

SUSSEX TECHNICAL SCHOOL DISTRICT
COUNTY OF SUSSEX
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

SUSSEX COUNTY TECHNICAL SCHOOL
COUNTY OF SUSSEX
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE
FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2022
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November 22, 2022

The Honorable President and Members
of the Board of Education
Sussex County Technical School District
County of Sussex, NJ

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 Sussex County Technical School in the County of Sussex for the fiscal year ended June 30, 2022, and have issued our report thereon dated November 22, 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 letter does not affect our report dated November 22, 2022, on the financial statements of the Board.

We will review the status of the comments during our next audit engagement. We have already discussed these comments and suggestions with various management personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended for the information of the Sussex County Technical School Board of Education's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Nisivoccia LLP
NISIVOCCIA LLP

Man C Lee

Man C. Lee
Licensed Public School Accountant #2527
Certified Public Accountant

SUSSEX COUNTY TECHNICAL SCHOOL
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2022

Scope of Audit

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

Administrative Practices and Procedures

Insurance

Insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the District's ACFR.

Officials in Office and Surety Bonds

| <u>Name</u> | <u>Position</u> | <u>Coverage</u> |
|-----------------|---|-----------------|
| Eileen Kithcart | Treasurer of School Monies | \$ 200,000 |
| Ron Smith | Interim School Business Administrator (from 9/1/22) | 200,000 |
| Andrew Italiano | School Business Administrator (to 8/31/22) | 200,000 |

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.

The data certification date does not reflect a submission date later than 60 days after the end of the enrollment period.

Tuition Charges

A comparison of tuition charges and actual receipts and receivables was made. It appears, from our testing, that tuition charges appear to be valid revenues of the District.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid on a test basis, during the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation, except as noted below.

Finding 2022-001:

During our audit, we noted that not all purchase orders are approved prior to the order of goods and services.

SUSSEX COUNTY TECHNICAL SCHOOL
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2022

Financial Planning, Accounting and Reporting (Cont'd)

Examination of Claims (Cont'd)

Recommendation:

It is recommended that purchase orders are approved prior to the order of goods and services.

Management's Response:

The District will make every effort to ensure that purchase orders are approved prior to the order of goods and services.

Payroll Account and Position Control Roster

The net salaries of employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account. Salary withholdings were promptly remitted to the proper agencies, including health benefits withholdings due to the General Fund.

Finding 2022-002:

Payrolls tested were not certified by the President of the Board, the Board Secretary/School Business Administrator and the Superintendent.

Recommendation:

It is recommended that all payrolls are certified by the President of the Board, the Board Secretary/School Business Administrator and the Superintendent.

Management's Response:

The District will make every effort to ensure that all payrolls are certified by the President of the Board, the Board Secretary/School Business Administrator and the Superintendent.

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (superintendent and business administrator) to the NJ Department of Treasury was filed in a timely manner.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made on a test basis as of June 30, for proper classification of orders as reserve for encumbrances and accounts payable.

SUSSEX COUNTY TECHNICAL SCHOOL
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2022

Financial Planning, Accounting and Reporting (Cont'd)

Reserve for Encumbrances and Accounts Payable (Cont'd)

Finding 2022-003:

During our review of the subsidiary ledgers for open purchase orders at June 30, 2022, it was noted that certain items were not valid or classified properly. Prior year invalid accounts payable and encumbrances should be cancelled from the open purchase order report.

Recommendation:

It is recommended that the District take greater care to ensure that open purchase orders are properly classified and valid.

Management's Response:

The District will take greater care when cancelling and classifying open purchase orders.

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 test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. Overall compliance was noted.

Board Secretary's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Board Secretary's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records.

Finding 2022-004:

During our review of the subsidiary ledgers for accounts receivable at June 30, 2022, it was noted that certain items were not valid or classified properly. Additionally, collection of prior year receivables and current year revenue transactions were not all posted against the correct balance sheet or subsidiary ledger account.

Recommendation:

It is recommended that the District take greater care to ensure that accounts receivables and revenue transactions are properly classified and valid.

Management's Response:

The District will take greater care when cancelling and classifying accounts receivables and current year revenue.

SUSSEX COUNTY TECHNICAL SCHOOL
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
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FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Treasurer's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Treasurer's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. No exceptions were noted.

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 herein within the Special Revenue Section of the District's ACFR. This section of the ACFR documents the financial position pertaining to projects under Title I, Title II, and Title IV of the Elementary and Secondary Education Act as amended and reauthorized.

The study of compliance for E.S.E.A. did not indicate any areas of noncompliance.

Other Special Federal and/or State Projects

The District's Special Projects were not approved as listed on Exhibit E-1 located in the ACFR, as noted below.

Our audit of the federal and state funds on a 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.

Finding 2022-005:

The District did not formally accept current year federal and state grant awards and approve carryover or amendment of prior year federal and state grant awards.

Recommendation:

It is recommended that the governing body formally accepts grant awards and approves grant carryover or amendment.

Management's Response:

The District will make every effort to formally accept grant awards and approve grant carryover or amendment.

SUSSEX COUNTY TECHNICAL SCHOOL
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Other Special Federal and/or State Projects (Cont'd)

Finding 2022-006:

The Workforce Innovation Opportunity Act federal grant and several state grants, including School Based Youth Services, Adolescent Pregnancy, Curriculum for Agricultural Science and Apprenticeship Coordinator have older balances due to grantors totaling \$230,965. Some of these balances date back to the 2014 fiscal year. The District was notified by the New Jersey State Department of Children and Families that several prior fiscal year, including 2018, 2019 and 2020, final expenditure reports for the School Based Youth Services and Adolescent Pregnancy grants do not agree with the District's audited financial statements.

Recommendation:

It is recommended that older unexpended grant funds be returned to the respective grantor and the District work with the New Jersey State Department of Children and Families to resolve noted discrepancies of prior year expenditure reports.

Management's Response:

The District will make every effort to return unexpended grant funds to the respective grantor and work with the New Jersey State Department of Children and Families to resolve noted discrepancies of prior year expenditure reports.

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursements filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

The T.P.A.F. Reimbursement to the State for Federal Salary Expenditures was remitted to the State of New Jersey prior to the required deadline of October 1, 2022. The reimbursement form was reviewed and the following exception was noted.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A18A-3 states:

a. "When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by resolution of the Board of Education without public advertising for bids and bidding therefore, except that the Board of Education may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L.1971, c. 198 the Board of Education may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

SUSSEX COUNTY TECHNICAL SCHOOL
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

School Purchasing Programs (Cont'd)

Contracts and Agreements Requiring Advertisement for Bids (Cont'd)

b. Commencing in the fifth year after the year in which P.L. 1999, c. 440 takes effect and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount and the higher threshold amount which the Board of Education is permitted to establish as set forth in subsection a. of this section or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in N.J.S.A. 18A18A-2, and shall round the adjustment to the nearest \$1,000. The Governor shall notify all local school districts of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of the year in which it is made"

N.J.S.A. 18A18A-4 states, "Every contract for the provision or performance of any goods or services the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the Board of Education to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law"

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 \$20,200 for 2021-22.

The 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 Attorney's opinion should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. No exceptions were noted.

The results of our examination indicated that no individual payments, contracts, or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies", in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A. 18A18A-4.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A18A-5.

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained.

School Food Service

The financial transactions and statistical records of the School Food Service Fund were reviewed. The financial accounts and meal count records were reviewed on a test-check basis. No exceptions were noted.

Cash receipts and bank records were reviewed for timely deposit. No exceptions were noted.

SUSSEX COUNTY TECHNICAL SCHOOL
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
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FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

School Food Service (Cont'd)

The District utilizes a food service management company (FMSC) and is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34, and 19-1 through 19-4.1. Provisions of the FMSC Cost Reimbursable Fixed Price contract/addendum were reviewed and audited. The FMSC contract includes an operating results provision which guarantees that the food service program will return a profit of at least \$250,026. The operating results provision has been met. No exceptions were noted. All vendor discounts, rebates and credits from vendors and/or the FSMC were tracked and credited to the Food Service account and reconciled to supporting documentation at least annually. No exceptions were noted.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified on a test basis. Inventory records on food supply items were currently maintained and properly applied in determining the cost of food and supplies used. No exceptions were noted.

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the nonprofit status of the School Food Service Fund. No exceptions were noted.

The SFA recorded and maintained separate supporting documentation for additional costs (food, supplies, transportation, etc.) applicable to the implementation of the COVID-19 meal service under SSO or SFSP program requirements.

The FSMC did not apply for and receive a loan in accordance with the Payroll Protection Plan.

Time sheets and labor costs provided to the District from the Food Service contractor were reviewed on a test basis without exception. Payroll records were maintained on all School Food Service employees authorized by the Board of Education. No exceptions were noted.

The number of meals claimed for reimbursement was compared to sales and meal count records on a test basis. As part of the claims review process, the Edit Check Worksheet was completed. Reimbursement claims were submitted/certified in a timely manner. No exceptions were noted.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served was compared to the number of valid applications/or to the list of directly certified students on file, times the number of operating days, on a school-by-school basis. The free and reduced price meal policy was reviewed for uniform administration throughout the school district. Sites approved to participate in Provisions I and II were examined for compliance with all counting and claiming requirements

The required verification procedures for free and reduced price applications were completed and available for review. No exceptions were noted.

U.S.D.A. Food Distribution Program commodities (food and/or commodities) were received and a single inventory was maintained on a first-in, first-out basis. No exceptions were noted.

Non-program foods were purchased, prepared or offered for sale. The Statement of Revenue, Expenses and Changes in Net Position in the ACFR Schedule B-5 does not separate program and non-program revenue and program and non-program cost of goods sold.

SUSSEX COUNTY TECHNICAL SCHOOL
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

School Food Service (Cont'd)

Exhibits reflecting Child Nutrition Program operations are included in the section entitled "Proprietary Funds", Section G of the ACFR.

Finding 2022-007:

Net cash resources exceeded three months average expenditures by \$125,552. As the District already has plans in place to reduce the excess, no formal recommendation is judged to be warranted.

Student Body Activities

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Student Activities records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records.

Finding 2022-008:

During our review of the student activities' June 30 bank reconciliation, we noted a number of outstanding checks that are more than a year old. However, since the District has subsequently reviewed and cancelled a majority of older outstanding checks and only a small amount remain, no formal recommendation is deemed warranted.

Finding 2022-009:

The monthly bank reconciliations for April through June 2022 for the athletics account were not prepared in a timely manner. However, as the District has already implemented procedures to correct this in the subsequent fiscal year, no formal recommendation is deemed warranted.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2021 Application for State School Aid (A.S.S.A.) for on-roll and low income students. We also performed a review of the District procedures related to its completion. The information on the A.S.S.A. was compared to the District workpapers minor exceptions. The information that was included on the workpapers was verified on a test basis with no exceptions.

The District maintained workpapers on the prescribed State forms or their equivalent.

The District's written procedures for the recording of student enrollment data appear to be adequate.

Pupil Transportation

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the District complied with proper bidding procedures and award of contracts. No exceptions were noted in our review of transportation related purchases of goods and services.

SUSSEX COUNTY TECHNICAL SCHOOL
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

Travel Expense and Reimbursement Policy

Travel regulations require each District to adopt a formal policy and procedure pertaining to travel and expense reimbursement for its employees and board members. The regulations require the District to establish a maximum travel for the year and to ensure that the maximum is not exceeded. The regulations also require that all travel be preapproved by the Board of Education and that the approval must be itemized by event, event total cost, and individuals attending. Overall compliance was noted.

Facilities and Capital Assets

Our procedures included a review of the SDA grant agreements for consistency with recording of the revenue and awarding of contracts for eligible facilities construction.

Finding 2022-010:

The Capital Projects Fund is operating on a cash deficit partially due to the District not submitting for reimbursement for the School Development Authority (“SDA”) grant projects that are completed as of June 30, 2022.

Recommendation:

It is recommended that the District submit for reimbursement for the School Development Authority (“SDA”) grant projects that are completed as of June 30, 2022.

Management’s Response:

The District will make every effort to submit for reimbursement for the School Development Authority (“SDA”) grant projects that are completed as of June 30, 2022.

Finding 2022-011:

The District did not update its capital assets inventory records to include the current year additions and deletions for the fiscal year ended June 30, 2022. However, the District formally provided a list of current year capital asset additions and deletions, which have been included in their district-wide financial statements.

Recommendation:

It is recommended that the District update its capital assets inventory records.

Management’s Response:

The District will make every effort to continue to update its capital assets inventory records.

Testing for Lead of All Drinking Water in Educational Facilities

The District did submit the annual Statement of Assurance to the NJ Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

SUSSEX COUNTY TECHNICAL SCHOOL
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
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FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

Management Suggestion

COVID-19 Federal Funding

It is likely that the District will undergo some review of its COVID-19 federal funding if only at a desk review level by state and/or federal agencies. We strongly suggest that the District ensures that these funds are utilized in accordance with the applicable federal requirements especially with respect to procurement. Additionally, we strongly suggest that the District ensures that these funds are accounted for in the state account numbers designated by the NJ Department of Education and that any applicable Board policies are current with respect to federal grant requirements.

Status of Prior Year's Findings/Recommendations

The prior year recommendations regarding the open purchase orders being properly classified and valid and older unexpended grants funds be returned to the respective grantor have not been resolved.

SUSSEX COUNTY TECHNICAL SCHOOL
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 | | | | | |
|--------------------------------------|--|--|--------|--------------------------------|--------|--------|--------|---------------------------------|--------|--------------------------------|--------|------------------------------|--------|
| | | 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 | |
| | | Full | Shared | Full | Shared | Full | Shared | Full | Shared | Full | Shared | Full | Shared |
| County Vo Tech- Regular | | 527 | 45 | 527 | 45 | | | 527 | 45 | 527 | 45 | | |
| FT Post Secondary Subtotal | | 527 | 45 | 527 | 45 | | | 527 | 45 | 527 | 45 | | |
| Special Ed - High School Subtotal | | 157 | 6 | 157 | 6 | | | 16 | | 16 | | | |
| Totals | | 684 | 51 | 684 | 51 | -0- | -0- | 543 | 45 | 543 | 45 | -0- | -0- |
| Percentage Error | | | | | | 0.00% | 0.00% | | | | | 0.00% | 0.00% |

SUSSEX COUNTY TECHNICAL SCHOOL
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2021

| | | Resident Low Income | | | | |
|--------------------------|---|---|---------------|--|--|------------------|
| | 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 |
| County Vo Tech - Regular | 54.0 | 56.0 | (2.0) | 6 | 6 | |
| Subtotal | <u>54.0</u> | <u>56.0</u> | <u>(2.0)</u> | <u>6</u> | <u>6</u> | |
| Special Ed - High School | 16.5 | 17.0 | (0.5) | 3 | 3 | |
| Subtotal | <u>16.5</u> | <u>17.0</u> | <u>(0.5)</u> | <u>3</u> | <u>3</u> | |
| Totals | <u>70.5</u> | <u>73.0</u> | <u>(2.5)</u> | <u>9</u> | <u>9</u> | <u>-0-</u> |
| | | | <u>-3.55%</u> | | | <u>0.00%</u> |

SUSSEX COUNTY TECHNICAL SCHOOL
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2022
 (Continued)

SCHEDULE OF MEAL COUNT ACTIVITY
ENTERPRISE FUND - FOOD SERVICE FUND

NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM - FEDERAL

| <u>Program</u> | <u>Meals Claimed</u> | <u>Meals Tested</u> | <u>Meals Verified</u> | <u>Difference</u> | <u>Rate</u> | <u>(Over)/ Under Claim</u> |
|---------------------------|--------------------------|-------------------------|---------------------------|-------------------|-------------|------------------------------------|
| Severe School Lunch: | | | | | | |
| Seamless Summer Option: | | | | | | |
| September - December 2021 | 46,161 | 9,885 | 9,885 | -0- | \$ 4.32 | \$ -0- |
| Seamless Summer Option: | | | | | | |
| January - June 2022 | 66,210 | 37,814 | 37,814 | -0- | 4.56 | -0- |
| Severe School Breakfast: | | | | | | |
| Seamless Summer Option: | | | | | | |
| September - December 2021 | 9,483 | 2,529 | 2,529 | -0- | 2.46 | -0- |
| Seamless Summer Option: | | | | | | |
| January - June 2022 | 19,749 | 11,489 | 11,489 | -0- | 2.61 | <u>-0-</u> |
| Total Net Overclaim | | | | | | <u>\$ -0-</u> |

SUSSEX COUNTY TECHNICAL SCHOOL
ADMINISTRATIVE FINDINGS - FINANCIAL COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2022
 (Continued)

ENTERPRISE FUND - FOOD SERVICE - NET CASH RESOURCE SCHEDULE

Net Cash Resources:

| | | | |
|---------------------------------|---------------------------|--------------------------|------------|
| CAFR * Current Assets | | | |
| G-1 | Cash & Cash Equiv. | \$ 82,651 | |
| G-1 | Interfund Receivable | 150,185 | |
| G-1 | Due from Other Gov'ts | 39,328 | |
| CAFR Current Liabilities | | | |
| G-1 | Less Accounts Payable | -0- | |
| G-1 | Less Prepaid Sales | <u>(3,950)</u> | |
| | Net Cash Resources | <u><u>\$ 268,214</u></u> | (A) |

Net Adj. Total Operating Expenses:

| | | | |
|-----|----------------------|--------------------------|------------|
| B-5 | Total Operating Exp. | \$ 481,608 | |
| B-5 | Less Depreciation | <u>(6,073)</u> | |
| | Adj. Tot. oper. Exp. | <u><u>\$ 475,535</u></u> | (B) |

Average Monthly Operating Expense:

| | | |
|------|-------------------------|------------|
| B/10 | <u><u>\$ 47,554</u></u> | (C) |
|------|-------------------------|------------|

Three Times Monthly Average:

| | | |
|-----|--------------------------|------------|
| 3*C | <u><u>\$ 142,662</u></u> | (D) |
|-----|--------------------------|------------|

| | | |
|--|--------------------------|------------|
| TOTAL IN BOX A | \$ 268,214 | (A) |
| LESS TOTAL IN BOX D | <u>(142,662)</u> | (D) |
| NET | <u><u>\$ 125,552</u></u> | |
| From above: A is greater than D, cash exceeds 3x's average monthly operating expenses D is greater than A, cash does not exceed 3x's average monthly operating expenses. | | |

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

SOURCE: USDA Resource Management comprehensive review form.

SUSSEX COUNTY TECHNICAL SCHOOL
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2022

6% Calculation of Excess Surplus (2021-2022 Expenditures of \$100 million or less)

| | | |
|---|--------------------------|---------------------------|
| 2021-2022 Total General Fund Expenditures per the ACFR | <u>\$ 16,624,678</u> | (B) |
| Increased by: | | |
| Transfer from Capital Outlay to Capital Projects Fund | <u>\$ -0-</u> | (B1a) |
| Transfer from Capital Reserve to Capital Projects Fund | <u>\$ -0-</u> | (B1b) |
| Transfer from General Fund to SRF for PreK-Regular | <u>\$ -0-</u> | (B1c) |
| Transfer from General Fund to SRF for PreK-Inclusion | <u>\$ -0-</u> | (B1d) |
| Decreased by: | | |
| On-Behalf TPAF Pension and Social Security | <u>\$ 3,158,972</u> | (B2a) |
| Assets Acquired Under Capital Leases | <u>\$ -0-</u> | (B2b) |
| Adjusted 2021-2022 General Fund Expenditures [(B)+(B1's)-(B2's)] | <u>\$ 13,465,706</u> | (B3) |
| 6% of Adjusted 2021-2022 General Fund Expenditures [(B5) times .06] | <u>\$ 807,942</u> | (B4) |
| Enter Greater of (B4) or \$250,000 | <u>\$ 807,942</u> | (B5) |
| Increased by: Allowable Adjustment | <u>\$ -0-</u> | (K) |
| Maximum Unassigned Fund Balance [(B5)+(K)] | | <u>\$ 807,942</u> (M) |

Section 2 - All Districts

| | | |
|---|---------------------|---------------------------|
| Total General Fund - Fund Balances @ 6/30/2022 | <u>\$ 1,061,161</u> | (C) |
| (Per ACFR Budgetary Comparison Schedule/Statement) | | |
| Decreased by: | | |
| Year End Encumbrances | <u>\$ 27,282</u> | (C1) |
| Restricted - Designated for Subsequent Year's Expenditures | <u>\$ -0-</u> | (C2) |
| Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures | <u>\$ -0-</u> | (C3) |
| Other Restricted Fund Balances | <u>\$ 495,251</u> | (C4) |
| Assigned - Designated for Subsequent Year's Expenditures | <u>\$ -0-</u> | (C5) |
| Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)] | | <u>\$ 538,628</u> (U) |

SUSSEX COUNTY TECHNICAL SCHOOL
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

Section 3 - All Districts

Restricted Fund Balance-Excess Surplus [(U)-(M)] IF NEGATIVE, ENTER -0- \$ -0- (E)

Recapitulation of Excess Surplus as of June 30, 2022

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures \$ -0- (C3)

Restricted Excess Surplus [(E)] \$ -0- (E)

Total [(C3)+(E)] \$ -0- (D)

Detail of Allowable Adjustments

Impact Aid \$ -0- (H)

Sale and Lease Back \$ -0- (I)

Extraordinary Aid \$ -0- (J1)

Additional Nonpublic School Transportation Aid \$ -0- (J2)

Current Year School Bus Advertising Revenue Recognized \$ -0- (J3)

Family Crisis Transportation Aid \$ -0- (J4)

Total Adjustments ((H)+(I)+(J1)+(J2)+(J3)+(J4)) \$ -0- (K)

Detail of Other Restricted Fund Balance

Statutory restrictions:

Approved unspent separate proposal \$ -0-

Sale/lease-back reserve \$ -0-

Capital reserve \$ 242,302

Maintenance reserve \$ 200,000

Tuition reserve \$ -0-

Unemployment Compensation \$ 52,949

School Bus Advertising 50% Fuel Offset Reserve - current year \$ -0-

School Bus Advertising 50% Fuel Offset Reserve - prior year \$ -0-

Impact Aid General Fund Reserve (Sections 8002 and 8003) \$ -0-

Impact Aid Capital Fund Reserve (Sections 8007 and 8008) \$ -0-

Other state/governmental mandated reserve \$ -0-

Other Restricted Fund Balance not noted above \$ -0-

Total Other Restricted Fund Balance \$ 495,251 (C4)

SUSSEX COUNTY TECHNICAL SCHOOL
SUMMARY OF RECOMMENDATIONS
FISCAL YEAR ENDED JUNE 30, 2022

It is recommended that:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

2022-001: Purchase orders are approved prior to the order of goods and services.

2022-002: All payrolls are certified by the President of the Board, the Board Secretary/School Business Administrator and the Superintendent.

2022-003: District take greater care to ensure that open purchase orders are properly classified and valid.

2022-004: District take greater care to ensure that accounts receivables and revenue transactions are properly classified and valid.

2022-005: The governing body formally accepts grant awards and approves grant carryover or amendment.

2022-006: Older unexpended grant funds be returned to the respective grantor and the District work with the New Jersey State Department of Children and Families to resolve noted discrepancies of prior year expenditure reports.

3. School Purchasing Program

None

4. School Food Service

None

5. Student Body Activities

None

6. Application for State School Aid

None

7. Pupil Transportation

None

8. Travel Expense and Reimbursement Policy

None

SUSSEX COUNTY TECHNICAL SCHOOL
SUMMARY OF RECOMMENDATIONS
FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

9. Facilities and Capital Assets

2022-009: The District submit for reimbursement for the School Development Authority (“SDA”) grant projects that are completed as of June 30, 2022.

2022-010: The District update its capital assets inventory records.

10. Status of Prior Year’s Findings/Recommendations

The prior year recommendations regarding the open purchase orders being properly classified and valid and older unexpended grants funds be returned to the respective grantor have not been resolved.