

NEW PROVIDENCE SCHOOL DISTRICT

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NEW PROVIDENCE SCHOOL DISTRICT
 AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS -
 FINANCIAL, COMPLIANCE AND PERFORMANCE
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REPORT OF INDEPENDENT AUDITOR

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

We have audited, in accordance with generally accepted audit standards and *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the New Providence School District in the County of Union for the year ended June 30, 2023, and have issued our report thereon dated November 28, 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 New Providence School District's management, and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.



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



MAURICIO CANTO
Certified Public Accountant
Licensed Public School Accountant
No. 2541

Secaucus, New Jersey
November 28, 2023

**NEW PROVIDENCE SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2023**

SCOPE OF AUDIT

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

ADMINISTRATIVE PRACTICES AND PROCEDURES

Insurance

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

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

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

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

Our audit procedures included an inquiry and subsequent review of health benefit data required per N.J.S.A. 18A:16-13.3 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 the School district. The school district data certification was completed by the chief school administrator. The school district Chapter 44 data was submitted timely.

FINANCIAL PLANNING, ACCOUNTING AND REPORTING

Examination of Claims

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

Payroll Account and Position Control Roster

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

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

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

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, 2023 or proper classification of orders as reserve for encumbrances and accounts payable. No discrepancies were noted.

**NEW PROVIDENCE SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2023**

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (Continued)

Travel

No exceptions were noted.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with *N.J.A.C. 6A:23-2.2(f)* as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classification to determine overall reliability and compliance with *N.J.A.C. 6A:23-8.3*. As a result of the procedures performed, no transaction errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

A. General Classification Findings - No exceptions were noted

B. Administrative Classification Findings – No exceptions were noted

Board Secretary's Records/Business Administrator

Our review of the financial and accounting records maintained by the Board Secretary/Business Administrator did not disclose any exceptions.

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 School Education Act as amended and reauthorized. No exceptions were noted.

Other Special Federal and/or State Projects

The District's Special Projects were approved as listed on Schedule A and Schedule B located in the ACFR.

Our audit of the federal and state funds on a test basis, indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits are contained within the Special Revenue Section of the ACFR. This section of the ACFR documents the financial position pertaining to the aforementioned special projects.

T.P.A.F. Reimbursement

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

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

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

**NEW PROVIDENCE SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2023**

SCHOOL PURCHASING PROGRAMS

Contracts and Agreements Requiring Advertisement for Bids

The bid thresholds in accordance with *N.J.S.A.* 18A:18A-2 and 18A:39-3(a) are \$44,000 with a Qualified Purchasing Agent (QPA) and \$32,000 without a QPA, respectively. The law regulating bidding for public school student transportation contracts under *N.J.S.A.* 18A:39-3 is currently \$20,200 for 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.

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

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

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

SCHOOL FOOD SERVICES

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

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

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

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

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

We inquired of management about the public health emergency procedures/practices that the District instituted to provide meals to all students, maintenance of all applicable production records; meal counts; noncompetitive procurements; modification of existing contracts and applicable financial records to document the specific costs applicable to the emergency operations. We also inquired if the FSMC received a loan in accordance with the Payroll Protection Plan and whether the funds were used to pay for costs applicable to the Food Service Programs. We also inquired if the PPP loan was subsequently forgiven and the FSMC refunded or credited the applicable amounts to the District.

**NEW PROVIDENCE SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2023**

STUDENT BODY ACTIVITIES

During our review of the student activity funds, the following item was noted.

Finding 2023-001

There were several instances noted where cash disbursements from student activity accounts included the payment of sales tax.

Recommendation

The District implement policy and procedures to ensure sales tax are not included in any cash disbursements from student activity accounts.

APPLICATION FOR STATE SCHOOL AID

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

The District maintained workpapers on the prescribed state forms or their equivalent. The District has adequate written procedures for the recording of student enrollment data.

PUPIL TRANSPORTATION

Our audit procedures included a test of on roll status reported in the 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 with some exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

TESTING FOR LEAD OF ALL DRINKING WATER IN EDUCATIONAL FACILITIES

The District adhered to all the requirements of N.J.A.C. 26-1.2 and 12.4 related to the testing for lead of all drinking water in educational facilities. The District submitted the annual Statement of Assurance to the Department of Education pursuant to N.J.A.C. 6A:26-12.4(g).

FOLLOW-UP ON PRIOR YEAR FINDINGS

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

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



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



MAURICIO CANTO
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No. 2541

Secaucus, New Jersey
November 28, 2023

NEW PROVIDENCE BOARD OF EDUCATION
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 14, 2022

	2023-2024 Application for State School Aid						Sample of Verification						Private Schools for Disabled								
	Reported on ASSA On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Registers On Roll		Errors per Registers On Roll		Reported on ASSA as Private Schools		Sample for Verification		Sample Verified		Sample Errors		
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	
Half Day Preschool	22	-	22	-	-	-	22	-	22	-	-	-	-	-	-	-	-	-	-	-	
Half Day Kindergarten	103	-	103	-	-	-	103	-	103	-	-	-	-	-	-	-	-	-	-	-	
One	149	-	149	-	-	-	149	-	149	-	-	-	-	-	-	-	-	-	-	-	
Two	162	-	162	-	-	-	162	-	162	-	-	-	-	-	-	-	-	-	-	-	
Three	164	-	164	-	-	-	164	-	164	-	-	-	-	-	-	-	-	-	-	-	
Four	194	-	194	-	-	-	194	-	194	-	-	-	-	-	-	-	-	-	-	-	
Five	174	-	174	-	-	-	174	-	174	-	-	-	-	-	-	-	-	-	-	-	
Six	179	-	179	-	-	-	179	-	179	-	-	-	-	-	-	-	-	-	-	-	
Seven	184	-	184	-	-	-	184	-	184	-	-	-	-	-	-	-	-	-	-	-	
Eight	161	-	161	-	-	-	161	-	161	-	-	-	-	-	-	-	-	-	-	-	
Nine	144	-	144	-	-	-	144	-	144	-	-	-	-	-	-	-	-	-	-	-	
Ten	147	1	147	1	-	-	147	1	147	1	-	-	-	-	-	-	-	-	-	-	
Eleven	140	3	140	3	-	-	140	3	140	3	-	-	-	-	-	-	-	-	-	-	
Twelve	136	3	136	3	-	-	136	3	136	3	-	-	-	-	-	-	-	-	-	-	
Subtotal	2,059	7	2,059	7	-	-	2,059	7	2,059	7	-	-	-	-	-	-	-	-	-	-	
Special Education-Elementary	110	-	110	-	-	-	110	-	110	-	-	-	-	-	-	-	-	-	-	-	
Special Education-Middle	79	-	79	-	-	-	79	-	79	-	-	-	-	-	-	-	-	-	-	-	
Special Education-Highschool	87	5	87	5	-	-	87	5	87	5	-	-	-	-	-	-	-	-	-	-	
Subtotal	276	5	276	5	-	-	276	5	276	5	-	-	-	-	-	-	-	-	-	-	
TOTALS	2,335	12	2,335	12	-	-	2,335	12	2,335	12	-	-	-	-	-	-	-	-	-	-	
					0.00%						0.00%										0.00%

NEW PROVIDENCE BOARD OF EDUCATION
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 14, 2022

	Resident Low Income			Sample of Verification			Resident LEP Low Income			Sample of Verification		
	Reported on ASSA Low Income	Reported on Workpapers Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Registers	Sample Errors	Reported on ASSA as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Registers	Sample Errors
Half Day Kindergarten	1	1	-	1	1	-	-	-	-	-	-	-
One	3	3	-	3	3	-	-	-	-	-	-	-
Two	2	2	-	2	2	-	1	1	1	1	-	-
Three	4	4	-	4	4	-	1	1	1	1	-	-
Four	3	3	-	3	3	-	2	2	2	2	-	-
Five	1	1	-	1	1	-	1	1	1	1	-	-
Six	2	2	-	2	2	-	-	-	-	-	-	-
Seven	-	-	-	-	-	-	-	-	-	-	-	-
Eight	4	4	-	4	4	-	-	-	-	-	-	-
Nine	6	6	-	6	6	-	-	-	-	-	-	-
Ten	3	3	-	3	3	-	-	-	-	-	-	-
Eleven	-	-	-	-	-	-	-	-	-	-	-	-
Twelve	4	4	-	4	4	-	-	-	-	-	-	-
Subtotal	33	33	-	33	33	-	5	5	5	5	-	-
Special Education-Elementary	1	1	-	-	-	-	-	-	-	-	-	-
Special Education-Middle	-	-	-	-	-	-	1	1	1	1	-	-
Special Education-Highschool	5	5	-	5	5	-	-	-	-	-	-	-
Subtotal	6	6	-	5	5	-	1	1	1	1	-	-
TOTALS	39	39	0.00%	38	38	0.00%	6	6	6	6	0.00%	0.00%

	Transportation		
	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors
Reg.-Public Schools (A1-A5)	88	88	-
Reg.-Special Education (A8)	4	4	-
Special Ed. Spec Trans. (B1-B8)	56	56	-
TOTALS	148	148	0.00%

	Reported	Recalculated
Reg Avg (Mileage) = Regular including Grade PK Students (Part A)	8.6	8.6
Reg Avg (Mileage) = Regular excluding Grade PK Students (Part B)	8.3	8.3
Special Avg = Special Ed w/ Special Needs	8.3	8.3

**NEW PROVIDENCE BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 14, 2022**

	Resident LEP Not Low Income			Sample of Verification		
	Reported on ASSA NOT LOW Income	Reported on Workpapers NOT LOW Income	Errors	Sample Selected from Workpapers	Verified per Applications & Registers	Errors
Half Day Kindergarten	2	2	-	2	2	-
One	4	4	-	4	4	-
Two	6	6	-	6	6	-
Three	1	1	-	1	1	-
Four	-	-	-	-	-	-
Five	3	3	-	3	3	-
Six	4	4	-	4	4	-
Seven	1	1	-	1	1	-
Eight	1	1	-	1	1	-
Nine	5	5	-	5	5	-
Ten	5	5	-	5	5	-
Eleven	1	1	-	1	1	-
Twelve	-	-	-	-	-	-
Subtotal	33	33	-	33	33	-
Special Education-Elementary	1	1	-	1	1	-
Special Education-Middle	-	-	-	-	-	-
Special Education-Highschool	2	2	-	2	2	-
Subtotal	3	3	-	3	3	-
TOTALS	36	36	-	36	36	-
			0.00%			0.00%

**NEW PROVIDENCE SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FOR THE FISCAL YEA ENDED JUNE 30, 2023**

SECTION 1

A. 2% Calculation of Excess Surplus

2022 - 2023 Total General Fund Expenditures per the ACFR, Ex. C-1	\$ 54,715,483 (B)
Increased by:	
Transfer from Capital Outlay to Capital Projects Fund	- (B1a)
Transfer from Capital Reserve to Capital Projects Fund	- (B1b)
Transfer from General Fund to SRF for PreK-Regular	- (B1c)
Transfer from General Fund to SRF for PreK-Inclusion	- (B1d)
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>10,237,084 (B2a)</u>
Adjusted 2022-23 General Fund Expenditures [(B) + (B1s) - (B2s)]	<u>\$ 44,478,399 (B3)</u>
2% of Adjusted 2022-23 General Fund Expenditures [(B3) times .02]	\$ 889,568 (B4)
Enter Greater of (B4) or \$250,000	889,568 (B5)
Increased by: Allowable Adjustment (Increase in Extraordinary Aid)	<u>306,851 (K)</u>
Maximum Unreserved/Undesignated Fund Balance [(B5) + (K)]	<u>\$ 1,196,419 (M)</u>

SECTION 2

Total General Fund - Fund Balances at June 30, 2023 (Per ACFR Budgetary Comparison Schedule C-1)	\$ 7,274,883 (C)
Decreased by:	
Year-end Encumbrances	1,034,225 (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	- (C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures	2,436,696 (C3)
Other Reserved Fund Balances - Capital Reserve	303,204 (C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	<u>1,323,304 (C5)</u>
Total Unreserved/Undesignated Fund Balance [(C) - (C1) - (C2) - (C3) - (C4) - (C5)]	<u>\$ 2,177,454 (U1)</u>

SECTION 3

Restricted Fund Balance - Excess Surplus [(U1)-(M)] IF NEGATIVE ENTER -0-	<u>\$ 981,035 (E)</u>
Recapitulation of Excess Surplus as of June 30, 2023	
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	\$ 2,436,696 (C3)
Reserved Excess Surplus [(E)]	<u>981,035 (E)</u>
Total Excess Surplus [(C3) + (E)]	<u>\$ 3,417,731 (D)</u>

**NEW PROVIDENCE SCHOOL DISTRICT
AUDIT RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

None

3. School Purchasing Programs

None

4. School Food Services

None

5. Student Body Activities

- The District implement policy and procedures to ensure sales tax are not included in any cash disbursements from student activity accounts.

6. Application for State School Aid

None

7. Pupil Transportation

None

8. Facilities and Capital Assets

None

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

None

10. Follow-Up on Prior Year Findings

Not Applicable