

**BOARD OF EDUCATION OF THE
GLOUCESTER TOWNSHIP SCHOOL DISTRICT
COUNTY OF CAMDEN**

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

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**



GLOUCESTER TOWNSHIP SCHOOL DISTRICT
Auditor's Management Report on Administrative
Findings - Financial, Compliance and Performance

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

The Honorable President and
Members of the Board of Education
Gloucester Township School District
County of Camden, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Gloucester Township School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2023, which were separately issued in the Annual Comprehensive Financial Report dated January 29, 2024.

As part of our audit, we also performed procedures required by the New Jersey Department of Education, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is issued in conjunction with the Annual Comprehensive Financial Report of the Board of Education of the Gloucester Township School District, for the fiscal year ended June 30, 2023, and is intended for the information of the School District's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Todd R. Saler
Certified Public Accountant
Public School Accountant No. CS 02195

Voorhees, New Jersey
January 29, 2024

ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE

SCOPE OF AUDIT

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

ADMINISTRATIVE PRACTICES AND PROCEDURES

Insurance

Fire insurance coverage was carried in the amounts as detailed on exhibit J-20, insurance schedule, contained in the School District's Annual Comprehensive Financial Report (ACFR).

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

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Janice Grassia	Board Secretary/School Business Administrator to 11/30/2022	\$450,000.00
Lauren Granate	Assistant School Business Administrator to 10/14/2022	\$450,000.00
Gene Mercoli	Board Secretary/School Business Administrator from 5/01/2023	\$450,000.00
Steven Burns	Assistant School Business Administrator from 12/21/2022	\$450,000.00

There is a blanket employee dishonesty/faithful performance bond covering all other employees with the following coverage: \$100,000.00 per loss.

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 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 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 School District made proper adjustments to the billings to sending districts for the increases and decreases 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 School District were deposited in the net payroll account. Employees' payroll deductions and the 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.

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 2022-2023 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:23A-16.2(f) as part of our randomly sampled expenditure transactions. We also tested the coding of all expenditures included in our compliance and single audit sampling procedures. In addition, a sample was selected that specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3. Our samples 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.

Pupil Transportation

Our audit procedures included a sample of on-roll status reported in the 2022-23 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.

We performed procedures over transportation related contracts and purchases. It appears the School District complied with proper bidding procedures and award of contracts.

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

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

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

Other Special Federal and / or State Projects

The School District's other special projects were approved as listed on exhibits K-3 and K-4 located in the ACFR.

Our audit of the 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 ACFR. This section of the ACFR documents the financial position pertaining to the aforementioned other special projects.

The audit of compliance for other special projects did not indicate any reportable noncompliance

TPAF Reimbursement

Our audit procedures included a sample of the biweekly reimbursements filed with the Department of Education for School District who are members of the Teachers' Pension and Annuity Fund. No exceptions were noted.

TPAF 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 and N.J.S.A. 18A:66-90. The expenditure was inspected subsequent to the reimbursement and no material 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 the school contracts in general, are available on the following website:

<https://www.state.nj.us/dca/divisions/dlgs/programs/lpcl.html>

Current statute is posted on the New Jersey Legislature website at:

<http://www.njleg.state.nj.us/>

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$44,000.00 (with a Qualified Purchasing Agent) and \$32,000.00 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is \$20,200.00 for 2022-23.

The School District's Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made.

SCHOOL PURCHASING PROGRAMS (CONT'D)

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

Based on the results of our audit, we did not note any individual payments, contracts, or agreements made for the performance of any work or goods or services, in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A. 18A:18A-4.

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

SCHOOL FOOD SERVICE

The school 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 (ACFR exhibit B-5) does separate program and non-program revenue and program and non-program cost of goods sold.

Net cash resources exceeded three months average expenditures.

Finding No. 2023-001 (ACFR Finding No. 2023-001)

The School District's Food Service Fund Net Cash Resources exceeded its three months average expenditures by \$1,324,348.43.

Recommendation

That the School District develop a plan to reduce the Food Service Fund's Net Cash Resources below its three month average expenditures.

STUDENT BODY ACTIVITIES

Our audit of the financial and accounting records for 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 14, 2022 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 School District procedures related to its completion. The information on the A.S.S.A. was compared to the School District 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 School District maintained workpapers on the prescribed State forms or their equivalent.

The School District has adequate written procedures for the recording of student enrollment data.

FACILITIES AND CAPITAL ASSETS

Our audit of the financial and accounting records for facilities and capital assets indicated that they were in satisfactory condition.

MISCELLANEOUS

Continuing Disclosure Agreements

The School 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 School District complied with all the requirements of N.J.A.C. 6A:26-1.2 and 12.4 related to the testing for lead of all drinking water in educational facilities.

The School District 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'S FINDINGS

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year recommendations. Finding 2022-001 is repeated as Finding 2023-001.

There were no Office of Fiscal Accountability and Compliance audit reports issued during the fiscal year ended June 30, 2023.

ACKNOWLEDGMENT

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Todd R. Saler
Public School Accountant No. CS 02195

GLOUCESTER 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, 2023

<u>Net Cash Resources:</u>	<u>Food Service</u> <u>B - 4/5</u>	
ACFR	Current Assets	
B-4	Cash & Cash Equivalents	\$ 2,328,828.59
B-4	Due from Other Governments	105,854.86
B-4	Due from Other Funds	
B-4	Accounts Receivable	10,000.00
B-4	Investments	
ACFR	Current Liabilities	
B-4	Less Accounts Payable	(2,339.43)
B-4	Less Accruals	(7,964.00)
B-4	Less Due to Other Funds	
B-4	Less Unearned Revenue	(35,278.79)
	Net Cash Resources	<u>\$ 2,399,101.23</u> (A)
 <u>Net Adjusted Total Operating Expense:</u>		
B-5	Total Operating Expenditures	\$ 3,672,299.17
B-5	Less Depreciation	(89,789.84)
	Adjusted Total Operating Expense	<u>\$ 3,582,509.33</u> (B)
 <u>Average Monthly Operating Expense:</u>		
	B / 10	<u>\$ 358,250.93</u> (C)
 <u>Three Times Monthly Average:</u>		
	3 X C	<u>\$ 1,074,752.80</u> (D)

TOTAL IN BOX A	\$ 2,399,101.23	
LESS TOTAL IN BOX D	\$ 1,074,752.80	
NET	<u>\$ 1,324,348.43</u>	
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.		

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
 Application for State School Aid Summary
 Schedule of Audited Enrollments
 Enrollment as of October 14, 2022

	2023-2024 Application for State School Aid						Sample for Verification						Private Schools for Disabled				
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Registers On Roll		Errors per Registers On Roll		Reported on A.S.S.A. as Private Schools	Sample for Veri-fication	Sample Verified	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared					
Half Day Preschool																	
Full Day Preschool	291		291					291		291							
Half Day Kindergarten																	
Full Day Kindergarten	660		660					660		660							
One	628		628					628		628							
Two	557		557					557		557							
Three	595		595					595		595							
Four	573		573					573		573							
Five	578		578					578		578							
Six	641		641					641		641							
Seven	595		595					595		595							
Eight	624		624					624		624							
Nine																	
Ten																	
Eleven																	
Twelve																	
Post-Graduate																	
Adult H.S. (15+CR.)																	
Adult H.S. (1-14CR.)																	
Subtotal	5,742	-	5,742	-	-	-		5,742	-	5,742	-	-	-	-	-	-	-
Special Education-Elementary	473		473					22		22			58	41	41		
Special Education-Middle School	327		327					16		16			18	17	17		
Special Education-High School																	
Subtotal	800	-	800	-	-	-		38	-	38	-	-	76	58	58	-	-
Co. Voc. - Regular																	
Co. Voc. Ft. Post Sec.																	
Subtotal	-	-	-	-	-	-		-	-	-	-	-	-	-	-	-	-
Totals	6,542	-	6,542	-	-	-		5,780	-	5,780	-	-	76	58	58	-	-
Percentage Error					-	-						-	-				-

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
 Application for State School Aid Summary
 Schedule of Audited Enrollments
 Enrollment as of October 14, 2022

	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on A.S.S.A. as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on A.S.S.A. as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Application, Test Score and Register	Sample Errors
Half Day Preschool												
Full Day Preschool	97	97										
Half Day Kindergarten												
Full Day Kindergarten	248	248					16	16		12	12	
One	257	257		52	52		12	12		8	8	
Two	223	223		48	48		12	12		9	9	
Three	254	254					14	14		8	8	
Four	245	245					13	13		8	8	
Five	255	255		70	70		15	15		8	8	
Six	279	279		59	59		8	8		7	7	
Seven	246	246					8	8		7	7	
Eight	243	243		63	63		6	6		4	4	
Nine												
Ten												
Eleven												
Twelve												
Post-Graduate												
Adult H.S. (15+CR.)												
Adult H.S. (1-14CR.)												
Subtotal	2,347	2,347	-	292	292	-	104	104	-	71	71	-
Special Education-Elementary	217	217					3	3				
Special Education-Middle School	195	195					10	10				
Special Education-High School												
Subtotal	412	412	-	-	-	-	13	13	-	-	-	-
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-
Totals	2,759	2,759	-	292	292	-	117	117	-	71	71	-
Percentage Error			-			-			-			-

	Transportation						Reg. Avg. (Mileage) = Regular Including Grade PK students (Part A)	Reported	Re-Calculated
	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors			
Reg. - Public Schools, Col. 1	1,997	1,997		202	202		3.2	3.2	
Reg. - SpEd, Col. 4	235	235		24	24		3.2	3.2	
Transported - Non-Public, Col. 3	307	307		31	31		5.0	5.0	
Special Needs, Col. 6	331	331		34	34				
Totals	2,870	2,870	-	291	291	-			
Percentage Error			-			-			

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
 Application for State School Aid Summary
 Schedule of Audited Enrollments
 Enrollment as of October 14, 2022

	Resident LEP NOT Low Income			Sample for Verification		
	Reported on A.S.S.A. as NOT Low Income	Reported on Workpapers as NOT Low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Half Day Preschool						
Full Day Preschool						
Half Day Kindergarten						
Full Day Kindergarten	5	5		3	3	
One	3	3		3	3	
Two	6	6		4	4	
Three	2	2		2	2	
Four	6	6		3	3	
Five	5	5		3	3	
Six	2	2		2	2	
Seven	1	1		1	1	
Eight	7	7		4	4	
Nine						
Ten						
Eleven						
Twelve						
Post-Graduate						
Adult H.S. (15+CR.)						
Adult H.S. (1-14CR.)						
Subtotal	37	37	-	25	25	-
Special Education-Elementary	2	2				
Special Education-Middle School						
Special Education-High School						
Subtotal	2	2	-	-	-	-
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Subtotal	-	-	-	-	-	-
Totals	39	39	-	25	25	-
Percentage Error			-			-

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
Application for State School Aid Summary
Schedule of Audited Enrollments
Enrollment as of October 14, 2022

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

EXCESS SURPLUS CALCULATION

REGULAR DISTRICT / N/A TO CHARTER SCHOOL / RENAISSANCE SCHOOL PROJECT

SECTION 1

2% Calculation of Excess Surplus

2022-23 Total General Fund Expenditures Reported on ACFR Exhibit C-1	<u>\$ 136,273,225.80</u> (B)
Increased by:	
Transfer from Capital Outlay to Capital Projects Fund	<u>300,000.00</u> (B1a)
Transfer from Capital Reserve to Capital Projects Fund	<u>1,800,000.00</u> (B1b)
Transfer from General Fund to SRF for PreK-Regular	(B1c)
Transfer from General Fund to SRF for PreK-Inclusion	<u>941,580.00</u> (B1d)
Transfer from General Fund to Internal Service Fund	<u>3,855,413.68</u> (B1e)
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>27,966,490.65</u> (B2a)
Assets Acquired Under Capital Leases	(B2b)
Adjusted 2022-23 General Fund Expenditures [(B)+(B1s)-(B2s)]	<u>\$ 115,203,728.83</u> (B3)
2% of Adjusted 2022-23 General Fund Expenditures [(B3) times .02]	<u>\$ 2,304,074.58</u> (B4)
Enter Greater of (B4) or \$250,000	<u>2,304,074.58</u> (B5)
Increased by: Allowable Adjustment *	<u>2,989,595.00</u> (K)
Maximum Unassigned Fund Balance [(B5) + (K)]	<u>\$ 5,293,669.58</u> (M)

SECTION 2

Total General Fund - Fund Balances at June 30, 2023 (Per ACFR Budgetary Comparison Schedule, Ex. C-1)	<u>\$ 36,869,350.82</u> (C)
Decreased by:	
Year-End Encumbrances	<u>1,369,896.77</u> (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	(C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	<u>6,877,605.00</u> (C3)
Other Restricted Fund Balances ****	<u>17,345,788.69</u> (C4)
Assigned Fund Balance - Designated for Subsequent Year's Expenditures	(C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	<u>\$ 11,276,060.36</u> (U1)

SECTION 3

Restricted Fund Balance - Excess Surplus *** [(U1)-(M)] IF NEGATIVE ENTER -0-	<u>\$ 5,982,390.78</u> (E)
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Recapitulation of Excess Surplus as of June 30, 2023

Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ 6,877,605.00 (C3)
Restricted - Excess Surplus *** [(E)]	<u>5,982,390.78</u> (E)
Total Excess Surplus [(C3)+(E)]	<u>\$ 12,859,995.78</u> (D)

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
Audit Recommendations Summary
For the Fiscal Year Ended June 30, 2023

Recommendations:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

None

3. School Purchasing Programs

None

4. School Food Service

That the School District develop a plan to reduce the Food Service Fund's Net Cash Resources below its three month average expenditures.

5. Student Body Activities

None

6. Application for State School Aid

None

7. Pupil Transportation

None

8. Facilities and Capital Assets

None

9. Miscellaneous

None

10. Follow-Up on Prior Year Findings

A review was performed on the prior year recommendations and corrective action was taken on all prior year findings, with the exception of the following, which is repeated in this year's recommendations:

School Food Service

That the School District develop a plan to reduce the Food Service Fund's Net Cash Resources below its three month average expenditures.