

Auditor's Management Report

for the

***Borough of Emerson
School District***

in the

*County of Bergen
New Jersey*

for the

*Fiscal Year Ended
June 30, 2023*

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

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Scope of Audit	2
Administrative Practices and Procedures	
Insurance	2
Official Bonds	2
P.L. 2020, c. 44	2
Financial Planning, Accounting and Reporting	3
Examination of Claims	3
Tuition Charges	3
Payroll Accounts	3
Position Control Roster	3
Reserve for Encumbrances and Accounts Payable	3
Classification of Expenditures	4
Board Secretary's Records	4
Treasurer's Records	4
Elementary and Secondary Education Act (E.S.E.A.) as amended by Every Student Succeeds Act (ESSA)	4
Other Special Federal and/or State Projects	4
T.P.A.F. Reimbursement	5
T.P.A.F. Reimbursement to the State for Federal Salary Expenditures	5
School Purchasing Programs	
Contracts and Agreements Requiring Advertisement for Bids	5-6
Food Service Fund	6
Student Body Activities	7
Application for State School Aid	7
Pupil Transportation	7
Facilities and Capital Assets	7
Miscellaneous	
Testing for Lead of All Drinking Water in Educational Facilities	7
Follow-Up on Prior Year Findings	7
Recommendations	8
Schedule of Audited Enrollments	9-11
Schedule of Calculation of Excess Surplus	12



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INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with U.S. generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Borough of Emerson School District in the County of Bergen for the year ended June 30, 2023, and have issued our report dated December 22, 2023.

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

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

CERTIFIED PUBLIC ACCOUNTANTS

PUBLIC SCHOOL ACCOUNTANT NO. 948

December 22, 2023

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

SCOPE OF AUDIT

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Monies, the activities of the Emerson Borough School District and the records under the auspices of the Board of Education.

ADMINISTRATIVE PRACTICES AND PROCEDURES

Insurance

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

Official Bonds

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

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

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

P.L. 2020, c.44

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/did not include all health benefit plans offered by the school district.

The school district data certification was completed by the chief school administrator. The school district Chapter 44 data was submitted timely.

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

FINANCIAL PLANNING, ACCOUNTING AND REPORTING

Examination of Claims

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

Tuition Charges

Tuition Charges A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were compared to the estimated costs. The Board made the proper adjustment to the billings to sending districts for the increase/decrease in per pupil costs in accordance with N.J.A.C. 6A:23A-17.1(f)3.

Payroll Accounts

The net salaries of all employees of the District were deposited in the Net Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

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

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

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

Position Control Roster

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

Reserve for Encumbrances Liability (Current) for Accounts Payable

A review of outstanding issued purchase orders was made as of June 30 for goods not yet received or services not yet rendered and it was determined that no blanket purchase orders were included in the balance of the reserves for encumbrances. Also, unpaid purchase orders included in the balance of accounts payable were reviewed for propriety and to determine that goods were received and services were rendered, as of June 30, 2023.

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

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 specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3. As a result of the procedures performed, no errors were noted and no additional procedures were deemed necessary to the test the propriety of expenditure classification.

Board Secretary's Records

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

Treasurer's Records

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

Elementary and Secondary Education Act (E.S.E.A.) as amended by Every Student Succeeds Act (ESSA)

The E.S.E.A. financial exhibits are contained within the Special Revenue Section of the 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 examination of the State and Federal funds on a test basis indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits are contained within the special revenue section of the ACFR represent an accurate statement of the financial position pertaining to the aforementioned special projects.

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

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (Continued)

T.P.A.F. Reimbursement

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

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

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

SCHOOL PURCHASING PROGRAMS

Contracts and Agreements Requiring Advertisement for Bids

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

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

Effective July 1, 2022, the bid threshold in accordance with N.J.S.A. 18A:18A-3(a) and (c) is \$32,000.00. In accordance with N.J.S.A. 40A:11-9 (b) the bid threshold for all purchases made by the District's qualified purchasing agent is \$40,000.00. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18:39-3 is currently \$20,200.00.

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

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

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

SCHOOL PURCHASING PROGRAMS (CONTINUED)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

The results of our examination indicated that no individual payments, contracts or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies," in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provisions of N.J.S.A. 18A:18A-4.

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

The system of records did not provide for an accumulation of purchases for which the School Board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained. Our examination did reveal however, that the district made purchases through the use of state contracts.

FOOD SERVICE FUND

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.

The District utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34 and 19-1 through 19-4.1.

Provisions of the FSMC cost reimbursable fixed price or non-competitive emergency procurement contract/addendum were reviewed and audited. The FSMC contract did not include an operating results provision. The operating provision has been met. All vendor discounts, rebates and credits from vendors and/or the FSMC were tracked and credited to the Food Service Account and reconciled to supporting documentation at least annually.

The school district maintains the detailed revenue and expenditure information necessary in order to execute the USDA mandated Non-Program Food Revenue Tool at least annually.

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.

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

STUDENT BODY ACTIVITIES

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

APPLICATION FOR STATE SCHOOL AID

Our audit procedures included a test of information reported in the October 14, 2022 Application for State School Aid (A.S.S.A) for on-roll, private schools for the handicapped, and low-income. We also performed a review of the district procedures related to its completion. The information on the A.S.S.A. was compared to the district work papers without exception. The information that was included on the workpapers was verified without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

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

PUPIL TRANSPORTATION

Our audit procedures included a test of on roll status reported in the 2022-23 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

FACILITIES AND CAPITAL ASSETS

Facilities and fixed asset records were maintained in satisfactory condition. Records were updated for additions and disposals made during the year.

MISCELLANEOUS

Testing for Lead of All Drinking Water in Educational Facilities

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

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

FOLLOW-UP ON PRIOR YEAR'S FINDINGS:

Not Applicable

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

RECOMMENDATIONS

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

EMERSON BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENTS AS OF 10/14/2022

	2023-2024 Application for State School Aid				Sample for Verification				Private Schools for Disabled					
	Reported on A.S.S.A. On Roll		Workpapers		Selected from Sample Workpapers		Verified per Registers On Roll		Errors per Registers On Roll		Reported on A.S.S.A. as Private Schools		Sample for Verification	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Sample Verified	Sample Errors
Half Day Preschool - 3 YR	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Preschool - 4 YR	44	-	44	-	10	-	10	-	-	-	-	-	-	-
Full Day Preschool - 3 YR	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool - 4 YR	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	82	-	82	-	16	-	16	-	-	-	-	-	-	-
One	74	-	74	-	16	-	16	-	-	-	-	-	-	-
Two	64	-	64	-	16	-	16	-	-	-	-	-	-	-
Three	66	-	66	-	16	-	16	-	-	-	-	-	-	-
Four	77	-	77	-	16	-	16	-	-	-	-	-	-	-
Five	58	-	58	-	16	-	16	-	-	-	-	-	-	-
Six	75	-	75	-	16	-	16	-	-	-	-	-	-	-
Seven	54	-	54	-	16	-	16	-	-	-	-	-	-	-
Eight	79	-	79	-	16	-	16	-	-	-	-	-	-	-
Nine	50	-	50	-	16	-	16	-	-	-	-	-	-	-
Ten	55	-	55	-	16	-	16	-	-	-	-	-	-	-
Eleven	61	-	61	-	16	-	16	-	-	-	-	-	-	-
Twelve	64	-	64	-	16	-	16	-	-	-	-	-	-	-
Post-Graduate	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (15+CR.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (1-14 CR.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	903	-	903	-	218	-	218	-	-	-	-	-	-	-
Special Ed - Elementary	55	-	55	-	12	-	12	-	-	-	1	1	1	-
Special Ed - Middle School	45	-	45	-	12	-	12	-	-	-	3	2	2	-
Special Ed - High School	51	-	51	-	12	-	12	-	-	-	9	8	8	-
Subtotal	151	-	151	-	36	-	36	-	-	-	13	11	11	-
Co. Voc. - Regular	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Co. Voc. Ft. Post Sec.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	1,054	-	1,054	-	254	-	254	-	-	-	13	11	11	-
Percentage Error														

**EMERSON BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENTS AS OF 10/14/2022**

	Resident Low Income			Sample for Verification			Resident ELL Low Income			Sample for Verification		
	Reported on A.S.A. as Low Income	Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on A.S.A. as LEP low Income	Workpapers as LEP low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Half Day Preschool	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Kindergarten	9	9	-	7	7	-	5	5	-	4	4	-
Full Day Kindergarten	4	4	-	3	3	-	-	-	-	-	-	-
One	1	1	-	1	1	-	-	-	-	-	-	-
Two	1	1	-	1	1	-	-	-	-	-	-	-
Three	4	4	-	3	3	-	2	2	-	2	2	-
Four	4	4	-	3	3	-	-	-	-	-	-	-
Five	2	2	-	2	2	-	-	-	-	-	-	-
Six	5	5	-	5	5	-	-	-	-	-	-	-
Seven	4	4	-	2	2	-	-	-	-	-	-	-
Eight	5	5	-	3	3	-	-	-	-	-	-	-
Nine	8	8	-	6	6	-	-	-	-	-	-	-
Ten	5	5	-	3	3	-	-	-	-	-	-	-
Eleven	2	2	-	2	2	-	-	-	-	-	-	-
Twelve	4	4	-	3	3	-	-	-	-	-	-	-
Post-Graduate	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (15+CR)	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (1-14 CR)	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	57	57	-	43	43	-	7	7	-	6	6	-
Special Ed - Elementary	10	10	-	9	9	-	1	1	-	1	1	-
Special Ed - Middle	9	9	-	8	8	-	-	-	-	-	-	-
Special Ed - High	8	8	-	7	7	-	-	-	-	-	-	-
Subtotal	27	27	-	24	24	-	1	1	-	1	1	-
Co. Voc. - Regular	-	-	-	-	-	-	-	-	-	-	-	-
Co. Voc. Ft. Post Sec.	-	-	-	-	-	-	-	-	-	-	-	-
Totals	84	84	-	67	67	-	8	8	-	7	7	-
Percentage Error												

	Transportation		
	Reported on DKTRS by DOE/county	Reported on DKTRS by District	Errors
Reg. - Public Schools, col. 1	56	56	-
Reg - SpEA, col. 4	15	15	-
Transported - Non-Public-ALL, col. 3	45	45	-
Special Ed Spec, col. 6	25	25	-
Totals	141	141	-

	Reported	Recalculated
Reg Avg (Mileage) = Regular Including Grade PK students (Part A)	4.0	4.0
Reg Avg (Mileage) = Regular Excluding Grade PK students (Part B)	4	4.0
Spec Avg = Special Ed with Special Needs	7.2	7.2

EMERSON BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENTS AS OF 10/14/2022

	Resident ELL NOT Low Income			Sample for Verification		
	Reported on A.S.A. as NOT Low Income	Reported on Workpapers as NOT Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Half Day Preschool	-	-	-	-	-	-
Full Day Preschool	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-
Full Day Kindergarten	1	1	-	1	1	-
One	4	4	-	3	3	-
Two	-	-	-	-	-	-
Three	-	-	-	-	-	-
Four	2	2	-	2	2	-
Five	-	-	-	-	-	-
Six	-	-	-	-	-	-
Seven	-	-	-	-	-	-
Eight	-	-	-	-	-	-
Nine	-	-	-	-	-	-
Ten	-	-	-	-	-	-
Eleven	-	-	-	-	-	-
Twelve	-	-	-	-	-	-
Post-Graduate	-	-	-	-	-	-
Adult H.S. (15+CR.)	-	-	-	-	-	-
Adult H.S. (1-14 CR.)	-	-	-	-	-	-
Subtotal	7	7	-	6	6	-
Special Ed - Elementary	1	1	-	1	1	-
Special Ed - Middle	-	-	-	-	-	-
Special Ed - High	-	-	-	-	-	-
Subtotal	1	1	-	1	1	-
Co. Voc. - Regular	-	-	-	-	-	-
Co. Voc. Ft. Post Sec.	-	-	-	-	-	-
Totals	8	8	-	7	7	-
Percentage Error						

EMERSON SCHOOL DISTRICT
SCHEDULE OF CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

REGULAR DISTRICT

SECTION 1

2% Calculation of Excess Surplus

2022 - 2023 Total General Fund Expenditures per the ACFR, Ex. C-1	\$	28,412,820.88
Decreased by:		
On-Behalf TPAF Pension & Social Security	\$	<u>4,919,521.89</u>
Adjusted 2022 - 2023 General Fund Expenditures		\$ <u>23,493,298.99</u>
2% of Adjusted 2022 - 2023 General Fund Expenditures		\$ <u>469,865.98</u>
Greater of Line Above or \$250,000.00		\$ <u>469,865.98</u>
Increased by: Allowable Adjustment		\$ <u>742,808.00</u>
Maximum Unreserved/Undesignated Fund Balance		\$ <u><u>1,212,673.98</u></u>

SECTION 2

Total General Fund - Fund Balances @ 6-30-2023	\$	<u>9,069,511.05</u>
Decreased by:		
Year-End Encumbrances	\$	<u>524,621.87</u>
Other Restricted Fund Balances	\$	<u>7,032,215.45</u>
Assigned Fund Balance - Unreserved-Designated for Subsequent Year's Expenditures	\$	<u>300,000.00</u>
Total Unassigned Fund Balance		\$ <u>1,212,673.73</u>

SECTION 3

Restricted Fund Balance-Excess Surplus	\$	<u> </u>
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Recapitulation of Excess Surplus as of June 30, 2023

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

Detail of Allowable Adjustments

Extraordinary Aid	\$	725,883.00
Additional Non-Public School Transportation Aid		<u>16,925.00</u>
		\$ <u><u>742,808.00</u></u>

Detail of Other Restricted Fund Balance:

Capital Reserve	\$	6,254,293.77
Emergency Reserve		214,488.72
Maintenance Reserve		100,000.00
Unemployment		<u>463,432.96</u>
		\$ <u><u>7,032,215.45</u></u>

