

**PEMBERTON TOWNSHIP SCHOOL DISTRICT**

**Pemberton, New Jersey  
County of Burlington**

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



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

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Certified Public Accountants & Advisors

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

Honorable President and Members  
of the Board of Education  
Pemberton Township School District  
County of Burlington  
Pemberton, 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 Pemberton Township School District in the County of Burlington for the year ended June 30, 2021, and have issued our report thereon dated February 8, 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 Pemberton Township 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,

**HOLT MCNALLY & ASSOCIATES, INC.**  
*Certified Public Accountants & Advisors*

David T. McNally  
Certified Public Accountant  
Public School Accountant, No. 2616

Medford, New Jersey  
February 8, 2022

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HOLT MCNALLY & ASSOCIATES

Certified Public Accountants & Advisors

**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>
Daniel Smith	Board Secretary/School Business Administrator	\$510,000

**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.

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### **Financial Planning, Accounting and Reporting (continued)**

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.

#### **Finding No. 2021-001 (CAFR Finding 2021-004)**

The District did not maintain an analysis of the balance detailing the amount of withholdings payable to the various payroll agencies for the months of March through June 2021.

#### **Recommendation:**

That the District prepare a monthly analysis of the balance detailing the amount of withholdings payable to the various payroll agencies. This analysis should be prepared shortly after the close of each month.

### **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, we noted the following:

### **Board Secretary's Records**

During our review of the financial and accounting records maintained by the board secretary, we noted the following:

#### **Finding No. 2021-002 (CAFR Finding 2021-001)**

The District cash reconciliations for the general, food service, SACC/WACC accounts were not prepared accurately in accordance with N.J.S.A. 18A:17-9 for the months of March through June 2021.

#### **Recommendation:**

That the District accurately reconcile all cash accounts on a monthly basis in accordance with N.J.S.A. 18A:17-9.

#### **Finding No. 2021-003 (CAFR Finding 2021-002)**

The District did not maintain an accurate general ledger that was reconciled monthly to other subsidiary records for the months of March through June 2021.

#### **Recommendation:**

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

#### **Finding No. 2021-004 (CAFR Finding 2021-003)**

The District's daily deposits were not recorded for the food service and SACC/WACC funds for the months of March through June 2021. Supporting documentation that reconciled to deposits made could not be provided at the time of audit.

#### **Recommendation:**

That the District promptly record all revenues when received and reconcile all deposits with supporting documentation.

#### **Finding No. 2021-005 (CAFR Finding 2021-006)**

The District did not properly adjust employee health benefit expenditures by the correct amount of employee withholdings for the year, resulting in an audit adjustment to expenditures.

#### **Recommendation:**

That the District comply with N.J.S.A. 18:16-17 by adjusting for employee health contributions accurately in order to properly state employee health benefit expenditures for the year.

### **Treasurer's Records**

The School District does not maintain a Treasurer.

**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, II, III and IV of the Elementary and Secondary Education Act as amended and reauthorized.

**Other Special Federal and/or State Projects**

The School 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 sample 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.

**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 subsequent to the reimbursement and no exceptions were noted.

**School Purchasing Programs**

**Contracts and Agreements Requiring Advertisement for Bids**

*N.J.S.A.18A:18A-1* et seq. (Public School Contracts Law), the associated rules and related information on the statute, and school contracts in general is available on the website: <http://www.state.nj.us/dca/divisions/dlgs/programs/lpcl.html>

Current statute is posted on the New Jersey Legislature website at: [http://lis.njleg.state.nj.us/cgi-bin/om\\_isapi.dll?clientID=1319801&depth=2&expandheadings=off&headigswithhits=on&infobase=statutes.nfo&softpage=TOC\\_Frame\\_Pg42](http://lis.njleg.state.nj.us/cgi-bin/om_isapi.dll?clientID=1319801&depth=2&expandheadings=off&headigswithhits=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 \$19,600 for 2020-21.

### **School Purchasing Programs (continued)**

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 Free and Reduced Price eligible students during the period of school closures.

During the 2020-2021 school year 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.

Therefore, SFAs were authorized to solicit and award emergency noncompetitive procurements and contracts with Food Service Management Companies in accordance with 2 CFR 200.320 and *N.J.S.A.*18A:18A-7. The SFAs were also authorized to submit contract modifications to their existing Cost Reimbursable or Fixed Price contracts as necessary to ensure the feeding of all children throughout the age of 18, as well as persons over 18 with disabilities as defined in 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 basis. No Exceptions Noted.

Check receipts and bank records were reviewed for timely deposit. No Exceptions Noted.

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

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.

### **School Food Service (continued)**

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 District did not apply for or receive a loan in accordance with the Payroll Protection Plan.

Net cash resources did exceed three months average expenditures.

### **Finding No. 2021-006 (CAFR Finding 2021-005)**

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

#### **Recommendation:**

The District should reduce net cash resources on hand in the Food Service Fund through capital expenditures or other improvements to the Food Service Program.

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.

The State of Revenues, Expenses, and Changes in Net Position (CAFR Schedule B-5) does separate program and non-program revenue and program and non-program costs of goods sold.

### **Student Body Activities**

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

### **Application for State School Aid (ASSA)**

Our audit procedures included a sample test of information reported in the October 15, 2020 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 or 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 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 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.

### **Testing for Lead of All Drinking Water in Educational Facilities**

The school district adhered to all the requirements of N.J.A.C. 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 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. All prior year findings have been corrected.

### **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,

**HOLT MCNALLY & ASSOCIATES, INC.**  
*Certified Public Accountants & Advisors*

David T. McNally  
Certified Public Accountant  
Public School Accountant, No. 2616

Medford, New Jersey  
February 8, 2022

**ADDITIONAL INFORMATION**

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SCHEDULE OF AUDITED ENROLLMENTS (1)

PEMBERTON TOWNSHIP BOARD OF EDUCATION  
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.		Reported on Workpapers		Sample Selected from Workpapers		Verified per Registers		Errors per Registers		Reported on A.S.S.A. as Private Schools		Sample for Verification	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Full Day Preschool - 3 Yr. Old	136	-	136	-	9	-	9	-	-	-	-	-	-	-
Full Day Preschool - 4 Yr. Old	208	-	208	-	14	-	14	-	-	-	-	-	-	-
Full Day Kindergarten	281	-	281	-	19	-	19	-	-	-	-	-	-	-
One	312	-	312	-	21	-	21	-	-	-	-	-	-	-
Two	292	-	292	-	20	-	20	-	-	-	-	-	-	-
Three	266	-	266	-	18	-	18	-	-	-	-	-	-	-
Four	282	-	282	-	19	-	19	-	-	-	-	-	-	-
Five	280	-	280	-	19	-	19	-	-	-	-	-	-	-
Six	275	-	275	-	19	-	19	-	-	-	-	-	-	-
Seven	287	-	287	-	19	-	19	-	-	-	-	-	-	-
Eight	284	-	284	-	19	-	19	-	-	-	-	-	-	-
Nine	230	-	230	-	16	-	16	-	-	-	-	-	-	-
Ten	211	-	211	-	14	-	14	-	-	-	-	-	-	-
Eleven	178	-	178	-	12	-	12	-	-	-	-	-	-	-
Twelve	190	-	190	-	14	-	14	-	-	-	-	-	-	-
Subtotal	3,712	-	3,712	-	252	-	252	-	-	-	-	-	-	-
Special Ed - Elementary	330	-	330	-	22	-	22	-	-	-	12	8	8	-
Special Ed - Middle School	191	-	191	-	13	-	13	-	-	-	9	9	9	-
Special Ed - High School	236	-	236	-	16	-	16	-	-	-	15	14	14	-
Subtotal	757	-	757	-	51	-	51	-	-	-	36	31	31	-
Totals	4,469	-	4,469	-	303	-	303	-	-	-	36	31	31	-

Percentage Error

-

SCHEDULE OF AUDITED ENROLLMENTS (2)

PEMBERTON TOWNSHIP BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2020

	Resident Low Income			Resident LEP Low Income			Sample for Verification			Sample for Verification		
	Reported on A.S.S.A. as Low Income	Reported on Workpapers as Low Income	Errors	Reported on A.S.S.A. as LEP low Income	Reported on Workpapers as LEP low Income	Errors	Sample Selected from Workpapers	Sample Verified to Application and Register	Sample Errors	Sample Selected from Workpapers	Sample Test Score & Register	Sample Errors
Full Day Kindergarten	128	128	-	17	17	-	6	6	-	5	5	-
One	154	154	-	20	20	-	3	3	-	2	2	-
Two	154	154	-	20	20	-	2	2	-	2	2	-
Three	138	138	-	19	19	-	5	5	-	4	4	-
Four	148	148	-	19	19	-	-	-	-	-	-	-
Five	140	140	-	18	18	-	1	1	-	1	1	-
Six	150	150	-	20	20	-	3	3	-	2	2	-
Seven	147	147	-	21	21	-	-	-	-	-	-	-
Eight	138	138	-	18	18	-	2	2	-	2	2	-
Nine	113	113	-	15	15	-	1	1	-	1	1	-
Ten	98	98	-	14	14	-	1	1	-	1	1	-
Eleven	74	74	-	10	10	-	3	3	-	2	2	-
Twelve	94	94	-	12	12	-	1	1	-	1	1	-
Subtotal	1,676	1,676	-	223	223	-	28	28	-	23	23	-
Special Ed - Elementary	189	189	-	25	25	-	-	-	-	-	-	-
Special Ed - Middle School	127	127	-	17	17	-	-	-	-	-	-	-
Special Ed - High School	161	161	-	19	19	-	-	-	-	-	-	-
Subtotal	477	477	-	61	61	-	-	-	-	-	-	-
Totals	2,153	2,153	-	284	284	-	28	28	-	23	23	-
Percentage Error	-	-	-	-	-	-	-	-	-	-	-	-

  

Transportation					
Reported on DRTRS by DOE/county	Reported on DRTRS by District	Errors	Tested	Verified	Errors
3,099	3,099	-	262	262	-
139	139	-	12	12	-
14	14	-	1	1	-
291	291	-	25	25	-
3,543	3,543	-	300	300	-

  

Reg. - Public Schools, col. 1	3,099	3,099	-	262	262	-
Reg - SpEd, col. 4	139	139	-	12	12	-
All, col. 2	14	14	-	1	1	-
Special Ed Spec, col. 6	291	291	-	25	25	-
Totals	3,543	3,543	-	300	300	-
Percentage Error	-	-	-	-	-	-

**SCHEDULE OF AUDITED ENROLLMENTS (3)**

**PEMBERTON TOWNSHIP BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
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 Application & Register	Sample Errors
Full Day Kindergarten	1	1	-	1	1	-
One	8	8	-	6	6	-
Two	3	3	-	2	2	-
Three	1	1	-	1	1	-
Four	2	2	-	2	2	-
Five	-	-	-	-	-	-
Six	1	1	-	1	1	-
Seven	1	1	-	1	1	-
Eight	2	2	-	2	2	-
Nine	2	2	-	2	2	-
Ten	1	1	-	1	1	-
Eleven	1	1	-	1	1	-
Twelve	2	2	-	2	2	-
Subtotal	25	25	-	22	22	-
Special Ed - Elementary	1	1	-	1	1	-
Special Ed - Middle School	-	-	-	-	-	-
Special Ed - High School	-	-	-	-	-	-
Subtotal	1	1	-	1	1	-
Totals	26	26	-	23	23	-
Percentage Error			-			-

**SCHEDULE OF MEAL COUNT ACTIVITY - FEDERAL**

**PEMBERTON TOWNSHIP BOARD OF EDUCATION  
FOOD SERVICE FUND  
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM - FEDERAL  
ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

PROGRAM	MEAL CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE	(OVER)/ UNDER CLAIM
Summer Lunch Program - SSO (Vended Rate)	Free	<u>261,689</u>	<u>65,966</u>	<u>65,966</u>	<u>-</u>	\$ 4.2025	<u>-</u>
	Total	<u><u>261,689</u></u>	<u><u>65,966</u></u>	<u><u>65,966</u></u>	<u><u>-</u></u>		<u><u>-</u></u>
Summer Breakfast Program - SSO (Vended Rate)	Free	<u>231,492</u>	<u>61,459</u>	<u>61,459</u>	<u>-</u>	\$ 2.3725	<u>-</u>
	Total	<u><u>231,492</u></u>	<u><u>61,459</u></u>	<u><u>61,459</u></u>	<u><u>-</u></u>		<u><u>-</u></u>

# NET CASH RESOURCE SCHEDULE

## Net cash resources DID exceed three months of expenditures Proprietary Funds - Food Service FYE 2021

<u>Net Cash Resources:</u>		Food Service B - 4/5	
<b>CAFR</b>	*	<b>Current Assets</b>	
B-4		Cash & Cash Equiv.	\$ (20,078)
B-4		Due from Other Gov'ts	155,865
B-4		Interfund Receivable	668,281
B-4		Other Accounts Rec.	-
<b>CAFR</b>		<b>Current Liabilities</b>	
B-4		Less Accounts Payable	-
B-4		Less Accruals	-
B-4		Less Due to Other Funds	-
B-4		Less Deferred Revenue	(80,171)
		<b>Net Cash Resources</b>	<b><u>\$ 723,897</u></b> (A)

**Net Adj. Total Operating Expense:**

B-5	Tot. Operating Exp.	\$ 1,734,673	
B-5	Less Depreciation	(2,350)	
	<b>Adj. Tot. Oper. Exp.</b>	<b><u>\$ 1,732,323</u></b>	(B)

**Average Monthly Operating Expense:**

B / 10 **\$ 173,232** (C)

**Three times monthly Average:**

3 X C **\$ 519,697** (D)

TOTAL IN BOX A	\$	723,897	
LESS TOTAL IN BOX D	\$	519,697	
NET	\$	<b><u>204,200</u></b>	
From above:			
<b>A is greater than D, cash exceeds 3 X average monthly operating expenses.</b>			
<b>D is greater than A, cash does not exceed 3 X average monthly operating expenses.</b>			

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

SOURCE - USDA resource management comprehensive review form

**EXCESS SURPLUS CALCULATION**

**SECTION 1**

Calculation A: 4% Excess Surplus:

All Districts required to use school-based budgeting are required to complete this calculation using 4% on line A10.

2020-2021 Total General Fund Expenditures Reported on Exhibit (C-1)	\$ <u>108,190,895</u> (A)
Increased by Applicable Operating Transfers:	
Transfer from Capital Outlay to Capital Projects	\$ <u>1,510,698</u> (A1a)
Transfer from Capital Reserve to Capital Projects	\$ <u>-</u> (A1a)
Transfer from General Fund to SRF for PreK-Regular	\$ <u>-</u> (A1a)
Transfer from General Fund to SRF for PreK-Inclusion	\$ <u>-</u> (A1a)
Less: Expenditures Allocated to Restricted Federal Resources as Reported on Exhibit D-2	\$ <u>-</u> (A1b)
2020-2021 Adjusted General Fund & Other State Expenditures [(A)-(A1)]	\$ <u>109,701,593</u> (A2)
Decreased by:	
On-Behalf TPAF Pension & Social Security	\$ <u>18,819,292</u> (A3)
Assets Acquired Under Capital Leases:	
General Fund Assets Acquired Under Capital Leases reported on Exhibit C-1a	\$ <u>-</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>100.00%</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>-</u> (A8)
2020-2021 General Fund Expenditures [(A-2)-(A-3)-(A-8)]	\$ <u>90,882,301</u> (A9)
4% of Adjusted 2020-2021 General Fund Expenditures [(A9) times .04]	\$ <u>3,635,292</u> (A10)
Enter Greater of (A10) or \$250,000	\$ <u>3,635,292</u> (A11)
Increased by: Allowable Adjustment *	\$ <u>558,508</u> (K)
Maximum Unassigned Fund Balance [(A11)+(K)]	\$ <u><u>4,193,800</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>32,958,572</u> (C)
Decreased by:	
Year-End Encumbrances	\$ <u>1,391,931</u> (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ <u>-</u> (C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ <u>-</u> (C3)
Other Restricted Fund Balances ****	\$ <u>26,233,509</u> (C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	\$ <u>2,000,000</u> (C5)
 Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	 \$ <u>3,333,132</u> (U)

**SECTION 3**

Restricted Fund Balance - Excess Surplus *** {(U)-(M)} IF NEGATIVE ENTER -0-	\$ <u>-</u> (E)
Restricted Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ <u>-</u> (C3)
Restricted Excess Surplus *** {(E)}	\$ <u>-</u> (E)
 Total [(C3) + (E)]	 \$ <u>-</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, 2015 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>461,445</u> (H)
Sale & Lease-back	\$ <u>-</u> (I)
Extraordinary Aid	\$ <u>93,003</u> (J1)
Additional Nonpublic School Transportation Aid	\$ <u>4,060</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>558,508</u> (K)

**EXCESS SURPLUS CALCULATION (continued):**

**SECTION 3 (continued):**

- \*\* This amount represents the June 30, 2020 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. Use in the excess surplus calculation of any legal reserve 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 Reserved Fund Balance***

Statutory Restrictions:

Approved Unspent Separate Proposal	\$ -
Sale/Lease-Back Reserve	\$ -
Capital Reserve	\$ 8,610,909
Maintenance Reserve	\$ 5,849,795
Emergency Reserve	\$ 500,000
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)	\$ 10,664,521
Impact Aid Capital Fund Reserve (Sections 8007 and 8008)	\$ -
Other State/Government Mandated Reserve	\$ -
Unemployment Compensation	\$ 608,284
Other Restricted/Reserved Fund Balance Not Noted Above ****	\$ -
 Total Other Restricted/Reserved Fund Balance	 \$ 26,233,509 (C4)

**AUDIT RECOMMENDATIONS SUMMARY**  
**For the Fiscal Year Ended June 30, 2021**  
**Pemberton Township School District**

Recommendations:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

**2021-001** – That the District prepare a monthly analysis of the balance detailing the amount of withholdings payable to the various payroll agencies. This analysis should be prepared shortly after the close of each month.

**2021-002** – That the District accurately reconcile all cash accounts on a monthly basis in accordance with N.J.S.A. 18A:17-9.

**2021-003** – That the District properly maintain a general ledger and reconcile the ledger monthly with other subsidiary records.

**2021-004** – That the District promptly record all revenues when received and reconcile all deposits with supporting documentation.

**2021-005** – That the District comply with N.J.S.A. 18:16-17 by adjusting for employee health contributions accurately in order to properly state employee health benefit expenditures for the year.

3. School Purchasing Programs

None

4. School Food Service

**2021-006** – The District should reduce net cash resources on hand in the Food Service Fund through capital expenditures or other improvements to the Food Service Program.

5. Student Body Activities

None

6. Application for State School Aid

None

**AUDIT RECOMMENDATIONS SUMMARY (continued)**  
**For the Fiscal Year Ended June 30, 2021**  
**Pemberton Township School District**

Recommendations (continued):

7. Pupil Transportation

None

8. Facilities and Capital Assets

None

9. Miscellaneous

None

10. Status of Prior Year Audit Findings/Recommendations

There were no prior year findings.