

**SCHOOL DISTRICT
OF
EAST GREENWICH TOWNSHIP**

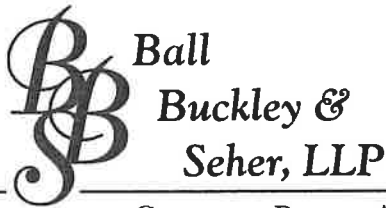
**East Greenwich Township Board of Education
Mickleton, New Jersey**

***Auditor's Management Report On Administrative
Findings - Financial, Compliance, and Performance
For the Fiscal Year Ended June 30, 2022***

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Tax I.D. Number: 21-6000259



CERTIFIED PUBLIC ACCOUNTANTS



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

Honorable President and
Members of the Board of Education
East Greenwich Township School District
County of Gloucester
Mickleton, 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 East Greenwich Township School District in the County of Gloucester, State of New Jersey as of and for the fiscal year ended June 30, 2022, which were separately issued in the Comprehensive Annual Financial Report dated May 9, 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 Comprehensive Annual Financial Report of the East Greenwich Township Board of Education, for the fiscal year ended June 30, 2022, and is intended for the information of the 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,

A handwritten signature in cursive script that reads 'Wayne W. Buckley'.

Wayne W. Buckley
Licensed Public School Accountant #240
BALL, BUCKLEY AND SEHER, LLP
Woodbury, New Jersey

May 9, 2023

ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE, AND PERFORMANCE

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and the Superintendent, the activities of the Board of Education, and the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

Fire insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the District's C.A.F.R.

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

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Gregory Wilson	Business Administrator/Board Secretary	\$ 195,000.00
Tammie F. Zane	Food Service Director	\$ 3,000.00

There is a Public Employees' Dishonesty Coverage Policy with New Jersey Schools Insurance Group covering all other employees with multiple coverage of \$250,000.00.

P.L. 2020, Chapter 44

Our audit procedures included an inquiry and subsequent review of health benefit data required per N.J.S.A. 18A:16-13.3 (Chapter 44) submitted for the year under audit. The Chapter 44 summary report was reviewed for reasonableness and timeliness.

The data submitted did include all health benefit plans offered by the District.

The District's data certification was completed by the Chief School Administrator. The District's Chapter 44 data was submitted timely.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were less than estimated costs. The 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 District were deposited in the net Payroll Account. Employees' 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 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.

Sampled payrolls were delivered to the Secretary of the Board who then deposited with warrants in separate bank accounts for net payroll and withholdings.

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (superintendent, assistant superintendents, and business administrator) to the New Jersey Department of Treasury was filed by the March 15 due date.

Reporting of employee compensation for income tax related purposes complied with federal and state regulations regarding the compensation which is required to be reported.

The District has established internal controls to ensure that employee versus contractor decisions for professional service providers are documented within the employee's personnel file.

The Board of Education did not make any merit bonus payments without prior confirmation from the Executive County Superintendent that a quantitative merit criterion or a qualitative merit criterion had been satisfied and without prior approval by the District Board of Education and Executive County Superintendent, as required by N.J.A.C. 6A:23A-3.1(e)10.iv.

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 2021-2022 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

Our procedures performed on 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:23-16.2(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.

The District used an E-Rate consultant during the audit year. This consultant properly filed the appropriate claim forms on a timely basis for the District. No refunds have been received yet for E-Rate reimbursements for the school year 2021-22 but are anticipated to be received in 2022-23. Due to the possibility in a change in the discount rate, an accurate refund receivable could not be determined. Additionally, the tracking of these refunds is potentially very difficult and time intensive. Thus, said refund receivables has not been recorded on the District's books as of June 30, 2022.

Secretary of the Board's Records

The following items were noted during our audit of the records of the Secretary of the Board.

The Treasurer's records were maintained by an employee appointed by the Board other than the Board Secretary.

An employee designated by the Board other than the Board Secretary performed cash reconciliations for the General Operating Account, Payroll Account, and Payroll Agency Account (N.J.S.A. 18A:17-9).

All cash receipts were promptly deposited (N.J.S.A. 18A:17-34, 18A:17-9.1).

The records of the Board designee were in agreement with the records of the Board Secretary.

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 District complied with proper bidding procedures and award of contracts.

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 C.A.F.R. This section of the C.A.F.R. documents the financial position pertaining to the projects under Titles I, II, III and IV of the Every Student Succeeds Act.

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

Other Special Federal and/or State Projects

The District's other special projects were approved as listed on Exhibits K-3 and K-4 located in the C.A.F.R.

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 C.A.F.R. This section of the C.A.F.R. 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.

I.D.E.A. Part B

Separate accounting was maintained for each approved project.

Grant application approvals and acceptance of grant funds were made by Board resolution and recorded in the minutes.

T.P.A.F. Reimbursement

Our audit procedures included a sample of the biweekly reimbursements (electronic, but districts can print out the DOENET screen for an auditor) filed with the Department of Education for district employees who are members of the Teacher's 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 District to reimburse the State for the T.P.A.F./F.I.C.A. payments made by the State on-behalf of the 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 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://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 \$20,200.00 for 2021-22.

The District's Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory threshold 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 examination, we did not note any individual payments, contracts, or agreements made for the performance of any work or goods or services in excess of the statutory thresholds where there had been no advertising for bids in accordance with the 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. Governor Murphy's emergency declaration ended June 4, 2021; however, the United States Department of Agriculture's federal waiver continued through June 30, 2022. Food service agencies operated under this federal waiver.

As a result, SFAs were required to provide meals in accordance with the regulations governing the National School Nutrition Seamless Summer Option (SSO). SFAs could also choose to participate in the National School Lunch Program utilizing standard counting and claiming practices.

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 students during the emergency.

The school food service program was not selected as a major federal and/or State program. However, the program expenditures exceeded \$100,000.00 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 (CAFR 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 Program (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 exceed three months average expenditures in the fiscal year 2022. However, the District resolved this issue.

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

Before and After School Program - Beyond the Bell

The financial transactions and statistical records of the before and after school program were maintained in satisfactory condition. The financial accounts and applications were reviewed and found to be adequate.

Student Body Activities

Our audit of the financial and accounting records for the 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, 2021 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 District's procedures related to its completion. The information on the A.S.S.A. was compared to the District's 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 District maintained workpapers on the prescribed State forms or their equivalent.

The District's written procedures appear to be adequate 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

The 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 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 educational facilities.

The 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 Years' Findings

There were no audit findings for the year ended June 30, 2021.

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

Acknowledgment

We received the complete cooperation of all the officials of the District, and we greatly appreciate the courtesies extended to the members of the audit team.

**EAST GREENWICH TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF NET CASH RESOURCES
NET CASH RESOURCES DID EXCEED THREE MONTHS OF EXPENDITURES
PROPRIETARY FUNDS - FOOD SERVICE FUND
For the Fiscal Year Ended June 30, 2022**

<u>C.A.F.R.</u>	<u>Food Service B-4 / B-5</u>	
Current assets:		
B-4	\$	206,310.02
B-4		-
B-4		3,041.30
B-4		34,301.46
B-4		-
Current liabilities:		
B-4		(4,590.79)
B-4		-
B-4		(23,998.00)
B-4		(7,537.81)
	Net cash resources	\$ 207,526.18
		(A)
Net adjusted total operating expense:		
B-5	\$	464,955.21
B-5		-
	Adjusted total operating expense	\$ 464,955.21
		(B)
	Average monthly operating expense (B / 10)	\$ 46,495.52
		(C)
	Three times monthly average (3 x C)	\$ 139,486.56
		(D)
	Total in box A	\$ 207,526.18
	Less total in box D	139,486.56
	Net	\$ 68,039.62

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.

**EAST GREENWICH TOWNSHIP SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
For the Fiscal Year Ended June 30, 2022**

Section 1

A. 2% Calculation of excess surplus

2021-22 Total general fund expenditures per the C.A.F.R., Exhibit C-1	\$ 22,694,393.17	(B)
Increased by:		
Transfer from capital outlay to capital projects fund	0.00	(B1a)
Transfer from capital reserve to capital projects fund	0.00	(B1b)
Transfer from general fund to SRF for pre-K - regular	0.00	(B1c)
Transfer from general fund to SRF for pre-K - inclusion	0.00	(B1d)
Decreased by:		
On-behalf TPAF pension and social security	3,553,512.54	(B2a)
Assets acquired under capital leases	0.00	(B2b)
	<u> </u>	
Adjusted 2021-22 general fund expenditures [(B) + (B1's) - (B2's)]	<u>\$ 19,140,880.63</u>	(B3)
2% of adjusted 2021-22 general fund expenditures [(B3) times .02]	<u>\$ 382,817.61</u>	(B4)
Enter greater of (B4) or \$250,000.00	<u>\$ 382,817.61</u>	(B5)
Increased by: allowable adjustment*	<u>136,198.00</u>	(K)
	<u> </u>	
Maximum unassigned/undesignated - unreserved fund balance [(B5) + (K)]		<u>\$ 519,015.61 (M)</u>

Section 2

Total general fund - fund balances at 6-30-22 (per C.A.F.R. budgetary comparison schedule C-1)	\$ 5,273,652.23	(C)
Decreased by:		
Year-end encumbrances	161,272.31	(C1)
Legally restricted - designated for subsequent year's expenditures	0.00	(C2)
Legally restricted - excess surplus - designated for subsequent year's expenditures**	1,811,294.97	(C3)
Other restricted fund balances***	1,340,211.05	(C4)
Assigned fund balance - designated for subsequent year's expenditures	0.03	(C5)
	<u> </u>	
Total unassigned fund balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]		<u>\$ 1,960,873.87 (U1)</u>

Section 3

Restricted fund balance - excess surplus*** [(U1) - (M)] if negative enter -0-	<u>\$ 1,441,858.26</u>	(E)
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Recapitulation of excess surplus as of June 30, 2022

Restricted - excess surplus - designated for subsequent year's expenditures**	\$ 1,811,294.97	(C3)
Restricted - excess surplus*** [(E)]	<u>1,441,858.26</u>	(E)
	<u> </u>	
Total excess surplus [(C3) + (E)]	<u>\$ 3,253,153.23</u>	(D)

*Allowable adjustment to expenditures on line K must be detailed as follows. This adjustment (as detailed below) is to be utilized when applicable for:

(H) Federal Impact Aid. The passage of P.L. 2015, Chapter 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 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	\$	0.00	(H)
Sale and lease-back		0.00	(I)
Extraordinary aid		105,458.00	(J1)
Additional nonpublic school transportation aid		30,740.00	(J2)
Current year school bus advertising revenue recognized		0.00	(J3)
Family crisis transportation aid		0.00	(J4)
Maintenance of equity aid and state military impact aid received in July 2022		<u>0.00</u>	(J5)
Total adjustments [(H) + (I) + (J1) + (J2) + (J3) + (J4) + (J5)]	\$	<u>136,198.00</u>	(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 C.A.F.R. 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 an other 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 September 30.

Detail of other restricted fund balance

Statutory restrictions:			
Approved unspent separate proposal	\$	0.00	
Sale/lease-back reserve		0.00	
Capital reserve		602,522.21	
Maintenance reserve		462,006.30	
Emergency reserve		70,819.22	
Tuition reserve		0.00	
School bus advertising 50% fuel offset reserve - current year		0.00	
School bus advertising 50% fuel offset reserve - prior year		0.00	
Impact aid general fund reserve (Sections 8002 and 8003)		0.00	
Impact aid capital fund reserve (Sections 8007 and 8008)		0.00	
Other state/government mandated reserves		0.00	
Restricted for unemployment		169,323.32	
[Other restricted fund balance not noted above]****		<u>35,540.00</u>	
Total other restricted fund balance	\$	<u>1,340,211.05</u>	(C4)

AUDIT RECOMMENDATIONS SUMMARY
For the Year Ended June 30, 2022

Recommendations:

1. Administrative Practices and Procedures
None.
2. Financial Planning, Accounting and Reporting
None.
3. School Purchasing Programs
None.
4. School Food Service
None.
5. Before and After School Program - Beyond the Bell
None.
6. Student Body Activities
None.
7. Application for State School Aid
None.
8. Pupil Transportation
None.
9. Facilities and Capital Assets
None.
10. Miscellaneous
None.
11. Status of Prior Year Audit Findings/Recommendations
None.