

**TOWNSHIP OF BETHLEHEM SCHOOL DISTRICT
HUNTERDON COUNTY, NEW JERSEY
MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS –
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2021**

**TOWNSHIP OF BETHLEHEM BOARD OF EDUCATION
HUNTERDON COUNTY, NEW JERSEY**

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

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Tax ID Number 226001661



INDEPENDENT AUDITORS' REPORT

Honorable President and Members
of the Board of Education
Township of Bethlehem School District
County of Hunterdon, New Jersey

We have audited, in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Bethlehem School District, County of Hunterdon, New Jersey, as of and for the year ended June 30, 2021, and have issued our report thereon dated March 15, 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 report is intended for the information of the Township of Bethlehem School District's Board of Education, management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

PKF O'Connor Davies, LLP

March 15, 2022
Cranford, New Jersey

A handwritten signature in black ink that reads "David J. Gannon". The signature is written in a cursive style.

David J. Gannon
Licensed Public School Accountant, No. 2305

20 Commerce Drive, Suite 301, Cranford, NJ 07016
Tel: 908.272.6200 | Fax: 908.272.2416

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ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING

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 and accounts under the auspices of the Board of Education.

The audit did not and could not determine the character of services rendered for which payment had been made nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed. These details were necessarily covered by the approval of such claims. Revenues and receipts were established and verified as to sources and amount only insofar as the records permitted.

ADMINISTRATIVE PRACTICES AND PROCEDURES

Insurance

The District is a member of the New Jersey School Boards Association Insurance Group, a joint insurance fund formed under the provisions of N.J.S.A. 18A:18:b-1 et seq. One of the objectives of a joint insurance fund is to provide a cost-effective risk management program. This is accomplished through member risk retention, pooled risk retention through the fund, and the procurement of excess insurance coverage at premiums that reflect the combined purchasing power of all the fund members. The fund's risk management plan, which sets forth limits of coverage, individual member risk retention (per occurrence and aggregate), fund risk retention, is set forth on Exhibit J-20 of the District's ACFR. No attempt was made to determine the adequacy of coverage as part of this report. Adequacy of coverage is the responsibility of the Board of Education.

Official Bonds

The following position was covered by a Surety Bond, which exceeded the minimum required under N.J.A.C. 6A:23-16.4:

Beverly Vliestra, Interim Board Secretary/SBA	\$200,000.00
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The District also has procured a Public Employees' Faithful Performance Blanket Position Bond, issued by the Selective Insurance Company and covering all other employees, with a coverage limit of \$250,000.

FINANCIAL PLANNING, ACCOUNTING, AND REPORTING

Examination of Claims

An examination of claims paid during the period under review indicated the following opportunities for improvement with respect to signatures, certification or supporting documentation.

2021-002

Finding:

A certification of availability of funds must be made prior to any commitment of rendered services or purchased goods. During our testing, we noted certain transactions were committed prior to the certification of availability of funds.

Recommendation:

We recommend that all requisitions are submitted timely and a certification of the availability of funds be made by an authorized individual prior to any commitment of services or receipt of goods.

2021-003

Finding:

During our testing of cash disbursements, it was noted the District could not provide all supporting documentation necessary to validate the legitimacy of the transaction or evidence the vendor's business registration with the State of New Jersey.

Recommendation:

We recommend that the District maintain all corroborating evidence to support its transactions, including: the purchase order generated, invoices or other documentation supporting the purchase, a vendor's business registration certificate and federal form W-9.

Payroll Account

The Board maintained the Net Payroll and Agency Account method for the depositing and payment of its payrolls. The net payrolls from all sources are deposited in the payroll account and all payroll deductions, together with the Board's share, are deposited to the agency accounts.

All payrolls were approved by the Superintendent and were certified by the President of the Board and the Board Secretary/School Business Administrator. Our testing over payroll revealed the following opportunities for improvement:

Finding:

2021-004

Pursuant to *N.J.S.A. 18A:17-20.1*, the executive county superintendent shall review and approve new employment contracts for all school district Superintendents. During our testing over employment contracts, it was noted the executive county superintendent did not approve the employment contract for the Superintendent during the 2020-2021 fiscal year.

Recommendation:

We recommend ensuring compliance with *N.J.S.A. 18A:17-20.1*, that the District obtain approval of the District Superintendent's employment contract prior to commencement of employment.

2021-005

Finding:

During our testing of payroll transactions, we noted several employees were not contributing the correct amounts toward medical and dental premiums as required in the employee's collective bargaining agreement.

Recommendation:

We recommend the District review the employees' medical and dental contribution amounts to ensure the correct amounts are withheld from the employees' paycheck each period to offset the District's share of those total premiums paid.

TPAF Reimbursement to the State for Federal Salary Expenditures

We reviewed the amounts of the expenditure charged to the current year's Final Report for all federal awards for the District to determine if the District was required to reimburse the State for the TPAF Pension and Social Security payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds. The reimbursement was properly calculated and remitted.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30 for proper classification of orders as reserve for encumbrances and accounts payable and no exceptions were noted.

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. In addition to our randomly selected test samples, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with *N.J.A.C. 6A:23A-8.3*. As a result of the procedures performed, a transaction error rate of 0% overall was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification..

Board Secretary's Records

The minutes maintained by the Board Secretary were in good condition.

The financial records maintained by the Board Secretary were not found to be a complete and accurate reporting of the transactional record for the period. Information provided to the Board of Education and Management in the form of monthly financial reports were also not found to be timely and reliable. The following opportunities for improvement were noted.

2021-001

Material Weakness (General Ledger)

Criteria:

A complete and accurate general ledger must include adequate internal controls to ensure that financial statements are produced on a timely basis and are materially accurate.

Condition:

The District's business office personnel record certain general ledger postings on a monthly basis and at year end which include the posting of journal entries and the performance of various reconciliations. We noted that during the period under audit that the general ledger was missing certain journal entries to correctly state the balances at June 30, 2021. Moreover, certain reconciliations of accounts were noted to contain inaccurate information. Specifically, the following was noted:

- We found instances in which encumbrances that should have been closed out at year end were not;
- Instances in which transactions were mis-posted to the general fund and should have been posted against a federal grant;
- The Food Service fund was not maintained formally in the general ledger; and
- The District should consider having a fixed asset inventory performed.

Context:

Turnover of personnel may have prevented certain journal entries from properly being posted and account balances from being properly reconciled to subsidiary ledgers attributing to an inaccurate general ledger.

Cause and Effect:

An appropriately designed financial statement close process reduces the risk of errors in the general ledger.

Recommendation:

In order to improve the monthly and year end close process, we suggest the District develop a formal process to be implemented each month and on an annual basis.

2021-006

Finding:

The District transferred to the budgetary general administration account line, an amount that on a cumulative basis exceeded 10 percent of the total amount of the budgetary

general administration account line included in the original budget, without proper county approval.

Recommendation:

We recommend that the District obtain Executive County Superintendent approval for any transfer to an advertised appropriation account as defined under N.J.A.C. 6A:23A-13.3(f), which is cumulatively more than 10 percent of that amount. The District should also maintain documentation that substantiates the request was received by the Executive County Superintendent when written approval is not received

2021-007

Finding:

During our review of bank reconciliations, it was discovered that the cafeteria account's outstanding check list at June 30, 2021 contained a check that had cleared the bank during the previous month thus understating the cash balance at June 30, 2021.

Recommendation:

We recommend the District review the bank reconciliations on a monthly basis and confirm outstanding checks have not cleared the bank.

Elementary and Secondary Education Act (E.S.E.A.)/Improving America's Schools Act (I.A.S.A.) as amended by the Every Student Succeeds Act (ESSA)

The E.S.E.A. financial exhibits are contained within the Special Revenue Section of the ACFR. This section of the ACFR documents the financial position pertaining to the projects under Titles I, II and IV of the Elementary and Secondary Education Act as amended.

The study of compliance for E.S.E.A. indicated no instances of noncompliance and/or questioned costs.

Other Special Federal and/or State Projects

The District's State Special Projects were approved as listed Schedule B located in the ACFR.

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, which documents the financial position pertaining to the aforementioned special projects on a grant accounting budgetary basis and reports the financial position of the fund on a GAAP basis at June 30, 2021.

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursement forms filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted. The payroll software produces reports of T.P.A.F. employees and covered salaries, and calculates the amounts of reimbursements to be sought. Tests of these reports yielded no exceptions.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

Effective July 1, 2020 and thereafter, 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 currently \$19,600 for 2020-2021.

The District 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.

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

The results of our examination, performed on a test basis, identified the following area for improvement related to 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 provisions of *N.J.S.A. 18A:18A-4*.

2021-008

Finding:

Pursuant to *N.J.S.A. 18A:18A*, Public School Contracts Law, the District shall only award the contract to a vendor after soliciting at least two competitive quotations. The award shall be made to a vendor whose response is most advantageous, price and other factors considered. The purchasing agent shall retain the record of the quotation solicitation. Our testing over the quotation process revealed not all quotations, two instances, could be provided.

Recommendation:

We recommend in accordance with *N.J.S.A. 18A:18A*, Public School Contracts Law, the District confirm the competitive quotation process is being performed and all quotations obtained be retained and available for review.

School Food Service

PUBLIC HEALTH EMERGENCY

In accordance with the Governor's Declaration of Emergency pertaining to the public health emergency all Public, Charter, Non-Public schools were ordered to close effective as of March 18, 2020 for an undetermined period to limit the spread of the virus. As a result, School Food Authorities (SFA) were required to institute alternate procedures to provide meals to Free and Reduced Price eligible students during the period of school closures.

During SY 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.

During SY 2020-2021 the public health emergency was still applicable. As a result, School Food Authorities (SFAs) that participate in the National School Lunch Program were required to provide meals in accordance with the regulations governing the National School Nutrition Seamless Summer Option (SSO) or the Summer Food Service Program (SFSP) option.

SFAs were authorized to solicit and award emergency noncompetitive procurements and contracts with Food Service Management Companies in accordance with 2 CFR 200.320 and N.J.S.A.18A:18A-7. The SFAs were also authorized to submit contract modifications to their existing Cost Reimbursable or Fixed Price contracts as necessary to ensure the feeding of all children throughout the age of 18, as well as persons over 18 with disabilities as defined in the regulations.

SFAs were notified of the requirement to maintain and report separate meal count records and financial records of all applicable costs incurred in providing meals to all students during the emergency.

We inquired of management about the public health emergency procedures/practices that the SFA instituted to provide meals to all students, maintenance of all applicable production records; meal counts; noncompetitive procurements; modification of existing contracts and applicable financial records to document the specific costs applicable to the emergency operations. We also inquired if the FSMC received a loan in accordance with the Payroll Protection Plan and whether the funds are used to pay for costs applicable to the Food Service Programs. We also inquired if the PPP loan was subsequently forgiven and the FSMC refunded or credited the applicable amounts to the SFA.

The school food service program was not selected as a major federal and/or State program. Furthermore, the program expenditures did not exceed \$100,000 in federal and/or State support.

We 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.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets (ACFR Schedule B-5) does separate program and non-program revenue and program and non-program cost of goods sold.

We inquired of management about the public health emergency procedures/practices that the SFA instituted to provide meals to all students, maintenance of all applicable production records; meal counts; noncompetitive procurements; modification of existing contracts and applicable financial records to document the specific costs applicable to the emergency operations. We also inquired if the FSMC received a loan in accordance with the Payroll Protection Plan and whether the funds were used to pay for costs applicable to the Food Service Programs.

Net cash resources did exceed three months average expenditures, which was a result of the COVID-19 pandemic and therefore no formal finding and recommendation was included. The District is aware of the condition and will continue to invest in its food service program until the appropriate amount of net cash resources is depleted.

STUDENT ACTIVITIES FUNDS

During our review of the student activity funds, the following opportunity for improvement was noted.

2021-009

Finding:

During our testing over student activity funds, we noted not all deposits were made within a reasonable period of time.

Recommendation:

We recommend all cash receipts should be promptly deposited.

APPLICATION FOR STATE SCHOOL AID (A.S.S.A.)

Our audit procedures included a test of information reported in the October 15, 2020 Application for State School Aid (ASSA) for on-roll, private schools for students with disabilities, low-income, and bilingual. We also performed a review of the District procedures related to its completion. The information on the ASSA was compared to the District workpapers with exceptions. See the Schedule of Audited Enrollments of the AMR. The information included as part of the workpapers was tested and the following area for improvement was noted.

2021-10

During our testing over low income status of students reported as either free lunch or reduced lunch, it was noted that a number of lunch applications could not be provided to evidence the student's proper status.

We recommend the District maintain all lunch applications to corroborate the status on the A.S.S.A.

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

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

PUPIL TRANSPORTATION

Our audit procedures included a test of on roll status reported in the 2020-21 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the district complied with proper bidding procedures and award of contracts. The bid specifications for the purchase of buses were in compliance with applicable statutes. No exceptions were noted in our review of transportation related purchases of goods and services.

TESTING FOR LEAD OF ALL DRINKING WATER IN EDUCATIONAL FACILITIES

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

* * * * *

ACKNOWLEDGMENT

During the course of our audit, we received the complete cooperation of all the officials of the District, and we greatly appreciate the courtesies extended to us.

SCHEDULE OF AUDITED ENROLLMENTS

**BETHLEHEM SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2020**

	2021-2022 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 - 3 Yr	3	-	4	-	(1)	-	2		2							
Full Day Preschool - 3 Yr	0	-	0	-	-	-										
Full Day Preschool - 4 Yr	8	-	8	-	-	-	5		5		-					
Full Day Kindergarten	32	-	32	-	-	-	19		19		-					
One	22	-	24	-	(2)	-	13		13		-					
Two	17	-	17	-	-	-	10		10		-					
Three	27	-	28	-	(1)	-	16		16		-					
Four	32	-	32	-	-	-	19		19		-					
Five	32	-	32	-	-	-	19		19		-					
Six	32	-	32	-	-	-	19		19		-					
Seven	31	-	31	-	-	-	19		19		-					
Eight	33	-	33	-	-	-	20		20		-					
Nine																
Ten																
Eleven																
Twelve																
Post-Graduate																
Adult H.S. (15+CR.)																
Adult H.S. (1-14 CR.)																
Subtotal	269	-	273	-	(4)	-	161	-	161	-	-	-	-	-	-	-
Special Ed - Elementary	44		40		4		15		15		-	-				
Special Ed - Middle School	23		23		-		10		10		-	-				
Special Ed - High School																
Subtotal	67	-	63	-	4	-	25	-	25	-	-	-	0	0	0	-
Co. Voc. - Regular																
Co. Voc. Ft. Post Sec.																
Totals	336	-	336	-	-	-	186	-	186	-	-	-	0	0	0	-
Percentage Error					0.00%	0.00%					0.00%	0.00%				0.00%

SCHEDULE OF AUDITED ENROLLMENTS

**BETHLEHEM SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY (continued)
ENROLLMENT AS OF OCTOBER 15, 2020**

	<u>Resident LEP NOT Low Income</u>			<u>Sample for Verification</u>		
	Reported on ASSA as Not Low Income	Reported on Workpapers as Not Low Income	Errors	Sample Selected from Workpapers	Verified to Application & Register	Sample Errors
Full Day Preschool						
Full Day Kindergarten			-			-
One			-			-
Two			-			-
Three			-			-
Four			-			-
Five			-			-
Six			-			-
Seven			-			-
Eight			-			-
Nine			-			-
Ten			-			-
Eleven			-			-
Twelve			-			-
Subtotal	-	-	-	-	-	-
Sp Ed - Elementary						-
Sp Ed - Middle School						-
Sp Ed - High School						-
Subtotal	-	-	-	-	-	-
Total	-	-	-	-	-	-
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

EXCESS SURPLUS CALCULATION

SECTION 1 - REGULAR DISTRICT

A. 4% Calculation of Excess Surplus

2020-21 Total General Fund Expenditures per the CAFR "C-1"	\$ <u>9,396,814.12</u>	(B)
Increased by Applicable Operating Transfers:		
Transfer from Capital Outlay to Capital Projects Fund	\$ <u>0.00</u>	(B1a)
Transfer from Capital Reserve to Capital Projects Fund	\$ <u>0.00</u>	(B1b)
Transfer from General Fund to SRF for Pre-K Regular	\$ <u>0.00</u>	(B1c)
Transfer from General Fund to SRF for Pre-K Inclusion	\$ <u>0.00</u>	(B1d)
Decreased by:		
On-Behalf TPAF Pension & Social Security	\$ <u>1,572,644.77</u>	(B2a)
Assets Acquired Under Capital Leases	\$ _____	(B2b)
Adjusted 2020-21 General Fund Expenditures [(B)+(B1s)-B2s]	<u>7,824,169.35</u>	(B3)
4% of Adjusted 2020-21 General Fund Expenditures [(B3) times .04]	\$ <u>312,966.77</u>	(B4)
Enter Greater of (B4) or \$250,000	\$ <u>312,966.77</u>	(B5)
Increased by: Allowable Adjustment*	\$ <u>2,030.00</u>	(K)
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]	\$ <u>314,996.77</u>	(M)

SECTION 2

Total General Fund - Fund Balances @ 6/30/21 (Per CAFR Budgetary Comparison schedule/statement)	\$ <u>4,079,475.42</u>	(C)
Decreased by:		
Reserve for Encumbrances	\$ <u>6,940.14</u>	(C1)
Legally Restricted -Designated for Subsequent Year's Expenditures	\$ _____	(C2)
Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ <u>1,091,530.56</u>	(C3)
Other Reserved Fund Balances****	\$ <u>1,841,964.91</u>	(C4)
Assigned Unreserved Fund Balance - Designated for Subsequent Year's Expenditures	\$ <u>8,419.44</u>	(C5)
Additional Assigned Fund Balance-Unreserved-Designated for Subsequent Year Expenditures July 1-August 1, 2021	\$ _____	(C6)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]	\$ <u>1,130,620.37</u>	(U1)

SECTION 3

Restricted Fund Balance-Excess Surplus ***((U1-(M)) If negative enter -0-	\$ <u>815,623.60</u> (E)
<u>Recapitulation of Excess Surplus as of June 30, 2021</u>	
Reserved Excess Surplus-Designated for Subsequent Year's Expenditures**	\$ <u>1,091,530.56</u> (C3)
Reserved Excess Surplus***(E)	\$ <u>815,623.60</u> (E)
Total Excess Surplus [(C3) +(E)]	\$ <u><u>1,907,154.16</u></u> (D)

Footnotes:

*Allowable adjustment to expenditures on line K must be 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 NJSA 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, for the year ending June 30, 2015, the Federal Impact Aid adjustment to expenditures is limited to the portion of Federal Impact Aid Section 8002 and 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 Boatd resolution during June of the fiscal year under audit. Amounts transferred to the reserve are captured on line (C4).

(I) Sale and Leaseback (Refer to 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 audit Program Section II, Chapter 10 for restrictions on the oinclusion of Extraordinary Aid, FamilyCrisis Transportation Aid, and Additional Non public School Transportation Aid

Detail of Allowable Adjustments

Impact Aid	\$	<u>0</u>	(H)
Sale & Lease-back	\$	<u>0</u>	(I)
Extraordinary Aid	\$	<u></u>	(J1)
Additional Nonpublic School Transportation Aid	\$	<u>2,030.00</u>	(J2)
Current year School Bus Advertising Rev. Recognized	\$	<u>0</u>	(J3)
Family Crisis Transportation Aid	\$	<u></u>	(J4)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)]	\$	<u>2,030.00</u>	(K)

** This amount represents the June 30, 2020 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

*** Amount must agree to the June 30, 2021 CAFR and must agree to Audit Summary Worksheet Line 90030.

**** Amount for Other Reserved 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 any other type of government, such as the judicial branch of government, must have Departmental approval. District requests should be submitted to the Division of Finance prior to September 30.

Detail of Other Reserved Fund Balance

Statutory restrictions:

Approved unspent separate proposal	\$	<u></u>
Sale/lease-back reserve	\$	<u></u>
Capital Reserve	\$	<u>1,156,448.85</u>
Maintenance Reserve	\$	<u>685,516.06</u>
Emergency Reserve	\$	<u></u>
Tuition Reserve	\$	<u></u>
School Bus Advertising 50% Fuel Offset Reserve-current year	\$	<u></u>
School Bus Advertising 50% Fuel Offset Reserve-prior year	\$	<u></u>
Impact Aid General Fund Reserve (Sec. 8002 & 8003)	\$	<u></u>
Impact Aid Capital Fund Reserve (Sec. 8007 & 8008)	\$	<u></u>
Other state/government mandated reserve	\$	<u></u>
(Other Restricted Fund Balance not noted above)****	\$	<u></u>
Total Other Reserved Fund Balance	\$	<u>1,841,964.91 (C4)</u>

BETHLEHEM 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

2021-002 We recommend that all requisitions are submitted timely and a certification of availability of funds be made by an authorized individual prior to any commitment of services or receipt of goods.

2021-003 We recommend that the District maintain all corroborating evidence to support transactions, including: the purchase order generated, invoices or other documentation supporting the purchase a vendor's business registration certificate, and federal form W-9.

2021-004 We recommend ensuring compliance with N.J.S.A. 18A:17-20.1, the District obtain approval of the District Superintendent's employer contract prior to commence of employment.

2021-005 We recommend the District review the employees' medical and dental contribution amounts to ensure the correct amounts are withheld from the employees' paycheck each period to offset the District's share of those total premiums paid.

2021-001 In order to improve the monthly and year end close process, we suggest the District develop a formal process to be implemented each month and on an annual basis.

2021-006 We recommend that the District obtain Executive County Superintendent approval for any transfer to an advertised appropriation account as defined under N.J.A.C. 6A:23A-13.3(f), which is cumulatively more than 10 percent of that amount. The District should also maintain documentation that substantiates the request was received by the Executive County Superintendent when written approval is not received.

2021-007 We recommend the District review the bank reconciliations on a monthly basis and confirm outstanding check have not cleared the bank.

3. School Purchasing Programs

2021-008 We recommend in accordance with *N.J.S.A. 18A:18A*, Public School Contracts Law, the District confirm the competitive quotation process is being performed and all quotations obtained be retained and available for review.

4. School Food Service

None

5. Student Body Activities

2021-009 We recommend all Student Activity Fund cash receipts be promptly deposited.

6. Application for State School Aid

2021-010 We recommend the District maintain all lunch applications to corroborate the status on the A.S.S.A.

BETHLEHEM SCHOOL DISTRICT
AUDIT RECOMMENDATIONS SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

7. Pupil Transportation

None

8. Facilities and Capital Assets

None

9. Miscellaneous

None

10. Status of Prior Year Audit Findings/Recommendations

Corrective Action has been taken on prior year audit findings.