

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT

Penns Grove, New Jersey
County of Salem

**Auditor's Management Report on Administrative Findings -
Financial, Compliance and Performance
for The Year Ended June 30, 2021**

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

TABLE OF CONTENTS

	PAGE
Report of Independent Auditors - Auditor's Management Report on Administrative Findings, Financial Compliance and Performance	1
Scope of Audit	3
Administrative Practices and Procedures:	
Insurance	3
Official Bonds	3
Tuition Charges	3
Financial Planning, Accounting and Reporting:	
Examination of Claims	3
Payroll Account	3
Employee Position Control Roster	4
Reserve for Encumbrances and Accounts Payable	4
Classification of Expenditures	4
Board Secretary's Records	4
Treasurer's Records	5
Elementary & Secondary School Education Act (E.S.E.A.), as amended by the Improving America's Schools Act of 1994 (I.A.S.A.)	5
Other Special Federal and/or State Project	5
T.P.A.F. Reimbursement	5
T.P.A.F. Reimbursement to the State for Federal Salary Expenditures	5
Demonstrably Effective Program Accounting	N/A
School Purchasing Programs:	
Contracts & Agreements Requiring Advertisement for Bids	6
School Food Service	6
Student Body Activities	7
Application for State School Aid	7
Pupil Transportation	8
Testing for Lead of All Drinking Water in Educational Facilities	8
Follow-up on Prior Year Findings	8
Office of Fiscal Accountability and Compliance (OFAC) Findings	8
Acknowledgment	9
Additional Information:	
Schedule of Audited Enrollments	13
Net Cash Resource Calculation	16
Excess Surplus Calculation	17
Audit Recommendations Summary	19

This page intentionally left blank



HOLT MCNALLY & ASSOCIATES

Certified Public Accountants & Advisors

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

Honorable President and Members
of the Board of Education
Penns Grove-Carneys Point Regional School District
County of Salem
Penns Grove, 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 Penns Grove-Carneys Point Regional School District in the County of Salem for the year ended June 30, 2021, and have issued our report thereon dated March 18, 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 Penns Grove-Carneys Point Regional 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

Michael Holt
Certified Public Accountant
Public School Accountant, No. 1148

Medford, New Jersey
May 18, 2022

618 Stokes Road, Medford, NJ 08055

P: 609.953.0612 • **F:** 609.257.0008

www.hmacpainc.com

This page intentionally left blank

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

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and 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>
Christopher DeStratis	School Business Administrator	\$275,000

There is an Employee Dishonesty Policy covering all other employees with multiple coverage of \$100,000 per person.

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.

Financial Planning, Accounting and Reporting (continued)

Payroll Account (continued)

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

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

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

Employee Position Control Roster

A sample inquiry and subsequent review of the Position Control Roster found no inconsistencies between the payroll records, employee benefit records (e.g. pension reports and health benefit coverage reports), the general ledger accounts to where wages are posted (administrative versus instruction), and the Position Control Roster.

Reserve for Encumbrances and Accounts Payable

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

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with *N.J.A.C. 6A:23 A-16.29(f)* as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of a sample of expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with *N.J.A.C. 6A:23A-8.3*. As a result of the procedures performed, a transaction error rate of 0% percent overall was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

Our review of the financial and accounting records maintained by the board secretary noted the following:

Finding No. 2021-01 (*Financial Statement Finding 2021-002*):

The District did not maintain an accurate general ledger for the food service fund or academy program.

Recommendation:

That the District properly maintain a general ledger for all funds.

Board Secretary's Records (continued)

Finding No. 2021-02 (Financial Statement Funding 2021-003):

The District has accounts receivable within the Capital Projects Fund of over \$7 million that has been outstanding for over 4 years.

Recommendation:

That the District take all appropriate action to collect outstanding accounts receivable on a timely basis.

Treasurer's Records

Our review of the financial and accounting records maintained by the Treasurer of School Monies were found to be in satisfactory condition.

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

The E.S.E.A. financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the projects under Titles

I and IV of the Elementary and Secondary Education Act as amended and reauthorized.

The study of compliance for E.S.E.A. indicated no areas of noncompliance and/or questionable costs.

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

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.

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 noted no instances of an 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 with the exception of the following.

School Food Service

PUBLIC HEALTH EMERGENCY

In accordance with the Governor's Declaration of Emergency pertaining to the COVID 19 Virus 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.

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.

School Food Service (continued)

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 or state program. However, the program expenditures exceeded \$100,000 in federal 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. Exceptions were not 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.

Net cash resources did exceed three months average expenditures.

Finding 2021-03 (Financial Statement Finding 2021-004):*

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

Recommendation

The District should implement a corrective action plan to effectively reduce the net cash resources on hand in the Food Service Fund through capital expenditure or otherwise.

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.

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; modifications of existing contracts and applicable financial records to document the specific costs applicable to the emergency operations.

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. The results of our procedures are presented in the Schedule of Audited Enrollments and noted the following:

The School District maintained workpapers on the prescribed state forms of their equivalent.

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

Pupil Transportation

Our audit procedures included a sample test of on roll status reported in the 2019-2020 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

Facilities and Capital Assets

Finding 2021-04 (*Financial Statement Finding 2021-001*):

The capital assets records were not properly updated for additions, disposals or depreciation. No detail of land, construction in progress, land improvements and building and building improvements could not be provided.

Recommendation

The district should have adequate internal control procedures over its capital assets, including periodic update of the general ledger for additions, disposals and depreciation.

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. Corrective action has been taken on all prior year findings with the exception of those marked with an asterisk (*) above.

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.

Acknowledgement

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

Michael Holt
Certified Public Accountant
Public School Accountant, No. 1148

Medford, New Jersey
May 18, 2022

This page intentionally left blank

ADDITIONAL INFORMATION

This page intentionally left blank

SCHEDULE OF AUDITED ENROLLMENTS (1)

**PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
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		Workpapers		Errors		Sample		Verified per		Errors per		Reported on				
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Private Schools	Sample	Verification	Sample	
Half Day Preschool 4 Years	87	-	87	-	-	-	11	-	11	-	-	-	-	-	-	-	-
Full Day Kindergarten	152	-	152	-	-	-	20	-	20	-	-	-	-	-	-	-	-
One	157	-	157	-	-	-	20	-	20	-	-	-	-	-	-	-	-
Two	154	-	154	-	-	-	20	-	20	-	-	-	-	-	-	-	-
Three	138	-	138	-	-	-	18	-	18	-	-	-	-	-	-	-	-
Four	142	-	142	-	-	-	18	-	18	-	-	-	-	-	-	-	-
Five	130	-	130	-	-	-	17	-	17	-	-	-	-	-	-	-	-
Six	150	-	150	-	-	-	19	-	19	-	-	-	-	-	-	-	-
Seven	153	-	153	-	-	-	20	-	20	-	-	-	-	-	-	-	-
Eight	138	-	138	-	-	-	18	-	18	-	-	-	-	-	-	-	-
Nine	107	1	107	1	-	-	14	-	14	-	-	-	-	-	-	-	-
Ten	107	-	107	-	-	-	14	-	14	-	-	-	-	-	-	-	-
Eleven	90	3	90	3	-	-	12	-	12	-	-	-	-	-	-	-	-
Twelve	91	3	91	3	-	-	12	-	12	-	-	-	-	-	-	-	-
Subtotal	1,796	7	1,796	7	-	-	233	-	233	-	-	-	-	-	-	-	-
Special Ed - Elementary	167	-	167	-	-	-	22	-	22	-	-	-	-	-	-	-	-
Special Ed - Middle School	91	-	91	-	-	-	12	-	12	-	-	-	-	3	3	3	3
Special Ed - High School	119	15	119	15	-	-	15	2	15	2	-	-	-	7	7	7	7
Subtotal	377	15	377	15	-	-	49	2	49	2	-	-	-	10	10	10	10
Totals	2,173	22	2,173	22	-	-	282	2	282	2	-	-	-	10	10	10	10
Percentage Error	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

SCHEDULE OF AUDITED ENROLLMENTS (2)

PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 15, 2020

	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on A.S.S.A. as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application & 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 & Register	Sample Errors
Half Day Preschool	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	121	121	-	20	20	-	28	28	-	16	16	-
One	120	120	-	20	20	-	36	36	-	16	16	-
Two	123	123	-	21	21	-	38	38	-	21	21	-
Three	102	102	-	16	16	-	17	17	-	10	10	-
Four	113	113	-	19	19	-	9	9	-	5	5	-
Five	105	105	-	18	18	-	12	12	-	7	7	-
Six	111	111	-	19	19	-	10	10	-	6	6	-
Seven	121	121	-	19	19	-	8	8	-	5	5	-
Eight	98	98	-	16	16	-	8	8	-	5	5	-
Nine	76	76	-	13	13	-	5	5	-	3	3	-
Ten	80	80	-	13	13	-	8	8	-	5	5	-
Eleven	62	62	-	10	10	-	4	4	-	2	2	-
Twelve	64	64	-	11	11	-	6	6	-	3	3	-
Subtotal	1,296	1,296	-	215	215	-	189	189	-	104	104	-
Special Ed - Elementa	134	134	-	23	23	-	2	2	-	1	1	-
Special Ed - Middle	81	81	-	14	14	-	-	-	-	-	-	-
Special Ed - High	118	118	-	20	20	-	1	1	-	1	1	-
Subtotal	333	333	-	57	57	-	3	3	-	2	2	-
Totals	1,629	1,629	-	272	272	-	192	192	-	106	106	-
Percentage Error	-	-	-	-	-	-	-	-	-	-	-	-

Transportation

	Reported on DRTRS by DOE/County		Reported on DRTRS by District		Tested		Verified		Errors	
	DOE/County	DRTRS by District	District	DRTRS by DOE/County	Errors	Tested	Verified	Errors	Tested	Verified
Reg - Public Schools, col. 1	323	323	-	141	141	-	-	-	-	-
ALL - Non-Public Schools, col. 2	22	22	-	10	10	-	-	-	-	-
Special Ed Spec, col. 6	106	106	-	46	46	-	-	-	-	-
Totals	451	451	-	197	197	-	-	-	-	-
Percentage Error	-	-	-	-	-	-	-	-	-	-

SCHEDULE OF AUDITED ENROLLMENTS (3)

**PENNS GROVE-CARNEYS POINT REGIONAL SCHOOL DISTRICT
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 and Register	Sample Errors
Half Day Kindergarten	-	-	-	-	-	-
Full Day Kindergarten	10	10	-	6	6	-
One	5	5	-	3	3	-
Two	4	4	-	2	2	-
Three	3	3	-	2	2	-
Four	-	-	-	-	-	-
Five	2	2	-	1	1	-
Six	2	2	-	1	1	-
Seven	1	1	-	1	1	-
Eight	2	2	-	1	1	-
Nine	-	-	-	-	-	-
Ten	1	1	-	1	1	-
Eleven	-	-	-	-	-	-
Twelve	-	-	-	-	-	-
Subtotal	30	30	-	18	18	-
Special Ed - Elementary	1	1	-	1	1	-
Special Ed - Middle	-	-	-	-	-	-
Special Ed - High	1	1	-	1	1	-
Subtotal	2	2	-	2	2	-
Totals	32	32	-	20	20	-
Percentage Error		<u><u>-</u></u>			<u><u>-</u></u>	

PENNS GROVE-CARNEY'S POINT REGIONAL SCHOOL DISTRICT
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	
CAFR	*	Current Assets	
B-4		Cash & Cash Equiv.	\$ 3,272
B-4		Due from Other Gov'ts	43,935
B-4		Accounts Receivable	410,881
B-4		Investments	
CAFR		Current Liabilities	
B-4		Less Accounts Payable	-
B-4		Less Accruals	(2,548.00)
B-4		Less Due to Other Funds	-
B-4		Less Deferred Revenue	(5,344)
		Net Cash Resources	\$ 450,196
			(A)

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.	992,223	
B-5	Less Depreciation	(23,402)	
		Adj. Tot. Oper. Exp.	\$ 968,821
			(B)

Average Monthly Operating Expense:

	\$ 96,882.10		
B / 10			(C)

Three times monthly Average:

	\$ 290,646.30		
3 X C			(D)

TOTAL IN BOX A	\$	450,196.00	
LESS TOTAL IN BOX D	\$	(290,646.30)	
NET	\$	159,549.70	
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.			

✓ **TRUE**
FALSE

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

SOURCE - USDA resource management comprehensive review form

EXCESS SURPLUS CALCULATION

REGULAR DISTRICTS

SECTION 1

A. 4% Calculation of Excess Surplus

2020-2021 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ <u>41,215,451</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>6,663,454</u> (B2a)
Assets Acquired Under Capital Leases	\$ _____ - (B2b)
Adjusted 2020-2021 General Fund Expenditures [(B)+(B1s)-(B2s)]	\$ <u>34,551,997</u> (B3)
4% of adjusted 2020-2021 General Fund Expenditures [(B3) times .04]	\$ <u>1,382,080</u> (B4)
Enter Greater of (B4) or \$250,000	\$ <u>1,382,080</u> (B5)
Increased by: Allowable Adjustment *	\$ <u>18,628</u> (K)
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]	\$ <u>1,400,708</u> (M)

SECTION 2

Total General Fund - Fund Balances @ 06/30/2021 (Per CAFR Budgetary Comparison Schedule C-1)	\$ <u>7,934,054</u> (C)
Decreased by:	
Year-End Encumbrances	\$ <u>710,493</u> (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ _____ - (C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ <u>1,765,350</u> (C3)
Other Restricted Fund Balances ****	\$ <u>2,874,257</u> (C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	\$ _____ - (C5)
Additional Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures (July 1, 2021 - August 1, 2021)	\$ _____ - (C6)****
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]	\$ <u>2,583,954</u> (U1)

REGULAR DISTRICT (continued):

SECTION 3

Restricted Fund Balance - Excess Surplus *** [(U1)-(M)] IF NEGATIVE ENTER -0- \$ 1,183,246 (E)

Recapitulation of Excess Surplus as of June 30, 2021

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures ** \$ 1,765,350 (C3)
 Reserved Excess Surplus *** [(E)] \$ 1,183,246 (E)
 Total Excess Surplus [(C3) + (E)] \$ 2,948,596

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:

- (F Federal Impact Aid. The passage of P.L. 2015, c.46 amended N.J.S.A. 18A:7F-41 to permit a board of education to appropriate federal impact aid funds to establish or supplement a federal impact aid legal reserve in the general fund. Accordingly, effective for the year ending June 30, 2016, the Federal Impact Aid adjustment to expenditures is limited to the portion of Federal Impact Aid Section 8002 and Section 8003 received during the fiscal year and recognized as revenue on the General Fund Budgetary Comparison Schedule, but not transferred to the Federal Impact Aid Reserve - General (8002 of 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);
- (J Extraordinary Aid;
- (J Additional Nonpublic School Transportation Aid;
- (J Recognized current year School Bus Advertising Revenue; and
- (J Family Crisis Transportation Aid.

Detail of Allowable Adjustments

Impact Aid	\$ <u>-</u> (H)
Sale & Lease-back	\$ <u>-</u> (I)
Extraordinary Aid	\$ <u>12,248</u> (J1)
Additional Nonpublic School Transportation Aid	\$ <u>6,380</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>18,628</u> (K)

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

*** Amount must agree to the June 30, 2021 CAFR 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 Division of Administration and Finance prior to September 30.

***** Increase in Assigned Fund Balance-Unreserved-Designated for Subsequent Year's expenditure July 1, 2021 to August 1, 2021 resulting from decrease in state aid after adoption of 2021-2022 district budget. Refer to Commissioner's Broadcast and to page I-4.2 of the Audit Program

Detail of Other Restricted Fund Balance

Statutory Restrictions:

Approved Unspent Separate Proposal	\$ <u>-</u>
Sale/Lease-Back Reserve	\$ <u>-</u>
Capital Reserve	\$ <u>2,273,888</u>
Maintenance Reserve	\$ <u>318,877</u>
Emergency Reserve	\$ <u>-</u>
Tuition Reserve	\$ <u>-</u>
School Bus Advertising 50% Fuel Offset Reserve - current year	\$ <u>-</u>
School Bus Advertising 50% Fuel Offset Reserve - prior year	\$ <u>-</u>
Impact Aid General Fund Reserve (Sections 8002 and 8003)	\$ <u>-</u>
Impact Aid Capital Fund Reserve (Sections 8007 and 8008)	\$ <u>-</u>
Other state/government mandated reserve	\$ <u>-</u>
Unemployment Compensation	\$ <u>281,492</u>
[Other Restricted Fund Balance Not Noted Above] ****	\$ <u>-</u>
 Total Other Restricted Fund Balance	 \$ <u>2,874,257</u> (C4)

AUDIT RECOMMENDATIONS SUMMARY
For the Fiscal Year Ended June 30, 2021
Penns Grove-Carneys Point Regional School District

Recommendations:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

Finding No. 2021-01

It is recommended that the District properly maintain a general ledger for all funds.

Finding No. 2021-02

That the District take all appropriate action to collect outstanding accounts receivable on a timely basis.

3. School Purchasing Programs

None

4. School Food Service

Finding No. 2021-03

The District should implement a corrective action plan to effectively reduce the net cash resources on hand in the Food Service Fund through capital expenditure or otherwise.

5. Student Body Activities

None

6. Application for State School Aid

None

7. Pupil Transportation

None

8. Facilities and Capital Assets

Finding No. 2021-004

It is recommended that the District have adequate internal control procedures over its capital assets, including periodic update of the general ledger for additions, disposals and depreciation.

AUDIT RECOMMENDATIONS SUMMARY (continued)
For the Fiscal Year Ended June 30, 2021
Penns Grove-Carneys Point Regional School District

9. Miscellaneous

None

10. Status of Prior Year Audit Findings/Recommendations

All prior year findings have been corrected.