

**NUTLEY BOARD OF EDUCATION  
AUDITOR'S MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS -  
FINANCIAL, COMPLIANCE AND PERFORMANCE  
JUNE 30, 2020**

**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, 2020, and have issued our report thereon dated January 27, 2021.

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  
January 27, 2021

**NUTLEY BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE 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**

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>
Karen Yeamans	Board Secretary/School Business Administrator (7/1/19 through 12/31/19)	\$ 3,000
Edward J. Appleton	Interim Board Secretary/Interim School Business Administrator (1/16/20 through 6/30/20)	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.

**NUTLEY BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Financial Planning, Accounting and Reporting (Continued)**

**Payroll Account (Continued)**

Salary withholdings were promptly remitted to the proper agencies, including health benefit premium amounts withheld and due to the General Fund. 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.

**Finding** – A payroll agency ledger by deduction was not maintained.

**Recommendation** – A payroll agency ledger by deduction be currently maintained and be in agreement with the monthly bank reconciliations.

**Finding** – Our audit of payroll noted the following:

- Documentation supporting certain payments for overtime and additional/extra compensation was not available for audit.
- Calculations for Chapter 78 health contributions for certain employees were not available for audit.
- Calculations and supporting documentation for accumulated sick and vacation time payouts made to certain employees resigning or retiring from the District was not provided for audit.

**Recommendation** – All supporting documentation and calculations for overtime, additional/extra compensation, Chapter 78 health benefit contributions and accumulated sick and vacation time payouts be retained and made available for audit.

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

**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 reserves for encumbrances. Also, 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.

**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).

**Finding** – Our audit revealed that withdrawals from the Capital and Maintenance Reserves that were approved by Board resolution during the year were not recorded in the District's budget reports.

**Recommendation-** All withdrawals from the District's Capital and Maintenance Reserves approved by the Board, be reported in the appropriate budget account line items.

**NUTLEY BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Financial Planning, Accounting and Reporting (Continued)**

Board Secretary's Records (Continued)

**Finding** – Our audit noted that the Home Instruction – Purchased Service and Speech, OT, PT and Related Services – Purchased Services were overexpended \$11,635 and \$104,592 at June 30, 2020.

**Recommendation** – The District review the monthly financial reports to ensure that the various budget appropriations have sufficient funds available.

**Finding** – The original budget of the General Fund was overstated by \$25,000. The Home Instruction-Purchased Services line item was \$25,000 greater than the amount in the approved budget.

**Recommendation** – The District review its original budget to ensure all budgetary line item amounts are in agreement with the State approved budget document.

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.

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.

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 made prior to the end of the 60 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

**NUTLEY BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**School Purchasing Programs**

**Contracts and Agreements Requiring Advertisement for Bids**

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$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 18A:39-3 is currently \$19,000. The Board has designated the Business Administrator as the Qualified Purchasing Agent for the District. The District did not have a Qualified Purchasing Agent for the period from January 1, 2020 to June 30, 2020.

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

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

The results of my examination indicated that no individual payments, contracts, or agreements were made for the performance of any work or goods or services, in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provisions of N.J.S.A. 18A:18A-4.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

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

**Finding** – Our audit of purchasing revealed that certain contracts for the Nutley High School Oval Project were awarded prior to the funding being established by the Board. The Board subsequently approved in October, 2020 a resolution authorizing the withdrawal of \$1,000,000 from the General Fund Capital Reserve to fund the project expenditures.

**Recommendation** – The District implement procedures to ensure that sufficient funding for capital projects is established prior to the awarding of contracts.

**Finding** – Purchase orders and vendor invoices for certain OT/PT/Behavioral purchased services did not always have sufficient supporting documentation. In addition, the award of the contract as a professional service was not advertised in the official newspaper as required by local public contracts law.

**Recommendation** – It is recommended that all invoices for OT/PT/Behavioral purchased services include information or documentation regarding the name of the service provider specialist, hours worked, student initials or other identification factor, and related services provided. In addition, all contracts awarded as a professional service be advertised in the District's official newspaper.

**NUTLEY BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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.

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 Free and Reduced Price meal eligible students.

SFA’s were notified of the requirement to maintain and report separate meal count records and financial records of all applicable costs incurred in providing meals to all free and reduced price meal eligible students during the emergency.

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

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

We also inquired of management about the 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 cost applicable to the emergency operations.

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 \$30,929. The operating provision was not met due to the financial constraints incurred from the Covid-19 pandemic.

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. Net cash resources did not exceed three months average expenditures.

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.



**NUTLEY BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Food Service Fund (Continued)**

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** – The District incurred an operating loss of \$472,938 for the fiscal year ended June 30, 2020.

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

**Student Activity, Athletic Association and Scholarship Accounts**

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

**Finding** – 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** – Internal control procedures regarding the deposit of funds be enhanced to ensure that all monies collected are deposited in a timely manner.

**Application for State School Aid**

Our audit procedures included a test information reported in the October 15, 2019 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 without exception. The information that was included on the workpapers was verified with immaterial exceptions noted. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

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

**Pupil Transportation**

Our audit procedures included a test of on roll status reported in 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 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.

**NUTLEY BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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 software.
- \* Unexpended local grant funds be reviewed and/or cleared of record.
- \* Outstanding checks be included on bank reconciliations prepared for Lincoln and Radcliffe student activity accounts.

**NUTLEY BOARD OF EDUCATION  
FOOD SERVICE FUND  
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**This Schedule is Not Applicable**

**SCHEDULE OF NET CASH RESOURCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**This Schedule is Not Applicable**

**NUTLEY BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
ENROLLMENT AS OF OCTOBER 15, 2019  
SCHEDULE OF AUDITED ENROLLMENTS**

	2019-2020 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 Verfied	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared					
Half Day Preschool 3 yrs	15.0		15.0		-	-	15.0		15.0								
Half Day Preschool 4 yrs	6.0		6.0		-	-	6.0		6.0								
Full Day Kindergarten	285.0	-	285.0	-	-	-	79.0	-	79.0	-	-	-	-	-	-	-	-
Grade 1	283.0	-	283.0	-	-	-	50.0	-	50.0	-	-	-	-	-	-	-	-
Grade 2	250.0	-	250.0	-	-	-	48.0	-	48.0	-	-	-	-	-	-	-	-
Grade 3	274.0	-	274.0	-	-	-	55.0	-	55.0	-	-	-	-	-	-	-	-
Grade 4	238.0	-	238.0	-	-	-	50.0	-	50.0	-	-	-	-	-	-	-	-
Grade 5	248.0	-	248.0	-	-	-	38.0	-	38.0	-	-	-	-	-	-	-	-
Grade 6	226.0	-	226.0	-	-	-	67.0	-	67.0	-	-	-	-	-	-	-	-
Grade 7	275.0	-	275.0	-	-	-	275.0	-	275.0	-	-	-	-	-	-	-	-
Grade 8	217.0	-	217.0	-	-	-	217.0	-	217.0	-	-	-	-	-	-	-	-
Grade 9	218.0	-	218.0	-	-	-	218.0	-	218.0	-	-	-	-	-	-	-	-
Grade 10	255.0	-	255.0	-	-	-	255.0	-	255.0	-	-	-	-	-	-	-	-
Grade 11	246.0	-	246.0	-	-	-	246.0	-	246.0	-	-	-	-	-	-	-	-
Grade 12	246.0	-	246.0	-	-	-	246.0	-	246.0	-	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>3,282.0</b>	<b>-</b>	<b>3,282.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,865.0</b>	<b>-</b>	<b>1,865.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Special Ed - Elementary	339.0	-	339.0	-	-	-	105.0	-	105.0	-	-	-	10.0	9.0	9.0	-	-
Special Ed - Middle	211.0	-	211.0	-	-	-	128.0	-	128.0	-	-	-	13.0	11.0	11.0	-	-
Special Ed - High	214.0	-	214.0	-	-	-	214.0	-	214.0	-	-	-	26.0	22.0	21.0	(1.0)	-
<b>Subtotal</b>	<b>764.0</b>	<b>-</b>	<b>764.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>447.0</b>	<b>-</b>	<b>447.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>49.0</b>	<b>42.0</b>	<b>41.0</b>	<b>(1.0)</b>	<b>-</b>
<b>Totals</b>	<b>4,046.0</b>	<b>-</b>	<b>4,046.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,312.0</b>	<b>-</b>	<b>2,312.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>49.0</b>	<b>42.0</b>	<b>41.0</b>	<b>(1.0)</b>	<b>-</b>
Percentage Error					<u>0.00%</u>	<u>0.00%</u>											<u>-2.38%</u>

**NUTLEY BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
ENROLLMENT AS OF OCTOBER 15, 2019  
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 Worpapers	Verified to Test Application and Register	Errors
	Full Day Kindergarten	31.0	31.0	-	3.0	3.0	-	5.0	5.0	-	4.0	4.0
Grade 1	29.0	29.0	-	3.0	3.0	-	4.0	4.0	-	3.0	3.0	-
Grade 2	26.0	26.0	-	2.0	2.0	-	2.0	2.0	-	2.0	2.0	-
Grade 3	39.0	39.0	-	5.0	5.0	-	7.0	7.0	-	6.0	6.0	-
Grade 4	33.0	33.0	-	4.0	4.0	-	4.0	4.0	-	3.0	3.0	-
Grade 5	27.0	27.0	-	3.0	3.0	-	2.0	2.0	-	2.0	2.0	-
Grade 6	33.0	33.0	-	4.0	4.0	-	2.0	2.0	-	2.0	2.0	-
Grade 7	36.0	36.0	-	4.0	4.0	-	2.0	2.0	-	2.0	2.0	-
Grade 8	29.0	29.0	-	3.0	3.0	-	1.0	1.0	-	1.0	1.0	-
Grade 9	24.0	24.0	-	3.0	3.0	-	4.0	4.0	-	3.0	3.0	-
Grade 10	45.0	45.0	-	5.0	5.0	-	4.0	4.0	-	3.0	3.0	-
Grade 11	36.0	36.0	-	4.0	4.0	-	2.0	2.0	-	2.0	2.0	-
Grade 12	32.0	32.0	-	3.0	3.0	-	2.0	2.0	-	2.0	2.0	-
Subtotal	420.0	420.0	-	46.0	46.0	-	41.0	41.0	-	35.0	35.0	-
Special Ed - Elementary	64.0	64.0	-	7.0	7.0	-	7.0	7.0	-	6.0	6.0	-
Special Ed - Middle	42.0	42.0	-	5.0	5.0	-	-	-	-	-	-	-
Special Ed - High	45.0	42.0	-	7.0	7.0	-	3.0	3.0	-	2.0	2.0	-
Subtotal	151.0	148.0	-	19.0	19.0	-	10.0	10.0	-	8.0	8.0	-
Totals	571.0	568.0	-	65.0	65.0	-	51.0	51.0	-	43.0	43.0	-
Percentage Error			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>

	Transportation					
	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular Public	5.0	5.0	-	1.0	1.0	-
Regular Special Ed. w/o Special Trans Needs	2.0	2.0	-	1.0	1.0	-
Special Ed. with Special Trans Needs	201.0	201.0	-	53.0	52.0	(1.0)
	208.0	208.0	-	55.0	54.0	(1.0)
Percentage Error			<u>0.00%</u>			<u>-1.82%</u>

**NUTLEY BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
ENROLLMENT AS OF OCTOBER 15, 2019  
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 Worpapers	Sample Verified to Register	Errors
Full Day Kindergarten	6.0	6.0	-	5.0	5.0	-
Grade 1	3.0	3.0	-	2.0	2.0	-
Grade 2	4.0	4.0	-	3.0	3.0	-
Grade 3	5.0	5.0	-	3.0	3.0	-
Grade 4	4.0	4.0	-	3.0	3.0	-
Grade 5	2.0	2.0	-	2.0	2.0	-
Grade 6	2.0	2.0	-	2.0	2.0	-
Grade 7	1.0	1.0	-	1.0	1.0	-
Grade 8	3.0	3.0	-	2.0	2.0	-
Grade 9	2.0	2.0	-	2.0	2.0	-
Grade 10	1.0	1.0	-	1.0	1.0	-
Grade 11	1.0	1.0	-	1.0	1.0	-
Grade 12	3.0	3.0	-	2.0	2.0	-
Subtotal	37.0	37.0	-	29.0	29.0	-
Special Ed - Elementary	3.0	3.0	-	2.0	2.0	-
Special Ed - Middle	2.0	2.0	-	1.0	1.0	-
Special Ed - High	-	-	-	-	-	-
Subtotal	5.0	5.0	-	3.0	3.0	-
Total	42.0	42.0	-	32.0	32.0	-

Percentage Error

0.00%

0.00%

**NUTLEY BOARD OF EDUCATION  
EXCESS SURPLUS CALCULATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

2019-20 Total General Fund Expenditures reported on Exhibit C-1	\$	77,887,408
Adjustments		
Add: Transfer to Capital Projects		1,100,000
Less: Capital Lease		(155,563)
Less: On-Behalf TPAF Pension and Social Security		<u>(10,866,186)</u>
Adjusted 2019-20 General Fund Expenditures		<u>\$ 67,965,659</u>
2% of Adjusted 2019-20 General Fund Expenditures	\$	1,359,313
Allowable Adjustments		
Extraordinary Aid (Unbudgeted)		<u>705,572</u>
Maximum Unreserved/Undesignated Fund Balance	\$	2,064,885
Total General Fund - Fund Balances at June 30, 2020		
(Per CAFR Budgetary Comparison Schedule - Exhibit C-1)	\$	7,676,959
Decreased by:		
Encumbrances		(62,213)
Other Restricted Fund Balances - Capital and Maintenance Reserves		(1,782,639)
Excess Surplus - Designated for Subsequent Year's Budget		(869,617)
Designated for Subsequent Year's Budget		<u>(2,640,961)</u>
Total Unassigned Fund Balance		<u>2,321,529</u>
Excess Surplus	\$	<u>256,644</u>
<b><u>Recapitulation of Excess Surplus at June 30, 2020</u></b>		
Restricted Fund Balance		
Excess Surplus	\$	256,644
Excess Surplus Designated for Subsequent Year's Budget		<u>869,617</u>
	\$	<u>1,126,261</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. A payroll agency ledger by deduction be currently maintained and be in agreement with the monthly bank reconciliations.
- 2. All supporting documentation and calculations for overtime, additional/extra compensation, Chapter 78 health benefit contributions and accumulated sick and vacation time payouts be retained and made available for audit.
- 3. All withdrawals from the District's Capital and Maintenance Reserves approved by the Board, be reported in the appropriate budget account line items.
- 4. The District review monthly the financial reports to ensure that the various budget appropriations have sufficient funds available.
- 5. The District review its original budget to ensure all budgetary line item amounts are in agreement with the State approved budget document.

**III. School Purchasing Program**

It is recommended that:

- 1. The District implement procedures to ensure that sufficient funding for capital projects is established prior the awarding of contracts.
- 2. All OT/PT/Behavioral purchased services include information or documentation regarding the name of the service provider specialist, hours worked, student initials or other identification factor, and related services provided. In addition, all contracts awarded as a professional service be advertised in the District's official newspaper.

**IV. School Food Services**

There are none.

**V. Extended Day Program**

It is recommended that the District monitor the operations of its Extended Day Program to ensure that sufficient funds are available to meet operating needs.

**VI. Student Activity and Athletic Association Accounts**

It is recommended that internal control procedures regarding the deposit of funds be enhanced to ensure that all monies collected are deposited in a timely manner.

**VII. Application for State School Aid**

There are none.

**VIII. Pupil Transportation**

There are none.



**NUTLEY BOARD OF EDUCATION  
RECOMMENDATIONS**

**IX. Facilities and Capital Assets**

There are none.

**X. Miscellaneous**

There are none.

**XI. Status of Prior Years' Audit Findings/Recommendations**

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

**ACKNOWLEDGEMENT**

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