

**PERTH AMBOY PUBLIC SCHOOL DISTRICT
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2021**

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

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AUDITOR'S MANAGEMENT REPORT

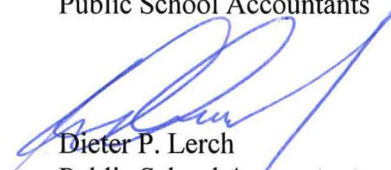
Honorable President and Members
of the Board of Education
Perth Amboy Public School District
Perth Amboy, New Jersey

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, 2021, and have issued our report thereon dated March 11, 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
Certified Public Accountants
Public School Accountants


Dieter P. Lerch
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
March 11, 2022

**PERTH AMBOY PUBLIC SCHOOL DISTRICT
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>
Derek J. Jess	Board Secretary/ School Business Administrator	\$150,000
Kenneth Jannarone	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.

Finding 2021-1 – Our audit indicated that numerous disbursements were made by the District for which supporting documentation was unable to be provided. (CAFR Finding 2021-001)

Recommendation – In all instances, documentation to support District disbursements be maintained and made available for audit.

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.

Comment – 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. The regulation was suspended for the 2020-21 fiscal year as a result of the COVID 19 pandemic, therefore, no recommendation is warranted.

**PERTH AMBOY PUBLIC SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Financial Planning, Accounting and Reporting (Continued)

Payroll Account (Continued)

Finding 2021-2 – Our audit indicated that transfers to the salary account were not always made for the amount required for the respective payroll periods. As a result, excess funds remain in the salary account.

Recommendation – Excess funds in the salary account be transferred to the general account. Furthermore, transfers to the salary account be made for the amount required for the respective payroll period.

Finding 2021-3 – A report including the value of unused employee sick and vacation time is not being maintained by the District. The report provided included the accumulated unused sick and vacation days by employee, which was utilized to estimate the value for reporting purposes.

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

Finding 2021-4 – Our audit indicated that the District overpaid federal payroll withholding taxes for the 3rd quarter 2020.

Recommendation – The District ensure that the overpayment of federal payroll withholding taxes to the IRS be refunded or credited.

Finding 2021-5 – Our audit indicated that the required payroll certifications of the Board President, Superintendent and Board Secretary were not obtained pertaining to the processing of the semi-monthly payrolls.

Recommendation – All required certification signatures be obtained prior to the processing of payrolls.

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 2021-6 – Our audit of the outstanding purchase order report revealed numerous balances classified as reserved for encumbrances which were either invalid or should have been classified as an accounts payable. (CAFR Finding 2021-002)

Recommendation – The outstanding purchase order report be periodically reviewed for validity and proper classification of obligations.

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.

**PERTH AMBOY PUBLIC SCHOOL DISTRICT
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: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 2021-7 – 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.

Finding 2021-8 – Our audit indicated that three (3) months of employee prescription benefit premiums were not paid or accrued at year end on the District’s financial records. Payments made after the period of audit were charged to the subsequent budget year.

Recommendation – Employee prescription benefits be paid on a timely basis.

Finding 2021-9 – Our audit indicated that FICA payments to the IRS were not always recorded and were not always charged to the appropriate budgetary line item in accordance with Uniform Minimum Chart of Accounts for New Jersey School Districts.

Recommendation – In all instances, FICA payments made to the IRS be recorded and charged to the appropriate budgetary line items in accordance with the Uniform Minimum Chart of Accounts for New Jersey School Districts.

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:

Finding 2021-10 – Our audit reflects that the District is maintaining a permanent fund for scholarships consisting of cash and investments totaling \$903,802, however, such accounts are not under the control of the District.

Recommendation – All scholarship accounts be transferred under the control of the District and signatures on all bank accounts be updated accordingly.

**PERTH AMBOY PUBLIC SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Financial Planning, Accounting and Reporting (Continued)

Board Secretary's Records (Continued)

Finding 2021-11 – 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 2021-12 – Our audit indicated that the District was levied in excess of \$1.1 million in IRS penalties as a result of the failure to file required IRS forms.

Recommendation – Continued efforts be made to abate and recoup IRS penalties.

Finding 2021-13 – Our audit indicated that the Business Administrator/Board Secretary is not an authorized signature on certain District bank accounts.

Recommendation – In all instances, the official signature on District bank accounts include the Business Administrator/Board Secretary

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 2021-14 – Our audit indicated that the general operating and food service bank accounts were not properly reconciled. Reconciling items in excess of \$6 million in the general operating account and \$1.8 million in the food service account were reflected on the year end reconciliation. **(CAFR Finding 2021-003)**

Recommendation – Reconciling items on the general operating and food service bank account reconciliation be adjusted accordingly and be appropriately cleared of record.

Finding 2021-15– Our audit indicated that a reconciliation was not performed on a monthly basis for the salary and payroll deduction bank accounts. **(CAFR Finding 2021-003)**

Recommendation – The salary and payroll deduction bank accounts be reconciled on a monthly basis.

Unemployment Compensation Insurance

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.

**PERTH AMBOY PUBLIC SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Financial Planning, Accounting and Reporting (Continued)

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.

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 2021-16 – Our audit of the preschool education program indicated that expenditures exceeded available funds, resulting in a cumulative program deficit in the amount of \$5,906,311. (CAFR Findings 2021-004 and 2021-006)

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

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 2021-17 – 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 remitted and paid. (CAFR Finding 2021-008).

Recommendation – The reimbursement for TPAF FICA of federally funded salaries be remitted to the State of New Jersey.

**PERTH AMBOY PUBLIC SCHOOL DISTRICT
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 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 is currently \$19,600.

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.

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 2021-18— 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 2021-005 and 2021-007.**

- Contracts were awarded, the cost of which exceeded the bid threshold, without approval by the Board in the official minutes.
- Contracts awarded utilizing cooperative purchasing agreements were not always supported by documentation to determine the validity of such contract.
- Invoices submitted for mechanical preventative maintenance services were not detailed as per the bid award.

Recommendation – It is recommended that internal controls over the awarding of contracts be reviewed and enhanced to ensure compliance with Public School Contracts Law.

**PERTH AMBOY PUBLIC SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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.

During the 2020-21 fiscal year, the public health emergency was still applicable. As a result, School Food Service 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.

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.

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.

Finding 2021-19– Our audit indicated that the Food Service Enterprise Fund ended the year with a deficit in unrestricted net position of \$1,350,102. **(CAFR Finding 2021-004)**

Recommendation – A course of action be developed to eliminate the deficit in the Food Service Enterprise Fund.

Finding 2021-20 – Our audit indicated that the District maintains an electronic payment account for food service collections. Deposits into this account were not reflected on the District's financial records.

Recommendation – Transactions occurring in the electronic payment bank account be reflected on the District's internal accounting system.

**PERTH AMBOY PUBLIC SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Student Body Activities

As a result of the COVID 19 pandemic, there was minimal activity occurring in the various student activity accounts during the 2020-21 school year.

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, 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 2021-21 – Our audit indicated that the detailed workpapers provided by the District for low income and private school for the disabled students did not support student counts reported in the respective category on the ASSA. (CAFR Finding 2021-009)

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.

Finding 2021-22 – Our audit of students reported as attending private schools for the disabled indicated that the documentation provided for audit did not support such classification on the ASSA. (CAFR Finding 2021-009)

Recommendation – Only those students whose documentation supports eligibility as a private school for the disabled student be reported as such on the ASSA.

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 included a review of transportation related contracts and purchases. Based on our review, the district complied with proper bidding procedures and award of contracts.

Finding 2021-23 – Our audit of the DRTRS indicated certain students were reported who were not eligible for transportation services as part the IEP.

Recommendation – Only those students who meet the eligibility requirements for transportation be reported on the DRTRS.

**PERTH AMBOY PUBLIC SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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 2021-24 – 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, 2021**

Not Applicable

**PERTH AMBOY PUBLIC SCHOOL DISTRICT
FOOD SERVICE FUND
SCHEDULE OF NET CASH RESOURCES
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Not Applicable

**PERTH AMBOY PUBLIC SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 15, 2020
SCHEDULE OF AUDITED ENROLLMENTS**

	2021-2022 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 Veri- 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	397		389		8	-	130		130							
Full Day Preschool 4 Years Old	541		547		(6)	-	340		340							
Half Day Kindergarten					-	-										
Full Day Kindergarten	715		677		38	-	103		103							
Grade 1	732		723		9	-	89		89							
Grade 2	736		724		12	-	175		175							
Grade 3	717		707		10	-	123		123							
Grade 4	720		709		11	-	95		95							
Grade 5	697		695		2	-	73		73							
Grade 6	706		703		3	-	342		342							
Grade 7	689		689		-	-	311		311							
Grade 8	659		655		4	-	320		320							
Grade 9	618		612		6	-	612		612							
Grade 10	671		662		9	-	662		662							
Grade 11	567		543		24	-	543		543							
Grade 12	463		545	2	(82)	(2)	545	2	545	2						
Post- Graduate	21		54		(33)	-	54		54							
Adult High School (15+ Credits)					-	-										
Adult High School (1-14 Credits)					-	-										
Subtotal	9,649	-	9,634	2	15	(2)	4,517	2	4,517	2	-	-		-	-	-
Sp Ed - Elementary	463		509		(46)	-	33		30		3	-	15	11.0	11.0	-
Sp Ed - Middle School	259		271		(12)	-	19		18		1	-	17	13.0	8.0	5
Sp Ed - High School	220	10	178	8	42	2	16		15		1	-	33	25.0	22.0	3
Subtotal	942	10	958	8	(16)	2	68	-	63	-	5	-	65	49	41	8
County Vocational - Regular					-	-					-	-				
County Vocational - F.T. Post-Second					-	-					-	-				
Subtotal					-	-					-	-				
Totals	10,591	10	10,592	10	(1)	-	4,585	2	4,580	2	5	-	65	49	41	8
Percentage Error					-0.01%	0.00%					0.11%	0.00%	0.00%			12.31%

PERTH AMBOY PUBLIC SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 15, 2020
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	553	475	78	5	4	1	161	131	30	5	5	-
Grade 1	627	522	105	6	6	-	196	131	65	5	5	-
Grade 2	591	479	112	5	5	-	203	143	60	6	6	-
Grade 3	593	475	118	5	5	-	270	187	83	8	7	1
Grade 4	584	468	116	5	5	-	209	151	58	6	6	-
Grade 5	568	493	75	5	5	-	208	165	43	6	6	-
Grade 6	558	455	103	5	5	-	123	87	36	4	4	-
Grade 7	565	485	80	5	5	-	126	94	32	4	4	-
Grade 8	562	468	94	5	5	-	133	98	35	4	4	-
Grade 9	326	426	(100)	3	3	-	144	101	43	4	4	-
Grade 10	589	471	118	5	5	-	196	123	73	6	4	2
Grade 11	488	373	115	4	4	-	137	85	52	4	4	-
Grade 12	409	355	54	4	4	-	159	117	42	5	5	-
Post- Graduate			-			-						-
Adult High School (15+ Credits)			-			-						-
Adult High School (1-14 Credits)			-			-						-
Subtotal	7,013.0	5,945	1,068	64	63	1	2,265	1,613	652	67	64	3
Sp Ed - Elementary	444.0	379	65	4	3.0	1	156	151	5	4	4	-
Sp Ed - Middle School	246.0	208	38	2	2.0	0	19	20	(1)	-	-	-
Sp Ed - High School	245.5	155	91	2	2.0	0	21	18	3	-	-	-
Subtotal	935.5	742	194	72	70	2	196	189	7	4	4	-
Tm Sch / Sec Care			-			-						-
Res. Mental H Ctr			-			-						-
Juvenile Comm Ctr			-			-						-
Juvenile Det Ctr			-			-						-
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-
Totals	7,948.5	6,687.0	1,261.5	135.5	132.0	3.5	2,461	1,802	659	71	68	3
Percentage Error			15.87%			2.58%			26.78%			4.23%

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools	612	612	-	39	39	-
Regular - Special Ed	258	258	-	17	9	8
Transported - Non Public	-	-	-	-	-	-
Special Needs	187	187	-	12	8	4
Subtotal	1,057	1,057	-	68	56	12
Percentage Error			0.0%			17.65%

PERTH AMBOY PUBLIC SCHOOL DISTRICT
 APPLICATION FOR STATE SCHOOL AID
 ENROLLMENT AS OF OCTOBER 15, 2020
 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	28	56	(28.0)	8.0	8.0	-
Full Day Kindergarten	10	72	(62)	3	3	-
Grade 1	17	75	(58)	5	5	-
Grade 2	11	93	(82)	3	3	-
Grade 3	18	75	(57)	5	5	-
Grade 4	7	50	(43)	2	2	-
Grade 5	8	45	(37)	2	2	-
Grade 6	8	43	(35)	2	2	-
Grade 7	12	49	(37)	3	3	-
Grade 8	13	54	(41)	4	4	-
Grade 9	16	85	(69)	4	4	-
Grade 10	25	73	(48)	6	6	-
Grade 11	13	67	(54)	3	3	-
Grade 12			-			-
Post- Graduate			-			-
Adult High School (15+ Credits)			-			-
Adult High School (1-14 Credits)			-			-
Subtotal	186	837	(651)	50.0	50.0	-
Sp Ed - Elementary	7	40	(33)	2.0	2.0	-
Sp Ed - Middle School	2	6	(4)	1.0	1.0	-
Sp Ed - High School	-	8	(8)	-	-	-
Subtotal	9	54	(45)	3.0	3.0	-
County Vocational - Regular						
County Vocational - F.T. Post-Second						
Subtotal						
Totals	195	891	(696)	53.0	53.0	-
Percentage Error			<u>-356.92%</u>			<u>0.00%</u>

**PERTH AMBOY PUBLIC SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

SECTION 1A

2020-2021 Total General Fund Expenditures per the CAFR	\$ 240,983,926	
Add: Transfer to Special Revenue Fund - PreK	834,840	
Less: Expenditures Allocated to Restricted Federal Sources as Reported on Exhibit D-2	<u>(1,734,684)</u>	
2020-2021 Adjusted General Fund and Other State Expenditures		\$ 240,084,082
Decreased by:		
On-Behalf TPAF Pension & Social Security		<u>34,539,929</u>
Adjusted 2020-2021 General Fund Expenditures		<u>\$ 205,544,153</u>
4.0% of Adjusted 2020-2021 General Fund Expenditures		\$ 8,221,766
Increased by:		
Allowable Adjustment - Extraordinary Aid and Nonpublic Transportation Reimbursemer		<u>1,804,920</u>
Maximum Unassigned Fund Balance		<u>\$ 10,026,686</u>

SECTION 2

Total General Fund - Fund Balance at June 30, 2021		\$ 81,387,510
Decreased by:		
Year End Encumbrances	\$ 6,412,784	
Capital Reserve	23,137,751	
Unemployment Reserve	1,570,109	
Designated for Subsequent Year's Expenditures	<u>38,688,882</u>	
		<u>69,809,526</u>
Total Unassigned Fund Balance		<u>\$ 11,577,984</u>

SECTION 3

Restricted Fund Balance - Excess Surplus		
Excess Surplus		\$ 1,551,298
Excess Surplus, Designated for Subsequent Year's Expenditures		<u>-</u>
		<u>\$ 1,551,298</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. In all instances, documentation to support District disbursements be maintained and made available for audit.
2. Excess funds in the salary account be transferred to the general account. Furthermore, transfers to the salary account be made for the amount required for the respective payroll period.
- * 3. The District maintain a report which reflects` the value of unused employee sick and vacation time.
4. The District ensure that the overpayment of federal payroll withholding taxes to the IRS be refunded or credited.
5. All required certification signatures by obtained prior to the processing of payrolls.
- * 6. The outstanding purchase order report be periodically reviewed for validity and proper classification of obligations.
- * 7. Expenditures for employee health benefits be charged to the proper fund in accordance with the respective employees' budgetary salary charges.
8. Employee prescription benefits be paid on a timely basis.
9. In all instances, FICA payments made to the IRS be recorded and charged to the appropriate budgetary line items in accordance with Uniform Minimum Chart of Accounts for New Jersey School Districts.
10. All scholarship accounts be transferred under the control of the District and signatures on all bank accounts be updated accordingly.
- * 11. The original budget, as reflected in the District's financial reporting system, be in agreement with the approved budget.
12. Continued efforts be made to abate and recoup IRS penalties.
13. In all instances, the official signature on District bank accounts include the Business Administrator/Board Secretary
- * 14. Reconciling items on the general operating and food service bank account reconciliation be adjusted accordingly and be appropriately cleared of record.
15. The salary and payroll deduction bank accounts be reconciled on a monthly basis.
- * 16. A course of action be developed to eliminate the accumulated deficit in the Preschool Education Program.
- * 17. The reimbursement for TPAF FICA of federally funded salaries be remitted to the State of New Jersey.

**PERTH AMBOY PUBLIC SCHOOL DISTRICT
RECOMMENDATIONS**

III. School Purchasing Program

- * 18. It is recommended that internal controls over the awarding of contracts be reviewed and enhanced to ensure compliance with Public School Contracts Law.

IV. School Food Service

- 19. It is recommended that a course of action be developed to eliminate the deficit in the Food Service Enterprise Fund.
- 20. Transactions occurring in the electronic payment bank account be reflected on the District's internal account system.

V. Student Body Activities

There are none.

VI. Application for State School Aid

It is recommended that:

- * 21. 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.
- 22. Only those students whose documentation supports eligibility as a private school for the disabled student be reported as such on the ASSA.

VIII. Pupil Transportation

- 23. It is recommended that only those students who meet the eligibility requirements for transportation be reported on the DRTRS.

IX. Facilities and Capital Assets

- * 24. It is recommended that an appraisal report of District owned capital assets and related depreciation be obtained and updated on an annual basis.

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. Lerch
Public School Accountant
Certified Public Accountant