SOUTH ORANGE AND MAPLEWOOD SCHOOL DISTRICT COUNTY OF ESSEX, NEW JERSEY

AUDITORS MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE FOR THE FISCAL YEAR ENDED JUNE 30, 2020

HODULIK & MORRISON, P.A.

A division of PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

SOUTH ORANGE & MAPLEWOOD SCHOOL DISTRICT
ESSEX COUNTY, NEW JERSEY

AUDITORS MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE

TABLE OF CONTENTS

	PAGE
Independent Auditor's Report	1
Scope of Audit	2
Administrative Practices and Procedures	
Insurance	2
Official Bonds	2
Tuition Charges	2
Examination of Claims	2 - 3
Financial Planning, Accounting and Reporting	
Payroll Account	3
TPAF Reimbursement to the State for Federal Salary Expenditures	
Reserve for Encumbrances and Accounts Payable	4
Classification of Expenditures	4
Board Secretary's Records	4
Treasurer's Records	4
General Fixed Assets	4
Elementary and Secondary Education Act (E.S.E.A) as Amended By the Every Student Succeeds Act (ESSA)	5
Other Special Federal and/or State Projects	5
Travel	5
T.P.A.F. Reimbursement	5
State Audits of Federal Award Programs	5
School Purchasing Programs	
Contracts and Agreements Requiring Advertisement for Bids	6 - 7
School Food Service Fund	7
Student Activity Funds	8
Application for State School Aid	8
Pupil Transportation	8
Follow-Up on Prior Years' Findings	9
Acknowledgment	9
Net Cash Resource Schedule	10
Schedule of Audited Enrollments	11 - 13
Excess Surplus Calculation	14 - 15
Audit Recommendations Summary	16

Tax ID Number 226002242

HODULIK & MORRISON, P.A.

A division of PKF O'CONNOR DAVIES ACCOUNTANTS AND ADVISORS

INDEPENDENT AUDITORS' REPORT

Honorable President and Members
of the Board of Education
School District of South Orange and Maplewood
Maplewood, New Jersey

We have audited, in accordance with generally accepted auditing 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 School District of South Orange and Maplewood in the County of Essex, New Jersey, as of and for the year ended June 30, 2020, and have issued our report thereon dated February 3, 2021.

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 Board of Education of the School District of South Orange and Maplewood's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Hodulik & Morrison, P.A.

HODULIK & MORRISON, P.A.
A division of PKF O'Connor Davies
Certified Public Accountants
Public School Accountants

Andrew G. Hodulik
Public School Accountant
PSA # 841

Cranford, New Jersey
February 3, 2021

ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Moneys, the activities of the Board of Education, and the records of the various funds and accounts under the auspices of the Board of Education.

The audit did not and could not determine the character of services rendered for which payment had been made nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed. These details were necessarily covered by the approval of such claims. Revenues and receipts were established and verified as to sources and amount only insofar as the records permitted.

ADMINISTRATIVE PRACTICES AND PROCEDURES

Insurance

The District is a member of the New Jersey School Boards Association Insurance Group, a joint insurance fund formed under the provisions of N.J.S.A. 18A:18:b-1 et seq. One of the objectives of a joint insurance fund is to provide a cost-effective risk management program. This is accomplished through member risk retention, pooled risk retention through the fund, and the procurement of excess insurance coverage at premiums that reflect the combined purchasing power of all the fund members. The fund's risk management plan, which sets forth limits of coverage, individual member risk retention (per occurrence and aggregate), fund risk retention, is set forth on Exhibit J-20 of the District's CAFR. No attempt was made to determine the adequacy of coverage as part of this report. Adequacy of coverage is the responsibility of the Board of Education.

Official Bonds

The following positions were covered by Surety Bonds:

Ms. Dana Sullivan, Treasurer of School Moneys	$500,000.00
Mr. Paul Roth, School Business Administrator/ Board Secretary	150,000.00

The Treasurer's bond exceeded the statutory minimum for the 2019-20 school year and is above the minimum required for the 2020-21 school year.

FINANCIAL PLANNING, ACCOUNTING AND REPORTING

Examination of Claims

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

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (Cont'd.)

Examination of Claims (Cont'd,)

Audit testing identified several instances wherein purchase orders were recorded in the accounting system subsequent to the date of vendor invoices. These purchase orders consisted exclusively of billings from professionals and businesses that had been awarded contracts on an hourly or unit price basis, but no estimate of the contract utilization had been recorded as an encumbrance.

Discussion with the business office personnel further indicated that these contracts and their use are closely monitored, and the business office was satisfied as to the adequacy of internal control over these items. As amounts billed by these vendors were in accordance with approved rates and prices, all purchases of goods or services under these contracts were properly authorized, and no overcommitments of budgetary line-items resulted form the existing conditions, no recommendation is made.

Payroll Account

The Board maintained the Net Payroll and Agency Account method for the depositing and payment of its payrolls. The net payrolls from all sources are deposited in the payroll account and all payroll deductions, together with the Board's share, are deposited to the agency account.

All payrolls were approved by the Superintendent and were certified by the President of the Board and the Board Secretary/School Business Administrator. Tests were made of these records with no exceptions noted.

Salary withholdings were promptly remitted to the proper agencies. Tests of withholdings for the employee share of health benefit costs indicated that amounts withheld were properly calculated in accordance with the governing statute and the provisions of collective bargaining agreements.

Additional tests of pension reports and health benefits rosters indicated that the District enrolled employees timely and removed employees timely upon separation from service.

The District maintains a detailed payroll deductions ledger which identifies any balance in the account and purpose for which it was deducted. The balance in the payroll deductions ledger is proved to the Treasurer prepared account reconciliation on a monthly basis.

TPAF Reimbursement to the State for Federal Salary Expenditures

The reimbursement to the State for 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 Pension and Social Security 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 60-day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (Cont'd.)

Reserve for Encumbrances, Liability (Current) for Accounts Payable
Classification of Expenditures

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.

Audit tests indicated and that management properly identified and recorded accounts payable for goods and services provided or delivered at June 30, 2020 for which payment had not yet been made, and no unrecorded accounts payable were identified by audit testing.

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 individually significant expenditure items and 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 test the propriety of expenditure classification.

Board Secretary's Records

The minutes maintained by the Board Secretary were in good condition.

The financial and accounting records maintained by the Board Secretary were found to be in good condition.

During the school year, monthly reports of the Board secretary were prepared and submitted to the Board on a timely basis.

Treasurer's Records

We noted that the Treasurer of School Moneys performed monthly cash reconciliations during the year that resulted in the issuance of reports that were in agreement with the monthly reports of the Board Secretary.

General Fixed Assets

During the period under review the general fixed asset accounting and reporting system was maintained satisfactorily to provide for all the required financial information for the preparation of the statement of changes in general fixed assets.

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 CAFR. This section of the CAFR 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 State Special Projects were approved as listed Exhibit K-4 located in the CAFR.

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

The financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects on a grant accounting budgetary basis and reports the financial position of the fund on a GAAP basis at June 30, 2020.

Travel

Tests were performed to determine the existence of required policy documents and the District's compliance with same with respect to the timely approval and appropriate reimbursement rates for approved travel. No exceptions were noted.

T.P.A.F. Social Security/Medicare State Reimbursements

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

State Audits of Federal Award Programs

During the Spring of 2012, the New Jersey Department of Education performed programmatic and financial audits of the District's federal awards and programs. A preliminary report, which contained several findings and recommendations, was issued during the 2012-13 school year. In response to that report, the District acknowledged concurrence with certain non-financial findings and formally appealed several other findings and submitted additional documentation in support of its position. As of the date of this report, no final report has been received by the District and the matters under appeal remain pending. In the event that the appealed findings are upheld, the District may be required to return grant funds to the state. The range of potential refunds is not such that it would have a material impact on the District's financial position.

SCHOOL PURCHASING PROGRAMS

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A: 18A-3 states"

"a. When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in a contract year the total sum of $17,500.00, the contract may be awarded by a purchasing agent when so authorized by resolution of the board of education without public advertising for bids and bidding therefore, except that the board of education may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotes. If the If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (C.40A: 11-9) the board of education may establish that the bid threshold may be up to $25,000. Such authorization may be granted for each contract or by general delegation of the power to negotiate and award such contracts pursuant to this section."

"b. Commencing in the fifth year after the year in which P.L. 1999. c.440 takes effect, and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount and the higher threshold amount which the board of education is permitted to establish as set forth in subsection a. of this section to the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in N.J.S. 18A:18A-2, and shall round the adjustment to the nearest $1,000. The Governor shall notify all local school districts of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1, of the year in which it is made."

"Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection a. of N.J.S.18A:18A-5 may be awarded for a period not exceeding 12 consecutive months."

N.J.S.A. 18A:18A-4 states, "Every contract or agreement for the 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 therefore, except as is provided otherwise in this chapter or specifically by any other law."

Effective July 1, 2015 and thereafter the bid thresholds in accordance with N.J.S.A. 18A:18A-2 (as amended) and 18A:18A-3(a) are $40,000.00 (with a Qualified Purchasing Agent) and $29,000.00 (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 currently $19,000 for 2019-20.

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.

SCHOOL PURCHASING PROGRAMS

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A: 18A-3 states"

The results of the 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 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.

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.

State approved contracts were issued for vendors throughout the year for state contracts that were awarded over the bid threshold as required under Administrative Code section 5:34-7.29.

The results of the audit indicated that the existing procurement policies and procedures were generally adequate to identify contemplated purchases that required additional procedures (quotes, bids, etc.) to comply with the provisions of the School Contracts Law, and no instances of non-compliance were identified by the audit.

School Food Service Fund

COVID-19 Emergency

In accordance with the Governor's Declaration of Emergency pertaining to the COVID 19 Virus 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.

Therefore, 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 Free and Reduced Price meal eligible students.

SFAs were notified of the requirement to maintain and report separate meal count records and financial records of all applicable costs incurred in providing meals to all free and reduced price meal eligible students during the emergency.

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, as to whether the School Food Authority (SFA) had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted.

SCHOOL PURCHASING PROGRAMS

School Food Service Fund (Cont'd.)

We also inquired of school management, as to whether the SFA's expenditures of school service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

Non-program foods were purchased, prepared, sold and offered for sale. The Statement of Revenues, Expenses, and Changes in Fund Net Assets (CAFR Schedule B-5) separates program and non-program revenue and program and non-program cost of goods sold.

We also inquired of management about the emergency COVID-19 procedures/practices that the SFA instituted to provide meals to eligible students, maintenance of all applicable production records; meal counts; noncompetitive procurements; modification of existing contracts and applicable financial records to document the specific costs applicable to the emergency operations.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Section G.

Amounts collected for food sales are deposited to a Board account. The appropriate revenue and expense records were maintained in order to substantiate the non-profit status of the school food service. Net cash resources exceed three-months average expenditures. The District has historically utilized favorable Food Service Fund operating variances to maintain and/or replace cafeteria equipment and facilities that are nearing the ends of their useful lives. The District has indicated that additional equipment replacements and cafeteria improvements are planned.

SCHOOL PURCHASING PROGRAMS

Student Activity Funds

Our audit of the student activity funds indicated that deposits were made on a timely basis and that supporting documentation was available for items selected for testing. Cash was reconciled on a monthly basis. The records of the Columbia High School accounts were maintained on QuickBooks, and the records of cash received and disbursed were found to be complete. However, in the subsidiary record of account balances by club, program or activity, we noted minor discrepancies between audited balances and those appearing in the records. The true balances were provided to the fund treasurer, and the subsidiary record should be revised accordingly.

The District may wish to consider the establishment of a uniform set of standards for each school fund to follow in their accounting and reporting function. The use of a single software package, with a uniform chart of accounts, and standard forms for cash deposits, disbursement requests and monthly cash reconciliations and balance reporting, coupled with the development of an operations manual and staff training that emphasizes proper accounting techniques and appropriate internal controls, would improve the level of accountability. However, and perhaps of greater significance, it would also serve to minimize the declines in the quality of the records that often occurs when there is a change in the personnel at each school who maintain these records.

Application for State School Aid

Our audit procedures included tests of information reported in the October 15, 2019 Application for State School Aid (A.S.S.A.) 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 A.S.S.A. was compared to the district workpapers without exception.

The information that was included on the workpapers was verified without exception. The results or 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 procedures included a test of on-roll status reported in the 2019-20 District Report of Resident Transported Students (DRTRS). The information 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.

Follow-Up on Prior Years' Findings

In accordance with *Government Auditing Standards*, our procedures included a review of any prior year recommendations. No findings or recommendations were included in the prior report.

****

ACKNOWLEDGMENT

During the course of our audit, we received the complete cooperation of all the officials of the school district, and we greatly appreciate the courtesies extended to us.

Respectfully submitted,

Hodulik & Morrison, P.A.

HODULIK & MORRISON, P.A.
Certified Public Accountants
Public School Accountants

Andrew G. Hodulik
Certified Public Accountant
Public School Accountant #841

NET CASH RESOURCE SCHEDULE

Net cash resources did/did not exceed three months of expenditures
Proprietary Funds - Food Service
FYE 2020

				Food Service B - 4/5	
Net Cash Resources:					
CAFR	*	**Current Assets**			
B-4		Cash & Cash Equiv.	$	851,921	
B-4		Due from Other Gov'ts		27,574	
B-4		Accounts Receivable		32,681	
CAFR		**Current Liabilities**			
B-4		Less Accounts Payable		(78,825)	
B-4		Less Accruals			
B-4		Less Due to Other Funds			
B-4		Less Deferred Revenue		(174,701)	
		Net Cash Resources	**$**	**658,650**	**(A)**
Net Adj. Total Operating Expense:					
B-5		Tot. Operating Exp.		1,770,204	
B-5		Less Depreciation		(33,107)	
		Adj. Tot. Oper. Exp.	**$**	**1,737,097**	**(B)**
Average Monthly Operating Expense:					
		B / 10	**$**	**173,709.70**	**(C)**
Three times monthly Average:					
		3 X C	**$**	**521,129**	**(D)**

TOTAL IN BOX A	$	658,650
LESS TOTAL IN BOX D	$	521,129
NET	**$**	**137,521**

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

SCHEDULE OF AUDITED ENROLLMENTS

SOUTH ORANGE & MAPLEWOOD BOE

APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2019

	2019-2020 Application for State School Aid						Sample for Verification						Private Schools for Disabled			
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Registers On Roll		Errors per Registers On Roll		Reported on A.S.S.A. as Private Schools	Sample for Verifi-cation	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Half Day Preschool 3 Years Old	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool 3 Years Old	27	-	27	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool 4 Years Old	53	-	53	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	561	-	561	-	-	-	-	-	-	-	-	-	-	-	-	-
One	556	-	556	-	-	-	-	-	-	-	-	-	-	-	-	-
Two	501	-	501	-	-	-	-	-	-	-	-	-	-	-	-	-
Three	496	-	496	-	-	-	-	-	-	-	-	-	-	-	-	-
Four	489	-	489	-	-	-	-	-	-	-	-	-	-	-	-	-
Five	486	-	486	-	-	-	-	-	-	-	-	-	-	-	-	-
Six	449	-	449	-	-	-	-	-	-	-	-	-	-	-	-	-
Seven	472	-	472	-	-	-	-	-	-	-	-	-	-	-	-	-
Eight	442	-	442	-	-	-	-	-	-	-	-	-	-	-	-	-
Nine	435	-	435	-	-	-	-	-	-	-	-	-	-	-	-	-
Ten	406	-	406	-	-	-	-	-	-	-	-	-	-	-	-	-
Eleven	427	4	427	4	-	-	-	-	-	-	-	-	-	-	-	-
Twelve	406	2	406	2	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	6,206	6	6,206	6	-	-	-	-	-	-	-	-	-	-	-	-
Special Ed - Elementary	408	-	408	-	-	-	-	-	-	-	-	-	31	-	-	-
Special Ed - Middle School	251	-	251	-	-	-	-	-	-	-	-	-	20	-	-	-
Special Ed - High School	275	13	275	13	-	-	-	-	-	-	-	-	56	-	-	-
Subtotal	934	13	934	13	-	-	-	-	-	-	-	-	107	-	-	-
Totals	7,140	19	7,140	19	-	-	-	-	-	-	-	-	107	-	-	-
Percentage Error					0%	0%					0%	0%				0%

SCHEDULE OF AUDITED ENROLLMENTS

SOUTH ORANGE & MAPLEWOOD BOE
APPLICATION FOR STATE SCHOOL AID SUMMARY (continued)
ENROLLMENT AS OF OCTOBER 15, 2019

	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 Bilingual Education	Reported on Workpapers as Bilingual Education	Sample Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Full Day Preschool 3 Years	1	1	-	-	-	-	-		-	-	-	-
Full Day Preschool 4 Years	4	4	-	-	-	-	-		-	-	-	-
Kindergarten	46	46	-	-	-	-	4	4	-	-	-	-
One	46	46	-	-	-	-	7	7	-	-	-	-
Two	41	41	-	-	-	-	6	6	-	-	-	-
Three	50	50	-	-	-	-	5	5	-	-	-	-
Four	56	56	-	-	-	-	6	6	-	-	-	-
Five	63	63	-	-	-	-	7	7	-	-	-	-
Six	47	47	-	-	-	-	1	1	-	-	-	-
Seven	54	54	-	-	-	-	3	3	-	-	-	-
Eight	55	55	-	-	-	-	2	2	-	-	-	-
Nine	63	63	-	-	-	-	10	10	-	-	-	-
Ten	61	61	-	-	-	-	6	6	-	-	-	-
Eleven	54	54	-	-	-	-	5	5	-	-	-	-
Twelve	68	68	-	-	-	-	-	-	-	-	-	-
Subtotal	709	709	-	-	-	-	62	62	-	-	-	-
Sp Ed - Elementary	87	87	-	-	-	-	3	3	-	-	-	-
Sp Ed - Middle School	65	65	-	-	-	-	2	2	-	-	-	-
Sp Ed - High School	66	66	-	-	-	-	-	-	-	-	-	-
Subtotal	218	218	-	-	-	-	5	5	-	-	-	-
Total	927	927	-	-	-	-	67	67	-	-	-	-
Percentage Error			0.00%			0.00%			0.00%			0.00%

	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public School	300	300	-	63	62	1
Non-Public Transportation	328	328	-	68	66	2
AIL Non-public	297	297	-	62	55	7
Regular Special Education	56	56	-	12	12	-
Special Needs	237	237	-	49	49	-
Totals	1,218	1,218	-	254	244	10
Percentage Error			0%			4%

	Reported	Recalculated
Reg. Avg. Mileage - Regular Inc. Grade PK students	6.8	6.8
Reg. Avg. Mileage - Regular Exc. Grade PK students	8.5	6.8
Spec. Avg. Mileage - Special Education with Special Needs	8.5	8.5

SCHEDULE OF AUDITED ENROLLMENTS

SOUTH ORANGE & MAPLEWOOD BOE
APPLICATION FOR STATE SCHOOL AID SUMMARY (continued)
ENROLLMENT AS OF OCTOBER 15, 2019

	Resident LEP NOT Low Income			Sample for Verification		
	Reported on ASSA Bilingual Education	Reported on Workpapers as Bilingual Education	Errors	Sample Selected from Workpapers	Verified to Test Score & Register	Sample Errors
Full Day Preschool	-	-	-	-	-	-
Kindergarten	3	3	-	-	-	-
One	2	2	-	-	-	-
Two	3	3	-	-	-	-
Three	3	3	-	-	-	-
Four	1	1	-	-	-	-
Five	1	1	-	-	-	-
Six	-	-	-	-	-	-
Seven	-	-	-	-	-	-
Eight	-	-	-	-	-	-
Nine	2	2	-	-	-	-
Ten	1	1	-	-	-	-
Eleven	1	1	-	-	-	-
Twelve	0	0	-	-	-	-
Subtotal	17	17	-	-	-	-
Sp Ed - Elementary	-	-	-	-	-	-
Sp Ed - Middle School	-	-	-	-	-	-
Sp Ed - High School	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
Total	17	17	-	-	-	-
Percentage Error			0.00%			0.00%

EXCESS SURPLUS CALCULATION

REGULAR DISTRICT/CHARTER SCHOOL/RENAISSANCE SCHOOL PROJECT

SECTION 1

A. 2% Calculation of Excess Surplus

2019-2020 Total General Fund Expenditures per the CAFR, Ex. C-1	$ 140,512,835	(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	$ 18,049,386	(B2a)	
Assets Acquired Under Capital Leases	$	(B2b)	
Adjusted 2019-20 General Fund Expenditures [(B)+(B1s)-(B2s)]	$ 122,463,449	(B3)	
2% of Adjusted 2019-20 General Fund Expenditures [(B3) times .02]	$ 2,449,269	(B4)	
Enter Greater of (B4) or $250,000	$ 2,449,269	(B5)	
Increased by: Allowable Adjustment*	$ 924,685	(K)	
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]			$ 3,373,954 (M)

SECTION 2

Total General Fund - Fund Balances @ 6/30/2020 (Per CAFR Budgetary Comparison Schedule C-1)	$ 27,667,077	(C)	
Decreased by:			
Year-end Encumbrances	$ 3,472,131	(C1)	
Legally Restricted -Designated for Subsequent Year's Expenditures	$	(C2)	
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	$ 3,453,594	(C3)	
Other Restricted Fund Balances****	$ 9,298,943	(C4)	
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	$ 1,392,154	(C5)	
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]			$ 10,050,255 (U1)

SECTION 3

Restricted Fund Balance-Excess Surplus ***[(U1-(M)] IF NEGATIVE ENTER -0- $ 6,676,301 (E)

Recapitulation of Excess Surplus as of June 30, 2020

Reserved Excess Surplus-Designated for Subsequent Year's Expenditures**	$ 3,453,594	(C3)
Reserved Excess Surplus***[(E)]	$ 6,676,301	(E)
Total [(C3) + (E)]	$ 10,129,895	(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, effective for the year ending June 30, 2016 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 Advertiaing Revenue; and

(J4) Family Crisis Transportation Aid

Detail of Allowable Adjustments

Impact Aid	$	(H)
Sale & Lease-back	$	(I)
Extraordinary Aid	$ 865,912.00	(J1)
Additional Nonpublic School Transportation Aid	$ 58,773.00	(J2)
Current Year School Bus Advertising Revenue Recognized	$	(J3)
Family Crisis Transportation Aid	$	(J4)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)]	$ 924,685.00	(K)

** This amount represents the June 30, 2020 Excess Surplus (C3 above) and must be included in the Audit Summary Line 90031.

*** Amount must agree to the June 30, 2020 CAFR 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 any other 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.

*****Increase in Assigned Fund Balance-Unreserved-Designated for Subsequent Year's expenditures July 1, 2020 to August 1, 2020 resulting from decrease in state aid after adoption of 2020-21 district budget. Refer to Commissioner's Broadcast and to page I-4.2 of this Audit Program.

Detail of Other Reserved Fund Balance

Statutory restrictions:		
Approved unspent separate proposal	$	
Sale/lease-back reserve	$	
Capital reserve	$ 5,845,184.00	
Maintenance reserve	$ 3,453,759.38	2,453,759
Emergency reserve	$	
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	$	
[Other Restricted Fund Balance not noted above]****	$	
Total Other Restricted Fund Balance	$ 9,298,943.38	(C4)

SOUTH ORANGE AND MAPLEWOOD SCHOOL DISTRICT
AUDIT RECOMMENDATIONS SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Recommendations:

1. Administrative Practices and Procedures

   None

2. Financial Planning, Accounting and Reporting

   None

3. School Purchasing Programs

   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 Audit Findings/Recommendations

    There were no prior year recommendations as a result no correction action was required.