

**NEW MILFORD BOARD OF EDUCATION
AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2020**

**NEW MILFORD BOARD OF EDUCATION
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the New Milford Board of Education in the County of Bergen as of and for the fiscal year ended June 30, 2020, and have issued our report thereon dated March 3, 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 Department of Education. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

Lerch, Vinci & Higgins, LLP

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Certified Public Accountants
Public School Accountants

Jeffrey C. Bliss
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Fair Lawn, New Jersey
March 3, 2021

**NEW MILFORD 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 the Insurance Schedule (Exhibit J-20) included in the District's Comprehensive Annual Financial Report (CAFR).

Officials Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Bruce Watson	School Business Administrator/ Board Secretary	\$300,000
Denise Amoroso	Treasurer of School Monies (7/1/19 to 12/31/19)	\$300,000
Kelly Ippolito	Treasurer of School Monies (2/1/20 to (6/30/20)	\$300,000

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

Tuition Charges

The District's tuition contracts specify that tuition charges are not subject to annual tuition adjustment.

Financial Planning, Accounting and Reporting

Examination of Claims

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

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

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

- **Finding** – The audit of health benefit opt-out payments revealed employees were paid in excess of the maximum amount permitted by Board policy.

Recommendation – Health benefit opt-out payments to employees be made in accordance with Board policy.

Payroll Account

The net salaries of all employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

All payrolls tested were approved by the Superintendent and certified by the President of the Board and the Board Secretary/School Business Administrator.

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

Financial Planning, Accounting and Reporting (Continued)

Payroll Account (Continued)

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

- **Finding** – Our audit of payroll revealed the District did not file the certification (ECERT1) of compliance with requirements for income tax compensation of certain administrators for calendar year 2019 with the NJ Department of Treasury.

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

- **Finding** – Our audit of payroll revealed the 3rd and 4th quarter 2019 TPAF and PERS State pension reports were filed reporting the employees' 2018/2019 contractual base salary rather than the 2019/2020 base salary.

Recommendation – The District should amend the 3rd and 4th quarter 2019 TPAF and PERS State pension reports to reflect the proper 2019/2020 contractual base salary for all employees.

- **Finding** – Our audit of payroll noted the District has been assessed penalty and interest charges for late remittance of federal tax withholdings during 4th quarter 2019.

Recommendation – Federal tax withholding should be remitted in a timely manner in accordance with Internal Revenue Service requirements.

- **Finding** – Our audit of payroll noted that the amounts reported and remitted for 1st quarter 2020 TPAF and PERS State pension contributory life employee withholdings did not agree to amounts withheld based on district's payroll records.

Recommendation – Employee pension withholdings reported on State pension reports should be reconciled to district payroll records on a quarterly basis.

Employee Position Control Roster

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

Reserve for Encumbrances and Accounts Payable

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

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6:A23-16.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3. As a result of the procedures performed, no material transaction errors were noted and therefore, no additional procedures were deemed necessary to test the propriety of expenditure classification.

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

Financial Planning, Accounting and Reporting (Continued)

Travel

The District had adopted a policy regulating travel.

Board Secretary's Records

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

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

The prescribed contractual order system was followed.

- **Finding (CAFR Finding 2020-001)** - Our audit of the general ledger account balances of the various funds revealed certain adjusting journal entries were required to reconcile the Board's records to agree with subsidiary records and supporting documentation. In addition, the financial activity of the Food Service Enterprise Fund is not being maintained in the District's financial accounting and reporting computer system.

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

- **Finding** – Our audit of the payroll agency fund revealed the payroll agency bank account is in a deficit or cash overdraft position of \$58,869 at June 30, 2020.

Recommendation – The cash overdraft balance in the payroll agency bank account should be reviewed and cleared of record.

Treasurer's Records

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

All cash receipts were promptly deposited.

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

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

- **Finding** – Several of the district's bank reconciliations contain numerous reconciling items including amounts transferred between District bank accounts. In addition, there are checks issued in prior fiscal years that remain outstanding as of June 30, 2020.

Recommendation – Reconciling items on the district's bank reconciliations should be reviewed and cleared of record in a timely manner.

Unemployment Compensation Insurance Trust Fund

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

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

Our examination of the E.S.E.A. funds on a test basis indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

I.D.E.A. Part B

Separate accounting records were maintained for each approved project.

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

Other Special Federal and/or State Projects

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

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

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

T.P.A.F. Reimbursement

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

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.

Nonpublic State Aid

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

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

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

Effective July 1, 2015 and thereafter the bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3A are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$19,000. The school business administrator is a qualified purchasing agent, thereby increasing the bid threshold for items other than transportation to \$40,000.

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

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

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

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

- **Finding – (CAFR Finding 2020-002)** – Our audit noted the following with regards to compliance with the Public School Contracts Law and State procurement guidelines:
 - A contract awarded under a cooperative purchasing agreement was not approved by Board resolution by specific contract vendor.
 - The documentation to support cost savings and publication of intent for a contract awarded under a national cooperative purchasing agreement were not available for audit.
 - There was one vendor paid over the bid threshold where no documentation was available to support public bids were sought nor was a contract approved by Board resolution.

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

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

School Food Services

COVID – 19 Emergency

In accordance with the Governor's Declaration of Emergency pertaining to the COVID 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.

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

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

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.

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

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.

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

The district utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34, and 19-1 through 19-4.1. Provisions of the FSMC contract/addendum were reviewed and audited. The FSMC contract includes an operating result which guarantees that the Food Service will return a profit. The operating results provision has not been met as a result of the COVID-19 school closures. On April 20, 2020 the District approved entering into an emergency procurement contract with FSMC as a result of the COVID-19 school closures. The emergency agreement was necessary to facilitate the feeding of students as required by State directive.

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

- **Finding** – Our audit of food service operations revealed the net cash resources, including all respective assets less any associated liabilities at June 30, 2020 exceeded three months average expenditures.

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

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

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

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

Other Enterprise Funds

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

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

- **Finding** – Our audit of the Summer Music Program and the Broadway Kids Summer Program revealed the supporting documents for the monies collected during 2019/2020 were not retained and made available for audit.

Recommendation – All documentation to support revenue collections of the Summer Music Program and the Broadway Kids Summer Program be retained and made available for audit.

Student Activity Funds

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

Cash receipts and disbursement records were maintained in good condition.

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

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

- **Finding** – Our audit of the Gibbs and Berkley Elementary Schools student activity accounts revealed the following:
 - Formal bank reconciliations were not performed on a monthly basis (Gibbs).
 - Pre-numbered receipt tickets were not utilized for monies collected (Gibbs and Berkley).

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

- **Finding** – Our audit of the high school student activity account revealed a check was made payable to “cash”.

Recommendation – The practice of issuing checks made payable to “cash” be prohibited.

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 handicapped, low-income and bilingual education. We also performed a review of the district procedures related to its completion. The information on the A.S.S.A. was compared to the district workpapers with immaterial exceptions noted. The information that was included on the workpapers was verified with immaterial exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

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

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

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 information on the DRTRS was compared to the district workpapers without exception noted. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

Facilities and Capital Assets

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

- **Finding** – Our audit of capital assets revealed that the capital asset records do not reflect all acquired assets from the current and previous years. In addition, the depreciation expense for the prior fiscal year was not included in the accumulated depreciation.

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

Testing for Lead of all Drinking Water in Educational Facilities

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

Follow-up on Prior Year Findings

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

**NEW MILFORD BOARD OF EDUCATION
FOOD SERVICE ENTERPRISE FUND
SCHEDULE OF MEAL COUNT ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOT APPLICABLE

**NEW MILFORD BOARD OF EDUCATION
FOOD SERVICE ENTERPRISE FUND
CALCULATION OF NET CASH RESOURCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Current Assets

Cash and Cash Equivalents	\$	180,884
Due from Other Governments		4,412
Accounts Receivable		47,347
Due from Other Funds		

Current Liabilities

Accounts Payable		(9,076)
Unearned Revenue		(33,397)
		(33,397)

Net Cash Resources	\$	190,170
		190,170

Adjusted Total Operating Expense:

Total Operating Expenses	\$	577,310
Less Depreciation		(25,646)
		(25,646)

Adjusted Total Operating Expense	\$	551,664
		551,664

<u>Average Monthly Operating Expense:</u>	\$	55,166
		55,166

<u>Three Times Monthly Average:</u>	\$	165,499
		165,499

Total Net Cash Resources	\$	190,170
Three Times Monthly Average		165,499
		165,499

Excess(Deficit) Cash Resources	\$	24,671
		24,671

Net Cash Resources do exceed three month average expenditures.

**NEW MILFORD 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						On Roll - Special Education			Private Schools for Disabled				
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Register On Roll		Errors per Registers On Roll		Sample for Verifi- cation	Sample Verified	Sample Errors	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 3 Years Old					-	-														-
Half Day Preschool 4 Years Old					-	-														-
Full Day Preschool 3 Years Old	1	-	1	-	-	-	1	-	-	-	1									-
Full Day Preschool 4 Years Old	9	-	9	-	-	-	9	-	-	-	9									-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-									-
Full Day Kindergarten	136	-	135	-	1	-	68		68		-									-
Grade 1	158	-	158	-	-	-	78		78		-									-
Grade 2	132	-	130	-	2	-	62		60		2									-
Grade 3	111	-	111	-	-	-	60		60		-									-
Grade 4	122	-	122	-	-	-	59		59		-									-
Grade 5	131	-	131	-	-	-	66		66		-									-
Grade 6	119	-	119	-	-	-	119		119		-									-
Grade 7	129	-	127	-	2	-	129		127		2									-
Grade 8	121	-	121	-	-	-	121		121		-									-
Grade 9	112	-	112	-	-	-	112		112		-									-
Grade 10	130	1	130	1	-	-	130	1	130	1	-									-
Grade 11	105	-	105	-	-	-	105		105		-									-
Grade 12	128	-	128	-	-	-	128		128		-									-
Post- Graduate					-	-					-									-
Adult High School (15+ Credits)					-	-					-									-
Adult High School (1-14 Credits)					-	-					-									-
Subtotal	1,644	1	1,639	1	5	-	1,247	1	1,233	1	14	-	-	-	-	-	-	-	-	-
Sp Ed - Elementary	162	-	162	-	-	-	91	-	101	-	(10)		26	26	-		2	2	2	-
Sp Ed - Middle School	93	-	93	-	-	-	91	-	93	-	(2)		15	15	-		2	2	2	-
Sp Ed - High School	125	3	124	3	1	-	125	3	124	3	1		20	20	-		3	2	2	-
Subtotal	380	3	379	3	1	-	307	3	318	3	(11)		61	61	-		7	6	6	-
County Vocational - Regular					-	-					-									-
County Vocational - F.T. Post-Second					-	-					-									-
Subtotal	-	-	-	-	-	-	-	-	-	-	-		-	-	-		-	-	-	-
Totals	2,024	4	2,018	4	6	-	1,554	4	1,551	4	3	-	61	61	-		7	6	6	-
Percentage Error					0.30%					0.19%										

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

	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	10	10	-	2	2	-
Grade 1	22	21	1	4	4	-
Grade 2	24	23	1	4	4	-
Grade 3	17	18	(1)	3	3	-
Grade 4	23	22	1	4	4	-
Grade 5	27	26	1	5	5	-
Grade 6	20	20	-	4	4	-
Grade 7	23	21	2	4	4	-
Grade 8	22	21	1	4	4	-
Grade 9	23	23	-	4	4	-
Grade 10	19	19	-	3	3	-
Grade 11	21	21	-	4	4	-
Grade 12	16	16	-	3	3	-
Post- Graduate			-			-
Adult High School (15+ Credits)			-			-
Adult High School (1-14 Credits)			-			-
Subtotal	267	261	6	48	48	-
Sp Ed - Elementary	28	28	-	5	5	-
Sp Ed - Middle School	11	13	(2)	2	2	-
Sp Ed - High School	24	25	(1)	5	5	-
Subtotal	63	66	(3)	12	12	-
County Vocational - Regular			-			-
County Vocational - F.T. Post-Second			-			-
Subtotal	-	-	-	-	-	-
Totals	330	327	3	60	60	-
Percentage Error			0.91%			-

	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	2	2	-	2	2	-
Grade 1	2	2	-	2	2	-
Grade 2	2	2	-	2	2	-
Grade 3	2	2	-	2	2	-
Grade 4	2	2	-	2	2	-
Grade 5	3	3	-	2	2	-
Grade 6	1	1	-	1	1	-
Grade 7	1	1	-	1	1	-
Grade 8	-	-	-	-	-	-
Grade 9	2	2	-	1	1	-
Grade 10	-	-	-	-	-	-
Grade 11	1	1	-	1	1	-
Grade 12	2	2	-	2	2	-
Post- Graduate			-			-
Adult High School (15+ Credits)			-			-
Adult High School (1-14 Credits)			-			-
Subtotal	20	20	-	18	18	-
Sp Ed - Elementary	2	2	-	1	1	-
Sp Ed - Middle School	-	-	-	-	-	-
Sp Ed - High School	1	1	-	1	1	-
Subtotal	3	3	-	2	2	-
County Vocational - Regular			-			-
County Vocational - F.T. Post-Second			-			-
Subtotal	-	-	-	-	-	-
Totals	23	23	-	20	20	-
Percentage Error			-			0.00%

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools	52	52	-	7	7	-
Transported - Non Public	24	24	-	3	3	-
All Non-Public	241	241	-	35	35	-
Regular - Special Ed	86	86	-	12	12	-
Special Needs	15	15	-	2	2	-
Subtotal	418	418	-	59	59	-
Percentage Error			-			-

**NEW MILFORD 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 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						
Full Day Preschool 3 Years Old			-			-
Half Day Preschool 4 Years Old			-			-
Full Day Preschool 4 Years Old			-			-
Half Day Kindergarten			-			-
Full Day Kindergarten	5	5	-	4	4	-
Grade 1	8	8	-	7	7	-
Grade 2	7	7	-	6	6	-
Grade 3	4	4	-	3	3	-
Grade 4	2	2	-	2	2	-
Grade 5	-	-	-	-	-	-
Grade 6	1	1	-	1	1	-
Grade 7	-	-	-	-	-	-
Grade 8	1	1	-	1	1	-
Grade 9	-	-	-	-	-	-
Grade 10	-	-	-	-	-	-
Grade 11	1	1	-	1	1	-
Grade 12	1	1	-	1	1	-
Post- Graduate			-			-
Adult High School (15+ Credits)			-			-
Adult High School (1-14 Credits)			-			-
Subtotal	30	30	-	26	26	-
Sp Ed - Elementary	1	1	-	1	1	-
Sp Ed - Middle School	-	-	-	-	-	-
Sp Ed - High School	1	1	-	1	1	-
Subtotal	2	2	-	2	2	-
County Vocational - Regular						
County Vocational - F.T. Post-Second						
Subtotal						
Totals	32	32	-	28	28	-
Percentage Error			<u>-</u>			<u>-</u>

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

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

2019-2020 Total General Fund Expenditures (Budgetary Basis) Per Schedule C-1 of the CAFR	\$ 43,293,760
Decreased by:	
Assets Acquired Under Capital Leases	(200,948)
Lease Purchase Agreements	(403,948)
On-Behalf TPAF Pension & Social Security	<u>(5,299,657)</u>
Adjusted 2019-2020 General Fund Expenditures	<u>\$ 37,389,207</u>
2% of Adjusted 2019-2020 General Fund Expenditures	<u>\$ 747,784</u>
Enter Greater of 2% of Adjusted 2019-2020 General Fund Expenditures or \$250,000	\$ 747,784
Increased by Allowable Adjustments*	<u>106,405</u>
Maximum Unassigned Fund Balance	<u>\$ 854,189</u>

SECTION 2

Total General Fund - Fund Balance at June 30, 2020 (Per CAFR Budgetary Comparison Schedule/Statement)	\$ 6,518,588
Decreased by:	
Restricted	
Capital Reserve	915,177
Maintenance Reserve	440,439
Emergency Reserve	400,324
Excess Surplus - Designated for Subsequent Year's Expenditures	1,597,596
Assigned	
Year-End Encumbrances	<u>220,748</u>
Total Unassigned Fund Balance	<u>\$ 2,944,304</u>

SECTION 3

Restricted Fund Balance - Excess Surplus	<u>\$ 2,090,115</u>
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Recapitulation of Excess Surplus

Excess Surplus	\$ 2,090,115
Excess Surplus - Designated for Subsequent Year's Expenditures	<u>1,597,596</u>
	<u>\$ 3,687,711</u>

*** Detail of Allowable Adjustment**

Extraordinary Aid (Unbudgeted Portion)	<u>\$ 106,405</u>
Total Adjustments	<u>\$ 106,405</u>

**NEW MILFORD BOARD OF EDUCATION
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:

- * 1. The District's health benefit bills be reviewed on a monthly basis to ensure only active and eligible employees are receiving benefits.
- 2. Health benefit opt-out payments to employees be made in accordance with Board policy.
- 3. The District file the required annual certification (ECERT1) of compliance with requirements for income tax compensation of certain administrators with NJ Department of Treasury by the March 15th due date.
- 4. The District should amend the 3rd and 4th quarter 2019 TPAF and PERS State pension reports to reflect the proper 2019/2020 contractual base salary for all employees.
- 5. Federal tax withholding should be remitted in a timely manner in accordance with Internal Revenue Service requirements.
- 6. Employee pension withholdings reported on State pension reports should be reconciled to district payroll records on a quarterly basis.
- * 7. Internal controls over financial accounting and reporting be reviewed and enhanced to ensure financial transactions are properly recorded and reported in the District's internal accounting records.
- 8. The cash overdraft balance in the payroll agency bank account should be reviewed and cleared of record.
- 9. Reconciling items on the district's bank reconciliations should be reviewed and cleared of record in a timely manner.

III. School Purchasing Program

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

IV. School Food Services

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

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

It is recommended that all documentation to support revenue collections of the Summer Music Program and the Broadway Kids Summer Program be retained and made available for audit.

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

RECOMMENDATIONS
(Continued)

VI. Student Body Activities

It is recommended that:

- * 1. Athletic event deposits be made in a timely manner.
- * 2. Standardized accounting and reporting procedures be further implemented in the Gibbs and Berkley Elementary School student activity accounts.
- 3. The practice of issuing checks made payable to “cash” be prohibited.

VII. Application for State School Aid

There are none.

VIII. Pupil Transportation

There are none.

IX. Facilities and Capital Assets

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

X. Miscellaneous

There are none.

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

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

ACKNOWLEDGEMENT

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

Respectfully submitted,

LERCH, VINCI & HIGGINS, LLP



Jeffrey C. Bliss
Public School Accountant
Certified Public Accountant