

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, 2023**

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

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Certified Public Accountants + Advisors

1985 Cedar Bridge Ave., Suite 3 • Lakewood, NJ 08701 • 732.797.1333

194 East Bergen Place • Red Bank, NJ 07701 • 732.747.0010

www.hfacpas.com

**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, 2023, and have issued our report thereon dated February 12, 2024.

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
February 12, 2024

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**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

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 each person/\$50,000 per loss

P.L.2020, c44

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.

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.

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. No exceptions were noted.

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 disclosed the following items:

Finding 2023-001* (Financial Statement Finding 2023-001*)

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.

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.

Pupil Transportation

Our audit procedures included a sample test of on roll status reported in the 2022-2023 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 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.

Facilities and Capital Assets

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

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 ACFR. This section of the ACFR 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 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 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

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 2022-23.

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

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 financial transactions and statistical records of the school food service fund were reviewed. The financial accounts, meal count records were reviewed on a test-check basis.

Cash receipts and bank records were reviewed for timely deposit.

Expenditures should be 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. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service.

The SFA recorded and maintained separate supporting documentation for additional costs (food, supplies, transportation, etc.) applicable to the implementation of the COVID-19 meal service under SSO or SFSP program requirements.

Net Cash Resources did exceed three months average expenditures.

Finding No. 2023-002

The School District should create a plan to reduce the net cash resources below its three month average expenditures.

Recommendation:

The District should not have net cash resources that exceed three months average expenditures.

Time sheets were reviewed, and labor costs verified. Payroll records were maintained on all School Food Services employees authorized by the Board of Education. No exceptions were noted.

Services employees authorized by the board of education/board of trustees. No exceptions were noted.

The number of meals claimed for reimbursement was compared to sales and meal count records. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement claims were submitted in a timely manner.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served was compared to the number of valid applications /or to the list of directly certified students on file, times the number of operating days, on a school-by-school basis. The free and reduced price meal and free milk policy was reviewed for uniform administration throughout the school system. Sites approved to participate in Provisions I and II were examined for compliance with all counting and claiming requirements. The required verification procedures for free and reduced price applications were completed and available for review.

USDA Food Distribution Program (food and/or commodities) were received and a single inventory was maintained on a first-in, first-out basis. No exceptions were noted.

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

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 14, 2022 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.

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)

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, 2023.

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
February 12, 2024

ADDITIONAL INFORMATION

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SCHEDULE OF MEAL COUNT ACTIVITY

EDISON BOARD OF EDUCATION

FOOD SERVICE FUND

NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM -Federal

ENTERPRISE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

PROGRAM	MEAL CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE	(OVER) UNDER CLAIM
National School Lunch (Regular Rate)	Paid	600,730	600,730	600,730	-	0.77	-
National School Lunch (Regular Rate)	Reduced	91,682	91,682	91,682	-	3.93	-
National School Lunch (Regular Rate)	Free	335,323	335,323	335,323	-	4.33	-
	TOTAL	1,027,735	1,027,735	1,027,735			-
HHFKA - PB Lunch							
National School Lunch	Only	1,027,735	1,027,735	1,027,735	-	0.08	-
School Breakfast (Regular Rate)							
	Paid	307,481	307,481	307,481	-	0.50	-
	Reduced	16,956	16,956	16,956	-	1.96	-
	Free	8,536	8,536	8,536	-	1.89	-
	TOTAL	332,973	332,973	332,973			-
School Breakfast (Severe Rate)							
	Paid	191,198	191,198	191,198	-	0.50	-
	Reduced	28,103	28,103	28,103	-	2.37	-
	Free	126,847	126,847	126,847	-	2.67	-
	TOTAL	346,148	346,148	346,148			-
Special Milk							
	Paid	-	-	-	-	0.2025	-
After School Snacks							
	Paid	-	-	-	-	0.08	-
	Reduced	-	-	-	-	0.48	-
	Free (Area Eligible)	-	-	-	-	0.96	-
	TOTAL	-	-	-			-
Seamless Summer Option (SSO)							
Breakfast	Free	26,841	26,841	26,841	-	2.61	-
Lunch	Free	26,841	26,841	26,841	-	4.56	-
	TOTAL	53,682	53,682	53,682			-
HHFKA - PB Lunch							
National School Lunch	Only	-	-	-	-	0.07	-
Child & Adult Care Food							
CACFP - Food	Free	-	-	-	-	3.51	-
CACFP - Cash-in-lieu of USDA Foods	Free	-	-	-	-	0.245	-
Summer Food Service (SFSP) SELF-PREP RATES							
	Breakfast	-	-	-	-	2.375	-
	Lunch or Supper	-	-	-	-	4.1525	-
	Supplement	-	-	-	-	0.9775	-
	TOTAL	-	-	-			-
VENDED RATE							
	Breakfast	-	-	-	-	2.33	-
	Lunch or Supper	-	-	-	-	4.0875	-
	Supplement	-	-	-	-	0.955	-
	TOTAL	-	-	-			-

Auditor Notation:

(a) Reimbursement rates are subject to annual change. Rates indicated in this sample schedule are for illustrative purposes only. Refer to the detailed schedule of reimbursement rates presented on page II-60.29 of this Audit Program. (b) Overclaims or underclaims must be reflected by program on the Schedule of Findings and Questioned Costs (where applicable) and in the AMR. (c) If underclaims are identified and total \$100.00 or more by program, please contact the DOA for requirements to request reimbursement from USDA. Underclaim requests may or may not be approved by USDA for reimbursement. (d) Child and Adult Care Food Program-(CACFP)-At-Risk Dinners

NET CASH RESOURCE SCHEDULE

Net cash resources DOES exceed three months of expenditures Proprietary Funds - Food Service FYE 2023

<u>Net Cash Resources:</u>		Food Service B - 4/5	
ACFR	*	Current Assets	
B-4		Cash & Cash Equiv.	4,645,877
B-4		Due from Other Gov'ts	657,107
B-4		Accounts Receivable	59,520
ACFR		Current Liabilities	
B-4		Less Accounts Payable	(2,476,929)
B-4		Less Deferred Revenue	<u>(162,870)</u>
		Net Cash Resources	<u>\$ 2,722,705</u> (A)

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.	8,461,901	
B-5	Less Depreciation	<u>(83,910)</u>	
	Adj. Tot. Oper. Exp.	<u>\$ 8,377,991</u>	(B)

Average Monthly Operating Expense:

	<u>\$ 837,799</u>	(C)
--	--------------------------	-----

Three times monthly Average:

	<u>\$ 2,513,397</u>	(D)
--	----------------------------	-----

TOTAL IN BOX A	\$	<u>2,722,705</u>	
LESS TOTAL IN BOX D	\$	<u>2,513,397</u>	
NET	\$	<u>209,308</u>	

From above:

A is greater than D, cash exceeds 3 X average monthly operating expenses.
D is greater than A, cash does not exceed 3 X average monthly operating expenses.

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

SOURCE - USDA resource management comprehensive review form

**TOWNSHIP OF EDISON SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 14, 2022**

	2023-2024 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	20	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Half Day Preschool - 4 Yrs	41	-	-	-	-	-	1	-	1	-	-	-	-	-	-	-	
Full Day Preschool - 4 Yrs	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Full Day Kindergarten	1,027	-	1,027	-	-	-	20	-	20	-	-	-	-	-	-	-	
One	996	-	996	-	-	-	19	-	19	-	-	-	-	-	-	-	
Two	1,162	-	1,162	-	-	-	22	-	22	-	-	-	-	-	-	-	
Three	1,163	-	1,163	-	-	-	22	-	22	-	-	-	-	-	-	-	
Four	1,137	-	1,137	-	-	-	22	-	22	-	-	-	-	-	-	-	
Five	1,247	-	1,247	-	-	-	24	-	24	-	-	-	-	-	-	-	
Six	1,237	-	1,237	-	-	-	24	-	24	-	-	-	-	-	-	-	
Seven	1,222	-	1,222	-	-	-	23	-	23	-	-	-	-	-	-	-	
Eight	1,216	-	1,216	-	-	-	23	-	23	-	-	-	-	-	-	-	
Nine	1,097	-	1,097	-	-	-	22	-	22	-	-	-	-	-	-	-	
Ten	1,190	-	1,190	-	-	-	23	-	23	-	-	-	-	-	-	-	
Eleven	1,156	-	1,156	-	-	-	22	-	22	-	-	-	-	-	-	-	
Twelve	1,104	-	1,104	-	-	-	21	-	21	-	-	-	-	-	-	-	
Subtotal	15,016	-	15,016	-	-	-	288	-	288	-	-	-	-	-	-	-	
Special Ed - Elementary School	828	-	828	-	-	-	16	-	16	-	-	-	10	8	8	-	
Special Ed - Middle School	318	7	318	7	-	-	6	-	6	-	-	-	13	10	10	-	
Special Ed - High School	391	1	391	1	-	-	8	-	8	-	-	-	44	33	33	-	
Subtotal	1,537	8	1,537	8	-	-	30	-	30	-	-	-	67	51	51	-	
Totals	16,553	8	16,553	8	-	-	318	-	318	-	-	-	67	51	51	-	
Percentage Error							0%		0%				0%				0%

**TOWNSHIP OF EDISON SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 14, 2022**

	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
Full Day Kindergarten	214	214	-	17	17	-	26	26	-	12	12	-
One	227	227	-	18	18	-	51	51	-	24	24	-
Two	234	234	-	19	19	-	38	38	-	18	18	-
Three	250	250	-	20	20	-	36	36	-	17	17	-
Four	220	220	-	18	18	-	22	22	-	11	11	-
Five	231	231	-	19	19	-	21	21	-	10	10	-
Six	247	247	-	20	20	-	18	18	-	9	9	-
Seven	232	232	-	19	19	-	13	13	-	6	6	-
Eight	251	251	-	20	20	-	22	22	-	11	11	-
Nine	259	259	-	21	21	-	22	22	-	11	11	-
Ten	263	263	-	21	21	-	20	20	-	10	10	-
Eleven	242	242	-	20	20	-	16	16	-	8	8	-
Twelve	229	229	-	19	19	-	17	17	-	8	8	-
Subtotal	3,099	3,099	-	251	251	-	322	322	-	155	155	-
Special Ed - Elementary School	283	283	-	23	23	-	9	9	-	4	4	-
Special Ed - Middle School	140.5	140.5	-	11	11	-	8	8	-	4	4	-
Special Ed - High School	173.5	173.5	-	14	14	-	1	1	-	-	-	-
Juvenile Community Ctr	1	1	-	-	-	-	-	-	-	-	-	-
Juvenile Detention Ctr	2	2	-	-	-	-	-	-	-	-	-	-
Subtotal	600	600	-	48	48	-	18	18	-	8	8	-
Totals	3,699	3,699	-	299	299	-	340	340	-	163	163	-
Percentage Error	0.00%			0.00%			0.00%			0.00%		

Transportation

	Reported on DRTRS by DOE/County			Reported on DRIRS by District			Errors		
	Reported on DRTRS by DOE/County	Reported on DRIRS by District	Errors	Tested	Verified	Errors	Tested	Verified	Errors
Reg - Public Schools, col. 1	4,656	4,656	-	221	221	-	-	-	-
Reg - Sp Ed, col. 4	329	329	-	16	16	-	-	-	-
Transported - Non-Public, col. 3	-	-	-	58	58	-	-	-	-
AIL - Non Public	1,222	1,222	-	-	-	-	-	-	-
Special Ed Spec, col. 6	377	377	-	18	18	-	-	-	-
Totals	6,584	6,584	-	313	313	-	-	-	-
Percentage Error	0.00%			0.00%			0.00%		

**TOWNSHIP OF EDISON SCHOOL DISTRICT
 SCHEDULE OF AUDITED ENROLLMENTS
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 14, 2022**

	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	
Full Day Kindergarten	83	83	-	31	31	-	
One	89	89	-	34	34	-	
Two	64	64	-	24	24	-	
Three	63	63	-	24	24	-	
Four	33	33	-	12	12	-	
Five	30	30	-	11	11	-	
Six	20	20	-	7	7	-	
Seven	19	19	-	8	8	-	
Eight	28	28	-	10	10	-	
Nine	20	20	-	8	8	-	
Ten	19	19	-	7	7	-	
Eleven	15	15	-	7	7	-	
Twelve	20	20	-	9	9	-	
Subtotal	503	503	-	192	192	-	
Special Ed - Elementary School	9	9	-	3	3	-	
Special Ed - Middle School	1	1	-	1	1	-	
Special Ed - High School	-	-	-	1	1	-	
Subtotal	10	10	-	5	5	-	
Totals	513	513	-	197	197	-	
Percentage Error			0.00%			0.00%	

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EXCESS SURPLUS CALCULATION

REGULAR DISTRICT

SECTION 1

A. 2% Calculation of Excess Surplus

2022-2023 Total General Fund Expenditures per the ACFR, Ex. C-1	\$ <u>338,027,595</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>66,570,752</u>	(B2a)
Assets Acquired Under Capital Leases	\$ <u>-</u>	(B2b)
Adjusted 2022-2023 General Fund Expenditures [(B)+(B1s)-(B2s)]	\$ <u><u>271,456,843</u></u>	(B3)
2% of Adjusted 2022-2023 General Fund Expenditures [(B3) times .04]	\$ <u>5,429,137</u>	(B4)
Enter Greater of (B4) or \$250,000	\$ <u>5,429,137</u>	(B5)
Increased by: Allowable Adjustment *	\$ <u>1,787,456</u>	(K)
Maximum Unassigned Fund Balance [(B5)+(K)]	\$ <u><u>7,216,593</u></u>	(M)

SECTION 2

Total General Fund - Fund Balances @ 6/30/2023 (Per ACFR Budgetary Comparison Schedule C-1)	\$ <u>79,099,192</u>	(C)
Decreased by:		
Year-End Encumbrances	\$ <u>9,207,603</u>	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ <u>6,704,896</u>	(C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ <u>5,751,806</u>	(C3)
Other Restricted Fund Balances ****	\$ <u>41,543,169</u>	(C4)
Additional Assigned Fund Balance - Unreserved - Designated for Subsequent	\$ <u>-</u>	(C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	\$ <u><u>15,891,718</u></u>	(U1)

REGULAR DISTRICT (continued):

SECTION 3

Restricted Fund Balance - Excess Surplus *** [(U1)-(M)] IF NEGATIVE ENTER -0-] \$ 8,675,125 (E)

Recapitulation of Excess Surplus as of June 30, 2023

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures ** \$ 5,751,806 (C3)
Reserved Excess Surplus *** [(E)] \$ 8,675,125 (E)
Total Excess Surplus [(C3)+(E)] \$ 14,426,931 (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) Supplemental Stabilization Aid received April 2023 & Maintenance of Equity Aid received July 2023

Detail of Allowable Adjustments

Impact Aid	\$ <u>-</u> (H)
Sale & Lease-back	\$ <u>-</u> (I)
Extraordinary Aid	\$ <u>1,406,192</u> (J1)
Additional Nonpublic School Transportation Aid	\$ <u>381,264</u> (J2)
Current Year School Bus Advertising Revenue Recognized	\$ <u>-</u> (J3)
Family Crisis Transportation Aid	\$ <u>-</u> (J4)
Supplemental Stabilization Aid received April 2023 & Maintenance of Equity Aid received July 2023	\$ <u>-</u> (J5)
Total Adjustments [(H)+(I)+J1)+(J2)+(J3)+(J4)+(J5)]	\$ <u><u>1,787,456</u></u> (K)

** This amount represents the June 30, 2023 Excess Surplus (C3 above) and must be included in the Audit Summary Line 90031.

*** Amounts must agree to the June 30, 2023 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	\$ 38,580,532
Maintenance Reserve	\$ 1,331,592
Emergency Reserve	\$ 1,000,000
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	\$ 631,045
[Other Restricted Fund Balance Not Noted Above] ****	\$ -
 Total Other Restricted Fund Balance	 \$ 41,543,169 (C4)

**TOWNSHIP OF EDISON SCHOOL DISTRICT
AUDIT RECOMMENDATIONS SUMMARY
For the Fiscal Year Ended June 30, 2023**

Recommendations:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

Finding 2023-001* (Financial Statement Finding 2023-001*)

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.

3. School Purchasing Programs

4. School Food Service

Finding 2023-002

The School District should create a plan to reduce the net cash resources below its three month average.

5. Student Body Activities

None

6. Application for State School Aid

None

7. Pupil Transportation

None

8. Facilities and Capital Assets

None

**TOWNSHIP OF EDISON SCHOOL DISTRICT
AUDIT RECOMMENDATIONS SUMMARY
For the Fiscal Year Ended June 30, 2023**

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.