

**BOARD OF EDUCATION OF THE
PAULSBORO SCHOOL DISTRICT
COUNTY OF GLOUCESTER**

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

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2020**



PAULSBORO SCHOOL DISTRICT
Auditor's Management Report on Administrative
Findings - Financial, Compliance and Performance

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

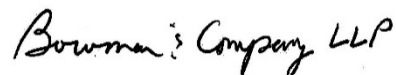
The Honorable President and
Members of the Board of Education
Paulsboro School District
County of Gloucester, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Paulsboro School District, in the County of Gloucester, State of New Jersey, as of and for the fiscal year ended June 30, 2020, which were separately issued in the Comprehensive Annual Financial Report dated February 2, 2021.

As part of our audit, we also 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 issued in conjunction with the Comprehensive Annual Financial Report of the Board of Education of the Paulsboro School District, for the fiscal year ended June 30, 2020, and is intended for the information of the 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,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Robert S. Marrone
Certified Public Accountant
Public School Accountant No. CS 01113

Voorhees, New Jersey
February 2, 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 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 Comprehensive Annual Financial Report (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>
Scott Henry and Robert Delengowski	Interim Board Secretary / School Business Administrators	\$215,000.00
Michelle Jankauskas	Treasurer of School Moneys	\$215,000.00

There is a blanket dishonesty bond covering all other employees with the following coverage: \$100,000.00 per employee / \$500,000.00 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 costs in accordance with N.J.A.C. 6A:23A-17.1(f)3.

FINANCIAL PLANNING, ACCOUNTING, AND REPORTING

Examination of Claims

Sampled claims paid during the fiscal year under audit did not indicate any reportable noncompliance with respect to signatures, certification, or supporting documentation.

Payroll Account

The net salaries of sampled employees of the School District were deposited in the net payroll account. Employees' payroll deductions and the employer's share of fringe benefits were deposited in the payroll agency account.

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

Sampled salary withholdings were promptly remitted to the proper agencies, including health benefit premium withholdings due to the general fund.

FINANCIAL PLANNING, ACCOUNTING, AND REPORTING (CONT'D)

Payroll Account (Cont'd)

Sampled payrolls were delivered to the Treasurer of School Moneys with a warrant made to his order for the full amount of the payroll.

Finding No. 2020-004

The School District did not process payroll in accordance with established statutory guidelines and School District policies.

Recommendation

That the School District review procedures with respect to the payroll process, and adhere to healthcare and pension deduction guidelines.

Employee Position Control Roster

A sample of the Employee Position Control Roster indicated that it was in satisfactory condition and was approved by the county office submission with the 2019-2020 budget review checklist.

Encumbrances and Accounts Payable

A sample of outstanding issued purchase orders was made as of June 30 for proper classification of orders as encumbrances and accounts payable. Our sample did not indicate any reportable noncompliance with respect to classification of orders.

Travel

A sample of travel expenditures during the fiscal year under audit did not indicate any reportable noncompliance.

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 randomly sampled expenditure transactions. We also tested the coding of all expenditures included in our compliance and single audit sampling procedures. In addition, a sample was selected that specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3. Our samples did not indicate any reportable noncompliance with respect to classification of expenditures.

Board Secretary's Records

Our audit of the financial and accounting records maintained by the Board Secretary indicated that they were in satisfactory condition, with the exception of the following findings:

Finding No. 2020-001

The School District's general ledger was not properly maintained. Material adjustments were required to properly reflect the School District's financial position as of June 30, 2020.

Recommendation

That the School District reviews and implements internal controls to ensure the accuracy of all financial reports.

Finding No. 2020-002

Bank reconciliations for various funds were not prepared in accordance with N.J.S.A. 18A:17-9 and several bank reconciliations were not prepared in a timely manner on a monthly basis.

Recommendation

That the School District reviews and implements internal controls to ensure the accuracy of all financial reports and that formal monthly cash reconciliations for all School District funds be prepared on a timely basis.

FINANCIAL PLANNING, ACCOUNTING, AND REPORTING (CONT'D)

Board Secretary's Records (Cont'd)

Finding No. 2020-003

The School District did not file timely the Certification of Implementation of the Correction Action Plan for the fiscal year ended June 30, 2019, the Certification of Compliance with Federal and State Law Respecting the Reporting of Compensation for Certain Employees (E-CERT1) and the reporting requirements of the Office of State Comptroller were not met.

Recommendation

The School District should implement procedures to ensure compliance with statutory deadlines for reports required to be filed with the State of New Jersey.

Finding No. 2020-008

Cumulative transfers to/from several budget accounts did not comply with applicable statutes and regulations.

Recommendation

That the School District obtain Executive County Superintendent approval for the transfers to administration and capital outlay accounts when applicable, in accordance with New Jersey Administrative Code requirements.

Treasurer of School Moneys' Records

Our audit of the financial and accounting records maintained by the Treasurer of School Moneys indicated that they were not in satisfactory condition.

Finding No. 2020-006

Monthly Treasurer of School Monies reports were not prepared for the fiscal year ended June 30, 2020. In addition, the Board Secretary's annual report was not filed with the executive county superintendent by August 1.

Recommendation

That the Treasurer's reports be completed and reconciled to the board secretary's reports on a monthly basis, and the appropriate reports be filed with the executive county superintendent by the applicable due dates.

Elementary and Secondary Education Act (E.S.E.A.) as amended by the Every Student Succeeds Act (E.S.S.A.)

The E.S.S.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, IA, II, III and IV of the Every Student Succeeds Act.

The audit of compliance for E.S.S.A. resulted in the following reportable noncompliance:

Finding No. 2020-005

The School District's 2019-2020 Title I Comparability Report was not accurately prepared. There were several discrepancies regarding time and effort reporting for Title I funded employees. The Final Expenditure Report was not filed by the applicable due date.

Recommendation

That the School District prepare and submit the Title I Comparability Report accurately and timely.

FINANCIAL PLANNING, ACCOUNTING, AND REPORTING (CONT'D)

Other Special Federal and / or State Projects

The School District's other special projects were approved as listed on exhibits K-3 and K-4 located in the CAFR.

Our audit of the federal and state funds on a sample 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 other special projects.

The audit of compliance for other special projects did not indicate any reportable noncompliance.

TPAF Reimbursement

Our audit procedures included a sample of the biweekly reimbursements filed with the Department of Education for School 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 and N.J.S.A. 18A:66-90. The expenditure was inspected subsequent to the reimbursement and no exceptions were noted.

SCHOOL PURCHASING PROGRAMS

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-1 et seq. (Public School Contracts Law), the associated rules and related information on the statute, and the school contracts in general, are available on the following website:

<https://www.state.nj.us/dca/divisions/dlgs/programs/lpcl.html>

Current statute is posted on the New Jersey Legislature website at:

<http://www.njleg.state.nj.us/>

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 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 \$19,000.00 for 2019-20.

The School District's 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 audit, 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, with the exception of the following with respect to the solicitation of quotes.

SCHOOL PURCHASING PROGRAMS (Cont'd)

Contracts and Agreements Requiring Advertisement for Bids (Cont'd)

Finding No. 2020-007

Quotes were not obtained for several expenditures that exceeded the quote threshold.

Recommendation

That effective control procedures be established to ensure compliance with all facets of the regulations set forth in the Public School Contracts Law.

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

SCHOOL FOOD SERVICE

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 \$100,000.00 in federal and / or State support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether the School Food Authority (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 statement of revenues, expenses, and changes in fund net position (CAFR exhibit B-5) does separate 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.

Net cash resources did not exceed three months average expenditures.

STUDENT BODY ACTIVITIES

Our audit of the financial and accounting records for student activities indicated that they were in satisfactory condition.

APPLICATION FOR STATE SCHOOL AID

Our audit procedures included a sample of information reported in the October 15, 2019 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the disabled, low-income, and bilingual. We also performed an inspection of the School District procedures related to its completion. The information on the A.S.S.A. was compared to the School District workpapers with exceptions. The information that was included on the workpapers was verified with exceptions. The results of our procedures are presented in the schedule of audited enrollments.

The School District maintained workpapers on the prescribed State forms or their equivalent.

The School District did not maintain adequate written procedures for the recording of student enrollment data.

Finding No. 2020-009

Various discrepancies were noted in the School District's supporting workpapers when compared to the Application for State School Aid (ASSA) report.

Recommendation

That the School District follow their written procedures and maintain adequate workpapers to support student enrollment data reported in each category of the Application for State School Aid report.

PUPIL TRANSPORTATION

Our audit procedures included a sample of on-roll status reported in the 2019-2020 District Report of Transported Resident Students (DRTRS). The information that was reported 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 sample of transportation related contracts and purchases. Based on our sample, the School District complied with proper bidding procedures and award of contracts. No exceptions were noted in our sample of transportation related purchases of goods and services.

FACILITIES AND CAPITAL ASSETS

Our audit of the financial and accounting records for facilities and capital assets indicated that they were in satisfactory condition.

MISCELLANEOUS

Continuing Disclosure Agreements

The School District has not complied with its most recent continuing disclosure agreements made in relation to prior year bond issuances.

Testing for Lead of All Drinking Water in Education Facilities

The School District complied with all the requirements of N.J.A.C. 6A:26-1.2 and 12.4 related to the testing for lead of all drinking water in educational facilities.

The School 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'S FINDINGS

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year recommendations. Corrective action had been taken on all prior year findings with the exception of the following, which are repeated in this year's recommendations noted as current year finding(s) 2020-001, 2020-002 and 2020-003:

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.

2019-002: The District bank reconciliations for various funds were not prepared in accordance with N.J.S.A. 18A:17-9 and were not prepared in a timely manner on a monthly basis due to lack of maintaining a general ledger.

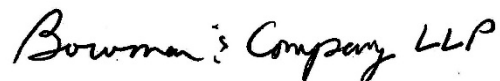
2019-003: It was noted during our testing that the Board of Education incurred obligations in excess of the amount appropriated by the Board in the applicable line-item account or program category account before line item transfers were approved.

There were no Office of Fiscal Accountability and Compliance audit reports issued during the fiscal year ended June 30, 2020.

ACKNOWLEDGMENT

We received the complete cooperation of all of the officials of the School District and we greatly appreciate the courtesies extended to the members of the audit team.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Robert S. Marrone
Public School Accountant No. CS01113

PAULSBORO SCHOOL DISTRICT
 Application for State School Aid Summary
 Schedule of Audited Enrollments
 Enrollment as of October 15, 2019

	2020-2021 Application for State School Aid						Sample for Verification						Private Schools for the 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 Veri- cation	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Half Day Preschool																
Full Day Preschool	69		69					69		73		(4)				
Half Day Kindergarten																
Full Day Kindergarten	98		98					98		98						
One	73		73					73		77		(4)				
Two	69		69					69		71		(2)				
Three	70		70					70		70						
Four	63		63					63		66		(3)				
Five	70		70					70		74		(4)				
Six	42		42					42		46		(4)				
Seven	54		54					54		52		2				
Eight	46		46					46		45		1				
Nine	58		73			(15)		73		77		(4)				
Ten	39		63			(24)		63		60		3				
Eleven	47		60			(13)		60		57		3				
Twelve	17		61			(44)		61		42		19				
Post-Graduate																
Adult H.S. (15+CR.)																
Adult H.S. (1-14CR.)																
Subtotal	815	-	911	-	(96)	-	-	911	-	908	-	3	-	-	-	-
Special Education-Elementary	112		112					51		51				4	4	4
Special Education-Middle School	59		59					16		16				3	3	3
Special Education-High School	98		98					98		98				6	6	6
Subtotal	269	-	269	-	-	-	-	165	-	165	-	-	-	13	13	13
Co. Voc. - Regular																
Co. Voc. Ft. Post Sec.																
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	1,084	-	1,180	-	(96)	-	-	1,076	-	1,073	-	3	-	13	13	13
Percentage Error					<u>-8.14%</u>	<u>-</u>						<u>0.28%</u>	<u>-</u>			

PAULSBORO SCHOOL DISTRICT
 Application for State School Aid Summary
 Schedule of Audited Enrollments
 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 LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Application, Test Score and Register	Sample Errors
Half Day Preschool												
Full Day Preschool	32	25	7	16	15	1						
Half Day Kindergarten												
Full Day Kindergarten	64	38	26	20	19	1						
One	65	39	26	20	20						2	(2)
Two	62	35	27	18	18						2	(2)
Three	58	32	26	15	15							
Four	58	34	24	17	17		1	1		1	5	(4)
Five	61	28	33	16	16		2	1	1	2	2	
Six	38	25	13	7	7		1	1		1		1
Seven	47	20	27	15	14	1	3	2	1	3		3
Eight	32	22	10	13	13		1		1	1		1
Nine	55	24	31	14	12	2	1	1		1		1
Ten	35	21	14	11	10	1						
Eleven	46	15	31	8	8							
Twelve	7	8	(1)	6	6							
Post-Graduate												
Adult H.S. (15+CR.)												
Adult H.S. (1-14CR.)												
Subtotal	660	366	294	196	190	6	9	6	3	9	11	(2)
Special Education-Elementary	95	52	43	28	28		1		1			
Special Education-Middle School	46	20	26	7	7							
Special Education-High School	79	40	39	23	20	3						
Subtotal	220	112	108	58	55	3	1		1			-
Co. Voc. - Regular				3	3							
Co. Voc. Ft. Post Sec.												
Subtotal			-	3	3	-	-	-	-	-	-	-
Totals from Above	880	478	402	257	248	9	10	6	4	9	11	(2)
Not Allocated by Grade Level per District Records		475	(475)									
Adjusted Totals	880	953	(73)	257	248	9	10	6	4	9	11	(2)
Percentage Error			<u>-8.30%</u>			<u>3.50%</u>			<u>40.00%</u>	(d)		<u>-22.22%</u>

	Transportation						Reg. Avg. (Mileage) = Regular Including Grade PK students (Part A)	Reg. Avg. (Mileage) = Regular Excluding Grade PK students (Part B)	Spec. Avg. (Mileage) = Special Ed. with Special Needs	If Applicable	Re-Calculated
	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors					
Reg. - Public Schools, Col. 1	73	75	(2)	54	52	2				10.9	10.9
Reg. - SpEd, Col. 4	3	3		3	3						
Transported - Non-Public, Col. 3											
Special Needs, Col. 6	39	39		29	29					10.0	10
Totals	115	117	(2)	86	84	2					
Percentage Error			<u>(0)</u>			<u>2.33%</u>					

PAULSBORO SCHOOL DISTRICT
 Application for State School Aid Summary
 Schedule of Audited Enrollments
 Enrollment as of October 15, 2019

	Resident LEP NOT Low Income			Sample for Verification		
	Reported on A.S.S.A. as NOT Low <u>Income</u>	Reported on Workpapers as NOT Low <u>Income</u>	<u>Errors</u>	Sample Selected from <u>Workpapers</u>	Verified to Test Score and Register	Sample <u>Errors</u>
Half Day Preschool						
Full Day Preschool						
Half Day Kindergarten						
Full Day Kindergarten						
One						
Two						
Three						
Four						
Five		1	(1)	1		1
Six						
Seven		1	(1)	1		1
Eight		1	(1)	1		1
Nine						
Ten						
Eleven						
Twelve						
Post-Graduate						
Adult H.S. (15+CR.)						
Adult H.S. (1-14CR.)						
Subtotal		3	(3)	3		3
Special Education-Elementary						
Special Education-Middle School						
Special Education-High School						
Subtotal			-	-	-	-
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Subtotal	-	-	-	-	-	-
Totals		3	(3)	3		3
Percentage Error			-			100.00%

EXCESS SURPLUS CALCULATION

REGULAR DISTRICT / CHARTER SCHOOL / RENAISSANCE SCHOOL PROJECT

SECTION 1

2% Calculation of Excess Surplus

2019-20 Total General Fund Expenditures Reported on CAFR Exhibit C-1	\$ 22,937,909.18 (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	22,964.00 (B1c)
Transfer from General Fund to SRF for PreK-Inclusion	88,165.00 (B1d)
Decreased by:	
On-Behalf TPAF Pension & Social Security	2,979,538.36 (B2a)
Assets Acquired Under Capital Leases	- (B2b)
Adjusted 2019-20 General Fund Expenditures [(B)+(B1s)-(B2s)]	\$ 20,069,499.82 (B3)
2% of Adjusted 2019-20 General Fund Expenditures [(B3) times .02]	\$ 401,390.00 (B4)
Enter Greater of (B4) or \$250,000	401,390.00 (B5)
Increased by: Allowable Adjustment *	127,929.00 (K)
Maximum Unassigned Fund Balance [(B5) + (K)]	\$ 529,319.00 (M)

SECTION 2

Total General Fund - Fund Balances at June 30, 2020 (Per CAFR Budgetary Comparison Schedule, Ex. C-1)	\$ 4,380,383.94 (C)
Decreased by:	
Year-End Encumbrances	44,161.61 (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	- (C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	808,665.00 (C3)
Other Restricted Fund Balances ****	500,310.27 (C4)
Assigned Fund Balance - Designated for Subsequent Year's Expenditures	181,106.00 (C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	\$ 2,846,141.06 (U1)

SECTION 3

Restricted Fund Balance - Excess Surplus *** [(U1)-(M)] IF NEGATIVE ENTER -0-	\$ 2,316,822.06 (E)
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Recapitulation of Excess Surplus as of June 30, 2020

Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ 808,665.00 (C3)
Restricted - Excess Surplus *** [(E)]	2,316,822.06 (E)
Total Excess Surplus [(C3)+(E)]	\$ 3,125,487.06 (D)

EXCESS SURPLUS CALCULATION (CONT'D)

REGULAR DISTRICT / CHARTER SCHOOL / RENAISSANCE SCHOOL PROJECT

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, 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 Advertising Revenue; and

(J4) Family Crisis Transportation Aid.

Notes to auditor: 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

Federal Impact Aid	_____ (H)
Sale & Lease-back	_____ (I)
Extraordinary Aid	\$ 127,929.00 (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)+(J4)]	 <u><u>\$ 127,929.00 (K)</u></u>

** This amount represents the June 30, 2019 Excess Surplus (C3 above) and must be included in the Audit Summary Line 90031. This amount was to be appropriated in the 2019-2020 general fund budget.

*** Amounts 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 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	\$ 500,310.27
Maintenance reserve	_____
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 reserves	_____
[Other Restricted Fund Balance not noted above]****	_____
 Total Other Restricted Fund Balance	 <u><u>\$ 500,310.27 (C4)</u></u>

PAULSBORO 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

That the School District review procedures with respect to the payroll process, and adhere to healthcare and pension deduction guidelines.

That the School District reviews and implements internal controls to ensure the accuracy of all financial reports.

That the School District reviews and implements internal controls to ensure the accuracy of all financial reports and that formal monthly cash reconciliations for all School District funds be prepared on a timely basis.

The School District should implement procedures to ensure compliance with statutory deadlines for reports required to be filed with the State of New Jersey.

That the School District obtain Executive County Superintendent approval for the transfers to administration and capital outlay accounts when applicable, in accordance with New Jersey Administrative Code requirements.

That the Treasurer's reports be completed and reconciled to the board secretary's reports on a monthly basis, and the appropriate reports be filed with the executive county superintendent by the applicable due dates.

That the School District prepare and submit the Title I Comparability Report accurately and timely.

3. School Purchasing Programs

That effective control procedures be established to ensure compliance with all facets of the regulations set forth in the Public School Contracts Law.

4. School Food Service

None

5. Student Body Activities

None

6. Application for State School Aid

That the School District follow their written procedures and maintain adequate workpapers to support student enrollment data reported in each category of the Application for State School Aid report.

PAULSBORO SCHOOL DISTRICT
Audit Recommendations Summary
For the Fiscal Year Ended June 30, 2020

Recommendations (Cont'd):

7. Pupil Transportation

None

8. Facilities and Capital Assets

None

9. Miscellaneous

None

10. Follow-Up on Prior Year Findings

A review was performed on the prior year recommendations and corrective action was taken on all prior year findings, with the exception of the following, which is repeated in this year's recommendations:

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

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

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.