

**PAULSBORO SCHOOL DISTRICT**

Paulsboro, New Jersey  
County of Gloucester

**Auditor's Management Report on Administrative Findings  
Financial, Compliance and Performance  
for The Year Ended June 30, 2019**

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

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HOLMAN | FRENIA  
ALLISON, P.C.

Certified Public Accountants & Consultants

680 Hooper Avenue, Bldg B, Toms River, NJ 08753 • Tel: 732.797.1333  
618 Stokes Road, Medford, NJ 08055 • Tel: 609.953.0612  
912 Highway 33, Suite 2, Freehold, NJ 07728 • Tel: 732.409.0800  
194 East Bergen Place, Red Bank, NJ 07701 • Tel: 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  
Paulsboro School District  
County of Gloucester  
Paulsboro, 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 Paulsboro School District in the County of Gloucester for the year ended June 30, 2019, and have issued our report thereon dated March 23, 2020.

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 Paulsboro 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.

Kevin P. Frenia  
Certified Public Accountant  
Public School Accountant, No. 1011

Medford, New Jersey  
March 23, 2020



**ADMINISTRATIVE FINDINGS -  
FINANCIAL, COMPLIANCE AND PERFORMANCE**

**Scope of Audit**

The audit covered the financial transactions of the Board Secretary/School Business Administrator and the Treasurer of School Moneys, 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 CAFR.

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

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Jennifer Johnson	Board Secretary/School Business Administrator	\$215,000
Michelle Jankauskas	Treasurer	\$215,000

There is a Public Employee's Faithful Performance Blanket Position Bond with the New Jersey School Board Association Insurance Group covering all other employees with multiple coverage \$250,000 per loss.

**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.

**Financial Planning, Accounting and Reporting (continued)**

**Board Secretary's Records (continued)**

**Finding 2019-001 (CAFR Finding 2019-001)**

It was noted during our audit that the general ledger of the District was not properly maintained. Material adjustments were necessary in order to properly reflect the District's financial position at June 30, 2019.

**Recommendation**

That the District properly maintain its general ledger and reconcile monthly with other subsidiary accounting records.

**Finding 2019-002 (CAFR Finding 2019-002)**

It was noted during our audit that accurate monthly reconciliations of all bank accounts are not being prepared.

**Recommendation**

That the District properly reconcile all bank accounts to the District's general ledger on a monthly basis.

**Finding 2019-003 (CAFR Finding 2019-003)**

The District accumulated absence balances were not tracked during the 2018-2019 year.

**Recommendation**

That the District accurately track accumulated absences.

**Finding 2019-004 (CAFR Finding 2019-004)**

It was noted during our testing that the Board of Education incurred obligations in excess of the amount appropriated by the Board in the applicable line-item account or program category account before line item transfers were approved.

**Recommendation**

That the District receives the necessary approval for line-item transfers, in compliance with N.J.A.C. 6A:23A-16.10, prior to the over-expenditure of any line-item account.

**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.

## **School Purchasing Programs (continued)**

### **Contracts and Agreements Requiring Advertisement for Bids (continued)**

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**

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, or appropriate school food service personnel, as to whether the SFA had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted.

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

The State of Revenues, Expenses, and Changes in Net Position (CAFR Schedule B-5) does separate program and non-program revenue and program and non-program costs 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 15, 2018 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.

**ADDITIONAL INFORMATION**

SCHEDULE OF AUDITED ENROLLMENTS (I)

PAULSBORO BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2018

	2018-2019 Application for State School Aid				Sample for Verification				Private Schools for Disabled					
	Reported on A.S.S.A. On Roll		Workpapers Reported on		Sample Selected from Workpapers		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	Full	Shared
Full Day Preschool - 3 Yrs. Old	14	-	14	-	3	-	3	-	-	-	-	-	-	-
Full Day Preschool - 4 Yrs. Old	56	-	56	-	12	-	12	-	-	-	-	-	-	-
Full Day Kindergarten	98	-	98	-	21	-	21	-	-	-	-	-	-	-
One	83	-	83	-	18	-	18	-	-	-	-	-	-	-
Two	82	-	82	-	18	-	18	-	-	-	-	-	-	-
Three	72	-	72	-	16	-	16	-	-	-	-	-	-	-
Four	84	-	84	-	18	-	18	-	-	-	-	-	-	-
Five	50	-	50	-	11	-	11	-	-	-	-	-	-	-
Six	55	-	55	-	12	-	12	-	-	-	-	-	-	-
Seven	54	-	54	-	12	-	12	-	-	-	-	-	-	-
Eight	62	-	62	-	13	-	13	-	-	-	-	-	-	-
Nine	73	-	73	-	16	-	16	-	-	-	-	-	-	-
Ten	69	-	69	-	15	-	15	-	-	-	-	-	-	-
Eleven	56	-	56	-	12	-	12	-	-	-	-	-	-	-
Twelve	56	-	56	-	12	-	12	-	-	-	-	-	-	-
Subtotal	964	-	964	-	209	-	209	-	-	-	-	-	-	-
Special Ed - Elementary	77	-	77	-	17	-	17	-	-	-	5	4	4	4
Special Ed - Middle School	60	-	60	-	13	-	13	-	-	-	4	3	3	3
Special Ed - High School	69	-	69	-	15	-	15	-	-	-	10	8	8	8
Subtotal	206	-	206	-	45	-	45	-	-	-	19	15	15	15
Totals	1,170	-	1,170	-	254	-	254	-	-	-	19	15	15	15
Percentage Error	-	-	-	-	-	-	-	-	-	-	-	-	-	-



**EXCESS SURPLUS CALCULATION**

**REGULAR DISTRICTS**

**SECTION 1**

**A. 2% Calculation of Excess Surplus**

2018-2019 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ <u>23,198,349</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)
Decreased by:		
On-Behalf TPAF Pension & Social Security	\$ <u>3,071,422</u>	(B2a)
Assets Acquired Under Capital Leases	\$ <u>          -</u>	(B2b)
Adjusted 2018-2019 General Fund Expenditures [(B)+(B1s)-(B2s)]	\$ <u>20,126,927</u>	(B3)
2% of adjusted 2018-2019 General Fund Expenditures [(B3) times .02]	\$ <u>402,539</u>	(B4)
Enter Greater of (B4) or \$250,000	\$ <u>402,539</u>	(B5)
Increased by: Allowable Adjustment *	\$ <u>222,122</u>	(K)
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]	\$ <u>624,661</u>	(M)

**SECTION 2**

Total General Fund - Fund Balances @ 06/30/2019 (Per CAFR Budgetary Comparison Schedule C-1)	\$ <u>1,860,841</u>	(C)
Decreased by:		
Year-End Encumbrances	\$ <u>138,980</u>	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ <u>133,543</u>	(C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ <u>          -</u>	(C3)
Other Restricted Fund Balances ****	\$ <u>154,992</u>	(C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	\$ <u>          -</u>	(C5)
Additional Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures (July 1, 2019 - August 1, 2019)	\$ <u>          -</u>	(C6)*****
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]	\$ <u>1,433,326</u>	(U1)

**AUDIT RECOMMENDATIONS SUMMARY**  
**For the Fiscal Year Ended June 30, 2019**  
**Paulsboro School District**

**Recommendations:**

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

**2019-001** – That the District properly maintain its general ledger and reconcile monthly with other subsidiary accounting records.

**2019-002** – That the District properly reconcile all bank accounts to the District’s general ledger on a monthly basis

**2019-003** – That the District properly track compensated absences

**2019-004** – That the District receives the necessary approval for line-item transfers, in compliance with N.J.A.C. 6A:23A-16.10, prior to the over-expenditure of any line-item account.

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 findings.