



**EAST BRUNSWICK PUBLIC SCHOOLS
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS –
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2020**

**AUDITOR’S MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS –
FINANCIAL, COMPLIANCE AND PERFORMANCE
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INDEPENDENT AUDITORS' REPORT

Honorable President and Members
of the Board of Education
East Brunswick Public Schools
County of Middlesex, New Jersey

We have audited, in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of East Brunswick Public Schools, County of Middlesex as of and for the year ended June 30, 2020, and have issued our report thereon dated February 4, 2021.

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

This report is intended solely for the information and use of East Brunswick Public Schools' management and Board members, and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Scott A. Clelland
Licensed Public School Accountant
No. 1049

WISS & COMPANY, LLP

Florham Park, New Jersey
February 4, 2021

Scope of Audit

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

Administrative Practices and Procedures

Insurance

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

Official Bonds N.J.S.A. 18A:17-26, 18A:17-32, & 18A:13-13

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Bernardo Giuliana	Business Administrator	\$ 750,000

There is an Employee Dishonesty Blanket Position Bond covering all other employees with multiple coverage of \$1,000,000 per loss. Additionally, the District abolished the Treasurer of School Moneys position effective January 1, 2019, as allowed by New Jersey State Statutes.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The District made a proper adjustment to the billings to sending Districts for the increase or decrease in per pupil costs in accordance with *N.J.A.C. 6A:23A-17.1(f)3*.

Financial Planning, Accounting and Reporting

Examination of Claims

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

Payroll Account and Position Control Roster

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

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

Our review of the payroll accounts did not identify any exceptions.

Employee Position Control Roster

An inquiry and subsequent review of the Position Control Roster did not identify any inconsistencies between the payroll records, employee benefit records, the general ledger accounts to where wages are posted, and the Position Control Roster.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30 for proper classification of orders as reserve for encumbrances and accounts payable and no exceptions were noted.

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 our randomly selected test samples, 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, a transaction error rate of 0% overall was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

Our review of the financial and accounting records maintained by the Board Secretary disclosed no exceptions.

Unemployment Compensation Insurance Trust Fund

The District 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. No exceptions were noted.

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

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

The study of compliance for E.S.E.A. indicated no instances of noncompliance and/or questionable costs.

Other Special Federal and/or State Projects

The District's special projects were approved as listed on Schedules A (K-3) and B (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.

The study of compliance for the special projects indicated no instances of noncompliance.

T.P.A.F. Reimbursement

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

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(s) for all federal awards for the school district to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds was made 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 and no exceptions were noted.

Nonpublic State Aid

Our review of the Nonpublic State Aid completion reports disclosed no exceptions.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

The bid thresholds in accordance with *N.J.S.A. 18A:18A-2* and *18A:18A-3(a)* are \$40,000 (with 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 \$19,000 for 2019-20.

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

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

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

No exceptions were noted.

School Food Service

The school food service program was not selected as a major federal program. However, the program expenditures exceeded \$100,000 in federal support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether the School Food Authority (SFA) had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted.

We also inquired of school management, or appropriate school food service personnel, as to whether the SFA’s expenditures of school food service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

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.

COVID-19 EMERGENCY

In accordance with the Governor’s Declaration of Emergency pertaining to the COVID-19 Virus, all Public, Charter and Non-Public schools were ordered to close effective 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.

SFAs 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.

We also inquired of management about the emergency COVID-19 procedures/practices that the SFA instituted to provide meals to eligible students, maintenance of all applicable production records; meal counts; noncompetitive procurements; modification of existing contracts and applicable financial records to document the specific costs applicable to the emergency operations.

Student Body Activities

During our audit of the student activity funds, on a test basis, we did not identify any exceptions.

Application for State School Aid

Because the General State Aid cluster was not tested as a major program in the 2020 fiscal year, our audit procedures did not include a test of information reported in the October 15, 2019 Application for State School Aid (ASSA) for on-roll, private schools for the handicapped, low-income and bilingual. We did agree the ASSA summary report to the underlying District working papers without exception. We also performed a review of the District procedures related to its completion.

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

The District written procedures appear to be adequate for the recording of student enrollment data.

Pupil Transportation

Because Transportation Aid was not tested as a major program in the 2020 fiscal year, our audit procedures did not include a test of on-roll status reported in the 2019-2020 District Report of Transported Resident Students (DRTRS). We did agree the information presented on the DRTRS by the County/NJDOE and compared to the information presented by the District without exception.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the District complied with proper bidding procedures and award of contracts. The bid specifications for the purchase of buses were in compliance with applicable statutes. No exceptions were noted in our review of transportation related purchases of goods and services.

Facilities and Capital Assets

Our procedures included a review of the New Jersey Schools Development Authority (“NJSDA”) grant agreements for consistency with recording NJSDA revenue, transfer of local funds from the general fund or from the capital reserve account, and awarding of contracts for eligible facilities construction. No exceptions were noted.

Testing for Lead of All Drinking Water in Educational Facilities

The District adhered to all the requirements of *N.J.A.C. 26-1.2 and 12.4* related to the testing for lead of all drinking water in educational facilities.

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

Follow-up on Prior Year’s Findings

There were no prior year findings.

There were no audit reports issued by the Office of Fiscal Accountability and Compliance (OFAC) during the 2020 fiscal year.

Acknowledgment

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.

EAST BRUNSWICK PUBLIC SCHOOLS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2019

Note: Detailed testing over ASSA, DRTRS, and Non-public transportation was not performed for the fiscal year ended June 30, 2020 as the General State Aid Cluster and Transportation Aid were not tested as major programs in the current year for Single Audit purposes.

	2020-2021 Application for State School Aid				Sample for Verification				Private Schools for Disabled						
	Reported on A.S.S.A. On Roll	Full	Shared	Workpapers On Roll	Sample Selected from Workpapers	Full	Shared	Full	Shared	Full	Shared	Reported on A.S.S.A. as Private Schools	Sample for Verification	Sample Verified	Sample Errors
Half Day Preschool	51			51											
Full Day Preschool	405			405											
Full Day Kindergarten	523			523											
One	516			516											
Two	506			506											
Three	504			504											
Four	539			539											
Five	585			585											
Six	570			570											
Seven	534			534											
Eight	536	1		536			1								
Nine	611			611											
Ten	582	2		582			2								
Eleven	578	1		578			1								
Twelve															
Post-Graduate															
Adult H.S. (15+CR.)															
Adult H.S. (1-14 CR.)															
Subtotal	7,040	4		7,040			4								
CSSD															
Special Ed - Elementary	468			468											
Special Ed - Middle School	291	8		291			8								
Special Ed - High School	391	6		391			6								
Subtotal	1,150	14		1,150			14								
Co. Voc. - Regular															
Co. Voc. Ft. Post Sec.															
Totals	8,190	18		8,190			18								
Percentage Error															
					0.00%		0.00%					0.00%			

EAST BRUNSWICK PUBLIC SCHOOLS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2019

SCHEDULE OF AUDITED ENROLLMENTS

Note: Detailed testing over ASSA, DRTRS, and Non-public transportation was not performed for the fiscal year ended June 30, 2020 as the General State Aid Cluster and Transportation Aid were not tested as major programs in the current year for Single Audit purposes.

	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	Sample Selected from Workpapers	Verified to Application and Register	Reported on A.S.S.A. as LEP low Income	Reported on Workpapers as LEP low Income	Sample Selected from Workpapers	Verified to Test Score and Register
Charter School								
Full Day Kindergarten								
One	69.0	69.0			13	13		
Two	95.0	95.0			13	13		
Three	101.0	101.0			20	20		
Four	92.0	92.0			11	11		
Five	91.0	91.0			17	17		
Six	82.0	82.0			5	5		
Seven	87.0	87.0			2	2		
Eight	79.0	79.0			7	7		
Nine	88.0	88.0			5	5		
Ten	79.0	79.0			3	3		
Eleven	102.0	102.0			5	5		
Twelve	83.0	83.0			3	3		
Post-Graduate Adult H.S. (15+CR.)	112.0	112.0			5	5		
Adult H.S. (1-14 CR.)								
Subtotal	1,160.0	1,160.0	-	-	109	109	-	-
Special Ed - Elementary	117.0	117.0			7	7		
Special Ed - Middle	84.0	84.0						
Special Ed - High	101.5	101.5			1	1		
Subtotal	302.5	302.5	-	-	8	8	-	-
Co. Voc. - Regular								
Co. Voc. Ft. Post Sec.								
Totals	1,462.5	1,462.5	-	-	117	117	-	-
Percentage Error			0.00%				0.00%	
Transportation								
	Reported on DRTRS by DOE/county	Reported on DRTRS by District	Tested	Verified	Errors		Reported	Recalculated
Reg. - Public Schools, col. 1	3,170	3,170					3.5	3.5
Reg -SpEd, col. 4	347	347					3.5	3.5
Transported - ALL, col.2 & Non-Public, col. 3	208	208					4.1	4.1
Special Ed Spec, col. 6	406	406						
Totals	4,131	4,131	-	-	-	-		
Percentage Error			0.00%					

Reg Avg.(Mileage) = Regular Including Grade PK students
 Reg Avg.(Mileage) = Regular Excluding Grade PK students
 Spec Avg. = Special Ed with Special Needs

EAST BRUNSWICK PUBLIC SCHOOLS
SCHEDULE OF AUDITED ENROLLMENTS **APPLICATION FOR STATE SCHOOL AID SUMMARY**
ENROLLMENT AS OF OCTOBER 15, 2019

Note: Detailed testing over ASSA, DRTRS, and Non-public transportation was not performed for the fiscal year ended June 30, 2020 as the General State Aid Cluster and Transportation Aid were not tested as major programs in the current year for Single Audit purposes.

	Resident LEP NOT Low Income			Sample for Verification		
	Reported on A.S.A. as NOT Low Income	Reported on Workpapers as NOT Low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Full Day Kindergarten	15	15				
One	15	15				
Two	13	13				
Three	9	9				
Four	12	12				
Five	4	4				
Six	7	7				
Seven	8	8				
Eight	4	4				
Nine	13	13				
Ten	11	11				
Eleven	2	2				
Twelve	2	2				
Post-Graduate						
Adult H.S. (15+CR.)						
Adult H.S. (1-14 CR.)						
Subtotal	115	115	-	-	-	-
Special Ed - Elementary	3	3				
Special Ed - Middle						
Special Ed - High						
Subtotal	3	3	-	-	-	-
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	118	118	-	-	-	-
Percentage Error			0.00%			0.00%

EAST BRUNSWICK PUBLIC SCHOOLS

EXCESS SURPLUS CALCULATION

JUNE 30, 2020

SECTION 1

A. 2% Calculation of Excess Surplus

2019-20 Total General Fund Expenditures per the CAFR, Ex. C-1	<u>\$ 175,803,059</u>	(B)
Increased by:		
Transfer from Capital Outlay to Capital Projects Fund	<u>\$ -</u>	(B1a)
Transfer from Capital Reserve to Capital Projects Fund	<u>\$ -</u>	(B1b)
Transfer from General Fund to SRF for PreK-Regular	<u>\$ -</u>	(B1c)
Transfer from General Fund to SRF for PreK-Inclusion	<u>\$ -</u>	(B1d)
Decreased by:		
On-Behalf TPAF Pension, PRM, LTD and Social Security	<u>\$ 23,061,221</u>	(B2a)
Assets Acquired Under Capital Leases	<u>\$ -</u>	(B2b)
Adjusted 2019-20 General Fund Expenditures [(B) + (B1s) - (B2s)]	<u>\$ 152,741,838</u>	(B3)
2% of Adjusted 2019-20 General Fund Expenditures [(B3) times .02]	<u>\$ 3,054,837</u>	(B4)
Enter Greater of (B4) or \$250,000	<u>\$ 3,054,837</u>	(B5)
Increased by: Allowable Adjustment*	<u>\$ 1,231,029</u>	(K)
Maximum Unassigned/Undesignated - Unreserved Fund Balance [(B5) + (K)]	<u>\$ 4,285,866</u>	(M)

SECTION 2

Total General Fund - Fund Balances at 6-30-20 (Per CAFR Budgetary Comparison Schedule C-1)	<u>\$ 25,189,262</u>	(C)
Decreased by:		
Assigned Year End Encumbrances	<u>\$ 2,471,576</u>	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	<u>\$ -</u>	(C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**	<u>\$ 4,350,000</u>	(C3)
Other Restricted Fund Balances*****	<u>\$ 8,768,674</u>	(C4)
Assigned Fund Balance-Unreserved- Designated for Subsequent Year's Expenditures	<u>\$ 963,146</u>	(C5)
Additional Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures July 1, 2020 - August 1, 2020	<u>\$ -</u>	(C6)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]	<u>\$ 8,635,866</u>	(U1)

EAST BRUNSWICK PUBLIC SCHOOLS

EXCESS SURPLUS CALCULATION

JUNE 30, 2020

SECTION 3

Restricted Fund Balance - Excess Surplus ***

[(U1)-(M)] IF NEGATIVE ENTER -0- \$ 4,350,000 (E)

Recapitulation of Excess Surplus as of June 30, 2020

Reserved Excess Surplus - Designated for Subsequent Year's

Expenditures ** \$ 4,350,000 (C3)

Reserved Excess Surplus *** [(E)] \$ 4,350,000 (E)

Total Excess Surplus [(C3)+(E)] \$ 8,700,000 (D)

Detail of Allowable Adjustments

Impact Aid \$ _____ - (H)

Sales & Lease-back \$ _____ - (I)

Extraordinary Aid \$ 1,226,348 (J1)

Additional Nonpublic School Transportation Aid \$ 4,681 (J2)

Current Year School Bus Advertising Revenue Recognized \$ _____ - (J3)

Family Crisis Transportation Aid \$ _____ - (J4)

Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)] \$ 1,231,029 (K)

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

*** Amount must agree to the June 30, 2020 CAFR and must agree to Audit Summary Line 90030.

Amount for Other Restricted Fund Balances must be detailed for each source. Use in the excess surplus calculation of any legal reserve that is not state mandated or that is not legally imposed by another type of government, such as the judicial branch of government, must have departmental approval. District requests

*** should be submitted to the Division of Administration and Finance prior to September 30.

EAST BRUNSWICK PUBLIC SCHOOLS

EXCESS SURPLUS CALCULATION

JUNE 30, 2020

Detail of Other Restricted Fund Balance

Statutory restrictions:

Approved unspent separate proposal	\$	-
Sale/lease-back reserve	\$	-
Capital reserve	\$	8,768,674
Emergency reserve	\$	-
Maintenance reserve	\$	-
Tuition reserve	\$	-
School Bus Advertising 50% Fuel Offset-current year	\$	-
School Bus Advertising 50% Fuel Offset-prior year	\$	-
Impact Aid General Fund Reserve (Sections 8002 and 8003)	\$	-
Impact Aid General Fund Reserve (Sections 8007 and 8008)	\$	-
Other State / government madated reserve	\$	-
[Other Restricted Fund Balance not noted above]****	\$	-
Total Other Restricted Fund Balance	\$	8,768,674 (C4)

East Brunswick Public Schools
Audit Recommendations Summary

June 30, 2020

Recommendations:

1. **Administrative Practices and Procedures**

None

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

None

3. **School Purchasing Programs**

None

4. **School Food Service**

None

5. **Student Body Activities**

None

6. **Application for State School Aid**

None

7. **Pupil Transportation**

None

8. **Facilities and Capital Assets**

None

9. **Miscellaneous**

None

10. **Status of Prior Year Audit Findings/Recommendations**

None identified in prior year and therefore this section is not applicable.