

**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, 2021**



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

Table of Contents

---

	<u>Page</u>
Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance	1
Scope of Audit	2
Administrative Practices and Procedures	2
Insurance	2
Official Bonds	2
Tuition Charges	2
Financial Planning, Accounting, and Reporting	2
Examination of Claims	2
Payroll Account	2
Employee Position Control Roster	3
Encumbrances and Accounts Payable	3
Travel	3
Classification of Expenditures	3
Board Secretary's Records	3
Treasurer of School Money's Records	4
Elementary and Secondary Education Act (E.S.E.A.) as amended by the Every Student Succeeds Act (E.S.S.A)	4
Other Special Federal and / or State Projects	4
TPAF Reimbursement	4
TPAF Reimbursement to the State for Federal Salary Expenditures	4
School Purchasing Programs	5
Contracts and Agreements Requiring Advertisement for Bids	5
School Food Service	5
Public Health Emergency	5
Student Body Activities	6
Application for State School Aid (ASSA)	6
Pupil Transportation	7
Facilities and Capital Assets	7
Miscellaneous	7
Continuing Disclosure Agreements	7
Testing for Lead of All Drinking Water in Education Facilities	7
Follow-up on Prior Year's Findings	7
Acknowledgment	8
Schedule of Audited Enrollments	9
Excess Surplus Calculation	12
Audit Recommendations Summary	14

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

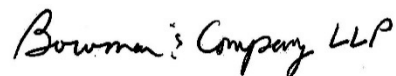
The Honorable President and  
Members of the Board of Education  
Paulsboro School District  
County of Gloucester, New Jersey

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, 2021, which were separately issued in the Annual Comprehensive Financial Report dated February 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 Annual Comprehensive Financial Report of the Board of Education the Paulsboro School District, for the fiscal year ended June 30, 2021, 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 14, 2022

**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 Annual Comprehensive Financial Report (ACFR).

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

<b><u>Name</u></b>	<b><u>Position</u></b>	<b><u>Amount</u></b>
Margaret Meehan Robert Delengowski	Interim Board Secretaries / School Business Administrators	\$222,000.00 \$215,000.00
Anisah Coppin	Board Secretary / School Business Administrator	\$222,000.00
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 her order for the full amount of the payroll.

***Finding No. 2021-003 (ACFR Finding No. 2021-003)***

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 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: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. 2021-001 (ACFR Finding No. 2021-001)***

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, 2021.

***Recommendation***

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

***Finding No. 2021-002 (ACFR Finding No. 2021-002)***

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. 2021-006 (ACFR Finding No. 2021-006)***

Not all required Board Secretary and Treasurer reports were prepared, reconciled and filed by applicable due dates.

***Recommendation***

That the Board Secretary and Treasurer reports be in agreement and filed by the applicable due dates.

***Finding No. 2021-007 (ACFR Finding No. 2021-007)***

The Board of Education did not approve the Board Secretary's certification that there were no overexpenditures and the Board did not approve transfer of applicable line items in the current fund budget for three months during the fiscal year.

***Recommendation***

That the minutes of the Board of Education reflect the required Board Secretary certifications and include all transfers of applicable line items in the current fund budget appropriations.

**Treasurer of School Moneys' Records**

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

**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 ACFR. This section of the ACFR documents the financial position pertaining to the projects under Titles I, II, III and IV of the Every Student Succeeds Act.

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

**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 ACFR.

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 ACFR. This section of the ACFR 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 \$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 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.

#### ***Finding No. 2021-004 (ACFR Finding No. 2021-004)***

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.

Except noted above, 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.

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, 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 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.

**SCHOOL FOOD SERVICE (CONT'D)**

**Public Health Emergency (Cont'd)**

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 (ACFR 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 Plan (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.

**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, 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 School District procedures related to its completion. The information on the A.S.S.A. was compared to the School District workpapers without exception. 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. 2021-005 (ACFR Finding No. 2021-005)***

The School District's submitted A.S.S.A. Report did not agree to corresponding documentation. There were sample errors noted on the tests of on-roll and choice students.

***Recommendation***

That the School District follow their written procedures and maintain adequate documentation 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 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 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 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 2021-001, 2021-002, 2021-003, 2021-004 and 2021-005:

**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.

**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.

**2020-004:** The School District did not process payroll in accordance with established statutory guidelines and School District policies.

**2020-007:** Quotes were not obtained for several expenditures that exceeded the quote threshold.

**2020-009:** Various discrepancies were noted in the School District's supporting workpapers when compared to the Application for State School Aid (ASSA) report.

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

**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*

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

*Robert S. Marrone*

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, 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		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	39		39				39		39							
Half Day Kindergarten																
Full Day Kindergarten	75		75				75		75							
One	87		87				87		87							
Two	80		80				80		80							
Three	70		70				70		70							
Four	70		70				70		70							
Five	66		66				66		66							
Six	75		75				75		75							
Seven	44		44				44		44							
Eight	50		50				50		50							
Nine	74		74				74		73		1					
Ten	69		69				69		67		2					
Eleven	50		50				50		48		2					
Twelve	68	2	68	2			68		65		3					
Post-Graduate																
Adult H.S. (15+CR.)																
Adult H.S. (1-14CR.)																
<b>Subtotal</b>	<b>917</b>	<b>2</b>	<b>917</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>917</b>	<b>-</b>	<b>909</b>	<b>-</b>	<b>8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Special Education-Elementary	69		69				21		21				5	4	4	
Special Education-Middle School	55		55				22		22				2	2	2	
Special Education-High School	87		87				87		91		(4)		9	8	8	
<b>Subtotal</b>	<b>211</b>	<b>-</b>	<b>211</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>130</b>	<b>-</b>	<b>134</b>	<b>-</b>	<b>(4)</b>	<b>-</b>	<b>16</b>	<b>14</b>	<b>14</b>	<b>-</b>
Co. Voc. - Regular																
Co. Voc. Ft. Post Sec.																
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Totals</b>	<b>1,128</b>	<b>2</b>	<b>1,128</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>1,047</b>	<b>-</b>	<b>1,043</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>16</b>	<b>14</b>	<b>14</b>	<b>-</b>
Percentage Error					<u>-</u>	<u>-</u>					<u>0.38%</u>	<u>-</u>				<u>-</u>

**PAULSBORO SCHOOL DISTRICT**  
 Application for State School Aid Summary  
 Schedule of Audited Enrollments  
 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 as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Application, Test Score and Register	Sample Errors
Half Day Preschool												
Full Day Preschool												
Half Day Kindergarten												
Full Day Kindergarten												
One	32	32		12	12							
Two	45	45		16	16							
Three	46	46		17	17							
Four	34	34		13	13							
Five	37	37		14	14							
Six	33	33		12	12							
Seven	39	39		15	15							
Eight	26	26		10	10							
Nine	22	22		9	9							
Ten	23	23		9	9							
Eleven	28	28		12	12							
Twelve	12	12		6	6							
Post-Graduate	19	19		9	9							
Adult H.S. (15+CR.)												
Adult H.S. (1-14CR.)												
Subtotal	396	396	-	154	154	-	-	-	-	-	-	-
Special Education-Elementary	49	49		18	18							
Special Education-Middle School	28	28		11	11							
Special Education-High School	34	34		14	14							
Subtotal	111	111	-	43	43	-	-	-	-	-	-	-
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-
Totals	507	507	-	197	197	-	-	-	-	-	-	-
Percentage Error			-			-			-			-

	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	Reported	Re-Calculated
	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors					
Reg. - Public Schools, Col. 1	58	58		45	41	4			11.2	11.2	
Reg. - SpEd, Col. 4	4	4		3	3				If Applicable		
Transported - Non-Public, Col. 3											
Special Needs, Col. 6	36	36		28	26	2			13.2	13.2	
Totals	98	98		76	70	6					
Percentage Error			-			7.89%					

**PAULSBORO SCHOOL DISTRICT**  
 Application for State School Aid Summary  
 Schedule of Audited Enrollments  
 Enrollment as of October 15, 2020

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

**EXCESS SURPLUS CALCULATION**

**REGULAR DISTRICT / CHARTER SCHOOL / RENAISSANCE SCHOOL PROJECT**

**SECTION 1**

**4% Calculation of Excess Surplus**

2020-21 Total General Fund Expenditures Reported on ACFR Exhibit C-1	\$ 24,204,190.58 (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	17,239.00 (B1d)
Decreased by:	
On-Behalf TPAF Pension & Social Security	3,621,782.82 (B2a)
Assets Acquired Under Capital Leases	(B2b)
Adjusted 2020-21 General Fund Expenditures [(B)+(B1s)-(B2s)]	\$ 20,599,646.76 (B3)
4% of Adjusted 2020-21 General Fund Expenditures [(B3) times .04]	\$ 823,985.87 (B4)
Enter Greater of (B4) or \$250,000	823,985.87 (B5)
Increased by: Allowable Adjustment *	42,164.00 (K)
Maximum Unassigned Fund Balance [(B5) + (K)]	\$ 866,149.87 (M)

**SECTION 2**

Total General Fund - Fund Balances at June 30, 2021 (Per ACFR Budgetary Comparison Schedule, Ex. C-1)	\$ 6,167,745.36 (C)
Decreased by:	
Year-End Encumbrances	25,729.14 (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	(C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	2,316,822.06 (C3)
Other Restricted Fund Balances ****	518,259.80 (C4)
Assigned Fund Balance - Designated for Subsequent Year's Expenditures	1,028,088.94 (C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	\$ 2,278,845.42 (U1)

**SECTION 3**

Restricted Fund Balance - Excess Surplus *** [(U1)-(M)] IF NEGATIVE ENTER -0-	\$ 1,412,695.55 (E)
---	---------------------

**Recapitulation of Excess Surplus as of June 30, 2021**

Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ 2,316,822.06 (C3)
Restricted - Excess Surplus *** [(E)]	1,412,695.55 (E)
Total Excess Surplus [(C3)+(E)]	\$ 3,729,517.61 (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	\$ 42,164.00	(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)]	 \$ 42,164.00	 (K)

\*\* This amount represents the Excess Surplus (C3 above) generated during June 30, 2020 and must be included in the Audit Summary Line 90031. This amount was to be appropriated in the 2021-2022 general fund budget.

\*\*\* Amounts must agree to the June 30, 2021 ACFR 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 Office of School Finance prior to September 30.

**Detail of Other Restricted Fund Balance**

Statutory restrictions:

Approved unspent separate proposal	_____
Sale/lease-back reserve	_____
Capital reserve	\$ 508,246.38
Maintenance reserve	10,013.42
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	_____
Restricted for Unemployment	_____
[Other Restricted Fund Balance not noted above]****	_____
 Total Other Restricted Fund Balance	 \$ 518,259.80 (C4)

**PAULSBORO SCHOOL DISTRICT**  
Audit Recommendations Summary  
For the Fiscal Year Ended June 30, 2021

---

## 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.

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.

That the Board Secretary and Treasurer reports be in agreement and filed by the applicable due dates.

That the minutes of the Board of Education reflect the required Board Secretary certifications and include all transfers of applicable line items in the current fund budget appropriations.

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.

7. Pupil Transportation

None

8. Facilities and Capital Assets

None

9. Miscellaneous

None



**PAULSBORO SCHOOL DISTRICT**  
Audit Recommendations Summary (Cont'd)  
For the Fiscal Year Ended June 30, 2021

---

Recommendations (Cont'd):

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 School District review procedures with respect to the payroll process.

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.

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.