

**CITY OF SALEM  
SCHOOL DISTRICT  
COUNTY OF SALEM**

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

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2022**



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

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

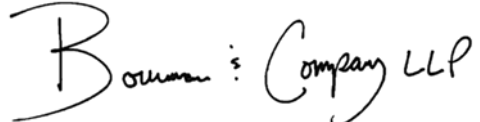
The Honorable President and  
Members of the Board of Education  
City of Salem School District  
County of Salem, New Jersey

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 City of Salem School District, in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2022, which were separately issued in the Annual Comprehensive Financial Report dated March 16, 2023.

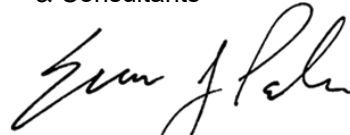
As part of our audit, we also performed procedures required by the New Jersey Department of Education, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is issued in conjunction with the Annual Comprehensive Financial Report of the City of Salem School District, for the fiscal year ended June 30, 2022, and is intended for the information of the School District's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



Evan J. Palmer  
Certified Public Accountant  
Public School Accountant No. CS02548

Woodbury, New Jersey  
March 16, 2023

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

**SCOPE OF AUDIT**

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

**ADMINISTRATIVE PRACTICES AND PROCEDURES**

**Insurance**

Fire insurance coverage was carried in the amounts as detailed on exhibit J-20, insurance schedule, contained in the School District's Annual Comprehensive Financial Report (ACFR).

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

<b><u>Name</u></b>	<b><u>Position</u></b>	<b><u>Amount</u></b>
Herbert Schectman	Board Secretary / School Business Administrator	\$50,000.00
Robin Winrow	Treasurer of School Moneys	300,000.00

There is a blanket dishonesty bond covering all other employees with the following coverage: \$100,000.00 all other employees with multiple coverage of \$100,000.00.

**P.L.2020, c.44**

Our audit procedures included an inquiry and subsequent review of health benefit data required per N.J.S.A.18A:16-13.3 (Chapter 44) submitted for the year under audit. The Chapter 44 summary report was reviewed for reasonableness and timeliness.

The data submitted did include all health benefit plans offered by the School District.

The School District data certification was completed by the chief school administrator. The School District Chapter 44 data was submitted timely.

If the data certification date reflects submission date later than 60 days after the end of the enrollment period: The original data submission did not require significant revision due to errors or omissions on the part of the district.

**Tuition Charges**

A comparison of tentative tuition charges and actual certified tuition charges was made. The School District assessed the change in tuition and adjusted accordingly in compliance with N.J.A.C. 6A:23A-17.1(f)3.

**FINANCIAL PLANNING, ACCOUNTING, AND REPORTING**

**Examination of Claims**

Sampled claims paid during the fiscal year under audit did not indicate any reportable noncompliance with respect to signatures, certification, or supporting documentation.

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

**Payroll Account**

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

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

Sampled salary withholdings were promptly remitted to the proper agencies, including health benefit premium withholdings due to the general fund.

Sampled payrolls were delivered to the Treasurer of School Moneys with a warrant made to his order for the full amount of the payroll.

**Employee Position Control Roster**

A sample of the Employee Position Control Roster indicated that it was in satisfactory condition and was approved by the county office submission with the 2021-2022 budget review checklist.

**Encumbrances and Accounts Payable**

A sample of outstanding issued purchase orders was made as of June 30 for proper classification of orders as encumbrances and accounts payable. Our sample did not indicate any reportable noncompliance with respect to classification of orders.

**Travel**

Our procedures performed on travel expenditures indicated the following reportable noncompliance:

***Finding No. 2022-004 (ACFR Finding No. 2022-004)***

The School District had employees travel internationally as part of the District's International Baccalaureate Program but did not obtain approvals from the Executive County Superintendent.

***Recommendation***

That the School District comply with N.J.A.C. 6A:23A-5.9 by receiving approvals for employees to travel internationally.

**Classification of Expenditures**

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) as part of our randomly sampled expenditure transactions. We also tested the coding of all expenditures included in our compliance and single audit sampling procedures. In addition, a sample was selected that specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3. Our samples notated exceptions related to the classification of expenditures as of result of conditions related to Finding No. 2022-002 (ACFR Finding No. 2022-002).

**Board Secretary's Records**

Our audit of the financial and accounting records maintained by the Board Secretary indicated that they were not in satisfactory condition as evidenced by the following:

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

**Board Secretary's Records (Cont'd)**

***Finding No. 2022-001 (ACFR Finding No. 2022-001)***

The School District did not have a fully functioning financial reporting system to allow for use in financial analysis and financial reporting for the fiscal year ended June 30, 2022.

***Recommendation***

The School District continue to strengthen existing internal controls and implement additional internal controls to help oversee the completion of complete and accurate financial records for use in financial analysis and financial reporting.

**Treasurer of School Moneys' Records**

Our audit of the financial and accounting records maintained by the Treasurer of School Moneys indicated that they were in satisfactory condition.

**Pupil Transportation**

Our audit procedures included a sample of on-roll status reported in the 2021-22 District Report of Transported Resident Students (DRTRS). The information that was reported 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.

We performed procedures over transportation related contracts and purchases. It appears the School District complied with the proper award of contracts.

**Elementary and Secondary Education Act (E.S.E.A.) as amended by the Every Student Succeeds Act (E.S.S.A.)**

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 Every Student Succeeds Act.

The audit of compliance for E.S.E.A. did not indicate any reportable noncompliance.

**Other Special Federal and / or State Projects**

The School District's other special projects were approved as listed on exhibits K-3 and K-4 located in the ACFR.

Our audit of the federal and state funds on a sample basis indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits are contained within the special revenue section of the ACFR. This section of the ACFR documents the financial position pertaining to the aforementioned other special projects.

The audit of compliance for other special projects indicated the following reportable instances of noncompliance:

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

**Other Special Federal and / or State Projects (Cont'd)**

***Finding No. 2022-002 (ACFR Finding No. 2022-002)***

The reimbursement requests, final reports, specific charges and approved budget amendments / appropriations were not always supported by or in agreement with School District workpapers.

***Recommendation***

The School District should maintain records that agree to submitted reimbursement requests, final reports, approved or amended budget appropriations, and identify specific charges.

***Finding No. 2022-003 (ACFR Finding No. 2022-003)***

The School District did not provide evidence that it was in compliance with formal procurement methods.

***Recommendation***

That the School District retain evidence that it complied with formal procurement methods as noted in 2 CFR § 200.320 under Part 200 of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

**TPAF Reimbursement**

Our audit procedures included a sample of the biweekly reimbursements filed with the Department of Education for School District employees who are members of the Teachers' Pension and Annuity Fund. No exceptions were noted.

**TPAF Reimbursement to the State for Federal Salary Expenditures**

The amount of the expenditure charged to the current year's final report(s) for all federal awards for the School District to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the School District for those employees whose salaries are identified as being paid from federal funds was made prior to the end of the 90 day grant liquidation period required by the Office of Grants Management and N.J.S.A. 18A:66-90. The expenditure was inspected subsequent to the reimbursement and no exceptions were noted.

**SCHOOL PURCHASING PROGRAMS**

**Contracts and Agreements Requiring Advertisement for Bids**

N.J.S.A. 18A:18A-1 et seq. (Public School Contracts Law), the associated rules and related information on the statute, and the school contracts in general, are available on the following website:

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

Current statute is posted on the New Jersey Legislature website at:

<http://www.njleg.state.nj.us/>

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$44,000.00 (with a Qualified Purchasing Agent) and \$32,000.00 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is \$20,200.00 for 2021-22.

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

Based on the results of our audit, we noted 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-5.

***Finding No. 2022-005 (ACFR Finding No. 2022-005)***

The School District did not provide evidence that it was in compliance with Public School Contracts Law regulations (N.J.S.A. 18A:18A-1 et seq.).

***Recommendation***

That the School District retain evidence that it complied with Public School Contracts Law regulations (N.J.S.A. 18A:18A-1 et seq.).



**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. Governor Murphy's emergency declaration ended June 4, 2021; however, the United States Department of Agriculture's federal waiver continued through June 30, 2022. Food Service Agencies operated under this federal waiver.

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). SFAs could also choose to participate in the National School Lunch Program utilizing standard counting and claiming practices.

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 fund were audited. The financial accounts, meal count records, and eligibility applications were tested on a sample basis. No exceptions were noted.

Cash receipts and bank records were sampled for timely deposit. No exceptions were noted.

The School District utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34, and 19-1 through 19-4.1. Provisions of the FSMC cost reimbursable or fixed price or non-competitive emergency procurement contract / addendum were inspected and audited. The FSMC contract includes an operating results provision, which has been met. All vendor discounts, rebates, and credits from vendors and/or the FSMC were tracked and credited to the food service account and reconciled to supporting documentation at least annually.

Expenditures should be separately recorded as food, labor, and other costs. Vendor invoices were sampled and costs verified. Inventory records on food and supply items were currently maintained and properly applied in determining the cost of food and supplies used.

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service.

The SFA 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 FSMS did not apply for or receive a loan in accordance with the Paycheck Protection Plan (PPP).

Net cash resources did not exceed three months average expenditures.

**SCHOOL FOOD SERVICE (CONT'D)**

The number of meals claimed for reimbursement was compared to sales and meal count records. As part of the claims review process, the Edit Check Worksheet was completed. Reimbursement claims were submitted / certified in a timely manner.

Sampled applications for free and reduced price meals were tested for completeness and accuracy. The number of free and reduced price meals claimed as served was compared to the number of valid applications and / or to the list of directly certified students on file, times the number of operating days, on a school-by-school basis. The free and reduced price meal and free milk policy was inspected for uniform administration throughout the school system. The required verification procedures for free and reduced price applications were completed and available for audit.

USDA Food Distribution Program (food and / or commodities) were received and a single inventory was maintained on a first-in, first-out basis. No exceptions were noted.

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

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

**STUDENT BODY ACTIVITIES**

Our audit of the financial and accounting records for student activities indicated that they were in satisfactory condition.

**APPLICATION FOR STATE SCHOOL AID**

Our audit procedures included a sample of information reported in the October 15, 2021 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the disabled, low-income, and bilingual. We also performed an inspection of the School District procedures related to its completion. The information on the A.S.S.A. was compared to the School District workpapers without exception. The information that was included on the workpapers was verified without exception. The results of our procedures are presented in the schedule of audited enrollments.

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

The School District has adequate written procedures for the recording of student enrollment data.

**FACILITIES AND CAPITAL ASSETS**

Our audit of the financial and accounting records for facilities and capital assets indicated that they were in satisfactory condition.

**MISCELLANEOUS**

**Continuing Disclosure Agreements**

The School District complied with its most recent continuing disclosure agreements made in relation to prior year bond issuances.

25800

**MISCELLANEOUS (CONT'D)**

**Testing for Lead of All Drinking Water in Education Facilities**

The School District did comply with all the requirements of N.J.A.C. 6A:26-1.2 and 12.4 related to the testing for lead of all drinking water in educational facilities.

The School District submitted the annual Statement of Assurance to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

**FOLLOW-UP ON PRIOR YEAR'S FINDINGS**

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year recommendations. Corrective action had been taken on all prior year findings with the exception of the following, which are repeated in this year's recommendations noted as current year findings:

**Finding No. 2021-002 (See Finding No. 2022-001)**

**Condition**

The School District did not have a fully functioning financial reporting system to allow for use in financial analysis and financial reporting for the fiscal year ended June 30, 2022.

**Finding No. 2021-003 (See Finding No. 2022-002)**

**Condition**

The reimbursement requests, final reports, specific charges and approved budget amendments / appropriations were not always supported by or in agreement with School District workpapers.

**Finding No. 2021-004 (See Finding No. 2022-003)**

**Condition**

The School District did not provide evidence that it was in compliance with formal procurement methods.

**Finding No. 2021-005 (See Finding No. 2022-004)**

**Condition**

The School District had employees travel internationally as part of the district's International Baccalaureate Program but did not obtain approvals from the Executive County Superintendent.

**Finding No. 2021-006 (See Finding No. 2022-005)**

**Condition**

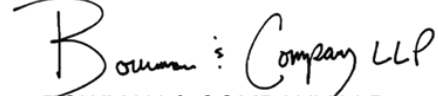
The School District did not provide evidence that it was in compliance with Public School Contracts Law regulations (N.J.S.A. 18A:18A-1 et seq.).

There were no Office of Fiscal Accountability and Compliance audit reports issued during the fiscal year ended June 30, 2022.

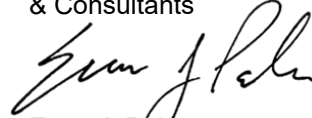
**ACKNOWLEDGMENT**

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

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



Evan J. Palmer  
Public School Accountant No. CS02548

**CITY OF SALEM SCHOOL DISTRICT**  
 Schedule of Meal Count Activity  
 Food Service Fund  
 Number of Meals Served and (Over) / Underclaim - Federal  
 Enterprise Fund  
 For the Fiscal Year Ended June 30, 2022

<u>Program</u>	<u>Meal Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>Estimated (Over) / Under Claim</u>
After School Snacks	Free (Area Eligible)	7,094	7,094	7,094	-	\$ 1.00	-
	Total	7,094	7,094	7,094	-		-
Seamless Summer Option (SSO)							
Calendar Year 2021							
Breakfast	Free	56,823	56,823	56,823	-	2.4625	-
Lunch	Free	73,160	73,160	73,160	-	4.3175	-
	Total	129,983	129,983	129,983	-		-
Calendar Year 2022							
Breakfast	Free	86,323	86,323	86,323	-	2.6050	-
Lunch	Free	105,060	105,060	105,060	-	4.5625	-
	Total	191,383	191,383	191,383	-		-
Total Net Underclaim / (Overclaim)							<u>\$ -</u>

**CITY OF SALEM SCHOOL DISTRICT**  
 Schedule of Net Cash Resources  
 Net Cash Resources Did Not Exceed Three Months of Expenditures  
 Proprietary Funds - Food Service Fund  
 For the Fiscal Year Ended June 30, 2022

<u>Net Cash Resources:</u>	<u>Food Service</u> <u>B - 4/5</u>	
<b>ACFR</b>	<b>Current Assets</b>	
B-4	Cash & Cash Equivalents	\$ 49,797.28
B-4	Due from Other Governments	97,147.53
B-4	Due from Other Funds	199,581.23
B-4	Accounts Receivable	1,126.91
B-4	Investments	
<b>ACFR</b>	<b>Current Liabilities</b>	
B-4	Less Accounts Payable	(66,849.15)
B-4	Less Accruals	
B-4	Less Due to Other Funds	
B-4	Less Unearned Revenue	
	<b>Net Cash Resources</b>	<u><u>\$ 280,803.80</u></u> <b>(A)</b>
 <b><u>Net Adjusted Total Operating Expense:</u></b>		
B-5	Total Operating Expenditures	\$ 1,525,100.75
B-5	Less Depreciation	<u>(12,999.99)</u>
	<b>Adjusted Total Operating Expense</b>	<u><u>\$ 1,512,100.76</u></u> <b>(B)</b>
 <b><u>Average Monthly Operating Expense:</u></b>		
	B / 10	<u><u>\$ 151,210.08</u></u> <b>(C)</b>
 <b><u>Three Times Monthly Average:</u></b>		
	3 X C	<u><u>\$ 453,630.23</u></u> <b>(D)</b>

TOTAL IN BOX A	\$ 280,803.80
LESS TOTAL IN BOX D	<u>\$ 453,630.23</u>
NET	<u><u>\$ (172,826.43)</u></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.	

**CITY OF SALEM SCHOOL DISTRICT**  
 Application for State School Aid Summary  
 Schedule of Audited Enrollments  
 Enrollment as of October 15, 2021

	2022-2023 Application for State School Aid						Sample for Verification						Private Schools for the Disabled				
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Registers On Roll		Errors per Registers On Roll		Reported on A.S.S.A. as Private Schools	Sample for Veri- cation	Sample Verified	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared					
Half Day Preschool																	
Full Day Preschool	112		112					112		112							
Half Day Kindergarten																	
Full Day Kindergarten	63		63					63		63							
One	81		81					81		81							
Two	76		76					76		76							
Three	81		81					81		81							
Four	52		52					52		52							
Five	63		63					63		63							
Six	68		68					68		68							
Seven	54		54					54		54							
Eight	37		37					37		37							
Nine	102		102					102		102							
Ten	85		85					85		85							
Eleven	59		59					59		59							
Twelve	80		80					80		80							
Post-Graduate																	
Adult H.S. (15+CR.)																	
Adult H.S. (1-14CR.)																	
<b>Subtotal</b>	<b>1,013</b>	<b>-</b>	<b>1,013</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,013</b>	<b>-</b>	<b>1,013</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Special Education-Elementary	29		29					12		12							
Special Education-Middle School	86		86					10		10			1	1	1		
Special Education-High School	84		84					20		20			1	1	1		
<b>Subtotal</b>	<b>199</b>	<b>-</b>	<b>199</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>42</b>	<b>-</b>	<b>42</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>-</b>	<b>-</b>
Co. Voc. - Regular																	
Co. Voc. Ft. Post Sec.																	
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Totals</b>	<b>1,212</b>	<b>-</b>	<b>1,212</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,055</b>	<b>-</b>	<b>1,055</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>-</b>	<b>-</b>
Percentage Error																	

**CITY OF SALEM SCHOOL DISTRICT**  
 Application for State School Aid Summary  
 Schedule of Audited Enrollments  
 Enrollment as of October 15, 2021

	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on A.S.S.A. as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on A.S.S.A. as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Application, Test Score and Register	Sample Errors
Half Day Preschool												
Full Day Preschool												
Half Day Kindergarten												
Full Day Kindergarten	47	47		21	29							
One	63	63		18	18							
Two	62	62		20	21		1	1		1	1	
Three	57	57		25	12		2	2		2	2	
Four	35	35		10	11							
Five	48	48		15	20							
Six	51	51		18	15		1	1		1	1	
Seven	43	43		18	8							
Eight	25	25		10	19		1	1		1	1	
Nine	43	43		16	28		2	2		2	2	
Ten	28	28		13	16							
Eleven	16	16		7	15							
Twelve	25	25		14	5		1	1				
Post-Graduate												
Adult H.S. (15+CR.)												
Adult H.S. (1-14CR.)												
Subtotal	543	543	-	205	217	-	8	8	-	7	7	-
Special Education-Elementary	31	31		12	12		1	1		1	1	
Special Education-Middle School	70	70		6	6							
Special Education-High School	53	53		9	9		2	2		2	2	
Subtotal	154	154	-	27	27	-	3.00	3.00	-	3	3	-
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-
Totals	697	697	-	232	244	-	11	11	-	10	10	-
Percentage Error												

	Transportation						Reg. Avg. (Mileage) = Regular Including Grade PK students (Part A)	Reg. Avg. (Mileage) = Regular Excluding Grade PK students (Part B)	Spec. Avg. (Mileage) = Special Ed. with Special Needs	Reported	Re-Calculated
	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors					
Reg. - Public Schools, Col. 1	75	75		48	48				4.8	4.8	
Reg. - SpEd, Col. 4	5	5		3	3						
Transported - Non-Public, Col. 3											
Special Needs, Col. 6	51	51		32	32				8.7	8.7	
Totals	131	131	-	83	83	-					
Percentage Error											



**CITY OF SALEM SCHOOL DISTRICT**  
 Application for State School Aid Summary  
 Schedule of Audited Enrollments  
 Enrollment as of October 15, 2021

	Resident LEP NOT Low Income			Sample for Verification		
	Reported on A.S.S.A. as NOT Low <u>Income</u>	Reported on Workpapers as NOT Low <u>Income</u>	<u>Errors</u>	Sample Selected from <u>Workpapers</u>	Verified to Test Score and Register	Sample <u>Errors</u>
Half Day Preschool						
Full Day Preschool						
Half Day Kindergarten						
Full Day Kindergarten						
One						
Two						
Three						
Four						
Five						
Six						
Seven						
Eight						
Nine						
Ten						
Eleven						
Twelve						
Post-Graduate						
Adult H.S. (15+CR.)						
Adult H.S. (1-14CR.)						
Subtotal	-	-	-	-	-	-
Special Education-Elementary						
Special Education-Middle School						
Special Education-High School						
Subtotal	-	-	-	-	-	-
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Subtotal	-	-	-	-	-	-
Totals	-	-	-	-	-	-
Percentage Error			-			-

**CITY OF SALEM SCHOOL DISTRICT**  
Application for State School Aid Summary  
Schedule of Audited Enrollments  
Enrollment as of October 15, 2021

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Military Connected Students			
Reported on A.S.S.A. as Military Connected <u>Students</u>	Sample for <u>Verification</u>	Sample <u>Verified</u>	Sample <u>Errors</u>
-	-	-	-

**EXCESS SURPLUS CALCULATION**

**SCHOOL BASED BUDGET DISTRICT**

**SECTION 1**

**4% Calculation of Excess Surplus**

2021-22 Total General Fund Expenditures Reported on ACFR Exhibit C-1	<u>\$ 26,365,050.02</u> (A)
Increased by Applicable Operating Transfers:	
Transfer from Capital Outlay to Capital Projects Fund	<u>-</u> (A1a)
Transfer from Capital Reserve to Capital Projects Fund	<u>-</u> (A1a)
Transfer from General Fund to Special Revenue Fund for Preschool - Regular	<u>-</u> (A1a)
Transfer from General Fund to Special Revenue Fund for Preschool - Inclusion	<u>-</u> (A1a)
Less: Expenditures Allocated to Restricted Federal Resources as reported on Exhibit D-2	<u>-</u> (A1b)
2021-22 Adjusted General Fund & Other State Expenditures [(A)+(A1a)-(A1b)]	<u>\$ 26,365,050.02</u> (A2)
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>5,399,310.12</u> (A3)
Assets Acquired Under Capital Leases:	
General Fund 10 Assets Acquired Under Capital Leases Reported on Exhibit C-1a	<u>-</u> (A4)
Add: General Fund & State Resources Portion of Fund 15 Assets Acquired Under Capital Leases:	
Assets Acquired Under Capital Leases in Fund 15 Reported on Exhibit C-1a	<u>-</u> (A5)
Combined General Fund Contribution & State Resources % of Fund 15 Resources Reported on Exhibit D-2	<u>0%</u> (A6)
General Fund & State Resources Portion of Fund 15 Assets Acquired Under Capital Leases [(A5)*(A6)]	<u>-</u> (A7)
Total Assets Acquired Under Capital Leases [(A4)+(A7)]	<u>-</u> (A8)
2021-22 General Fund Expenditures [(A2)-(A3)-(A8)]	<u>\$ 20,965,739.90</u> (A9)
4% of Adjusted 2021-22 General Fund Expenditures [(A9) times .04]	<u>\$ 838,629.60</u> (A10)
Enter Greater of (A10) or \$250,000	<u>838,629.60</u> (A11)
Increased by: Allowable Adjustment *	<u>171,775.00</u> (K)
Maximum Unassigned Fund Balance [(A11)+(K)]	<u>\$ 1,010,404.60</u> (M)

**EXCESS SURPLUS CALCULATION (CONT'D)**

**SCHOOL BASED BUDGET DISTRICT**

**SECTION 2**

Total General Fund - Fund Balances at June 30, 2022	<u>\$ 4,187,099.91</u> (C)
Decreased by:	
Year-end Encumbrances	<u>1,467,845.73</u> (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	<u>-</u> (C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	<u>-</u> (C3)
Other Restricted Fund Balances ****	<u>1,282,000.00</u> (C4)
Assigned Fund Balance - Designated for Subsequent Year's Expenditures	<u>-</u> (C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	<u>\$ 1,437,254.18</u> (U)

**SECTION 3**

Restricted Fund Balance - Excess Surplus *** [(U)-(M)] IF NEGATIVE ENTER -0-	<u>\$ 426,849.58</u> (E)
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**Recapitulation of Excess Surplus as of June 30, 2022**

Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ - (C3)
Restricted - Excess Surplus ***	<u>426,849.58</u> (E)
Total Excess Surplus [(C3)+(E)]	<u>\$ 426,849.58</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: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.

(J5) Maintenance of Equity Aid and State Military Impact Aid received in July 2022

**Detail of Allowable Adjustments**

Federal Impact Aid	\$ - (H)
Sale & Lease-Back	<u>-</u> (I)
Extraordinary Aid	<u>171,775.00</u> (J1)
Additional Nonpublic School Transportation Aid	<u>-</u> (J2)
Current Year School Bus Advertising Revenue Recognized	<u>-</u> (J3)
Family Crisis Transportation Aid	<u>-</u> (J4)
Maintenance of Equity Aid and State Military Impact Aid received in July 2022	<u>-</u> (J5)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)+(J5)]	<u>\$ 171,775.00</u> (K)

**EXCESS SURPLUS CALCULATION (CONT'D)**

**SCHOOL BASED BUDGET DISTRICT**

Footnotes: (Cont'd)

- \*\* This amount represents the Excess Surplus (C3 above) generated during June 30, 2021 and must be included in the Audit Summary Line 90031. This amount was to be appropriated in the 2021-2022 general fund budget.
- \*\*\* Amounts must agree to the June 30, 2022 ACFR and must agree to Audit Summary Line 90030.
- \*\*\*\* Amount for Other Restricted Fund Balance must be detailed for each source and request for approval to use amounts other than state imposed legal restrictions in the excess surplus calculation must be submitted to the Assistant Commissioner - Field Services prior to September 30.

**Detail of Other Restricted Fund Balance**

Statutory restrictions:

Approved unspent separate proposal	\$ -
Sale/lease-back reserve	-
Capital reserve (N-1)	650,000.00
Maintenance reserve (N-2)	632,000.00
Tuition reserve (N-3)	-
Emergency reserve (N-4)	-
School bus advertising 50% fuel offset reserve - current year (N-5)	-
School bus advertising 50% fuel offset reserve - prior year (N-6)	-
Impact Aid General Fund Reserve (Sections 8002 and 8003) (N-7)	-
Impact Aid Capital Fund Reserve (Sections 8007 and 8008) (N-8)	-
Restricted for Unemployment (N-9)	-
[Other Restricted Fund Balance not noted above]****	-
Total Other Restricted Fund Balance	<u>\$ 1,282,000.00 (C4)</u>

**CITY OF SALEM SCHOOL DISTRICT**  
Audit Recommendations Summary  
For the Fiscal Year Ended June 30, 2022

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Recommendations:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

That the School District comply with N.J.A.C. 6A:23A-5.9 by receiving approvals for employees to travel internationally.

The School District continue to strengthen existing internal controls and implement additional internal controls to help oversee the completion of complete and accurate financial records for use in financial analysis and financial reporting.

The School District should maintain records that agree to submitted reimbursement requests, final reports, approved or amended budget appropriations, and identify specific charges.

That the School District retain evidence that it complied with formal procurement methods as noted in 2 CFR § 200.320 under Part 200 of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

3. School Purchasing Programs

That the School District comply the procurement requirements of the Public School Contracts Law regulations (N.J.S.A. 18A:18A-1 et seq.).

4. School Food Service

None

5. Student Body Activities

None

6. Application for State School Aid

None

7. Facilities and Capital Assets

None

8. Miscellaneous

None

**CITY OF SALEM SCHOOL DISTRICT**  
Audit Recommendations Summary  
For the Fiscal Year Ended June 30, 2022

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Recommendations (cont'd):

9. Follow-Up on Prior Year Findings

A review was performed on the prior year recommendations and corrective action was taken on all prior year findings, with the exception of the following, which is repeated in this year's recommendations:

Finding 2021-001 (See Finding 2022-001) - The School District continue to strengthen existing internal controls and implement additional internal controls to help oversee the completion of complete and accurate financial records for use in financial analysis and financial reporting.

Finding 2021-003 (See Finding 2022-002) - The School District should maintain records that agree to submitted reimbursement requests, final reports, approved or amended budget appropriations, and identify specific charges.

Finding 2021-004 (See Finding 2022-003) - That the School District retain evidence that it complied with formal procurement methods as noted in 2 CFR § 200.320 under Part 200 of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

Finding 2021-005 (See Finding 2022-004) - That the School District comply with N.J.A.C. 6A:23A-5.9 by receiving approvals for employees to travel internationally.

Finding 2021-006 (See Finding 2022-005) - That the School District retain evidence that it complied with Public School Contracts Law regulations (N.J.S.A. 18A:18A-1 et seq.).