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, 2025

BOWMAN & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

25800

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, 2025, which were separately issued in the Annual Comprehensive Financial Report dated January 30, 2026.

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, 2025, 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

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Evan J. Palmer

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

Woodbury, New Jersey
January 30, 2026

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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)

Name	Position	Amount
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.

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 Business Administrator / Board Secretary 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 2024-2025 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. 2025-004 (ACFR Finding No. 2025-004)

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. 2025-001 (ACFR Finding No. 2025-001) and Finding No. 2025-002 (ACFR Finding No. 2025-002).

Business Administrator's / Board Secretary's Records

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

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

Business Administrator's / Board Secretary's Records (Cont'd)

Finding No. 2025-001 (ACFR Finding No. 2025-001)

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, 2025.

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 2024-25 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 proper bidding procedures and 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. 2025-002 (ACFR Finding No. 2025-002)

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. 2025-003 (ACFR Finding No. 2025-003)

The School District did not provide evidence that it was in complete 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://nj.gov/dca/dlgs/programs/NJ_LAPL.shtml

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 2024-25.

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 did not note any individual payments, contracts, or agreements made for the performance of any work or goods or services, in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A. 18A:18A-4.

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

SCHOOL FOOD SERVICE

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.

SCHOOL FOOD SERVICE (CONT'D)

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.

Net cash resources did not exceed three months average expenditures.

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, 2024 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.

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. 2024-001 (See Finding No. 2025-001)

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, 2023.

Finding No. 2024-002 (See Finding No. 2025-002)

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. 2024-003 (See Finding No. 2025-003)

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

Finding No. 2024-004 (See Finding No. 2025-004)

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.

There were no Office of Fiscal Accountability and Compliance audit reports issued during the fiscal year ended June 30, 2025.

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

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Evan J. Palmer

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, 2025

Program	Meal Category	Meals Claimed	Meals Tested	Meals Verified	Difference	Rate	Estimated (Over) / Under Claim
National School Lunch (High Rate)	Paid	-	-	-	-	$ 0.44	$ -
	Reduced	-	-	-	-	4.05	-
	Free	186,711	186,711	186,711	-	4.45	-
	Total	186,711	186,711	186,711	-		-
National School Lunch	HHFKA - PB Lunch Only	186,711	186,711	186,711	-	0.09	-
School Breakfast (Severe Need Rate)	Paid	-	-	-	-	0.39	-
	Reduced	-	-	-	-	2.54	-
	Free	153,994	153,994	153,994	-	2.84	-
	Total	153,994	153,994	153,994	-		-
Special Milk	Paid				-	0.2700	-
After School Snacks	Paid	-	-	-	-	0.11	-
	Reduced	-	-	-	-	0.60	-
	Free (Area Eligible	6,641	6,641	6,641	-	1.21	-
	Total	6,641	6,641	6,641	-		-
CACFP - Lunch or Supper	Free				-	4.43	-
CACFP - Cash-in-lieu of USDA Foods	Free				-	0.300	-
Total Net Underclaim / (Overclaim)							$ -

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, 2025

			Food Service B - 4/5	
Net Cash Resources:				
ACFR	**Current Assets**			
B-4	Cash & Cash Equivalents	$	252,554.96	
B-4	Due from Other Governments		68,425.60	
B-4	Due from Other Funds		114,560.26	
B-4	Accounts Receivable			
B-4	Investments			
ACFR	**Current Liabilities**			
B-4	Less Accounts Payable		(71,290.67)	
B-4	Less Accruals			
B-4	Less Due to Other Funds			
B-4	Less Unearned Revenue			
	Net Cash Resources	**$**	**364,250.15**	**(A)**
Net Adjusted Total Operating Expense:				
B-5	Total Operating Expenditures	$	1,688,090.99	
B-5	Less Depreciation		(56,174.24)	
	Adjusted Total Operating Expense	**$**	**1,631,916.75**	**(B)**
Average Monthly Operating Expense:				
	B / 10	**$**	**163,191.68**	**(C)**
Three Times Monthly Average:				
	3 X C	**$**	**489,575.03**	**(D)**

TOTAL IN BOX A	$	364,250.15
LESS TOTAL IN BOX D	$	489,575.03
NET	**$**	**(125,324.88)**

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, 2024

	2025-2026 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 Verifi- cation	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Half Day Preschool																
Full Day Preschool	111		111				111		111							
Half Day Kindergarten																
Full Day Kindergarten	85		85				85		85							
One	86		86				86		86							
Two	61		61				61		61							
Three	67		67				67		67							
Four	58		58				58		58							
Five	65		65				65		65							
Six	76		76				76		76							
Seven	49		49				49		49							
Eight	56		56				56		56							
Nine	81		81				81		81							
Ten	72		72				72		72							
Eleven	69		69				69		69							
Twelve	74		74				74		74							
Post-Graduate																
Adult H.S. (15+CR.)																
Adult H.S. (1-14CR.)																
Subtotal	1,010	-	1,010	-	-	-	1,010	-	1,010	-	-	-	-	-	-	-
Special Education-Elementary	85		85				21		21				2	2	2	
Special Education-Middle School	60		60				11		11				1	1	1	
Special Education-High School	97		97				20		20				2	1	1	
Subtotal	242	-	242	-	-	-	52	-	52	-	-	-	5	4	4	-
Co. Voc. - Regular																
Co. Voc. Ft. Post Sec.																
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	1,252	-	1,252	-	-	-	1,062	-	1,062	-	-	-	5	4	4	-
Percentage Error					-	-					-	-				-

CITY OF SALEM SCHOOL DISTRICT
Application for State School Aid Summary
Schedule of Audited Enrollments
Enrollment as of October 15, 2024

	Resident Low Income			Sample for Verification			Resident LIEP 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 LIEP Low Income	Reported on Workpapers as LIEP Low Income	Errors	Sample Selected from Workpapers	Verified to Application, Test Score and Register	Sample Errors
Half Day Preschool												
Full Day Preschool	92	92		19	19							
Half Day Kindergarten												
Full Day Kindergarten	69	69		15	15							
One	76	76		20	20							
Two	55	55		15	15							
Three	59	59		16	16		1	1		1	1	
Four	51	51		11	11							
Five	57	57		14	14		1	1		1	1	
Six	64	64		16	16		1	1		1	1	
Seven	41	41		6	6							
Eight	47	47		7	7							
Nine	58	58		15	15		1	1		1	1	
Ten	51	51		11	11		1	1		1	1	
Eleven	42	42		11	11		3	3		2	2	
Twelve	42	42		10	10							
Post-Graduate												
Adult H.S. (15+CR.)												
Adult H.S. (1-14CR.)												
Subtotal	804	804	-	186	186	-	8	8	-	7	7	-
Special Education-Elementary	69	69		16	16							
Special Education-Middle School	52	52		17	17		2	2		2	2	
Special Education-High School	66	66		14	14		1	1		1	1	
Subtotal	187	187	-	47	47	-	3	3	-	3	3	-
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-
Totals	991	991	-	233	233	-	11	11	-	10	10	-
Percentage Error			-			-			-			-

	Transportation					
	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools, Col. 1	80	80		55	55	
Reg. - SpEd, Col. 4	15	15		10	10	
Transported - Non-Public, Col. 3						
Special Needs, Col. 6	50	50		34	34	
Totals	145	145	-	99	99	-
Percentage Error			-			-

	Reported	Re-Calculated
Reg. Avg. (Mileage) = Regular Including Grade PK students (Part A)	5.2	5.2
Reg. Avg. (Mileage) = Regular Excluding Grade PK students (Part B)		
Spec. Avg. (Mileage) = Special Ed. with Special Needs	10.1	10.1

CITY OF SALEM SCHOOL DISTRICT
Application for State School Aid Summary
Schedule of Audited Enrollments
Enrollment as of October 15, 2024

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

CITY OF SALEM SCHOOL DISTRICT
Application for State School Aid Summary
Schedule of Audited Enrollments
Enrollment as of October 15, 2024

Military Connected Students			
Reported on A.S.S.A. as Military Connected Students	Sample for Verification	Sample Verified	Sample Errors
-	-	-	-

EXCESS SURPLUS CALCULATION

SCHOOL BASED BUDGET DISTRICT

SECTION 1

2% Calculation of Excess Surplus

2024-25 Total General Fund Expenditures Reported on ACFR Exhibit C-1	$ 30,741,190.58	(A)		
Increased by Applicable Operating Transfers:				
Transfer from Capital Outlay to Capital Projects Fund	-	(A1a)		
Transfer from Capital Reserve to Capital Projects Fund	-	(A1a)		
Transfer from General Fund to Special Revenue Fund for Preschool - Regular	588,002.00	(A1a)		
Transfer from General Fund to Special Revenue Fund for Preschool - Inclusion	-	(A1a)		
Less: Expenditures Allocated to Restricted Federal Resources as reported on Exhibit D-2	-	(A1b)		
2024-25 Adjusted General Fund & Other State Expenditures [(A)+(A1a)-(A1b)]			$ 31,329,192.58	(A2)
Decreased by:				
On-Behalf TPAF Pension & Social Security			5,325,970.00	(A3)
Assets Acquired Under Capital Leases:				
General Fund 10 Assets Acquired Under Capital Leases Reported on Exhibit C-1a	-	(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	-	(A5)		
Combined General Fund Contribution & State Resources % of Fund 15 Resources Reported on Exhibit D-2	0%	(A6)		
General Fund & State Resources Portion of Fund 15 Assets Acquired Under Capital Leases [(A5)*(A6)]	-	(A7)		
Total Assets Acquired Under Capital Leases [(A4)+(A7)]			-	(A8)
2024-25 General Fund Expenditures [(A2)-(A3)-(A8)]			$ 26,003,222.58	(A9)
2% of Adjusted 2024-25 General Fund Expenditures [(A9) times .02]			$ 520,064.45	(A10)
Enter Greater of (A10) or $250,000			520,064.45	(A11)
Increased by: Allowable Adjustment *			158,728.00	(K)
Maximum Unassigned Fund Balance [(A11)+(K)]			$ 678,792.45	(M)

EXCESS SURPLUS CALCULATION (CONT'D)

SCHOOL BASED BUDGET DISTRICT

SECTION 2

Total General Fund - Fund Balances at June 30, 2025	$ 8,355,610.23	(C)		
Decreased by:				
Year-end Encumbrances	2,394,821.18	(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 ****	4,656,652.00	(C4)		
Assigned Fund Balance - Designated for Subsequent Year's Expenditures	111,769.00	(C5)		
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]			$ 1,192,368.05	(U)

SECTION 3

Restricted Fund Balance - Excess Surplus *** [(U)-(M)] IF NEGATIVE ENTER -0-	$ 513,575.60	(E)

Recapitulation of Excess Surplus as of June 30, 2025

Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	$ -	(C3)
Restricted - Excess Surplus ***	513,575.60	(E)
Total Excess Surplus [(C3)+(E)]	$ 513,575.60	(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) Supplemental Stabilization Aid & Maintenance of Equity Aid

Detail of Allowable Adjustments

Federal Impact Aid	$ -	(H)
Sale & Lease-Back	-	(I)
Extraordinary Aid	158,728.00	(J1)
Additional Nonpublic School Transportation Aid	-	(J2)
Current Year School Bus Advertising Revenue Recognized	-	(J3)
Family Crisis Transportation Aid	-	(J4)
Supplemental Stabilization Aid & Maintenance of Equity Aid	-	(J5)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)+(J5)]	$ 158,728.00	(K)

EXCESS SURPLUS CALCULATION (CONT'D)

SCHOOL BASED BUDGET DISTRICT

Footnotes: (Cont'd)

** This amount represents the June 30, 2025 Excess Surplus (C3 above) and must be included in the Audit Summary Line 90031.

*** Amounts must agree to the June 30, 2025 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)	3,500,000.00	
Maintenance reserve (N-2)	1,156,652.00	
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	$ 4,656,652.00	(C4)

CITY OF SALEM SCHOOL DISTRICT
Audit Recommendations Summary
For the Fiscal Year Ended June 30, 2025

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 should 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

   None

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, 2025

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 2024-001 (See Finding 2025-001) - 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 2024-002 (See Finding 2025-002) – The School District should maintain records that agree to submitted reimbursement requests, final reports, approved or amended budget appropriations, and identify specific charges.

   Finding 2024-003 (See Finding 2025-003) - 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 2024-004 (See Finding 2025-004) – That the School District comply with N.J.A.C. 6A:23A-5.9 by receiving approvals for employees to travel internationally.