

KEANSBURG SCHOOL DISTRICT

Keansburg, New Jersey
County of Monmouth

**Auditor's Management Report on Administrative Findings -
Financial, Compliance and Performance
YEAR ENDED JUNE 30, 2021**

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

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

Honorable President and Members
of the Board of Education
Keansburg School District
County of Monmouth
Keansburg, 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 Keansburg Public School District in the County of Monmouth for the year ended June 30, 2021, and have issued our report thereon dated April 5, 2022.

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 Keansburg Public 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.

A handwritten signature in black ink, appearing to read 'Jerry Conaty'. The signature is stylized and somewhat cursive, with a large initial 'J' and 'C'.

Jerry Conaty
Certified Public Accountant
Public School Accountant, No. 2470

Red Bank, New Jersey
April 5, 2022

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**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 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>
Michael LoBrace	Interim Board Secretary/School Business Administrator	\$ 257,000.00

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were less than estimated costs. The 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.

Payroll Account

The net salaries of sampled employees of the board were deposited in the Payroll Account. Employee's 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 School Business Administrator/Board Secretary.

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

Payrolls were delivered to the School Business Administrator/Board Secretary who then deposited with warrants in separate bank accounts for net payroll and withholdings.

Employee Position Control Roster

A sample 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 versus instruction), and the Position Control Roster.

Reserve for Encumbrances and Accounts Payable

A sample of outstanding issued purchase orders was made as of June 30 for proper classification of orders as reserve for encumbrances and accounts payable. No exceptions were noted.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23 A-16.29(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of a sample of 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 N.J.A.C. 6A:23A-8.3. As a result of the procedures performed, a transaction error rate of 0% percent overall 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 were found to be in unsatisfactory condition.

Finding 2021-001*:

During our audit we noted that the School District is not maintaining a complete and accurate general ledger in accordance with accounting principles generally accepted in the United States of America. Numerous entries were required to bring the School District's general ledger into compliance at year-end, including misclassification of grant receipts, misposting of State Aid receipts and related adjustments, accrual of year-end receivables, misposting of grant salaries, interfund adjustments recorded in one fund but not the corresponding fund and contributions to Whole School Reform not recorded between the respective funds.

Recommendation:

That the School District implement internal controls to ensure that a complete and accurate general ledger is maintained and financial reports are reviewed regularly for accuracy.

Finding 2021-002*:

During our testing it was noted the bank reconciliations were not accurately performed. Numerous adjustments were required to correct errors in the School District's bank reconciliations, including transfers recorded in one account but not the corresponding account, outstanding reconciling items that are more than a year old, receivable balances being recorded as reconciling items, and checks issued without sufficient cash in the account.

Recommendation:

That bank reconciliations be completed accurately and timely.

Finding 2021-005*:

The School District over-expended certain line items in its budget. The School District over-expended 21 line items by a combined \$844,698.96.

Recommendation:

That the District maintain and complete and accurate general ledger and review line items for potential over-expenditures and have budget transfers approved by the Board of Education prior to committing funds.

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

The E.S.E.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 and VI of the Elementary and Secondary Education Act as amended and reauthorized.

T.P.A.F. Reimbursement

Our audit procedures included a sample test of the biweekly reimbursements forms filed with the Department of Education for district employees who are members of the Teachers 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 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

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

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (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 for 2019-20.

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

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 eligible students during the period of school closures.

During SY 2020-2021 the public health emergency was still applicable. As a result, School Food Authorities (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 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 students during the emergency.

The financial transactions and statistical records of the school food service fund were reviewed. The financial accounts, meal count records were reviewed on a test-check basis.

Finding 2021-003*

The Food Service Fund has a deficit net position at June 30, 2021.

Recommendation:

That the School District develop a plan to fund the deficit in the Food Service Fund and monitor the activity to ensure that deficits are avoided in the future.

Cash receipts and bank records were reviewed for timely deposit.

The district/charter school/renaissance school project utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34, and 19-1 through 19-4.1. Provisions of the FSMC Cost Reimbursable Fixed Price or Non-Competitive Emergency Procurement contract/addendum were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will return a profit of at least \$50,000. The operating results provision has not been met. All vendor discounts, rebates, and credits from vendors and/or the FSMC were tracked and credited to the Food Service Account and reconciled to supporting documentation at least annually.

Expenditures should be separately recorded as food, labor and other costs. Vendor invoices were reviewed, and costs verified. Inventory records on food and supply items were currently maintained and properly applied in determining the cost of food and supplies used.

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service.

The SFA recorded and maintained separate supporting documentation for additional costs (food, supplies, transportation, etc.) applicable to the implementation of the COVID-19 meal service under SSO or SFSP program requirements.

The FSMC did not apply for and receive a loan in accordance with the Payroll Protection Plan and did not use the funds to pay for costs applicable to the Food Service Programs. The PPP loan was not subsequently forgiven and the FSMC did not refund or credit the applicable amounts to the SFA.

Time sheets were reviewed, and labor costs verified. Payroll records were maintained on all School Food Services employees authorized by the board of education/board of trustees. No exceptions were noted.

The number of meals claimed for reimbursement was compared to sales and meal count records. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement claims were submitted/certified in a timely manner.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served was compared to the number of valid applications/or to the list of directly certified students on file, times the number of operating days, on a school-by-school basis. The free and reduced price meal and free milk policy was reviewed for uniform administration throughout the school system. Sites approved to participate in Provisions I and II were examined for compliance with all counting and claiming requirements. The required verification procedures for free and reduced price applications were completed and available for review.

USDA Food Distribution Program (food and/or commodities) were received and a single inventory was maintained on a first-in, first out basis. No exceptions were noted.

Student Body Activities

Our review of the financial and accounting records for student activities indicated they were in unsatisfactory 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.

Pupil Transportation

Our audit procedures included a sample 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 without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a sample of transportation contracts and purchases. Based on our sample, the School District complied with proper bidding procedures and award of contracts. The bid specifications for the purchase of buses were in compliance with applicable statutes. No exceptions were noted in our sampling of transportation related purchases of goods and services.

Facilities and Capital Assets

Finding 2021-004*:

During our testing of capital assets it was noted that the school district's records required a significant prior period adjustment to account for unrecorded additions and disposals.

Recommendation:

That the District have a complete appraisal performed which is then maintained and updated annually.

Miscellaneous

Finding 2021-006*

The School District did not make the necessary transfers to avoid over expenditures which would have resulted in transfers over 10% and required submission to the Executive County Superintendent. Eleven general fund appropriations would have required transfers in excess of 10% to avoid over expending the line.

Recommendation:

That monthly and year to date transfer reports be prepared and reviewed regularly and remitted to the Executive County Superintendent to request approval for transfers exceeding the maximum allowed.

Finding 2021-007*

The School District did not recognize the required percentage of SEMI revenues. The School District recognized \$69,575.56 in SEMI revenues, or 44.5% of budgeted revenues.

Recommendation:

The the School district review procedures and implement controls to ensure maximum participation in the SEMI program.

The School District complied with its most recent continuing disclosure agreements in relation to prior year bond issuances.

Follow-up on Prior Year Findings

In accordance with audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, our procedures included a review of all prior year findings reported in the prior year's Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance. Findings marked with an asterisk (*) indicate repeat findings.

Office of Fiscal Accountability and Compliance (OFAC) Findings

There were no Office of Fiscal Accountability and Compliance (OFAC) audit reports issued during the fiscal 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.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.



Jerry Conaty
Certified Public Accountant
Public School Accountant, No. 2470

Red Bank, New Jersey
April 5, 2022

ADDITIONAL INFORMATION

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**KEANSBURG SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2020**

	2021-2022 Application for State School Aid						Sample for Verification						Private Schools for Disabled					
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Reported on Selected from Workpapers		Verified per Registers On Roll		Errors per Registers On Roll		Reported on A.S.S.A. as Private Schools		Sample for Verification		Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Half Day Preschool - 3 Yrs	39	-	-	-	-	-	7	-	7	-	-	-	-	-	-	-	-	-
Half Day Preschool - 4 Yrs	77	-	-	-	-	-	13	-	13	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	96	-	-	-	-	-	17	-	17	-	-	-	-	-	-	-	-	-
One	99	-	-	-	-	-	17	-	17	-	-	-	-	-	-	-	-	-
Two	101	-	-	-	-	-	18	-	18	-	-	-	-	-	-	-	-	-
Three	102	-	-	-	-	-	18	-	18	-	-	-	-	-	-	-	-	-
Four	88	-	-	-	-	-	15	-	15	-	-	-	-	-	-	-	-	-
Five	107	-	-	-	-	-	19	-	19	-	-	-	-	-	-	-	-	-
Six	69	-	-	-	-	-	12	-	12	-	-	-	-	-	-	-	-	-
Seven	92	-	-	-	-	-	16	-	16	-	-	-	-	-	-	-	-	-
Eight	85	-	-	-	-	-	15	-	15	-	-	-	-	-	-	-	-	-
Nine	83	-	-	-	-	-	15	-	15	-	-	-	-	-	-	-	-	-
Ten	62	-	-	-	-	-	11	-	11	-	-	-	-	-	-	-	-	-
Eleven	55	11	-	-	-	-	10	2	10	2	-	-	-	-	-	-	-	-
Twelve	56	5	-	-	-	-	10	1	10	1	-	-	-	-	-	-	-	-
Subtotal	1,211	16	-	-	-	-	213	3	213	3	-	-	-	-	-	-	-	-
Special Ed - Elementary	141	-	-	-	-	-	25	-	25	-	-	-	-	8	7	-	-	-
Special Ed - Middle School	72	-	-	-	-	-	13	-	13	-	-	-	-	7	6	-	-	-
Special Ed - Middle School	100	14	-	-	-	-	18	2	18	2	-	-	-	15	13	-	-	-
Subtotal	313	14	-	-	-	-	56	2	56	2	-	-	-	30	26	-	-	-
Totals	1,524	30	-	-	-	-	269	5	269	5	-	-	-	30	26	-	-	-
Percentage Error					0%				0%				0%		0%		0%	

KEANSBURG SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2020

	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 LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Kindergarten	97	97	-	17	17	-	2	2	-	2	2	-
One	101	101	-	18	18	-	2	2	-	2	2	-
Two	101	101	-	18	18	-	7	7	-	6	6	-
Three	102	102	-	18	18	-	-	-	-	-	-	-
Four	89	89	-	16	16	-	-	-	-	-	-	-
Five	107	107	-	19	19	-	1	1	-	1	1	-
Six	70	70	-	13	13	-	-	-	-	-	-	-
Seven	93	93	-	17	17	-	-	-	-	-	-	-
Eight	88	88	-	16	16	-	1	1	-	1	1	-
Nine	83	83	-	15	15	-	2	2	-	2	2	-
Ten	63	63	-	11	11	-	-	-	-	-	-	-
Eleven	61	61	-	11	11	-	1	1	-	1	1	-
Twelve	59	59	-	10	10	-	-	-	-	-	-	-
Subtotal	1,114	1,114	-	199	199	-	16	16	-	15	15	-
Special Ed - Elementary	152	152	-	27	27	-	6	6	-	5	5	-
Special Ed - Middle School	83	83	-	15	15	-	-	-	-	-	-	-
Special Ed - High School	129	129	-	23	23	-	-	-	-	-	-	-
Subtotal	364	364	-	65	65	-	6	6	-	5	5	-
Totals	1,478	1,478	-	264	264	-	22	22	-	20	20	-
Percentage Error	0%			0%			0%			0%		

Transportation

	Reported on DRTRS by DOE/County			Reported on DRTRS by District		
	Errors	Tested	Verified	Errors	Tested	Verified
Reg. - Public Schools, col. 1	33	33	19	-	19	19
Reg. - Sp Ed, col. 4	55	55	31	-	31	31
Courtesy Students	45	45	26	-	26	26
Special Ed Spec, col. 6	71	71	40	-	40	40
Totals	204	204	116	-	116	116
Percentage Error	0%			0%		

KEANSBURG SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2020

	Resident LEP Not Low Income				Sample for Verification			
	Reported on A.S.A as LEP Not Low Income	Reported on Workpapers LEP Not Low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors		
Full Day Kindergarten								
One	4	4	-	3	3	-		
Two	5	5	-	4	4	-		
Three	2	2	-	2	2	-		
Four	3	3	-	3	3	-		
Five	3	3	-	3	3	-		
Six	-	-	-	-	-	-		
Seven	-	-	-	-	-	-		
Eight	1	1	-	-	-	-		
Nine	1	1	-	1	1	-		
Ten	1	1	-	1	1	-		
Eleven	1	1	-	1	1	-		
Twelve	-	-	-	-	-	-		
Subtotal	21	21	-	19	19	-		
Special Ed - Elementary	3	3	-	3	3	-		
Special Ed - Middle School	-	-	-	-	-	-		
Special Ed - High School	-	-	-	-	-	-		
Subtotal	3	3	-	3	3	-		
Totals	24	24	-	22	22	-		
Percentage Error			0%			0%		

SCHEDULE OF MEAL COUNT ACTIVITY

KEANSBURG SCHOOL DISTRICT

FOOD SERVICE FUND

NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM -Federal

ENTERPRISE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

PROGRAM	MEAL CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE	(OVER) UNDER CLAIM
National School Lunch (Regula/Rate)	Paid	-	-	-	-	0.33	-
National School Lunch (Regular Rate)	Reduced	-	-	-	-	3.11	-
National School Lunch (Regular/SSO Rate)	Free	-	-	-	-	3.76	-
	TOTAL	-	-	-			-
	HHFKA - PB						
National School Lunch	Lunch Only	-	-	-	-	0.07	-
School Breakfast (Regular Rate)	Paid	-	-	-	-	0.32	-
	Reduced	-	-	-	-	1.59	-
	Free	-	-	-	-	1.89	-
	TOTAL	-	-	-			-
Special Milk	Paid				-	0.2025	-
After School Snacks	Paid	-	-	-	-	0.08	-
	Reduced	-	-	-	-	0.48	-
	Free (Area Eligible)	-	-	-	-	0.96	-
	TOTAL	-	-	-			-
Seamless Summer Option (SSO)							
Breakfast	Free	-	-	-	-	1.89	-
Lunch	Free	-	-	-	-	3.51	-
	TOTAL	-	-	-			-
	HHFKA - PB						
National School Lunch	Lunch Only	-	-	-	-	0.07	-
Child & Adult Care Food							
CACFP - Food	Free	-	-	-	-	3.51	-
CACFP - Cash-in-lieu of USDA Foods	Free	-	-	-	-	0.245	-
	TOTAL	-	-	-			-
Summer Food Service (SFSP)	<u>SELF-PREP RATES</u>						
	Breakfast	123,104	123,104	123,104	-	2.375	-
	Lunch or Supper	120,768	120,768	120,768	-	4.1525	-
	Supplement	-	-	-	-	0.9775	-
	TOTAL	243,872	243,872	243,872	-		-
	<u>VENDED RATE</u>						
	Breakfast	-	-	-	-	2.33	-
	Lunch or Supper	-	-	-	-	4.0875	-
	Supplement	-	-	-	-	0.955	-
	TOTAL	-	-	-	-		-

KEANSBURG SCHOOL DISTRICT
Food Service Fund
Net Cash Resource Schedule
6/30/2021

Net Cash Resources:

CAFR*	Current Assets		
B-4	Cash & Cash Equiv.	62,371.61	
B-4	Due from Other Gov'ts	0.00	
B-4	OtherAccounts Receivable	83,613.76	
CAFR	Current Liabilities		
B-4	Less: Accounts Payable	133,506.53	
B-4	Less: Accruals	-	
B-4	Less: Due to Other Funds	216,522.77	
B-4	Less: Unearned Revenue	-	
		-	
Net Cash Resources		(204,043.93)	(A)

Net Adjusted Total Operating Expense:

B-5	Total Operating Expenses	849,467.61	
B-5	Less: Depreciation Expense	(11,387.66)	
		-	
Adjusted Total Operating Expenses		838,079.95	(B)

Average Monthly Operating Expense:

B / 10	83,808.00	(C)
--------	------------------	------------

Three Times Monthly Average:

3 X C	251,424.00	(D)
-------	-------------------	------------

TOTAL IN BOX A	(204,043.93)
LESS TOTAL IN BOX D	(251,424.00)
NET	(455,467.93)

D is greater than A, cash does NOT exceed 3X average monthly operating expenses.

* Inventories are not to be included in total current assets.

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EXCESS SURPLUS CALCULATION

SECTION 1

A. 4% Calculation of Excess Surplus

2020-2021 Total General Fund Expenditures Reported on Exhibit C-1	\$ <u>36,933,589.07</u> (A)
Increased by:	
Transfer from Capital Outlay to Capital Projects Fund	\$ <u>-</u> (A1a)
Transfer from Capital Reserve to Capital Projects Fund	\$ <u>-</u> (A1a)
Transfer from General Fund to SRF for Preschool	\$ <u>-</u> (A1a)
Less: Expenditures Allocated to Restricted Federal Resources as Reported on Exhibit D-2	\$ <u>597,137.86</u> (A1b)
 2020-2021 Adjusted General Fund & Other State Expenditures {(A)+(A1)-(A-1b)}	 \$ <u>36,336,451.21</u> (A2)
Decreased by:	
On-Behalf TPAF Pension & Social Security	\$ <u>7,271,691.12</u> (A3)
Assets Acquired Under Capital Leases:	
General Fund 10 Assets Acquired Under Capital Leases reported on Exhibit C-1a	\$ <u>244,438.50</u> (A4)
 Add: General Fund & State Resources Portion of Fund 15 Assets Acquired Under Capital Leases:	
Assets Acquired Under Capital Leases in Fund 15 Reported on Exhibit C-1a	\$ <u>-</u> (A5)
 Combined General Fund Contribution & State Resources Percent of Fund 15 Resources Reported on Exhibit D-2	
	<u>96.37%</u> (A6)
 General Fund & State Resources Portion of Fund 15 Assets Acquired Under Capital Leases [(A5)*(A6)]	
	\$ <u>-</u> (A7)
 Total Assets Acquired Under Capital Leases [(A4)+(A7)]	 \$ <u>244,438.50</u> (A8)
 2020-2021 General Fund Expenditures [(A-2)-(A-3)-(A-8)]	 \$ <u>28,820,321.59</u> (A9)
 4% of Adjusted 2020-2021 General Fund Expenditures [(A9) times .04]	 \$ <u>1,152,812.86</u> (A10)
 Enter Greater of (A10) or \$250,000	 \$ <u>1,152,812.86</u> (A11)
 Increased by: Allowable Adjustment *	 \$ <u>55,453.00</u> (K)
 Maximum Unassigned Fund Balance [(A11)+(K)]	 \$ <u><u>1,208,265.86</u></u> (M)

EXCESS SURPLUS CALCULATION (continued):

SECTION 2:

Total General Fund - Fund Balances @ 06/30/2021 (Per CAFR Budgetary Comparison Schedule C-1)	\$ <u>4,419,898.37</u> (C)
Decreased by:	
Year-End Encumbrances	\$ <u>132,082.22</u> (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ <u>-</u> (C2)
Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ <u>-</u> (C3)
Other Restricted Fund Balances ****	\$ <u>400,000.00</u> (C4)
Assigned Fund Balance - Designated for Subsequent Year's Expenditures	\$ <u>30,646.00</u> (C5)
 Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	 \$ <u>3,857,170.15</u> (U)

SECTION 3

Restricted Fund Balance - Excess Surplus *** {(U)-(M)} IF NEGATIVE ENTER -0-	\$ <u>2,648,904.29</u> (E)
Restricted Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ <u>-</u> (C3)
Restricted Excess Surplus *** {(E)}	\$ <u>2,648,904.29</u> (E)
 Total [(C3) + (E)]	 \$ <u>2,648,904.29</u> (D)

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, effective for the year ending June 30, 2016 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 Transportation Aid;

(J3) Recognized current year School Bus Advertising Revenue; and

(J4) 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	\$ <u>-</u> (H)
Sale & Lease-back	\$ <u>-</u> (I)
Extraordinary Aid	\$ <u>55,453.00</u> (J1)
Additional Nonpublic School Transportation Aid	\$ <u>-</u> (J2)
Current Year School Bus Advertising Revenue Recognized	\$ <u>-</u> (J3)
Family Crisis Transportation Aid	\$ <u>-</u> (J4)
 Total Adjustments {(H)+(I)+(J1)+(J2)+(J3)+(J4)}	 \$ <u>55,453.00</u> (K)

EXCESS SURPLUS CALCULATION (continued):

SECTION 3 (continued):

- ** This amount represents the June 30, 2021 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.
- *** Amount entered must agree with the June 30, 2021 CAFR and Audit Summary Worksheet Line 90030
- **** Amount for Other Restricted Fund Balances must be detailed for each source and request for approval to use amounts other than state imposed legal restrictions in the excess surplus calculation must be submitted to the Assistant Commissioner - Field Services prior to September 30.

Detail of Other Reserved Fund Balance

Statutory Restrictions:

Approved Unspent Separate Proposal	\$ <u> -</u>
Sale/Lease-Back Reserve	\$ <u> -</u>
Capital Reserve	\$ <u> -</u>
Maintenance Reserve	\$ <u> 400,000.00</u>
Tuition Reserve	\$ <u> -</u>
Emergency Reserve	\$ <u> -</u>
School Bus Advertising 50% Fuel Offset Reserve - current year	\$ <u> -</u>
School Bus Advertising 50% Fuel Offset Reserve - prior year	\$ <u> -</u>
Impact Aid General Fund Reserve (Sections 8002 and 8003)	\$ <u> -</u>
Impact Aid Capital Fund Reserve (Sections 8007 and 8008)	\$ <u> -</u>
Reserve for Unemployment Fund	\$ <u> -</u>
Other State/Government Mandated Reserve	\$ <u> -</u>
Other Restricted/Reserved Fund Balance Not Noted Above ****	\$ <u> -</u>
Total Other Restricted/Reserved Fund Balance	\$ <u> 400,000.00</u> (C4)

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**KEANSBURG SCHOOL DISTRICT
ENCUMBRANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED**

Encumbrances per the June 30, 2021 Board Secretarys Report

<u>DESCRIPTION</u>	<u>TOTAL BY</u>	<u>AMOUNT</u>		<u>FUND 10</u>	<u>FUND 15</u>
	<u>CATEGORY</u>	<u>PROPERLY</u>	<u>EMCUMBERED</u>		
School Admin	\$ 110,983.26	\$ 110,983.26		\$ 110,523.26	\$ 460.00
Contstruction	21,558.96	21,558.96		21,558.96	-
	<u>\$ 132,542.22</u>	<u>\$ 132,542.22</u>		<u>\$ 132,082.22</u>	<u>\$ 460.00</u>

**KEANSBURG SCHOOL DISTRICT
AUDIT RECOMMENDATIONS SUMMARY
YEAR ENDED JUNE 30, 2021**

SCHOOL DISTRICT

Recommendations:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

2021-001*: That the School District implement internal controls to ensure that a complete and accurate general ledger is maintained and financial reports are reviewed regularly for accuracy.

2021-002*: That bank reconciliations be completed accurately and timely.

2021-005*: That the District maintain and complete and accurate general ledger and review line items for potential over-expenditures and have budget transfers approved by the Board of Education prior to committing funds.

3. School Purchasing Programs

None

4. School Food Service

2021-003*: That the School District develop a plan to fund the deficit in the Food Service Fund and monitor the activity to ensure that deficits are avoided in the future.

5. Student Body Activities

None

6. Application for State School Aid

None

7. Pupil Transportation

None

8. Facilities and Capital Assets

2021-004*: That the District have a complete appraisal maintained and updated annually.

9. Miscellaneous

2021-006*: That monthly and year to date transfer reports be prepared and reviewed regularly and remitted to the Executive County Superintendent to request approval for transfers exceeding the maximum allowed.

2021-007*: That the School district review procedures and implement controls to ensure maximum participation in the SEMI program.

10. Status of Prior Year Audit Findings/Recommendations

A review was performed on the prior year recommendations and corrective action was taken on all prior year findings except those marked with an asterisk above.