

**BERGEN COUNTY ASBO**

**MEETING – MARCH 18, 2021**  
**9:00 AM**

Presenter – Gary W. Higgins, Partner, CPA, PSA, RMA – Lerch, Vinci & Higgins, LLP

- Preparing for your District's June 30, 2021 Annual Audit
  - Key District-Required Information to Complete the Comprehensive Annual Financial Report
  - Administrative Questionnaire (State Audit Program III 6.1-3)
  - Checklist for Annual Audit (State Audit Program III 6.4-15)
  
- Meet the GASB's That Impact the Preparation of the Comprehensive Annual Financial Report
  
  
- Beware of Common Audit Findings

**BERGEN COUNTY ASBO  
MARCH 18, 2021**

**“PREPARING FOR YOUR DISTRICT’S JUNE 30, 2021 ANNUAL AUDIT”**

**KEY DISTRICT REQUIRED INFORMATION TO COMPLETE THE  
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**Introductory Section**

- Letter including update of Major Initiatives relating to the year under audit
- Updated Organizational Chart effective as of June 30, 2021
- Roster of Officials and Consultants and Advisers as of June 30, 2021

**Financial Section**

- Capital Assets Report – Additions should prove to capital assets in the financial records.
- Compensated Absences – Calculate the District’s liability as of June 30, 2021 in accordance with GASB No. 16 “Accounting for Compensated Absences”.

**Statistical Section**

- |                     |  |
|---------------------|--|
| <b>Exhibit J-6</b>  | <b><i>“Assessed Value and Estimated Actual Value of Real Property”</i></b>   |
| <b>Exhibit J-7</b>  | <b><i>“Direct and Overlapping Property Tax Rates”</i></b><br>- Obtain the 2020 “Table of Aggregates” from the municipal tax duplicate.                 |
| <b>Exhibit J-12</b> | <b><i>“Direct and Overlapping Governmental Activities Debt”</i></b>  |
| <b>Exhibit J-13</b> | <b><i>“Legal Debt Margin”</i></b><br>- Obtain copy of December 31, 2020 Annual Debt Statement from the municipalities sending students to the District |
| <b>Exhibit J-16</b> | <b><i>“Full Time Equivalent District Employees by Functional Program”</i></b><br>- Update for 2020/21 school year                                      |
| <b>Exhibit J-17</b> | <b><i>“Operating Statistics”</i></b><br>- Update for 2020/21 school year. Auditor will provide operating Expenditures to determine cost per pupil      |
| <b>Exhibit J-18</b> | <b><i>“School Building Information”</i></b><br>- Update for 2020/21 school year  |

**BERGEN COUNTY ASBO  
MARCH 18, 2021**

**“PREPARING FOR YOUR DISTRICT’S JUNE 30, 2021 ANNUAL AUDIT”**

**Meet the GASB’s**

- ***GASB Statement No. 34 – “Basic Financial Statements and Management’s Discussion and Analysis – For State and Local Governments”***
  - Provides guidance for the preparation of the CAFR, including conversion from the budgetary schedules, to the fund financial statements to the District-wide financial statements.
  
- ***GASB Statement No. 44 – “Economic Condition Reporting”: The Statistical Section”***
  - Provides financial statement users with historical perspective, context and detail to assess a government’s economic condition. (The J Exhibits in the CAFR.)
  
- ***GASB Statement No. 68 – “Accounting and Financial Reporting for Pensions”***
  - Addresses required financial reporting, required supplementary information (Exhibits L-1 through L-4) and footnote disclosures for PERS and TPAF pension funds.
  
- ***GASB Statement No. 75 – “Accounting and Financial Reporting for Postemployment Benefits Other than Pensions”***
  - Addresses required financial reporting, required supplementary information (Exhibits L-5 and L-6) and footnote disclosures for PERS and TPAF.

GASB 68 (effective for the year ended June 30, 2014) and GASB 75 (effective for the year ended June 30, 2018) information is furnished from the New Jersey Division of Pensions. KPMG has been the audit firm for the State of New Jersey, providing audit reports to be utilized by individual entities since inception of both GASB’s. Since inception, the audit reports for the prior year measurement date of June 30 have been furnished untimely, and in certain instances subsequent to the statutory audit deadline of December 5.

Both GASB’s require significant work to adjust the District’s financial data, adjust the financial statements and prepare the required footnote disclosures. As an example of the impact of these two GASB’s to the CAFR, the total pages of all potential footnotes for New Jersey school districts approximate 70 pages. GASB 68 and 75 represent 16 pages, or 23 percent of the footnote disclosures.

**BERGEN COUNTY ASBO  
MARCH 18, 2021**

**“PREPARING FOR YOUR DISTRICT’S JUNE 30, 2021 ANNUAL AUDIT”**

**COMMON AUDIT FINDINGS**

**I. Financial Planning, Accounting and Reporting**

- The audit of year end liabilities in the General and Special Revenue Funds revealed certain encumbrances should have been classified as accounts payable or cancelled at June 30, 2020.
- The audit revealed the original budget included in the District’s revenue and appropriation reports for the Special Revenue Fund were not in agreement with the adopted budget.
- The audit of revenues indicated that certain cash receipts pertaining to prior year accounts receivable and bank transfers were included as a current year revenue.
- The audit of the Preschool Education Aid indicated that the actual carryover available as of June 30, 2020 is less than the 2020/2021 budgeted carryover.
- The audit revealed that certain capital contracts were not encumbered when awarded, and, furthermore, were not encumbered by year-end.
- The audit of the District’s Extraordinary Aid Application noted several instances where the intensive service(s) claimed in the Extraordinary Aid Application could not be verified to supporting documentation. In certain instances, intensive service(s) indicated in the application could not be verified to the student’s Individualized Education Plan (IEP).
- The audit revealed expenditures for employee and travel reimbursements that were not supported by the required post-travel report, reflecting the purpose and relevance of the employee’s travel.
- The audit revealed certain expenditures were not classified and charged to the proper budget line accounts in accordance with The Uniform Minimum Chart of Accounts for New Jersey Public Schools.

**BERGEN COUNTY ASBO  
MARCH 18, 2021**

**“PREPARING FOR YOUR DISTRICT’S JUNE 30, 2021 ANNUAL AUDIT”**

**COMMON AUDIT FINDINGS  
(Continued)**

**II. School Purchasing**

- A vendor awarded under a national cooperative contract where the procedures required under State procurement guidelines for National Co-op contract purchases was not followed by the District.
- Certain purchases under Cooperating Purchasing Agreements and State Contracts in the aggregate exceeded the bid threshold that were not specifically approved by Board resolution.
- A professional service vendor paid in excess of \$17,500 was not formally approved and advertised as a non-fair and open contract.
- The audit indicated instances where contract awards and purchases were made in excess of the quote threshold where there was no documentation to support competitive quotations were solicited by the District in accordance with N.J.S.A. 18A:18A-37(a).
- The audit revealed several instances where business registration certificates (BRC) and political contribution disclosure forms (PCDF) were not on file and available for audit as required.
- The District awarded contracts to a vendor for roof replacement services that exceeded \$2 million (and less than \$10 million) and did not notify the Office of the State Comptroller within 20 days of contract award, as required by N.J.S.A. 52:15C-10.

**III. School Food Service**

- The Food Service Fund net cash resources exceeded the maximum amount permitted by the New Jersey State Department of Education.
- The audit indicated that revenues reported on the Food Service Management Company’s annual operating statement were not in agreement with the District’s financial records.

**BERGEN COUNTY ASBO  
MARCH 18, 2021**

**“PREPARING FOR YOUR DISTRICT’S JUNE 30, 2021 ANNUAL AUDIT”**

**COMMON AUDIT FINDINGS  
(Continued)**

**IV. Student Activities**

- The audit of the Student Activity accounts revealed the following:
  - Formal bank reconciliations were not performed for certain bank accounts.
  - Old outstanding checks exist on certain bank reconciliations.
  - Pre-numbered receipts were not always utilized at certain schools.
  - Athletic officials’ payroll listing forms are not approved by a supervisor.
  - Certain disbursement and withdrawals did not contain approval signature.
- The audit of the High School account noted game ticket sales are not being deposited in a timely manner.

**V. Application for State School Aid**

- The number of students reported on the ASSA were not in agreement with the district’s workpapers.
- Lunch applications to support eligibility of the Resident Low Income and Resident LEP Low Income students reported were not available for audit for certain students tested.
- Certain On-Roll Special Education students reported on the ASSA did not have an IEP on file in the District.

**VI. Facilities and Capital Assets**

- The audit of the District’s capital assets revealed the capital asset report provided for audit did not accurately reflect all current year additions.