

TOWNSHIP OF EDISON SCHOOL DISTRICT

Edison, New Jersey
County of Middlesex

**Auditor's Management Report on Administrative Findings -
Financial, Compliance and Performance
YEAR ENDED JUNE 30, 2022**

This page intentionally left blank

**MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE**

TABLE OF CONTENTS

	PAGE
Report of Independent Auditors - Auditor's Management Report on Administrative Findings, Financial Compliance and Performance	1
Scope of Audit	3
Administrative Practices and Procedures:	
Insurance	3
Official Bonds	3
P.L.2020, c44	3
Tuition Charges	3
Financial Planning, Accounting and Reporting:	
Examination of Claims	3
Payroll Account	4
Employee Position Control Roster	4
Reserve for Encumbrances and Accounts Payable	4
Classification of Expenditures	4
Business Administrator/Board Secretary's Records	4
Treasurer's Records	4
Elementary & Secondary School Education Act (E.S.E.A.), as amended by Every Student Succeeds Act (ESSA)	4
T.P.A.F. Reimbursement	5
T.P.A.F. Reimbursement as the State for Federal Salary Expenditures	5
School Purchasing Programs:	
Contracts & Agreements Requiring Advertisement for Bids	5
School Food Service	5
Student Body Activities	6
Application for State School Aid (ASSA)	6
Pupil Transportation	6
Testing for Lead of All Drinking Water in Educational Facilities	6
Facilities and Capital Assets	6
Miscellaneous	6
Follow-up on Prior Year Findings	7
Office of Fiscal Accountability and Compliance (OFAC) Findings	7
Acknowledgment	7
Additional Information:	
Schedule of Audited Enrollments	11
Excess Surplus Calculation	15
Audit Recommendations Summary	18

This page intentionally left blank



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

Honorable President and Members
of the Board of Education
Township of Edison School District
County of Middlesex
Edison, NJ 08837

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 Township of Edison School District in the County of Middlesex for the year ended June 30, 2022, and have issued our report thereon dated April 17, 2023.

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 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.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Jerry W. Conaty
Certified Public Accountant
Public School Accountant, No. 2470

Lakewood, New Jersey
April 17, 2023

This page intentionally left blank

**ADMINISTRATIVE FINDINGS -
 FINANCIAL, COMPLIANCE AND PERFORMANCE**

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 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, Insurance Schedule contained in the School 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>
Jonathan Toth	Board Secretary/School Business Administrator	\$ 1,000,000.00

P.L.2020, c44

There is a Public Employee's Faithful Performance Blanket Position Bond with New Jersey School Board Association Insurance Group covering all other employees with multiple coverage of \$100,000.00 each person/\$50,000 per loss

Our audit procedures included an inquiry and subsequent review of health benefit data required per N.J.S.A.18A:16-13.3 (Chapter 44) submitted for the year on audit. The Chapter 44 summary report was reviewed for reasonableness and timeliness.

The data submitted did include all health benefit plans offered by school district/charter school/renaissance school project.

The School District project data certification was completed by the chief school administrator. The School District project Chapter 44 data was submitted timely.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were less than estimated costs. The School District made a proper adjustment to the billings to sending districts for the decrease in per pupil cost in accordance with *N.J.A.C.6A:23A-17.1(f)3*.

Financial Planning, Accounting and Reporting

Examination of Claims

A sample examination of claims paid during the period under the review did not indicate any discrepancies with respect to signatures, certification or supporting documentation. Please see findings below regarding encumbrance breakout and over expenditures of certain line items

Finding 2022-001 (Financial Statement Finding 2022-006)

The District over-expended certain line items in the budget.

Recommendation

That the District maintain and complete an accurate general ledger and review line items for potential over-expenditures and have budget transfers approved by the Board of Education prior to committing funds.

Payroll Account

The net salaries of sampled employees of the board were deposited in the Payroll Account. Employee's payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

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

Sampled 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 School Business Administrator/Board Secretary who then deposited with warrants in separate bank accounts for net payroll and withholdings.

Employee Position Control Roster

A sample inquiry and subsequent review of the Position Control Roster found no inconsistencies between the payroll records, employee benefit records (e.g. pension reports and health benefit coverage reports), the general ledger accounts to where wages are posted (administrative versus instruction), and the Position Control Roster.

Reserve for Encumbrances and Accounts Payable

A sample of outstanding issued purchase orders was made as of June 30 for proper classification of orders as reserve for encumbrances and accounts payable. Exceptions were noted. See finding below.

Finding 2022-002 (Financial Statement Finding 2022-005)

The District did not properly break out any encumbrances during the school year. All encumbrances were included within accounts payable.

Recommendation

That encumbrances are separated from accounts payable.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23 A-16.29(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of a sample of 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, a transaction error rate of 0% percent overall was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Business Administrator/Board Secretary's Records

Our review of the financial and accounting records maintained by the board secretary were found to be in satisfactory condition.

Finding 2022-003 (Financial Statement Finding 2022-001)

During our audit we noted that the District is not maintaining a complete and accurate general ledger in accordance with accounting principles generally accepted in the United States of America

Recommendation:

That the District implement internal controls to ensure that a complete and accurate general ledger is maintained and financial reports are reviewed regularly for accuracy.

Finding 2022-004 (Financial Statement Finding 2022-002)

During our testing it was noted the bank reconciliations were not accurately performed.

Recommendation

That bank reconciliations be completed accurately and timely.

Treasurer's Records

Our review of the financial and accounting records maintained by the Treasurer of School Monies were found to be in satisfactory condition.

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 ACFR. This section of the ACFR documents the financial position pertaining to the projects under Titles I, II and III of the Elementary and Secondary Education Act as amended and reauthorized. The study of compliance for E.S.E.A indicated no areas of noncompliance and/or questionable costs.

T.P.A.F. Reimbursement

Our audit procedures included a sample test of the biweekly reimbursements 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(s) 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.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-1 et seq. (Public School Contracts Law), the associated rules and related information on the statute, and school contracts in general is available on the NJ Local Agency Procurement Laws webpage: <https://www.state.nj.us/dca/divisions/dlgs/programs/lpcl.html>.

Current statute is posted on the New Jersey Legislature (<http://www.njleg.state.nj.us/>) website.

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 regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is \$20,200 effective 2021-22.

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.

Based on the results of our tests on sample basis, 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 Service

In accordance with the Governor's Declaration of Emergency pertaining to the public health emergency all Public, Charter, 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. Governor Murphy's emergency declaration ended June 4, 2021; however, the United States Department of Agriculture's federal waiver continued through June 30, 2022. Food Service Agencies operated under this federal waiver

As a result, School Food Authorities (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 (SFSP) option. SFAs could also choose to participate in the National School Lunch Program utilizing standard counting and claiming practices .

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.

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 School Food Authority (SFA) had any Child Nutrition Program reimbursement overclaims or underclaims. Exceptions were not noted.

The B-5 does not separate program and non-program revenue and program and non-program cost of goods sold.

We 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.

Student Body Activities

Our review of the financial and accounting records for student activities indicated they were in satisfactory condition.

Application for State School Aid (ASSA)

Our audit procedures included a sample test of information reported in the October 15, 2021 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped and low-income, and bilingual. We also performed a review on a sample basis of the School District's procedures related to its completion. The information on the ASSA was compared to the School District workpapers 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 School District maintained workpapers on the prescribed state forms of their equivalent.

The School District written procedures appear to be adequate for the recording of student enrollment data.

Pupil Transportation

Our audit procedures included a sample test of on roll status reported in the 2021-2022 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was not verified to the DRTRS Eligibility Summary Report. Please see finding below. The results of our procedures are presented in the Schedule of Audited Enrollments.

Finding 2022-005 (Financial Statement Finding 2022-003)

During our testing, the client could not provide a student listing in relation to their state submitted DRTRS report.

Recommendation

That a proper Transportation Student Listing be maintained by the District

Our procedures also included a sample of transportation contracts and purchases. Based on our sample, the School District complied with proper bidding procedures and award of contracts. The bid specifications for the purchase of buses were in compliance with applicable statutes. No exceptions were noted in our sampling of transportation related purchases of goods and services.

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)

The school district/charter school/renaissance school project did submit the annual Statement of Assurance to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

Facilities and Capital Assets

Our review of the financial and accounting records for capital assets indicated they were not in satisfactory condition.

Finding 2022-006 (Financial Statement Finding 2022-004)

During our testing, the client could not provide an up to date appraisal report to properly account for current year additions and deletions.

Recommendation

Due to the size and nature of the District, an appraisal should be completed annually.

Miscellaneous

The School District complied with its most recent continuing disclosure agreements in relation to prior year bond issuances.

Follow-up on Prior Year Findings

In accordance with audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, our procedures included a review of all prior year findings reported in the prior year's Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance. Findings marked with an asterisk (*) indicate repeat findings.

Office of Fiscal Accountability and Compliance (OFAC) Findings

There were no Office of Fiscal Accountability and Compliance (OFAC) audit reports issued during the fiscal year ended June 30, 2022.

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.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Jerry W. Conaty
Certified Public Accountant
Public School Accountant, No. 2470

Lakewood, New Jersey
April 17, 2023

This page intentionally left blank

ADDITIONAL INFORMATION

This page intentionally left blank

**TOWNSHIP OF EDISON SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2021**

	2022-2023 Application for State School Aid						Sample for Verification				Private Schools for Disabled						
	Reported on A.S.A. On Roll		Reported on Workpapers On Roll		Errors		Selected from Workpapers		Verified per Registers On Roll		Errors per Registers On Roll		Reported on A.S.A. as Private Schools		Sample for Verification		
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Sample Verified	Sample Errors	
Half Day Preschool - 3 Yrs	13	-	13	-	-	-	-	-	-	-	-	-	-	-	-	-	
Half Day Preschool - 4 Yrs	33	-	33	-	-	-	1	-	1	-	-	-	-	-	-	-	
Half Day Kindergarten	742	-	742	-	-	-	15	-	15	-	-	-	-	-	-	-	
One	1,088	-	1,088	-	-	-	22	-	22	-	-	-	-	-	-	-	
Two	1,113	-	1,113	-	-	-	22	-	22	-	-	-	-	-	-	-	
Three	1,134	-	1,134	-	-	-	22	-	22	-	-	-	-	-	-	-	
Four	1,218	-	1,218	-	-	-	24	-	24	-	-	-	-	-	-	-	
Five	1,211	-	1,211	-	-	-	24	-	24	-	-	-	-	-	-	-	
Six	1,212	-	1,212	-	-	-	24	-	24	-	-	-	-	-	-	-	
Seven	1,203	-	1,203	-	-	-	24	-	24	-	-	-	-	-	-	-	
Eight	1,180	-	1,180	-	-	-	23	-	23	-	-	-	-	-	-	-	
Nine	1,190	-	1,190	-	-	-	24	-	24	-	-	-	-	-	-	-	
Ten	1,131	-	1,131	-	-	-	22	-	22	-	-	-	-	-	-	-	
Eleven	1,096	-	1,096	-	-	-	22	-	22	-	-	-	-	-	-	-	
Twelve	1,041	-	1,041	-	-	-	20	-	20	-	-	-	-	-	-	-	
Subtotal	14,605	-	14,605	-	-	-	289	-	289	-	-	-	-	-	-	-	
Special Ed - Elementary School	757	-	757	-	-	-	-	-	-	-	-	-	-	7	5	-	
Special Ed - Middle School	305	16	305	16	-	-	-	-	-	-	-	-	-	12	9	-	
Special Ed - High School	401	5	401	5	-	-	29	-	29	-	-	-	-	44	34	-	
Subtotal	1,463	21	1,463	21	-	-	29	3	29	3	-	-	3	63	48	-	
Totals	16,068	21	16,068	21	-	-	318	3	318	3	-	-	3	63	48	-	
Percentage Error					0%					0%					0%		

TOWNSHIP OF EDISON SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2021

	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 and Register	Sample Errors	Reported on A.S.S.A as LEP Low Income	Reported on Workpapers LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Half Day Kindergarten	118	118	-	12	12	-	23	23	-	13	13	-
Full Day Kindergarten	2	2	-	-	-	-	-	-	-	-	-	-
One	199	199	-	19	19	-	24	24	-	14	14	-
Two	212	212	-	21	21	-	26	26	-	15	15	-
Three	194	194	-	19	19	-	15	15	-	9	9	-
Four	196	196	-	19	19	-	14	14	-	8	8	-
Five	188	188	-	18	18	-	9	9	-	5	5	-
Six	186	186	-	18	18	-	10	10	-	6	6	-
Seven	209	209	-	20	20	-	11	11	-	6	6	-
Eight	211	211	-	21	21	-	10	10	-	6	6	-
Nine	223	223	-	22	22	-	15	15	-	9	9	-
Ten	206	206	-	20	20	-	11	11	-	6	6	-
Eleven	209	209	-	20	20	-	18	18	-	10	10	-
Twelve	183	183	-	18	18	-	10	10	-	6	6	-
Subtotal	2,536	2,536	-	247	247	-	196	196	-	113	113	-
Special Ed - Elementary School	204	204	-	20	20	-	8	8	-	5	5	-
Special Ed - Middle School	122	122	-	12	12	-	2	2	-	1	1	-
Special Ed - High School	151	151	-	15	15	-	2	2	-	1	1	-
Subtotal	477	477	-	47	47	-	12	12	-	7	7	-
Res. Mental Health Center	1	1	-	-	-	-	-	-	-	-	-	-
Subtotal	1	1	-	-	-	-	-	-	-	-	-	-
Totals	3,014	3,014	-	294	294	-	208	208	-	120	120	-
Percentage Error			0.00%			0.00%			0.00%			0.00%

Transportation

	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools, col. 1	4,463	4,463	-	-	-	-
Reg - Sp Ed, col. 4	373	373	-	-	-	-
Transported - Non-Public, col. 3	787	787	-	-	-	-
AIL - Non Public	1	1	-	-	-	-
Special Ed Spec, col. 6	446	446	-	-	-	-
Totals	6,070	6,070	-	-	-	-
Percentage Error			#DIV/0!			

**TOWNSHIP OF EDISON SCHOOL DISTRICT
 SCHEDULE OF AUDITED ENROLLMENTS
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 15, 2021**

	Resident LEP NOT Low Income				Sample for Verification		
	Reported on A.S.A as LEP Not Low Income	Reported on Workpapers LEP Not Low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors	
Half Day Kindergarten	94	94		41	41	-	
One	49	49	-	21	21	-	
Two	54	54	-	24	24	-	
Three	42	42	-	18	18	-	
Four	39	39	-	17	17	-	
Five	21	21	-	9	9	-	
Six	15	15	-	7	7	-	
Seven	23	23	-	10	10	-	
Eight	16	16	-	7	7	-	
Nine	29	29	-	13	13	-	
Ten	21	21	-	9	9	-	
Eleven	22	22	-	10	10	-	
Twelve	12	12	-	5	5	-	
Subtotal	437	437	-	191	191	-	
Special Ed - Elementary School	9	9	-	4	4	-	
Special Ed - Middle School	2	2	-	1	1	-	
Special Ed - High School	2	2	-	1	1	-	
Subtotal	13	13	-	6	6	-	
Totals	450	450	-	197	197	-	
Percentage Error			0.00%			0.00%	

This page intentionally left blank

EXCESS SURPLUS CALCULATION

REGULAR DISTRICT

SECTION 1

A. 4% Calculation of Excess Surplus

2021-2022 Total General Fund Expenditures per the ACFR, Ex. C-1	\$ <u>343,118,069.85</u> (B)
Increased by:	
Transfer from Capital Outlay to Capital Projects Fund	\$ <u> -</u> (B1a)
Transfer from Capital Reserve to Capital Projects Fund	\$ <u> -</u> (B1b)
Transfer from General Fund to SRF for PreK-Regular	\$ <u> -</u> (B1c)
Transfer from General Fund to SRF for PreK-Inclusion	\$ <u> -</u> (B1d)
Decrease by:	
On-Behalf TPAF Pension & Social Security	\$ <u>65,122,963.67</u> (B2a)
Assets Acquired Under Capital Leases	\$ <u> -</u> (B2b)
Adjusted 2021-2022 General Fund Expenditures [(B)+(B1s)-(B2s)]	\$ <u>277,995,106.18</u> (B3)
4% of Adjusted 2021-2022 General Fund Expenditures [(B3) times .04]	\$ <u>11,119,804.25</u> (B4)
Enter Greater of (B4) or \$250,000	\$ <u>11,119,804.25</u> (B5)
Increased by: Allowable Adjustment *	\$ <u>3,145,628.00</u> (K)
Maximum Unassigned Fund Balance [(B5)+(K)]	\$ <u>14,265,432.25</u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6/30/2022 (Per ACFR Budgetary Comparison Schedule C-1)	\$ <u>52,630,181.46</u> (C)
Decreased by:	
Year-End Encumbrances	\$ <u> -</u> (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ <u>5,432,457.00</u> (C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ <u>661,486.00</u> (C3)
Other Restricted Fund Balances ****	\$ <u>26,519,000.07</u> (C4)
Additional Assigned Fund Balance - Unreserved - Designated for Subsequent	\$ <u> -</u> (C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	\$ <u>20,017,238.39</u> (U1)

REGULAR DISTRICT (continued):

SECTION 3

Restricted Fund Balance - Excess Surplus *** [(U1)-(M)] IF NEGATIVE ENTER -0-] \$ 5,751,806.14 (E)

Recapitulation of Excess Surplus as of June 30, 2022

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures ** \$ 661,486.00 (C3)
Reserved Excess Surplus *** [(E)] \$ 5,751,806.14 (E)
Total Excess Surplus [(C3)+(E)] \$ 6,413,292.14 (D)

Footnotes:

*Allowable adjustment to expenditures on line K must be detailed as follows. This adjustment line (as detailed below) is to be utilized when applicable for:

- (H) Federal Impact Aid. The passage of P.L.2015, c.46 amended N.J.S.A. 18A:7F-41 to permit a board of education to appropriate federal impact aid funds to establish or supplement a federal impact aid legal reserve in the general fund. Accordingly, the Federal Impact Aid adjustment to expenditures is limited to the portion of Federal Impact Aid Section 8002 and Section 8003 received during the fiscal year and recognized as revenue on the General Fund Budgetary Comparison Schedule, but not transferred to the Federal Impact Aid Reserve - General (8002 or 8003) by board resolution during June 1 to June 30 of the fiscal year under audit. Amounts transferred to the reserve are captured on line (C4);
- (I) Sale and Lease-back (Refer to the Audit Program Section II, Chapter 10);
- (J1) Extraordinary Aid;
- (J2) Additional Nonpublic School Transportation Aid;
- (J3) Recognized Current Year School Bus Advertising revenue; and
- (J4) Family Crisis Transportation Aid.
- (J5) Maintenance of Equity Aid and State Military Impact Aid received July 2022

Detail of Allowable Adjustments

Impact Aid	\$ <u>-</u> (H)
Sale & Lease-back	\$ <u>-</u> (I)
Extraordinary Aid	\$ <u>2,917,398.00</u> (J1)
Additional Nonpublic School Transportation Aid	\$ <u>228,230.00</u> (J2)
Current Year School Bus Advertising Revenue Recognized	\$ <u>-</u> (J3)
Family Crisis Transportation Aid	\$ <u>-</u> (J4)
Maintenance of Equity Aid and State Military Impact Aid received July 2022	\$ <u>-</u> (J5)
Total Adjustments [(H)+(I)+J1)+(J2)+(J3)+(J4)+(J5)]	\$ <u><u>3,145,628.00</u></u> (K)

** This amount represents the June 30, 2022 Excess Surplus (C3 above) and must be included in the Audit Summary Line 90031.

*** Amounts must agree to the June 30, 2022 ACFR and must agree to Audit Summary Line 90030.

**** Amount for Other Restricted Fund Balances must be detailed for each source. Use in the excess surplus calculation of any legal reserve that is not state mandated or that is not legally imposed by another type of government, such as the judicial branch of government, must have departmental approval. District requests should be submitted to the Division of Administration and Finance prior to September 30.

REGULAR DISTRICT (continued):

Detail of Other Restricted Fund Balance

Statutory Restrictions:

Approved Unspent Separate Proposal	\$ -
Sale/Lease-Back Reserve	\$ -
Capital Reserve	\$ 23,580,531.75
Maintenance Reserve	\$ 1,331,592.31
Emergency Reserve	\$ 1,000,000.00
Tuition Reserve	\$ -
School Bus Advertising 50% Fuel Offset Reserve - Current Year	\$ -
School Bus Advertising 50% Fuel Offset Reserve - Prior Year	\$ -
Impact Aid General Fund Reserve (Sections 8002 and 8003)	\$ -
Impact Aid Capital Fund Reserve (Sections 8007 and 8008)	\$ -
Other State/Government Mandated Reserve	\$ -
Reserve for Unemployment	\$ 606,876.01
[Other Restricted Fund Balance Not Noted Above] ****	\$ -
 Total Other Restricted Fund Balance	 \$ 26,519,000.07 (C4)

**TOWNSHIP OF EDISON SCHOOL DISTRICT
AUDIT RECOMMENDATIONS SUMMARY
YEAR ENDED JUNE 30, 2022**

SCHOOL DISTRICT

Recommendations:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

Finding 2022-003* (Financial Statement Finding 2022-001): That the District implement internal controls to ensure that a complete and accurate general ledger is maintained and financial reports are reviewed regularly for accuracy.

Finding 2022-004* (Financial Statement Finding 2022-002) : That bank reconciliations be completed accurately and timely.

None

3. School Purchasing Programs

Finding 2022-002 (Financial Statement Finding 2022-005) : That encumbrances should be separated from accounts payable.

Finding 2022-001 (Financial Statement Finding 2022-006): That the District maintain and complete an accurate general ledger and review line items for potential over-expenditures and have budget transfers approved by the Board of Education prior to committing funds.

4. School Food Service

None

5. Student Body Activities

None

6. Application for State School Aid

None

7. Pupil Transportation

Finding 2022-005 (Financial Statement Finding 2022-003) : That a proper Transportation Student Listing be maintained by the District.

8. Facilities and Capital Assets

Finding 2022-006 (Financial Statement Finding 2022-004) : Due to the size and nature of the District, an appraisal should be completed annually.

9. Miscellaneous

None

10. Status of Prior Year Audit Findings/Recommendations

A review was performed on the prior year recommendations and corrective action was taken on all prior year findings except those marked with an asterisk above.