

**BOROUGH OF LAWNSIDE
SCHOOL DISTRICT
COUNTY OF CAMDEN**

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

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2021**

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

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Borough of Lawnside School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2021, which were separately issued in the Annual Comprehensive Financial Report dated February 4, 2022.

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

This report is issued in conjunction with the Annual Comprehensive Financial Report of the Board of Education of the Borough of Lawnside School District, for the fiscal year ended June 30, 2021, 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



Kirk N. Applegate
Certified Public Accountant
Public School Accountant No. 20CS00223300

Voorhees, New Jersey
February 4, 2022

ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE, AND PERFORMANCE

SCOPE OF AUDIT

The audit covered the financial transactions of the Board Secretary / School Business Administrator and the Treasurer of School Moneys, 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>
Dawn Leary / Karen Willis	Board Secretary / School Business Administrator	\$ 90,000.00
Nancy McCabe	Treasurer of School Moneys	\$ 200,000.00

There is a Public Employees' Faithful Performance Crime Policy covering all other employees with multiple coverage of \$250,000.00.

Tuition Charges

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

FINANCIAL PLANNING, ACCOUNTING, AND REPORTING

Examination of Claims

Sampled claims paid during the fiscal year under audit 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.

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

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

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 2020-2021 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 indicated the following noncompliance with respect to classification of orders.

Finding No. 2021-001 (ACFR Finding No. 2021-001)

During our audit, we noted that the controls over recording and monitoring of the purchase order / accounts payable accounting system were insufficient to provide an accurate list of purchase orders as of June 30, 2021. This condition resulted in six purchase orders being charged to an incorrect year.

Recommendation

That the School District improve their controls over recording and monitoring of the purchase order / accounts payable accounting system to ensure that the School District is in compliance with School District Audit Program.

Travel

There were no travel expenditures noted during the fiscal year under audit.

Classification of Expenditures

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

Finding No. 2021-002 (ACFR Finding No. 2021-002)

During our audit, we noted that the controls over recording and monitoring of the charging of budget accounts were insufficient to ensure compliance with recording expenditures in accordance with the Uniform Minimum Chart of Accounts. This condition resulted in nine expenditures being misclassified and mischarged.

Recommendation

That the School District improve the controls over recording and monitoring of the charging of budget accounts to ensure that the School District is in compliance with N.J.A.C. 6A:23A-16.2(f).

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

Board Secretary's Records

Our audit of the financial and accounting records maintained by the Board Secretary indicated that they were in satisfactory condition except for the following reportable noncompliance with respect to budget transfers.

Finding No. 2021-003 (ACFR Finding No. 2021-003)

The School District did not obtain Commissioner approval or executive county superintendent as Commissioner's designee for line item transfers as required by N.J.S.A. 18A:22-8.1, N.J.A.C. 6A:23A-13.3(g), and N.J.A.C. 6A:23A-13.3(h).

Recommendation

That the School District comply with N.J.S.A. 18A:22-8.1, N.J.A.C. 6A:23A-13.3(g), and N.J.A.C. 6A:23A-13.3(h) by receiving appropriate approvals for budget line-item transfers when required.

Treasurer of School Moneys' Records

Our audit of the financial and accounting records maintained by the Treasurer of School Moneys indicated that they were in satisfactory condition.

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

The E.S.S.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 IIA of the Every Student Succeeds Act.

An audit of compliance for E.S.S.A. was not required for school year 2020-21.

Other Special Federal and / or State Projects

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

Our audit of the state funds on a sample basis indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits are contained within the special revenue section of the ACFR. This section of the ACFR documents the financial position pertaining to the aforementioned other special projects.

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

TPAF Reimbursement

Our audit procedures included a sample of the biweekly reimbursements filed with the Department of Education for School District employees 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 reports 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 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 bid threshold for public school student transportation contracts under N.J.S.A. 18A:39-3 is \$19,600.00 for 2020-21.

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

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

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

SCHOOL FOOD SERVICE

Public Health Emergency

In accordance with the Governor's Declaration of Emergency pertaining to the public health emergency all public, charter and non-public schools were ordered to close effective 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 fiscal year 2020-2021, 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 free and reduced price meal eligible students during the emergency.

The financial transactions and statistical records of the school food service fund were audited. The financial accounts, meal count records, and eligibility applications were tested on a sample basis. No exceptions were noted.

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

SCHOOL FOOD SERVICE (CONT'D)

The School District utilizes a food service management company (FSMC) 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 FSMC cost reimbursable or fixed price contract / addendum were inspected and audited. 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.

Expenditures should be separately recorded as food, labor, and other costs. Vendor invoices were sampled and costs verified. Inventory records on food and supply items were currently maintained and properly applied in determining the cost of food and supplies used.

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 non-profit status of the school food service.

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 Paycheck Protection Plan (PPP).

Net cash resources did not exceed three months average expenditures.

Sampled time sheets were tested and labor costs verified. Payroll records were maintained on all sampled school food service employees authorized by the School District. No exceptions were noted.

The number of meals claimed for reimbursement was compared to sales and meal count records. As part of the claims review process, the Edit Check Worksheet was completed. Reimbursement claims were submitted / certified in a timely manner.

Sampled applications for free and reduced price meals were tested for completeness and accuracy. The number of free and reduced price meals claimed as served was compared to the number of valid applications and / 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 and free milk policy was inspected for uniform administration throughout the school system. 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 not applicable as the District operates as a Community Eligibility Provision District.

USDA Food Distribution Program (food and / or commodities) were received and a single inventory was maintained on a first-in, first-out basis. 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.

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

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 15, 2020 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 that was included on the workpapers was verified. The results of our procedures are presented in the schedule of audited enrollments and indicated the following reportable noncompliance with respect to A.S.S.A.

Finding No. 2021-004 (ACFR Finding No. 2021-004)

The School District's workpapers and corresponding documentation did not agree with the submitted A.S.S.A. report and as a result, differences were identified.

Recommendation

That the School District's workpapers and corresponding documentation agree with the submitted A.S.S.A. report.

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.

PUPIL TRANSPORTATION

Our audit procedures included a sample of on-roll status reported in the 2020-2021 District Report of Transported Resident Students (DRTRS). The information that was reported on the DRTRS was verified to the DRTRS Eligibility Summary Report. The results of our procedures are presented in the schedule of audited enrollments, and the following was noted:

Finding No. 2021-005 (ACFR Finding No. 2021-005)

Our examination of the District Report of Transported Resident Students (DRTRS) revealed reported students who could not be traced to attendance records and documentation that did not support the School District's classifications.

Recommendation

That the District Report of Transported Resident Students (DRTRS) report students who can be traced to attendance records and retain documentation that supports the District's classifications.

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 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. Corrective action had been taken on all prior year findings with the exception of the following, which is repeated in this year's recommendations noted as current year finding 2021-005.

Finding No. 2020-001 (ACFR Finding No. 2020-001)

Our examination of the District Report of Transported Resident Students (DRTRS) revealed reported students who could not be traced to attendance records and documentation that did not support the School District's classifications.

There were no Office of Fiscal Accountability and Compliance audit reports issued during the fiscal year ended June 30, 2021.

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



Kirk N. Applegate
Public School Accountant No. 20CS00223300

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
 Schedule of Meal Count Activity
 Food Service Fund
 Number of Meals Served and (Over) / Underclaim - Federal
 Enterprise Fund
 For the Fiscal Year Ended June 30, 2021

<u>Program</u>	<u>Meal Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>Estimated (Over) / Under Claim</u>
Summer Food Service (SFSP)	<u>Vended Rates - Calendar Year 2020</u>						
	Breakfast	20,691	1,243	1,243	-	\$ 2.3300	\$ -
	Lunch or Supper	20,691	1,243	1,243	-	4.0875	-
	Supplemental				-	0.9550	-
	Total	<u>41,382</u>	<u>2,486</u>	<u>2,486</u>	<u>-</u>		<u>-</u>
	<u>Vended Rates - Calendar Year 2021</u>						
	Breakfast	21,896	1,466	1,466	-	\$ 2.4150	\$ -
	Lunch or Supper	21,622	1,445	1,445	-	4.2500	-
	Supplemental				-	0.9975	-
	Total	<u>43,518</u>	<u>2,911</u>	<u>2,911</u>	<u>-</u>		<u>-</u>
Total Net Underclaim / (Overclaim)							<u><u>\$ -</u></u>

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
 Schedule of Net Cash Resources
 Net Cash Resources Did Not Exceed Three Months of Expenditures
 Proprietary Funds - Food Service Fund
 For the Fiscal Year Ended June 30, 2021

<u>Net Cash Resources:</u>	<u>Food Service B - 4/5</u>	
ACFR	Current Assets	
B-4	Cash & Cash Equivalents	\$ 18,711.31
B-4	Due from Other Governments	20,299.73
B-4	Due from Other Funds	87,987.04
B-4	Accounts Receivable	
B-4	Investments	
ACFR	Current Liabilities	
B-4	Less Accounts Payable	(61,308.50)
B-4	Less Accruals	
B-4	Less Due to Other Funds	
B-4	Less Unearned Revenue	
	Net Cash Resources	<u>\$ 65,689.58</u> (A)
 <u>Net Adjusted Total Operating Expense:</u>		
B-5	Total Operating Expenditures	267,389.22
B-5	Less Depreciation	<u>(8,753.36)</u>
	Adjusted Total Operating Expense	<u>\$ 258,635.86</u> (B)
 <u>Average Monthly Operating Expense:</u>		
	B / 10	<u>\$ 25,863.59</u> (C)
 <u>Three Times Monthly Average:</u>		
	3 X C	<u>\$ 77,590.76</u> (D)

TOTAL IN BOX A	\$ 65,689.58
LESS TOTAL IN BOX D	<u>\$ 77,590.76</u>
NET	<u>\$ (11,901.18)</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.

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
 Application for State School Aid Summary
 Schedule of Audited Enrollments
 Enrollment as of October 15, 2020

	2021-2022 Application for State School Aid						Sample for Verification						Private Schools for the Disabled			
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Registers On Roll		Errors per Registers On Roll		Reported on A.S.S.A. as Private Schools	Sample for Veri- cation	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Half Day Preschool																
Full Day Preschool	53		53				53		53							
Half Day Kindergarten																
Full Day Kindergarten	24		24				24		24							
One	26		26				26		26							
Two	21		21				21		21							
Three	31		31				31		31							
Four	16		16				16		16							
Five	23		23				23		23							
Six	16		16				16		17		(1)					
Seven	22		22				22		23		(1)					
Eight	22		22				22		23		(1)					
Nine																
Ten																
Eleven																
Twelve																
Post-Graduate																
Adult H.S. (15+CR.)																
Adult H.S. (1-14CR.)																
Subtotal	254	-	254	-	-	-	254	-	257	-	(3)	-	-	-	-	-
Special Education-Elementary	34		34				34		28		6		3	3	3	
Special Education-Middle School	21		21				21		17		4		1	1	1	
Special Education-High School																
Subtotal	55	-	55	-	-	-	55	-	45	-	10	-	4	4	4	-
Co. Voc. - Regular																
Co. Voc. Ft. Post Sec.																
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	309	-	309	-	-	-	309	-	302	-	7	-	4	4	4	-
Percentage Error					0.0%	0.0%					2.3%	0.0%				0.0%

BOROUGH OF LAWNSIDE SCHOOL DISTRICT

Application for State School Aid Summary
 Schedule of Audited Enrollments
 Enrollment as of October 15, 2020

	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		4	(4)	3	3							
Half Day Kindergarten												
Full Day Kindergarten	4	4		3	2	1						
One	4	4		3	4	(1)						
Two	2	2		2	2							
Three	4	4		3	3							
Four	2	1	1	1	1							
Five	1	1		1	1							
Six	1	1		1		1						
Seven	3	3		3	2	1						
Eight		1	(1)	1	2	(1)						
Nine												
Ten												
Eleven												
Twelve												
Post-Graduate												
Adult H.S. (15+CR.)												
Adult H.S. (1-14CR.)												
Subtotal	21	25	(4)	21	20	1	-	-	-	-	-	-
Special Education-Elementary	7	7		5	2	3						
Special Education-Middle School	3	2	1	2	2							
Special Education-High School												
Subtotal	10	9	1	7	4	3	-	-	-	-	-	-
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-
Totals	31	34	(3.00)	28	24	4	-	-	-	-	-	-
Percentage Error			-9.7%			14.3%			0.0%			0.0%

	Transportation						Reg. Avg. (Mileage) = Regular Including Grade PK students (Part A)	Reg. Avg. (Mileage) = Regular Excluding Grade PK students (Part B)	Spec. Avg. (Mileage) = Special Ed. with Special Needs	Reported	Re-Calculated
	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors					
Reg. - Public Schools, Col. 1	25	25		22	14	8				6.9	8.0
Reg. - SpEd, Col. 4	3	3		3	1	2			If Applicable		
Transported - Non-Public, Col. 3	11	11		9	6	3				8.9	10.9
Special Needs, Col. 6	9	9		7	7						
Totals	48	48	-	41	28	13.00					
Percentage Error			0.0%			31.7%					

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
 Application for State School Aid Summary
 Schedule of Audited Enrollments
 Enrollment as of October 15, 2020

	Resident LEP NOT Low Income			Sample for Verification		
	Reported on A.S.S.A. as NOT Low <u>Income</u>	Reported on Workpapers as NOT Low <u>Income</u>	<u>Errors</u>	Sample Selected from <u>Workpapers</u>	Verified to Test Score and Register	Sample <u>Errors</u>
Half Day Preschool						
Full Day Preschool						
Half Day Kindergarten						
Full Day Kindergarten						
One						
Two						
Three						
Four						
Five						
Six						
Seven						
Eight						
Nine						
Ten						
Eleven						
Twelve						
Post-Graduate						
Adult H.S. (15+CR.)						
Adult H.S. (1-14CR.)						
Subtotal	-	-	-	-	-	-
Special Education-Elementary						
Special Education-Middle School						
Special Education-High School						
Subtotal	-	-	-	-	-	-
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Subtotal	-	-	-	-	-	-
Totals	-	-	-	-	-	-
Percentage Error			0.0%			0.0%

EXCESS SURPLUS CALCULATION

REGULAR DISTRICT / CHARTER SCHOOL / RENAISSANCE SCHOOL PROJECT

SECTION 1

4% Calculation of Excess Surplus

2020-21 Total General Fund Expenditures Reported on ACFR Exhibit C-1	<u>\$ 10,060,909.62</u> (B)
Increased by:	
Transfer from Capital Outlay to Capital Projects Fund	<u> -</u> (B1a)
Transfer from Capital Reserve to Capital Projects Fund	<u> -</u> (B1b)
Transfer from General Fund to SRF for PreK-Regular	<u> 42,523.00</u> (B1c)
Transfer from General Fund to SRF for PreK-Inclusion	<u> -</u> (B1d)
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u> 1,031,014.42</u> (B2a)
Assets Acquired Under Capital Leases	<u> -</u> (B2b)
Adjusted 2020-21 General Fund Expenditures [(B)+(B1s)-(B2s)]	<u>\$ 9,072,418.20</u> (B3)
4% of Adjusted 2020-21 General Fund Expenditures [(B3) times .04]	<u>\$ 362,896.73</u> (B4)
Enter Greater of (B4) or \$250,000	<u> 362,896.73</u> (B5)
Increased by: Allowable Adjustment *	<u> 262,458.00</u> (K)
Maximum Unassigned Fund Balance [(B5) + (K)]	<u>\$ 625,354.73</u> (M)

SECTION 2

Total General Fund - Fund Balances at June 30, 2021 (Per ACFR Budgetary Comparison Schedule, Ex. C-1)	<u>\$ 3,562,609.90</u> (C)
Decreased by:	
Year-End Encumbrances	<u> -</u> (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	<u> -</u> (C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	<u> 1,611,743.56</u> (C3)
Other Restricted Fund Balances ****	<u> 789,272.96</u> (C4)
Assigned Fund Balance - Designated for Subsequent Year's Expenditures	<u> 84,652.44</u> (C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C-6)]	<u>\$ 1,076,940.94</u> (U1)

SECTION 3

Restricted Fund Balance - Excess Surplus *** [(U1)-(M)] IF NEGATIVE ENTER -0-	<u>\$ 451,586.21</u> (E)
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Recapitulation of Excess Surplus as of June 30, 2021

Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	<u>\$ 1,611,743.56</u> (C3)
Restricted - Excess Surplus *** [(E)]	<u> 451,586.21</u> (E)
Total Excess Surplus [(C3)+(E)]	<u>\$ 2,063,329.77</u> (D)

EXCESS SURPLUS CALCULATION (CONT'D)

REGULAR DISTRICT / CHARTER SCHOOL / RENAISSANCE SCHOOL PROJECT

Footnotes:

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

(H) Federal Impact Aid. The passage of P.L.2015, c.46 amended N.J.S.A. 18A:7F-41 to permit a board of education to appropriate federal impact aid funds to establish or supplement a federal impact aid legal reserve in the general fund. Accordingly, the Federal Impact Aid adjustment to expenditures is limited to the portion of Federal Impact Aid Section 8002 and Section 8003 received during the fiscal year and recognized as revenue on the General Fund Budgetary Comparison Schedule, but not transferred to the Federal Impact Aid Reserve – General (8002 or 8003) by board resolution during June 1 to June 30 of the fiscal year under audit. Amounts transferred to the reserve are captured on line (C4);

(I) Sale and Lease-back (Refer to the Audit Program Section II, Chapter 10);

(J1) Extraordinary Aid;

(J2) Additional Nonpublic School Transportation Aid;

(J3) Recognized current year School Bus Advertising Revenue; and

(J4) Family Crisis Transportation Aid.

Notes to auditor: Refer to the Audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid, Family Crisis Transportation Aid, and Additional Nonpublic School Transportation Aid.

Detail of Allowable Adjustments

Federal Impact Aid	\$ - (H)
Sale & Lease-back	<u>- (I)</u>
Extraordinary Aid	<u>259,268.00 (J1)</u>
Additional Nonpublic School Transportation Aid	<u>3,190.00 (J2)</u>
Current Year School Bus Advertising Revenue Recognized	<u>- (J3)</u>
Family Crisis Transportation Aid	<u>- (J4)</u>
 Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)]	 <u>\$ 262,458.00 (K)</u>

** This amount represents the Excess Surplus (C3 above) generated during June 30, 2020 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, 2021 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.

Detail of Other Restricted Fund Balance

Statutory restrictions:

Approved unspent separate proposal	\$ -
Sale/lease-back reserve	<u>-</u>
Capital reserve	<u>-</u>
Maintenance reserve	<u>300,083.13</u>
Emergency reserve	<u>-</u>
Tuition reserve	<u>400,000.00</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 reserves	<u>-</u>
Restricted for Unemployment	<u>89,189.83</u>
[Other Restricted Fund Balance not noted above]****	<u>-</u>

Total Other Restricted Fund Balance \$ 789,272.96 (C4)

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
 Audit Recommendations Summary
 For the Fiscal Year Ended June 30, 2021

Recommendations:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

That the School District improve their controls over recording and monitoring of the purchase order accounts payable / accounting system to ensure that the School District is in compliance with School District Audit Program.

That the School District improve the controls over recording and monitoring of the charging of budget accounts to ensure that the School District is in compliance with N.J.A.C. 6A:23A-16.2(f).

That the School District comply with N.J.S.A. 18A:22-8.1, N.J.A.C. 6A:23A-13.3(g), and N.J.A.C. 6A:23A-13.3(h) by receiving appropriate approvals for budget line-item transfers when required.

3. School Purchasing Programs

None

4. School Food Service

None

5. Student Body Activities

None

6. Application for State School Aid

That the School District's workpapers and corresponding documentation agree with the submitted A.S.S.A. report.

7. Pupil Transportation

That the District Report of Transported Resident Students (DRTRS) report students who can be traced to attendance records and retain documentation that supports the District's classifications.

8. Facilities and Capital Assets

None

9. Miscellaneous

None

10. Follow-Up on Prior Year Findings

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

That the District Report of Transported Resident Students (DRTRS) report students who can be traced to attendance records and retain documentation that supports the District's classifications.

