

NEW PROVIDENCE SCHOOL DISTRICT

**AUDITOR'S MANAGEMENT REPORT
ON ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE**

JUNE 30, 2020

NEW PROVIDENCE SCHOOL DISTRICT
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REPORT OF INDEPENDENT AUDITORS

The Honorable President and
Members of the Board of Education
New Providence School District
County of Union
New Providence, New Jersey

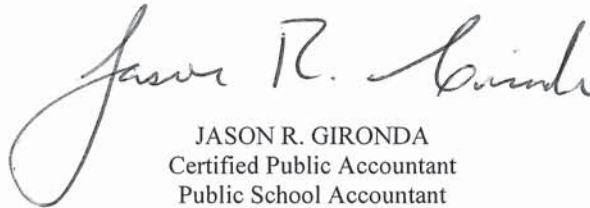
We have audited, in accordance with generally accepted audit standards and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the New Providence School District in the County of Union for the year ended June 30, 2020, and have issued our report thereon dated January 7, 2021.

As part of our audit, we performed procedures required by the 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 for the information of the New Providence Board of Education's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.



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Bayonne, New Jersey
January 7, 2021

Administrative Findings - Financial, Compliance and Performance

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator, including those duties of the Treasurer of School Moneys, whose position was abolished and assumed by the Board Secretary/School Business Administrator, 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, Insurance Schedule contained in the District's CAFR.

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
James Testa	Board Secretary/School Business Administrator	\$275,000

There is a Public Employees' Faithful Performance Blanket Position Bond with the Selective Insurance Company covering all other employees.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were less than estimated costs. The Board made a proper adjustment to the billings to sending districts for the 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 under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

Payroll Account

The net salaries of all employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account. All payrolls were approved by the Superintendent and were certified by the President of the Board and the Board Secretary/Business Administrator.

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

Payrolls were delivered to the secretary of the board whose office then deposited with warrants in separate bank accounts for net payroll and withholdings.

Financial Planning, Accounting and Reporting (Continued)

Reserve for Encumbrances and Accounts Payable

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

Travel

The District did have an approved Board travel policy as required by *N.J.A.C. 6A:23A-6.13* and *N.J.S.A. 18A:11-12*. Our review of the travel records disclosed no discrepancies.

Classification of Expenditures

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

Treasurer's Records

Our review of the records of the Treasurer, performed by the Board Secretary, disclosed no discrepancies.

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

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 re-authorized.

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

Other Special Federal and/or State Projects

The District's Special Projects were approved as listed on Schedule A and Schedule B 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 areas 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.

Financial Planning, Accounting and Reporting (Continued)

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 District to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the 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 School Business Administrator for the School District is a Qualified Purchasing Agent, which allows the bid threshold to be \$40,000). The law regulating bidding for public school student transportation contracts under *N.J.S.A. 18A:39-3* is \$19,000 for 2019-2020.

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

The results of my examination 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*.

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

School Food Service

The financial transactions and statistical records of the school food services were reviewed. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis. No exceptions were noted.

Cash receipts and bank records were reviewed for timely deposit. No exceptions were noted.

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. No exceptions noted.

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

The cash disbursements records reflected expenditures for program related goods and services (no exceptions were noted). The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service. Net cash resources did not exceed three months average expenditures.

School Food Service (Continued)

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all school food service employees authorized by the District. No exceptions were noted.

Applications for free and reduced price meals were reviewed for completeness and accuracy (no exceptions were noted). The number of free and reduced price meals claimed as served was compared to the number of valid applications and/or to the list of directly certified students on file, times the number of operating days, on a school by school basis. The free and reduced price meal and free milk policy is uniformly administered throughout the School System. Sites approved to participate in Provisions I and II complied with all counting and claiming requirements. The required verification procedures for free and reduced price applications were completed and available for review. No exceptions noted.

Student Body Activities

Our review of the student activity funds, found them to be in proper form and order.

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. 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 and no exceptions were noted. The information that was included on the workpapers was verified and no exceptions were noted. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

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

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2019-2020 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with no exceptions. 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. 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.

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 did submit 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 including findings. Corrective action has been taken on all prior year findings.

Acknowledgment

We received the complete cooperation of all the officials of the School District and I greatly appreciate the courtesies extended to the members of the audit team.

Donohue, Gironda, Doria + Tomkins, LLC

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Certified Public Accountants

Jason R. Gironda

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Bayonne, New Jersey
January 7, 2021

NEW PROVIDENCE BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2019

	2020-2021 Application for State School Aid						Sample of Verification						Private Schools for Disabled						
	Reported on		Workpapers		Errors		Sample		Registers		Emors per		Reported		Sample		Sample		
	On Roll	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	On ASOA	Private	Verified	Errors	On Roll	Shared	
Half Day Preschool	24	-	24	-	-	-	-	24	-	24	-	-	-	-	-	-	-	-	-
Full Day Preschool (3yr)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool (4yr)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Kindergarten	111	-	111	-	-	-	-	111	-	111	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	209	-	209	-	-	-	-	209	-	209	-	-	-	-	-	-	-	-	-
One	174	-	174	-	-	-	-	174	-	174	-	-	-	-	-	-	-	-	-
Two	170	-	170	-	-	-	-	170	-	170	-	-	-	-	-	-	-	-	-
Three	192	-	192	-	-	-	-	192	-	192	-	-	-	-	-	-	-	-	-
Four	163	-	163	-	-	-	-	163	-	163	-	-	-	-	-	-	-	-	-
Five	183	-	183	-	-	-	-	183	-	183	-	-	-	-	-	-	-	-	-
Six	188	-	188	-	-	-	-	188	-	188	-	-	-	-	-	-	-	-	-
Seven	177	-	177	-	-	-	-	177	-	177	-	-	-	-	-	-	-	-	-
Eight	149	-	149	-	-	-	-	149	-	149	-	-	-	-	-	-	-	-	-
Nine	138	-	138	-	-	-	-	138	-	138	-	-	-	-	-	-	-	-	-
Ten	120	-	120	-	-	-	-	120	-	120	-	-	-	-	-	-	-	-	-
Eleven	132	2	132	2	-	-	2	132	2	132	2	-	2	-	-	-	-	-	-
Twelve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult HS(15+ Credits)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	2,130	2	2,130	2	-	-	2	2,130	2	2,130	2	-	2	-	-	-	-	-	-
Special Education-Elementary	123	-	123	-	-	-	-	123	-	123	-	-	-	-	-	-	-	-	-
Special Education-Middle	54	-	54	-	-	-	-	54	-	54	-	-	-	-	-	-	-	-	-
Special Education-Highschool	96	4	96	4	-	-	4	96	4	96	4	-	4	-	-	-	-	-	-
Subtotal	273	4	273	4	-	-	4	273	4	273	4	-	4	-	-	-	-	-	-
TOTALS	2,403	6	2,403	6	-	-	6	2,403	6	2,403	6	-	6	-	-	-	-	-	-
					0.000%							0.000%							0.000%

**UNION CITY BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2019**

	Resident LEP Not Low Income			Sample of Verification		
	Reported on ASSA NOT LOW Income	Reported on Workpapers NOT LOW Income	Errors	Sample Selected from Workpapers	Verified per Applications & Registers	Errors
Half Day Kindergarten						
One	1	1	-	1	1	-
Two	-	-	-	-	-	-
Three	5	5	-	4	4	-
Four	2	2	-	2	2	-
Five	2	2	-	2	2	-
Six	-	-	-	-	-	-
Seven	1	1	-	1	1	-
Eight	1	1	-	1	1	-
Nine	-	-	-	-	-	-
Ten	4	4	-	4	4	-
Eleven	5	5	-	4	4	-
Twelve	-	-	-	-	-	-
Subtotal	23	23	-	21	21	-
Special Education-Elementary	1	1	-	-	-	-
Special Education-Middle	-	-	-	-	-	-
Special Education-Highschool	-	-	-	-	-	-
Subtotal	1	1	-	-	-	-
TOTALS	24	24	-	21	21	-
			0.00%			0.00%

EXCESS SURPLUS CALCULATION

REGULAR DISTRICT

SECTION 1

A. 2% Calculation of Excess Surplus

2019 - 2020 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ 46,038,029	(B)
Increased by:		
Transfer from Capital Outlay to Capital Projects Fund	-	(B1a)
Transfer from Capital Reserve to Capital Projects Fund	-	(B1b)
Transfer from General Fund to SRF for PreK-Regular	-	(B1c)
Transfer from General Fund to SRF for PreK-Inclusion	-	(B1d)
Decreased by:		
On-Behalf TPAF Pension & Social Security	6,380,986	(B2a)
Assets Acquired Under Capital Leases	<u>338,750</u>	(B2b)
Adjusted 2019-20 General Fund Expenditures [(B)+(B1s)-(B2s)]	<u>\$ 39,318,293</u>	(B3)
2% of Adjusted 2019-20 General Fund Expenditures [(B3) times .02]	\$ 786,366	(B4)
Enter Greater of (B4) or \$250,000	786,366	(B5)
Increased by: Allowable Adjustment (Increase in Extraordinary Aid)	<u>-</u>	(K)
Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]	<u>\$ 786,366</u>	(M)

SECTION 2

Total General Fund - Fund Balances at June 30, 2020 (Per CAFR Budgetary Comparison Schedule C-1)	\$ 5,784,322	(C)
Decreased by:		
Year-end Encumbrances	1,243,045	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures		(C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures	1,530,062	(C3)
Other Reserved Fund Balances - Capital Reserve	120,093	(C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	<u>69,938</u>	(C5)
Total Unreserved/Undesignated Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	<u>\$ 2,821,184</u>	(U1)

SECTION 3

Restricted Fund Balance - Excess Surplus [(U1)-(M)] IF NEGATIVE ENTER -0-	<u>\$ 2,034,818</u>	(E)
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Recapitulation of Excess Surplus as of June 30, 2020

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	\$ 1,530,062	(C3)
Reserved Excess Surplus [(E)]	<u>2,034,818</u>	(E)
Total Excess Surplus [(C3)+(E)]	<u>\$ 3,564,880</u>	(D)

**New Providence School District
Audit Recommendations Summary
For the Fiscal Year Ended 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. Charter School Enrollment System(CHE)

None

8. Pupil Transportation

None

9. Facilities and Capital Assets

None

10. Miscellaneous

None

11. Status of Prior Year Audit Findings/Recommendations

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