

**AUDITORS MANAGEMENT REPORT
ON ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
SCHOOL DISTRICT OF THE
BOROUGH OF HALEDON
COUNTY OF PASSAIC, NEW JERSEY
JUNE 30, 2021**

SCHOOL DISTRICT OF THE BOROUGH OF HALEDON
COUNTY OF PASSAIC, NEW JERSEY

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- FINANCIAL, COMPLIANCE AND PERFORMANCE

	Page <u>No.</u>
Report of Independent Auditors.....	1
Scope of Audit.....	2
Administrative Practices and Procedures.....	2
Insurance.....	2
Official Bonds.....	2
Financial Planning, Accounting and Reporting.....	2
Examination of Claims.....	2
Payroll Account.....	2
Position Control Roster.....	3
Reserve for Encumbrances and Accounts Payable.....	3
Classification of Expenditures.....	3
Board Secretary's Records.....	3
Fixed Assets.....	3
Treasurer's Records.....	3
Elementary and Secondary Education Act (E.S.E.A.) as Amended by the Every Student Succeeds Act (ESSA).....	4
Other Special Federal and/or State Projects.....	4
T.P.A.F. Reimbursement.....	4
T.P.A.F. Reimbursement to the State for Federal Salary Expenditures.....	4
School Purchasing Programs.....	4
Contracts and Agreements Requiring Advertisement for Bids.....	4
School Food Service Programs.....	5
Student Body Activities.....	7
Application for State School Aid.....	7
Pupil Transportation.....	7
Testing for Lead of all Drinking Water in Educational Facilities.....	8
Follow-up on Prior Year Findings.....	8
Acknowledgment.....	8
Net Cash Resource Schedule.....	11
Schedule of Audited Enrollments.....	12
Excess Surplus Calculation.....	16
Audit Recommendations Summary.....	19



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REPORT OF INDEPENDENT AUDITORS

Honorable President and
Members of the Board of Education
Borough of Haledon School District
County of Passaic, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Borough of Haledon School District in the County of Passaic for the year ended June 30, 2021, and have issued our report thereon dated December 31, 2021.

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 Borough of Haledon Board of Education's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

James Cerullo

James Cerullo, C.P.A.
Licensed Public School Accountant
No. 881

Wielkotz & Company, LLC

WIELKOTZ & COMPANY, LLC
Certified Public Accountants
Pompton Lakes, New Jersey

December 31, 2021



**ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE**

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator, the activities of the Board of Education, 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 District's CAFR.

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
John A. Serapiglia, Jr.	Board Secretary/School Business Administrator	\$100,000.00
Maria Gencarelli	Treasurer of School Monies	\$200,000.00

There is a Public Employees' Faithful Performance Blanket Position Bond with the Selective Insurance Company covering all other employees with multiple coverage of \$500,000.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under review did not reveal any material discrepancies with respect to signature, 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 and the Board Secretary/Business Administrator.

Financial Planning, Accounting and Reporting, (continued)

Payroll Account, (continued)

Finding 2021-01: The analysis of Payroll Agency receipts and disbursements was not in agreement with the actual receipts and disbursements.

Recommendation: That the analysis of Payroll Agency receipts and disbursements be in agreement with the actual receipts and disbursements.

Finding 2021-02: In some instances, flex spending amounts deducted from employees pay were not in agreement with amounts reported by the flex spending account administrator.

Recommendation: That the flex spending amounts deducted from employees pay be in agreement with the amounts recorded by the flex spending account administrator.

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (superintendent, assistant superintendents, and business administrator) to the NJ Department of Treasury was filed by the March 15 due date.

Position Control Roster

The Position Control Roster was reviewed and compared to payroll records, employee benefit records and charges made to the general ledger to ensure proper and consistent financial reporting and that employee benefits are only offered to current employees.

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 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 randomly selecting a test sample, our sample specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.2. As a result of the procedures performed, a transaction error rate of 0.00% was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Financial Planning, Accounting and Reporting, (continued)

Board Secretary's Records

The Board Secretary's records were examined and found to be in good condition.

Fixed Assets

The general fixed asset records were updated for the additions and disposals of general fixed assets made during the year.

Treasurer's Records

Treasurer's records were examined and found to be in good condition.

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 CAFR. This section of the CAFR documents the financial position pertaining to the projects under Title I, Title II, Title III and Title IV of the Elementary and Secondary Education Act as amended.

The study of compliance for E.S.E.A. indicated that there were no areas of noncompliance and/or questionable costs.

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 CAFR.

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 CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

The study of compliance for the special projects indicated that there were no areas of noncompliance and/or questioned costs.

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursements form filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund.

Financial Planning, Accounting and Reporting, (continued)

T.P.A.F. 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 (or charter school or renaissance school project) for those employees whose salaries are identified as being paid from federal funds was made prior to the end of 60 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed 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-2 contains definitions for terms used throughout N.J.S.A. 18A:18A-1 et seq. It includes as subsection (p) the term 'competitive contracting', which is defined as "the method described in N.J.S.A. 18A:18A-4.1 through 18A:18A-4.5 and in rules promulgated by DCA at N.J.A.C. 5:34-4 of contracting for specialized goods and services in which formal proposals are solicited from vendors; formal proposals are evaluated by the purchasing agent or counsel or school business administrator; and the board of education awards a contract to a vendor or vendors from among the formal proposals received." Also, subsection (aa) defines the term 'concession' to exclude vending machines.

N.J.S.A. 18A:18A-3(a) sets forth the bid threshold and requires award by board resolution. There is a higher threshold when there is a "Qualified Purchasing Agent" (QPA) in the district as defined at N.J.A.C. 5:34-1.1 and certified upon approval of an application submitted to DCA. Pursuant to N.J.S.A. 18A:18A-3(b), the bid threshold may be adjusted by the Governor, in consultation with the Department of Treasury, every five years.

N.J.S.A. 18A:18A-4.4 provides boards of education the authority to pass a resolution authorizing the use of competitive contracting. "In order to initiate competitive contracting, the board of education shall pass a resolution authorizing the use of competitive contracting each time specialized goods or services enumerated in sections 45 of L. 1999, c.440 are desired to be contracted."

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.

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

School Purchasing Programs, (continued)

Contracts and Agreements Requiring Advertisement for Bids, (continued)

The results of our examination indicated that no individual payments, contracts, or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies," 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, amended.

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

School Food Service Programs

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 alternative procedures to provide meals to all eligible students during the period of school closures.

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

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

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

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

We also 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; modifications 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. We also inquired if the PPP loan was subsequently forgiven and the FSMC refunded or credited the applicable amounts to the SFA.

School Food Service Programs, (continued)

Cash Receipts and bank records were reviewed for timely deposit.

The 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 fixed price contract/addendum were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will return a profit of at least \$25,000.00. The operating results provision has been met. All vendor discounts, rebates and credits from the FSMC were tracked and credited to the Food Service Account and reconciled to supporting documentation at least annually.

The number of meals claimed for reimbursement were compared to the 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. Meals claimed did agree with meal count records.

The District is a Community Eligibility School and utilized the State of New Jersey Household Information Survey to determine a student's low-income status for ASSA reporting.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food 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 exceed three months average expenditures. No comment is being made as this was due to the COVID emergency.

U.S.D.A. Food Distribution Program commodities were received and a separate inventory was maintained on a first-in, first-out basis. No exceptions were noted.

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

The School District's food management company maintains the detailed revenue and expenditure information necessary in order to execute the U.S.D.A. mandated Non-Program Food Revenue Tool at least annually.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Section G of the Comprehensive Annual Financial Report.

Student Body Activities

During our review of the student activity funds, the following items were noted.

Cash and disbursement records were maintained in good order.

All cash receipts were promptly deposited in the bank and the disbursements contained supporting documentation.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2020 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, and low-income. We also performed a review of the district procedures related to its completion. The information on the A.S.S.A. was compared to the district workpapers without exception. 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 has adequate written procedures for the recording of student enrollment data.

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2020-2021 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with no exceptions. 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. 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 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 Findings

In accordance with government auditing standards, our procedures included a review of all prior year recommendations. Corrective action had been taken on all prior year findings with the exception of the items marked with an “*”.

Acknowledgment

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

James Cerullo

James Cerullo, C.P.A.
Public School Accountant
No. 881

Wielkotz & Company, LLC

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Certified Public Accountants
Pompton Lakes, New Jersey

NET CASH RESOURCE SCHEDULE

HALEDON BOARD OF EDUCATION

Net cash resources did/did not exceed three months of expenditures

Proprietary Funds - Food Service

FYE 2021

<u>Net Cash Resources:</u>		Food Service B - 4/5	
CAFR	*	Current Assets	
B-4		Cash & Cash Equiv.	\$ 95,589.43
B-4		Due from Other Gov'ts	110,281.34
B-4		Accounts Receivable	
CAFR		Current Liabilities	
B-4		Less Accounts Payable	(74,577.96)
B-4		Less Due to Other Funds	(7,131.82)
B-4		Less Deferred Revenue	<u>(686.56)</u>
		Net Cash Resources	<u>\$ 123,474.43</u> (A)

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.	380,816.50	
B-5	Less Depreciation	<u>(19,949.38)</u>	
	Adj. Tot. Oper. Exp.	<u>\$ 360,867.12</u>	(B)

Average Monthly Operating Expense:

B / 10 **\$ 36,086.71** (C)

Three times monthly Average:

3 X C **\$ 108,260.14** (D)

TOTAL IN BOX A	\$	123,474.43	
LESS TOTAL IN BOX D	\$	<u>(108,260.14)</u>	
NET	\$	<u>15,214.29</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.

* Inventories are not to be included in total current assets.

SOURCE - USDA resource management comprehensive review form

SCHEDULE OF AUDITED ENROLLMENTS

BOROUGH OF HALEDON SCHOOL DISTRICT
Application for State School Aid Summary
Enrollment as of October 15, 2020

Enrollment Category	2021 - 2022 Application for State School Aid			Sample for Verification			Private School for Disabled			
	Reported on ASSA on Roll	Reported on Workpapers on Roll	Errors	Sample Selected from Workpapers	Verified per Registers on Roll	Errors	Reported on ASSA as Private School	Sample for Verification	Sample Verified	Errors
Full Day Preschool - 3YR	0	0	0	0	0	0				
Full Day Preschool-4YR	38	38	0	38	38	0				
Full Day Kindergarten	70	70	0	70	70	0				
One	103	103	0	103	103	0				
Two	95	95	0	95	95	0				
Three	84	84	0	84	84	0				
Four	101	101	0	101	101	0				
Five	98	98	0	98	98	0				
Six	102	102	0	102	102	0				
Seven	98	98	0	98	98	0				
Eight	82	82	0	82	82	0				
Subtotal	871	871	0	871	871	0				
Special Ed. Elementary	72	72	0	18	18	0	2	2	2	0
Special Ed. Middle School	55	55	0	14	14	0	2	2	2	0
Subtotal	127	127	0	32	32	0	4	4	4	0
Totals	998	998	0	903	903	0	4	4	4	0
Percentage Error			0.00%			0.00%				0.00%

SCHEDULE OF AUDITED ENROLLMENTS (cont.)

BOROUGH OF HALEDON SCHOOL DISTRICT
Application for State School Aid Summary
Enrollment as of October 15, 2020

Enrollment Category	Residential Low Income			Sample for Verification			Residential LEP Low Income			Sample for Verification		
	Reported on ASOA as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Errors	Reported on ASOA as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Errors
Full Day Kindergarten	44	44	0	14	14	0	3	3	0	2	2	0
One	62	62	0	20	20	0	7	7	0	5	5	0
Two	64	64	0	20	20	0	3	3	0	2	2	0
Three	53	53	0	17	17	0	6	6	0	5	5	0
Four	69	68	1	22	22	0	6	6	0	5	5	0
Five	60	60	0	19	19	0	1	1	0	1	1	0
Six	66	66	0	21	21	0	4	4	0	3	3	0
Seven	55	55	0	17	17	0	3	3	0	2	2	0
Eight	50	50	0	16	16	0	2	2	0	2	2	0
Subtotal	523	522	1	166	166	0	35	35	0	27	27	0
Special Ed. Elementary	56	55	1	18	18	0	3	3	0	2	2	0
Special Ed. Middle School	41	43	-2	13	13	0			0			0
Subtotal	97	98	-1	31	31	0	3	3	0	2	2	0
Totals	620	620	0	197	197	0	38	38	0	29	29	0
Percentage Error			0.00%			0.00%			0.00%			0.00%

SCHEDULE OF AUDITED ENROLLMENTS (cont.)

BOROUGH OF HALEDON SCHOOL DISTRICT
Application for State School Aid Summary
Enrollment as of October 15, 2020

<u>Enrollment Category</u>	<u>Residential LEP NOT Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on ASSA as Not Low Income</u>	<u>Reported on Workpapers as Not Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Application and Register</u>	<u>Errors</u>
Full Day Kindergarten	0	0	0	0	0	0
One	3	3	0	3	3	0
Two	0	0	0	0	0	0
Three	3	3	0	3	3	0
Four	2	1	1	1	1	0
Five	2	2	0	2	2	0
Six	0	0	0	0	0	0
Seven	1	1	0	1	1	0
Eight	0	0	0	0	0	0
Subtotal	11	10	1	10	10	0
Special Ed. Elementary	0	0	0	0	0	0
Special Ed. Middle School	0	0	0	0	0	0
Subtotal	0	0	0	0	0	0
Totals	11	10	1	10	10	0
Percentage Error			<u>9.09%</u>			<u>0.00%</u>

SCHEDULE OF AUDITED ENROLLMENTS (cont.)

BOROUGH OF HALEDON SCHOOL DISTRICT
Application for State School Aid Summary
Enrollment as of October 15, 2020

	Reported on		Transportation			
	DRTRS by DOE/County	DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools, col. 1	6	6	0	5	5	0
Regular Special Ed, col. 4	0	0	0	0	0	0
$\frac{1}{4}$ Transported - Non-Public, col. 2	0	0	0	0	0	0
Nonpublic AIL, col. 3	25	25	0	21	21	0
Special Ed. Special, col. 6	16	16	0	14	14	0
Totals	47	47	0	40	40	0
Percentage Error			0.00%			0.00%

	Reported	Re-Calculated
Reg. Avg.(Mileage) = Regular Including Grade PK Students (Part A)	4.8	4.8
Spec. Avg. = Special Ed with Special Needs	3.4	3.4

**HALEDON SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

REGULAR DISTRICT

SECTION 1

A. 4% Calculation of Excess Surplus

2020-21 Total General Fund Expenditures per the CAFR, Ex. C-1	\$	<u>17,858,679.13</u>	(B)
Increased by:			
Transfer from Capital Outlay to Capital Projects Fund	\$	<u> </u>	(B1a)
Transfer from Capital Reserve to Capital Projects Fund	\$	<u> </u>	(B1b)
Transfer from General Fund to SRF for PreK - Regular	\$	<u> </u>	(B1c)
Transfer from General Fund to SRF for PreK - Inclusion	\$	<u>158,780.00</u>	(B1d)
Decreased by:			
On-Behalf TPAF Pension & Social Security	\$	<u>3,442,945.75</u>	(B2a)
Assets Acquired Under Capital Leases	\$	<u> </u>	(B2b)
Adjusted 20-21 General Fund Expenditures [(B)+(B1s)-(B2s)]	\$	<u>14,574,513.38</u>	(B3)
4% of Adjusted 2020-21 General Fund Expenditures [(B3) times .04]	\$	<u>582,980.54</u>	(B4)
Enter Greater of (B4) or \$250,000	\$	<u>582,980.54</u>	(B5)
Increased by: Allowable Adjustment*	\$	<u>150,001.00</u>	(K)
Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]	\$	<u>732,981.54</u>	(M)

SECTION 2

Total General Fund - Fund Balances @ 6-30-21 (Per CAFR Budgetary Comparison Schedule C-1)	\$	<u>3,638,911.27</u>	(C)
Decreased by:			
Year End Encumbrances	\$	<u>18,677.54</u>	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$	<u> </u>	(C2)
Legally Restricted Excess Surplus - Designated for Designated for Subsequent Year's Expenditures**	\$	<u>267,812.00</u>	(C3)
Other Restricted Fund Balances****	\$	<u>2,371,631.79</u>	(C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	\$	<u> </u>	(C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C-6)]	\$	<u>980,789.94</u>	(U1)

SECTION 3

Restricted Fund Balance - Excess Surplus***[(U1)-(M)] IF NEGATIVE ENTER -0- \$ 247,808.40 (E)

Recapitulation of Excess Surplus as of June 30, 2021

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ <u>267,812.00</u> (C3)
Reserved Excess Surplus***[(E)]	\$ <u>247,808.40</u> (E)
Total [(C3)+(E)]	\$ <u>515,620.40</u> (D)

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:7-F-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), Extraordinary Aid;
 - (J1) Extraordinary Aid;
 - (J2) Additional Nonpublic School Transportation Aid
 - (J3) Current Year School Bus Advertising Revenue Recognized
 - (J4) Family Crisis Transportation Aid.

Detail of Allowable Adjustments

Impact Aid	\$ _____ (H)
Sale & Lease-back	\$ _____ (I)
Extraordinary Aid	\$ <u>142,751.00</u> (J1)
Additional Nonpublic School Transportation Aid	\$ <u>7,250.00</u> (J2)
Current Year School Bus Advertising Revenue Recognized	_____ (J3)
Family Crisis Transportation Aid	\$ _____ (J4)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)]	\$ <u>150,001.00</u> (K)

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

*** Amounts must agree to the June 30, 2021 CAFR and the sum of the two lines must agree to Audit Summary Worksheet Line 90030.

**** Amount of Other Reserved Fund Balance 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 an 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 Restricted Fund Balance

Statutory restrictions:	
Approved unspent separate proposal	\$ _____
Sale/lease-back reserve	\$ _____
Capital reserve	\$ 1,560,849.94
Maintenance reserve	\$ 251,548.95
Emergency reserve	\$ 250,000.00
Tuition reserve	\$ _____
School Bus Advertising 50% Fuel Offset Reserve - current year	\$ _____
School Bus Advertising 50% Fuel Offset Reserve - prior year	\$ _____
Impact Aid General Fund Reserve (Sections 8002 and 8003)	\$ _____
Impact Aid General Fund Reserve (Sections 8007 and 8008)	\$ _____
Other state/government mandated reserve	\$ _____
Reserve for Unemployment Fund	\$ 309,232.90
[Other Restricted Fund Balance not noted above]****	\$ _____
Total Other Restricted Fund Balance	\$ 2,371,631.79 (C4)

BOROUGH OF HALEDON SCHOOL DISTRICT
AUDIT RECOMMENDATIONS SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

Finding 2021-01: The analysis of Payroll Agency receipts and disbursements was not in agreement with the actual receipts and disbursements.

Recommendation: That the analysis of Payroll Agency receipts and disbursements be in agreement with the actual receipts and disbursements.

Finding 2021-02: In some instances, flex spending amounts deducted from employees pay were not in agreement with amounts reported by the flex spending account administrator.

Recommendation: That the flex spending amounts deducted from employees pay be in agreement with the amounts recorded by the flex spending account administrator.

3. School Purchasing Programs

None

4. School Food Service

None

5. Student Activity Fund

None

6. Application for State School Aid

None

BOROUGH OF HALEDON SCHOOL DISTRICT
AUDIT RECOMMENDATIONS SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

7. Pupil Transportation

None

8. Facilities and Capital Assets

None

9. Miscellaneous

None

10. Status of Prior Year Audit Findings/Recommendations

In accordance with government auditing standards, our procedures included a review of all prior year recommendations. Corrective action had been taken on all prior year findings with the exception of the items marked with an “*”.