

**CLARK PUBLIC SCHOOL DISTRICT
AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2020**

**CLARK PUBLIC SCHOOL DISTRICT
TABLE OF CONTENTS**

**AUDITORS MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS
- FINANCIAL, COMPLIANCE AND PERFORMANCE**

	<u>Page No.</u>
Report of Independent Auditors	1
Scope of Audit	2
Administrative Practices and Procedures	2
Financial Planning, Accounting and Reporting	2-4
School Purchasing Programs	4-5
School Food Service	5
Before and After School Program	5
Student Body Activities	5
Application for State School Aid	6
Pupil Transportation	6
Facilities and Capital Assets	6
Testing for Lead of all Drinking Water in Educational Facilities	6
Follow up on Prior Year Findings	6
Number of Meals Served and (Over)/Underclaim – Not Applicable	7
Comparison of Net Cash Resources to Three Months Average Expenditures-Not Applicable	8
Application for State School Aid	9-11
Calculation of Excess Surplus	12
Recommendations	13
Acknowledgment	14



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Honorable President and Members
of the Board of Education
Clark Public School District
Clark, 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 Clark Public School District as of and for the fiscal year ended June 30, 2020, and have issued our report thereon dated January 7, 2021.

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 State Department of Education. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,


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



Andrew D. Parente
Public School Accountant
PSA Number CS00224600

Fair Lawn, New Jersey
January 7, 2021

**CLARK PUBLIC SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 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 Comprehensive Annual Financial Report (the "CAFR").

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
R. Paul Vizzuso	Business Administrator/Board Secretary	\$300,000
James Testa	Treasurer of School Monies	\$300,000

There is a blanket dishonesty bond covering all other employees, including faithful performance for elected officials, in the amount of \$250,000 per loss.

Financial Planning, Accounting and Reporting

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made.

Examination of Claims

An examination of claims paid during the period under review did not indicate any material discrepancies with respect to signatures and certifications.

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

Salary withholdings were remitted to the proper agencies including health benefit withholdings due to the General Fund.

The required certification (E-Cert1) of compliance with requirements of income tax on compensation of District Administration was filed with the New Jersey Department of Treasury by the due date.

**CLARK PUBLIC SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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. 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 classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3.

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.

Board Secretary's Records

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

The prescribed contractual order system was followed.

Bids received were summarized in the minutes (N.J.S.A. 18A:18A-21).

Monthly Board Secretary's report and certifications were approved by the Board in a timely manner.

Finding – Our audit revealed that certain checks voided during the fiscal year were not specifically identified as void in the accounting software and subsequently removed from the outstanding checks on the monthly bank reconciliations.

Recommendation – The District review with its financial accounting software vendor the void check procedure to ensure that void checks are properly identified in the accounting software and subsequently removed as outstanding checks from the monthly bank reconciliations.

Treasurer's Records

The Treasurer did perform cash reconciliations for all accounts.

All cash receipts were promptly deposited.

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

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 projects under Title I, II, III and IV of the Elementary and Secondary Education Act, as amended and reauthorized.

**CLARK PUBLIC SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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.

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

The reimbursement to 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 90 day grant liquidation period required by the Office of Grants Management.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-4 states, "Every contract for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the board of education to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law".

Effective April 17, 2000, N.J.S.A. 18A:18A (Public School Contracts Law) was revised by P.L. 1999, C. 440.

Effective July 1, 2015 and thereafter the bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school transportation contracts under N.J.S.A. 18A:39-3 is currently \$19,000.

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

**CLARK PUBLIC SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

School Purchasing Programs (Continued)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

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 did not indicate that payments, contracts, or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies", in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S. 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.

School Food Service

COVID – 19 Emergency

In accordance with the Governor's Declaration of Emergency pertaining to the COVID 19 Virus all Public, Charter, Non-Public schools were ordered to close effective as of March 18, 2020 for an undetermined period to limit the spread of the virus. As a result, School Food Authorities (SFA) were required to institute alternate procedures to provide meals to Free and Reduced Price eligible students during the period of school closures.

Therefore, SFA's were authorized to solicit and award emergency noncompetitive procurements and contracts with Food Service Management Companies in accordance with 2 CFR 200.320 and N.J.S.A. 18A:18A-7. The SFA's were also authorized to submit contract modifications to their existing Cost Reimbursable or Fixed Price contracts as necessary to ensure the feeding of Free and Reduced Price meal eligible students.

SFA's were notified of the requirement to maintain and report separate meal count records and financial records of all applicable costs incurred in providing meals to all free and reduced price meal eligible students during the emergency.

Before and After School Program

The financial transactions of the Before and After School Program were maintained as an Enterprise Fund. The financial accounts and records were reviewed on a test-check basis.

Student Body Activities

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

Cash receipts and cash disbursements records were maintained in good condition.

All cash disbursements had proper supporting documentation.

**CLARK PUBLIC SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2019 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the disabled, on-roll low-income and Limited English Proficient. We also performed a review of the district procedures related to its completion. The information on the A.S.S.A. was compared to the district workpapers without exception. The information on the District workpapers was verified without 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.

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2019-2020 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

Facilities and Capital Assets

Our procedures included a review of the transfer of local funds to and from the General Fund and the awarding of contracts for eligible facilities construction.

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.

**CLARK PUBLIC SCHOOL DISTRICT
FOOD SERVICE FUND
SCHEDULE OF MEAL COUNT ACTIVITY
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOT APPLICABLE

**CLARK PUBLIC SCHOOL DISTRICT
COMPARISON OF NET CASH RESOURCES TO THREE
MONTHS AVERAGE EXPENDITURES
FOOD SERVICE ENTERPRISE FUND
AS OF JUNE 30, 2020**

NOT APPLICABLE

**CLARK BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 15, 2019
SCHEDULE OF AUDITED ENROLLMENTS**

	2020-2021 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	Sample	Sample
	A.S.S.A.		Workpapers				Selected from	Register	Registers	Private	for	Verified	Errors			
	On Roll		On Roll		Full	Shared	Workpapers	On Roll	On Roll	Schools	Verifi-	Verified	Errors			
Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	
Half Day Pre-K 3yr					-	-					-	-				-
Full Day Pre-K 3yr					-	-					-	-				-
Half Day Pre-K 4yr					-	-					-	-				-
Full Day Pre-K 4yr					-	-					-	-				-
Full Day K	139		139		-	-	57		57		-	-				-
One	141		141		-	-	76		76		-	-				-
Two	148		148		-	-	86		86		-	-				-
Three	139		139		-	-	63		63		-	-				-
Four	153		153		-	-	62		62		-	-				-
Five	152		152		-	-	89		89		-	-				-
Six	163		163		-	-	163		163		-	-				-
Seven	147		147		-	-	147		147		-	-				-
Eight	130		130		-	-	130		130		-	-				-
Nine	146		146		-	-	146		146		-	-				-
Ten	142	1	142	1	-	-	142		142		-	-				-
Eleven	140	2	140	2	-	-	140		140		-	-				-
Twelve	140	2	140	2	-	-	140		140		-	-				-
Adult School (15+cr)	-		-		-	-					-	-				-
Subtotal	1,880	5	1,880	5	-	-	1,441	-	1,441	-	-	-	-	-	-	-
Sp. Ed. - Elementary	133		133		-	-	50		50		-	-	4	4	4	-
Sp. Ed. - Middle School	77		77		-	-	76		76		-	-	3	3	3	-
Sp. Ed. - High School	99	6	99	6	-	-	99		99		-	-	5	5	5	-
Subtotal	309	6	309	6	-	-	225	-	225	-	-	-	12	12	12	-
Totals	2,189	11	2,189	11	-	-	1,666	-	1,666	-	-	-	12	12	12	-
Percentage Error					0.00%	0.00%					0.00%				0.00%	

CLARK BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 15, 2019
SCHEDULE OF AUDITED ENROLLMENTS

	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 ASSA as LEP low Income	Reported on Workpapers as LEP low Income	Errors	Sample Selected	Verified to Test Score and Register	Errors
Full Day Pre-K 3yr	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Pre-K 4yr	-	-	-	-	-	-	-	-	-	-	-	-
Full Day K	6.0	6.0	-	5.0	5.0	-	-	-	-	-	-	-
One	4.0	4.0	-	3.0	3.0	-	1.0	1.0	-	1.0	1.0	-
Two	3.0	3.0	-	3.0	3.0	-	-	-	-	-	-	-
Three	5.0	5.0	-	4.0	4.0	-	-	-	-	-	-	-
Four	2.0	2.0	-	2.0	2.0	-	-	-	-	-	-	-
Five	2.0	2.0	-	2.0	2.0	-	-	-	-	-	-	-
Six	1.0	1.0	-	1.0	1.0	-	-	-	-	-	-	-
Seven	2.0	2.0	-	2.0	2.0	-	-	-	-	-	-	-
Eight	2.0	2.0	-	2.0	2.0	-	-	-	-	-	-	-
Nine	9.0	9.0	-	5.0	5.0	-	-	-	-	-	-	-
Ten	16.0	16.0	-	13.0	13.0	-	-	-	-	-	-	-
Eleven	7.0	7.0	-	5.0	5.0	-	-	-	-	-	-	-
Twelve	13.0	13.0	-	9.0	9.0	-	1.0	1.0	-	1.0	1.0	-
Adult School (15+ credits)	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	72.0	72.0	-	56.0	56.0	-	2.0	2.0	-	2.0	2.0	-
Special Ed. - Elementary	2.0	2.0	-	2.0	2.0	-	-	-	-	-	-	-
Special Ed. - Middle	7.0	7.0	-	6.0	6.0	-	-	-	-	-	-	-
Special Ed. - High	10.0	10.0	-	6.0	6.0	-	-	-	-	-	-	-
Subtotal	19.0	19.0	-	14.0	14.0	-	-	-	-	-	-	-
Co. Voc. -Regular												
Co. Voc. Ft. Post Sec.												
Totals	91.0	91.0	-	70.0	70.0	-	2.0	2.0	-	2.0	2.0	-
Percentage Error			<u>0.00%</u>			<u>0.00%</u>						<u>0.00%</u>

	Transportation					
	Reported on DRTRS by BOE	Reported on DRTRS by District	Errors(1)	Tested	Verified	Errors
Regular Public Students	55.0	55.0	-	3.0	3.0	-
Transported Non-Public Students	21.0	21.0	-	3.0	3.0	-
lar Special Education (w/o needs)	8.0	8.0	-	-	-	-
cial Ed Students (w/special needs or out of district)	40.0	40.0	-	2.0	2.0	-
	<u>124.0</u>	<u>124.0</u>	<u>-</u>	<u>8.0</u>	<u>8.0</u>	<u>-</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

**CLARK BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 15, 2019
SCHEDULE OF AUDITED ENROLLMENTS**

	Resident LEP Not Low Income			Sample for Verification		
	Reported on ASSA as LEP Not low Income	Reported on Workpapers as LEP Not low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Pre-K 3yr	-	-	-	-	-	-
Full Day Pre-K 4yr	-	-	-	-	-	-
Full Day Kindergarten	-	-	-	-	-	-
One	3.0	3.0	-	2.0	2.0	-
Two	3.0	3.0	-	2.0	2.0	-
Three	2.0	2.0	-	2.0	2.0	-
Four	-	-	-	-	-	-
Five	-	-	-	-	-	-
Six	2.0	2.0	-	2.0	2.0	-
Seven	-	-	-	-	-	-
Eight	-	-	-	-	-	-
Nine	-	-	-	-	-	-
Ten	-	-	-	-	-	-
Eleven	-	-	-	-	-	-
Twelve	1.0	1.0	-	1.0	1.0	-
Adult School (15+ credits)			-			-
Subtotal	11.0	11.0	-	9.0	9.0	-
Special Ed. - Elementary	-	-	-	-	-	-
Special Ed. - Middle	-	-	-	-	-	-
Special Ed. - High	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
Co.Voc. -Regular						
Co.Voc. Ft. Post Sec.						
Totals	11.0	11.0	-	9.0	9.0	-
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

**CLARK PUBLIC SCHOOL DISTRICT
CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

SECTION 1

2019-2020 Total General Fund Expenditures per the CAFR	\$	39,810,087
Decreased by:		
On-Behalf TPAF Pension & Social Security		5,658,339
Adjusted 2019-2020 General Fund Expenditures	\$	34,151,748
2% of Adjusted 2019-2020 General Fund Expenditures	\$	683,035
Enter Greater of 2% of Adjusted 2019-2020 General Fund Expenditures or \$250,000		683,035
Increased by:		
Allowable Adjustment		228,739
Maximum Unassigned Fund Balance	\$	911,774

SECTION 2

Total General Fund - Fund Balance at June 30, 2020	\$	9,348,463
Decreased by:		
Excess Surplus - Designated for Subsequent Year's Expenditures		2,973,945
Capital Reserve		659,899
Maintenance Reserve		637,284
Designated for Subsequent Year's Expenditures		97,472
Year End Encumbrances		590,623
Total Unassigned Fund Balance	\$	4,389,240

SECTION 3

Restricted Fund Balance - Excess Surplus	\$	3,477,466
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Recapitulation of Excess Surplus as of June 30, 2020

Excess Surplus - Designated for Subsequent Year's Expenditures	\$	2,973,945
Excess Surplus		3,477,466
	\$	6,451,411

Detail of Allowable Adjustments

Extraordinary Aid	\$	228,739
	\$	228,739

**CLARK PUBLIC SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

RECOMMENDATIONS

I. Administration Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

It is recommended that the District review with its financial accounting software vendor the void check procedure to ensure that void checks are properly identified in the accounting software and subsequently removed as outstanding checks from the monthly bank reconciliations.

III. School Purchasing Program

There are none.

IV. School Food Service

There are none.

V. Before and After School Program

There are none.

VI. Student Body Activities

There are none.

VII. Application for State School Aid

There are none.

VIII. Pupil Transportation

There are none.

IX. Facilities and Capital Assets

There are none.

X. Status of Prior Years' Audit Findings/Recommendations


A review was performed on the prior year's recommendations and corrective action was taken on all.

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



Andrew D. Parente
Public School Accountant
Certified Public Accountant