

**EDGEWATER BOARD OF EDUCATION
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2020**

**EDGEWATER BOARD OF EDUCATION
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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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
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
RALPH M. PICONE, III, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRIS SOHN, CPA
CHRISTOPHER M. VINCI, CPA

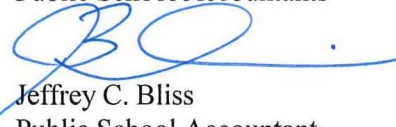
Honorable President and Members
of the Board of Education
Edgewater Board of Education
Edgewater, New Jersey

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 Edgewater Board of Education, County of Bergen, State of New Jersey as of and for the fiscal year ended June 30, 2020, and have issued our report thereon dated February 10, 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 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
LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants



Jeffrey C. Bliss
Public School Accountant

PSA Number CS00932

Fair Lawn, New Jersey
February 10, 2021

**EDGEWATER BOARD OF EDUCATION
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 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>
Kathleen Marano	Interim Business Administrator/ Board Secretary	\$230,000

There is Public Employee Dishonesty and Faithful Performance policy with the New Jersey Schools Insurance Group covering all other employees with multiple coverage of \$500,000.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under review did indicate certain discrepancies with respect to signatures, certifications and supporting documentation.

- **Finding (CAFR Finding 2020-002)** – Our audit of District expenditures revealed the following:
 - Certain expenditures were incurred and paid without the issuance of a purchase order.
 - Purchases were made and contracts entered into prior to the approval and issuance of a purchase order (confirming orders).

Recommendation – In all instances properly executed purchase orders be approved and issued for purchases and contract awards and they be issued prior to the purchase of goods or rendering of services.

- **Finding (CAFR Finding 2020-002)** – We were not provided with supporting invoices or other documentation for certain payments made during the year.

Recommendation – Supporting documentation for vendor payments be obtained and attached to purchase order prior to processing payments.

**EDGEWATER BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Financial Planning, Accounting and Reporting (Continued)

Examination of Claims (Continued)

- **Finding (CAFR Finding 2020-002)** – Our audit revealed in certain instances payments were made by electronic funds transfer for payroll, health benefits, utilities, debt service and other items which were not included on the bills lists approved by the Board in the official minutes. In addition, the District has not adopted policies and procedure permitting the payment of claims electronically.

Recommendation – All payments to vendors, either by check or electronic funds transfer as well as semi-monthly payrolls be included on the bills lists submitted to the Board for approval and be made part of the official minutes prior to payment. In addition, the District adopt formal policies and procedures for the electronic payment of claims.

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.

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** – We noted for the first half of the school year certification signatures of the Superintendent , Board President and Board Secretary were not obtained on the payroll registers and in the second half of the school year certification signatures of the Superintendent were not obtained in accordance with N.J.S.A. 18A:19-4.1.

Recommendation – Payroll registers be certified by the Superintendent, Board President and Board Secretary in accordance with N.J.S.A. 18A:19-4.1.

- **Finding** – The District did not maintain an integrated position control roster with its budget and payroll accounting systems in accordance with N.J.A.C. 6A:23A-6.8.

Recommendation – The District implement and maintain an integrated position control roster with its budget and payroll accounting systems in accordance with N.J.A.C. 6A:23A-6.8.

- **Finding** – We noted instances where Federal and State tax deposits were not made in a timely manner.

Recommendation – Federal and State tax deposits be made in a timely manner.

- **Finding** – A payroll deduction ledger was not maintained by the District to account for payroll deduction by their respective categories.

Recommendation – The District implement and maintain a payroll deduction ledger by individual deduction category.

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 reserve 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.

**EDGEWATER BOARD OF EDUCATION
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 (Continued)

- **Finding (CAFR Finding 2020-003)** – Our audit of year end open purchase orders in the General and Special Revenue Funds revealed certain purchase orders were not reviewed at year end for validity and proper classification as accounts payable or reserve for encumbrance. We noted numerous encumbrances which we deemed invalid or accounts payable at year end.

Recommendation – Procedures be revised to ensure open purchase orders are reviewed at year end for validity and proper classification and invalid orders be cancelled accordingly.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23 A-16.(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 testing was deemed necessary to test the propriety of expenditure classifications.

- **Finding (CAFR Finding 2020-007)** – Our audit revealed certain expenditures were not classified and charged to the proper budget line accounts in accordance with The Uniform Minimum Chart of Accounts for New Jersey Public Schools.

Recommendation – Procedures be enhanced to ensure expenditures are charged to the proper budget line accounts in accordance with The Uniform Minimum Chart of Accounts for New Jersey Public Schools.

Board Secretary's Records

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

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

The prescribed contractual order system was followed with exceptions noted.

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

- **Finding (CAFR Finding 2020-001 and 2020-005)** – Our review of District budget process revealed detail documentation and information to support the District's 2019/2020 annual budget was not on file and available for review. We noted midway through the school year the Interim Business Administrator projected there would be a budget shortfall for the 2019/2020 school year of approximately \$1.8 million. The County Superintendent was notified of the projected shortfall and a State Fiscal Monitor was appointed to oversee the District's financial operations. The State Monitor secured a State Aid Advance Loan from the Department of Education to finance the projected \$1.8 million deficit for 2019/2020. The loan is to be paid back over ten years commencing with the 2020/2021 school year budget.

Recommendation – Budgeting procedures be developed and implemented to ensure documentation and information utilized in the preparation of the annual budget be maintained, retained and available to support amounts appropriated in the District's approved budget. In addition, budgeting procedures be reviewed and revised to ensure sufficient appropriations are provided for in the adopted budget for District expenditures of the respective budget year.

**EDGEWATER BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Financial Planning, Accounting and Reporting (Continued)

Board Secretary's Records (Continued)

- **Finding** – We noted the monthly Board Secretary’s reports were approved but not included in the official minute book for the first half of the school year as required by N.J.S.A. 18A:17-36. These reports were subsequently reapproved and included in the official minute book by the Interim Business Administrator. Therefor no recommendation is warranted.
- **Finding (CAFR Finding 2020-004)** – Our audit of the year-end bank account reconciliations prepared by the District’s consultant revealed the following:
 - Formal bank reconciliations were not performed monthly for the Food Service and Preschool Program accounts.
 - Invalid reconciling items and insufficient detail of outstanding items for the general operating and the payroll agency accounts.
 - Bank reconciliation balance that did not agree to the District’s general ledger cash account balance for the preschool program.
 - Cash report balances (Treasurer’s Report) that were not in agreement with bank account reconciliation balances for the general operating account and Food Service Fund.
 - Monthly cash report did not include the activity of the summer savings account and capital project fund lease purchase account.

Recommendation – Internal control procedures over the monthly bank reconciliation process be improved to ensure formal bank reconciliations are completed monthly, reconciling items are valid and sufficiently detailed, they are in agreement with the general ledger and cash report balances and all District accounts are included on the monthly cash report.

- **Finding (CAFR Finding 2020-008)** – During the first half of the school year the District had aggregate budget transfers to and from certain budget lines that on a cumulative basis exceeded 10% of the total of the advertised budget category. The cumulative transfers over 10% were noted prior to the appointment of the State Monitor and they were not submitted to nor approved by the Executive County Superintendent.

Recommendation – Executive County Superintendent’s or State Monitor’s approval be sought as required for all transfers that exceed ten percent (10%) of the original advertised budget appropriation amount in accordance with N.J.A.C. 6A:23A-13.3(g).

- **Finding** – We noted prior years grant receivable balances in the Special Revenue and Capital Projects Funds in the amounts of \$96,203 and \$116,152, respectively at June 30, 2020. Our review of subsequent transactions revealed no amounts were received for these outstanding receivables as of the date of audit.

Recommendation – The District review the prior year grant receivable balances in the Special Revenue and Capital Projects Fund and appropriate action be taken to clear them of record.

- **Finding** – Our audit of travel expense reimbursements revealed certain payments were not supported by a post travel purpose and relevance report.

Recommendation – Travel expense reimbursements be supported by a post travel purpose and relevance report.

- **Finding** – We noted three (3) budget line accounts that were overexpended as of June 30, 2020 as a result of certain audit adjustments from findings previously reported. Therefore, a recommendation is not deemed warranted.

**EDGEWATER BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Financial Planning, Accounting and Reporting (Continued)

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.

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.

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. 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 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.

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 regulates bidding for public school student transportation contracts under NJSA 18A:39-3 which is \$19,000 for 2019-2020.

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. There was no evidence that the Board designated the School Business Administrator as the qualified purchasing agent and approved a bid threshold of \$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.

**EDGEWATER BOARD OF EDUCATION
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)

The results of our examination did indicate certain individual 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.A. 18A:18A-4.

- **Finding (CAFR Finding 2020 - 006)** – Our audit of purchases and procedures related to compliance with the Public School Contracts Law and State procurement regulations revealed the following:
 - We noted numerous instances where contract awards and purchases were made in excess of the bid threshold where there was no documentation provided to support publicly advertised bids were sought, State contract or cooperative purchasing contracts were awarded or a competitive contracting process was conducted in accordance with the requirements of the Public School Contracts Law (N.J.S.A. 18A:18A) In addition, these contract awards and purchases were not approved by Board resolution in accordance with the Public Schools Contract Law.
 - We noted instances where contract awards and purchases were made in excess of the quote threshold where there was no documentation to support competitive quotations were solicited by the District in accordance with N.J.S.A. 18A:18A-37(a).
 - We noted several instances where business registration certificates (BRC) and political contribution disclosures forms (PCDF) were not on file and available for audit as required.

Recommendation – With respect to purchasing procedures:

- Internal control procedures over purchasing be reviewed and revised to ensure all contract awards and purchases which exceed the bid or quote thresholds are procured and approved in accordance with the requirements of the Public School Contracts Law. In addition, documentation be maintained on file and made available for audit to support the District’s compliance with the procedures required under the Public School Contracts Law (N.J.S.A. 18A:18A).
- Procedures be enhanced to ensure business registration certificates and political contribution disclosure forms are obtained and maintained on file as required.

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 that purchases were made through the use of state contracts.

Food Service Fund

COVID-19 Emergency

In accordance with the Governor’s Declaration of Emergency pertaining to the COCID 19 Virus all 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.

**EDGEWATER BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Food Service Fund (Continued)

Therefore, SFAs 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 SFAs 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 cost applicable to the emergency operations.

The financial transactions and records of the school food services were maintained in satisfactory condition. The financial accounts and records were reviewed on a test-check basis.

Cash receipts and bank records were reviewed for timely deposit.

The district utilizes a food service management company (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. The FSMC contract includes operating results provisions which guarantees that the Food Service program will have a profit of \$5,000. The operating results provision has been met.

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

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.

- **Finding** – Our audit noted the Food Service Fund’s net cash resources at June 30, 2020 exceed the three month average of expenditures for the 2019/2020 school year.

Recommendation – Appropriate action be taken to ensure net cash resources do not exceed the three month average of expenditures.

Applications for free and reduced price meals were reviewed for completeness and accuracy as part of our audit of the Application for State School Aid (ASSA).

U.S.D.A. commodities were received and a separate inventory were maintained on a first-in, first-out basis.

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

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

Student Body Activities

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

All cash disbursements tested had proper supporting documentation.

**EDGEWATER BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Student Body Activities (Continued)

- **Finding** – Formal monthly bank reconciliations were not completed monthly for either the Eleanor Van Gelder or George Washington school accounts.
Recommendation – Formal bank account reconciliations be completed monthly for the Student Activity school accounts.
- **Finding** – We noted prenumbered receipt tickets are not issued for monies collected in either the Eleanor Van Gelder or George Washington school accounts.
Recommendation – Prenumbered receipt tickets be issued for monies collected in the Student Activity school accounts.
- **Finding** – Our audit revealed the Eleanor Van Gelder school did not maintain a formal cash receipts and disbursements journal.
Recommendation – A formal cash receipts and disbursements journal be maintained by the Eleanor Van Gelder Student Activity school account.

Preschool Program

Separate revenue and expense records and billing journals were maintained for the summer session program. We noted the District discontinued the program in the 2020/2021 school year.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2019 Application for State School Aid (ASSA) for on-roll, private schools for the disabled, related services, low income and bilingual. 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 immaterial exceptions noted. The information that was included on the workpapers was verified with exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

The District did maintain workpapers on the prescribed state forms or their equivalent for all reporting categories.

The District has adequate written procedures for the recording of student enrollment data.

- **Finding (CAFR Finding 2020-009)** – Our audit of the ASSA revealed the following:
 - Lunch application to support eligibility of the Resident Low Income and Resident LEP Low Income students reported were not available for audit for certain students tested.
 - Certain On-Roll Special Education students reported on the ASSA did not have an IEP on file in the District.

Recommendation – Documentation to support eligibility of students reported on the ASSA be maintained on file in the District and be available for audit.

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 Report 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.

**EDGEWATER BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Facilities and Capital Assets

The District had no active SDA grant projects during the current year.

Testing for Lead of all Drinking Water in Educational Facilities

The school district adhered to all 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.

Follow-up Prior Year Findings

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

**EDGEWATER BOARD OF EDUCATION
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

N/A – INFORMATION NOT REQUIRED

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

	2020-21 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 - 3yr	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Preschool - 4yr	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool - 3yr	21.0	-	21.0	-	-	-	-	21.0	-	21.0	-	-	-	-	-	-
Full Day Preschool - 4yr	39.0	-	39.0	-	-	-	-	39.0	-	39.0	-	-	-	-	-	-
Half Day Kindergarten	0.0	-	-	-	-	-	-	0.0	-	0.0	-	-	-	-	-	-
Full Day Kindergarten	134.0	-	134.0	-	-	-	-	134.0	-	134.0	-	-	-	-	-	-
One	144.0	-	144.0	-	-	-	-	144.0	-	144.0	-	-	-	-	-	-
Two	156.0	-	156.0	-	-	-	-	156.0	-	156.0	-	-	-	-	-	-
Three	85.0	-	85.0	-	-	-	-	85.0	-	85.0	-	-	-	-	-	-
Four	99.0	-	99.0	-	-	-	-	99.0	-	99.0	-	-	-	-	-	-
Five	93.0	-	93.0	-	-	-	-	93.0	-	93.0	-	-	-	-	-	-
Six	82.0	-	82.0	-	-	-	-	82.0	-	82.0	-	-	-	-	-	-
Seven	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Eight	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Nine	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ten	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Eleven	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Twelve																
Post-Graduate																
Adult H.S. (15+CR.)																
Adult H.S. (1-14 CR.)																
Subtotal	853.0	-	853.0	-	-	-	-	853.0	-	853.0	-	-	-	-	-	-
Special Ed - Elementary	79.0	-	79.0	-	-	-	-	38.0	-	37.0	-	1	-	2.0	2.0	2.0
Special Ed - Middle School	15.0	-	15.0	-	-	-	-	10.0	-	8.0	-	2	-	1.0	1.0	1.0
Special Ed - High School	0.0	-	-	-	-	-	-	1.0	-	1.0	-	-	-	3.0	2.0	2.0
Subtotal	94.0	-	94.0	-	-	-	-	49.0	-	46.0	-	3	-	6.0	5.0	5.0
Co. Voc. - Regular																
Co. Voc. Ft. Post Sec.																
Totals	947.0	-	947.0	-	-	-	-	902.0	-	899.0	-	3.0	-	6.0	5.0	5.0
Percentage Error					0.00%	0.00%						0.33%	0.00%			0.00%

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

	<u>Resident Low Income</u>			<u>Sample for Verification</u>			<u>Resident LEP Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on A.S.S.A. as Low Income</u>	<u>Reported on Workpapers as Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Application and Register</u>	<u>Sample Errors</u>	<u>Reported on A.S.S.A. as LEP low Income</u>	<u>Reported on Workpapers as LEP low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Test Score and Register</u>	<u>Sample Errors</u>
Half Day Preschool												
Full Day Preschool	4.0	4.0		-	-	-						
Half Day Kindergarten	-	-		-	-	-						
Full Day Kindergarten	4.0	4.0	-	2.0	2.0	-	1.0	1.0	-	1.0	1.0	-
One	7.0	7.0	-	4.0	4	-	1.0	1.0	-	1.0	1.0	-
Two	16.0	16.0	-	6.0	6	-	1.0	1.0	-	1.0	1.0	-
Three	7.0	7.0	-	4.0	4	-	-	-	-	-	-	-
Four	17.0	16.0	1	6.0	6	-	-	-	-	-	-	-
Five	6.0	6.0	-	3.0	3	-	-	-	-	-	-	-
Six	3.0	3.0	-	2.0	2	-	1.0	-	1.0	-	-	-
Seven	6.0	6.0	-	5.0	-	5.0	2.0	2.0	-	2.0	-	2
Eight	16.0	16.0	-	6.0	-	6.0	-	-	-	-	-	-
Nine	8.0	8.0	-	4.0	-	4.0	-	-	-	-	-	-
Ten	6.0	6.0	-	3.0	-	3.0	-	-	-	-	-	-
Eleven	6.0	6.0	-	2.0	-	2.0	1.0	1.0	-	1.0	-	1
Twelve	6.0	6.0	-	3.0	-	3.0	-	-	-	-	-	-
Post-Graduate												
Adult H.S. (15+CR.)												
Adult H.S. (1-14 CR.)												
Subtotal	<u>108.0</u>	<u>107.0</u>	<u>1.0</u>	<u>50.0</u>	<u>27.0</u>	<u>23.0</u>	<u>7.0</u>	<u>6.0</u>	<u>1.0</u>	<u>6.0</u>	<u>3.0</u>	<u>3.0</u>
Special Ed - Elementary	19.0	11.0	8	3.0	3.0	-	1.0	1.0	-	1.0	1.0	-
Special Ed - Middle	21.0	30.0	(9)	3.0	1	2.0	-	-	-	-	-	-
Special Ed - High	9.0	9.0	-	3.0	-	3.0	-	-	-	-	-	-
Subtotal	<u>49.0</u>	<u>50.0</u>	<u>(1.0)</u>	<u>9.0</u>	<u>4.0</u>	<u>5.0</u>	<u>1.0</u>	<u>1.0</u>	<u>-</u>	<u>1.0</u>	<u>1.0</u>	<u>-</u>
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Totals	<u>157.0</u>	<u>157.0</u>	<u>-</u>	<u>59.0</u>	<u>31.0</u>	<u>28.0</u>	<u>8.0</u>	<u>7.0</u>	<u>1.0</u>	<u>7.0</u>	<u>4.0</u>	<u>3.0</u>
Percentage Error			<u>0.00%</u>			<u>47.46%</u>			<u>12.50%</u>			<u>42.86%</u>

	<u>Transportation</u>					
	<u>Reported on DRTRS by DOE/county</u>	<u>Reported on DRTRS by District</u>	<u>Errors</u>	<u>Tested</u>	<u>Verified</u>	<u>Errors</u>
Reg. - Public Schools, col. 1	1,129.0	1,129.0	-	60.0	60.0	-
Reg -SpEd, col. 4	85.0	85.0	-	5.0	3.0	2.0
Transported - Non-Public, col. 2	4.0	4.0	-	1.0	1.0	-
Special Ed Spec, col. 6	37.0	37.0	-	2.0	2.0	-
Totals	<u>1,255.0</u>	<u>1,255.0</u>	<u>-</u>	<u>68.0</u>	<u>66.0</u>	<u>2.0</u>
Percentage Error			0.00%			<u>2.94%</u>

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

	<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	35.0	35.0	-	8.0	8.0	-
One	29.0	29.0	-	8.0	8.0	-
Two	18.0	18.0	-	6.0	6.0	-
Three	6.0	6.0	-	3.0	3.0	-
Four	7.0	7.0	-	5.0	5.0	-
Five	9.0	9.0	-	4.0	4.0	-
Six	-	-	-	-	-	-
Seven	4.0	4.0	-	2.0	2.0	-
Eight	5.0	5.0	-	3.0	3.0	-
Nine	7.0	7.0	-	4.0	4.0	-
Ten	2.0	2.0	-	1.0	1.0	-
Eleven	1.0	1.0	-	1.0	1.0	-
Twelve	5.0	5.0	-	2.0	2.0	-
Post-Graduate						
Adult H.S. (15+CR.)						
Adult H.S. (1-14 CR.)						
Subtotal	<u>128.0</u>	<u>128.0</u>	<u>-</u>	<u>47.0</u>	<u>47.0</u>	<u>-</u>
Special Ed - Elementary	5.0	5.0	-	2.0	2.0	-
Special Ed - Middle	-	-	-	-	-	-
Special Ed - High	-	-	-	-	-	-
Subtotal	<u>5.0</u>	<u>5.0</u>	<u>-</u>	<u>2.0</u>	<u>2.0</u>	<u>-</u>
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	<u>133.0</u>	<u>133.0</u>	<u>-</u>	<u>49.0</u>	<u>49.0</u>	<u>-</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

**EDGEWATER BOARD OF EDUCATION
EXCESS SURPLUS CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

SECTION 1A

2019-2020 Total General Fund Expenditures per the CAFR		\$ 25,750,771
Increased by:		
Transfer to Preschool Program Enterprise Fund		2,885
Decreased by:		
On-Behalf TPAF Pension & Social Security		<u>(2,002,216)</u>
Adjusted 2019-2020 General Fund Expenditures		<u>\$ 23,751,440</u>
1.5% of Adjusted 2019-2020 General Fund Expenditures		<u>\$ 356,272</u>
Enter Greater of 1.5% of Adjusted 2019-2020 General Fund Expenditures or \$250,000		\$ 356,272
Increased by: Allowable Adjustments		<u>137,761</u>
Maximum Unassigned Fund Balance		<u>\$ 494,033</u>

SECTION 2

Total General Fund - Fund Balance at June 30, 2020 (Per CAFR Budgetary Comparison Schedule/Statement)		\$ 2,374,246
Decreased by:		
Year End Encumbrances	\$ 586,185	
Capital Reserve	1,185,018	
Maintenance Reserve	65,010	
Tuition Reserve	<u>44,000</u>	
		<u>1,880,213</u>
Total Unassigned Fund Balance		<u>\$ 494,033</u>

SECTION 3

Restricted Fund Balance - Reserved Excess Surplus \$ -

Recapitulation of Excess Surplus as of June 30, 2020

Reserved Excess Surplus		\$ -
Reserved Excess Surplus - Designated for Subsequent Year Expenditures		<u>-</u>
Total Reserved Excess Surplus		<u>\$ -</u>

Detail of Allowable Adjustments

Extraordinary Aid (Excess of Budget)		\$ 136,601
Non Public School Transportation Aid		<u>1,160</u>
		<u>\$ 137,761</u>

**EDGEWATER BOARD OF EDUCATION
RECOMMENDATIONS**

I. Administration Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

It is recommended that:

- * 1. In all instances properly executed purchase orders be approved and issued for purchases and contract awards and they be issued prior to the purchase of goods or rendering of services.
- 2. Supporting documentation for vendor payments be obtained and attached to purchase order prior to processing payments.
- 3. All payments to vendors, either by check or electronic funds transfer as well as semi-monthly payrolls be included on the bills lists submitted to the Board for approval and be made part of the official minutes prior to payment. In addition, the District adopt formal policies and procedures for the electronic payment of claims.
- 4. Payroll registers be certified by the Superintendent, Board President and Board Secretary in accordance with N.J.S.A. 18A:19-4.1.
- 5. The District implement and maintain an integrated position control roster with its budget and payroll accounting systems in accordance with N.J.A.C. 6A:23A-6.8.
- 6. Federal and State tax deposits be made in a timely manner.
- 7. The District implement and maintain a payroll deduction ledger by individual deduction category.
- * 8. Procedures be revised to ensure open purchase orders are reviewed at year end for validity and proper classification and invalid orders be cancelled accordingly.
- 9. Procedures be enhanced to ensure expenditures are charged to the proper budget line accounts in accordance with The Uniform Minimum Chart of Accounts for New Jersey Public Schools.
- 10. Budgeting procedures be developed and implemented to ensure documentation and information utilized in the preparation of the annual budget be maintained, retained and available to support amounts appropriated in the District's approved budget. In addition, budgeting procedures be reviewed and revised to ensure sufficient appropriations are provided for in the adopted budget for District expenditures of the respective budget year.
- * 11. Internal control procedures over the monthly bank reconciliation process be improved to ensure formal bank reconciliations are completed monthly; reconciling items are valid and sufficiently detailed, they are in agreement with the general ledger and cash report balances and all District accounts are included on the monthly cash report.
- 12. Executive County Superintendent's or State Monitor's approval be sought as required for all transfers that exceed ten percent (10%) of the original advertised budget appropriation amount in accordance with N.J.A.C. 6A:23A-13.3(g).
- 13. The District review the prior year grant receivable balances in the Special Revenue and Capital Projects Fund and appropriate action be taken to clear them of record.
- 14. Travel expense reimbursements be supported by a post travel purpose and relevance report.

**EDGEWATER BOARD OF EDUCATION
RECOMMENDATIONS**

III. School Purchasing Program

It is recommended that:

1. Internal control procedures over purchasing be reviewed and revised to ensure all contract awards and purchases which exceed the bid or quote thresholds are procured and approved in accordance with the requirements of the Public School Contracts Law. In addition, documentation be maintained on file and made available for audit to support the District's compliance with the procedures required under the Public School Contracts Law (N.J.S.A. 18A:18A).
2. Procedures be enhanced to ensure business registration certificates and political contribution disclosure forms are obtained and maintained on file as required.

IV. School Food Service

It is recommended that appropriate action be taken to ensure net cash resources do not exceed the three month average of expenditures.

V. Student Body Activities

It is recommended that:

1. Formal bank account reconciliations be completed monthly for the Student Activity school accounts.
2. Prenumbered receipt tickets be issued for monies collected in the Student Activity school accounts.
3. A formal cash receipts and disbursements journal be maintained by the Eleanor Van Gelder Student Activity school account.

VI. Preschool Program

There are none.

VII. Application for State School Aid

It is recommended that the documentation to support eligibility of students reported on the ASSA be maintained on file in the District and be available for audit.

VIII. Pupil Transportation

There are none.

IX. Miscellaneous

There are none.

X. Status of Prior Years' Audit Findings/Recommendations

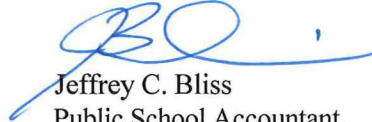
A review was performed on all prior years' recommendations and corrective action was taken except those recommendations denoted with an asterisk (*).

EDGEWATER BOARD OF EDUCATION

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



Jeffrey C. Bliss
Public School Accountant
Certified Public Accountant