

**PERTH AMBOY PUBLIC SCHOOL DISTRICT
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2020**

**PERTH AMBOY PUBLIC SCHOOL DISTRICT
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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AUDITOR'S MANAGEMENT REPORT


Honorable President and Members
of the Board of Education
Perth Amboy Public School District
Perth Amboy, 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 Perth Amboy Public School District, State of New Jersey as of and for the fiscal year ended June 30, 2020, and have issued our report thereon dated March 5, 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
Certified Public Accountants
Public School Accountants


Dieter P. Lerch
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
March 5, 2021

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

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Monies, the activities of the Board of Education 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>
Derek J. Jess	Board Secretary/ School Business Administrator	\$150,000
Michael Adamschick	Treasurer of School Monies	\$1,000,000

There is an Employee Dishonesty Faithful Performance Crime Coverage policy with N.J. Schools Insurance Group covering all other employees with multiple coverage of \$500,000 per employee.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under review was made 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.

Salary withholdings were promptly remitted to the proper agencies for the payroll periods tested, including health benefit withholdings due to the General Fund.

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 – Our audit indicated that the District has not completed the verification of payroll check distribution, as required by N.J.A.C. 6A:23A-22.8.

Recommendation – No recommendation required, regulation was suspended due to COVID epidemic.

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

Financial Planning, Accounting and Reporting (Continued)

Payroll Account (Continued)

Finding – A report of the value of unused employee sick and vacation time is not being maintained by the District.

Recommendation – The District maintain a report of the value of unused employee sick and vacation time.

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.

Finding – Our audit of the outstanding purchase order report revealed numerous balances classified as accounts payable and reserved for encumbrances which were invalid. **(CAFR Finding 2020-001)**

Recommendation – The outstanding purchase order report be periodically reviewed for validity of obligations and cancellations be made accordingly.

Travel

The District had an approved board travel policy as required by N.J.A.C. 6A:23A-6.13 and N.J.S.A. 18A:11-12.

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 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 procedures were deemed necessary to test the propriety of expenditure classification.

Finding – Our audit indicated that expenditures for employee health benefits, along with the related employee contributions, were not charged to the proper funds in accordance with the respective employee budgetary salary charges.

Recommendation – Expenditures for employee health benefits be charged to the proper fund in accordance with the respective employees' budgetary salary charges.

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's monthly financial reports were included in the minutes.

Our review of the financial and accounting records maintained by the Board Secretary disclosed the following items:

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

Financial Planning, Accounting and Reporting (Continued)

Finding – Our audit revealed that the District overpaid three (3) charter schools in the total amount of \$133,719 for the 2019-20 school year.

Recommendation – The District seek reimbursements/credit for overpayments in the amount of \$133,719 from the Academy for Urban Leadership Charter School, Robert Treat Academy and Middlesex Charter School.

Finding – Our audit reflects that the District is maintaining a permanent fund consisting of cash and investments totaling \$670,918, however, the source and purpose of the funds could not be documented.

Recommendation – Documentation be made available as to the source and purpose of funds on deposit in the Permanent Fund. Furthermore these accounts be updated on a monthly basis.

Finding – Our audit indicated numerous budgetary line items in the General Fund, Blended Resource Fund and Special Revenue Fund which were overexpended. **(CAFR Findings 2020-002 and 2020-005)**

Recommendation – Expenditures be made only upon sufficient funds being made available in the respective budgetary line item accounts.

Finding – Our audit indicated that the original budget, as reflected in the District’s financial records, was not in agreement with the approved budget.

Recommendation – The original budget, as reflected in the District’s financial reporting system, be in agreement with the approved budget.

Finding – Our audit indicated instances of individuals who are no longer employed by the District that remain on the District’s benefit coverage.

Recommendation – Individuals be promptly removed from the District’s employee benefit coverage upon termination of employment.

Treasurer's Records

The Treasurer did perform monthly reconciliations of the general operating, net payroll and payroll agency bank accounts.

Acknowledgement of the Board’s receipt of the Treasurer’s monthly financial reports was included in the minutes.

Finding – Our audit of the reconciliations of various district bank accounts revealed the following:

- Numerous stale dated checks remain outstanding on the general, payroll and payroll agency bank account reconciliations
- Numerous reconciling items from current and prior years reported on the general, food service, payroll and payroll agency bank account reconciliations appear to be invalid and should be adjusted accordingly.

Recommendation – The Treasurer of School Monies review all District bank reconciliations and determine those invalid reconciling items that should be cleared of record.

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

Financial Planning, Accounting and Reporting (Continued)

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 Funds.

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

Finding – Our audit indicated that amounts reported on the State of New Jersey Nonpublic Project Completion Report were not in agreement with the District's financial records.

Recommendation – Final grant expenditure reports be in agreement with amounts reported on the District's financial records.

IDEA Part B and Preschool

Separate accounting records were maintained for each approved project. Grant applications, approvals and acceptance of grant funds were made by Board resolution.

Preschool Education Aid

Finding – Our audit of the preschool education program indicated that expenditures exceeded available funds, resulting in a program deficit in the amount of \$3,795,417. **(CAFR Finding 2020-003 and 2020-007)**

Recommendation – A course of action be developed to eliminate the accumulated deficit in the Preschool Education Program.

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

Financial Planning, Accounting and Reporting (Continued)

T.P.A.F. Reimbursements

Our audit procedures included a test of the semi-monthly reimbursement forms filed with the Department of Education for District employees who are members of the Teachers Pension and Annuity Fund.

T.P.A.F Reimbursement to the State for Federal Salary Expenditures

Finding – Our audit indicated that the reimbursement form to calculate the amount due to the State of New Jersey for TPAF FICA of employees whose salaries were funded by federal grant programs was not completed. As such, the liability for the required amount due was not accrued on the District’s financial records. **(CAFR Finding 2020-008)**

Recommendation – The reimbursement form for TPAF FICA of federally funded salaries be completed and the required amount due be accrued on the District’s financial records and paid in a timely manner.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 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 is currently \$19,000.

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. The Board has designated the School Business Administrator as the qualified purchasing agent and established the bid threshold at \$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.

Based on the results of our examination, we noted instances where individual payments, contracts or agreements were made for the performance of 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, as amended.

Resolutions were adopted authorizing the awarding of contracts and agreements for “Professional Services” per N.J.S.A. 18A:18A-5 and 19:44A in certain instances.

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

School Purchasing Programs (Continued)

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 made through the use of state contracts.

Finding– Our audit of purchases and contract awards in excess of the bid threshold revealed the following as it relates to compliance with the Public School Contracts Law and State procurement guidelines: **(CAFR Findings 2020-004 and 2020-006)**

- Contracts awarded under state contract and/or cooperative purchasing agreements were not supported by adequate documentation to determine validity of contracts and were not approved in the official Board minutes.
- Contracts awarded utilizing national cooperative purchasing agreements were not supported by the required cost savings determination nor did the District advertise its intent to award such contracts.
- Purchase orders for the acquisition of chromebooks did not indicate the quantity and per unit price of the goods. In addition, the state contract referenced for this acquisition does not appear to for the goods purchased.
- Invoices submitted for electrical services were not detailed as per the bid award.
- Notification was not made to the Office of the State Comptroller for a contract awarded for food and food related items, the cost of which exceeded \$2,000,000.

Recommendation – It is recommended that:

- Documentation be maintained on file and made available for audit to support the District's awards pursuant to state contract and other cooperative purchasing agreements.
- Cost savings determination be prepared for contracts awarded through the use of national cooperative purchasing agreements. In addition, the intent to award such contracts be publicly advertised.
- Purchase orders issued for goods acquired under state contract reflect the quantity ordered and per unit cost.
- Invoices submitted for electrical services be reviewed prior to payment to ensure costs and/or rates are in agreement with contract award.
- The Office of the State Comptroller be notified of any contract awards that exceed \$2,000,000.

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

School Food Service

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

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

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

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

The financial transactions and statistical records of the school food service fund were maintained in good condition. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

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 disbursements records reflected expenditures for program related goods and services with exceptions 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 (3) months' average expenditures.

The number of meals claimed for reimbursement was compared to sales and meal count records. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement claims were submitted/certified in a timely manner.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served was compared to the number of valid applications 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 policy was reviewed for uniform administration throughout the school system. The required verification procedures for free and reduced price applications were completed and available for review.

USDA Food Distribution Program commodities were received and a separate inventory was maintained on a first-in, first-out basis.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Exhibits B-4 through B-6 of the CAFR.

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

Student Body Activities

During our review of the student activity funds, the following matters were noted:

Finding- Our audit of the various student activity accounts of the District indicated the following:

- With respect to the Anthony V. Ceres Elementary School account:
 - Transaction ledger is maintained in summary form only and does not identify dates and source of individual collections.
 - Documentation to support certain individual disbursements was not made available for audit.
- With respect to the High School account:
 - A bank account reconciliation was not able to be provided for audit.
 - Documentation to support individual receipts was not provided for audit.
- With respect to the Edward J. Patten Elementary School account:
 - Transaction ledger is maintained in summary form only and does not identify dates and source of individual collections.
 - Documentation to support individual receipts was not provided for audit.
- With respect to the Herbert N. Richardson Elementary School account:
 - A transaction ledger was not able to be provided for audit.
 - A bank account reconciliation was not able to be provided for audit.
 - Documentation to support individual receipts was not able to be provided for audit.
- With respect to the Robert N. Wilentz Elementary School account:
 - Transaction ledger provided for audit was not reconciled with the bank account.
 - Documentation to support individual receipts was not provided for audit.
- With respect to the Samuel E. Shull Middle School account:
 - A transaction ledger was not able to be provided for audit.
 - A bank account reconciliation was not able to be provided for audit.
 - Documentation to support individual receipts was not able to be provided for audit.
- With respect to the McGinnis School account:
 - A bank account reconciliation was not able to be provided for audit.
 - Documentation to support individual receipts was not able to be provided for audit.
- With respect to the Adult School bank account:
 - Bank account reconciliations were not provided for audit.
 - Approval forms were not utilized for disbursement requests.
- With respect to the 9th grade academy account:
 - A transaction ledger was not maintained and made available for audit
 - Bank reconciliation was not provided for audit.
 - Pre-numbered receipts were not utilized for monies collected.
 - Approval forms were not utilized for disbursement requests.
- With respect to the Perth Amboy Adult School (PLA) account:
 - Documentation to support individual receipts was not provided for audit.
- With respect to the Dual Language School account:
 - Bank account reconciliations were not provided for audit.
 - A transaction ledger was not provided for audit.
 - Documentation to support individual receipts was not provided for audit.
 - Approval signatures were not always obtained prior to disbursement of funds..
 - Certain checks included only one (1) authorization signature.

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

Student Body Activities (Continued)

- With respect to the Rose M. Lopez School account:
 - Bank account reconciliations were not provided for audit.
 - Documentation to support individual receipts was not provided for audit.
- With respect to the Athletics account:
 - A bank account reconciliation was not able to be provided for audit.
 - Documentation to support individual account transactions was not provided for audit.

Recommendation – Internal control procedures for the student activity accounts be reviewed and enhanced to ensure adequate documentation to support the receipt and disbursement of funds is maintained and that all bank accounts are properly reconciled to internal records.

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, related services, bilingual students and low-income. 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 exceptions noted. The information that was included on the workpapers was verified with exceptions noted. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

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

Finding – Our audit indicated that the detailed workpapers provided by the District did not support student counts reported on the ASSA or the individual class registers for the various reporting categories. **(CAFR Finding 2020-009)**

Recommendation – It is recommended that internal controls over the filing of the District’s ASSA be reviewed and enhanced to ensure documentation to support student counts is retained and available for audit.

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2019-20 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 included a review of transportation related contracts and purchases. Based on our review, the district complied with proper bidding procedures and award of contracts.

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

Facilities and Capital Assets

Since the District is classified as a District required to utilize school based budgeting, a majority of School Development Authority (SDA) grant activity is conducted by the State of New Jersey on behalf of the District. The on behalf grant activity is reported in the District's financial statements as state aid revenue and capital outlay expenditures in the Capital Projects Fund.

Finding – Our audit indicated that a capital asset appraisal report, including related depreciation, was not maintained.

Recommendation – An appraisal report of District owned capital assets and related depreciation be maintained, updated on an annual basis and made available for audit.

Testing for Lead of all Drinking Water in Educational Facilities

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

Follow-up Prior Year Findings

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

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

SCHEDULE OF MEAL COUNT ACTIVITY

<u>Program</u>	<u>Meals/Milks Category</u>	<u>Total Meals/Milks Claimed</u>	<u>Meals/Milks Tested</u>	<u>Meals/Milks Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>(Over) Under Claim</u>
National School Lunch (Regular Rate)	Paid	90,271	45,158	45,158	-		
	Reduced	43,084	23,424	23,424	-		
	Free	<u>774,514</u>	<u>413,750</u>	<u>413,750</u>	<u>-</u>		<u>-</u>
	Total Lunch	<u>907,869</u>	<u>482,332</u>	<u>482,332</u>	<u>-</u>		<u>-</u>
School Breakfast	Paid	93,283	47,309	47,309	-		
	Reduced	39,855	21,513	21,513	-		
	Free	<u>660,615</u>	<u>350,408</u>	<u>350,408</u>	<u>-</u>		<u>-</u>
	Total Breakfast	<u>793,753</u>	<u>419,230</u>	<u>419,230</u>	<u>-</u>		<u>-</u>
After School Snacks	Paid	<u>92,684</u>	<u>47,253</u>	<u>47,253</u>	<u>-</u>		
	Total Snacks	<u>92,684</u>	<u>47,253</u>	<u>47,253</u>	<u>-</u>		
TOTAL		<u>1,794,306</u>	<u>948,815</u>	<u>948,815</u>	<u>-</u>		<u>-</u>

**PERTH AMBOY PUBLIC SCHOOL DISTRICT
FOOD SERVICE FUND
SCHEDULES OF NET CASH RESOURCE
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

		Food Service	
<u>Net Cash Resources:</u>			
CAFR	*	Current Assets	
B-4		Cash	\$ 1,599,654
B-4		Intergovernmental Receivables	296,127
B-4		Accounts Receivable	
B-4		Due from Other Funds	18,767
CAFR		Current Liabilities	
B-4		Less Accounts Payable	(107,674)
B-4		Less Due to Other Funds	(643,164)
B-4		Less Unearned Revenue	
		Net Cash Resources	\$ 1,163,710 (A)
<u>Net Adj. Total Operating Expense:</u>			
B-5		Total Operating Expenses	\$ 7,221,300
B-5		Less Depreciation	(53,613)
		Adj. Tot. Oper. Exp.	\$ 7,167,687 (B)
<u>Average Monthly Operating Expense:</u>			
		B / 10	\$ 716,769 (C)
<u>Three times monthly Average Operating Expense:</u>			
		3 X C	\$ 2,150,306 (D)

TOTAL IN BOX A	\$	1,163,710
LESS TOTAL IN BOX D	\$	(2,150,306)
NET	\$	(986,596)

Net Cash Resources Did Not Exceed Three Months Expenditures.

**PERTH AMBOY PUBLIC SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 13,2019
SCHEDULE OF AUDITED ENROLLMENTS**

	2020-2021 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 Register 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 3 Years Old					-	-											
Half Day Preschool 4 Years Old					-	-											
Full Day Preschool 3 Years Old	481		484		(3)	-		315		315							
Full Day Preschool 4 Years Old	572		573		(1)	-		220		220							
Half Day Kindergarten	-				-	-											
Full Day Kindergarten	739		489		250	-		105		105							
Grade 1	781		588		193	-		155		155							
Grade 2	744		613		131	-		159		159							
Grade 3	728		624		104	-		76		76							
Grade 4	735		658		77	-		108		108							
Grade 5	704		621		83	-		342		342							
Grade 6	735		660		75	-		355		355							
Grade 7	677		599		78	-		309		309							
Grade 8	651		651		-	-		340		340							
Grade 9	685		706		(21)	-		591		591							
Grade 10	605		598		7	-		560		560							
Grade 11	437		431		6	-		524		524							
Grade 12	473		475		(2)	-		532		532							
Post- Graduate					-	-											
Adult High School (15+ Credits)	42				42	-		42		42							
Adult High School (1-14 Credits)		-			-	-											
Subtotal	9,789	-	8,770	-	1,019	-		4,733	-	4,733	-	-		-	-	-	-
Sp Ed - Elementary	505		345		160	-		76		76			14	3.0	3.0		-
Sp Ed - Middle School	250	8	250	8	-	-		130		130			15	3.0	3.0		-
Sp Ed - High School	220	19	216	20	4	(1)		101		101			36	7.0	7.0		-
Subtotal	975	27	811	36	164	-		307	-	307	-	-	65	13	13		-
County Vocational - Regular					-	-											
County Vocational - F.T. Post-Second					-	-											
Subtotal					-	-											
Totals	10,764	27	9,581	36	1,183	-		5,040	-	5,040	-	-	65	13	13		-
Percentage Error					10.99%								0.00%		0.00%		0.00%

PERTH AMBOY PUBLIC SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 13, 2019
SCHEDULE OF AUDITED ENROLLMENTS

	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on A.S.S.A as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application	Sample Errors	Reported on ASSA as LEP low Income	Reported on Workpapers as LEP low Income	Errors	Sample Selected	Verified to Test Score and Register	Errors
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	682.0	430	252	9.0	9.0	-	201	139	62	6	6	-
Grade 1	696.0	510	186	9.0	9.0	-	213	145	68	6	6	-
Grade 2	678.0	540	138	9.0	9.0	-	281	234	47	8	8	-
Grade 3	654.0	548	106	8.0	8.0	-	214	186	28	6	6	-
Grade 4	644.0	570	74	8.0	8.0	-	218	198	20	6	6	-
Grade 5	596.0	523	73	8.0	8.0	-	122	112	10	4	4	-
Grade 6	632.0	556	76	8.0	8.0	-	122	119	3	4	4	-
Grade 7	597.0	491	106	8.0	8.0	-	135	127	8	4	4	-
Grade 8	590.0	543	47	7.0	7.0	-	134	128	6	4	4	-
Grade 9	645.0	583	62	8.0	8.0	-	198	198	-	6	6	-
Grade 10	549.0	479	70	7.0	7.0	-	143	131	12	4	4	-
Grade 11	413.0	344	69	5.0	5.0	-	123	102	21	4	4	-
Grade 12	445.0	380	65	6.0	6.0	-	130	121	9	4	4	-
Post- Graduate			-			-						-
Adult High School (15+ Credits)			-			-						-
Adult High School (1-14 Credits)			-			-						-
Subtotal	7,821.0	6,497	1,324	100.0	100.0	-	2,234	1,940	294	66	66	-
Sp Ed - Elementary	459.0	278	181	6.0	6.0	-	157	108	49	5	5	(0)
Sp Ed - Middle School	241.0	91	150	3.0	3.0	-	18	14	4	1	1	(0)
Sp Ed - High School	234.0	169	65	3.0	3.0	-	27	24	3	1	1	(0)
Subtotal	934.0	538	396.0	112.0	112.0	-	202	146	56	6	7	(1)
Tm Sch / Sec Care			-			-						-
Res. Mental H Ctr			-			-						-
Juvenile Comm Ctr			-			-						-
Juvenile Det Ctr			-			-						-
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-
Totals	8,755.0	7,035.0	1,720.0	212.0	212.0	-	2,436	2,086	350	72	73	(1)
Percentage Error			<u>19.65%</u>			<u>0.00%</u>			<u>14.37%</u>			<u>-1.55%</u>

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools	280	280	-	20	20	-
Regular - Special Ed	547	547	-	40	40	-
Transported - Non Public			-			-
Special Needs	109	109	-	8	8	-
Subtotal	936	936	-	68	68	-
Percentage Error			<u>0.0%</u>			<u>0.0%</u>

PERTH AMBOY PUBLIC SCHOOL DISTRICT
 APPLICATION FOR STATE SCHOOL AID
 ENROLLMENT AS OF OCTOBER 13,2019
 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			-			-
Half Day Preschool 4 Years Old			-			-
Full Day Preschool 3 Years Old			-			-
Full Day Preschool 4 Years Old			-			-
Half Day Kindergarten			-			-
Full Day Kindergarten	25	21	4	3	3	-
Grade 1	15	14	1	2	2	-
Grade 2	4	4	-	3	3	-
Grade 3	3	3	-	2	2	-
Grade 4	4	4	-	2	2	-
Grade 5	4	4	-	1	1	-
Grade 6	6	6	-	1	1	-
Grade 7	7	5	2	2	2	-
Grade 8	6	6	-	2	2	-
Grade 9	18	16	2	1	1	-
Grade 10	11	10	1	2	2	-
Grade 11	6	5	1	2	2	-
Grade 12	7	6	1	3	3	-
Post- Graduate			-			-
Adult High School (15+ Credits)			-			-
Adult High School (1-14 Credits)			-			-
Subtotal	116	104	12	26.0	26.0	-
Sp Ed - Elementary	10	10	-	3.0	3.0	-
Sp Ed - Middle School			-			-
Sp Ed - High School			-			-
Subtotal	10	10	-	3.0	3.0	-
County Vocational - Regular						
County Vocational - F.T. Post-Second						
Subtotal						
Totals	126	114	12	29.0	29.0	-
Percentage Error			<u>9.52%</u>			<u>0.00%</u>

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

SECTION 1A

2019-2020 Total General Fund Expenditures per the CAFR	\$ 243,193,178
Add: Transfer to Special Revenue Fund - PreK	626,130
Less: Expenditures Allocated to Restricted Federal Sources as Reported on Exhibit D-2	<u>(1,781,189)</u>
2018-19 Adjusted General Fund and Other State Expenditures	\$ 242,038,119
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>28,924,045</u>
Adjusted 2019-2020 General Fund Expenditures	<u>\$ 213,114,074</u>
2.0% of Adjusted 2019-2020 General Fund Expenditures	\$ 4,262,281
Increased by:	
Allowable Adjustment - Extraordinary Aid	<u>1,719,972</u>
Maximum Unassigned Fund Balance	<u>\$ 5,982,253</u>

SECTION 2

Total General Fund - Fund Balance at June 30, 2020	\$ 81,305,841
Decreased by:	
Year End Encumbrances	\$ 4,269,899
Capital Reserve	25,697,932
Designated for Subsequent Year's Expenditures	<u>48,881,650</u>
	<u>78,849,481</u>
Total Unassigned Fund Balance	<u>2,456,360</u>

SECTION 3

Restricted Fund Balance - Excess Surplus

Excess Surplus	\$ -
Excess Surplus, Designated for Subsequent Year's Expenditures	<u>2,848,204</u>
	<u>\$ 2,848,204</u>

**PERTH AMBOY PUBLIC SCHOOL DISTRICT
RECOMMENDATIONS**

I. Administration Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

It is recommended that:

1. The District maintain a report of the value of unused employee sick and vacation time.
- * 2. The outstanding purchase order report be periodically reviewed for validity of obligations and cancellations be made accordingly.
- * 3. Expenditures for employee health benefits be charged to the proper fund in accordance with the respective employees' budgetary salary charges.
- * 4. The District seek reimbursements/credit for overpayment in the amount of \$133,719 from the Academy for Urban Leadership Charter School, Robert Treat Academy and Middlesex Charter School.
- * 5. Documentation be made available as to the source and purpose of funds on deposit in the Permanent Fund. Furthermore these accounts be updated on a monthly basis.
- * 6. Expenditures be made only upon sufficient funds being made available in the respective budgetary line item accounts.
7. The original budget, as reflected in the District's financial reporting system, be in agreement with the approved budget.
- * 8. Individuals be promptly removed from the District's employee benefit coverage upon termination of employment.
9. The Treasurer of School Monies review all District bank account reconciliations and determine those invalid reconciling items that should be cleared of record.
- * 10. Final grant expenditure reports be in agreement with amounts reported on the District's financial records.
11. A course of action be developed to eliminate the accumulated deficit in the Preschool Education Program.
- * 12. The reimbursement form for TPAF FICA of federally funded salaries be completed and the required amount due be accrued on the District's financial records and be paid in a timely manner.

**PERTH AMBOY PUBLIC SCHOOL DISTRICT
RECOMMENDATIONS**

III. School Purchasing Program

It is recommended that:

- * 1. Documentation be maintained on file and made available for audit to support the District's awards pursuant to state contract and other cooperative purchasing agreements.
- 2. Cost savings determination be prepared for contracts awarded through the use of national cooperative purchasing agreements. In addition, the intent to award such contracts be publicly advertised.
- 3. Purchase orders issued for goods acquired under state contract reflect the quantity ordered and per unit cost.
- 4. Invoices submitted for electrical services be reviewed prior to payment to ensure costs and/or rates are in agreement with contract award.
- 5. The Office of the State Comptroller be notified of any contract awards that exceed \$2,000,000.

IV. School Food Service

There are none.

V. Student Body Activities

- * It is recommended that internal control procedures for the student activity accounts be reviewed and enhanced to ensure adequate documentation to support the receipt and disbursement of funds is maintained and that all bank accounts are properly reconciled to internal records.

VI. Application for State School Aid

- * It is recommended that internal controls over the filing of the District's ASSA be reviewed and enhanced to ensure documentation to support student counts is retained and available for audit.

VIII. Pupil Transportation

There are none.

IX. Facilities and Capital Assets

It is recommended that an appraisal report of District owned capital assets and related depreciation be maintained, updated on an annual basis and made available for audit.

X. Miscellaneous

There are none.

**PERTH AMBOY PUBLIC SCHOOL DISTRICT
RECOMMENDATIONS**

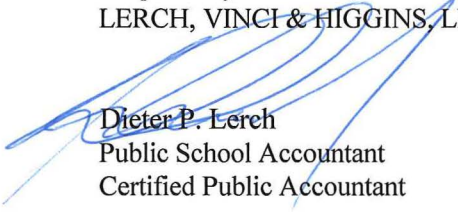
XI. Status of Prior Years' Audit Findings/Recommendations

A review was performed on all prior years' recommendations and corrective action was taken on all, except those recommendations 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 us.

Respectfully submitted,
LERCH, VINCI & HIGGINS, LLP



Dieter P. Lereh
Public School Accountant
Certified Public Accountant