

**SCHOOL DISTRICT  
OF  
EAST GREENWICH TOWNSHIP**

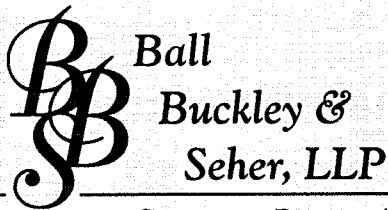
**East Greenwich Township Board of Education  
Mickleton, New Jersey**

*Auditor's Management Report On Administrative  
Findings - Financial, Compliance, and Performance  
For the Fiscal Year Ended June 30, 2021*

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Tax I.D. Number: 21-6000259



CERTIFIED PUBLIC ACCOUNTANTS



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

Honorable President and  
Members of the Board of Education  
East Greenwich Township School District  
County of Gloucester  
Mickleton, 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 East Greenwich Township School District in the County of Gloucester, State of New Jersey as of and for the fiscal year ended June 30, 2021, which were separately issued in the Comprehensive Annual Financial Report dated March 14, 2022.

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 East Greenwich Township Board of Education, for the fiscal year ended June 30, 2021, and is intended for the information of the 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,

A handwritten signature in cursive script that reads 'Wayne W. Buckley'.

Wayne W. Buckley  
Licensed Public School Accountant #240  
BALL, BUCKLEY AND SEHER, LLP  
Woodbury, New Jersey

March 14, 2022

# ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE, AND PERFORMANCE

## Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator, 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 C.A.F.R.

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

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Gregory Wilson	Business Administrator/Board Secretary	\$ 195,000.00
Tammie F. Zane	Food Service Director	\$ 3,000.00

### *Tuition Charges*

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were less than estimated costs. The 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 District were deposited in the net Payroll Account. Employees' payroll deductions and 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.

Sampled payrolls were delivered to the Secretary of the Board who then deposited with warrants in separate bank accounts for net payroll and withholdings.

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (superintendent, assistant superintendents, and business administrator) to the New Jersey Department of Treasury was filed by the March 15 due date.

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

The District has established internal controls to ensure that employee versus contractor decisions for professional service providers are documented within the employee's personnel file.

The Board of Education did not make any merit bonus payments without prior confirmation from the Executive County Superintendent that a quantitative merit criterion or a qualitative merit criterion had been satisfied and without prior approval by the District Board of Education and Executive County Superintendent, as required by N.J.A.C. 6A:23A-3.1(e)10.iv.

#### *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 2020-2021 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:23-16.2(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 disclosed the following items.

Bids received were summarized in the minutes (N.J.S.A. 18A:18A-21).

Acknowledgment of the Board's receipt (non-receipt) of the Board Secretary's and the Treasurer's monthly financial reports was included in the minutes.

No budgetary line accounts were overexpended during the fiscal year and at June 30.

The Board Secretary filed monthly certifications of the budgetary line items status which are consistent with the actual budgetary records.

Payments to vendors were not made prior to the receipt of goods.

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

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

The District used an E-Rate consultant during the audit year. This consultant properly filed the appropriate claim forms on a timely basis for the District. No refunds have been received yet for E-Rate reimbursements for the school year 2020-21 but are anticipated to be received in 2021-22. Due to the possibility in a change in the discount rate, an accurate refund receivable could not be determined. Additionally, the tracking of these refunds is potentially very difficult and time intensive. Thus, said refund receivables has not been recorded on the District's books as of June 30, 2021.

The District did not have any ongoing labor contract negotiations.

*Secretary of the Board's Records*

The following items were noted during our audit of the records of the Secretary of the Board.

The Treasurer's records were maintained by an employee appointed by the Board other than the Board Secretary.

An employee designated by the Board other than the Board Secretary performed cash reconciliations for the General Operating Account, Payroll Account, and Payroll Agency Account (N.J.S.A. 18A:17-9).

All cash receipts were promptly deposited (N.J.S.A. 18A:17-34, 18A:17-9.1).

The records of the Board designee were in agreement with the records of the Board Secretary.

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

The E.S.E.A. financial exhibits are contained within the Special Revenue Section of the C.A.F.R. This section of the C.A.F.R. documents the financial position pertaining to the projects under Titles I, II, III and IV of the Every Student Succeeds Act.

A audit of compliance for E.S.S.A. did not indicate any reportable noncompliance.

*Other Special Federal and/or State Projects*

The District's other special projects were approved as listed on Exhibits K-3 and K-4 located in the C.A.F.R.

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 C.A.F.R. This section of the C.A.F.R. 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.

*I.D.E.A. Part B*

Separate accounting was maintained for each approved project.

Grant application approvals and acceptance of grant funds were made by Board resolution and recorded in the minutes.

*T.P.A.F. Reimbursement*

Our audit procedures included a sample of the biweekly reimbursements (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 Teacher's Pension and Annuity Fund. No exceptions were noted.

*T.P.A.F. 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 T.P.A.F./F.I.C.A. 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 school contracts in general is available on the website:

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

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

[http://lis.njleg.state.nj.us/cgi-bin/om\\_isapi.dll?clientID=1319801&depth=2&expandheadings=off&headingswithhits=on&infobase=statutes.nfo&softpage=TOC\\_Frame\\_Pg42](http://lis.njleg.state.nj.us/cgi-bin/om_isapi.dll?clientID=1319801&depth=2&expandheadings=off&headingswithhits=on&infobase=statutes.nfo&softpage=TOC_Frame_Pg42)

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$44,000.00 (with a qualified purchasing agent) and \$32,000.00 (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 \$19,600.00 for 2020-21.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory threshold 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 examination, 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**

### *Public Health Emergency*

In accordance with the Governor's Declaration of Emergency pertaining to the public health emergency 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.

During fiscal year 2020-2021 the public health emergency was still applicable. As a result, SFAs were required to provide meals in accordance with the regulations governing the National School Nutrition Seamless Summer Option (SSO) or the Summer Food Service Program (SFSP) option.

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 all children throughout the age of 18, as well as persons over 18 with disabilities as defined in the regulations.

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 public health emergency procedures/practices that the SFA instituted to provide meals to all 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. We also inquired if the FSMC received a loan in accordance with the Paycheck Protection Program (PPP) and whether the funds were used to pay for costs applicable to the Food Service Programs. We also inquired if the PPP loan was subsequently forgiven and the FSMC refunded or credited the applicable amounts to the SFA.

Net cash resources did not exceed three months average expenditures.

The District does not utilize a food service management company (FSMC).

### **Before and After School Program - Beyond the Bell**

The financial transactions and statistical records of the before and after school program were maintained in satisfactory condition. The financial accounts and applications were reviewed and found to be adequate.

### **Student Body Activities**

Our audit of the financial and accounting records for the 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, 2020 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 District's procedures related to its completion. The information on the A.S.S.A. was compared to the District's 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 District maintained workpapers on the prescribed state forms or their equivalent.

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

### **Pupil Transportation**

Our audit procedures included a sample of on-roll status reported in the 2020-21 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 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 District 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 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 educational facilities.

The 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 Years' Findings**

There were no audit findings for the year ended June 30, 2020.

There were no Office of Fiscal Accountability and Compliance audit reports issued during the year ended June 30, 2021.

## **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.



**EXCESS SURPLUS CALCULATION**

**EAST GREENWICH TOWNSHIP SCHOOL DISTRICT  
For the Fiscal Year Ended June 30, 2021**

**Section 1**

**A. 2% Calculation of excess surplus**

2020-21 Total general fund expenditures per the C.A.F.R., Exhibit C-1	\$ 20,677,684.67	(B)
Increased by:		
Transfer from capital outlay to capital projects fund	0.00	(B1a)
Transfer from capital reserve to capital projects fund	0.00	(B1b)
Transfer from general fund to SRF for pre-K - regular	0.00	(B1c)
Transfer from general fund to SRF for pre-K - inclusion	0.00	(B1d)
Decreased by:		
On-behalf TPAF pension and social security	3,555,996.41	(B2a)
Assets acquired under capital leases	<u>0.00</u>	(B2b)
Adjusted 2020-21 general fund expenditures [(B) + (B1's) - (B2's)]	<u>\$ 17,121,688.26</u>	(B3)
2% of adjusted 2020-21 general fund expenditures [(B3) times .02]	<u>\$ 342,433.77</u>	(B4)
Enter greater of (B4) or \$250,000.00	<u>\$ 342,433.77</u>	(B5)
Increased by: allowable adjustment*	<u>46,418.00</u>	(K)
Maximum unassigned/undesignated - unreserved fund balance [(B5) + (K)]		<u>\$ 388,851.77</u> (M)

**Section 2**

Total general fund - fund balances at 6-30-21 (per C.A.F.R. budgetary comparison schedule C-1)	\$ 4,896,181.64	(C)
Decreased by:		
Year-end encumbrances	74,309.58	(C1)
Legally restricted - designated for subsequent year's expenditures	0.00	(C2)
Legally restricted - excess surplus - designated for subsequent year's expenditures**	1,392,465.74	(C3)
Other restricted fund balances****	1,225,507.32	(C4)
Assigned fund balance - unreserved - designated for subsequent year's expenditures	3,752.26	(C5)
Additional assigned fund balance - unreserved - designated for subsequent year's expenditures *****	<u>0.00</u>	(C6)
Total unassigned fund balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]		<u>\$ 2,200,146.74</u> (U1)

**Section 3**

Restricted fund balance - excess surplus*** [(U1) - (M)] if negative enter -0-	<u>\$ 1,811,294.97</u>	(E)
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*Recapitulation of excess surplus as of June 30, 2021*

Reserved excess surplus - designated for subsequent year's expenditures**	\$ 1,392,465.74	(C3)
Reserved excess surplus*** [(E)]	<u>1,811,294.97</u>	(E)
Total excess surplus [(C3) + (E)]		<u>\$ 3,203,760.71</u> (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 and nonpublic school transportation aid; and recognized current year school bus advertising revenue. Refer to the Audit Program Section II, Chapter 10 for restrictions on the inclusion of extraordinary aid and additional nonpublic school transportation aid.

*Detail of allowable adjustments*

Impact aid	\$	0.00	(H)
Sale and lease-back		0.00	(I)
Extraordinary aid		18,868.00	(J1)
Additional nonpublic school transportation aid		27,550.00	(J2)
Current year school bus advertising revenue recognized		.00	(J3)
Family crisis transportation aid		<u>0.00</u>	(J4)
Total adjustments [(H) + (I) + (J1) + (J2) + (J3)]	\$	<u>46,418.00</u>	(K)

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

\*\*\*Amounts must agree to the June 30, 2021 C.A.F.R. and must agree to Audit Summary 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 an 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, 2021 to August 1, 2021 resulting from decrease in state aid after adoption of the 2020-21 district budget.

*Detail of other restricted fund balance*

Statutory restrictions:

Approved unspent separate proposal	\$	0.00	
Sale/lease-back reserve		0.00	
Capital reserve		602,108.23	
Maintenance reserve		461,688.87	
Emergency reserve		70,769.50	
Tuition reserve		0.00	
School bus advertising 50% fuel offset reserve - current year		.00	
School bus advertising 50% fuel offset reserve - prior year		0.00	
Impact aid general fund reserve (Sections 8002 and 8003)		0.00	
Impact aid general fund reserve (Sections 8007 and 8008)		0.00	
Other state/government mandated reserve		0.00	
Reserve for unemployment		67,350.72	
[Other reserved fund balance not noted above]****		<u>23,590.00</u>	
Total other restricted fund balance	\$	<u>1,225,507.32</u>	(C4)

**AUDIT RECOMMENDATIONS SUMMARY**  
**For the Year Ended June 30, 2021**

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. Before and After School Program - Beyond the Bell  
None.
6. Student Body Activities  
None.
7. Application for State School Aid  
None.
8. Pupil Transportation  
None.
9. Facilities and Capital Assets  
None.
10. Miscellaneous  
None.
11. Status of Prior Year Audit Findings/Recommendations  
None.