

Auditor's Management Report

for the

*Borough of Emerson
School District*

in the

*County of Bergen
New Jersey*

for the

*Fiscal Year Ended
June 30, 2021*

**AUDITOR'S MANAGEMENT REPORT OF ADMINISTRATIVE
FINDINGS-FINANCIAL AND COMPLIANCE**

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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Emerson Borough School District
County of Bergen
Emerson, New Jersey 07630

We have audited, in accordance with U.S. generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Borough of Emerson School District in the County of Bergen for the year ended June 30, 2021, and have issued our report dated February 24, 2022.

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

This report is intended solely for the information of the Borough of Emerson School District, County of Bergen, New Jersey, the New Jersey Department of Education and federal and state audit awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.


CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 948

February 24, 2022

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 Emerson Borough School District and the records under the auspices of the Board of Education.

ADMINISTRATIVE PRACTICES AND PROCEDURES

Insurance

Insurance coverage was carried in the amounts as detailed in the District's CAFR. (See Exhibit J-20)

Official Bonds

<u>NAME</u>	<u>POSITION</u>	<u>AMOUNT OF BOND</u>
Phil Nisonoff	Business Administrator/Board Secretary	\$250,000.00
Douglas Barrett	Treasurer of School Monies	\$250,000.00
John Vitetta	Bus Driver/Courier	\$50,000.00
Gaby Mills	Bus Driver/Courier	\$50,000.00

There is a employees' dishonesty policy covering all other employees.

Adequacy of insurance coverage is the responsibility of the Board of Education.

FINANCIAL PLANNING, ACCOUNTING AND REPORTING

Examination of Claims

Our audit of claims paid during the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (Continued)

Payroll Accounts

The net salaries of all employees of the District were deposited in the Net 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 including health benefits premium amounts withheld due to the general fund.

Payrolls were delivered to the treasurer of school moneys with a warrant made to his order for the full amount of each payroll.

Position Control Roster

The Position Control Roster was reviewed and compared to payroll records, employee benefit records and charges made to the general ledger to ensure proper and consistent financial reporting and that employee benefits are only offered to current employees.

Reserve for Encumbrances Liability (Current) for 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, 2021.

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 errors were noted and no additional procedures were deemed necessary to the test the propriety of expenditure classification.

Board Secretary's Records

The financial records, books of account and minutes of the Board Secretary were maintained in satisfactory condition and the contractual order system was fully implemented.

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (Continued)

Treasurer's Records

The records maintained by the Treasurer of School Monies were in satisfactory condition and were in agreement with the records maintained by the Board Secretary/Business Administrator.

Elementary and Secondary Education Act (E.S.E.A.) as amended by 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 the projects under Titles I and VI 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 Schedule A and Schedule B located in the CAFR.

Our examination of the State and Federal 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 represent an accurate statement of the financial position pertaining to the aforementioned special projects.

T.P.A.F. Reimbursement

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

Our audit procedures also included a test of the reimbursement of the employer share of pensions, group life insurance, FICA and other benefits of the Teacher's Pension and Annuity Fund for TPAF members carrying out and paid from federally funded programs in accordance with N.J.S.A. 18A:66-90. The District filled out the required form and submitted it for audit. Our test included verification of eligible employees to be included, and, if applicable, a recalculation to verify proper amounts were used. No exceptions were noted.

SCHOOL PURCHASING PROGRAMS

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-4 states, "Every contract for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the board of education to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this chapter or specifically by any other law.

The Board of Education may, by resolution, approve by the majority of the board of education and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the board of education finds that it has had negative prior experience with the bidder."

Effective July 1, 2020, the bid threshold in accordance with N.J.S.A. 18A:18A-3(a) and (c) is \$32,000.00. In accordance with N.J.S.A. 40A:11-9 (b) the bid threshold for all purchases made by the District's qualified purchasing agent is \$44,000.00. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18:39-3 is currently \$19,600.00.

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 solicitor'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 indicated that no 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 provisions 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.

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 the district made purchases through the use of state contracts.

FOOD SERVICE FUND

COVID – 19 EMERGENCY

In accordance with the Governor's Declaration of Emergency pertaining to the public health emergency, 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 (SFAs) were required to institute alternate procedures to provide meals to eligible students during the period of school closures.

During 2020-2021 the public health emergency was still applicable. As a result, SFAs 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.

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 age 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 and/or State program. However, the program expenditures exceeded \$100,000 in federal and/or State support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether the SFA had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted.

We 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 or indirect costs. There were no exceptions noted.

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 costs 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 Programs. We also inquired if the PPP loan was subsequently forgiven and the FSMC refunded or credited the applicable amounts to the SFA.

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 costs of goods sold.

Independent Auditor's Management Report of Administrative Findings – Financial and Compliance

FOOD SERVICE FUND (CONTINUED)

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 cost reimbursable fixed price or non-competitive emergency procurement contract/addendum were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will break even. The operating provision has been met. All vendor discounts, rebates and credits from vendors and/or the FSMC were tracked and credited to the Food Service Account and reconciled to supporting documentation at least annually.

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

STUDENT BODY ACTIVITIES

The records for the Student Body Activities were maintained in satisfactory condition.

APPLICATION FOR STATE SCHOOL AID

Our audit procedures included a test of information reported in the October 15, 2020 Application for State School Aid (A.S.S.A) for on-roll, private schools for the handicapped, 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 work papers without exception. The information that was included on the workpapers was verified without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

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

PUPIL TRANSPORTATION

Our audit procedures included a test of on roll status reported in the 2020-21 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.

MISCELLANEOUS

Testing for Lead of All Drinking Water in Educational Facilities

The school 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 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'S FINDINGS:

Not Applicable

RECOMMENDATIONS

1. Administrative Practices and Procedures
None
2. Financial Planning, Accounting and Reporting
None
3. School Purchasing Program
None
4. School Food Service
None
5. Student Body Activities
None
6. Application for State School Aid
None
7. Pupil Transportation
None
8. Facilities and Capital Assets
None
9. Miscellaneous
None
10. Status of Prior Year's Findings/Recommendations
Not Applicable

EMERSON BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENTS AS OF 10/15/2020

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	Workpapers On Roll	Errors	Selected from Workpapers	Registers On Roll	Registers On Roll	Errors per Registers On Roll	Reported on A.S.S.A. as Private Schools	Sample Verification	Sample Errors
	Full	Shared	Full	Full	Shared	Full	Shared	Full	Shared	Full
Half Day Preschool - 3 YR										
Half Day Preschool - 4 YR										
Full Day Preschool - 3 YR										
Full Day Preschool - 4 YR	10			8						
Half Day Kindergarten										
Full Day Kindergarten	63			12						
One	71			18						
Two	79			18						
Three	57			12						
Four	78			18						
Five	60			12						
Six	79			18						
Seven	61			12						
Eight	65			18						
Nine	62			12						
Ten	65			18						
Eleven	70			18						
Twelve	66			18						
Post-Graduate										
Adult H.S. (15+CR.)										
Adult H.S. (1-14 CR.)										
Subtotal	886			212				212		
Special Ed - Elementary	60			18				18		
Special Ed - Middle School	37			12				12		
Special Ed - High School	41			1				1		
Subtotal	138			42				42		
Co. Voc. - Regular										
Co. Voc. Ft. Post Sec.										
Totals	1,024			254				254		

Percentage Error

**EMERSON BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENTS AS OF 10/15/2020**

SCHEDULE OF AUDITED ENROLLMENTS

	Resident Low Income			Sample for Verification			Resident ELL Low Income			Sample for Verification		
	Reported on A.S.S.A. as Low Income	Reported on Workpapers as Low Income	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on A.S.S.A. as LEP low Income	Reported on Workpapers as LEP low Income	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors		
Half Day Preschool												
Full Day Preschool												
Half Day Kindergarten												
Full Day Kindergarten												
One	2	2	2	2		2	2	2	2		2	
Two	4	4	3	3		1	1	1	1		1	
Three	2	2	2	2		4	4	3	3		3	
Four	6	6	5	5		1	1	1	1		1	
Five	5	5	4	4		1	1	1	1		1	
Six	8	8	7	7								
Seven	3	3	2	2								
Eight	8	8	7	7								
Nine	5	5	4	4		1	1	1	1		1	
Ten	2	2	2	2								
Eleven	5	5	4	4								
Twelve	1	1	1	1								
Post-Graduate												
Adult H.S. (15+CR.)												
Adult H.S. (1-14 CR.)												
Subtotal	55	55	46	46		10	10	9	9		9	
Special Ed - Elementary	8	8	7	7		4	4	4	4		4	
Special Ed - Middle	3	3	2	2								
Special Ed - High	4	4	3	3								
Subtotal	15	15	12	12		4	4	4	4		4	
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Totals	70.0	70	58	58		14	14	13	13		13	
Percentage Error												

	Transportation		
	Reported on DRTS by DOE/county	Reported on DRTS by District	Errors
Reg. - Public Schools, col. 1	60	60	
Reg - SpEd, col. 4	13	13	
Transported - Non-Public ALL, col. 3	60	60	
Special Ed Spec, col. 6	57	57	
Totals	190	190	

	Reported	Recalculated
Reg Avg. (Mileage) = Regular Including Grade PK students (Part A)	4.4	4.4
Reg Avg. (Mileage) = Regular Excluding Grade PK students (Part B)	4.4	4.4
Spec Avg. = Special Ed with Special Needs	9.0	9.0

EMERSON BOARD OF EDUCATION

APPLICATION FOR STATE SCHOOL AID SUMMARY

ENROLLMENTS AS OF 10/15/2020

SCHEDULE OF AUDITED ENROLLMENTS

	Resident ELL NOT Low Income		Sample for Verification		
	Reported on A.S.A. as NOT Low Income	Reported on Workpapers as NOT Low Income	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Half Day Preschool					
Full Day Preschool					
Half Day Kindergarten					
Full Day Kindergarten					
One	2	2	2	2	
Two	3	3	2	2	
Three					
Four	1	1	1	1	
Five	1	1	1	1	
Six					
Seven					
Eight					
Nine					
Ten	1	1	1	1	
Eleven					
Twelve					
Post-Graduate					
Adult H.S. (15+CR.)					
Adult H.S. (1-14 CR.)					
Subtotal	8	8	7	7	
Special Ed - Elementary					
Special Ed - Middle					
Special Ed - High					
Subtotal					
Co. Voc. - Regular					
Co. Voc. Ft. Post Sec.					
Totals	8	8	7	7	
Percentage Error					

EMERSON SCHOOL DISTRICT
SCHEDULE OF CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

REGULAR DISTRICT

SECTION 1

4% Calculation of Excess Surplus

2020 - 2021 Total General Fund Expenditures per the ACFR, Ex. C-1	\$ 26,191,228.95	
Decreased by:		
On-Behalf TPAF Pension & Social Security	\$ 3,488,457.28	
Adjusted 2020 - 2021 General Fund Expenditures		\$ <u>22,654,437.99</u>
4% of Adjusted 2020 - 2021 General Fund Expenditures		\$ <u>906,177.52</u>
Greater of Line Above or \$250,000.00		\$ <u>906,177.52</u>
Increased by: Allowable Adjustment		\$ <u>694,117.00</u>
Maximum Unreserved/Undesignated Fund Balance		\$ <u><u>1,600,294.52</u></u>

SECTION 2

Total General Fund - Fund Balances @ 6-30-2021	\$ <u>6,956,593.30</u>	
Decreased by:		
Year-End Encumbrances	\$ 1,691,240.64	
Other Restricted Fund Balances	\$ <u>4,018,146.90</u>	
Assigned Fund Balance - Unreserved-Designated for Subsequent Year's Expenditures	\$ <u>100,000.00</u>	
Total Unassigned Fund Balance		\$ <u>1,147,205.76</u>

SECTION 3

Restricted Fund Balance-Excess Surplus	\$ <u>0.00</u>
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Recapitulation of Excess Surplus as of June 30, 2021

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures	\$ <u>0.00</u>
Restricted Excess Surplus	\$ <u>0.00</u>
Total Excess Surplus	\$ <u><u>0.00</u></u>

Detail of Allowable Adjustments

Extraordinary Aid	\$ 676,717.00
Additional Non-Public School Transportation Aid	<u>17,400.00</u>
	\$ <u><u>694,117.00</u></u>

Detail of Other Restricted Fund Balance:

Capital Reserve	\$ 3,263,876.60
Emergency Reserve	206,789.41
Maintenance Reserve	100,000.00
Unemployment	<u>447,480.89</u>
	\$ <u><u>4,018,146.90</u></u>

