

**NUTLEY BOARD OF EDUCATION
AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2023**

**NUTLEY BOARD OF EDUCATION
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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AUDITORS' MANAGEMENT REPORT

Honorable President and
Members of the Board of Trustees
Nutley Board of Education
371 Franklin Avenue
Nutley, New Jersey 07110

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 financial statements of the Nutley Board of Education as of and for the fiscal year ended June 30, 2023, and have issued our report thereon dated February 7, 2024.

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

This report is intended solely for the information and use of management, the Board of Trustees, others within the District and the New Jersey State Department of Education. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

LERCH, VINCI & BLISS, LLP

Certified Public Accountants

Public School Accountants

Gary J. Vinci

Public School Accountant

PSA Number CS00829

Fair Lawn, New Jersey
February 7, 2024

**NUTLEY BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Scope of Audit

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

Administrative Practices and Procedures

Insurance

Fire insurance coverage was carried in the amounts as detailed on Exhibit J-20, Schedule of Insurance, as reported in the District's Annual Comprehensive Financial Report (ACFR).

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

<u>Name</u>	<u>Position</u>	<u>Amount</u>
David DiPisa	Board Secretary/Assistant Superintendent of Business	\$ 3,500
Joanne Wilson	Treasurer of School Monies	400,000

There is a Public Employees' Faithful Performance Blanket Position Bond covering all other employees with multiple coverage of \$50,000.

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 on audit. The Chapter 44 summary report was reviewed for reasonableness and timeliness.

The data submitted did include all health benefit plans offered by school district.

The school district data certification was completed by the Chief School Administrator. The school district submitted the Chapter 44 data in a timely manner.

Tuition Charges

The District has made a comparison of tentative tuition charges with the State certified rates. The Board made proper adjustments to the sending districts in accordance with N.J.A.C. 6A:23-3.1(f)3.

Financial Planning, Accounting and Reporting

Examination of Claims

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

Payroll Account

The net salaries of all employees of the Board was deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Fund.

**NUTLEY BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Financial Planning, Accounting and Reporting (Continued)

Payroll Account (Continued)

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

The Assistant Superintendent of Business completed and filed the required Certification of Compliance with Federal and State Law respecting the reporting of compensation for certain employees.

The District has implemented and maintains a personnel tracking and accounting (Position Control) system.

Finding 2023-1 – The payroll agency ledger by deduction was not in agreement with the June 30, 2023 bank reconciliation.

Recommendation – The payroll agency ledger by deduction be currently maintained and agree with the monthly bank reconciliations.

Reserve for Encumbrances and Accounts Payable

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

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23-2.2(g) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition, to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance the New Jersey Administrative Code.

Finding 2023-2 – Our audit noted that incorrect budget account codes were utilized to record the purchase of equipment. An audit adjustment was made to reflect the correct budget account charges. In addition, certain special revenue grant account codes were not in agreement with the State's minimum chart of accounts.

Recommendation – The District utilize the Department of Education's Minimum Chart of Accounts for assistance with recording budgetary expenditures.

Board Secretary's Records

The financial records, books of account and minutes were maintained by the Assistant Superintendent of Business.

Acknowledgment of the Board's receipt of the Board Secretary's and Treasurer's monthly financial reports was included in the minutes.

The prescribed contractual order system was followed. Bids received were summarized in the minutes (N.J.S.A. 18A:18A-21).

**NUTLEY BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Financial Planning, Accounting and Reporting (Continued)

Board Secretary's Records (Continued)

Finding 2023-3 (ACFR Finding 2023-001) – With respect to the District’s General Fund operating budget and financial statements, we noted the following:

- The District’s fund balance decreased in excess of \$6.7 million from \$9,014,534 at June 30, 2022 to \$2,239,806 at June 30, 2023.
- There was a revenue shortfall in local/miscellaneous revenues of \$1,448,142.
- Operating budget expenditures exceeded budgeted appropriations by \$687,372.
- The following budget line item appropriations were overexpended:

Energy (Electricity)	\$267,294
Health Benefits	\$686,291

Recommendation – The District continue to monitor their budgeted revenues and appropriations to ensure that sufficient funds are available to meet the operating needs of the District.

Finding 2023-4 – Our audit noted that the General Fund accounts payable subsidiary report was not in agreement with the general ledger balance. A difference of \$393,920 was noted. In addition, the District recorded an accounts payable for \$367,294 for district-wide utility charges in the Extended Day Program. This payable was reclassified to the General Fund by an audit entry.

Recommendation – Greater care be taken in the recording of year end accounts payable.

Treasurer's Records

The Treasurer performed cash reconciliations in accordance with N.J.S.A. 18A:17-36.

The Treasurers cash balances were in agreement with the cash balances of the Board Secretary.

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

The E.S.E.A financial exhibits are contained within the Special Revenue section of the ACFR. This section of the ACFR documents the financial position pertaining to projects under Titles I, II, III and IV of the Elementary and Secondary Education Act as amended and reauthorized.

Our examination indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

Other Special Federal and/or State Projects

The district's Special Projects were approved as listed on Exhibit K-3 and Exhibit K-4 located in the ACFR.

Nonpublic Project Completion Reports were prepared and submitted to the State by the due date.

Finding 2023-5 – Our audit of ESSER grant programs noted that the time and activity reports were not completed in a timely manner for certain employees charged to ESSER grants.

Recommendation – Time and activity reports be completed in a timely manner for all applicable personnel charged to ESSER grants.

The financial exhibits contained herein represent a true statement of the financial position pertaining to the aforementioned special projects.

**NUTLEY BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Financial Planning, Accounting and Reporting (Continued)

Teacher's Pension and Annuity Fund Reimbursements

Our audit procedures included a test of the semi-monthly reimbursement forms filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund (TPAF). No exceptions were noted.

The amount of the expenditure charged to the current year's Final Reports for all federal awards for the school district to reimburse the State for the TPAF/Social Security payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds was made prior to the end of the 90 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

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 18A:39-3 is currently \$20,200. The Board has designated the Assistant Superintendent of Business as the Qualified Purchasing Agent for the District.

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

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

The results of my examination indicated that no individual payments, contracts, or agreements were 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 provisions 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.

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained. Our examination did reveal, however, that purchases were made through the use of State contracts.

Finding 2023-6 – With regards to purchasing, we noted the following:

- The District utilized a vendor through a National Cooperative Purchasing agreement, however a notice of intent to award the contract under a National Cooperative was not advertised, nor was a cost savings analysis prepared.
- The District incurred expenditures in excess of \$129,000 for school bus repairs and maintenance. The District did not bid nor did they utilize a state contract or cooperative purchasing arrangement for the services.
- Certain change orders were not always submitted to the Board for their approval. In addition, purchase orders were not always adjusted for the amount of the change order.

Recommendation – It is recommended that the District adhere to the requirements of the Local Public Contract Law. In addition, the District refer to Local Finance Notice ("LFN") 2012-10 to ensure compliance with all requirements when utilizing National Cooperative contracts.

**NUTLEY BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

School Food Service

School Food Authorities (SFA's) 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 SFA's 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.

SFA's 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 school food service program was not selected as a major federal or state program. However, the program expenditures exceeded \$100,000 in federal support. Accordingly, we inquired of school management and food service personnel as to whether there were any reimbursement overclaims or underclaims. None were noted.

We also inquired of school management as to whether the expenditure of school food service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

We also inquired of management about the public health emergency procedures/practices that the SFA instituted to provide meals to eligible students, maintenance of all applicable production records; meal counts; noncompetitive procurements; modification of existing contracts and applicable financial records to document the specific cost applicable to the emergency operations.

The FSMC did apply for and receive a loan in accordance with the Payroll Protection Plan and did use the funds to pay for costs applicable to the Food Service Programs. The PPP loan was subsequently forgiven and the FSMC reimbursed the District their pro-rata share during 2022-23.

The financial transactions and statistical records of the school food services were maintained in satisfactory condition.

The District utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34 and 19-1 through 19-4.1. Provisions of the FSMC cost reimbursable contract/addendum were reviewed and audited. The FSMC contract did include an operating results provision for the 2022-2023 school year in the amount of \$20,000. The operating results provision was met.

USDA Food Distribution Program food and commodities were received and a single inventory was maintained on a first-in, first-out basis.

The Statement of Revenues, Expenses and Changes in Net Position (ACFR Exhibit B-5) does separate program and non-program revenue and cost of goods sold.

Exhibits reflecting Child Nutrition Program operations are included in the ACFR on Exhibits B-4, B-5 and B-6.

Extended Day Program

The accounting records are maintained in good condition.

Finding 2023-7 – The District allocated direct payroll expenses and utility costs for the current year and prior two years to the Extended Day Program. A detailed calculation by year of the utility charges were not provided for audit.

Recommendation – Calculations supporting the Extended Day Program cost allocations be made available for audit.

Student Activity, Athletic Association and Scholarship Accounts

The Board has a policy which clearly established the regulation of student activity funds.

**NUTLEY BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Application for State School Aid

Our audit procedures included a test information reported in the October 15, 2022 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the disabled, related services, bilingual students and low-income. We also performed a review of the district procedures related to its completion. The information on the A.S.S.A. was compared to the district workpapers with exception noted. The information that was included on the workpapers was verified with immaterial exceptions noted. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

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

Finding 2023-8 – Our audit of the Application for State School Aid (ASSA) noted the following:

- The ASSA report included twelve more students for private school for the disabled than were included on the District's supporting workpapers.
- The ASSA report included twelve more students for Resident-Low Income than were included on the District's supporting workpapers. In addition, three lunch applications were not provided for audit.

Recommendation – Greater care be exercised in the preparation of the ASSA application to ensure that amounts reported are in agreement with District workpapers and supporting documents.

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2022-2023 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The information on the DRTRS was verified without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures included a review of transportation related contracts and purchases. Based on our review, and except as previously noted, the district complied with proper bidding procedures and award of contracts.

Facilities and Capital Assets

The district contracts with an independent appraisal company to annually update its capital asset inventory reports.

Finding 2023-9 – The Capital Asset appraisal report which is prepared by a independent third party was not updated for the 2022/23 additions and deletions.

Recommendation – The District's capital asset appraisal report be updated and completed in a timely manner. Consideration be given to maintain the capital assets record keeping internally and to integrate the report with the budgetary accounting system.

Miscellaneous

Testing for Lead of All Drinking Water in Educational Facilities

The school district adhered to all the requirements of N.J.A.C. 26-12 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).

Suggestions to Management

- * Unexpended local grant funds be reviewed and/or cleared of record.

**NUTLEY BOARD OF EDUCATION
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOT APPLICABLE

**NUTLEY BOARD OF EDUCATION
SCHEDULE OF NET CASH RESOURCES
FOOD SERVICE ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOT APPLICABLE

**NUTLEY BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2022**

	2022-2023 Application for State School Aid						Sample for Verification						On Roll Special Education			Private Schools for Disabled			
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Register On Roll		Errors per Registers On Roll		Sample for Verification	Sample Verified	Errors	Reported on A.S.S.A. as Private Schools	Sample from Workpapers	Sample Verified	Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared							
Full Day Preschool 3 yrs	16.0		16.0				11.0		11.0										
Full Day Preschool 4 yrs	11.0		11.0				7.0		7.0										
Full Day Kindergarten	259.0		259.0				48.0		48.0										
Grade 1	276.0		276.0				38.0		38.0										
Grade 2	278.0		278.0				55.0		55.0										
Grade 3	265.0		265.0				55.0		55.0										
Grade 4	259.0		259.0				61.0		61.0										
Grade 5	251.0		251.0				45.0		45.0										
Grade 6	241.0		241.0				56.0		56.0										
Grade 7	248.0		248.0				248.0		248.0										
Grade 8	241.0		241.0				241.0		241.0										
Grade 9	212.0		212.0				212.0		212.0										
Grade 10	249.0		249.0				249.0		249.0										
Grade 11	202.0		202.0				202.0		202.0										
Grade 12	222.0		222.0				222.0		222.0										
Subtotal	3,230.0	-	3,230.0	-	-	-	1,750.0	-	1,750.0	-	-	-	-	-	-	-	-	-	-
Special Ed - Elementary	314.0		314.0				47.0		47.0				28.0	27.0	1.0	19.0	7.0	7.0	-
Special Ed - Middle	196.0		196.0				116.0		116.0				18.0	18.0		10.0	4.0	4.0	-
Special Ed - High	247.0		247.0				247.0		247.0				21.0	21.0	-	26.0	10.0	10.0	-
Subtotal	757.0	-	757.0	-	-	-	410.0	-	410.0	-	-	-	67.0	66.0	1.0	55.0	21.0	21.0	-
Totals	3,987.0	-	3,987.0	-	-	-	2,160.0	-	2,160.0	-	-	-	67.0	66.0	1.0	55.0	21.0	21.0	-
Percentage Error					0.00%	0.00%					0.00%	0.00%			1.49%				0.00%

**NUTLEY BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2022**

	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 Worpapers	Verified to Test Application and Register	Errors
Full Day Kindergarten	16.0	15.0	1.0	4.0	4.0		1.0	1.0		1.0	1.0	
Grade 1	33.0	33.0		5.0	5.0		5.0	5.0		2.0	2.0	
Grade 2	30.0	30.0		4.0	4.0		5.0	5.0		2.0	2.0	
Grade 3	32.0	32.0		5.0	5.0		4.0	4.0		2.0	2.0	
Grade 4	30.0	30.0		4.0	4.0		5.0	5.0		2.0	1.0	(1.0)
Grade 5	31.0	31.0		4.0	4.0							
Grade 6	36.0	36.0		5.0	4.0							
Grade 7	31.0	31.0		3.0	3.0							
Grade 8	26.0	26.0		3.0	3.0		1.0	1.0				
Grade 9	24.0	24.0		3.0	3.0		1.0	1.0		1.0	1.0	
Grade 10	24.0	24.0		3.0	3.0		3.0	3.0		1.0	1.0	
Grade 11	25.0	25.0		3.0	3.0		2.0	2.0		1.0	1.0	
Grade 12	17.0	17.0		3.0	3.0		2.0	2.0		1.0	1.0	
Subtotal	355.0	354.0	1.0	49.0	48.0	-	29.0	29.0	-	13.0	12.0	(1.0)
Special Ed - Elementary	65.0	61.0	4.0	8.0	8.0		3.0	3.0		1.0	1.0	
Special Ed - Middle	38.0	36.0	2.0	4.0	3.0	(1.0)	1.0	1.0		1.0	1.0	
Special Ed - High	40.0	35.0	5.0	5.0	3.0	(2.0)	1.0	1.0		1.0	1.0	
Subtotal	143.0	132.0	11.0	17.0	14.0	(3.0)	5.0	5.0	-	3.0	3.0	-
Totals	498.0	486.0	12.0	66.0	62.0	(3.0)	34.0	34.0	-	16.0	15.0	(1.0)
Percentage Error			<u>2.41%</u>			<u>-4.55%</u>			<u>0.00%</u>			<u>-6.25%</u>

	Transportation					
	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular Public	4.0	4.0		1.0	1.0	
Special Ed. with Special Trans Needs	191.0	191.0		52.0	52.0	
	195.0	195.0	-	53.0	53.0	-
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

**NUTLEY BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2022**

	Resident LEP 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 Worpapers	Sample Verified to Register	Errors
Full Day Kindergarten	11.0	11.0		4.0	4.0	
Grade 1	10.0	10.0		4.0	4.0	
Grade 2	9.0	9.0		3.0	3.0	
Grade 3	5.0	5.0		2.0	2.0	
Grade 4	1.0	1.0				
Grade 5	6.0	6.0		3.0	3.0	
Grade 6	4.0	4.0		2.0	2.0	
Grade 7	3.0	3.0		2.0	2.0	
Grade 8	3.0	3.0		2.0	2.0	
Grade 9	4.0	4.0		2.0	2.0	
Grade 10	2.0	2.0		2.0	2.0	
Grade 11	1.0	1.0				
Grade 12	3.0	3.0		2.0	2.0	
Adult School						
Subtotal	62.0	62.0	-	28.0	28.0	-
Special Ed - Elementary	3.0	3.0		2.0	2.0	
Special Ed - Middle	1.0	1.0				
Special Ed - High	4.0	4.0		2.0	2.0	
Subtotal	8.0	8.0	-	4.0	4.0	-
Total	70.0	70.0	-	32.0	32.0	-
Percentage Error			0.00%			0.00%

**NUTLEY BOARD OF EDUCATION
EXCESS SURPLUS CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

2022-23 Total General Fund Expenditures	\$ 95,274,126	
Adjustments		
Add: Transfer to Capital Projects	1,817,685	
Less: On-Behalf TPAF Pension and Social Security	<u>(16,987,884)</u>	
Adjusted 2022-23 General Fund Expenditures		<u>\$ 80,103,927</u>
2% of Adjusted 2022-23 General Fund Expenditures		\$ 1,602,079
Allowable Adjustments		
Extraordinary Aid		<u>991,296</u>
Maximum Unreserved/Undesignated Fund Balance		\$ 2,593,375
Total General Fund Budgetary - Fund Balances at June 30, 2023	\$ 2,239,806	
Decreased by:		
Encumbrances	(15,957)	
Other Restricted Fund Balances - Capital and Maintenance Reserves	(21,298)	
Unemployment Compensation	(395,322)	
Designated for Subsequent Year's Budget	<u>(1,257,229)</u>	
Total Unassigned Fund Balance		<u>550,000</u>
Amount Below Maximum Unreserved/Undesignated Fund Balance		<u>\$ (2,043,375)</u>

NUTLEY BOARD OF EDUCATION RECOMMENDATIONS

I. Administrative Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

It is recommended that:

- * 1. The payroll agency ledger by deduction be currently maintained and agree with the monthly bank reconciliations.
- * 2. The District utilize the Department of Education's Minimum Chart of Accounts for assistance with recording budgetary expenditures.
- 3. The District continue to monitor their budgeted revenues and appropriations to ensure that sufficient funds are available to meet the operating needs of the District.
- * 4. Greater care be taken in the recording of year end accounts payable.
- * 5. Time and activity reports be completed in a timely manner for all applicable personnel charged to the ESSER grants.

III. School Purchasing Program

- * 6. It is recommended that the District adhere to the requirements of the Local Public Contract Law. In addition, the District refer to Local Finance Notice ("LFN") 2012-10 to ensure compliance with all requirements when utilizing National Cooperative contracts.

IV. School Food Services

There are none.

V. Extended Day Program

- * 7. It is recommended that calculations supporting the Extended Day Program cost allocations be made available for audit.

VI. Student Activity and Athletic Association Accounts

There are none.

VII. Application for State School Aid

- 8. It is recommended that greater care be exercised in the preparation of the ASSA application to ensure that amounts reported are in agreement with District workpapers and supporting documents.

VIII. Pupil Transportation

There are none.

IX. Facilities and Capital Assets

- 9. It is recommended that the District's capital asset appraisal report be updated and completed in a timely manner. Consideration be given to maintain the capital assets record keeping internally and to integrate the report with the budgetary accounting system.

**NUTLEY BOARD OF EDUCATION
RECOMMENDATIONS**

X. Miscellaneous

There are none.

XI. Status of Prior Years' Audit Findings/Recommendations

A review was performed on all prior years' recommendations and corrective action was taken on all except the recommendation denoted with an asterisk (*).

ACKNOWLEDGEMENT

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