

**GLOUCESTER CITY SCHOOL DISTRICT
COUNTY OF CAMDEN**

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

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2020**



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

Table of Contents

	<u>Page</u>
Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance	1
Scope of Audit	2
Administrative Practices and Procedures	
Insurance	2
Official Bonds	2
Tuition Charges	2
Financial Planning, Accounting and Reporting	
Examination of Claims	2
Payroll Account	2
Employee Position Control Roster	3
Encumbrances and Accounts Payable	3
Travel	3
Classification of Expenditures	3
• General Classifications	3
• Administrative Classifications	3
Board Secretary's Records	3
Treasurer's Records	3
Elementary and Secondary Education Act (E.S.E.A.) as amended by the Every Student Succeeds Act (E.S.S.A.)	3
Other Special Federal and / or State Projects	3
TPAF Reimbursement	4
TPAF Reimbursement to the State for Federal Salary Expenditures	4
School Purchasing Programs	4
Contracts and Agreements Requiring Advertisement for Bids	4
School Food Service	5
Student Body Activities	6
Application for State School Aid (ASSA)	6
Pupil Transportation	6
Facilities and Capital Assets	6
Miscellaneous	7
Follow-up on Prior Year Findings	7
Acknowledgment	7
Schedule of Meal Count Activity	8
Schedule of Net Cash Resources	9
Schedule of Audited Enrollments	10
Excess Surplus Calculation	13
Audit Recommendations Summary	16

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

The Honorable President and
Members of the Board of Education
Gloucester City 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 City School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2020, which were separately issued in the Comprehensive Annual Financial Report dated January 29, 2021.

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

This report is issued in conjunction with the Comprehensive Annual Financial Report of the Board of Education of the Gloucester City School District, for the fiscal year ended June 30, 2020, 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



Fred S. Caltabiano
Certified Public Accountant
Public School Accountant No. CS00238100

Woodbury, New Jersey
January 29, 2021

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 Comprehensive Annual Financial Report (CAFR).

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

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Teri Weeks	Board Secretary / School Business Administrator	\$ 325,000

There is a Public Employees' Faithful Performance Blanket Position Bond covering all other employees.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were less than estimated costs. The School District made a proper adjustment to the billings to sending districts for the decrease in per pupil 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.

Sampled payrolls were delivered to the Board Secretary 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 2019-2020 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

A sample of 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.

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

The audit of compliance for E.S.S.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 CAFR.

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 CAFR. This section of the CAFR 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.

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

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 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 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 \$40,000.00 (with a Qualified Purchasing Agent) and \$29,000.00 (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 \$19,000.00 for 2019-20.

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

COVID-19 Emergency

In accordance with the Governor's Declaration of Emergency pertaining to the COVID 19 Virus all public, charter, non-public schools were ordered to close effective as of March 18, 2020 for an undetermined period to limit the spread of the virus. As a result, school food authorities (SFA) were required to institute alternate procedures to provide meals to free and reduced price eligible students during the period of school closures.

Therefore, 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 free and reduced price meal eligible students.

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.

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. The operating results provision has been met. 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.

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. The required verification procedures for free and reduced price applications were completed and available for audit.

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.

SCHOOL FOOD SERVICE (CONT'D)

The statement of revenues, expenses, and changes in fund net position (CAFR exhibit B-5) does separate program and non-program revenue and program and non-program cost of goods sold.

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

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, 2019 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 and had exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments.

Finding 2020-002 (CAFR Finding No. 2020-002)

Enrollment counts reported on the 10/15/2019 Application for State School Aid ("A.S.S.A.") were not always supported by or in agreement with the District workpapers.

Recommendation

That enrollment counts reported on the A.S.S.A. are supported by and in agreement with District workpapers.

PUPIL TRANSPORTATION

Our audit procedures included a sample of on-roll status reported in the 2019-2020 District Report of Transported Resident Students (DRTRS). The information that was reported on the DRTRS was compared to the School District workpapers and had exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

8 out of 109 Transported Students sampled from the DRTRS, could not be supported by District records.

Recommendation

Transported Students on the DRTRS must be supported by District records.

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

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 did comply 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. Corrective action was not taken on the only prior year finding and it is repeated in this year's recommendations noted as current year finding 2020-002:

Finding No. 2019-001

Enrollment counts reported on the 10/15/2018 Application for State School Aid ("A.S.S.A.") were not always supported by or in agreement with the District workpapers.

There were no Office of Fiscal Accountability and Compliance audit reports issued during the fiscal year ended June 30, 2020.

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

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Fred S. Caltabiano

Fred S. Caltabiano
Public School Accountant No. CS00238100

GLOUCESTER CITY 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, 2020

<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>
National School Lunch (High Rate)	Paid	40,521	1,942	1,942	-	\$ 0.34	\$ -
	Reduced	15,007	760	760	-	3.03	-
	Free	<u>114,185</u>	<u>5,795</u>	<u>5,795</u>	<u>-</u>	3.43	<u>-</u>
	Total	<u>169,713</u>	<u>8,497</u>	<u>8,497</u>			<u>-</u>
National School Lunch	HHFKA - PB Lunch Only	<u>169,713</u>	<u>8,497</u>	<u>8,497</u>	-	0.07	<u>-</u>
Summer Food Service Program - Lunch		<u>20,529</u>	<u>6,828</u>	<u>6,828</u>	-	4.13	<u>-</u>
School Breakfast (High Rate)	Paid	9,758	552	552	-	0.31	-
	Reduced	3,746	195	195	-	1.90	-
	Free	<u>37,591</u>	<u>2,022</u>	<u>2,022</u>	<u>-</u>	2.20	<u>-</u>
	Total	<u>51,095</u>	<u>2,769</u>	<u>2,769</u>	<u>-</u>		<u>-</u>
Summer Food Service Program - Breakfast		<u>20,529</u>	<u>6,828</u>	<u>6,828</u>	-	2.38	<u>-</u>
Special Milk	Paid				-	0.2150	<u>-</u>
After School Snacks	Paid				-	0.08	-
	Reduced				-	0.47	-
	Free (Area Eligible)	<u>6,846</u>	<u>2,125</u>	<u>2,125</u>	<u>-</u>	0.94	<u>-</u>
	Total	<u>6,846</u>	<u>2,125</u>	<u>2,125</u>	<u>-</u>		<u>-</u>
CACFP (d) - Food	Free				-	3.66	-
CACFP (d) - Cash-in-lieu of USDA Foods	Free				-	0.2375	-
Total Net Underclaim / (Overclaim)							<u>\$ -</u>

GLOUCESTER CITY 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, 2020

<u>Net Cash Resources:</u>		<u>Food Service B - 4/5</u>	
CAFR	Current Assets		
B-4	Cash & Cash Equivalents	\$ 227,127.35	
B-4	Due from Other Governments	89,433.28	
B-4	Prepaid Expenses	-	
B-4	Accounts Receivable		
CAFR	Current Liabilities		
B-4	Less Accounts Payable	-	
B-4	Less Accruals	-	
B-4	Less Due to Other Funds	(15,000.00)	
B-4	Less Unearned Revenue	(19,462.69)	
	Net Cash Resources	<u>\$ 282,097.94</u>	(A)

<u>Net Adjusted Total Operating Expense:</u>			
B-5	Total Operating Expenditures	\$ 1,012,266.14	
B-5	Less Depreciation	(31,327.99)	
	Adjusted Total Operating Expense	<u>\$ 980,938.15</u>	(B)

<u>Average Monthly Operating Expense:</u>			
	B / 10	<u>\$ 98,093.82</u>	(C)

<u>Three Times Monthly Average:</u>			
	3 X C	<u>\$ 294,281.45</u>	(D)

TOTAL IN BOX A	\$ 282,097.94
LESS TOTAL IN BOX D	\$ 294,281.45
NET	<u>\$ (12,183.51)</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 CITY SCHOOL DISTRICT
 Application for State School Aid Summary
 Schedule of Audited Enrollments
 Enrollment as of October 15, 2019

	2020-2021 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	242		242					242		242							
Half Day Kindergarten																	
Full Day Kindergarten	155		155					155		155							
One	153		153					153		153							
Two	142		143		(1)			143		143							
Three	118		118					118		118							
Four	121		121					121		121							
Five	118		118					118		118							
Six	158		158					158		158							
Seven	128		128					128		128							
Eight	101		101					101		101							
Nine	106		121		(15)			121		121							
Ten	99		109		(10)			109		109							
Eleven	80		92		(12)			92		92							
Twelve	76		83		(7)			83		83							
Post-Graduate																	
Adult H.S. (15+CR.)																	
Adult H.S. (1-14CR.)																	
Subtotal	1,797	-	1,842	-	(45)	-		1,842	-	1,842	-	-	-	-	-	-	-
Special Education-Elementary	148		122		26			18		18			1	1	1		
Special Education-Middle School	161		114		47			20		20			5	5	5		
Special Education-High School	115		132		(17)			12		12			20	20	20		
Subtotal	424	-	368	-	56	-		50	-	50	-	-	26	26	26		-
Co. Voc. - Regular																	
Co. Voc. Ft. Post Sec.																	
Subtotal	-	-	-	-	-	-		-	-	-	-	-	-	-	-		-
Totals	2,221	-	2,210	-	11	-		1,892	-	1,892	-	-	26	26	26		-
Percentage Error					0.50%	-											

GLOUCESTER CITY SCHOOL DISTRICT
 Application for State School Aid Summary
 Schedule of Audited Enrollments
 Enrollment as of October 15, 2019

	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	137	137		20	20							
Half Day Kindergarten												
Full Day Kindergarten	100	100		12	12		3	3		3	3	
One	91	91		8	8		8	7	1	7	7	
Two	96	96		14	14		7	6	1	6	6	
Three	81	81		12	12		4	3	1	3	3	
Four	73	73		18	18		3	3		3	3	
Five	73	73		16	16							
Six	85	85		15	15		1	1		1	1	
Seven	64	64		12	12		2	2		2	2	
Eight	60	60		18	18							
Nine	59	59		16	16		1	1		1	1	
Ten	52	52		20	20		1	1		1	1	
Eleven	28	28		21	21							
Twelve	31	31		22	22							
Post-Graduate												
Adult H.S. (15+CR.)												
Adult H.S. (1-14CR.)												
Subtotal	1,030	1,030	-	224	224	-	30	27	3	27	27	-
Special Education-Elementary	110	86	24	31	31		6	3	3	3	3	
Special Education-Middle School	120	88	32	34	34		1	1		1	1	
Special Education-High School	76	76		28	28							
Subtotal	306	250	56	93	93	-	7	4	3	4	4	-
Co. Voc. - Regular	1	1										
Co. Voc. Ft. Post Sec.												
Subtotal	1	1	-	-	-	-	-	-	-	-	-	-
Totals	1,337	1,281	56	317	317	-	37	31	6	31	31	-
Percentage Error			4.19%			-			16.22%			-
Transportation												
	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors				Reported	Re-Calculated	
Reg. - Public Schools, Col. 1	48	48		40	35	5	Reg. Avg. (Mileage) = Regular Including Grade PK students (Part			5.5	5.5	
Reg. - SpEd, Col. 4	33	33		33	30	3	Reg. Avg. (Mileage) = Regular Excluding Grade PK students (Par			5.5	5.5	
Transported - Non-Public, Col. 3							Spec. Avg. (Mileage) = Special Ed. with Special Needs			8.5	8.5	
Special Needs, Col. 6	36	36		36	36							
Totals	117	117	-	109	101	8						
Percentage Error			-			7.34%						

GLOUCESTER CITY SCHOOL DISTRICT
 Application for State School Aid Summary
 Schedule of Audited Enrollments
 Enrollment as of October 15, 2019

	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	2	2		2	2	
One						
Two						
Three	2		2			
Four	1	1		1	1	
Five						
Six	1	1		1	1	
Seven						
Eight						
Nine	1		1			
Ten	1		1			
Eleven						
Twelve						
Post-Graduate						
Adult H.S. (15+CR.)						
Adult H.S. (1-14CR.)						
Subtotal	8	4	4	4	4	-
Special Education-Elementary	4	2	2	2	2	
Special Education-Middle School						
Special Education-High School						
Subtotal	4	2	2	2	2	-
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Subtotal	-	-	-	-	-	-
Totals	12	6	6	6	6	-
Percentage Error			50.00%			-

EXCESS SURPLUS CALCULATION

SCHOOL BASED BUDGET DISTRICT

SECTION 1

2% Calculation of Excess Surplus

2019-20 Total General Fund Expenditures Reported on CAFR Exhibit C-1	<u>\$ 44,673,979.07 (A)</u>
Increased by Applicable Operating Transfers:	
Transfer from Capital Outlay to Capital Projects Fund	<u>- (A1a)</u>
Transfer from Capital Reserve to Capital Projects Fund	<u>- (A1a)</u>
Transfer from General Fund to Special Revenue Fund for Preschool - Regular	<u>- (A1a)</u>
Transfer from General Fund to Special Revenue Fund for Preschool - Inclusion	<u>101,432.00 (A1a)</u>
Less: Expenditures Allocated to Restricted Federal Resources as reported on Exhibit D-2	<u>- (A1b)</u>
2019-20 Adjusted General Fund & Other State Expenditures [(A)+(A1a)-(A1b)]	<u>\$ 44,775,411.07 (A2)</u>
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>5,895,753.89 (A3)</u>
Assets Acquired Under Capital Leases:	
General Fund 10 Assets Acquired Under Capital Leases Reported on Exhibit C-1a	<u>- (A4)</u>
Add: General Fund & State Resources Portion of Fund 15 Assets Acquired Under Capital Leases: Assets Acquired Under Capital Leases in Fund 15 Reported on Exhibit C-1a	<u>- (A5)</u>
Combined General Fund Contribution & State Resources % of Fund 15 Resources Reported on Exhibit D-2	<u>0% (A6)</u>
General Fund & State Resources Portion of Fund 15 Assets Acquired Under Capital Leases [(A5)*(A6)]	<u>- (A7)</u>
Total Assets Acquired Under Capital Leases [(A4)+(A7)]	<u>- (A8)</u>
2019-20 General Fund Expenditures [(A2)-(A3)-(A8)]	<u>\$ 38,879,657.18 (A9)</u>
2% of Adjusted 2019-20 General Fund Expenditures [(A9) times .02]	<u>\$ 777,593.14 (A10)</u>
Enter Greater of (A10) or \$250,000	<u>777,593.14 (A11)</u>
Increased by: Allowable Adjustment *	<u>326,544.00 (K)</u>
Maximum Unassigned Fund Balance [(A11)+(K)]	<u>\$ 1,104,137.14 (M)</u>

EXCESS SURPLUS CALCULATION (CONT'D)

SCHOOL BASED BUDGET DISTRICT

SECTION 2

Total General Fund - Fund Balances at June 30, 2020	\$ 13,488,620.86 (C)
Decreased by:	
Year-end Encumbrances	<u>1,685,842.53 (C1)</u>
Legally Restricted - Designated for Subsequent Year's Expenditures	<u>- (C2)</u>
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	<u>3,401,724.72 (C3)</u>
Other Restricted Fund Balances ****	<u>4,039,726.00 (C4)</u>
Assigned Fund Balance - Designated for Subsequent Year's Expenditures	<u>836,643.28 (C5)</u>
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	<u>\$ 3,524,684.33 (U)</u>

SECTION 3

Restricted Fund Balance - Excess Surplus *** [(U)-(M)] IF NEGATIVE ENTER -0-	<u>\$ 2,420,547.19 (E)</u>
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Recapitulation of Excess Surplus as of June 30, 2020

Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ 3,401,724.72 (C3)
Restricted - Excess Surplus ***	<u>2,420,547.19 (E)</u>
Total Excess Surplus [(C3)+(E)]	<u>\$ 5,822,271.91 (D)</u>

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.

Detail of Allowable Adjustments

Federal Impact Aid	\$ - (H)
Sale & Lease-Back	<u>- (I)</u>
Extraordinary Aid	<u>326,544.00 (J1)</u>
Additional Nonpublic School Transportation Aid	<u>- (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>\$ 326,544.00 (K)</u>

EXCESS SURPLUS CALCULATION (CONT'D)

SCHOOL BASED BUDGET DISTRICT

Footnotes: (Cont'd)

- ** This amount represents the June 30, 2019 Excess Surplus (C3 above) and must be included in the Audit Summary Line 90031. This amount was to be appropriated in the 2019-2020 general fund budget.
- *** Amounts must agree to the June 30, 2020 CAFR and must agree to Audit Summary Line 90030.
- **** Amount for Other Restricted Fund Balance must be detailed for each source and request for approval to use amounts other than state imposed legal restrictions in the excess surplus calculation must be submitted to the Assistant Commissioner - Field Services prior to September 30.

Detail of Other Restricted Fund Balance

Statutory restrictions:

Approved unspent separate proposal	\$ -
Sale/lease-back reserve	-
Capital reserve (N-1)	<u>759,477.00</u>
Maintenance reserve (N-2)	<u>2,839,249.00</u>
Tuition reserve (N-3)	<u>90,000.00</u>
Emergency reserve (N-4)	<u>351,000.00</u>
School bus advertising 50% fuel offset reserve - current year (N-5)	-
School bus advertising 50% fuel offset reserve - prior year (N-6)	-
Impact Aid General Fund Reserve (Sections 8002 and 8003) (N-7)	-
Impact Aid Capital Fund Reserve (Sections 8007 and 8008) (N-8)	-
Other state/government mandated reserves	-
[Other Restricted Fund Balance not noted above]****	-
Total Other Restricted Fund Balance	<u>\$ 4,039,726.00 (C4)</u>

GLOUCESTER CITY SCHOOL DISTRICT
Audit Recommendation Summary
For the Fiscal Year Ended June 30, 2020

Recommendations:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

None

3. School Purchasing Programs

None

4. School Food Service

None

5. Student Body Activities

None

6. Application for State School Aid

That enrollment counts reported on the A.S.S.A. are supported by and in agreement with District workpapers.

7. Charter School Enrollment System (CHE)

Not Applicable

8. Pupil Transportation

Transported Students on the DRTRS must be supported by District records.

9. Facilities and Capital Assets

None

10. Miscellaneous

None

11. 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 enrollment counts reported on the A.S.S.A. are supported by and in agreement with District workpapers.