

NEW PROVIDENCE SCHOOL DISTRICT

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NEW PROVIDENCE SCHOOL DISTRICT
 AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS -
 FINANCIAL, COMPLIANCE AND PERFORMANCE
 TABLE OF CONTENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Page(s)
Report of Independent Auditor	1
Scope of Audit	2
Administrative Practices and Procedures	
Insurance	2
Official Bonds	2
Financial Planning, Accounting and Reporting	
Examination of Claims	2
Payroll Account and Position Control Roster	2
Reserve for Encumbrances and Accounts Payable	2
Travel	2
Classification of Expenditures	3
Board Secretary's Records/Business Administrator	3
Elementary and Secondary Education Act (E.S.E.A.) as amended by Every Student Succeeds Act (ESSA)	3
Other Special Federal and/or State Projects	3
T.P.A.F. Reimbursement	3
T.P.A.F. Reimbursement to the State for Federal Salary Expenditures	4
School Purchasing Programs	
Contracts and Agreements Requiring Advertisement for Bids	4
School Food Service	4 - 5
Student Body Activities	5
Application for State School Aid	5
Pupil Transportation	5
Testing for Lead of All Drinking Water in Educational Facilities	5
Follow-up on Prior Year Findings	5
Acknowledgment	6
Schedule of Audited Enrollments	7 - 9
Excess Surplus Calculation	10
Audit Recommendations	11

DONOHUE, GIRONDA, DORIA & TOMKINS, LLC

Certified Public Accountants

Robert A. Gironda, CPA
Robert G. Doria, CPA (N.J. & N.Y.)
Frederick J. Tomkins, CPA, RMA
Matthew A. Donohue, CPA

310 Broadway
Bayonne, NJ 07002
(201) 437-9000
Fax: (201) 437-1432
E-mail: dgd@dgdcpas.com

Linda P. Kish, CPA, RMA
Mark W. Bednarz, CPA, RMA
Jason R. Gironda, CPA
Mauricio Canto, CPA, RMA

REPORT OF INDEPENDENT AUDITOR

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

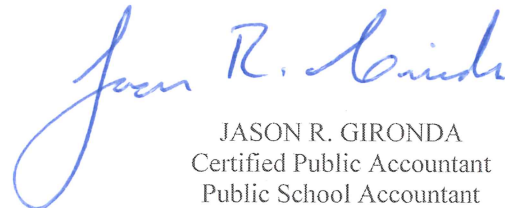
We have audited, in accordance with generally accepted audit standards and *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the New Providence School District in the County of Union for the year ended June 30, 2021, and have issued our report thereon dated March 1, 2022.

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

This report is intended for the information of the New Providence School District's management, and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.



DONOHUE, GIRONDA, DORIA & TOMKINS, LLC
Certified Public Accountants



JASON R. GIRONDA
Certified Public Accountant
Public School Accountant
License No. 20CS00264800

Bayonne, New Jersey
March 1, 2022

**NEW PROVIDENCE SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2021**

SCOPE OF AUDIT

The audit covered the financial transactions of the Board Secretary/School Business Administrator, the activities of the Board of Education, and the records of the Athletic Fund, The Student Activity Fund, Food Service Fund and Special Revenue Fund under the auspices of the Board of Education.

ADMINISTRATIVE PRACTICES AND PROCEDURES

Insurance

Fire insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule, contained in the District's ACFR.

Official Bonds (N.J.S.A. 18A:17-26, 18A:17-32, 18A:13-13)

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

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

FINANCIAL PLANNING, ACCOUNTING AND REPORTING

Examination of Claims

A test examination of claims paid during the period under review did not indicate any discrepancies with respect to signatures, certification and proper itemization and/or supporting documentation.

Payroll Account and Position Control Roster

The net salaries of all employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and the Board's required payroll contributions were deposited in the Agency Reserve Account.

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

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

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, 2021 or proper classification of orders as reserve for encumbrances and accounts payable. No discrepancies were noted.

Travel

No exceptions were noted.

**NEW PROVIDENCE SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE
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:23-2.2(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 classification to determine overall reliability and compliance with *N.J.A.C. 6A:23-8.3*. As a result of the procedures performed, no transaction errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

A. General Classification Findings - No exceptions were noted

B. Administrative Classification Findings – No exceptions were noted

Board Secretary's Records/Business Administrator

Our review of the financial and accounting records maintained by the Board Secretary/Business Administrator disclosed no d

Finding 2021-001

The District did not obtain County Superintendent approval for general fund appropriation account transfer for contribution to food service fund that exceeded 10 percent of the amount of the account included in the budget certified for taxes.

Recommendation:

The District obtain County Superintendent approval for general fund appropriation account transfer for contribution to food service fund when it exceeds 10 percent of the amount of the account included in the budget certified for taxes.

Elementary and Secondary Education Act (E.S.E.A.)

The E.S.E.A. financial exhibits are contained within the Special Revenue Section of the ACFR. This section of the ACFR documents the financial position pertaining to the projects under Titles I and VI of the Elementary and Secondary School Education Act as amended and reauthorized. No exceptions were noted.

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 ACFR.

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 ACFR. This section of the ACFR documents the financial position pertaining to the aforementioned special projects.

T.P.A.F. Reimbursement

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

**NEW PROVIDENCE SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2021**

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (Continued)

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

The amount of the expenditure charged to the current year's Final Report for all federal awards for the District to reimburse the State for the TPAF/FICA payment made by the State on-behalf of the District for those employees whose salaries are identified as being paid from federal funds was made subsequent to the end of the 60 day grant liquidation period required by the Office of Grants Management, but prior to the 90 days required by *N.J.S.A. 18A:66-90*. Accordingly, the expenditure was made in accordance with State law (90 days) and properly reported as obligated and not expended and as an unliquidated balance in the current year's Final Report for all federal awards.

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:39-3(a)* are \$44,000 with a Qualified Purchasing Agent (QPA) and \$32,000 without a QPA, respectively. The law regulating bidding for public school student transportation contracts under *N.J.S.A. 18A:39-3* is currently \$19,600 for 2020-21.

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

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

Based on the results of our examination, we did not note any individual payments, contracts, or agreements made for the performance of any work or goods or services, in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of *N.J.S.A. 18A:18A-4*.

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

SCHOOL FOOD SERVICES

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

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

The District utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with *N.J.S.A. 18A:17-34*, and *19-1* through *19-4.1*. Provisions of the FSMC contract/addendum were reviewed and audited. No exceptions noted.

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

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

**NEW PROVIDENCE SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2021**

SCHOOL FOOD SERVICES (Continued)

We inquired of management about the public health emergency procedures/practices that the District 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 District.

STUDENT BODY ACTIVITIES

Overall, cash receipts and disbursements records for the schools 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 (ASSA) for on-roll, private schools for the handicapped, low income and bilingual. We also performed a review of the district procedures related to its completion. The information on the ASSA was compared to the district workpapers without exception. The information that was included on the workpapers was verified. 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.

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 with some exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

TESTING FOR LEAD OF ALL DRINKING WATER IN EDUCATIONAL FACILITIES

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

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

FOLLOW-UP ON PRIOR YEAR FINDINGS

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year recommendations including findings. Corrective action has been taken on the prior year finding.

NEW PROVIDENCE SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2021

ACKNOWLEDGMENT

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

Donohue, Gironda, Doria + Tomkins, LLC

DONOHUE, GIRONDA, DORIA & TOMKINS, LLC
Certified Public Accountants

Jason R. Gironda

JASON R. GIRONDA
Certified Public Accountant
Public School Accountant
License No. 20CS00264800

Bayonne, New Jersey
March 1, 2022

NEW PROVIDENCE BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2020

	2021-2022 Application for State School Aid						Sample of Verification						Private Schools for Disabled				
	Reported on ASOA		Workpapers		Errors		Sample Selected from Workpapers		Registers Verified per On Roll		Registers per On Roll		Reported on ASOA as Private Schools	Sample for Verification	Sample Verified	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared					
Half Day Preschool	23	-	23	-	-	-	23	-	23	-	-	-	-	-	-	-	-
Half Day Kindergarten	127	-	127	-	-	-	127	-	127	-	-	-	-	-	-	-	-
One	161	-	161	-	-	-	161	-	161	-	-	-	-	-	-	-	-
Two	188	-	188	-	-	-	188	-	188	-	-	-	-	-	-	-	-
Three	171	-	171	-	-	-	171	-	171	-	-	-	-	-	-	-	-
Four	166	-	166	-	-	-	166	-	166	-	-	-	-	-	-	-	-
Five	185	-	185	-	-	-	185	-	185	-	-	-	-	-	-	-	-
Six	158	-	158	-	-	-	158	-	158	-	-	-	-	-	-	-	-
Seven	177	-	177	-	-	-	177	-	177	-	-	-	-	-	-	-	-
Eight	186	-	186	-	-	-	186	-	186	-	-	-	-	-	-	-	-
Nine	142	-	142	-	-	-	142	-	142	-	-	-	-	-	-	-	-
Ten	147	-	147	-	-	-	147	-	147	-	-	-	-	-	-	-	-
Eleven	129	3	129	3	-	-	129	3	129	3	-	-	-	-	-	-	-
Twelve	120	1	120	1	-	-	120	1	120	1	-	-	-	-	-	-	-
Subtotal	2,080	4	2,080	4	-	-	2,080	4	2,080	4	-	-	-	-	-	-	-
Special Education-Elementary	111	-	111	-	-	-	111	-	111	-	-	-	5	4	4	-	-
Special Education-Middle	58	-	58	-	-	-	58	-	58	-	-	-	6	6	6	-	-
Special Education-Highschool	95	6	95	6	-	-	95	6	95	6	-	-	8	7	7	-	-
Subtotal	264	6	264	6	-	-	264	6	264	6	-	-	19	17	17	-	-
TOTALS	2,344	10	2,344	10	-	-	2,344	10	2,344	10	-	-	19	17	17	-	0.00%

**NEW PROVIDENCE BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2020**

	Resident Low Income			Sample of Verification			Resident LEP Low Income			Sample of Verification		
	Reported on ASSA Low Income	Reported on Workpapers Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Registers	Sample Errors	Reported on ASSA as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Registers	Sample Errors
Half Day Kindergarten	2	2	-	2	2	-	-	-	-	-	-	-
Full Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-
One	2	2	-	2	2	-	-	-	-	-	-	-
Two	2	2	-	-	-	-	2	2	-	2	2	-
Three	3	3	-	1	1	-	2	2	-	2	2	-
Four	-	-	-	-	-	-	-	-	-	-	-	-
Five	-	-	-	-	-	-	-	-	-	-	-	-
Six	1	1	-	1	1	-	-	-	-	-	-	-
Seven	3	3	-	1	1	-	-	-	-	-	-	-
Eight	2	2	-	2	2	-	-	-	-	-	-	-
Nine	-	-	-	-	-	-	-	-	-	-	-	-
Ten	1	1	-	1	1	-	-	-	-	-	-	-
Eleven	2.5	2.5	-	2	2	-	-	-	-	-	-	-
Twelve	1	1	-	1	1	-	-	-	-	-	-	-
Subtotal	19.5	19.5	-	13	13	-	4	4	-	4	4	-
			0.00%									0.00%
Special Education-Elementary	4	4	-	2	2	-	2	2	-	2	2	-
Special Education-Middle	1	1	-	1	1	-	-	-	-	-	-	-
Special Education-Highschool	5	5	-	5	5	-	-	-	-	-	-	-
Subtotal	10	10	-	8	8	-	2	2	-	2	2	-
TOTALS	29.5	29.5	-	21	21	-	6	6	-	6	6	-
			0.00%									0.00%

Transportation

	Reported on			Sample of Verification			Reported on			Sample of Verification		
	DOE/County	District	Errors	Tested	Verified	Errors	DOE/County	District	Errors	Tested	Verified	Errors
Reg.-Public Schools (A1-A5)	80	80	-	61	61	-	8.5	8.5	-	8.5	8.5	-
Reg.-Special Education (A8)	12	12	-	11	11	-	8.5	8.5	-	8.5	8.5	-
Special Ed. Spec Trans.	69	69	-	53	53	-	5.8	5.8	-	5.8	5.8	-
TOTALS	161	161	-	125	125	-	22.8	22.8	-	22.8	22.8	-
			0.00%									0.00%

Reg Avg (Mileage) = Regular including Grade PK Students (Part A)	Reported	Recalculated
Reg Avg (Mileage) = Regular excluding Grade PK Students (Part B)	8.5	8.5
Special Avg = Special Ed w/ Special Needs	5.8	5.8

**UNION CITY BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2020**

	Resident LEP Not Low Income			Sample of Verification		
	Reported on ASSA NOT LOW Income	Reported on Workpapers NOT LOW Income	Errors	Sample Selected from Workpapers	Verified per Applications & Registers	Errors
Half Day Kindergarten	2	2	-	2	2	-
One	3	3	-	1	1	-
Two	2	2	-	1	1	-
Three	1	1	-	1	1	-
Four	1	1	-	1	1	-
Five	2	2	-	2	2	-
Six	-	-	-	-	-	-
Seven	1	1	-	1	1	-
Eight	2	2	-	2	2	-
Nine	1	1	-	1	1	-
Ten	6	6	-	5	5	-
Eleven	3	3	-	3	3	-
Twelve	-	-	-	-	-	-
Subtotal	24	24	-	20	20	-
Special Education-Elementary	1	1	-	1	1	-
Special Education-Middle	-	-	-	-	-	-
Special Education-Highschool	1	1	-	1	1	-
Subtotal	2	2	-	2	2	-
TOTALS	26	26	-	22	22	-
			0.00%			0.00%

EXCESS SURPLUS CALCULATION

REGULAR DISTRICT

SECTION 1

A. 4% Calculation of Excess Surplus

2020 - 2021 Total General Fund Expenditures per the ACFR, Ex. C-1	\$ 48,654,621	(B)
Increased by:		
Transfer from Capital Outlay to Capital Projects Fund	-	(B1a)
Transfer from Capital Reserve to Capital Projects Fund	-	(B1b)
Transfer from General Fund to SRF for PreK-Regular	-	(B1c)
Transfer from General Fund to SRF for PreK-Inclusion	-	(B1d)
Decreased by:		
On-Behalf TPAF Pension & Social Security	7,831,847	(B2a)
Assets Acquired Under Capital Leases	<u>104,310</u>	(B2b)
Adjusted 2020-21 General Fund Expenditures [(B)+(B1s)-(B2s)]	<u>\$ 40,718,464</u>	(B3)
4% of Adjusted 2020-21 General Fund Expenditures [(B3) times .04]	\$ 1,628,739	(B4)
Enter Greater of (B4) or \$250,000	1,628,739	(B5)
Increased by: Allowable Adjustment (Increase in Extraordinary Aid)	<u>-</u>	(K)
Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]	<u>\$ 1,628,739</u>	(M)

SECTION 2

Total General Fund - Fund Balances at June 30, 2021 (Per ACFR Budgetary Comparison Schedule C-1)	\$ 6,744,830	(C)
Decreased by:		
Year-end Encumbrances	1,496,019	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures		(C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures	2,034,818	(C3)
Other Reserved Fund Balances - Capital Reserve	180,184	(C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	<u>127,682</u>	(C5)
Total Unreserved/Undesignated Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	<u>\$ 2,906,127</u>	(U1)

SECTION 3

Restricted Fund Balance - Excess Surplus [(U1)-(M)] IF NEGATIVE ENTER -0-	<u>\$ 1,277,388</u>	(E)
---	---------------------	-----

Recapitulation of Excess Surplus as of June 30, 2021

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	\$ 2,034,818	(C3)
Reserved Excess Surplus [(E)]	<u>1,277,388</u>	(E)
Total Excess Surplus [(C3)+(E)]	<u>\$ 3,312,206</u>	(D)

**NEW PROVIDENCE SCHOOL DISTRICT
AUDIT RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

- The District obtain County Superintendent approval for general fund appropriation account transfer for contribution to food service fund when it exceeds 10 percent of the amount of the account included in the budget certified for taxes.

3. School Purchasing Programs

None

4. School Food Services

None

5. Student Body Activities

None

6. Application for State School Aid

None

7. Pupil Transportation

None

8. Facilities and Capital Assets

None

9. Testing for Lead and All Drinking Water in Educational Facilities

None

10. Follow-Up on Prior Year Findings

Corrective action has been taken on the prior year finding.