

TOWN OF NEWTON SCHOOL DISTRICT  
COUNTY OF SUSSEX  
AUDITORS' MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS - FINANCIAL,  
COMPLIANCE AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2020

TOWN OF NEWTON SCHOOL DISTRICT  
COUNTY OF SUSSEX  
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE  
FINDINGS - FINANCIAL,  
COMPLIANCE AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2020  
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Independent Member  
BKR International

December 14, 2020

The Honorable President and Members  
of the Board of Education  
Town of Newton School District  
County of Sussex, NJ

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 Board of Education of the Town of Newton School District in the County of Sussex for the fiscal year ended June 30, 2020, and have issued our report thereon dated December 14, 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.

We will review the status of the comments during our next audit engagement. We have already discussed these comments and suggestions with various management personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the suggestions and recommendations.

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

*Nisivoccia LLP*  
NISIVOCCIA LLP

*Heidi A. Wohlleb*

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Heidi A. Wohlleb  
Licensed Public School Accountant #2140  
Certified Public Accountant

TOWN OF NEWTON SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2020

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

Multi-peril insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the District's CAFR.

Officials in Office and Surety Bonds

<u>Name</u>	<u>Position</u>	<u>Coverage</u>
Dawn L. Babcock	Treasurer of School Monies (until 10/31/2019)	\$ 235,000
Theresa Schlosser	Treasurer of School Monies (from 11/1/2019)	235,000
Dr. Alfred Savio	School Business Administrator/Board Secretary	235,000

The District has Employee Dishonesty and Faithful Performance coverage through the School Alliance Insurance Fund as detailed on Exhibit J-20 of the CAFR.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were different than estimated costs. The Board made a proper adjustment to the billings to sending districts for the change in per pupil costs in accordance with N.J.A.C. 6A:23A-3.1(f)3.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid on a test basis, during the period under review indicated overall compliance with respect to signatures, certification and supporting documentation.

Payroll Account and Position Control Roster

The net salaries of 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. Salary withholdings were promptly remitted to the proper agencies, including health benefits withholding due to the general fund.

All payrolls were approved by the Superintendent and were certified by the President of the Board, the Board Secretary/Business Administrators and the Chief School Administrator. Payrolls were delivered to the Treasurer of School Monies with a warrant to her order for the full amount of the payroll.

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (superintendent, assistant superintendent, and business administrator) to the NJ Department of Treasury was filed in a timely manner.

TOWN OF NEWTON SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Reserve for Encumbrances and Accounts Payable

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

Classification of Expenditures – General and Administrative

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-8.2 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 included administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-16.2(f). Overall compliance was noted.

Board Secretary's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Board Secretary's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments.

Treasurer's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Treasurer's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments.

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 herein within the Special Revenue Section of the District's CAFR. This section of the CAFR documents the financial position pertaining to projects under Titles I, II, III, III Immigrant, and IV of the Elementary and Secondary Education Act as amended and reauthorized.

The study of compliance for the E.S.E.A. did not indicate any area of noncompliance.

Other Special Federal and/or State Projects

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 District's Special Projects were approved as listed on Schedule A and Schedule B located in the CAFR.

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

TOWN OF NEWTON SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Other Special Federal and/or State Projects (Cont'd)

Finding:

During our review of Preschool Education Aid, it was noted that the District did not obtain prior approval from the County Superintendent for transfers that resulted in the elimination of funding allocated to a line or for transfers to a line item for facilities acquisition and construction services.

Recommendation:

It is recommended that extra care is taken to ensure that the District obtains prior written approval from the County Superintendent for transfers that result in the elimination of funding allocated to a line or for transfers to a line item for facilities acquisition and construction services.

Management's Response:

The District will ensure that extra care is taken in order to obtain prior written approval from the County Superintendent for transfers that result in the elimination of funding allocated to a line or for transfers to a line item for facilities acquisition and construction services.

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursements filed with the Department of Education for 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 T.P.A.F. Reimbursement to the State for Federal Salary Expenditures was remitted to the State of New Jersey prior to the required deadline of October 1, 2020. The reimbursement form was reviewed and no exceptions were noted.

Travel Expense and Reimbursement Policy

Travel regulations require each District to adopt a formal policy and procedure pertaining to travel and expense reimbursement for its employees and board members. The regulations include requirements for the District to establish a maximum travel amount for the year and to ensure that the maximum amount is not exceeded. The regulations also require that all travel must be preapproved by the Board of Education and Superintendent and that a brief report detailing the key issues addressed at the travel event must be submitted after the travel event has occurred. Overall compliance was noted.

TOWN OF NEWTON SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-3 states:

a. "When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by resolution of the Board of Education without public advertising for bids and bidding therefore, except that the Board of Education may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L.1971, c. 198 the Board of Education may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Commencing in the fifth year after the year in which P.L.1999, c. 440 takes effect and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount and the higher threshold amount which the Board of Education is permitted to establish as set forth in subsection a. of this section or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in N.J.S.A. 18A:18A-2, and shall round the adjustment to the nearest \$1,000. The Governor shall notify all local school districts of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of the year in which it is made . . . ."

N.J.S.A. 18A:18A-4 states, "Every contract for the provision or performance of any goods or services the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the Board of Education to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law . . . ."

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 Agent) 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 \$19,000 for 2019-2020.

As per N.J.S.A. 18A:18A-3, the Board passed a resolution at its January 7, 2020 meeting, authorizing the Business Administrator as a qualified purchasing agent and increasing the bid threshold to \$40,000.

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 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.

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

TOWN OF NEWTON SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

School Purchasing Programs (Cont'd)

Contracts and Agreements Requiring Advertisement for Bids (Cont'd)

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.

Finding:

During the fiscal year ended June 30, 2020 the District entered into a lease purchase agreement for the purchase of preschool modular classrooms and approved contracts related to this project. However, the District did not update their long range facility plan or obtain preapproval from the NJ Department of Education Facilities Division for this project; this should have occurred prior to the approval of the lease purchase agreement or award of contracts related to the lease purchase agreement. Additionally, subsequent to year end the District discovered that the classrooms could not be utilized for preschool purposes and has subsequently sold the preschool modular classrooms at a loss to the District. Also, the District entered into a lease purchase agreement for an energy savings project and authorized the solicitation of bids on the project without preapproval from the NJ Department of Education Facilities Division. Finally, it was noted that payments under the lease purchase agreement for the preschool modular classrooms project were not approved by the Board.

Recommendation:

It is recommended that the District implement procedures to ensure that all capital projects are submitted to the NJ Department of Education Facilities Division for approval prior to the award of any related contracts or approval of any lease purchase agreements. Also, the District should ensure that its long range facility plan includes any capital project submitted to the NJ Department of Education Facilities Division for approval. Finally, any payments made on behalf of the District under a lease purchase agreement should be approved by the Board.

Management's Response:

The Board immediately took action once it was aware that the preschool modular classrooms could not be utilized including seeking guidance from their legal counsel, obtaining a forensic audit, notifying the public of the situation and communicating with the County Office. The District will implement procedures to ensure that all capital projects are submitted to the NJ Department of Education Facilities Division for approval prior to the award of any related contracts or approval of any lease purchase agreements. Also, the District will ensure that its long range facility plan includes any capital project submitted to the NJ Department of Education Facilities Division for approval. Finally, the District will ensure that any payments made on behalf of the District under a lease purchase agreement are approved by the Board.



TOWN OF NEWTON SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

School Food Service

The school food service program was not selected as a major federal and/or state program. We inquired of school management, or the 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 were noted.

Non-program foods were purchased, prepared or offered for sale. The Statement of Revenue, Expenses and Changes in Net Position in the CAFR Schedule B-5 does separate program and non-program revenue and program and non-program cost of goods sold.

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, modification of existing contracts and applicable financial records to document the specific costs applicable to the emergency operations.

Finding

Net cash resources of the Food Service Fund exceeded three months average expenditures by \$16,416. As the District already has plans in place to reduce the excess, no formal recommendation is judged to be warranted.

Student Body Activities

In planning and performing our audit of the financial statements of the Board, we considered the condition of the records of the Student Activities Fund for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records.

Finding

During our review of the analyses of balance for the High School and Merriam Avenue School student activities accounts, we noted one club/activity with a small deficit balance for the High School and one with a larger deficit balance for the Merriam Ave School. As the District is in the process of resolving these deficits and will ensure balances are reviewed on a regular basis in the future, a formal recommendation is not deemed necessary.

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 disabled, low income and bilingual education students. 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 minor exceptions. The information that was included on the workpapers was verified on a test basis without exception. 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's written procedures for the recording of student enrollment data appear to be adequate.

TOWN OF NEWTON SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

Pupil Transportation

Our audit procedures included a test of on-roll status reported on the 2019-2020 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 results of our procedures are presented in the Schedule of Audited Enrollments.

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. No exceptions were noted in our review of transportation related purchases of goods and services.

Facilities and Capital Assets

There were no active SDA grants.

Testing for Lead of All Drinking Water in Educational Facilities

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

Management Suggestions

School Food Service

During our review of the District's Food Service Fund accounting records, we noted that certain revenue reported on the Food Service Management Company's operating statement was not in agreement with the District's accounting records. We suggest that the District and the Food Service Management Company reconcile their records on a monthly basis.

Governmental Accounting Standards Board (GASB) Statements

Due to COVID-19, the GASB postponed the implementation of GASB Statement No. 84, *Fiduciary Activities*, until the fiscal year ended June 30, 2021. Based on guidance from the NJ Department of Education and GASB, the activity for student activities, payroll agency, unemployment compensation trust, flexible spending trust and private purpose scholarship trust funds will no longer be reported in the Fiduciary Fund financial statements. This activity will now be reported in the General (payroll agency, flexible spending and unemployment compensation) and Special Revenue (student activities and scholarship) Funds.

Effect on Internal Controls due to COVID-19

With the increase in employees working remotely due to COVID-19 especially those in the Business Office it is vital that the District routinely reviews the internal controls in place especially with respect to security of passwords as well as access rights to accounting software and bank information including bank wire transfers and the timely back-up of records.

TOWN OF NEWTON SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

Management Suggestions (Cont'd)

Purchasing Compliance

It has come to our attention that a number of school districts in New Jersey are being cited by the State Department of Education for the purchasing of goods or services prior to the issuance of an approved purchase order. We are taking this opportunity to reiterate to our clients that a valid, approved purchase order must be prepared prior to obligating the District to a purchase of goods or services to be in compliance with requirements of the State.

Follow-up on Prior Year Finding/Recommendation

The prior year recommendation regarding the Board policy being reviewed to determine if the per disbursement limit for petty cash should be increased was fully resolved.

TOWN OF NEWTON SCHOOL DISTRICT  
 APPLICATION FOR STATE SCHOOL AID SUMMARY  
 SCHEDULE OF AUDITED ENROLLMENTS  
 ENROLLMENT AS OF OCTOBER 15, 2019

	2020-2021 Application for State School Aid						Sample for Verification					
	Reported on A.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Registers On Roll		Errors per Registers On Roll	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Half Day Preschool	48		46		2		46		46			
Full Day Kindergarten	78		78				78		78			
Grade One	74		74				74		74			
Grade Two	72		72				72		72			
Grade Three	60		60				60		60			
Grade Four	70		70				70		70			
Grade Five	82		82				82		82			
Grade Six	77		77				77		77			
Grade Seven	68		68				68		68			
Grade Eight	73		72		1		72		72			
Grade Nine	162	3	162	3			162	3	162	3		
Grade Ten	163	1	163	1			163	1	163	1		
Grade Eleven	146		146				146		146			
Grade Twelve	137		137				137		137			
Subtotal	1,310	4	1,307	4	3		1,307	4	1,307	4		
Special Education:												
Elementary School	107		107				10		10			
Middle School	46		46				5		5			
High School	102	1	101	1	1		10		10			
Subtotal	255	1	254	1	1		25		25			
Totals	1,565	5	1,561	5	4		1,332	4	1,332	4	-0-	-0-
Percentage Error					0.26%						0.00%	0.00%

TOWN OF NEWTON SCHOOL DISTRICT  
SCHEDULE OF AUDITED ENROLLMENTS  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2019

	Private Schools for Disabled			
	Reported on ASSA as Private Schools	Sample for Verification	Sample Verified	Sample Errors
Special Education:				
Elementary School	1			
High School	3	2	2	
Totals	4	2	2	-0-
Percentage Error				0.00%

TOWN OF NEWTON SCHOOL DISTRICT  
SCHEDULE OF AUDITED ENROLLMENT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2019

	Resident Low Income			Sample for Verification		
	Reported on ASSA as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Kindergarten	28	28		2	2	
Grade One	34	34		2	2	
Grade Two	44	43	1	3	3	
Grade Three	24	24		2	2	
Grade Four	34	34		2	2	
Grade Five	36	36		2	2	
Grade Six	30	29	1	1	1	
Grade Seven	25	25		1	1	
Grade Eight	32	30	2	1	1	
Grade Nine	29	29		1	1	
Grade Ten	24	24		1	1	
Grade Eleven	24	23	1	1	1	
Grade Twelve	13	13		1	1	
Subtotal	<u>377</u>	<u>372</u>	<u>5</u>	<u>20</u>	<u>20</u>	
Special Education:						
Elementary School	63	63		3	3	
Middle School	29	26	3	1	1	
High School	34	34		1	1	
Subtotal	<u>126</u>	<u>123</u>	<u>3</u>	<u>5</u>	<u>5</u>	
Totals	<u>503</u>	<u>495</u>	<u>8</u>	<u>25</u>	<u>25</u>	<u>-0-</u>
Percentage Error			<u>1.59%</u>			<u>0.00%</u>

TOWN OF NEWTON SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
SCHEDULE OF AUDITED ENROLLMENTS  
ENROLLMENT AS OF OCTOBER 15, 2019

	Resident LEP Low Income				Resident LEP Not Low Income				
	Reported on A.S.S.A. as LEP Low Income	Reported on Workpapers as LEP Low Income	Sample Selected from Workpapers	Verified to Test Scores, Application and Register	Reported on A.S.S.A. as LEP Not Low Income	Reported on Workpapers as LEP Not Low Income	Sample Selected from Workpapers	Verified to Test Scores and Register	Sample Errors
Full Day Kindergarten									
Grade One	5	5			4	4	1	1	
Grade Two	7	7			2	2			
Grade Three	7	7	1	1					
Grade Four	3	3			1	1			
Grade Five	3	3							
Grade Six	4	4			2	2			
Grade Seven	1	1			1	1			
Grade Eight	6	6	1	1	3	3	1	1	
Grade Nine	3	3			3	3			
Grade Ten	6	6	1	1	5	5	1	1	
Grade Eleven	6	6	1	1	5	5	2	2	
Grade Twelve	7	7	1	1					
Subtotal	58	58	5	5	26	26	5	5	
Special Ed - Elementary	1	1							
Special Ed - Middle School									
Subtotal	1	1							
Totals	59	59	5	5	26	26	5	5	-0-
Percentage Error									0.00%

TOWN OF NEWTON SCHOOL DISTRICT  
SCHEDULE OF AUDITED ENROLLMENTS  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2019

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	72	72		5	5	
Regular - Special Education	2	2		1	1	
Transported - Non Public	25	25		3	3	
AIL Non- Public	3	3		1	1	
Special Needs - Public	43	43		4	4	
Special Needs - Private	4	4		1	1	
Totals	149	149	-0-	15	15	-0-
Percentage Error			0.00%			0.00%

	Reported	Recalculated
Average Mileage - Regular Including Grade PK Students	6.6	6.6
Average Mileage - Regular Excluding Grade PK Students	6.6	6.6
Average Mileage - Special Education with Special Needs	4.7	4.7



TOWN OF NEWTON SCHOOL DISTRICT  
EXCESS SURPLUS CALCULATION  
FISCAL YEAR ENDED JUNE 30, 2020

**EXCESS SURPLUS CALCULATION**

**REGULAR DISTRICT**

**SECTION 1**

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

2019-2020 Total General Fund Expenditures per the CAFR, Ex. C-1	<u>\$ 31,285,666</u> (B)	
Increased by:		
Transfer from Capital Outlay to Capital Projects Fund	<u>\$ -0-</u> (B1a)	
Transfer from Capital Reserve to Capital Projects Fund	<u>\$ -0-</u> (B1b)	
Transfer from General Fund to SRF for PreK-Regular	<u>\$ -0-</u> (B1c)	
Transfer from General Fund to SRF for PreK-Inclusion	<u>\$ 62,386</u> (B1d)	
Decreased by:		
On-Behalf TPAF Pension and Social Security	<u>\$ 4,638,550</u> (B2a)	
Assets Acquired Under Capital Leases	<u>\$ -0-</u> (B2b)	
Adjusted 2019-2020 General Fund Expenditures [(B)+(B1's)-(B2's)]	<u>\$ 26,709,502</u> (B3)	
2% of Adjusted 2019-2020 General Fund Expenditures [(B3) times .02]	<u>\$ 534,190</u> (B4)	
Enter Greater of (B4) or \$250,000	<u>\$ 534,190</u> (B5)	
Increased by: Allowable Adjustment	<u>\$ 28,986</u> (K)	
Maximum Unassigned Fund Balance [(B5)+(K)]		<u>\$ 563,176</u> (M)

**SECTION 2**

Total General Fund - Fund Balances @ 6/30/2020 (Per CAFR Budgetary Comparison Schedule C-1)	<u>\$ 2,964,471</u> (C)	
Decreased by:		
Year End Encumbrances	<u>\$ 415,902</u> (C1)	
Legally Restricted - Designated for Subsequent Year's Expenditures	<u>\$ -0-</u> (C2)	
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures	<u>\$ -0-</u> (C3)	
Other Restricted/Reserved Fund Balances	<u>\$ 1,735,393</u> (C4)	
Assigned - Designated for Subsequent Year's Expenditures	<u>\$ 250,000</u> (C5)	
Additional Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures 7/1/20-8/1/20	<u>\$ -0-</u> (C6)	
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C-6)]		<u>\$ 563,176</u> (U1)

TOWN OF NEWTON SCHOOL DISTRICT  
EXCESS SURPLUS CALCULATION  
FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

**SECTION 3**

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

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

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures \$ -0- (C3)

Restricted Excess Surplus [(E)] \$ -0- (E)

Total [(C3)+(E)] \$ -0- (D)

**Detail of Allowable Adjustments**

Impact Aid \$ -0- (H)

Sale and Lease Back \$ -0- (I)

Extraordinary Aid \$ 24,587 (J1)

Additional Nonpublic School Transportation Aid \$ 4,399 (J2)

Current Year School Bus Advertising Revenue Recognized \$ -0- (J3)

Family Crisis Transportation Aid \$ -0- (J4)

Total Adjustments ((H)+(I)+(J1)+(J2)+(J3)+(J4)) \$ 28,986 (K)

**Detail of Other Restricted Fund Balance**

Statutory restrictions:

Approved unspent separate proposal \$ -0-

Sale/lease-back reserve \$ -0-

Capital reserve \$ 1,163,879

Maintenance reserve \$ -0-

Emergency reserve \$ -0-

Tuition reserve \$ 571,514

School Bus Advertising 50% Fuel Offset Reserve - current year \$ -0-

School Bus Advertising 50% Fuel Offset Reserve - prior year \$ -0-

Impact Aid General Fund Reserve (Sections 8002 and 8003) \$ -0-

Impact Aid Capital Fund Reserve (Sections 8007 and 8008) \$ -0-

Other state/governmental mandated reserve \$ -0-

Other Restricted Fund Balance not noted above \$ -0-

Total Other Restricted Fund Balance \$ 1,735,393 (C4)

TOWN OF NEWTON SCHOOL DISTRICT  
SUMMARY  
JULY 1, 2019 THROUGH JUNE 30, 2020  
(Continued)

It is recommended that:

1. Administrative Practices and Procedures  
None
2. Financial Planning, Accounting and Reporting
  - a) Preschool Education Aid - Extra care is taken to ensure that the District obtains prior written approval from the County Superintendent for transfers that result in the elimination of funding allocated to a line or for transfers to a line item for facilities acquisition and construction services.
3. School Purchasing Program
  - a) The District implement procedures to ensure that all capital projects are submitted to the NJ Department of Education Facilities Division for approval prior to the award of any related contracts or approval of any lease purchase agreements. Also, the District should ensure that its long range facility plan includes any capital project submitted to the NJ Department of Education Facilities Division for approval. Finally, any payments made on behalf of the District under a lease purchase agreement should be approved by the Board.
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. Status of Prior Year's Finding/Recommendation  

The prior year recommendation regarding the Board policy being reviewed to determine if the per disbursement limit for petty cash should be increased was fully resolved.