

**BOROUGH OF CHESILHURST  
SCHOOL DISTRICT  
COUNTY OF CAMDEN**

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

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2022**

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

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

The Honorable President and  
Members of the Board of Education  
Borough of Chesilhurst School District  
County of Camden, 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 Borough of Chesilhurst School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2022, which were separately issued in the Annual Comprehensive Financial Report dated February 24, 2023.

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 of the Borough of Chesilhurst School District, for the fiscal year ended June 30, 2022, 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



L. Jarred Corn  
Certified Public Accountant  
Public School Accountant No. 20CS00219700

Voorhees, New Jersey  
February 24, 2023

**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 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>
Vincent Caravello	Board Secretary / School Business Administrator	\$ 200,000.00

**P.L. 2020, c.44**

The School District did not offer any health benefits during the fiscal year ended June 30, 2022.

**Tuition Charges**

The School District had no incoming tuition students that required proper adjustment, per N.J.A.C. 6A:23-3.1(f)3.

**FINANCIAL PLANNING, ACCOUNTING, AND REPORTING**

**Examination of Claims**

Sampled claims paid during the fiscal year under audit indicated the following reportable noncompliance with respect to signatures, certification, or supporting documentation.

***Finding No. 2022-001 (ACFR Finding No. 2022-001)***

During our audit, we noted that the internal controls over expenditures were insufficient to ensure proper financial statement reporting and compliance with New Jersey statutory requirements.

***Recommendation***

That the School District improves its internal controls over the proper charging of expenditures and ensuring compliance with New Jersey statutory requirements.

**Payroll Account**

The School District did not have any payroll expenditures during the fiscal year ended June 30, 2022.

**Employee Position Control Roster**

The School District did not have any employees during the fiscal year ended June 30, 2022.

**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.

**FINANCIAL PLANNING, ACCOUNTING, AND REPORTING (CONT'D)**

**Travel**

The School District did not have any travel expenditures during the fiscal year ended June 30, 2022.

**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 indicated the following reportable noncompliance with respect to classification of expenditures.

***Finding No. 2022-001 (ACFR Finding No. 2022-001)***

During our audit, we noted that the internal controls over expenditures were insufficient to ensure proper financial statement reporting and compliance with New Jersey statutory requirements.

***Recommendation***

That the School District improves its internal controls over the proper charging of expenditures and ensuring compliance with New Jersey statutory requirements.

**Board Secretary's Records**

Our audit of the financial and accounting records maintained by the Board Secretary indicated that they were in satisfactory condition. The following reportable noncompliance was noted:

**Pupil Transportation**

Our audit procedures included a sample of on-roll status reported in the 2021-22 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.

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

The School District did not receive any E.S.E.A. funds during the fiscal year ended June 30, 2022.

An audit of compliance for E.S.E.A. was not required for school year 2021-22.

**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 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.

**FINANCIAL PLANNING, ACCOUNTING, AND REPORTING (CONT'D)**

**TPAF Reimbursement**

The School District did not have any payroll expenditures during the fiscal year ended June 30, 2022.

**TPAF Reimbursement to the State for Federal Salary Expenditures**

The School District did not have any payroll expenditures during the fiscal year ended June 30, 2022.

**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 \$20,000.00 for 2021-22.

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.

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**

The School District's food service fund was non-operational during the fiscal year ended June 30, 2022.

**STUDENT BODY ACTIVITIES**

The School District did not have any student activity funds during the fiscal year ended June 30, 2022.

**APPLICATION FOR STATE SCHOOL AID**

Our audit procedures included a sample of information reported in the October 15, 2021 Application for State School Aid (A.S.S.A.) for private schools for the disabled. We also performed an inspection of the School District procedures related to its completion. The information that was included on the workpapers was verified with minor exceptions noted. 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 has adequate written procedures for the recording of student enrollment data.

**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**

Not applicable - no outstanding bonds.

**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 received exemption from the testing requirements set forth by demonstrating that they did not use any drinking water outlets for consumption or food preparation in any of their facilities.

**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 is repeated in this year's recommendations noted as current year finding 2022-001.

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

During our audit, we noted that the internal controls over expenditures were insufficient to ensure proper financial statement reporting and compliance with New Jersey statutory requirements.

***Recommendation***

That the School District improves its internal controls over the proper charging of expenditures and ensuring compliance with New Jersey statutory requirements.

There were no Office of Fiscal Accountability and Compliance audit reports issued during the fiscal year ended June 30, 2022.

**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  
Certified Public Accountants  
& Consultants



L. Jarred Corn  
Public School Accountant No. 20CS00219700

**BOROUGH OF CHESILHURST SCHOOL DISTRICT**  
 Application for State School Aid Summary  
 Schedule of Audited Enrollments  
 Enrollment as of October 15, 2021

	2022-2023 Application for State School Aid						Sample for Verification						Private Schools for the 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																	
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													1	1			1
Special Education-Middle School													2	2	2		
Special Education-High School																	
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-	3	3	2		1
Co. Voc. - Regular																	
Co. Voc. Ft. Post Sec.																	
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	-	-	-	-	-	-	-	-	-	-	-	-	3	3	2		1
Percentage Error					0.0%	0.0%						0.0%	0.0%				33.33%



**BOROUGH OF CHESILHURST SCHOOL DISTRICT**  
 Application for State School Aid Summary  
 Schedule of Audited Enrollments  
 Enrollment as of October 15, 2021

	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												
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			0.0%			0.0%			0.0%			0.0%

	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	Re-Reported	Re-Calculated
	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors					
Reg. - Public Schools, Col. 1	119	119		81	81		3.7		3.7	3.7	
Reg. - SpEd, Col. 4	26	26		18	18		3.7		3.7	3.7	
Transported - Non-Public, Col. 3	2	2		1	1		4.0		4.0	4.0	
Special Needs, Col. 6	2	2		1	1						
Totals	149	149	-	101	101	-					
Percentage Error			0.0%			0.0%					

**BOROUGH OF CHESILHURST SCHOOL DISTRICT**

Application for State School Aid Summary

Schedule of Audited Enrollments

Enrollment as of October 15, 2021

	Resident LEP NOT Low Income			Sample for Verification		
	Reported on A.S.S.A. as NOT Low <u>Income</u>	Reported on Workpapers as NOT Low <u>Income</u>	<u>Errors</u>	Sample Selected from <u>Workpapers</u>	Verified to Test Score and Register	Sample <u>Errors</u>
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			0.0%			0.0%

**BOROUGH OF CHESILHURST SCHOOL DISTRICT**

Application for State School Aid Summary

Schedule of Audited Enrollments

Enrollment as of October 15, 2021

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Military Connected Students

Reported on A.S.S.A. as Military Connected <u>Students</u>	Sample for <u>Verification</u>	Sample <u>Verified</u>	Sample <u>Errors</u>
-	-	-	-

**EXCESS SURPLUS CALCULATION**

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

**SECTION 1**

**4% Calculation of Excess Surplus**

2021-22 Total General Fund Expenditures Reported on ACFR Exhibit C-1	\$ 3,593,930.43 (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	_____ (B2a)
Assets Acquired Under Capital Leases	_____ (B2b)
Adjusted 2021-22 General Fund Expenditures [(B)+(B1s)-(B2s)]	<u>\$ 3,593,930.43 (B3)</u>
4% of Adjusted 2021-22 General Fund Expenditures [(B3) times .04]	<u>\$ 143,757.22 (B4)</u>
Enter Greater of (B4) or \$250,000	<u>250,000.00 (B5)</u>
Increased by: Allowable Adjustment *	<u>18,401.00 (K)</u>
Maximum Unassigned Fund Balance [(B5) + (K)]	<u>\$ 268,401.00 (M)</u>

**SECTION 2**

Total General Fund - Fund Balances at June 30, 2022 (Per ACFR Budgetary Comparison Schedule, Ex. C-1)	\$ 2,678,871.14 (C)
Decreased by:	
Year-End Encumbrances	_____ (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	_____ (C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	<u>595,714.00 (C3)</u>
Other Restricted Fund Balances ****	<u>1,726,425.40 (C4)</u>
Assigned Fund Balance - Designated for Subsequent Year's Expenditures	<u>43,917.00 (C5)</u>
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	<u>\$ 312,814.74 (U1)</u>

**SECTION 3**

Restricted Fund Balance - Excess Surplus *** [(U1)-(M)] IF NEGATIVE ENTER -0-	<u>\$ 44,413.74 (E)</u>
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**Recapitulation of Excess Surplus as of June 30, 2022**

Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	<u>\$ 595,714.44 (C3)</u>
Restricted - Excess Surplus *** [(E)]	<u>44,413.30 (E)</u>
Total Excess Surplus [(C3)+(E)]	<u>\$ 640,127.74 (D)</u>

**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.

(J5) Maintenance of Equity Aid and State Military Impact Aid received in July 2022

**Detail of Allowable Adjustments**

Federal Impact Aid	_____ (H)
Sale & Lease-back	_____ (I)
Extraordinary Aid	\$ 17,821.00 (J1)
Additional Nonpublic School Transportation Aid	_____ (J2)
Current Year School Bus Advertising Revenue Recognized	580.00 (J3)
Family Crisis Transportation Aid	_____ (J4)
Maintenance of Equity Aid and State Military Impact Aid received in July 2022	_____ (J5)
 Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)+(J5)]	 \$ 18,401.00 (K)

\*\* This amount represents the Excess Surplus (C3 above) generated during June 30, 2021 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, 2022 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	\$ 670,409.92
Maintenance reserve	756,015.48
Emergency reserve	_____
Tuition reserve	300,000.00
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	 \$ 1,726,425.40 (C4)

**BOROUGH OF CHESILHURST SCHOOL DISTRICT**  
Audit Recommendations Summary  
For the Fiscal Year Ended June 30, 2022

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Recommendations:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

That the School District improves its internal the controls over the proper charging of expenditure and ensuring compliance with New Jersey statutory requirements.

3. School Purchasing Programs

None

4. School Food Service

None

5. Student Body Activities

None

6. Application for State School Aid

None

7. Pupil Transportation

None

8. Facilities and Capital Assets

None

9. Miscellaneous

None

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 improves its internal the controls over the proper charging of expenditure and ensuring compliance with New Jersey statutory requirements.

