

**NUTLEY BOARD OF EDUCATION
AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2021**

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

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AUDITORS' MANAGEMENT REPORT

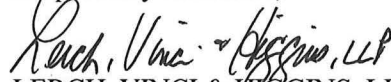
Honorable President and
Members of the Board of Trustees
Nutley Board of Education
315 Franklin Avenue
Nutley, New Jersey 07110


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, 2021, and have issued our report thereon dated March 11, 2022.

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 & HIGGINS, LLP
Certified Public Accountants
Public School Accountants


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
March 11, 2022

**NUTLEY BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator 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 Comprehensive Annual Financial Report (CAFR).

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/School Business Administrator	\$ 3,000
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.

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.

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

The School Business Administrator 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.

**NUTLEY BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Financial Planning, Accounting and Reporting (Continued)

Payroll Account (Continued)

Finding 2021-01 – The payroll agency ledger by deduction was not in agreement with the June 30, 2021 bank reconciliation.

Recommendation – The payroll agency ledger by deduction be in agreement with the monthly bank reconciliations.

Finding 2021-02 – Certain federal tax withholding remittances were not made by the respective due dates resulting in penalties and interest being assessed to the District.

Recommendation – The District implement internal control procedures to ensure that all federal tax withholdings are remitted by the required due date.

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.

Comment – Our audit noted that incorrect budget account codes were utilized to record the repayment of principal and interest on lease purchases. An audit adjustment was made to reflect the correct budget account charge. This appears to be an isolated instance and no recommendation is warranted.

Board Secretary's Records

The financial records, books of account and minutes were maintained by the School Business Administrator.

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).

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 CAFR. This section of the CAFR documents the financial position pertaining to projects under Titles I, II and III 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.

**NUTLEY BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Financial Planning, Accounting and Reporting (Continued)

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 CAFR.

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

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

Finding 2021-03 – The Nonpublic Project Completion Report was not in agreement with audited balances. Encumbrances from 2019/20 were reported as expenditures in the 2019/20 and 2020/21 completion reports.

Recommendation – The Nonpublic Project Completion Report be reconciled with the District's accounting records prior to submission.

Finding 2021-04 (CAFR Finding 2021-001) – Our audit of IDEA noted the following:

- The modified budget per the appropriation report was not in agreement with the approved grant application.
- The grant application did not include certain eligible costs in the maintenance of effort calculation. These costs included expenditures for child study team, OT, PT and related services.

Recommendation – It is recommended that the District implement procedures to ensure that the budget amounts reported in their internal accounting records are in agreement with the respective approved grant budgets. In addition, the IDEA grant application submitted to the Department of Education include all eligible costs in the maintenance of effort calculations.

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

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 not made prior to the end of the 60 day grant liquidation period required by the Office of Grants Management.

Finding 2021-05 – The TPAF Reimbursement Form for federally funded programs was not completed in a timely manner. The form was completed in March 2022.

Recommendation – The TPAF Reimbursement Form for federally funded programs be completed in a timely manner. Furthermore, amounts due to the State be remitted prior to the end of the sixty (60) day grant liquidation period.

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 \$19,600. The Board has designated the Business Administrator 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.

**NUTLEY BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids (Continued)

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 2021-06 – The award of contracts for certain OT/PT/Behavioral Services was not advertised in the official newspaper as required by the New Jersey Local Public Contracts Law.

Recommendation – It is recommended that all professional service contracts awarded be advertised in the District's official newspaper.

Finding 2021-07 – The District utilized a vendor through a National Cooperative Purchasing agreement, however a cost savings analysis was not provided for audit. In addition, the required documentation to comply with New Jersey procurement requirements was not provided nor was the "Notice of Intent to Award Contract under a National Cooperative Purchasing Agreement" advertised by the District.

Recommendation – It is recommended that the District refer to Local Finance Notice ("LFN") 2012-10 to ensure compliance with all requirements when utilizing National Cooperative contracts.

Food Service Fund

COVID – 19 Emergency

In accordance with the Governor's Declaration of Emergency pertaining to the COVID 19 Virus all Public, Charter, Non-Public schools were ordered to close effective as of March 18, 2020 for an undetermined period to limit the spread of the virus. As a result, School Food Authorities (SFA) were required to institute alternate procedures to provide meals to Free and Reduced Price eligible students during the period of school closures. During 2020-2021 the public health emergency was still applicable. As a result, School Food Authorities(SFA) were required to provide meals in accordance with the regulations governing the National School Nutrition Seamless Summer Option (SSO) or the Summer Food Service Program (SFSP) option.

Therefore, 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.

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.

**NUTLEY BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Food Service Fund (Continued)

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. We also inquired if the FSMC received a loan in accordance with the Payroll Protection Plan and whether the funds were used to pay for costs applicable to the Food Service Programs. We also inquired in the PPP loan was subsequently forgiven and the FSMC refunded or credited the applicable amounts to the SFA.

The financial transactions and statistical records of the school food services were maintained in satisfactory condition. The financial accounts and meal count records were reviewed on a test-check basis.

Cash receipts and bank records were reviewed for timely deposit.

The District utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34 and 19-1 through 19-4.1. Provisions of the FSMC cost reimbursable contract/addendum were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will return a profit of at least \$20,000.

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

The cash disbursement 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.

Finding 2021-08 – Net cash resources of the Food Service Enterprise Fund exceeded three months average expenses.

Recommendation – The District review the operations of its Food Service Enterprise Fund to ensure that the net cash resources does not exceed the average of three month expenses.

The number of meals claimed for reimbursement was verified against sales and meal count records. Reimbursement vouchers were filed timely.

The number of free and reduced price meals claimed as served did not exceed the number of valid applications on file, times the number of operating days, on a school by school basis. The free and reduced price meal and free milk policy is uniformly administered throughout the school system.

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 (CAFR 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 CAFR on Exhibits B-4, B-5 and B-6.

Extended Day Program

The accounting records are maintained in good condition.

Finding 2021-09 – The District incurred an operating loss of \$157,939 for the fiscal year ended June 30, 2021.

Recommendation – The District monitor the operations of its Extended Day Program to ensure that sufficient funds are available to meet the program’s operating needs.

**NUTLEY BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Student Activity, Athletic Association and Scholarship Accounts

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

Finding 2021-10 – Our audit of the student activity funds revealed that certain deposits made by Radcliffe, Spring Garden and the High School were not always made in a timely manner.

Recommendation – All student activities receipts be deposited in a timely manner.

Application for State School Aid

Our audit procedures included a test information reported in the October 15, 2020 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. The information that was included on the workpapers was verified with 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 2021-11 – Our audit of ASSA noted the following:

- Resident Low Income – The number of student reported on the ASSA was six (6) more than reported on the workpapers. In addition, we noted two (2) students tested were not eligible.
- LEP Low Income – Seven (7) students tested were not eligible to be reported as low income.

Recommendation – Procedures be implemented to ensure that students reported on the ASSA report are in agreement with District workpapers and that all students reported are eligible to be reported as low income.

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2020-2021 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The information on the DRTRS was verified with immaterial exceptions noted. 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.

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

- * Consideration be given to integrating the capital asset reporting system with the district's budgetary accounting system.
- * 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, 2021**

<u>Program</u>	<u>Meals Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>Difference</u>
National School Lunch	SSO	<u>171,565</u>	<u>74,474</u>	<u>74,474</u>	
School Breakfast					
Regular	SSO	151,204	63,562	63,562	
Severe Need	SSO	<u>20,361</u>	<u>10,912</u>	<u>10,912</u>	
		<u>171,565</u>	<u>74,474</u>	<u>74,474</u>	

**NUTLEY BOARD OF EDUCATION
SCHEDULE OF NET CASH RESOURCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Current Assets

Cash and Cash Equivalents	\$ 483,203
Due from Other Governments	118,600
Accounts Receivable	9,445

Current Liabilities

Less	
Accounts Payable	(22,212)
Unearned Revenue	(61,836)

Net Cash Resources	<u><u>\$ 527,200</u></u>
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Adjusted Total Operating Expenses:

Total Operating Expenses	\$ 763,940
Less Depreciation Expense	(9,481)
	<u>(9,481)</u>
Adjusted Total Operating Expenses	<u><u>\$ 754,459</u></u>

Average Monthly Operating Expense:	<u><u>\$ 75,446</u></u>
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Three Times Monthly Average:	<u><u>\$ 226,338</u></u>
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Total Net Cash Resources	\$ 527,200
Three Times Monthly Average	226,338
	<u>226,338</u>
Amount Above Allowable Net Cash Resources	<u><u>\$ 300,862</u></u>

**NUTLEY BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 15, 2020
SCHEDULE OF AUDITED ENROLLMENTS**

	2021-2022 Application for State School Aid						Sample for Verification						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		Reported on A.S.S.A. as Private Schools	Sample from Work- papers	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Half Day Preschool 3 yrs	9		9					9		9						
Half Day Preschool 4 yrs	6		6					6		6						
Full Day Kindergarten	273		273					33		33						
Grade 1	269		269					48		49		1				
Grade 2	263		263					42		42						
Grade 3	233		233					56		56						
Grade 4	267		267					41		42		1				
Grade 5	238		238					44		44						
Grade 6	248		248					59		59						
Grade 7	231		231					231		231						
Grade 8	272		272					272		272						
Grade 9	210		210					210		210						
Grade 10	220		220					220		220						
Grade 11	251		251					251		251						
Grade 12	246	-	246	-	-	-		246	-	246	-	-	-	-	-	-
Subtotal	3,236	-	3,236	-	-	-		1,768	-	1,770	-	2	-	-	-	-
Special Ed - Elementary	305	-	305	-	-	-		28		27	-	(1)	-	19	16	14 (2)
Special Ed - Middle	208	-	208	-	-	-		19		19	-	-	-	7	6	6 -
Special Ed - High	217	-	217	-	-	-		20		20	-	-	-	29	25	25 -
Subtotal	730	-	730	-	-	-		67	-	66	-	(1)	-	55	47	45 (2)
Totals	3,966	-	3,966	-	-	-		1,835	-	1,836	-	1	-	55	47	45 (2)
Percentage Error					<u>0.00%</u>	<u>0.00%</u>						<u>0.05%</u>	<u>0.00%</u>			<u>-4.26%</u>

**NUTLEY BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 15, 2020
SCHEDULE OF AUDITED ENROLLMENTS**

	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 Test Application and Register	Errors
Full Day Kindergarten	19	19		3	2	(1)	1	1		1	1	
Grade 1	26	26		3	3		6	6		5	4	(1)
Grade 2	23	23		3	3		5	5		4	4	
Grade 3	27	27		4	4		1	1		1	1	
Grade 4	39	38	1	5	5		5	5		4	2	(2)
Grade 5	30	30		4	4		3	3		3	2	(1)
Grade 6	27	27		3	3			-		-	-	
Grade 7	32	32		4	4		1	1		1	1	
Grade 8	33	33		4	4		1	1		1	1	
Grade 9	23	23		3	3							
Grade 10	25	25		3	3		5	5		4	2	(2)
Grade 11	40	40		5	5		2	2		1	1	
Grade 12	33	33	-	4	3	(1)	3	3	-	3	2	(1)
Subtotal	377	376	1	48	46	(2)	33	33	-	28	21	(7)
Special Ed - Elementary	55	53	2	7	7	-	3	3	-	2	2	-
Special Ed - Middle	47	47	-	6	6	-	1	1	-	1	1	-
Special Ed - High	36	33	3	4	4	-	-	-	-	-	-	-
Subtotal	138	133	5	17	17	-	4	4	-	3	3	-
Totals	515	509	6	65	63	(2)	37	37	-	31	24	(7)
Percentage Error			<u>1.17%</u>			<u>-3.08%</u>			<u>0.00%</u>			<u>-22.58%</u>

	Transportation					
	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular Public	3	3	-	1	1	-
Nonpublic Transported	-	-	-	-	-	-
Regular Special Ed. w/o Special Trans Needs	2	2	-	1	1	-
Special Ed. with Special Trans Needs	220	220	-	51	48	(3)
	225	225	-	53	50	(3)
Percentage Error			<u>0.00%</u>			<u>-5.66%</u>

**NUTLEY BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 15, 2020
SCHEDULE OF AUDITED ENROLLMENTS**

	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 Workpapers	Sample Verified to Register	Errors
Full Day Kindergarten	4	4		3	3	
Grade 1	7	7		6	6	
Grade 2	3	3		3	3	
Grade 3	5	5		4	4	
Grade 4	4	4		3	3	
Grade 5	4	4		3	3	
Grade 6	3	3		3	3	
Grade 7	2	2		2	2	
Grade 8	3	3		3	3	
Grade 9	3	3		3	3	
Grade 10	1	1		1	1	
Grade 11	5	5		4	4	
Grade 12	1	1		1	1	
Subtotal	45	45	-	39	39	-
Special Ed - Elementary	2	2	-	2	2	-
Special Ed - Middle	3	3	-	2	2	-
Special Ed - High	3	3	-	2	2	-
Subtotal	8	8	-	6	6	-
Total	53	53	-	45	45	-

Percentage Error

0.00%

0.00%

**NUTLEY BOARD OF EDUCATION
EXCESS SURPLUS CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

2020-21 Total General Fund Expenditures reported on Exhibit C-1	\$	80,853,844
Adjustments		
Add: Transfer to Capital Projects		1,080,000
Less: On-Behalf TPAF Pension and Social Security		<u>(12,652,719)</u>
Adjusted 2020-21 General Fund Expenditures		<u>\$ 69,281,125</u>
4% of Adjusted 2020-21 General Fund Expenditures	\$	2,771,245
Allowable Adjustments		
Extraordinary Aid (Unbudgeted)		<u>2,446,488</u>
Maximum Unreserved/Undesignated Fund Balance	\$	5,217,733
Total General Fund - Fund Balances at June 30, 2021		
(Per CAFR Budgetary Comparison Schedule - Exhibit C-1)	\$	9,188,480
Decreased by:		
Encumbrances		(322,913)
Other Restricted Fund Balances - Capital and Maintenance Reserves		(2,408,134)
Excess Surplus - Designated for Subsequent Year's Budget		(256,644)
Unemployment Compensation		(388,818)
Designated for Subsequent Year's Budget		<u>(858,182)</u>
Total Unassigned Fund Balance		<u>4,953,789</u>
Amount Below Maximum Unreserved/Undesignated Fund Balance	\$	<u>(263,944)</u>
<u>Recapitulation of Excess Surplus at June 30, 2021</u>		
Restricted Fund Balance		
Excess Surplus Designated for Subsequent Year's Budget	\$	<u>256,644</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 in agreement with the monthly bank reconciliations.
2. The District implement internal control procedures to ensure that all federal tax withholdings are remitted by the required due date.
3. The Nonpublic Project Completion Report be reconciled with the District's accounting records prior to submission.
4. The District implement procedures to ensure that the budget amounts reported in their internal accounting records are in agreement with the respective approved grant budgets. In addition, the IDEA grant application submitted to the Department of Education include all eligible costs in the maintenance of effort calculations.
5. The TPAF Reimbursement Form for federally funded programs be completed in a timely manner. Furthermore, amounts due to the State be remitted prior to the end of the sixty (60) day grant liquidation period.

III. School Purchasing Program

It is recommended that:

6. It is recommended that all professional service contracts awarded be advertised in the District's official newspaper.
7. 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

8. It is recommended that the District review the operations of its Food Service Enterprise Fund to ensure that the net cash resources does not exceed the average of three month expenses.

V. Extended Day Program

- * 9. It is recommended that the District monitor the operations of its Extended Day Program to ensure that sufficient funds are available to meet the program's operating needs.

VI. Student Activity and Athletic Association Accounts

- * 10. It is recommended that all student activities receipts be deposited in a timely manner.

VII. Application for State School Aid

11. It is recommended that procedures be implemented to ensure that students reported on the ASSA report are in agreement with District workpapers and that all students reported be eligible to be reported as low income.

VIII. Pupil Transportation

There are none.

IX. Facilities and Capital Assets

There are none.

X. Miscellaneous

There are none.

**NUTLEY BOARD OF EDUCATION
RECOMMENDATIONS**

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.