

**AUDITORS MANAGEMENT REPORT
ON ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
OF THE FAIRVIEW BOARD OF EDUCATION
COUNTY OF BERGEN, NEW JERSEY
JUNE 30, 2019**

TABLE OF CONTENTS

	Page <u>No.</u>
Independent Auditors' Report.	1
Scope of Audit.	2
Administrative Practices and Procedures	
Insurance	2
Officials Bonds.	2
Financial Planning, Accounting and Reporting	
Examination of Claims.	2
Payroll Account	2
Position Control Roster.	3
Reserve for Encumbrances, Liability for Accounts Payable.	3
Classification of Expenditures.	3
Board Secretary's Records.	4
Fixed Assets.	4
Elementary and Secondary Education Act (E.S.E.A.) as Amended by the Every Student Succeeds Act (ESSA).	4
Other Special Federal and/or State Projects.	5
T.P.A.F. Reimbursement.	5
T.P.A.F. Reimbursement to the State for Federal Salary Expenditures.	5
Nonpublic State Aid.	6
School Purchasing Programs	
Contracts and Agreements Requiring Advertisement for Bids.	6
School Food Service.	7
Student Body Activities.	8
Application for State School Aid.	8
Pupil Transportation.	8
Status of Prior Year Audit Findings/Recommendations.	8
Acknowledgment.	9
Schedule of Audited Enrollments.	10
Excess Surplus Calculation.	13
Audit Recommendations Summary.	16

Ferraioli, Wielkocz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkocz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
973-835-7900
Fax 973-835-6631

Newton Office
100B Main Street
Newton, NJ 07860
973-579-3212
Fax 973-579-7128

REPORT OF INDEPENDENT AUDITORS

Honorable President and
Members of the Board of Education
Fairview Board of Education
Fairview, 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 Fairview Board of Education, in the County of Bergen, State of New Jersey for the year ended June 30, 2019, and have issued our report thereon dated November 15, 2019.

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

This report is intended for the information of the Fairview Board of Education's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Steven D. Wielkocz

Steven D. Wielkocz
Licensed Public School Accountant
No. CS00816

Ferraioli, Wielkocz, Cerullo & Cuva, P.A.

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P. A.
Certified Public Accountants
Pompton Lakes, New Jersey

November 15, 2019

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

GENERAL COMMENTS

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator, 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 of the District's CAFR.

Officials Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
John Bussanich	Board Secretary/School Business Administrator	\$310,000

Financial Planning, Accounting and Reporting

Examination of Claims

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

Payroll Account

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

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

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

Financial Planning, Accounting and Reporting, (continued)

Payroll Account, (continued)

Payrolls were delivered to the Secretary of the Board who then deposited with warrants in separate bank accounts for net payroll and withholdings.

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (superintendent, assistant superintendents, and business administrator) to the NJ Department of Treasury was filed by the March 15 due date.

Reporting of employee compensation for income tax related purposes did comply with federal and state regulations regarding the compensation which is required to be reported.

Position Control Roster

The Position Control Roster was reviewed and compared to payroll records, employee benefit records and charges made to the general ledger to ensure proper and consistent financial reporting and that employee benefits are only offered to current employees.

Reserve for Encumbrances, Liability for Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, 2019 for proper classification of orders as reserve for encumbrances and accounts payable.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3. As a result of the procedures performed, a transaction error rate of 0.85% overall was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Finding 2019-001: During our test of transactions it was noted that the District misclassified and misbudgeted expenditures for the following: Required Maintenance, Professional Services and General Supplies.

Recommendation: The District should reference the *Uniform Minimum Chart of Accounts for New Jersey Public Schools, 2019 Edition* and other available reference materials, such as the Budget Guidelines for proper classifications required to be in compliance with N.J.A.C. 6A:23-2.3(f).

Financial Planning, Accounting and Reporting, (continued)

Board Secretary's Records

Our review of the financial and accounting records maintained by the Board Secretary disclosed the following items:

Finding 2019-002 (CAFR Finding 2019-002): The district received an increase in state aid; however, a board resolution accepting the revised state aid, which was to be approved by 2/3 affirmative vote of the authorized membership of the Board was not prepared.

Recommendation: The district should ensure that actual budgetary basis state aid revenue is equal to state aid revenue as presented in the revised State Aid Notice received by the district. A board resolution reflecting 2/3 affirmative vote of the authorized membership of the board must support the revised State Aid.

Finding 2019-003: The District's adopted budget included tax levy revenue for debt service appropriations; however, there was no outstanding debt.

Recommendation: Debt service appropriations should not be included in the tax levy revenue unless there is an outstanding balance.

Finding 2019-004: Amounts recorded in the Special Revenue Fund budget do not agree to award amounts and/or approved carryover amounts.

Recommendation: That amounts recorded in the budget be compared to award letters and/or carryover amount authorizations to ensure proper amounts are available for expenditures.

Finding 2019-005: There were instances where vendors receiving payments in excess of IRS thresholds were not issued required Form 1099's.

Recommendation: That all eligible vendors receive a Form 1099 as required by IRS Rev. Rul. 2003-66.

Fixed Assets

The general fixed asset records were updated for the additions and disposals of general fixed assets made during the year.

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

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

Financial Planning, Accounting and Reporting, (continued)

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

The study of compliance for E.S.E.A. indicated the following areas of noncompliance and/or questionable costs:

Finding 2019-006: The total expenditures reported in the Fiscal Year 2017 Final Report included amounts relating to Fiscal Year 2018 resulting in duplicate reimbursements in the amount of \$16,142. These amounts were not returned to the State in accordance with the grant agreement

Recommendation: Amounts reported as “Due to Grantor” should be returned in a timely manner.

Finding 2019-007 (CAFR Finding 2019-001): The District did not approve all Title I Part A employees and their salaries and funding percentages through board resolution as grant funded salaries.

Recommendation: The District should prepare resolutions to approve all employees who will be receiving pay funded by Title I Part A grant funds. If an individual is going to exceed the previously approved dollar amount, the District should prepare an amendment to the resolution to be approved.

Other Special Federal and/or State Projects

The District’s Special Projects were approved as listed on Schedule K-3 and Schedule K-4 located in the CAFR.

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

Other Special Federal and/or State Projects, (continued)

The financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

The study of compliance for the Special Projects indicated that there were no areas of noncompliance.

T.P.A.F. Reimbursement

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

Financial Planning, Accounting and Reporting, (continued)

T.P.A.F. Reimbursement to the State for Federal Salary Expenditures

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/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. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

Nonpublic State Aid

Project completion reports were finalized and transmitted to the State Department of Education by the due date.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-2 contains definitions for terms used throughout N.J.S.A. 18A:18A-1 et seq. It includes as subsection (p) the term 'competitive contracting', which is defined as "the method described in N.J.S.A. 18A:18A-4.1 through 18A:18A-4.5 and in rules promulgated by DCA at N.J.A.C. 5:34-4 of contracting for specialized goods and services in which formal proposals are solicited from vendors; formal proposals are evaluated by the purchasing agent or counsel or school business administrator; and the board of education awards a contract to a vendor or vendors from among the formal proposals received." Also, subsection (aa) defines the term 'concession' to exclude vending machines.

N.J.S.A. 18A:18A-3(a) sets forth the bid threshold and requires award by board resolution. There is a higher threshold when there is a "Qualified Purchasing Agent" (QPA) in the district as defined at N.J.A.C. 5:34-1.1 and certified upon approval of an application submitted to DCA. Pursuant to N.J.S.A. 18A:18A-3(b), the bid threshold may be adjusted by the Governor, in consultation with the Department of Treasury, every five years.

N.J.S.A. 18A:18A-4.4 provides boards of education the authority to pass a resolution authorizing the use of competitive contracting. "In order to initiate competitive contracting, the board of education shall pass a resolution authorizing the use of competitive contracting each time specialized goods or services enumerated in sections 45 of L. 1999, c.440 are desired to be contracted."

Effective July 1, 2015 and thereafter, the bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$40,000 (with a Qualified Purchasing Agency) and \$29,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$19,000.

The 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.

School Purchasing Programs, (continued)

Contracts and Agreements Requiring Advertisement for Bids, (continued)

Finding 2019-008: The District did not receive quotes for items which exceeded 15% of the bid threshold.

Recommendation: That all purchases comply with Public School Contracts Law.

Resolutions were adopted authorizing the awarding of contract 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 reviewed. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

The school food service program was not selected as a major federal and/or State program. However, the program expenditures exceeded \$100,000 in federal and/or State support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether the SFA had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted.

We also inquired of school management, or appropriate school food service personnel, as to whether the SFA's expenditures of school food service revenues were limited to allowable direct and indirect costs. No exceptions noted.

Cash receipts and bank records were reviewed for timely deposit.

The number of meals claimed for reimbursement was verified against 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.

Applications for free and reduced meals were reviewed for completeness and accuracy. The number of free and reduced priced 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 meal policy is uniformly administered throughout the School System. The required verification procedures for free applications was completed and available for review.

Expenditures were separately recorded for food purchases and other costs.

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.

U.S.D.A. commodities were not received; therefore a separate inventory was not maintained.

School Food Service, (continued)

The school district maintains the detailed revenue and expenditure information necessary in order to execute the USDA mandated Non-Program Food Revenue Tool at least annually.

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

Student Body Activities

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

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2018 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, low-income, and bilingual. 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 without exception. The information included as part of the workpapers was verified without exception. The results of our procedures are presented in the Schedule of Audited Enrollment.

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

The District's written procedures appear to be adequate for the recording of student enrollment data.

Pupil Transportation

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the District complied with proper bidding procedures and award of contracts. The bid specifications for the purchase of buses were in compliance with applicable statutes. No exceptions were noted in our review of transportation related purchases of goods and services.

Testing for Lead of All Drinking Water in Educational Facilities

The school district adhered to all the requirements of N.J.A.C. 26-1.2 and 12.4 related to the testing for lead of all drinking water in educational facilities.

The school district did submit the annual Statement of Assurance to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

Status of Prior Year Audit Findings/Recommendation

A review was performed on all prior year recommendations and corrective action was taken on all, with the exception of the comments preceded with an “*”.

Acknowledgment

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

Respectfully submitted,

Steven D. Wielkotz

Steven D. Wielkotz
Licensed Public School Accountant
No. CS00816

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P. A.
Certified Public Accountants
Pompton Lakes, New Jersey

SCHEDULE OF AUDITED ENROLLMENTS

**BOROUGH OF FAIRVIEW
BOARD OF EDUCATION**

**Application for State School Aid Summary
Enrollment as of October 15, 2018**

Year ended June 30, 2019

Enrollment category	2019-2020 App. for State School Aid			Sample for Verification			Private Schools for the Handicapped		
	Reported on A.S.S.A. on roll	Reported on workpapers on roll	Errors	Sample Workpapers	Registers on roll	Registers per On Roll	Reported as Private Schools	Sample Verification	Errors
	Full	Shared	Full	Full	Shared	Full	Full	Shared	Full
Half Day Preschool 4yrs	72			72					
Full Day Preschool 3yrs									
Full Day Preschool 4yrs									
Full Day Kindergarten									
One	176			176					
Two	171			171					
Three	142			142					
Four	142			142					
Five	139			139					
Six	94			94					
Seven	117			117					
Eight	116			116					
Subtotal	93			93					
	1,262			1,262					
Special Ed. Elementary	140			85			1		1
Special Ed. Middle School	89			46			5		4
Special Ed. High School							6		5
	1,491			1,393					
Percentage									

SCHEDULE OF AUDITED ENROLLMENTS

**BOROUGH OF FAIRVIEW
BOARD OF EDUCATION**

Application for State School Aid Summary
Enrollment as of October 15, 2018

Year ended June 30, 2019

Enrollment category	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	Sample selected from workpapers	Verified to Application and Register	Reported on A.S.S.A. as LEP Low Income	Reported on Workpapers LEP Low Income	Sample Selected from Workpapers	Verified to Test score and Register
Full Day Kindergarten	127	127	35	35	20	20	20	20
One	119	119	31	31	49	49	24	24
Two	102	102	26	26	30	30	13	13
Three	98	98	21	21	21	21	8	8
Four	101	101	17	17	12	12	9	9
Five	62	62	19	19	7	7	6	6
Six	79	79	23	23	9	9	8	8
Seven	64	64	17	17	3	3	3	3
Eight	58	58	17	17	10	10	9	9
Special Ed. Elementary	102	102	32	32	2	2	2	2
Special Ed. Middle School	57	57	16	16	3	3	3	3
	<u>969</u>	<u>969</u>	<u>254</u>	<u>254</u>	<u>166</u>	<u>166</u>	<u>103</u>	<u>103</u>
	969	969	254	254	166	166	103	103

Percentage

Category	Transportation				Reported	Re- calc.
	Reported on DTRTS by DOE/county	Reported on DTRTS by District	Tested	Verified		
Regular - Public Schools, col. 1	17	17	15	15	-	3.2
Regular - Special Education, col. 4	57	57	43	43	-	3.2
Special needs, col. 6	36	36	31	31	-	6.5
Totals	<u>110</u>	<u>110</u>	<u>89</u>	<u>89</u>	<u>-</u>	<u>-</u>

Percentage

SCHEDULE OF AUDITED ENROLLMENTS

**BOROUGH OF FAIRVIEW
BOARD OF EDUCATION**

**Application for State School Aid Summary
Enrollment as of October 15, 2018**

Year ended June 30, 2019

Enrollment category	Resident LEP Not Low Income			Sample for Verification		
	Reported on A.S.S.A as LEP Not low Income	Reported on Workpapers LEP Not low Income	Errors	Sample Selected from Workpapers	Verified to Test score and Register	Sample Errors
Half Day Preschool 4yrs	12	12		1	1	
Full Day Kindergarten	8	8		8	8	
One	12	12		11	11	
Two	5	5		5	5	
Three	6	6		4	4	
Four	3	3		3	3	
Five	7	7		7	7	
Six	7	7		7	7	
Seven	7	7		5	5	
Eight	1	1		1	1	
Special Ed. Elementary	68	68		52	52	
Special Ed. Middle School	68	68		52	52	

Percentage

**FAIRVIEW BOARD OF EDUCATION
EXCESS SURPLUS CALCULATION**

REGULAR DISTRICT

SECTION 1

A. 2% Calculation of Excess Surplus

2018-19 Total General Fund Expenditures per the CAFR, Ex. C-1	\$	<u>28,242,652</u>	(B)
Increased by:			
Transfer from Capital Outlay to Capital Projects Fund	\$	<u> </u>	(B1a)
Transfer from Capital Reserve to Capital Projects Fund	\$	<u> </u>	(B1b)
Transfer from General Fund to SRF for PreK-Regular	\$	<u> </u>	(B1c)
Transfer from General Fund to SRF for PreK-Inclusion	\$	<u> </u>	(B1d)
Decreased by:			
On-Behalf TPAF Pension & Social Security	\$	<u>2,521,037</u>	(B2a)
Assets Acquired Under Capital Leases	\$	<u> </u>	(B2b)
Adjusted 18-19 General Fund Expenditures [(B)+(B1's)-(B2's)]	\$	<u>25,721,615</u>	(B3)
2% of Adjusted 2018-19 General Fund Expenditures [(B3) times .02]	\$	<u>514,432</u>	(B4)
Enter Greater of (B4) or \$250,000	\$	<u>514,432</u>	(B5)
Increased by: Allowable Adjustment *	\$	<u>211,443</u>	(K)
Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]	\$	<u><u>725,875</u></u>	(M)

SECTION 2

Total General Fund - Fund Balances @ 6-30-19 (Per CAFR Budgetary Comparison Schedule C-1))	\$	<u>4,833,991</u>	(C)
Decreased by:			
Year-end Encumbrances	\$	<u>841,366</u>	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$	<u> </u>	(C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	\$	<u>47,035</u>	(C3)
Other Restricted Fund Balances****	\$	<u>3,042,300</u>	(C4)
Assigned Fund Balance - Unreserved -- Designated for Subsequent Year's Expenditures	\$	<u>50,471</u>	(C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	\$	<u><u>852,819</u></u>	(U1)

SECTION 3

Restricted Fund Balance - Excess Surplus*** [(U1)-(M)] IF NEGATIVE ENTER -0- \$ 126,944 (E)

Recapitulation of Excess Surplus as of June 30, 2019

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ <u>47,035</u> (C3)
Reserved Excess Surplus ***[(E)]	\$ <u>126,944</u> (E)
Total [(C3) + (E)]	\$ <u>173,979</u> (D)

- * 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, effective for the year ending June 30, 2016 the Federal Impact Aid adjustment to expenditures is limited to the portion of Federal Impact Aid Section 8002 and Section 8003 received during the fiscal year and recognized as revenue on the General Fund Budgetary Comparison Schedule, but not transferred to the Federal Impact Aid Reserve - General (8002 or 8003) by board resolution during June 1 to June 30 of the fiscal year under audit. Amounts transferred to the reserve are captured on line (C4);
 - (I) Sale and Lease-back (Refer to the Audit Program Section II, Chapter 10);
 - (J1) Extraordinary Aid;
 - (J2) Additional Nonpublic School Transportation Aid;
 - (J3) Recognized current year School Bus Advertising Revenue; and
 - (J4) Family Crisis Transportation Aid
- Notes to auditor: Refer to the Audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid, Family Crisis Transportation Aid, and Additional Nonpublic School Transportation Aid.

Detail of Allowable Adjustments

Impact Aid	\$ _____ (H)
Sale & Lease-back	\$ _____ (I)
Extraordinary Aid	\$ <u>211,443</u> (J1)
Additional Nonpublic School Transportation Aid	\$ _____ (J2)
Current Year School Bus Advertising Revenue Recognized	\$ _____ (J3)
Family Crisis Transportation Aid	\$ _____ (J4)
Total Adjustments [(H)+{I)+(J1)+(J2)+(J3)+(J4)]	\$ <u>211,443</u> (K)

** This amount represents the June 30, 2019 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

*** Amounts must agree to the June 30, 2019 CAFR and must agree to Audit Summary Worksheet Line 90030.

**** Amount for Other Reserved Fund Balances must be detailed for each source. Use in the excess surplus calculation of any legal reserve that is not state mandated or that is not legally imposed by an other type of government, such as the judicial branch of government, must have Departmental approval. District requests should be submitted to the Division of Finance prior to September 30.

Detail of Other Reserved Fund Balance

Statutory restrictions:	
Approved unspent separate proposal	\$ _____
Sale/Lease-back reserve	\$ _____
Capital Reserve	\$ <u>2,442,300</u>

Maintenance Reserve	\$	_____	
Emergency Reserve	\$	_____	
Tuition Reserve	\$	<u>600,000</u>	
School Bus Advertising 50% Fuel Offset Reserve - current year	\$	_____	
School Bus Advertising 50% Fuel Offset Reserve - prior year	\$	_____	
Impact Aid General Fund Reserve (Sections 8002 and 8003)	\$	_____	
Impact Aid Capital Fund Reserve (Sections 8007 and 8008)	\$	_____	
Other state/government mandated reserve	\$	_____	
[Other Restricted Fund Balance not noted above]****	\$	_____	
 Total Other Restricted Fund Balance	\$	<u>3,042,300</u>	(C4)

**FAIRVIEW BOARD OF EDUCATION
AUDIT RECOMMENDATIONS SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Recommendations:

1. Administrative Practices and Reporting

None

2. Financial Planning, Accounting and Reporting

The District should reference the *Uniform Minimum Chart of Accounts for New Jersey Public Schools, 2019 Edition* and other available reference materials, such as the Budget Guidelines for proper classifications required to be in compliance with N.J.A.C. 6A:23-2.3(f).

The district should ensure that actual budgetary basis state aid revenue is equal to state aid revenue as presented in the revised State Aid Notice received by the district. A board resolution reflecting 2/3 affirmative vote of the authorized membership of the board must support the revised State Aid.

Debt service appropriations should not be included in the tax levy revenue unless there is an outstanding balance.

That amounts recorded in the budget be compared to award letters and/or carryover amount authorizations to ensure proper amounts are available for expenditures.

That all eligible vendors receive a Form 1099 as required by IRS Rev. Rul. 2003-66.

Amounts reported as “Due to Grantor” should be returned in a timely manner.

The District should prepare resolutions to approve all employees who will be receiving pay funded by Title I Part A grant funds. If an individual is going to exceed the previously approved dollar amount, the District should prepare an amendment to the resolution to be approved.

3. School Purchasing Programs

That all purchases comply with Public School Contracts Law.

4. School Food Service

None

5. Student Body Activities

None

6. Application for State School Aid

None

**FAIRVIEW BOARD OF EDUCATION
AUDIT RECOMMENDATIONS SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

7. Pupil Transportation

None

8. Facilities and Capital Assets

None

9. Miscellaneous

None

10. Status of Prior Year Audit Findings/Recommendations

A review was performed on the prior year recommendations and corrective action was take on all prior year findings.