

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE
FINDINGS, FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
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Federal Identification Number 46-4868149



Certified Public Accountants, PC

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Independent Auditors' Report

Honorable President and Members
of the Board of Education
South Hunterdon Regional School District
County of Hunterdon, 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 South Hunterdon Regional School District in the County of Hunterdon for the fiscal year ended June 30, 2021, and have issued our report thereon dated March 2, 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 South Hunterdon Regional 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.

A handwritten signature in black ink that reads "BKC, CPAs, PC".

BKC, CPAs, PC

A handwritten signature in black ink that reads "M A".

Michael A. Holk, CPA, PSA

NO. 20CS00265600

March 2, 2022
Flemington, New Jersey

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
June 30, 2021

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and the Reconciler of Accounts, 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 Annual Comprehensive Financial Report (ACFR). Adequacy of insurance coverage is the responsibility of the Board of Education.

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

Surety bond coverage in force during the period was:

<u>Name of Employee</u>	<u>Position</u>	<u>Amount</u>
Kerry Sevilis	Secretary/Business Administrator	\$ 210,000

Financial Planning, Accounting and Reporting

Examination of Claims

A review of claims paid during the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

Payroll Account

The net salaries of all employees of the Board were deposited in the payroll account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the payroll agency account.

All payrolls were approved by the Superintendent and were certified by the President of the Board, the Board Secretary/Business Administrator, and the Chief School Administrator.

Salary withholdings were promptly remitted to the proper agencies, including health benefits premium amounts withheld due to the general fund.

Employee Position Control Roster

A review of the Position Control Roster found no inconsistencies between the payroll records, employee benefit records (e.g., pension reports and health benefit coverage reports), the general ledger accounts to where wages are posted (administrative versus instruction), and the Position Control Roster.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
June 30, 2021

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, for goods not yet received or services not yet rendered, and it was determined that no blanket purchase orders were included in the balance of the reserves for encumbrances. Also, unpaid purchase orders included in the balance of accounts payable were reviewed for propriety and to determine that goods were received, and services were rendered, as of June 30.

Classification of Expenditures

The coding of expenditures was evaluated 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 randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3.

A review of classification of expenditures during the period under review did not indicate any discrepancies with respect to proper classification.

Board Secretary's Records

Our review of the financial and accounting records maintained by the Board Secretary did not disclose any material exceptions.

Treasurer or Reconciler of Accounts' Records

Our review of the records of the Reconciler did not disclose any exceptions.

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

The E.S.E.A. financial exhibits are contained 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 VI of the Elementary and Secondary Education Act as amended and reauthorized.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
June 30, 2021

Other Special Federal and/or State Projects

The District's special projects were approved as listed on Schedule A and 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. This section of the ACFR documents the financial position pertaining to the aforementioned special projects.

TPAF Reimbursement

Our audit procedures included a test of the reimbursements filed with the Department of Education for 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.

The expenditure was reviewed subsequent to the reimbursement and or state that no exceptions were noted.

Nonpublic State Aid

The District did not receive any Nonpublic State Aid during the fiscal year 2021.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
June 30, 2021

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-3 States:

- “A. When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by Resolution of the Board of Education without public advertising for bids and bidding therefor, except that the Board of Education may adopt a Resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent possesses a qualified purchasing agent certificate pursuant to Subsection B. of Section 9 of P.L.1971, c.198 (C.40A:11-9) the Board of Education may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.”
- “B. Commencing in the fifth year after the year in which P.L.1999, c.440 takes effect, and every five years thereafter, the Governor, in consultation with the Department of the Treasury, shall adjust the threshold amount and the higher threshold amount which the Board of Education is permitted to establish as set forth in Subsection A. of this section or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in N.J.S.18A:18A-2, and shall round the adjustment to the nearest \$1,000. The Governor shall notify all local school districts of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of the year in which it is made.”

N.J.S.A. 18A-4 States:

“Every contract for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by Resolution of the Board of Education to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this chapter or specifically by any other law.”

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$44,000 (with a Qualified Purchasing Agent) and \$32,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is \$19,600 for 2020-21.

In accordance with N.J.S.A. 18A:18A-3A and N.J.A.C. 5:34-5 et. seq. the Board of Education has appointed a “Qualified Purchasing Agent” which allows the Board of Education to increase the bid threshold and to grant the authorization to negotiate contracts below the bid threshold.

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

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
June 30, 2021

School Purchasing Programs (continued)
Contracts and Agreements Requiring Advertisement for Bids (continued)

Our examination of the minutes indicated that contracts were awarded for the following:

Paving services	Therapy services	Maintenance supplies and services
Athletic equipment	Repairs/Renovation services	Technology services & supplies
Professional services	Transportation vehicle	Professional development
Snow plowing	Security system upgrades	Food services management

As the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Expenditures were reviewed, however, to determine whether any clear-cut violations existed.

Based on the results of our examination, 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.

Our examination indicated the following purchases were made using state contracts:

Teaching supplies	Custodial supplies	Office supplies
Technology supplies	Security systems	

Purchases were also made through cooperative agreements for the following:

Technology services & supplies	Custodial supplies	Teaching supplies
Bus maintenance/inspections		

Unemployment Compensation Insurance Fund

The Board has adopted the direct reimbursement method and has established an unemployment compensation insurance fund.

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, the District was required to institute alternate procedures to provide meals to students during the period of school closures.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
June 30, 2021

School Food Service (continued)

During the year ended June 30, 2021, the public health emergency was still applicable. As a result, the District was 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.

Therefore, the District was 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 District was 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.

The District was 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 District instituted to provide meals to eligible 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.

The financial transactions and statistical records of the school food service fund were reviewed. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

Cash receipts and bank records were reviewed for timely deposit.

The District utilizes a FMSC and is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34, and 19-1 through 19-4.1. Provisions of the FSMC Cost Reimbursable Fixed Price or Non-Competitive Emergency Procurement contract/addendum were reviewed and audited. The FSMC contract did not include an operating results provision which guarantees that the food service program will break even. 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.

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 District 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 a loan in accordance with the Payroll Protection Plan (PPP).

Net cash resources did not exceed three months average expenditures.

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
June 30, 2021

School Food Service (continued)

The number of meals claimed for reimbursement was compared to sales and meal count records. Reimbursement claims were submitted/certified in a timely manner.

Applications for free and reduced-price meals were reviewed for completeness and accuracy. The number of free and reduced-price meals claimed as served was compared to the number of valid applications/or to the list of directly certified students on file, times the number of operating days, on a school-by-school basis. The free and reduced-price meal and free milk policy was reviewed 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 completed and available for review.

USDA Food Distribution Program (food and 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 Schedule B-5) does separate program and non-program revenue and program and non-program cost of goods sold.

The School District did provide the detailed revenue and expenditure information necessary in order to execute the USDA mandated Non-Program Food Revenue Tool at least annually.

Exhibits reflecting Child Nutrition Program operations are included in the section titled Proprietary Funds, Section B of the ACFR.

Schedule of Meal Count Activity

<u>Program</u>	<u>Meal Category</u>	<u>Meals Claimed</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>Under Claim</u>
National School						
Lunch	Free	36,713	36,713	-	\$ 3.51	\$ -
HHFKA Aid	Free	36,713	36,713	-	.07	-
Breakfast-Regular	Free	549	549	-	1.89	-
	Free - severe	24,649	24,649	-	2.26	-

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
June 30, 2021

Student Body Activities & Athletics

Our review of the records of the student activity and athletic funds did not disclose any exceptions.

Application for State School Aid

We evaluated the information reported in the October 15, 2020 Application for State School Aid (ASSA) for onroll, private schools for the handicapped, 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. The results of our procedures are presented in the Schedule of Audited Enrollments.

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 results of our procedures are presented in the Schedule of Audited Enrollments. The District should verify that registers and support prepared in connection with the DRTRS report are in agreement with amounts reported.

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

Facilities and Capital Assets

Our review of facilities and capital assets did not disclose any exceptions.

Testing for Lead of All Drinking Water in Educational Facilities

The School 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.

The School District did submit 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 Findings

Not Applicable

SOUTH HUNTERDON REGIONAL 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 Disabled				
	Reported on ASSA Onroll		Reported on Workpapers Onroll		Errors		Sample Selected from Workpapers		Verified per Registers Onroll		Errors per Registers Onroll		Reported on ASSA as Private Schools	Sample for Verifi- cation	Sample Verified	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared					
Half Day Preschool Age 3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool Age 3	3	-	4	-	(1)	-	1	-	1	-	-	-	-	-	-	-	-
Half Day Preschool Age 4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool Age 4	9	-	9	-	-	-	4	-	4	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	42	-	43	-	(1)	-	16	-	16	-	-	-	-	-	-	-	-
One	55	-	55	-	-	-	18	-	18	-	-	-	-	-	-	-	-
Two	41	-	41	-	-	-	14	-	14	-	-	-	-	-	-	-	-
Three	44	-	44	-	-	-	15	-	15	-	-	-	-	-	-	-	-
Four	44	-	44	-	-	-	14	-	14	-	-	-	-	-	-	-	-
Five	60	-	60	-	-	-	21	-	21	-	-	-	-	-	-	-	-
Six	50	-	50	-	-	-	17	-	17	-	-	-	-	-	-	-	-
Seven	48	-	48	-	-	-	15	-	15	-	-	-	-	-	-	-	-
Eight	46	-	46	-	-	-	13	-	13	-	-	-	-	-	-	-	-
Nine	50	-	50	-	-	-	16	-	16	-	-	-	-	-	-	-	-
Ten	53	-	53	-	-	-	19	-	19	-	-	-	-	-	-	-	-
Eleven	41	6	41	6	-	-	14	-	14	-	-	-	-	-	-	-	-
Twelve	61	5	60	5	1	-	21	-	21	-	-	-	-	-	-	-	-
Post-Graduate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult HS (15+CR)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult HS (1-14CR)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	<u>647</u>	<u>11</u>	<u>648</u>	<u>11</u>	<u>(1)</u>	<u>-</u>	<u>218</u>	<u>-</u>	<u>218</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Special Education - Elementary	53	-	53	-	-	-	15	-	15	-	-	-	2	2	2	-	-
Special Education - Middle	25	-	25	-	-	-	10	-	10	-	-	-	2	2	2	-	-
Special Education - High School	31	12	31	12	-	-	8	-	8	-	-	-	8	8	8	-	-
Subtotal	<u>109</u>	<u>12</u>	<u>109</u>	<u>12</u>	<u>-</u>	<u>-</u>	<u>33</u>	<u>-</u>	<u>33</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12</u>	<u>12</u>	<u>12</u>	<u>-</u>	<u>-</u>
County Vocational - Regular	-	11	-	11	-	-	-	11	-	11	-	-	-	-	-	-	-
County Vocational - Special Education	-	12	-	12	-	-	-	12	-	12	-	-	-	-	-	-	-
Total	<u>756</u>	<u>23</u>	<u>757</u>	<u>23</u>	<u>(1)</u>	<u>-</u>	<u>251</u>	<u>-</u>	<u>251</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12</u>	<u>12</u>	<u>12</u>	<u>-</u>	<u>-</u>
Percentage error					<u>-0.13%</u>	<u>0.00%</u>					<u>0.00%</u>	<u>0.00%</u>					<u>0.00%</u>

SOUTH HUNTERDON REGIONAL 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 ASSA as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application & Register	Sample Errors	Reported on ASSA as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Test Score & Register	Sample Errors
Half Day Preschool Age 3	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool Age 3	3	2	1	1	1	-	-	-	-	-	-	-
Half Day Preschool Age 4	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool Age 4	4	4	-	3	3	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	6	6	-	4	4	-	5	5	-	5	5	-
One	15	15	-	12	12	-	9	9	-	9	9	-
Two	10	10	-	9	9	-	6	6	-	6	6	-
Three	7	7	-	6	6	-	5	5	-	5	5	-
Four	4	4	-	-	-	-	-	-	-	-	-	-
Five	13	13	-	5	5	-	6	6	-	6	6	-
Six	15	13	2	5	5	-	1	1	-	1	1	-
Seven	7	7	-	6	6	-	-	-	-	-	-	-
Eight	6	6	-	6	6	-	2	1	1	1	1	-
Nine	5	6	(1)	6	6	-	-	-	-	-	-	-
Ten	14	14	-	14	14	-	6	6	-	6	6	-
Eleven	7	7	-	7	7	-	4	4	-	4	4	-
Twelve	7	6	1	6	6	-	4	4	-	4	4	-
Post-Graduate	-	-	-	-	-	-	-	-	-	-	-	-
Adult HS (15+CR)	-	-	-	-	-	-	-	-	-	-	-	-
Adult HS (1-14CR)	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	123	120	3	90	90	-	48	47	1	47	47	-
Special Education - Elementary	31	32	(1)	3	3	-	14	15	(1)	15	15	-
Special Education - Middle	10	10	-	9	9	-	2	1	1	1	1	-
Special Education - High School	14	13	1	13	13	-	1	1	-	1	1	-
Subtotal	55	55	-	25	25	-	17	17	-	17	17	-
County Vocational - Regular	1	-	1	-	-	-	-	-	-	-	-	-
County Vocational - Special Education	4	-	4	-	-	-	1	-	1	-	-	-
Total	183	175	8	115	115	-	66	64	2	64	64	-
Percentage error			<u>4.37%</u>			<u>0.00%</u>			<u>3.03%</u>			<u>0.00%</u>

SOUTH HUNTERDON REGIONAL 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 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 K	-	-	-	-	-	-
First	4	4	-	4	4	-
Second	2	2	-	2	2	-
Third	1	1	-	1	1	-
Fourth	1	1	-	1	1	-
Fifth	-	-	-	-	-	-
Sixth	2	2	-	2	2	-
Seventh	-	-	-	-	-	-
Eight	1	1	-	1	1	-
Ninth	-	-	-	-	-	-
Tenth	1	1	-	1	1	-
Total	<u>12</u>	<u>12</u>	<u>-</u>	<u>12</u>	<u>12</u>	<u>-</u>
Percentage error			<u>0.00%</u>			<u>0.00%</u>

	Transportation					
	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Sample Errors
Regular - Public Schools	377	377	-	147	148	(1)
Vocational	5	5	-	3	3	-
AIL - Non Public	39	39	-	13	12	1
Special Education Public	1	1	-	-	-	-
Public School with Special Needs	89	89	-	31	29	2
Private School Disabled - with Special Needs	9	9	-	3	3	-
Total	<u>519</u>	<u>519</u>	<u>-</u>	<u>197</u>	<u>195</u>	<u>2</u>
Percentage error			<u>0.00%</u>			<u>1.02%</u>

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Excess Surplus Calculation

SECTION 1

4% Calculation of Excess Surplus

2020-21 Total General Fund Expenditures per the ACFR, Exhibit C-1	\$ 26,577,147 (B)	
Increased by		
Transfer from Capital Outlay to Capital Projects Fund	-	(B1a)
Transfer from Capital Reserve to Capital Projects Fund	-	(B1b)
Decreased by		
On-Behalf TPAF Pension & Social Security	4,060,623	(B2a)
Assets Acquired Under Capital Leases	<u>-</u>	(B2b)
Adjusted 2020 - 2021 General Fund Expenditures [(B)+(B1s)-(B2s)]	<u>\$ 22,516,524</u>	(B3)
4% of Adjusted 2020 - 2021 General Fund Expenditures [(B3) Times .02]	\$ 900,661	(B4)
Enter Greater of (B4) or \$250,000	900,661	(B5)
Increased by: Allowable Adjustment	<u>195,573</u>	(K)
Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]		<u>\$ 1,096,234</u> (M)

SECTION 2

Total General Fund - Fund Balances @ 06/30/2021 (Per ACFR Budgetary Comparison Schedule C-1)	\$ 3,760,967	(C)
Decreased by		
Year-End Encumbrances	183,742	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	-	(C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures	300,705	(C3)
Other Restricted Fund Balances	2,044,177	(C4)
Assigned Fund Balance - Designated for Subsequent Year's Expenditures	<u>-</u>	(C5)
Total Unassigned Fund Balance		
Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]		<u>\$ 1,232,343</u> (U)

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
Excess Surplus Calculation (continued)

SECTION 3

Restricted Fund Balance - Excess Surplus [(U)-(M)] if Negative Enter -0- \$ 136,109 (E)

Recapitulation of Excess Surplus as of June 30, 2021

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures \$ 300,705 (C3)
 Restricted Excess Surplus 136,109 (E)

Total [(C3) + (E)] \$ 436,814 (D)

Detail of Allowable Adjustments

Impact Aid	\$	-	(H)
Sale and Lease Back		-	(I)
Extraordinary Aid		184,263	(J1)
Additional Nonpublic Transportation Aid		<u>11,310</u>	(J2)

Total Adjustments \$ 195,573 (K)

Detail of Other Restricted Fund Balance

Approved Unspent Separate Proposal	\$	-	
Sale/Lease - Back Reserve		-	
Capital Reserve		1,475,324	
Emergency Reserve		-	
Maintenance Reserve		328,615	
Tuition Reserve		-	
Unemployment compensation		240,238	
Other Reserves		-	
Other State/Government Mandated Reserve		<u>-</u>	

Total Other Restricted Fund Balance \$ 2,044,177 (C4)

BKC, CPAs, PC

BKC, CPAs, PC

MA

Michael A. Holk, CPA, PSA
 NO. 20CS00265600

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
June 30, 2021

Acknowledgment

The foregoing conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our examination of the financial statements, and this report of such conditions does not modify our report dated March 2, 2022.

Should any questions arise as to our comments, please do not hesitate to contact us.

We desire to express our appreciation for the assistance and courtesies rendered by the school officials and employees during the course of the examination.



BKC, CPAs, PC



Michael, A. Holk, CPA, PSA

No. 20CS00265600

SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
June 30, 2021

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

None

7. Pupil Transportation

None

8. Facilities and Capital Assets

None

9. Miscellaneous

None

10. Status of Prior Year Audit Findings/Recommendations

There were no prior year audit findings/recommendations.