

**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, 2022**



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

**TABLE OF CONTENTS**

	<b>PAGE</b>
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
P.L. 2020, c.44	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	7
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	8
Additional Information:	
Schedule of Audited Enrollments	11
Net Cash Resource Calculation	14
Excess Surplus Calculation	15
Audit Recommendations Summary	17

*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, 2022, and have issued our report thereon dated March 16, 2023.

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  
March 16, 2023

618 Stokes Road, Medford, NJ 08055

**P:** 609.953.0612 • **F:** 609.257.0008

[www.hmacpainc.com](http://www.hmacpainc.com)

*This page intentionally left blank.*



**HOLT MCNALLY & ASSOCIATES**

Certified Public Accountants & Advisors

**ADMINISTRATIVE FINDINGS -**

**Scope of Audit FINANCIAL, COMPLIANCE AND PERFORMANCE**

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 ACFR.

**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.

**P.L. 2020, C.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 on audit. The Chapter 44 summary report was reviewed for reasonableness and timeliness.

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

The School District data certification was completed by the chief school administrator. The School District 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 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.

618 Stokes Road, Medford, NJ 08055

**P:** 609.953.0612 • **F:** 609.257.0008

[www.hmacpainc.com](http://www.hmacpainc.com)

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

### **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.

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. 2022-01\* (*Financial Statement Funding 2022-002*):**

The District has accounts receivable within the Capital Projects Fund of over \$7 million that has been outstanding for over 5 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 ACFR. This section of the ACFR 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 ACFR.

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 ACFR. This section of the ACFR 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](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

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

### **Contracts and Agreements Requiring Advertisement for Bids**

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 2021-2022 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.

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.

**School Food Service (continued):**

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 Assets (ACFR ScheduleB-5) does separate program and non-program revenue AND program and non-program cost 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. We also inquired if the FSMC received a loan in accordance with the Payroll Protection Plan 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.

**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, 2021 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 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.

**Facilities and Capital Assets**

**Finding 2022-02\* (Financial Statement Finding 2022-001):**

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, 2022.

**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  
March 16, 2023

**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, 2021**

	2022-2023 Application for State School Aid						Sample for Verification						Private Schools for Disabled			
	Reported on A.S.S.A. On Roll		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 for Sample Verification			
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Sample Verified	Errors
Half Day Preschool 4 Years	83	-	83	-	-	-	11	-	11	-	-	-	-	-	-	-
Full Day Kindergarten	152	-	152	-	-	-	20	-	20	-	-	-	-	-	-	-
One	146	-	146	-	-	-	19	-	19	-	-	-	-	-	-	-
Two	142	-	142	-	-	-	19	-	19	-	-	-	-	-	-	-
Three	147	-	147	-	-	-	19	-	19	-	-	-	-	-	-	-
Four	125	-	125	-	-	-	16	-	16	-	-	-	-	-	-	-
Five	138	-	138	-	-	-	18	-	18	-	-	-	-	-	-	-
Six	128	-	128	-	-	-	17	-	17	-	-	-	-	-	-	-
Seven	150	-	150	-	-	-	20	-	20	-	-	-	-	-	-	-
Eight	145	-	145	-	-	-	19	-	19	-	-	-	-	-	-	-
Nine	127	-	127	-	-	-	17	-	17	-	-	-	-	-	-	-
Ten	111	-	111	-	-	-	15	-	15	-	-	-	-	-	-	-
Eleven	89	4	89	4	-	-	12	1	12	1	-	-	-	-	-	-
Twelve	87	4	87	4	-	-	11	1	11	1	-	-	-	-	-	-
<b>Subtotal</b>	<b>1,770</b>	<b>8</b>	<b>1,770</b>	<b>8</b>	<b>-</b>	<b>-</b>	<b>233</b>	<b>2</b>	<b>233</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Special Ed - Elementary	158	-	158	-	-	-	21	-	21	-	-	-	-	1	1	1
Special Ed - Middle School	94	-	94	-	-	-	12	-	12	-	-	-	-	3	3	3
Special Ed - High School	114	10	114	10	-	-	15	1	15	1	-	-	-	7	7	7
<b>Subtotal</b>	<b>366</b>	<b>10</b>	<b>366</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>48</b>	<b>1</b>	<b>48</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11</b>	<b>11</b>	<b>11</b>
<b>Totals</b>	<b>2,136</b>	<b>18</b>	<b>2,136</b>	<b>18</b>	<b>-</b>	<b>-</b>	<b>281</b>	<b>3</b>	<b>281</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11</b>	<b>11</b>	<b>11</b>
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, 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 & 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	97.0	97.0	-	19	19	-	24	24	-	16	16	-
One	102.0	102.0	-	22	22	-	19	19	-	14	14	-
Two	94.0	94.0	-	18	18	-	21	21	-	11	11	-
Three	95.0	95.0	-	18	18	-	23	23	-	13	13	-
Four	78.0	78.0	-	15	15	-	11	11	-	6	6	-
Five	88.0	88.0	-	18	18	-	-	-	-	-	-	-
Six	93.0	93.0	-	18	18	-	4	4	-	2	2	-
Seven	97.0	97.0	-	18	18	-	8	8	-	5	5	-
Eight	101.0	101.0	-	21	21	-	7	7	-	4	4	-
Nine	73.0	73.0	-	15	15	-	3	3	-	2	2	-
Ten	63.0	63.0	-	13	13	-	3	3	-	2	2	-
Eleven	52.5	52.5	-	10	10	-	4	4	-	2	2	-
Twelve	46.0	46.0	-	10	10	-	3	3	-	2	2	-
Subtotal	1,079.5	1,079.5	-	215	215	-	130	130	-	79	79	-
Special Ed - Elementa	95.0	95.0	-	19	19	-	2	2	-	1	1	-
Special Ed - Middle	75.0	75.0	-	15	15	-	-	-	-	-	-	-
Special Ed - High	76.0	76.0	-	15	15	-	-	-	-	-	-	-
Subtotal	246.0	246.0	-	49	49	-	2	2	-	1	1	-
Totals	1,325.5	1,325.5	-	264	264	-	132	132	-	80	80	-
Percentage Error	-	-	-	-	-	-	-	-	-	-	-	-

Transportation

	Reported on DRTRS by DOE/County		Reported on DRTRS by District		Tested		Verified		Errors	
	Income	Workpapers	Income	Workpapers	Income	Workpapers	Income	Workpapers	Income	Workpapers
Reg. - Public Schools, col. 1	351	351	-	-	132	132	-	-	-	-
ALL - Non-Public Schools, col. 2	27	27	-	-	10	10	-	-	-	-
Special Ed Spec, col. 6	146	146	-	-	55	55	-	-	-	-
Totals	524	524	-	-	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, 2021**

	<b>Resident LEP NOT Low Income</b>			<b>Sample for Verification</b>		
	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	18	18	-	10	10	-
One	15	15	-	9	9	-
Two	16	16	-	9	9	-
Three	14	14	-	8	8	-
Four	8	8	-	5	5	-
Five	2	2	-	1	1	-
Six	4	4	-	2	2	-
Seven	1	1	-	1	1	-
Eight	1	1	-	1	1	-
Nine	4	4	-	2	2	-
Ten	2	2	-	1	1	-
Eleven	2	2	-	1	1	-
Twelve	3	3	-	2	2	-
Subtotal	<u>90</u>	<u>90</u>	<u>-</u>	<u>52</u>	<u>52</u>	<u>-</u>
Special Ed - Elementary	2	2	-	1	1	-
Special Ed - Middle	-	-	-	-	-	-
Special Ed - High	-	-	-	-	-	-
Subtotal	<u>2</u>	<u>2</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>
Totals	<u><u>92</u></u>	<u><u>92</u></u>	<u><u>-</u></u>	<u><u>53</u></u>	<u><u>53</u></u>	<u><u>-</u></u>
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 2022**

<u>Net Cash Resources:</u>		<b>Food Service B - 4/5</b>	
<b>ACFR</b>	*	<b>Current Assets</b>	
B-4		Cash & Cash Equiv.	\$ 4,380
B-4		Due from Other Gov'ts	109,076
B-4		Accounts Receivable	931,653
B-4		Investments	
 		<b>Current Liabilities</b>	
B-4		Less Accounts Payable	(1,934)
B-4		Less Accruals	-
B-4		Less Due to Other Funds	-
B-4		Less Deferred Revenue	-
		<b>Net Cash Resources</b>	<b>\$ 1,043,175</b>
			<b>(A)</b>

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.	1,263,822	
B-5	Less Depreciation	(23,402)	
		<b>\$ 1,240,420</b>	<b>(B)</b>

Average Monthly Operating Expense:

	B / 10	<b>\$ 124,042.00</b>	<b>(C)</b>
--	--------	----------------------	------------

Three times monthly Average:

	3 X C	<b>\$ 372,126.00</b>	<b>(D)</b>
--	-------	----------------------	------------

TOTAL IN BOX A	\$	1,043,175.00	
LESS TOTAL IN BOX D	\$	(372,126.00)	
NET	\$	<b>671,049.00</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>			

✓ **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

2021-2022 Total General Fund Expenditures per the ACFR, Ex. C-1	\$ <u>45,133,906</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>8,162,328</u> (B2a)
Assets Acquired Under Capital Leases	\$ _____ - (B2b)
Adjusted 2021-2022 General Fund Expenditures [(B)+(B1s)-(B2s)]	\$ <u>36,971,578</u> (B3)
4% of adjusted 2021-2022 General Fund Expenditures [(B3) times .04]	\$ <u>1,478,863</u> (B4)
Enter Greater of (B4) or \$250,000	\$ <u>1,478,863</u> (B5)
Increased by: Allowable Adjustment *	\$ <u>20,668</u> (K)
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]	\$ <u>1,499,531</u> (M)

#### SECTION 2

Total General Fund - Fund Balances @ 06/30/2022 (Per ACFR Budgetary Comparison Schedule C-1)	\$ <u>11,560,021</u> (C)
Decreased by:	
Year-End Encumbrances	\$ <u>414,570</u> (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ _____ - (C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ <u>1,183,246</u> (C3)
Other Restricted Fund Balances ****	\$ <u>5,883,491</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, 2022 - August 1, 2022)	\$ _____ - (C6)****
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]	\$ <u>4,078,714</u> (U1)

**REGULAR DISTRICT (continued):**

**SECTION 3**

Restricted Fund Balance - Excess Surplus \*\*\* [(U1)-(M)] IF NEGATIVE ENTER -0- \$ 2,579,183 (E)

**Recapitulation of Excess Surplus as of June 30, 2022**

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures \*\* \$ 1,183,246 (C3)  
 Reserved Excess Surplus \*\*\* (E) \$ 2,579,183 (E)  
 Total Excess Surplus [(C3) + (E)] \$ 3,762,429

**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>12,838</u> (J1)
Additional Nonpublic School Transportation Aid	\$ <u>7,830</u> (J2)
Current Year School Bus Advertising Revenue Recognized	\$ <u>-</u> (J3)
Family Crisis Transportation Aid	\$ <u>-</u> (J4)
Military Impact Aid	\$ <u>-</u> (J45)
 Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)+(J5)]	 \$ <u>20,668</u> (K)

\*\* This amount represents the June 30, 2021 Excess Surplus (C3 above) and must be included in the Audit Summary Line 90031.

\*\*\* Amount 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 Division of Administration and Finance prior to September 30.

\*\*\*\*\* Increase in Assigned Fund Balance-Unreserved-Designated for Subsequent Year's expenditures July 1, 2022 to August 1, 2022 resulting from decrease in state aid after adoption of 2022-2023 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>4,273,888</u>
Maintenance Reserve	\$ <u>1,318,877</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>290,726</u>
[Other Restricted Fund Balance Not Noted Above] ****	\$ <u>-</u>
 Total Other Restricted Fund Balance	 \$ <u>5,883,491</u> (C4)

AUDIT RECOMMENDATIONS SUMMARY  
For the Fiscal Year Ended June 30, 2022  
Penns Grove-Carneys Point Regional School District

Recommendations:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

**Finding No. 2022-01**

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

None

5. Student Body Activities

None

6. Application for State School Aid

None

7. Pupil Transportation

None

8. Facilities and Capital Assets

**Finding No. 2022-02**

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.

9. Miscellaneous

None

10. Status of Prior Year Audit Findings/Recommendations

Two prior year findings have been corrected and two have not been corrected.