

**AUDITORS MANAGEMENT REPORT  
ON ADMINISTRATIVE FINDINGS -  
FINANCIAL, COMPLIANCE AND PERFORMANCE  
OF THE FAIRVIEW BOARD OF EDUCATION  
COUNTY OF BERGEN, NEW JERSEY  
JUNE 30, 2020**

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**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, 2020, and have issued our report thereon dated December 15, 2020.

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*

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December 15, 2020



**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	School Business Administrator	\$310,000
Rita Juliano	Board Secretary	

**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, 2020 for proper classification of orders as reserve for encumbrances and accounts payable.

**Finding 2020-001:** There were instances in which amounts included in the outstanding purchase orders at June 30 which should have been cancelled prior to year-end.

**Recommendation:** Purchase orders should be reviewed for proper classification at June 30 as accounts payable or reserve for encumbrances based upon whether the goods have been received or the services rendered. All orders that will not be liquidated within the suggested time frame of 60-90 days of year-end should be cancelled.

### **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% overall was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

## **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 2020-002:** 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 2020-003:** 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.

The study of compliance for E.S.E.A. indicated that there were no areas of noncompliance and/or questionable costs.

### **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.

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.

## **Financial Planning, Accounting and Reporting, (continued)**

### **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.

### **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.

## **School Purchasing Programs, (continued)**

### **Contracts and Agreements Requiring Advertisement for Bids, (continued)**

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.

**Finding 2020-004:** 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**

#### **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 alternative procedures to provide meals to Free and Reduced Price eligible students during the period of school closures.

Therefore, SFAs were authorized to solicit and award emergency noncompetitive procurements and contracts with Food Service Management Companies in accordance with 2 CFR 200.320 and N.J.S.A. 18A:18A-7. The SFAs were also authorized to submit contract modifications to their existing Cost Reimbursable or Fixed Price contracts as necessary to ensure the feeding of Free and Reduced Price meal eligible students.

SFAs were notified of the requirement to maintain and report separate meal count records and financial records of all applicable costs incurred in providing meals to all Free and Reduced Price meal eligible students during the emergency.

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.

We also inquired of management about the emergency COVID-19 procedures/practices that the SFA instituted to provide meals to eligible students, maintenance of all applicable production records; meal counts; noncompetitive procurements; modifications of existing contracts and applicable financial records to document the specific costs applicable to the emergency operations.



### **School Food Service, (continued)**

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.

Net cash resources did not exceed three months average expenditures.

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, 2019 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

*Wielkotz & Company, LLC*

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Certified Public Accountants  
Pompton Lakes, New Jersey

SCHEDULE OF MEAL COUNT ACTIVITY

**FAIRVIEW BOARD OF EDUCATION**  
**FOOD SERVICE FUND**  
**NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIMED - FEDERAL**  
**ENTERPRISE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<u>Program</u>	<u>Meal Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>(Over)/ Under Claim</u>
National School Lunch (High Rate)	Paid	6,883	6,883	6,883		0.34	-
National School Lunch (High Rate)	Reduced	5,067	5,067	5,067		3.03	-
National School Lunch (High Rate)	Free	54,975	54,975	54,975		3.43	-
National School Lunch (High Rate)	SSO	<u>15,978</u>	<u>15,978</u>	<u>15,978</u>		3.43	-
	Total	<u>66,925</u>	<u>66,925</u>	<u>66,925</u>			-
National School Lunch (Healthy Hunger-Free Kids Act)	HHFKA	<u>66,925</u>	<u>66,925</u>	<u>66,925</u>		0.07	-
School Breakfast (Severe Needs Rate)	Paid	1,184	1,184	1,184		0.31	-
	Reduced	256	256	256		1.90	-
	Free	7,537	7,537	7,537		2.20	-
	SSO	<u>14,698</u>	<u>14,698</u>	<u>14,698</u>		2.20	-
	Total	<u>8,977</u>	<u>8,977</u>	<u>8,977</u>			-
Total (Over)/Under Claim						Total Net Diff	<u>-</u>

SCHEDULE OF MEAL COUNT ACTIVITY

**FAIRVIEW BOARD OF EDUCATION**  
**FOOD SERVICE FUND**  
**NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIMED - STATE**  
**ENTERPRISE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<u>Program</u>	<u>Meal Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>(Over)/ Under Claim</u>
State Reimbursement - National School Lunch (High Rate)	Paid	6,883	6,883	6,883		0.050	-
State Reimbursement - National School Lunch (High Rate)	Reduced	5,067	5,067	5,067		0.055	-
State Reimbursement - National School Lunch (High Rate)	Free	54,975	54,975	54,975		0.055	-
State Reimbursement - National School Lunch (High Rate)	SSO	<u>15,978</u>	<u>15,978</u>	<u>15,978</u>		0.055	<u>-</u>
	Total	<u>82,903</u>	<u>82,903</u>	<u>82,903</u>			<u>-</u>
Total (Over)/Under Claim							<u><u>-</u></u>

**BOROUGH OF FAIRVIEW  
BOARD OF EDUCATION**

**Net cash resources did not exceed three months of expenditures  
Proprietary Funds - Food Service  
Year ended June 30, 2020**

<u>Net Cash Resources:</u>		<b>Food Service B - 4/5</b>	
<b>CAFR</b>	*	<b>Current Assets</b>	
B-4		Cash & Cash Equiv.	\$ 74,364
B-4		Due from Other Gov'ts	<u>26,497</u>
<b>CAFR</b>		<b>Current Liabilities</b>	
B-4		Less Accounts Payable	(28,812)
		<b>Net Cash Resources</b>	<u><u>\$ 72,049</u></u> (A)

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.	332,314	
B-5	Less Depreciation	<u>(163)</u>	
	Adj. Tot. Oper. Exp.	<u><u>\$ 332,151</u></u>	(B)

Average Monthly Operating Expense:

	B / 10	<u><u>\$ 33,215.10</u></u>	(C)
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Three times monthly Average:

	3 X C	<u><u>\$ 99,645.30</u></u>	(D)
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TOTAL IN BOX A	\$	<u>72,049.00</u>
LESS TOTAL IN BOX D	\$	<u>99,645.30</u>
NET	\$	<u><u>(27,596.30)</u></u>

From above:

**A is greater than D, cash exceeds 3 X average monthly operating expenses.  
D is greater than A, cash does not exceed 3 X average monthly operating expenses.**

\* Inventories are not to be included in total current assets.

SOURCE - USDA resource management comprehensive review form

**SCHEDULE OF AUDITED ENROLLMENTS**

**BOROUGH OF FAIRVIEW  
BOARD OF EDUCATION**

Application for State School Aid Summary  
Enrollment as of October 15, 2019

Year ended June 30, 2020

Enrollment category	2020-2021 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 Selected from Workpapers	Registers on roll	Registers per On Roll	Reported as Private Schools	Sample for Verification	Errors
	Full	Shared	Full	Full	Shared	Full	Full	Shared	Full
Half Day Preschool 4yrs	60		60	60		60			
Full Day Preschool 3yrs	2		2	2		2			
Full Day Preschool 4yrs	150		150	150		150			
Full Day Kindergarten	177		177	177		177			
One	164		164	164		164			
Two	147		147	147		147			
Three	136		136	136		136			
Four	131		131	131		131			
Five	99		99	99		99			
Six	134		134	134		134			
Seven	109		109	109		109			
Eight	1,309		1,309	1,309		1,309			
Subtotal									
Special Ed. Elementary	134		134	134		134			
Special Ed. Middle School	89		89	89		89			
Special Ed. High School	1,532		1,532	1,532		1,532	3	3	3

**Percentage**

**SCHEDULE OF AUDITED ENROLLMENTS**

**BOROUGH OF FAIRVIEW  
BOARD OF EDUCATION**

**Application for State School Aid Summary  
Enrollment as of October 15, 2019**

Year ended June 30, 2020

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	Errors	Reported on A.S.S.A as LEP Low Income	Reported on Workpapers LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Test score and Register	Sample Errors
Full Day Kindergarten	123	123	29	29		46	46		26	26	
One	138	138	32	32		50	50		29	29	
Two	132	132	31	31		45	45		26	26	
Three	108	108	25	25		17	17		10	10	
Four	103	103	24	24		20	20		11	11	
Five	99	99	23	23		13	13		7	7	
Six	63	63	15	15		5	5		3	3	
Seven	97	97	23	23		19	19		11	11	
Eight	49	49	12	12		7	7		4	4	
Special Ed. Elementary	106	106	25	25		2	2		1	1	
Special Ed. Middle School	64	64	15	15							
	1082	1082	254	254		224	224		128	128	
	1082	1082	254	254		224	224		128	128	

**Percentage**

Category	Transportation			Reported	Re-calc.	
	Reported on DRTRS by DOE/county	Reported on DRTRS by District	Errors			Tested
Regular - Public Schools, col. 1	10	10	-	9	-	3.0
Regular - Special Education, col. 4	23	23	-	20	-	3.0
Special needs, col. 6	31	31	-	26	-	5.9
<b>Totals</b>	64	64	-	55	-	

**Percentage**

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**SCHEDULE OF AUDITED ENROLLMENTS**

**BOROUGH OF FAIRVIEW  
BOARD OF EDUCATION**

**Application for State School Aid Summary  
Enrollment as of October 15, 2019**

**Year ended June 30, 2020**

Enrollment category	Resident LEP Not Low Income			Sample for Verification		
	Reported on A.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	9	9		7	7	
Full Day Kindergarten	9	9		7	7	
One	4	4		3	3	
Two	9	9		7	7	
Three	7	7		5	5	
Four	4	4		3	3	
Five	9	9		7	7	
Six	11	11		8	8	
Seven	14	14		11	11	
Eight						
Special Ed. Elementary						
Special Ed. Middle School						
	<u>76</u>	<u>76</u>		<u>58</u>	<u>58</u>	
	<u>76</u>	<u>76</u>		<u>58</u>	<u>58</u>	

**Percentage**



**FAIRVIEW BOARD OF EDUCATION  
EXCESS SURPLUS CALCULATION**

**REGULAR DISTRICT**

**SECTION 1**

**A. 2% Calculation of Excess Surplus**

2019-20 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ <u>31,948,725</u>	(B)
Increased by:		
Transfer from Capital Outlay to Capital Projects Fund	\$ _____	(B1a)
Transfer from Capital Reserve to Capital Projects Fund	\$ _____	(B1b)
Transfer from General Fund to SRF for PreK-Regular	\$ _____	(B1c)
Transfer from General Fund to SRF for PreK-Inclusion	\$ _____	(B1d)
Decreased by:		
On-Behalf TPAF Pension & Social Security	\$ <u>2,717,026</u>	(B2a)
Assets Acquired Under Capital Leases	\$ _____	(B2b)
Adjusted 19-20 General Fund Expenditures [(B)+(B1's)-(B2's)]	\$ <u>29,231,699</u>	(B3)
2% of Adjusted 2019-20 General Fund Expenditures [(B3) times .02]	\$ <u>584,634</u>	(B4)
Enter Greater of (B4) or \$250,000	\$ <u>584,634</u>	(B5)
Increased by: Allowable Adjustment *	\$ <u>345,456</u>	(K)
Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]	\$ <u>930,090</u>	(M)

**SECTION 2**

Total General Fund - Fund Balances @ 6-30-20 (Per CAFR Budgetary Comparison Schedule C-1))	\$ <u>6,943,286</u>	(C)
Decreased by:		
Year-end Encumbrances	\$ <u>599,785</u>	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ _____	(C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ <u>126,944</u>	(C3)
Other Restricted Fund Balances****	\$ <u>5,042,300</u>	(C4)
Assigned Fund Balance - Unreserved -- Designated for Subsequent Year's Expenditures	\$ <u>100,416</u>	(C5)
Total Unassigned Fund Balance [( C)-(C1)-(C2)-(C3)-(C4)-(C5)]	\$ <u>1,073,841</u>	(U1)

**SECTION 3**

Restricted Fund Balance - Excess Surplus\*\*\* [(U1)-(M)] IF NEGATIVE ENTER -0- \$ 143,751 (E)

**Recapitulation of Excess Surplus as of June 30, 2020**

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ <u>126,944</u>	(C3)
Reserved Excess Surplus ***[(E)]	\$ <u>143,751</u>	(E)
Total [(C3) + (E)]	\$ <u>270,695</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, 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>345,456</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>345,456</u>	(K)

\*\* This amount represents the June 30, 2020 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

\*\*\* Amounts must agree to the June 30, 2020 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 another 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>4,442,300</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>5,042,300</u>	(C4)

**FAIRVIEW BOARD OF EDUCATION  
AUDIT RECOMMENDATIONS SUMMARY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Recommendations:

1. Administrative Practices and Reporting

Purchase orders should be reviewed for proper classification at June 30 as accounts payable or reserve for encumbrances based upon whether the goods have been received or the services rendered. All orders that will not be liquidated within the suggested time frame of 60-90 days of year-end should be cancelled.

2. Financial Planning, Accounting and Reporting

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.

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

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.