

**EDGEWATER BOARD OF EDUCATION
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30 2021**

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

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

We have audited in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Edgewater Board of Education, County of Bergen, State of New Jersey as of and for the fiscal year ended June 30 2021, and have issued our report thereon dated February 10, 2022.

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

This report is intended for the information of management, the Board of Education, others within the District and the New Jersey State Department of Education. However, this report is a matter of public record and its distribution is not limited.

Lerch, Vinci & Higgins, LLP

LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants

Jeffrey C. Bliss
Public School Accountant
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Fair Lawn, New Jersey
February 10, 2022

**EDGEWATER BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30 2021**

Scope of Audit

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

Administrative Practices and Procedures

Insurance

Fire insurance coverage was carried in the amounts as detailed on Exhibit J-20, Schedule of Insurance contained in the district's Comprehensive Annual Financial Report ("CAFR").

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Kathleen Marano	Interim Business Administrator/ Board Secretary	\$230,000
Tina L. Trueba	Treasurer of School Monies	\$230,000

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

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under review did not indicate any material discrepancies with respect to signatures, certifications and 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.

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.

All payrolls tested after the implementation of the prior audit's corrective action were approved by the Superintendent and were certified by the President of the Board and the Board Secretary/School Business Administrator.

**EDGEWATER BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30 2021**

Financial Planning, Accounting and Reporting (Continued)

- **Finding 2021-1** – Although a position control roster was maintained in an electronic (Excel) format, it was not integrated with the District’s budget and payroll accounting systems in accordance with N.J.A.C. 6A:23A-6.8.

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

- **Finding 2021-2**– A payroll deduction ledger was not maintained by the District to account for payroll deduction by their respective categories.

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

- **Finding 2021-3 (CAFR Finding 2021-002)**– With respect to the quarterly IRS Form 941 filings, we noted the following:

- First quarter 2020 Form 941 was not available for audit.
- Only manually prepared copies of the 2020 Form 941’s were available for audit which did not appear to be original copies.
- Federal taxable wages reported on the third and fourth quarter Form 941’s provided for audit did not agree to District payroll system records.
- The total of the 2020 quarterly 941 Forms and other documentation provided did not agree to the annual W-3 Report filing for 2020.

Recommendation – Internal control procedures be reviewed and revised to ensure original copies of quarterly IRS Forms 941 are maintained on file and they are reconciled to and in agreement with the annual W-3 Report filing with the IRS.

Reserve for Encumbrances and Accounts Payable

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

- **Finding 2021-4 (CAFR Finding 2021-001)** – Our audit of year end open purchase orders in the General and Special Revenue Funds revealed certain purchase orders were not reviewed at year end for validity and proper classification as accounts payable or reserve for encumbrance.

Recommendation – Continued efforts be made to ensure open purchase orders are reviewed at year end for validity and proper classification and invalid orders be cancelled accordingly

**EDGEWATER BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30 2021**

Financial Planning, Accounting and Reporting (Continued)

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23 A-16.(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection included administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23-8.3. As a result of the procedures performed, no additional testing was deemed necessary to test the propriety of expenditure classifications.

Travel Policy

The District had an approved Board travel policy as required by NJAC 6A:23A-6.13 and NJSA 18A:11-12.

Board Secretary's Records

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

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

The prescribed contractual order system was followed with exceptions noted.

- **Finding 2021-5**– We noted prior years grant receivable balances in the Special Revenue Fund in the amount of \$96,203 at June 30 2021. Our review of subsequent transactions revealed no amounts were received for these outstanding receivables as of the date of audit.

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

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

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

Other Special Federal and/or State Projects

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

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

The financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

T.P.A.F. Reimbursements

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

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

The amount of the expenditure charged to the current year's Final Report for all federal awards for the school district to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds was made prior to the end of the 90 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

**EDGEWATER BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30 2021**

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 \$44,000 (with a Qualified Purchasing Agent) and \$32,000 (without a Qualified Purchasing Agent), respectively. The law regulates bidding for public school student transportation contracts under NJSA 18A:39-3 which is \$19,600 for 2020-2021.

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 \$44,000. 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 designated the Interim School Business Administrator as the qualified purchasing agent and approved a bid threshold of \$44,000.

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.

The results of our examination did not indicate any individual payments, contracts, or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies", in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A. 18A:18A-4.

- **Finding 2021-6** – We noted State contract and cooperative purchasing program contract information was not on file in the District. It did not appear State contract and cooperative purchasing program vendor invoices were being verified to contract award documentation.

Recommendation – State contract and cooperative purchasing program contract award documentation be maintained on file and verified to vendor invoices accordingly.

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

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

Food Service Fund

Public Health Emergency

In accordance with the Governor's Declaration of Emergency pertaining to the public health emergency 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 eligible students during the period of school closures.

**EDGEWATER BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30 2021**

Food Service Fund (Continued)

During SY 2020-2021 the public health emergency was still applicable. As a result, School Food Authorities (SFA's) were required to provide meals in accordance with the regulations governing the National School Nutrition Seamless Summer Option (SSO) or the Summer Food Service Program (SFSP) option.

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 all children throughout the ages of 18, as well as persons over 18 with disabilities as defined in the regulations.

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 students during the emergency.

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 additions, 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.

We also inquired of school management or appropriate school food service personnel, as to whether the SFA's expenditures of school food service revenues were limited to allowable direct and indirect costs.

We also inquired of management about the public health emergency procedures/practices that the SFA instituted to provide meals to all 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. We also inquired if the FSMC received a loan in accordance with the Payroll Protection Plan and whether the funds were used to pay for costs applicable to the Food Service Program. We also inquired if the PPP loan was subsequently forgiven and the FSMC refunded or credited the applicable amounts to the SFA.

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.

The district utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34, and 19-1 through 19-4.1. Provisions of the FSMC contract/addendum were reviewed. The FSMC contract includes operating results provisions which guarantees that the Food Service program will have a profit of \$5,000. The operating results provision has been met.

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

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

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

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

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

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

**EDGEWATER BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30 2021**

Student Body Activities

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

All cash disbursements tested had proper supporting documentation.

- **Finding 2021-7** – We noted prenumbered receipt tickets are not issued for monies collected in either the Eleanor Van Gelder or George Washington school accounts.

Recommendation – Prenumbered receipt tickets be issued for monies collected in the Student Activity school accounts.

Preschool Program

We noted the District suspended the program in the 2020/2021 school year due to the public health emergency.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2020 Application for State School Aid (ASSA) for on-roll, private schools for the disabled, related services, low income and bilingual. We also performed a review of the District procedures related to its completion. The information on the A.S.S.A. was compared to the District workpapers with exceptions noted. The information that was included on the workpapers was verified with exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

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

- **Finding 2021-8 (CAFR Finding 2021-003)** – Our audit of the ASSA revealed the following:
 - Resident Low Income, Resident LEP Low Income and Resident Not Low Income workpapers were not in agreement with students reported on the ASSA.
 - Number of students indicated on the Resident LEP Low Income and Resident Not Low Income workpapers could not be verified to documentation to support students attending Leonia schools.

Recommendation – Procedures over the preparation of the Application for State School Aid (ASSA) be reviewed and revised to ensure students reported agree with District workpapers and documentation be on file to support students on District workpapers.

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2020-2021 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

**EDGEWATER BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30 2021**

Facilities and Capital Assets

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

Testing for Lead of all Drinking Water in Educational Facilities

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

Suggestions to Management

- The Treasurer's surety bond be increased to a minimum of \$240,000.
- Resolutions awarding contracts deemed extraordinary unspecifiable services be specific to the public bid exception in the resolution.
- Receipt of good signatures on purchase orders be made at the time vendor invoices are presented for payment.

Follow-up Prior Year Findings

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

**EDGEWATER BOARD OF EDUCATION
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30 2021**

N/A – INFORMATION NOT REQUIRED

**EDGEWATER BOARD OF EDUCATION
FOOD SERVICE FUND
COMPARISON OF NET CASH RESOURCES TO THREE MONTHS AVERAGE EXPENDITURES
ENTERPRISE FUND
AS OF JUNE 30 2021**

NET CASH RESOURCE SCHEDULE

<u>Net Cash Resources:</u>	<u>Total</u>	<u>Reference</u>
CAFR		
<u>Exhibit</u>		
Current Assets		
B-4	Cash & Cash Equivalents	\$ 48,352
B-4	Intergovernmental Receivable	43,408
B-4	Other Accounts Receivable	125
B-4	Due From Other Funds	16,004
Current Liabilities		
B-4	Less Accounts Payable	
B-4	Less Due to Other Funds	
B-4	Less Unearned Revenue	(11,244)
	Net Cash Resources	\$ 96,645 (A)
<u>Total Net Adjusted Operating Expenses:</u>		
B-5	Total Operating Expenses	\$ 129,528
B-5	Less Depreciation	(8,627)
	Total Net Adjusted Total Operating Expenditures	\$ 120,901 (B)
<u>Average Monthly Operating Expenses:</u>		
	Total Net Adjusted Operating Expenses (B) / 10 months	\$ 12,090 (C)
<u>Three Times Monthly Average:</u>		
	3 X Average Monthly Expenses (C)	\$ 36,270 (D)
TOTAL NET CASH RESOURCES		\$ 96,645 (A)
LESS THREE MONTHS AVERAGE EXPENDITURES		\$ 36,270 (D)
NET OVER (UNDER)		\$ 60,375
NET CASH RESOURCES DO EXCEED THREE MONTH AVERAGE EXPENDITURES		

* Inventories are not to be included in total current assets.

SOURCE - USDA resource management comprehensive review form

**EDGEWATER BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2020
SCHEDULE OF AUDITED ENROLLMENTS**

	2021-22 Application for State School Aid						Sample for Verification						Private Schools for Disabled			
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Registers On Roll		Errors per Registers On Roll		Reported on A.S.S.A. as Private Schools	Sample for Verifi-cation	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Half Day Preschool - 3yr	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Preschool - 4yr	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool - 3yr	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool - 4yr	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Kindergarten	79.0	-	79.0	-	-	-	79.0	-	79.0	-	-	-	-	-	-	-
Full Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
One	111.0	-	111.0	-	-	-	111.0	-	111.0	-	-	-	-	-	-	-
Two	111.0	-	111.0	-	-	-	111.0	-	111.0	-	-	-	-	-	-	-
Three	97.0	-	97.0	-	-	-	97.0	-	97.0	-	-	-	-	-	-	-
Four	67.0	-	67.0	-	-	-	67.0	-	67.0	-	-	-	-	-	-	-
Five	83.0	-	83.0	-	-	-	83.0	-	83.0	-	-	-	-	-	-	-
Six	73.0	-	73.0	-	-	-	73.0	-	73.0	-	-	-	-	-	-	-
Seven	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Eight	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Nine	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ten	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Eleven	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Twelve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Post-Graduate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (15+CR.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (1-14 CR.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	<u>621.0</u>	<u>-</u>	<u>621.0</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>621.0</u>	<u>-</u>	<u>621.0</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Special Ed - Elementary	48.0	-	46.0	-	2	-	39.0	-	33.0	-	6	-	1.0	-	-	-
Special Ed - Middle School	12.0	-	12.0	-	-	-	10.0	-	10.0	-	-	-	3.0	2.0	2.0	-
Special Ed - High School	-	-	-	-	-	-	-	-	-	-	-	-	7.0	3.0	3.0	-
Subtotal	<u>60.0</u>	<u>-</u>	<u>58.0</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>49.0</u>	<u>-</u>	<u>43.0</u>	<u>-</u>	<u>6</u>	<u>-</u>	<u>11.0</u>	<u>5.0</u>	<u>5.0</u>	<u>-</u>
Co. Voc. - Regular	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Co. Voc. Ft. Post Sec.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	<u>681.0</u>	<u>-</u>	<u>679.0</u>	<u>-</u>	<u>2.0</u>	<u>-</u>	<u>670.0</u>	<u>-</u>	<u>664.0</u>	<u>-</u>	<u>6.0</u>	<u>-</u>	<u>11.0</u>	<u>5.0</u>	<u>5.0</u>	<u>-</u>
Percentage Error					<u>0.29%</u>	<u>0.00%</u>					<u>0.90%</u>	<u>0.00%</u>				<u>0.00%</u>

**EDGEWATER BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2020
SCHEDULE OF AUDITED ENROLLMENTS**

	<u>Resident Low Income</u>			<u>Sample for Verification</u>			<u>Resident LEP Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on A.S.S.A. as Low Income</u>	<u>Reported on Workpapers as Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Application and Register</u>	<u>Sample Errors</u>	<u>Reported on A.S.S.A. as LEP low Income</u>	<u>Reported on Workpapers as LEP low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Test Score and Register</u>	<u>Sample Errors</u>
Half Day Preschool												
Full Day Preschool						-						
Half Day Kindergarten	1.0	-		-		-						
Full Day Kindergarten	-	-	0.0									
One	6.0	4.0	2.0	3.0	3.0	-	2.0	2.0	-	2.0	2.0	-
Two	7.0	4.0	3.0	2.0	2.0	-	-	-	-			-
Three	14.0	8.0	6.0	5.0	5.0	-	2.0	2.0	-	2.0		2
Four	6.0	4.0	2.0	2.0	2.0	-	-	-	-			-
Five	18.0	11.0	7.0	6.0	6.0	-	-	-	-			-
Six	9.0	3.0	6.0	2.0	2.0	-	-	-	-			-
Seven	6.5	3.0	3.5	2.0	2.0	-	-	-	-			-
Eight	14.0	7.0	7.0	5.0	5.0	-	1.0	1.0	-	1.0		1
Nine	9.5	10.0	(0.5)	4.0	4.0	-	-	-	-			-
Ten	5.0	5.0	0.0	3.0	3.0	-	-	-	-			-
Eleven	8.5	7.0	1.5	4.0	4.0	-	-	-	-			-
Twelve	10.5	3.0	7.5	5.0	5.0	-	-	-	-			-
Post-Graduate												
Adult H.S. (15+CR.)												
Adult H.S. (1-14 CR.)												
Subtotal	<u>114.0</u>	<u>69.0</u>	<u>45.0</u>	<u>43.0</u>	<u>43.0</u>	<u>-</u>	<u>5.0</u>	<u>5.0</u>	<u>-</u>	<u>5.0</u>	<u>2.0</u>	<u>3.0</u>
Special Ed - Elementary	10.5	7.0	3.5	5.0	5.0	-	-	-	-			-
Special Ed - Middle	18.0	7.0	11.0	3.0	3.0	-	2.0	-	2.0	-	-	-
Special Ed - High	10.5	10.0	0.5	-	-	-	-	-	-	-	-	-
Subtotal	<u>39.0</u>	<u>24.0</u>	<u>15.0</u>	<u>8.0</u>	<u>8.0</u>	<u>-</u>	<u>2.0</u>	<u>-</u>	<u>2.0</u>	<u>-</u>	<u>-</u>	<u>-</u>
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Totals	<u>153.0</u>	<u>93.0</u>	<u>60.0</u>	<u>51.0</u>	<u>51.0</u>	<u>-</u>	<u>7.0</u>	<u>5.0</u>	<u>2.0</u>	<u>5.0</u>	<u>2.0</u>	<u>3.0</u>
Percentage Error			<u>39%</u>			<u>0.00%</u>			<u>28.57%</u>			<u>60.00%</u>

	<u>Transportation</u>					
	<u>Reported on DRTRS by DOE/county</u>	<u>Reported on DRTRS by District</u>	<u>Errors</u>	<u>Tested</u>	<u>Verified</u>	<u>Errors</u>
Reg - Public Schools, col. 1	659.0	659.0	0.0	60.0	60.0	-
Reg -SpEd, col. 4	26.0	26.0	0.0	5.0	5.0	-
Transported - Non-Public, col. 2	-	-	0.0	-	-	-
Special Ed Spec, col. 6	33.0	33.0	0.0	3.0	3.0	-
Totals	<u>718.0</u>	<u>718.0</u>	<u>0.0</u>	<u>68.0</u>	<u>68.0</u>	<u>-</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

**EDGEWATER BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2020
SCHEDULE OF AUDITED ENROLLMENTS**

	<u>Resident LEP NOT Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on A.S.S.A. as NOT Low Income</u>	<u>Reported on Workpapers as NOT Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Application and Register</u>	<u>Sample Errors</u>
Half Day Preschool						
Full Day Preschool						
Half Day Kindergarten	16.0	15.0	1.0	7.0	7	
Full Day Kindergarten						-
One	25.0	20.0	5.0	7.0	7.0	-
Two	20.0	16.0	4.0	7.0	7.0	-
Three	5.0	6.0	(1.0)	4.0	4.0	-
Four	6.0	5.0	1.0	4.0	4.0	-
Five	9.0	5.0	4.0	4.0	4.0	-
Six	6.0	5.0	1.0	3.0	3.0	-
Seven	-	-	-	-	-	-
Eight	2.0	-	2.0	2.0	-	2.0
Nine	4.0	-	4.0	3.0	-	3.0
Ten	4.0	-	4.0	3.0	-	3.0
Eleven	2.0	-	2.0	1.0	-	1.0
Twelve	3.0	-	3.0	2.0	-	2.0
Post-Graduate						
Adult H.S. (15+CR.)						
Adult H.S. (1-14 CR.)						
Subtotal	<u>102.0</u>	<u>72.0</u>	<u>30.0</u>	<u>47.0</u>	<u>36.0</u>	<u>11.0</u>
Special Ed - Elementary	3.0	3.0	-	2.0	2.0	-
Special Ed - Middle	-	-	-	-	-	-
Special Ed - High	-	-	-	-	-	-
Subtotal	<u>3.0</u>	<u>3.0</u>	<u>-</u>	<u>2.0</u>	<u>2.0</u>	<u>-</u>
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	<u>105.0</u>	<u>75.0</u>	<u>30.0</u>	<u>49.0</u>	<u>38.0</u>	<u>11.0</u>
Percentage Error			<u>28.57%</u>			<u>22.45%</u>

**EDGEWATER BOARD OF EDUCATION
EXCESS SURPLUS CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30 2021**

SECTION 1A

2020-2021 Total General Fund Expenditures per the CAFR	\$	23,853,747
Increased by:		
Transfer to Preschool Program Enterprise Fund		1,000
Decreased by:		
On-Behalf TPAF Pension & Social Security		(2,325,825)
Assets Acquired Under Capital Leases		<u>(95,118)</u>
Adjusted 2020-2021 General Fund Expenditures	\$	<u>21,433,804</u>
1.5% of Adjusted 2020-2021 General Fund Expenditures	\$	<u>321,507</u>
Enter Greater of 1.5% of Adjusted 2020-2021 General Fund Expenditures or \$250,000		
Increased by: Allowable Adjustments		<u>466,772</u>
Maximum Unassigned Fund Balance	\$	<u>788,279</u>

SECTION 2

Total General Fund - Fund Balance at June 30, 2021 (Per CAFR Budgetary Comparison Schedule/Statement)	\$	10,629,230
Decreased by:		
Year End Encumbrances	\$	50,426
Capital Reserve		3,481,215
Maintenance Reserve		639,432
Tuition Adjustment Reserve		1,000,000
Legally Restricted - Unexpended Additional Spending Proposal		<u>4,669,878</u>
		<u>9,840,951</u>
Total Unassigned Fund Balance	\$	<u>788,279</u>

SECTION 3

Restricted Fund Balance - Reserved Excess Surplus \$ -

Recapitulation of Excess Surplus as of June 30, 2021

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

Detail of Allowable Adjustments

Extraordinary Aid (Excess of Budget)	\$	425,302
Non Public School Transportation Aid		<u>41,470</u>
	\$	<u>466,772</u>

**EDGEWATER BOARD OF EDUCATION
RECOMMENDATIONS**

I. Administration Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

It is recommended that:

- * 1. The District implement and maintain a position control roster that is integrated with its budget and payroll accounting system in accordance with N.J.A.C. 6A:23A-6.8.
- * 2. The District implement and maintain a payroll deduction ledger by individual deduction category.
- 3. Internal control procedures be reviewed and revised to ensure original copies of quarterly IRS Forms 941 are maintained on file and they are reconciled to and in agreement with the annual W-3 Report filing with the IRS.
- * 4. Continued efforts be made to ensure open purchase orders are reviewed at year end for validity and proper classification and invalid orders be cancelled accordingly.
- * 5. The District review the prior year grant receivable balances in the Special Revenue Fund and appropriate action be taken to clear of record.

III. School Purchasing Program

- 6. It is recommended that State contract and cooperative purchasing program contract award documentation be maintained on file and verified to vendor invoices accordingly.

IV. School Food Service

There are none.

V. Student Body Activities

- * 7. It is recommended that prenumbered receipt tickets be issued for monies collected in the Student Activity school accounts.

VI. Preschool Program

There are none.

VII. Application for State School Aid

- * 8. It is recommended that procedures over the preparation of the Application for State School Aid (ASSA) be reviewed and revised to ensure students reported agree with District workpapers and documentation be on file to support students on District workpapers.

**EDGEWATER BOARD OF EDUCATION
RECOMMENDATIONS**

VIII. Pupil Transportation

There are none.

IX. Miscellaneous

There are none.

X. Status of Prior Years' Audit Findings/Recommendations

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

ACKNOWLEDGEMENT

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

Respectfully submitted,
LERCH, VINCI & HIGGINS, LLP



Jeffrey C. Bliss
Public School Accountant
Certified Public Accountant