

BOARD OF EDUCATION
BOROUGH OF PALMYRA SCHOOL DISTRICT
COUNTY OF BURLINGTON
AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

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REPORT OF INDEPENDENT AUDITORS

Honorable President and
Members of the Board of Education
Borough of Palmyra School District
County of Burlington, New Jersey 08065

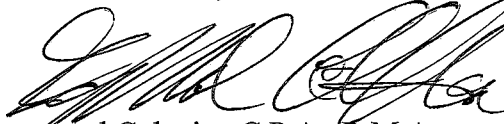
We have audited, in accordance with generally accepted auditing standards and **Government Auditing Standards** issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Borough of Palmyra School District in the County of Burlington for the year ended June 30, 2021, and have issued our report thereon dated January 28, 2022.

As part of our audit, we performed procedures required by the Division of Administration and Finance, 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 Borough of Palmyra School, for the fiscal year ending June 30, 2021 and is intended for the information of the Palmyra Borough Board of Education'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,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant

No. 915

January 28, 2022

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

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and District personnel entrusted with duties formally under the auspices of 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 (N.J.S.A. 18A:17-26, 18A:17-32, 18A:13-13)

<u>Name</u>	<u>Position</u>	<u>Amount</u>
William R. Blatchley	School Business Administrator/ Board Secretary	\$ 175,000
Donna Gidjunis	Treasurer of School Moneys	\$ 250,000

There is a blanket dishonesty bond covering all other employees with the following coverage: \$100,000 per employee / \$500,000 per loss.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The Board appeared to make proper adjustment to the billings of sending districts for the adjustments 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

An examination of claims paid during the period under audit did not indicate any reportable noncompliance with respect to signatures, certifications or supporting documentation.

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.

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

Salary withholdings were promptly remitted to the proper agencies, including health benefits withholding due to the general fund.

Payrolls were delivered to the secretary of the board who then deposited with warrants in separate bank accounts for net payroll and withholdings.

Employee Position Control Roster

An inquiry and subsequent review of the Position Control Roster did not find any discrepancies between the payroll records, employee benefit records, the general ledger accounts to where wages are posted, and the Position Control Roster.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, 2021 for goods not yet received or services not yet rendered, and it was determined that no blanket purchase orders were included in the balance of the reserves for encumbrances. Also, unpaid purchase orders included in the balance of accounts payable were reviewed for propriety and to determine that goods were received and services were rendered as of June 30, 2021. Our sample did not indicate any reportable noncompliance with respect to classification of orders.

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 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 N.J.A.C. 6A:23A-8.3. As a result of the procedures performed, a transaction error rate of 0% overall was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

- A. **General Classification Findings** - NONE
- B. **Administrative Classification Findings** - NONE

Obligations of Federal Grant Awards and Requests for Reimbursement of Expenditures Against Those Federal Grants Awards

No exceptions were noted.

Board Secretary's Records

The financial records and board minutes of the Board Secretary were in satisfactory condition.

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

Purchase orders were found to be charged to the appropriate line item accounts in accordance with the State prescribed **Uniform Minimum Chart of Accounts (2R2) for New Jersey Public Schools**.

Monthly financial certifications of the Board Secretary and Board of Education for positive line item account status certification (N.J.A.C. 6:20-2.13) were approved monthly.

Treasurer's Records

Our audit of the financial and accounting records maintained by the Treasurer of School Moneys indicated they were in satisfactory condition.

The Treasury records were in agreement with the records of the Board Secretary. The Treasury reports were filed in a timely manner.

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 CAFR. This section of the CAFR documents the financial position pertaining to the projects under Titles I-A and II-A of the Elementary and Secondary Education Act as amended and reauthorized.

Our audit of the E.S.E.A. 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 study of compliance for E.S.E.A. indicated that all E.S.E.A. programs were in compliance.

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 **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 special projects indicated no areas of noncompliance and/or questionable costs.

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursement forms filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

Financial Planning, Accounting and Reporting (Cont'd)

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 60 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

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 are available on the website:
http://www.state.nj.us/dca/divisions/dlgs/programs/ps_contracts.html.

The 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

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$44,000 (with a Qualified Purchasing Agent) and \$32,000 (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 currently \$19,600 for 2020-2021.

The District Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the fiscal 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.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

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 provisions of N.J.S.A. 18A:18A-4 as amended, with the exception of the following:

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

School Purchasing Programs (Cont'd)

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

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977; therefore, the extent of such purchases could not reasonably be ascertained. Our examination did reveal, however, that Computers and Supplies were purchased from vendors approved for state contract.

The review of contracts and agreements did not disclose any areas of statutory noncompliance.

Although a particular contract is exempt from the formal requirements of public advertising and competitive bidding, N.J.S.A. 18A:18A-37 requires that quotations be obtained, whenever practical, for any contract less than the bid threshold but 15% or more of that amount, except for contracts for professional services. All contracts and agreements, which are subject to quotations, shall be awarded on the basis of the lowest responsible quotation received, which is most advantageous to the Board of Education, price and other factors considered.

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 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 (new) 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 school food service program was not selected as a major federal and/or State program. However, the program expenditures exceeded \$100,000 in federal and/or State support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether the School Food Authority (SFA) had any Child Nutrition Program reimbursement overclaims or underclaims.

School Food Service (Cont'd)

PUBLIC HEALTH EMERGENCY (Cont'd)

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.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets (CAFR Schedule B-5) does separate program and non-program revenue and program and non-program cost of goods sold.

We 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 Payroll Protection Plan 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.

Finding 2021-1 (CAFR 2021-1)

Net cash resources in the Food Service Fund exceeded three months average expenditures.

Recommendation

The Board should implement a corrective action plan to effectively reduce the net cash resources on hand through capital expenditure or otherwise.

S.A.C.C. Account (School Age Childcare)

S.A.C.C. activity (representing miscellaneous childcare program fee revenues and payment of related operating expenditures) is reported as an enterprise fund.

The analysis of Receipts and Disbursements submitted for audit, as adjusted, reconciled with the bank at June 30, 2021. Deposits were generally traceable to the monthly bank statements and made on a timely basis. Expenditures were supported by invoices and other documentation. Receipts and disbursements were reconciled to the bank account.

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 test of information reported in the October 15, 2020 Application for State School Aid (ASSA) for on-roll, private schools for students with disabilities, low-income, and bilingual. We also performed a review of the district procedures related to its completion. The information on the ASSA was compared to the district workpapers without exception. The information included as part of the workpapers was verified with the exception of one tenth grade student who registered then decided to get a GED and not participate in school on a day to day basis. 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 test of on roll status reported in the 2020-2021 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report, which is 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 complied with proper bidding procedures and award of contracts. No exceptions were noted in our review of transportation related purchases of goods and services.

Facilities, Capital Assets and Capital Leases

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

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 test results were posted on the district's website as well as being available at the school facility.

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:

Finding 2020-1

Net cash resources in the Food Service Fund exceeded three months average expenditures.

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,

NIGHTLINGER, COLAVITA & VOLPA, P.A.

A handwritten signature in black ink, appearing to read 'Raymond Colavita', written in a cursive style.

Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant
No. 915

**NET CASH RESOURCE SCHEDULE
BOROUGH OF PALMYRA SCHOOL DISTRICT
JUNE 30, 2021**

<u>Net Cash Resources:</u>		Food Service B - 4/5	
CAFR	*	Current Assets	
B-4		Cash & Cash Equiv.	\$ 164,734
B-4		Due from Other Gov'ts	9,319
B-4		Accounts Receivable	180
B-4		Investments	
CAFR		Current Liabilities	
B-4		Less Accounts Payable	(864)
B-4		Less Accruals	
B-4		Less Due to Other Funds	
B-4		Less Deferred Revenue	(21,858)
		Net Cash Resources	\$ 151,511.00 (A)

Net Adj. Total Operating Expense:

B-5		Tot. Operating Exp.	166,222
B-5		Less Depreciation	(4,381)
		Adj. Tot. Oper. Exp.	\$ 161,841.00 (B)

Average Monthly Operating Expense:

		\$ 16,184.10 (C)
--	--	-------------------------

Three times monthly Average:

		\$ 48,552.30 (D)
--	--	-------------------------

TOTAL IN BOX A	\$	151,511.00	
LESS TOTAL IN BOX D	\$	48,552.30	
NET	\$	102,958.70	
From above:			
A is greater than D, cash exceeds 3 X average monthly operating expenses.			
D is greater than A, cash does not exceed 3 X average monthly operating expenses.			

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

SOURCE - USDA resource management comprehensive review form

SCHEDULE OF MEAL COUNT ACTIVITY
BOROUGH OF PALMYRA SCHOOL DISTRICT
FOOD SERVICE FUND
NUMBER OF MEALS/MILKS SERVED AND (OVER)/UNDERCLAIM-FEDERAL
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

<u>Program</u>	<u>Meal Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>(Over)/Under Claim</u>
National School Lunch (Regular Rate)	Paid						
	Reduced						
	Free	27,275	27,275	27,275		\$ 3.5100	
	TOTAL	<u>27,275</u>	<u>27,275</u>	<u>27,275</u>			<u>\$</u>
HHFKA	Paid						
	Reduced						
	Free	27,275	27,275	27,275		0.0700	
	TOTAL	<u>27,275</u>	<u>27,275</u>	<u>27,275</u>			<u>\$</u>
School Breakfast	Paid						
	Reduced						
	Free	27,275	27,275	27,275		2.2600	
	TOTAL	<u>27,275</u>	<u>27,275</u>	<u>27,275</u>			<u>\$</u>
After School Snack Program		6,888	6,888	6,888		0.9600	
	TOTAL	<u>6,888</u>	<u>6,888</u>	<u>6,888</u>			<u>\$</u>
TOTAL NET (OVER) UNDER CLAIM							<u>\$</u>

SCHEDULE OF MEAL COUNT ACTIVITY
BOROUGH OF PALMYRA SCHOOL DISTRICT
FOOD SERVICE FUND
NUMBER OF MEALS/MILKS SERVED AND (OVER)/UNDERCLAIM-STATE
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

<u>Program</u>	<u>Meal Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>(Over)/Under Claim</u>
State Reimbursement	Paid						
National School Lunch (Regular Rate)	Reduced						
	Free	12,693	12,693	12,693		\$ 0.055	
	Free	14,582	14,582	14,582		0.255	
	TOTAL	<u>27,275</u>	<u>27,275</u>	<u>27,275</u>			\$ _____
TOTAL NET (OVER) UNDER CLAIM							\$ _____

SCHEDULE OF AUDITED ENROLLMENTS

PALMYRA BOROUGH BOARD OF EDUCATION
APPLICATION OR 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		Reported On		Errors		Sample		Verified per		Errors per		Reported On							
	A.S.S.A.		Workpapers				Selected From		Registers		Registers		A.S.S.A. as							
	On Roll		On Roll		Full		Workpapers		On Roll		On Roll		Private		Sample for		Sample			
Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Errors	
Half Day Preschool 4 Years Old	2		2																	
Full Day Kindergarten	55		55					14		14										
One	54		54					13		13										
Two	50		50					12		12										
Three	53		53					13		13										
Four	46		46					11		11										
Five	44		44					11		11										
Six	56		56					14		14										
Seven	60		60					15		15										
Eight	59		59					15		15										
Nine	78		78					19		19										
Ten	74		73			1		18		18										
Eleven	90		90					22		22										
Twelve	78		78					19		19										
Post-Graduate																				
Adult H.S. (15+CR.)																				
Adult H.S. (1-14 CR.)																				
Subtotal	799	0	798	0	1	0		196	0	196	0	0	0	0	0	0	0	0	0	0
Special Ed - Elementary	50		50					12		12				2						
Special Ed - Middle	28		28					7		7										
Special Ed - High	58		58					14		14				4	1	1				
Subtotal	136	0	136	0	0	0		33	0	33	0	0	0	6	1	1				0
Totals	935	0	934	0	1	0		229	0	229	0	0	0	6	1	1				0
Percentage Error					0.00%	0.0%							0.00%	0.00%						0.00%

SCHEDULE OF AUDITED ENROLLMENTS

**PALMYRA BOROUGH BOARD OF EDUCATION
APPLICATION OR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2020**

	<u>Resident Low Income</u>			<u>Sample for Verification</u>			<u>Resident LEP Low Income</u>			<u>Sample for Verification</u>		
	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 Test Score and Register	Sample Errors
Full Day Preschool 4 Years Old												
Full Day Kindergarten	12.0	12.0		6	6							
One	26.0	26.0		14	14							
Two	12.0	12.0		6	6							
Three	19.0	19.0		10	10		1	1				
Four	17.0	17.0		9	9		1	1				
Five	24.0	24.0		12	12		3	3		1	1	
Six	21.0	21.0		11	11							
Seven	17.0	17.0		9	9							
Eight	20.0	20.0		10	10							
Nine	14.0	14.0		7	7		1	1				
Ten	14.0	14.0		7	7							
Eleven	21.0	21.0		11	11		1	1				
Twelve	14.0	14.0		7	7		1	1				
Post Graduate												
Adult H.S. (15+CR.)												
Adult H.S. (1-14 CR.)												
Subtotal	231.0	231.0	0	119	119	0	8	8	0	1	1	0
Special Ed - Elementary	18.0	18.0		9	9							
Special Ed - Middle	15.0	15.0		8	8							
Special Ed - High	22.0	22.0		11	11							
Subtotal	55.0	55.0	0	28	28	0	0	0	0	0	0	0
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Totals	286.0	286.0	0	147	147	0	8	8	0	1	1	0
Percentage Error			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>

TRANSPORTATION

	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors	Avg. Mileage - Regular Including Grade PK students	Avg. Mileage - Regular Excluding Grade PK students	Avg. Mileage - Special Ed with Special Needs	Reported	Re-Calculated
Reg. - Public Schools	18.0	18.0	0	15	15	0				13.9	
Reg. - Special Ed.										13.9	
AIL - Non-Public										11.9	
Transported - Non-Public											
Special Needs - Public	18.0	18.0	0	15	15	0					
Totals	36.0	36.0	0	30.0	30.0	0					
Percentage Error			<u>0.0%</u>			<u>0.0%</u>					

SCHEDULE OF AUDITED ENROLLMENTS

PALMYRA BOROUGH BOARD OF EDUCATION
APPLICATION OR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2020

	<u>Resident LEP NOT Low Income</u>			<u>Sample for Verification</u>		
	<u>Report On</u> <u>A.S.S.A. as</u> <u>NOT Low</u> <u>Income</u>	<u>Report On</u> <u>Workpapers as</u> <u>NOT Low</u> <u>Income</u>	<u>Errors</u>	<u>Sample</u> <u>Selected From</u> <u>Workpapers</u>	<u>Verified to</u> <u>Application</u> <u>and Register</u>	<u>Sample</u> <u>Errors</u>
Full Day Preschool 4 Years Old						
Full Day Kindergarten						
One						
Two						
Three	1	1				
Four						
Five						
Six						
Seven						
Eight	1	1				
Nine						
Ten	4	4		2	2	
Eleven	1	1				
Twelve	1	1				
Post Graduate						
Adult H.S. (15+CR.)						
Adult H.S. (1-14 CR.)						
Subtotal	8	8	0	2	2	0
Special Ed - Elementary						
Special Ed - Middle						
Special Ed - High						
Subtotal	0	0	0	0	0	0
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	8	8	0	2	2	0
Percentage Error		0.00%			0.00%	

BOROUGH OF PALMYRA SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION

SECTION 1

A. 4% Calculation of Excess Surplus

2020-21 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ <u>19,455,595</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>2,946,923</u>	(B2a)
Assets Acquired Under Capital Leases	_____	(B2b)
 Adjusted 2020-21 General Fund Expenditures [(B)+(B1s)-(B2s)]	 <u>16,508,672</u>	 (B3)
 4% of Adjusted 2020-21 General Fund Expenditures [(B3) times .04]	 <u>660,347</u>	 (B4)
Enter Greater of (B4) or \$250,000	<u>660,347</u>	(B5)
Increased by: Allowable Adjustment*	<u>127,870</u>	(K)
 Maximum Unassigned/Undesignated-Unreserved Fund Balance[(B5)+(K)]	 <u>788,217</u>	 (M)

SECTION 2

Total General Fund - Fund Balances @ 6-30-21 (Per CAFR Budgetary Comparison Schedule C-1)	\$ <u>5,943,294</u>	(C)
Decreased by:		
Year-end Encumbrances	_____	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	_____	(C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**	<u>1,245,582</u>	(C3)
Other Restricted Fund Balances****	<u>2,722,542</u>	(C4)
Assigned Fund balance Unreserved - Designated for Subsequent Year's Expenditures	<u>83,187</u>	(C5)
 Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	 <u>1,891,983</u>	 (U1)

SECTION 3

Section 1 Restricted Fund Balance- Excess Surplus*** [(U1)-(M)] IF NEGATIVE ENTER -0-	\$ <u>1,103,766</u>	(E)
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Recapitulation of Excess Surplus as of JUNE 30, 2021

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures**	1,245,582	(C3)
Reserved Excess Surplus ***[(E)]	<u>1,103,766</u>	(E)
Total Excess Surplus [(C3) + (E)]	\$ <u>2,349,348</u>	(D)

BOROUGH OF PALMYRA SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION

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 & 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

Impact Aid	\$ _____	(H)
Sale & Lease-Back	_____	(I)
Extraordinary Aid	_____	(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)]	 \$ _____	 (K)

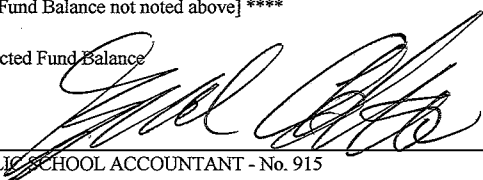
** This amount represents the June 30, 2021 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

*** Amounts must agree to the June 30, 2021 CAFR and 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	_____	1,127,792
Maintenance reserve	_____	1,394,108
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 8007 and 8008)	_____	
Impact Aid General Fund Reserve (Sections 8002 and 8003)	_____	
Other state/government mandated reserve	_____	
Reserve for Unemployment Fund	_____	200,642
[Other Restricted Fund Balance not noted above] ****	_____	
 Total Other Restricted Fund Balance	 \$ _____	 (C4)



 SIGNATURE OF PUBLIC SCHOOL ACCOUNTANT - No. 915

AUDIT RECOMMENDATIONS SUMMARY
For the Fiscal Year Ended June 30, 2021
BOARD OF EDUCATION OF THE BOROUGH OF PALMYRA

Recommendations:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

None

3. School Purchasing Programs

None

4. School Food Service

Finding 2021-1 (CAFR 2021-1)

Recommendation

The Board should implement a corrective action plan to effectively reduce the net cash resources on hand through capital expenditure or otherwise.

5. Student Body Activities

None

6. Application for State School Aid

None

7. Charter School Enrollment System(CHE) (Applicable to audits of charter schools)

None

8. Pupil Transportation

None

9. Facilities and Capital Assets

None

10. Miscellaneous

None

AUDIT RECOMMENDATIONS SUMMARY
For the Fiscal Year Ended June 30, 2021
BOARD OF EDUCATION OF THE BOROUGH OF PALMYRA
(CONTINUED)

11. 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, with the exception of the following.

Finding 2020-1

Recommendation

The Board should implement a corrective action plan to effectively reduce the net cash resources on hand through capital expenditure or otherwise.