

**NATIONAL PARK SCHOOL DISTRICT
BOARD OF EDUCATION
Alloway, New Jersey**

Auditor's Management Report on Administrative
Findings – Financial, Compliance, and Performance
For the Year Ended June 30, 2020

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

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Report of Independent Auditors

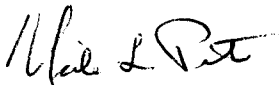
Honorable President and Members
of the Board of Education
National Park School District
516 Lakehurst Avenue
National Park, New Jersey 08063

We have audited, in accordance with generally accepted audit standards and *Government Auditing Standards* issued by the Comptroller General of the United States, the general-purpose financial statements of the Board of Education of the National Park School District in the County of Gloucester, for the year ended June 30, 2020, and have issued our report thereon dated March 1, 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 solely for the information and use of the Management of the Alloway Township Board of Education, the New Jersey Department of Education, others within the organization and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Licensed Public School Accountant #542
Glassboro, New Jersey

March 1, 2021

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 Monies, 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 District's CAFR.

Official Bonds (NJSA 18A:17-26, 18A:17-32)

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Donna J. Contrevo	Board Secretary/Business Administrator	\$5,000
Charles Owens	Treasurer	\$170,000

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were greater than estimated costs. No adjustment to the billings was required to be made.

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 except as listed below.

Payroll Account

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

Payrolls were approved by the Superintendent and were certified by the President of the Board and the Board Secretary/Business Administrator and the Chief School Administrator.

Salary withholdings were promptly remitted to the proper agencies including health benefits withholding due the General Fund.

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (Superintendent, Assistant Superintendents, and Business Administrator) to the NJ Department of Treasury was filed by the March 15 due date.

Reporting of employee compensation for income tax related purposes complied with federal (or state) regulations regarding the compensation which is required to be reported.

The Board of Education did not make merit bonus payments.

Employee Position Control Roster

An inquiry and subsequent review of the Position Control Roster found no inconsistencies between the payroll records, employee benefit records (e.g. pension reports and health benefit coverage reports), the general ledger accounts to where wages are posted (administrative

Employee Position Control Roster (Continued)

versus instruction), and the Position Control Roster. There are internal control procedures in place to ensure that employee benefits are offered only to current employees and their eligible relations.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30 for proper classification of orders as reserve for encumbrances and accounts payable without exception.

School personnel did perform an analysis of outstanding purchase orders at June 30 and prepared the separate listings of purchase orders comprising the balance sheet account balances for accounts payable and reserve for encumbrances.

Travel

The Board of Education has adopted a travel policy that complies with NJSA 18A:11-12.

Payments for travel by an employee were approved prior to the travel event as required.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with NJAC 6A:23-16.2(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 NJAC 6A:23A-8.3. As a result of the procedures performed, a transaction error rate of 0.0% was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

Our review of the financial and accounting records maintained by the Board Secretary disclosed the following items.

Our review of the financial and accounting records maintained by the Board Secretary disclosed that the records were maintained in good condition. The prescribed contractual order system was followed.

The monthly certification of positive line-item account status by the Board Secretary and monthly certification that sufficient funds are available to meet the District's financial obligation by the Board were filed during the year. The annual report was filed with the Interim County Superintendent by the required due date.

Purchase orders were charged to the appropriate line-item accounts in accordance with the State prescribed *Uniform Minimum Chart of Accounts for New Jersey Public Schools*.

Budgetary line accounts were not over-expended during the fiscal year or as of June 30.

Payments to vendors were made after the receipt of goods.

The capital asset records were updated for the additions and disposals of capital assets made during the year.

The District is not required to maximize its efforts under the Special Education Medicaid Initiative (SEMI) Program for obtaining federal funding for special education services since a waiver was approved by the County Superintendent of Schools.

Board Secretary's Records (Continued)

The District made board approved line-item transfers during the year and maintained monthly transfer reports and year-to-date transfers in a format prescribed by the Commissioner or approved by the Executive County Superintendent.

The District does not have a potential liability or loss contingency relating to the ongoing labor contract negotiations.

Treasurer's Records

The Treasurer performed cash reconciliations for the general operating, payroll, and agency accounts on a monthly basis. The Treasurer's cash balances were in agreement with those of the Board Secretary and the reconciled cash balance as determined during the audit. All cash receipts were deposited promptly.

Elementary and Secondary Education Act (ESEA), as Amended by Every Student Succeeds Act (ESSA)

The ESEA 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.

The study of compliance for ESEA indicated no areas of noncompliance and/or questionable costs.

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 Single Audit Section of the District's 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.

The study of compliance for the special projects indicated no areas of noncompliance and/or questionable costs.

TPAF Reimbursement

Our audit procedures included a test of the biweekly reimbursement (electronic, but districts can print out the DOENET screen for an auditor) filed with the Department of Education for District employees who are members of the Teachers' Pension and Annuity Fund. No exceptions were noted.

TPAF Reimbursement to the State for Federal Salary Expenditures

The amount of the expenditure charged to the current year's Final Report(s) for all federal awards for the School District to reimburse the State for the TPAF/FICA 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 90 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

School Purchasing Programs

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2019, 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's procedures related to its completion. The information on the ASSA was compared to the District's work papers without exception. The information that was included on the work papers was verified with minor exceptions. 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 and have adequate written procedures for the recording of student enrollment data.

The District written procedures appear to be adequate for the recording of student enrollment data.

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2019-2020 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with one 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 did comply with proper bidding procedures and award of contracts.

Miscellaneous

The School District complied with continuing disclosure agreements made in relation to prior year(s) bond issuances. This obligation included filing audit reports on the Electronic Municipal Market Access (EMMA).

Testing for Lead of All Drinking Water in Educational Facilities

The School District adhered to all the requirements of NJAC 26-1.2 and 12.4 related to the testing for lead of all drinking water in educational facilities. The School District did submit the annual Statement of Assurance to the Department of Education, pursuant to NJAC 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. Corrective action was not required since there were not prior year recommendations. We have also reviewed any findings contained in audit reports issued by the Office of Fiscal Accountability and Compliance (OFAC).

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.

NATIONAL PARK SCHOOL DISTRICT
 SCHEDULE OF AUDITED ENROLLMENTS
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 15, 2019

	2020-2021 Application for State School Aid						Sample for Verification						Private School for Disabled			
	Reported on on ASSA on Roll		Reported on Work papers on Roll		Errors		Sample Selected from Work papers		Verified per Registers on Roll		Errors per Registers on Roll		Reported on ASSA as Private School	Sample for Verification	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Half Day Preschool - 3YR																
Half Day Preschool - 4YR	25		25					25		25						
Full Day Kindergarten	34		34					34		34						
One	28		28					28		28						
Two	37		37					37		37						
Three	32		32					32		32						
Four	30		30					30		30						
Five	34		34					34		34						
Six	23		23					23		23						
Subtotal	243	0	243	0	0	0	0	243	0	243	0	0	0			
Special Ed. - Elementary	43		43					8		8			1	1	1	
Special Ed. - Middle School	2		2					2		2			1	1	1	
Subtotal	45	0	45	0	0	0	0	10	0	10	0	0	2	2	2	0
Totals	288	0	288	0	0	0	0	253	0	253	0	0	2	2	2	0
Percentage Error					0.00%	0.00%						0.00%	0.00%			

	Resident Low Income			Sample for Verification			(Limited English Proficient) Resident LEP Low Income			Sample for Verification		
	Reported on ASSA as Low Income	Reported on Work papers as Low Income	Errors	Sample Selected from Work papers	Verified to Application and Register	Sample Errors	Reported on ASSA as LEP low Income	Reported on Work papers as LEP low Income	Errors	Sample Selected from Work papers	Verified to Test Score and Register	Sample Errors
Full Day Kindergarten	16	17	-1	5	5							
One	13	13	0	13	13							
Two	15	16	-1	12	12							
Three	11	12	-1	7	7							
Four	14	14	0	14	14							
Five	13	13	0	2	2							
Six	11	11	0	14	14							
Subtotal	93	96	-3	67	67	0	0	0	0	0	0	0
Special Ed. - Elementary	21	23	-2	17	17							
Special Ed. - Middle School	2	1	1	1	1							
Subtotal	23	24	-1	18	18	0	0	0	0	0	0	0
Totals	116	120	-4	85	85	0	0	0	0	0	0	0
Percentage Error			-3.33%			0.00%			0.00%			0.00%

NATIONAL PARK SCHOOL DISTRICT
 SCHEDULE OF AUDITED ENROLLMENTS (CONTINUED)
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 15, 2019

	Resident LEP NOT Low Income			Sample for Verification		
	Reported on ASSA as Bilingual Education	Reported on Work papers as Bilingual Education	Errors	Sample Selected from Work papers	Verified to Application and Registers	Sample Errors
Full Day Preschool						
Full Day Kindergarten						
One						
Two						
Three						
Four						
Five						
Six						
Special Ed. - Elementary						
Special Ed. - Middle School						

Not Applicable

Percentage Error

	Transportation					
	Reported on DTRS by DOE/County	Reported on DTRS by District	Errors	Tested	Verified	Errors
Regular Public Schools	5	5		5	5	
Regular - Special Ed						
Special Ed. - Special	5	5		8	7	1
AIL Nonpublic School Students	9	9		4	4	
	<u>19</u>	<u>19</u>	<u>0</u>	<u>17</u>	<u>16</u>	<u>1</u>
Percentage Error			<u>0.00%</u>			<u>5.88%</u>

	Reported	Recalculated
Reg. Avg. (Mileage) = Regular Including Grade PK (Part A)	7.6	7.6
Reg. Avg. (Mileage) = Regular Excluding Grade PK (Part B)	7.6	7.6
Spec Avg. = Special Education with Special Needs	9.7	9.7

EXCESS SURPLUS CALCULATION

REGULAR DISTRICT/CHARTER SCHOOL

SECTION 1

A. 2% Calculation of Excess Surplus

2019-20 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ <u>5,182,497</u> (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>713,409</u> (B2a)
Assets Acquired Under Capital Leases	\$ _____ (B2b)
Adjusted 2019-20 General Fund Expenditures [(B)+(B1s)-(B2s)]	\$ <u>4,469,088</u> (B3)
2% of Adjusted 2019-20 General Fund Expenditures [(B3) times .02]	\$ <u>89,382</u> (B4)
Enter Greater of (B4) or \$250,000	\$ <u>250,000</u> (B5)
Increased by: Allowable Adjustment *	\$ <u>39,623</u> (K)
Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]	\$ <u>289,623</u> (M)
 SECTION 2	
Total General Fund - Fund Balances @ 6/30/2020 (Per CAFR Budgetary Comparison Schedule C-1)	\$ <u>1,111,486</u> (C)
Decreased by:	
Year-end Encumbrances	\$ <u>12,041</u> (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ _____ (C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ <u>286,631</u> (C3)
Other Restricted Fund Balances****	\$ <u>309,403</u> (C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	\$ _____ (C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	\$ <u>503,411</u> (U1)

SECTION 3

Restricted Fund Balance - Excess Surplus*** [(U2)-(M)] IF NEGATIVE ENTER -0- \$ 213,788 (E)

Recapitulation of Excess Surplus as of June 30, 2020

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures** \$ 286,631 (C3)
 Reserved Excess Surplus*** [(E)] \$ 213,788 (E)
 Total [(C3)+(E)] \$ 500,419 (D)

* This adjustment line (as detailed below) is to be utilized when applicable for: Impact Aid, Sale, and Lease-back (Refer to the Audit Program Section II, Chapter 10), Extraordinary Aid, Additional Nonpublic School Transportation Aid; recognized current year School Bus Advertising Revenue; and Family Crisis Transportation Aid. Refer to the Audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid; Family Crisis Transportation Aid and Additional Nonpublic School Transportation Aid.

Detail of Allowable Adjustments

Impact Aid	\$ _____ (H)
Sale & Lease-back	\$ _____ (I)
Extraordinary Aid	\$ <u>39,623</u> (J1)
Additional Nonpublic School Transportation Aid	\$ _____ (J2)
Current Year School Bus Advertising Revenue Recognized	\$ _____ (J3)
Family Crisis Transportation Aid	\$ _____ (J4)
Total Adjustments [(H)+(I)+(J1)+(J2)+ (J3)]	\$ <u>39,623</u> (K)

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

*** Amount must agree to the June 30, 2020, CAFR and the sum of the two lines must agree to Audit Summary Worksheet Line 90030.

**** Amount for Other Reserved 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 another 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.

Detail of Other Restricted Fund Balance

Statutory restrictions:	
Approved unspent separate proposal	\$ _____
Sale/lease-back reserve	\$ _____
Capital reserve	\$ <u>279,403</u>
Maintenance reserve	\$ <u>30,000</u>
Emergency reserve	\$ _____
Waiver offset reserve - designated for subsequent year	\$ _____
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	\$ <u>309,403</u> (C4)

**NATIONAL PARK BOARD OF EDUCATION
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
Not Applicable