

***PATERSON CHARTER SCHOOL
FOR SCIENCE AND TECHNOLOGY***

AUDITOR'S MANAGEMENT REPORT

FISCAL YEAR ENDED JUNE 30, 2021

***Barre & Company LLC
Certified Public Accountants & Consultants***

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE

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Report of Independent Auditors


Honorable President and
Members of the Board of Trustees
Paterson Charter School for Science and Technology
County of Passaic, New Jersey

We have audited, in accordance with generally accepted audit standards and *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Board of Trustees of the Paterson Charter School for Science and Technology in the County of Passaic 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 Paterson Charter School for Science and Technology Board of Trustees' management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.


BARRE & COMPANY LLC
Certified Public Accountants
School Public Accountants


Richard M. Barre, CPA
Public School Accountant
PSA Number CS-O1181

Union, New Jersey
March 15, 2022

Administrative Findings – Financial, Compliance and Performance

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and the Treasurer of School Moneys, the activities of the Board of Trustees, and the records of the various funds under the auspices of the Board of Trustees.

Administrative Practices and Procedures

Insurance

Fire insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the Charter School's 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>
Matt A. Anar	School Business Administrator/Board Secretary	\$200,000.00
Christopher M. Lessard	Treasurer	\$200,000.00

There is a Public Employees' Faithful Performance Blanket Position Bond with the NJSIG Insurance Company covering all other employees with multiple coverage of \$250,000.

Tuition Charges

A review of financial statements indicated that the Charter School charged no tuition for any student attending the Charter School.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination 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 designee in the Charter School and were certified by the President of the Board, the Board Secretary/Business Administrator, and the Chief School Administrator.

Administrative Findings – Financial, Compliance and Performance

Financial Planning, Accounting and Reporting (Continued)

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

Payrolls were delivered to the treasurer of school moneys with a warrant made to his order for the full amount of each payroll.

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. No exceptions were noted during our review.

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 the 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*. As a result of the procedures performed, a transaction error rate of 1.90% overall was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

A. General Classification Findings

No exceptions or discrepancies were noted in the general classification of expenditures.

B. Administrative Classification Findings

No exceptions or discrepancies were noted in the administrative classification of expenditures.

Board Secretary's Records

Our review of the financial and accounting records maintained by the business office disclosed no exceptions or discrepancies.

Treasurer's Records

There were no items noted during our review of the records of the Treasurer.

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 Titles I and VI of the Elementary and Secondary Education Act as amended and reauthorized.

The study of compliance for E.S.E.A. did not indicate any areas of noncompliance and/or questionable cost.

Administrative Findings – Financial, Compliance and Performance

Financial Planning, Accounting and Reporting (Continued)

Other Special Federal and/or State Projects

The Charter School'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 the 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 did not indicate any areas of noncompliance.

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursements (electronic, but Charter Schools can print out the DOENET screen for an auditor) filed with the Department of Education for Charter School 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 Charter School to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the Charter School 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 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 school contracts in general is available on the NJ Local Agency Procurement Laws webpage:

<http://www.state.nj.us/dca/divisions/dlgs/programs/lpcl.html>.

Current statute is posted on the New Jersey Legislature (<http://www.njleg.state.nj.us/>) website.

Auditors should refer to Section I, Chapter 5, Bids & Contracts/Purchasing for highlights of *N.J.S.A. 18A:18A-3 and 4*.

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.

Administrative Findings – Financial, Compliance and Performance

School Purchasing Programs (Continued)

The Charter School board of trustees 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 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 of *N.J.S.A. 18A:18A-4*, amended.

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

School Food Service

PUBLIC HEALTH EMERGENCY

In accordance with the Governor's Declaration of Emergency pertaining to the public health emergency all Public, Charter, 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, SFAs were required to provide meals in accordance with the regulations governing the National School Nutrition Seamless Summer Option (SSO) or the Summer Food Service Program (SFSP) option.

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

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

The financial transactions and statistical records of the school food service fund were 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 Charter School 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 reviewed and audited. The FSMC contract includes an operating results provision which guarantees that

Administrative Findings – Financial, Compliance and Performance

School Food Service (Continued)

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.

Expenditures should be separately recorded as food, labor and other costs. Vendor invoices were reviewed 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.

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all School Food Services employees authorized by the board of trustees. 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 that Edit Check Worksheet was completed. 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 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 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/or commodities) were received and a single inventory was maintained on a first-in, first-out basis. No exceptions were noted.

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

The Charter School 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 entitled Enterprise Funds, Section G of the CAFR.

No Exceptions Noted.

Administrative Findings – Financial, Compliance and Performance

Student Body Activities

During our review of the student activity funds, there were no items noted.

Enrollment Counts and Submissions to the Department

Our audit procedures included a testing on enrollment information reported on October 15, 2020 and the last day of school for on-roll, special education, English Language Learners (ELL) and low-income. The resulted of our procedures are presented in the Schedule of Audited Enrollments.

Facilities and Capital Assets

Our procedures included a review of the SDA grant agreement for consistency with recording SDA revenue, transfer of local funds from the general fund or from the capital reserve account, and awarding of contracts for eligible facilities construction.

Follow-up on Prior Year Findings

Not Applicable

Acknowledgment

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

School Food Service

SCHEDULE OF MEAL COUNT ACTIVITY

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
FOOD SERVICE FUND
NUMBER FOR MEALS SERVED AND (OVER) UNDERCLAIM - FEDERAL
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

<u>Program</u>	<u>Meal Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>(Over) Under Claim</u>
National School Lunch (Regular Rate)	Paid	-	-	-	-	1.89	\$ -
	Reduced	-	-	-	-	1.59	-
	Free	-	-	-	-	0.32	-
	SSO	97,870	44,042	44,042	-		-
	TOTAL	97,870	44,042	44,042	-		-
School Breakfast (Severe Need Rate)	Paid	-	-	-	-	-	\$ -
	Reduced	-	-	-	-	0.30	-
	Free	-	-	-	-	-	-
	SSO	97,662	43,948	43,948	-	-	-
	TOTAL	97,662	43,948	43,948	-		\$ -
TOTAL NET OVERCLAIM							\$ -

School Food Service

SCHEDULE OF MEAL COUNT ACTIVITY

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
FOOD SERVICE FUND
NUMBER FOR MEALS SERVED AND (OVER) UNDERCLAIM - STATE
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

<u>Program</u>	<u>Meal Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>(Over) Under Claim</u>
State Reimbursement - National School Lunch (Regular Rate)	Paid	-	-	-	-	0.050	\$ -
	Reduced	-	-	-	-	0.055	-
	Free	-	-	-	-	0.055	-
	SSO	97,870	44,042	44,042	-		-
	TOTAL	97,870	44,042	44,042	-		-
TOTAL NET OVERCLAIM							<u>\$ -</u>

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
NET CASH RESOURCE SCHEDULE**

**Net cash resources did not exceed three months of expenditures
Proprietary Funds - Food Service
For the Fiscal Year Ended June 30, 2021**

<u>Net Cash Resources:</u>		Food Service B - 4/5	
CAFR	*	Current Assets	
B-4		Cash & Cash Equiv.	\$ 215,142
B-4		Due from Other Gov'ts	77,877
B-4		Accounts Receivable	1,161
B-4		Investments	-
CAFR		Current Liabilities	
B-4		Less Accounts Payable	-
B-4		Less Accruals	-
B-4		Less Due to Other Funds	-
B-4		Less Deferred Revenue	(2,728)
		Net Cash Resources	<u>\$ 291,452.00</u> (A)

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.	\$ 566,419	
B-5	Less Depreciation	(22,837)	
	Adj. Tot. Oper. Exp.	<u>\$ 543,582.00</u>	(B)

Average Monthly Operating Expense:

B / 10	<u>\$ 54,358.20</u>	(C)
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Three times monthly Average:

3 X C	<u>\$ 163,074.60</u>	(D)
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TOTAL IN BOX A	\$	291,452.00	
LESS TOTAL IN BOX D	\$	163,074.60	
NET	\$	<u>128,377.40</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

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
APPLICATION FOR CHARTER SCHOOL AID
ENROLLMENT COUNT AS OF OCTOBER 15, 2020**

Grades	Submission to DOE Reported on Roll	Reported on Workpapers	Errors	50% Verification Required 10/15/2020	Verified Signed Registration Forms	Errors	Verified # of Days Enrolled	Errors	Submission to DOE Reported Special Ed /Bilingual	Verified Documentation	Errors	Verified # of Days Service Provided	Errors	Low Income	Verified Documentation	Errors
Kindergarten	143	143		71	71		71		3	3		3		57	57	
One	143	143		71	71		71		4	4		4		61	61	
Two	143	143		71	71		71		4	4		4		64	64	
Three	141	141		70	70		70		5	5		5		63	63	
Four	144	144		72	72		72		5	5		5		71	71	
Five	95	95		47	47		47		6	6		6		40	40	
Six	94	94		47	47		47		5	5		5		40	40	
Seven	95	95		47	47		47		6	6		6		40	40	
Eight	91	91		45	45		45		6	6		6		40	40	
Nine	92	92		46	46		46		8	8		8		41	41	
Ten	98	98		42	42		42		7	7		7		39	39	
Eleven	104	104		52	52		52		10	10		10		43	43	
Twelve	90	90		45	45		45		1	1		1		37	37	
Totals	1,473	1,473	-	726	726	-	726	-	70	70	-	70	-	636	636	-
Percentage			0.00%			0.00%		0.00%			0.00%		0.00%			0.00%

SCHEDULE OF AUDITED ENROLLMENTS

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
APPLICATION FOR CHARTER SCHOOL AID
ENROLLMENT COUNT AS OF LAST DAY OF SCHOOL YEAR 2021

Grades	Submission to DOE Reported on Roll	Reported on Workpapers	Errors	50% Verification Required 6/30/21	Verified Signed Registration Forms	Verified # of Days Enrolled	Errors	Submission to DOE Reported Special Ed /Bilingual	Verified Documentation	Errors	Verified # of Days Service Provided	Errors	Low Income	Verified Documentation	Errors
Kindergarten	143	143		72	72	72		3	3		3		58	58	
One	143	143		72	72	72		5	5		5		62	62	
Two	143	143		72	72	72		5	5		5		64	64	
Three	141	141		71	71	71		5	5		5		64	64	
Four	144	144		72	72	72		6	6		6		71	71	
Five	95	95		48	48	48		6	6		6		40	40	
Six	94	94		47	47	47		5	5		5		40	40	
Seven	95	95		48	48	48		7	7		7		40	40	
Eight	91	91		46	46	46		7	7		7		41	41	
Nine	92	92		46	46	46		9	9		9		43	43	
Ten	98	98		42	42	42		7	7		7		40	40	
Eleven	104	104		52	52	52		10	10		10		43	43	
Twelve	90	90		45	45	45		1	1		1		37	37	
Totals	1,473	1,473	-	733	733	733	-	76	76	-	76	-	643	643	-
Percentage			0.00%				0.00%			0.00%		0.00%			0.00%

EXCESS SURPLUS CALCULATION

N.J.S.A. 18A:7F-7 requires that excess surplus for regular school districts and charter schools/renaissance school projects is calculated using 2% for June 30, 2005 and thereafter. Due to the financial impacts of the public health emergency, P.L.2021, c.35, approved March 15, 2021 authorizes school districts other than a county vocational school districts to maintain surplus up to the greater of four percent or \$250,000 for 2020-2021 and 2021-2022 school years. Pursuant to P.L. 2007, c.62, the minimum is \$250,000, effective with the year ending June 30, 2007.

Charter schools and renaissance school projects are not subject to the excess surplus limitations. Charter school auditors are required to document the calculation of excess surplus pursuant to *N.J.S.A. 18A:7F-7* solely for the purpose of adherence to *N.J.A.C. 6A:23A-22.4(e)*, which provides that a district board of education may petition the Commissioner to pay a lower per-pupil rate if the charter school spends "significantly less than budgeted and has accumulated a sizable surplus."

CALCULATION:

Complete Sections 1 and 2. If the total of Section 2 is **greater** than the applicable portion of Section 1, enter the difference in Section 3. If the difference results in a negative, enter a zero in Section 3. The applicable sections are to be submitted as part of the Auditor's Management Report.

Note that beginning with the excess surplus calculation for the year ending June 30, 2012 the transfer to food services is not an allowable adjustment (increase) to total general fund expenditures.

School Bus Advertising Revenue:

Districts were provided guidance to budget and recognize current year school bus advertising revenue on line 315, 10-1992. Under *N.J.S.A. 18A:7F-7.1* and *N.J.S.A. 18A:39-31*, an adjustment to the audited excess surplus calculation is permitted in the year revenue earned under a school bus advertising contract is recognized by the district. Statute doesn't state that the district is limited to the amount not used to reduce fuel costs; accordingly, the full amount may be used as an adjustment to excess surplus in the year of recognition/receipt only. Refer to illustration on page III-4.39 – Line (J3).

N.J.S.A. 18A:39-31 requires that 50 percent (50%) of recognized school bus advertising revenue be used to offset the fuel costs of providing pupil transportation services. Of the total revenue recognized, any portion of the 50% required by statute to be used as an offset to fuel costs in the year of revenue recognition, but not used for that purpose **must** be established as a restricted fund balance at year end. Report the restricted year end balances on Audsum lines 90028 (Bus Advertising Revenue Reserved for Fuel Costs – Current Year Adjustment), and Audsum 90029 (Bus Advertising Revenue Reserved for Fuel Costs – Prior Year Adjustment). Include the amount(s) as adjustments in the "Detail of Other Restricted Fund Balance" calculation (refer to illustration on page III-4.34 of this Audit Program). Note that the school district budget software will preload these amounts from Audsum onto the Recapitulation of Balances Line 15 in the columns for the respective years. The prior year balance in this reserve (Audsum line 90029) was budgeted in the subsequent year's budget (2020-2021) and the

current year balance in this reserve (Audsum line 90028) must be budgeted in the 2nd subsequent year's budget (2021-2022). An edit will verify that the amounts on lines 90028 and 90029 are budgeted as a revenue source. Line 90028 will preload onto Line D-2 of the budgetary calculation of Additional Excess Surplus report in the 2021-2022 budget software.

In the recapitulation of fund balance reported at the end of the Budgetary Comparison Schedule (Exhibit C-1), the reserve for each of two possible years should be reported separately. Separate lines are provided in the Audsum data collection (line 90028 for current year and line 90029 for subsequent year) for each applicable year's reserve. GASBS No. 54 requires the further categorization of the bus advertising reserve for fuel costs account balance on the Governmental Funds Balance Sheet (Exhibit B-1). Based upon the withdrawal requirements, the bus advertising reserve for fuel costs has significant externally imposed restrictions on its use and should be categorized as "Restricted" fund balance. The same categorization is applicable to the General Fund Budgetary Comparison Schedule (Exhibit C-1).

EXCESS SURPLUS CALCULATION

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

SECTION 1

A. 4% Calculation of Excess Surplus

2020-21 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ 26,402,235 (B)
Increased by:	
Transfer from Capital Outlay to Capital Projects Fund	- (B1a)
Transfer from Capital Reserve to Capital Projects Fund	- (B1b)
Transfer from General Fund to SRF for PreK-Regular	- (B1c)
Transfer from General Fund to SRF for PreK-Inclusion	- (B1d)
Decreased by:	
Oh-Behalf TPAF Pension & Social Security	(3,292,551) (B2a)
Assets Acquired Under Capital Leases	- (B2b)
Adjusted 2020-21 General Fund Expenditures	<u>23,109,684 (B3)</u>
4% of Adjusted 2020-21 General Fund Expenditures	<u>924,387 (B4)</u>
Enter Greater of (B4) or \$250,000	924,387 (B5)
Increased by: Allowable Adjustment *	<u>- (K)</u>
Maximum Unassigned Fund Balance/Undesignated-Unreserved Fund Balance	<u>\$ 924,387 (M)</u>

SECTION 2

Total General Fund - Fund Balance @ 6/30/2021 (Per CAFR Budgetary Comparison Schedule C-1)	\$ 7,283,346 (C)
Decrease by:	
Year-end Encumbrances	- (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	- (C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	- (C3)
Other Restricted Fund Balances ****	- (C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	<u>- (C5)</u>
Total Unassigned Fund Balance	<u>7,283,346 (U1)</u>

SECTION 3

Restricted Fund Balance - Excess Surplus ***	<u>\$ 6,358,959 (E)</u>
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Recapitulation of Excess Surplus as of June 30, 2021

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ - (C3)
Reserved Excess Surplus ***	<u>6,358,959 (E)</u>
Total Excess Surplus	<u>6,358,959 (D)</u>

EXCESS SURPLUS CALCULATION

PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY

Footnotes:

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

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

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

(J1) Extraordinary Aid;

(J2) Additional Nonpublic School Transportation Aid;

(J3) Recognized Current Year School Bus Advertising Revenue; and

(J4) Family Crisis Transportation Aid.

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

Detail of Allowable Adjustments

Impact Aid	\$	-	(H)
Sale & Lease-Back		-	(I)
Extraordinary Aid		-	(J1)
Additional Nonpublic School Transportation Aid		-	(J2)
Current Year School Bus Advertising Revenue Recognized		-	(J3)
Family Crisis Transportation Aid		-	(J4)
		<hr/>	
Total Adjustments	\$	-	(K)

** This amount represents the June 30, 2021 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 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 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 Administration and Finance prior to September 30.

Detail of Other Restricted Fund Balance

Statutory restrictions:			
Approved unspent separate proposal	\$	-	
Sale/lease-back reserve		-	
Capital reserve		-	
Maintenance reserve		-	
Emergency reserve		-	
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 Capital Fund Reserve (Sections 8007 and 8008)		-	
Other state/government mandated reserve		-	
Reserve for Unemployment Fund		-	
[Other Restricted Fund Balance not noted above] ****		-	
		<hr/>	
Total Other Restricted Fund Balance	\$	-	(C4)

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
AUDIT RECOMMENDATIONS SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Findings and 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/Charter School Enrollment System/Charter School Aid
None
7. Pupil Transportation
None
8. Facilities and Capital Assets
None
9. Miscellaneous
None
10. Status of Prior Year Audit Findings/Recommendations
None