements were not provided for audit.
  - Approval forms were not always utilized for disbursement requests.
- With respect to the James J. Flynn Elementary School account:
  - Pre-numbered receipts were not utilized for monies collected.
  - Transaction ledger is maintained in summary form only and does not identify dates and source of individual collections.
  - Approval forms were not always utilized for disbursement requests.
  - Documentation to support a disbursement was not able to be provided for audit.
- With respect to the Edward J. Patten Elementary School account:
  - Bank account reconciliation was not able to be provided for audit.
  - Documentation to support a disbursement was not able to be provided for audit.
  - Pre-numbered receipts were not utilized for monies collected.
  - Checks for disbursement included only one (1) authorization signature.
- With respect to the Herbert N. Richardson Elementary School account:
  - Pre-numbered receipts were not utilized for monies collected.
  - Transaction ledger is maintained in summary form only and does not identify dates and source of individual collections.
  - Documentation to support two (2) disbursements was not able to be provided for audit.
- With respect to the Robert N. Wilentz Elementary School account:
  - Pre-numbered receipts were not utilized for monies collected.
  - Documentation to support three (3) disbursements selected for audit were not able to be provided for audit.
  - Disbursement was made for the purchase of gift cards. Documentation to support the distribution of gift cards purchased was not maintained.
- With respect to the Samuel E. Shull Middle School account:
  - Approval forms were not utilized for disbursement requests.
  - Transaction ledger is maintained in summary form only and does not identify dates and source of individual collections.
  - Pre-numbered receipts were not utilized for monies collected.
  - Numerous large reimbursements of employee credit card purchases were paid.
- With respect to the McGinnis School account:
  - Transaction ledger is not accurately maintained and is not reconciled with bank account activity.
  - Pre-numbered receipts were not utilized for monies collected.
- With respect to the Adult School bank account:
  - Bank account reconciliations were not provided for audit.
  - Pre-numbered receipts were not utilized for monies collected.
  - Deposit slips were not provided for four (4) of the five (5) receipts tested.
  - Approval forms were not utilized for disbursement requests.
  - Disbursement was made for the purchase of gift cards. Documentation to support the distribution of gift cards purchased was not maintained.

**PERTH AMBOY PUBLIC SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**Student Body Activities (Continued)**

- With respect to the 9<sup>th</sup> grade academy account:
  - A transaction ledger was not maintained and made available for audit
  - Bank reconciliation was not provided for audit.
  - Pre-numbered receipts were not utilized for monies collected.
  - Approval forms were not utilized for disbursement requests.
  
- With respect to the Perth Amboy Adult School (PLA) account:
  - Bank account reconciliations were not provided for audit.
  - Pre-numbered receipts were not utilized for monies collected.
  - Approval forms were not always utilized and or properly signed.
  
- With respect to the Dual Language School account:
  - Bank account reconciliations were not provided for audit.
  - Pre-numbered receipts were not utilized for monies collected.
  - Deposits were noted which were not recorded on client ledger.
  - Approval forms were not utilized for disbursement requests.
  - Documentation to support two (2) disbursements was not able to be provided for audit.

**Recommendation** – Internal control procedures for the student activity accounts be reviewed and enhanced to ensure adequate documentation to support the receipt and disbursement of funds is maintained and that all bank accounts are properly reconciled to internal records.

**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, related services, bilingual students and low-income. We also performed a review of the district procedures related to its completion. The information on the A.S.S.A. was compared to the district workpapers with exceptions noted. The information that was included on the workpapers was verified with exceptions noted. 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.

**Finding** – Our audit indicated that the detailed workpapers provided by the District did not support student counts reported on the ASSA or the individual class registers for the various reporting categories. **(CAFR Finding 2019-006)**

**Recommendation** – It is recommended that internal controls over the filing of the District's ASSA be reviewed and enhanced to ensure documentation to support student counts is retained and available for audit.

**PERTH AMBOY PUBLIC SCHOOL DISTRICT  
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 2018-19 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 included a review of transportation related contracts and purchases. Based on our review, the district complied with proper bidding procedures and award of contracts.

**Facilities and Capital Assets**

Since the District is classified as a District required to utilize school based budgeting, a majority of School Development Authority (SDA) grant activity is conducted by the State of New Jersey on behalf of the District. The on behalf grant activity is reported in the District's financial statements as state aid revenue and capital outlay expenditures in the Capital Projects Fund.

**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 Prior Year Findings**

In accordance with government standards, our procedures included a review of all prior year recommendations.

**Suggestion to Management**

Scholarship awards be approved by the Board and be made part of the official District minutes.

**PERTH AMBOY PUBLIC SCHOOL DISTRICT  
FOOD SERVICE FUND  
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM  
ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**SCHEDULE OF MEAL COUNT ACTIVITY**

<u>Program</u>	<u>Meals/Milks Category</u>	<u>Total Meals/Milks Claimed</u>	<u>Meals/Milks Tested</u>	<u>Meals/Milks Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>(Over) Under Claim</u>
National School Lunch (Regular Rate)	Paid	137,688	33,937	33,937	-		
	Reduced	66,790	26,416	26,416	-		
	Free	<u>1,139,922</u>	<u>426,794</u>	<u>426,794</u>	-		-
	Total Lunch	<u>1,344,400</u>	<u>487,147</u>	<u>487,147</u>	-		-
School Breakfast	Paid	143,686	47,993	47,993	-		
	Reduced	58,376	21,879	21,879	-		
	Free	<u>909,734</u>	<u>332,288</u>	<u>332,288</u>	-		-
	Total Breakfast	<u>1,111,796</u>	<u>402,160</u>	<u>402,160</u>	-		-
After School Snacks	Paid	<u>145,280</u>	<u>47,985</u>	<u>47,985</u>	-		
	Total Snacks	<u>145,280</u>	<u>47,985</u>	<u>47,985</u>	-		
<b>TOTAL</b>		<u><u>2,601,476</u></u>	<u><u>889,307</u></u>	<u><u>889,307</u></u>	-		-

**PERTH AMBOY PUBLIC SCHOOL DISTRICT  
FOOD SERVICE FUND  
SCHEDULES OF NET CASH RESOURCE  
ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

		Food Service	
<b><u>Net Cash Resources:</u></b>			
CAFR	*	Current Assets	
B-4		Cash	\$ 1,776,776
B-4		Intergovernmental Receivables	577,759
B-4		Accounts Receivable	
B-4		Due from Other Funds	18,767
CAFR		Current Liabilities	
B-4		Less Accounts Payable	(47,570)
B-4		Less Due to Other Funds	(395,929)
B-4		Less Unearned Revenue	
		Net Cash Resources	\$ 1,929,803 (A)
<b><u>Net Adj. Total Operating Expense:</u></b>			
B-5		Total Operating Expenses	6,933,349
B-5		Less Depreciation	(53,613)
		Adj. Tot. Oper. Exp.	\$ 6,879,736 (B)
<b><u>Average Monthly Operating Expense:</u></b>			
		B / 10	\$ 687,974 (C)
<b><u>Three times monthly Average Operating Expense:</u></b>			
		3 X C	\$ 2,063,921 (D)

TOTAL IN BOX A	\$	1,929,803
LESS TOTAL IN BOX D	\$	(2,063,921)
NET	\$	(134,118)

Net Cash Resources Did Not Exceed Three Months Expenditures.

**PERTH AMBOY PUBLIC SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID  
ENROLLMENT AS OF OCTOBER 15, 2018  
SCHEDULE OF AUDITED ENROLLMENTS**

	2019-20 Application for State School Aid						Sample for Verification				Private Schools for Disabled						
	Reported on		Reported on		Errors		Sample		Verified per		Errors per		Reported on		Sample		
	A.S.S.A.		Workpapers				Selected from		Register		Registers		A.S.S.A. as		for		
	On Roll	On Roll	On Roll	On Roll	Full	Shared	Workpapers	On Roll	On Roll	On Roll	Private	Private	Verifi-	Sample	Sample		
Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Schools	cation	Verified	Errors		
Half Day Preschool 3 Years Old						-	-										
Half Day Preschool 4 Years Old						-	-										
Full Day Preschool 3 Years Old	490		385		105	-	-	323		218		105					
Full Day Preschool 4 Years Old	606		486		120	-	-	212		212		-					
Half Day Kindergarten	-		-		-	-	-										
Full Day Kindergarten	748		748		-	-	-	103		103		-					
Grade 1	821		821		-	-	-	159		158		1					
Grade 2	755		755		-	-	-	157		156		1					
Grade 3	776		775		1	-	-	80		80		-					
Grade 4	748		748		-	-	-	103		101		2					
Grade 5	722		722		-	-	-	349		349		-					
Grade 6	724		724		-	-	-	350		344		6					
Grade 7	663		663		-	-	-	304		306		(2)					
Grade 8	622		622		-	-	-	337		337		-					
Grade 9	593		588		5	-	-	593		588		5					
Grade 10	562		561		1	-	-	562		561		1					
Grade 11	522		526		(4)	-	-	522		526		(4)					
Grade 12	436		437		(1)	-	-					-					
Post- Graduate					-	-	-					-					
Adult High School (15+ Credits)	53		-		53	-	-	53				53					
Adult High School (1-14 Credits)					-	-	-					-					
Subtotal	9,841	-	9,561	-	280	-	-	4,207	-	4,039	-	168	-	-	-	-	
Sp Ed - Elementary	484		486		(2)	-	-	73		73		-	7	10	10	-	
Sp Ed - Middle School	236	12	230	12	6	-	-	126		122		4	12	10	9	1	
Sp Ed - High School	187	25	189	24	(2)	1	-	187		189		(2)	34	20	20	-	
Subtotal	907	37	905	36	2	-	-	386	-	384	-	2	53	40	39	1	
County Vocational - Regular					-	-	-					-					
County Vocational - F.T. Post-Second					-	-	-					-					
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Totals	10,748	37	10,466	36	282	-	-	4,593	-	4,423	-	170	-	53	40	39	1
Percentage Error					2.62%							3.70%		0.00%			1.89%

PERTH AMBOY PUBLIC SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID  
ENROLLMENT AS OF OCTOBER 15, 2018  
SCHEDULE OF AUDITED ENROLLMENTS

	Resident 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	Sample Errors
Half Day Preschool 3 Years Old			-			-
Half Day Preschool 4 Years Old			-			-
Full Day Preschool 3 Years Old			-			-
Full Day Preschool 4 Years Old			-			-
Half Day Kindergarten			-			-
Full Day Kindergarten	587.0	598	(11)	25.0	25.0	-
Grade 1	746.0	689	57	27.0	26.0	1
Grade 2	699.0	660	39	25.0	25.0	-
Grade 3	706.0	690	16	24.0	24.0	-
Grade 4	668.0	660	8	23.0	23.0	-
Grade 5	646.0	662	(16)	22.0	22.0	-
Grade 6	651.0	654	(3)	22.0	22.0	-
Grade 7	615.0	588	27	22.0	21.0	1
Grade 8	560.0	540	20	22.0	22.0	-
Grade 9	536.0	515	21	21.0	21.0	-
Grade 10	507.0	485	22	19.0	18.0	1
Grade 11	475.0	454	21	17.0	17.0	-
Grade 12	390.0	359	31	14.0	14.0	-
Post- Graduate			-			-
Adult High School (15+ Credits)			-			-
Adult High School (1-14 Credits)			-			-
Subtotal	7,786.0	7,554	232	283.0	280.0	3
Sp Ed - Elementary	437.0	339	98	15.0	14.0	1
Sp Ed - Middle School	213.0	188	25	7.0	7.0	-
Sp Ed - High School	169.0	153	16	7.0	7.0	-
Subtotal	819.0	680	371	312.0	308.0	4
Trn Sch / Sec Care			-			-
Res. Mental H Ctr			-			-
Juvenile Comm Ctr			-			-
Juvenile Det Ctr			-			-
Subtotal	-	-	-	-	-	-
Totals	8,605.0	8,234.0	603.0	595.0	588.0	7.0
Percentage Error			<u>7.01%</u>			<u>1.18%</u>

	Resident LEP Low Income			Sample for Verification		
	Reported on ASSA as LEP low Income	Reported on Workpapers as LEP low Income	Errors	Sample Selected	Verified to Test Score and Register	Errors
Half Day Preschool 3 Years Old			-			-
Half Day Preschool 4 Years Old			-			-
Full Day Preschool 3 Years Old			-			-
Full Day Preschool 4 Years Old			-			-
Half Day Kindergarten			-			-
Full Day Kindergarten	156	148	8	26	26	-
Grade 1	282	278	4	27	27	-
Grade 2	227	223	4	24	23	1
Grade 3	231	231	-	21	21	-
Grade 4	189	189	-	18	18	-
Grade 5	132	132	-	12	12	-
Grade 6	121	121	-	12	12	-
Grade 7	133	129	4	13	13	-
Grade 8	131	129	2	13	13	-
Grade 9	174	167	7	21	21	-
Grade 10	184	178	6	19	19	-
Grade 11	160	152	8	17	17	-
Grade 12	118	109	9	13	13	-
Post- Graduate			-			-
Adult High School (15+ Credits)			-			-
Adult High School (1-14 Credits)			-			-
Subtotal	2,238	2,186	52	236	235	1
Sp Ed - Elementary	150	150	-	16	16	-
Sp Ed - Middle School	21	20	1	2	2	-
Sp Ed - High School	23	23	-	3	3	-
Subtotal	194	193	1	21	21	-
Trn Sch / Sec Care			-			-
Res. Mental H Ctr			-			-
Juvenile Comm Ctr			-			-
Juvenile Det Ctr			-			-
Subtotal	-	-	-	-	-	-
Totals	2,432	2,379	53	257	256	1
Percentage Error			<u>2.18%</u>			<u>0.39%</u>

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools	610	610	-	193	189	4
Regular - Special Ed	73	73	-	23	18	5
Transported - Non Public	1	1	-	1	-	1
Special Needs	44	44	-	15	15	-
Subtotal	728	728	-	232	222	10
Percentage Error			<u>0.0%</u>			<u>4.3%</u>



PERTH AMBOY PUBLIC SCHOOL DISTRICT  
 APPLICATION FOR STATE SCHOOL AID  
 ENROLLMENT AS OF OCTOBER 15,2018  
 SCHEDULE OF AUDITED ENROLLMENTS

	Resident LEP Not Low Income			Sample for Verification		
	Reported on ASSA as NOT Low Income	Reported on Workpapers as NOT low Income	Errors	Sample Selected From Workpapers	Verified to Application	Errors
Half Day Preschool 3 Years Old						
Half Day Preschool 4 Years Old			-			-
Full Day Preschool 3 Years Old			-			-
Full Day Preschool 4 Years Old			-			-
Half Day Kindergarten			-			-
Full Day Kindergarten	25	21	4	3.0	3.0	-
Grade 1	15	14	1	2.0	2.0	-
Grade 2	4	4	-	3.0	3.0	-
Grade 3	3	3	-	2.0	2.0	-
Grade 4	4	4	-	2.0	2.0	-
Grade 5	4	4	-	1.0	1.0	-
Grade 6	6	6	-	1.0	1.0	-
Grade 7	7	5	2	2.0	2.0	-
Grade 8	6	6	-	2.0	2.0	-
Grade 9	18	16	2	1.0	1.0	-
Grade 10	11	10	1	2.0	2.0	-
Grade 11	6	5	1	2.0	2.0	-
Grade 12	7	6	1	3.0	3.0	-
Post- Graduate			-			-
Adult High School (15+ Credits)			-			-
Adult High School (1-14 Credits)			-			-
<b>Subtotal</b>	<b>116</b>	<b>104</b>	<b>12</b>	<b>26.0</b>	<b>26.0</b>	<b>-</b>
Sp Ed - Elementary	10	10		3.0	3.0	-
Sp Ed - Middle School	-	-				-
Sp Ed - High School	-	-				-
<b>Subtotal</b>	<b>10</b>	<b>10</b>	<b>-</b>	<b>3.0</b>	<b>3.0</b>	<b>-</b>
County Vocational - Regular						
County Vocational - F.T. Post-Second						
<b>Subtotal</b>						
<b>Totals</b>	<b>126</b>	<b>114</b>	<b>12</b>	<b>29.0</b>	<b>29.0</b>	<b>-</b>
Percentage Error			<u>9.52%</u>			<u>0.00%</u>

**PERTH AMBOY PUBLIC SCHOOL DISTRICT  
EXCESS SURPLUS CALCULATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**SECTION 1A**

2018-2019 Total General Fund Expenditures per the CAFR	\$ 241,081,668	
Less: Expenditures Allocated to Restricted Federal Sources as Reported on Exhibit D-2		<u>(1,800,927)</u>
2018-19 Adjusted General Fund and Other State Expenditures		\$ 239,280,741
Decreased by:		
On-Behalf TPAF Pension & Social Security		<u>26,539,309</u>
Adjusted 2018-2019 General Fund Expenditures		<u>\$ 212,741,432</u>
2.0% of Adjusted 2018-2019 General Fund Expenditures		\$ 4,254,829
Increased by:		
Allowable Adjustment - Extraordinary Aid		<u>1,202,203</u>
Maximum Unassigned Fund Balance		<u>\$ 5,457,032</u>

**SECTION 2**

Total General Fund - Fund Balance at June 30, 2019		\$ 92,495,893
Decreased by:		
Year End Encumbrances	\$ 8,816,296	
Capital Reserve	29,255,682	
Designated for Subsequent Year's Expenditures	<u>46,118,679</u>	
		<u>84,190,657</u>
Total Unassigned Fund Balance		<u>8,305,236</u>

**SECTION 3**

<b>Restricted Fund Balance - Excess Surplus</b>		
Excess Surplus		\$ 2,848,204
Excess Surplus, Designated for Subsequent Year's Expenditures		<u>12,757,466</u>
		<u>\$ 15,605,670</u>

**PERTH AMBOY PUBLIC SCHOOL DISTRICT  
RECOMMENDATIONS**

**I. Administration Practices and Procedures**

There are none.

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

It is recommended that:

- \* 1. The District complete a verification of payroll check distribution, as required by N.J.A.C. 6A:23A-22.8.
- 2. The outstanding purchase order report be periodically reviewed for validity of obligations and cancellations be made accordingly.
- \* 3. Expenditures for employee health benefits be charged to the proper fund in accordance with the respective employees' budgetary salary charges.
- 4. The District seek reimbursements/credit for overpayment in the amount of \$116,197 from the Academy for Urban Leadership Charter School.
- \* 5. Documentation to support the cash balance reported in the Permanent Fund be maintained and made available for audit. Furthermore, a determination on the purpose of the fund be made.
- \* 6. Expenditures be made only upon sufficient funds being made available in the respective budgetary line item accounts.
- 7. Individuals be promptly removed from the District's employee benefit coverage upon termination of employment.
- \* 8. Final grant expenditure reports be in agreement with amounts reported on the District's financial records.
- 9. The reimbursement form for TPAF FICA of federally funded salaries be completed and the required amount due be accrued on the District's financial records and be paid in a timely manner.

**III. School Purchasing Program**

It is recommended that:

- \* 1. Documentation be maintained on file and made available for audit to support the District's awards pursuant to state contracts and other cooperative purchasing agreements.
- 2. Invoices submitted for mechanical, preventive maintenance and NJDMV inspections be reviewed prior to payment to ensure costs and/or rates are in agreement with contract award.

**PERTH AMBOY PUBLIC SCHOOL DISTRICT  
RECOMMENDATIONS**

**IV. School Food Service**

There are none.

**V. Student Body Activities**

It is recommended that:

1. Internal controls be enhanced to prevent the practice of disbursing checks from the athletics account for general operating purposes.
- \* 2. Internal control procedures for the student activity accounts be reviewed and enhanced to ensure adequate documentation to support the receipt and disbursement of funds is maintained and that all bank accounts are properly reconciled to internal records.

**VI. Application for State School Aid**

It is recommended that internal controls over the filing of the District's ASSA be reviewed and enhanced to ensure documentation to support student counts is retained and available for audit.

**VIII. Pupil Transportation**

There are none.

**IX. Facilities and Capital Assets**

There are none.

**X. Miscellaneous**

There are none.

**XI. Status of Prior Years' Audit Findings/Recommendations**

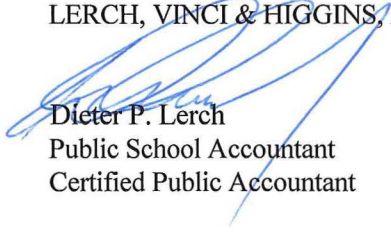
A review was performed on all prior years' recommendations and corrective action was taken on all, except those recommendations denoted with an asterisk (\*).

**PERTH AMBOY PUBLIC SCHOOL DISTRICT  
RECOMMENDATIONS**

**ACKNOWLEDGEMENT**

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

Respectfully submitted,  
LERCH, VINCI & HIGGINS, LLP



Dieter P. Lerch  
Public School Accountant  
Certified Public Accountant