

**AUDITORS MANAGEMENT REPORT
ON ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
SCHOOL DISTRICT OF THE
TOWNSHIP OF WEST MILFORD
COUNTY OF PASSAIC, NEW JERSEY
JUNE 30, 2020**

SCHOOL DISTRICT OF THE TOWNSHIP OF WEST MILFORD
COUNTY OF PASSAIC, NEW JERSEY

AUDITORS MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS
- FINANCIAL, COMPLIANCE AND PERFORMANCE

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REPORT OF INDEPENDENT AUDITORS

Honorable President and
Members of the Board of Education
Township of West Milford School District
County of Passaic, 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 Board of Education of the Township of West Milford School District in the County of Passaic for the year ended June 30, 2020, and have issued our report thereon dated January 28, 2021.

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 Township of West Milford 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.

Thomas M. Ferry

Thomas M. Ferry
Licensed Public School Accountant
No. 20CS00209100

Wielkocz, & Company, LLC

WIELKOTZ & COMPANY, LLC
Certified Public Accountants

January 28, 2021



**TOWNSHIP OF WEST MILFORD BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**

YEAR ENDED JUNE 30, 2020

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator, 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, Insurance Schedule contained in the district's CAFR.

Official Bonds (N.J.S.A. 18A:17-26, 18A:17-32)

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Barbara Francisco	Board Secretary/School Business Administrator	\$450,000

There is a Public Employees' Faithful Performance Blanket Position Bond with the Zurich Insurance Co. covering all other employees with multiple coverage of \$500,000.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were less than estimated costs. The Board made a proper adjustment to the billings to sending districts for the decrease in pupil costs in accordance with N.J.A.C. 6A:23A-17.1 (F)3.

Financial Planning, Accounting and Reporting

Examination of Claims

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

Payroll Account and Position Control Roster

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.

**TOWNSHIP OF WEST MILFORD BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**

YEAR ENDED JUNE 30, 2020

Financial Planning, Accounting and Reporting (continued)

Payroll Account and Position Control Roster (continued)

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

Salary withholdings were promptly remitted to the proper agencies including health benefits premium withholding due to the General Fund.

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (superintendent, assistant superintendents, and business administrators) 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.

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.

Finding 2020-01:

In one instance, an employee included for reimbursement for TPAF FICA was not eligible for reimbursement.

Recommendation:

That only employees eligible and enrolled in TPAF pension be included for reimbursement request for TPAF FICA.

Management Response:

Reports generated for FICA reimbursements will be reviewed to ensure that non-TPAF members are not included in the reimbursement request.

**TOWNSHIP OF WEST MILFORD BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**

YEAR ENDED JUNE 30, 2020

Financial Planning, Accounting and Reporting (continued)

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30th for goods not yet received or services not 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 priority and to determine that goods were received and services were rendered as of June 30, 2020.

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 0.00% was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

The Board Secretary's records were in satisfactory condition.

Elementary and Secondary Education (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 the projects under Title I, Title II 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 A and Schedule B located in the CAFR.

**TOWNSHIP OF WEST MILFORD BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**

YEAR ENDED JUNE 30, 2020

Financial Planning, Accounting and Reporting (continued)

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

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.

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 special projects indicated no areas of noncompliance.

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursements filed with the Department of Education for 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 Report(s) for all federal awards for the school district to reimburse the State for the TPAF/FICA payments be 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.

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.

**TOWNSHIP OF WEST MILFORD BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**

YEAR ENDED JUNE 30, 2020

School Purchasing Programs, (continued)

Contracts and Agreements Requiring Advertisement for Bids, (continued)

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

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

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

The results of our examination indicated that no individual payments, contracts, or agreements were made “for the performance of any work or the furnishing or hiring of any materials or supplies,” 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.

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.

**TOWNSHIP OF WEST MILFORD BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**

YEAR ENDED JUNE 30, 2020

School Food Service (continued)

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.

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.

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.

The Statement of Revenues, Expenses, and Changes in Fund Net Position (CAFR Schedule B-5) does separate program and non-program revenue and program and non-program cost of goods sold. The financial transactions and statistical records of the school food services were reviewed. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis. Cash receipts and bank records were reviewed for timely deposit, there were no major exceptions noted.

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 contract/addendum were reviewed and audited. The operating results provision has been met.

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

**TOWNSHIP OF WEST MILFORD BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**

YEAR ENDED JUNE 30, 2020

School Food Service (continued)

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

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all School Food Services employees authorized by the Board of Education. No exceptions were noted.

The number of meals claimed for reimbursement was compared to 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. No exceptions were noted.

Applications for free and reduced price meals were reviewed for completeness and accuracy, however, the following errors were found. The number of free and reduced price meals claimed as served was compared to the number of valid applications and/or to the list of directly certified students on file, times the number of operating days, on a school by school basis. The free and reduced price meal and free milk policy was reviewed for uniform administration throughout the school system. Sites approved to participate in provisions I and II were examined for compliance with all counting and claiming requirements. The required verification procedures for free and reduced price applications were completed and available for review.

U.S.D.A. Food Distribution Program food and/or commodities were received and a single inventory was maintained on a first-in, first-out basis. No exceptions were noted.

The School District Food Service Management Company 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/Athletic Account Activities

The cash receipts and disbursement records were maintained in good order.

**TOWNSHIP OF WEST MILFORD BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**

YEAR ENDED JUNE 30, 2020

Application for State School Aid

Our audit procedures included a test of information reported in the October 13, 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 and the information that was included on the workpapers was verified with the following 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.

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 exceptions. 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. Exceptions were noted in our review of transportation related purchases of goods and services:

Finding 2020-02:

In multiple instances, regular education students were reported on the DRTRS as special education without special needs transported.

Recommendation:

That student classifications on the DRTRS agree with the classification on the student registers as of the October 15 cutoff each year.

Management Response:

When transportation changes are made in a student's IEP, the new information will be relayed to the Transportation Supervisor.

**TOWNSHIP OF WEST MILFORD BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**

YEAR ENDED JUNE 30, 2020

Facilities and Capital Assets

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

Our procedures included a review of the SDA grant agreements, if any, for consistency with recording SDA revenue, transfer of local funds from the general fund, and awarding of contracts for eligible facilities construction.

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).

Follow-up on Prior Years' Findings

In accordance with government auditing standards, our procedures included a review of all prior year recommendations including findings. Corrective action was taken on all prior year findings except those denoted with an asterisk(*).

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.

Thomas M. Ferry

Thomas M. Ferry
Licensed Public School Accountant
No. 20CS00209100

Wielkotz & Company, LLC
WIELKOTZ & COMPANY, LLC
Certified Public Accountants

SCHEDULE OF AUDITED ENROLLMENTS

**WEST MILFORD SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2019**

	2020-2021 Application for State School Aid						Sample for Verification						Private Schools for Disabled												
	Reported on A.S.A. On Roll			Reported on Workpapers On Roll			Sample Selected from Workpapers			Verified per Registrars On Roll			Errors per Registrars On Roll			Reported on A.S.A. as Private Schools			Sample for Verification						
	Full	Shared		Full	Shared		Full	Share		Full	Shared		Full	Shared		Full	Shared		Full	Shared		Full	Shared		
Half Day Preschool-3YR	6		6	6		6			6			6													
Half Day Preschool-4YR	10		10	10		10			10			10													
Full Day Kindergarten	167		167	167		167			167			167													
One	198		198	198		198			198			198													
Two	172		172	172		172			172			172													
Three	180		180	180		180			180			180													
Four	194		194	194		194			194			194													
Five	190		190	190		190			190			190													
Six	224		224	224		224			224			224													
Seven	199		199	199		199			199			199													
Eight	209		209	209		209			209			209													
Nine	191		191	191		191			191			191													
Ten	189		189	189		189			189			189													
Eleven	201		201	201		201			201			201													
Twelve	190		190	190		190			190			190													
Subtotal	2520	0	2520	0	0	2520	0	0	2520	0	0	2520	0	0	0	0	0	0	0	0	0	0	0	0	0
Special Ed - Elementary	226		226	226		226			226			226													
Special Ed - Middle School	156		156	156		156			156			156													
Special Ed - High School	214		214	214		214			214			214													
Subtotal	596	0	596	0	0	596	0	0	596	0	0	596	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	3116	0	3116	0	0	3116	0	0	3116	0	0	3116	0	0	0	0	0	0	0	0	0	0	0	0	0
Percent Error																									0.00%

SCHEDULE OF AUDITED ENROLLMENTS

**WEST MILFORD SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2019**

Enrollment Category	Resident Low Income			Sample for Verification			Resident LEP 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	Error	Reported on ASSA as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Error
Half Day Preschool	28	28		11	11		2	2		2	2	
Full Day Kindergarten	23	23		9	9							
One	32	32		13	13							
Two	22	22		9	9							
Three	35	35		14	14							
Four	30	30		12	12		2	2		1	1	
Five	29	29		12	12							
Six	24	24		10	10		2	2		2	2	
Seven	20	20		8	8							
Eight	28	28		12	12							
Nine	20	20		8	8							
Ten	27	27		11	11							
Eleven	18	18		7	7							
Twelve												
Subtotal	336	336	0	136	136	0	6	6	0	5	5	0
Special Ed - Elementary	54	54		22	22							
Special Ed - Middle School	39	39		16	16							
Special Ed - High School	56	56		23	23							
Subtotal	149	149	0	61	61	0	0	0	0	0	0	0
Total	485	485	0	197	197	0	6	6	0	5	5	0
Percent Error			0.00%			0.00%			0.00%			0.00%

SCHEDULE OF AUDITED ENROLLMENTS

**WEST MILFORD SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2019**

Enrollment Category	Resident LEP NOT Low Income			Sample for Verification		
	Reported on ASSA as NOT Low Income	Reported on Workpapers as NOT Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Error
Half Day Preschool						
Full Day Kindergarten						
One	1	1		1	1	
Two	1	1		1	1	
Three	1	1		1	1	
Four	1	1		1	1	
Five	1	1		1	1	
Six						
Seven						
Eight	2	2		1	1	
Nine	1	1		1	1	
Ten						
Eleven	1	1		1	1	
Twelve	2	2		1	1	
Subtotal	10	10	0	8	8	0
Special Ed - Elementary						
Special Ed - Middle School	1	1		1	1	
Special Ed - High School						
Subtotal	1	1	0	1	1	0
Total	11	11	0	9	9	0
Percent Error			0.00%			0.00%
Regular - Public Schools, col. 1	Reported on DRTRS by DOE/county 1,657	Reported on DRTRS by District 1,657	Errors 0	Tested 272	Verified 272	Errors 0
Regular - SpEd, col. 4	597.5	597.5	0	197	189	8
Transported - Non-Public, col. 2			0			0
Special Ed Spec, col. 6	36.5	36.5	0	32	32	0
Totals	2,291	2,291	0	501	493	8
Percentage Error			0.00%			1.60%

EXCESS SURPLUS CALCULATION -

REGULAR DISTRICTS/CHARTER SCHOOL/RENAISSANCE SCHOOL PROJECT

SECTION 1

A. 2% Calculation of Excess Surplus

2019-20 Total General Fund Expenditures per the CAFR, Ex.C-1	\$	<u>80,587,794</u>	(B)
Increased by:			
Transfer from Capital Outlay to Capital Projects Fund	\$	<u>413,155</u>	(B1a)
Transfer from Capital Reserve to Capital Projects Fund	\$	<u>1,088,715</u>	(B1b)
Transfer from General Fund to SRF for PreK-Regular	\$	<u> </u>	(B1c)
Transfer from General Fund to SRF for PreK-Inclusion	\$	<u> </u>	(B1d)
Decreased by:			
On-Behalf TPAF Pension & Social Security	\$	<u>11,186,522</u>	(B2a)
Assets Acquired Under Capital Leases	\$	<u>639,384</u>	(B2b)
Adjusted 2019-20 General Fund Expenditures [(B)+(B1s)-(B2s)]	\$	<u>70,263,758</u>	(B3)
2% of Adjusted 2019-20 General Fund Expenditures			
[(B3) times .02]	\$	<u>1,405,275</u>	(B4)
Enter Greater of (B4) or \$250,000	\$	<u>1,405,275</u>	(B5)
Increased by: Allowable Adjustment *	\$	<u>350,016</u>	(K)
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]	\$	<u><u>1,755,291.16</u></u>	(M)

SECTION 2

Total General Fund - Fund Balances @ 6-30-20			
(Per CAFR Budgetary Comparison Schedule C-1)	\$	<u>9,938,462</u>	(C)
Decreased by:			
Year-end Encumbrances	\$	<u>630,082</u>	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$	<u> </u>	(C2)
Legally Restricted Excess Surplus - Designated for Subsequent Year's Expenditures **	\$	<u>1,475,765</u>	(C3)
Other Restricted Fund Balances****	\$	<u>2,191,450</u>	(C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	\$	<u>913,977</u>	(C5)
Total Unassigned Fund Balance			
[(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	\$	<u><u>4,727,188</u></u>	(U1)

SECTION 3

Restricted Fund Balance - Excess Surplus*** [(U1)-(M)] IF NEGATIVE ENTER -0-	\$	<u><u>2,971,897</u></u>	(E)
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Recapitulation of Excess Surplus as of June 30, 2020

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ 1,475,765 (C3)
Reserved Excess Surplus ***[(E)]	\$ 2,971,897 (E)
Total Excess Surplus [(C3) + (E)]	\$ <u>4,447,662 (D)</u>

Footnotes:

- * 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.

Detail of Allowable Adjustments

Impact Aid		\$ - (H)
Sale & Lease-back		\$ - (I)
Extraordinary Aid		\$ 350,016 (J1)
Additional Nonpublic School Transportation Aid		\$ - (J2)
Current Year School Bus Advertising Revenue Recognized		\$ - (J3)
Family Crises Transportation Aid		\$ - (J4)
Total Adjustments [(H)+{I)+(J1)+(J2)+(J3)+(J4)]		\$ 350,016 (K)

- ** This amount represents the June 30, 2020 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.
- *** Amount 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 Administration and Finance prior to September 30.

Detail of Other Restricted Fund Balance

Statutory restrictions:

Approved unspent separate proposal	\$ _____
Sale/Lease-back reserve	\$ _____
Capital reserve	\$ 1,491,450
Maintenance reserve	\$ 700,000
Emergency reserve	\$ _____
Tuition reserve	\$ _____
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 General Fund Reserve (Sections 8007 and 8008)	\$ _____
Other state/government mandated reserve	\$ _____
[Other Restricted Fund Balance not noted above]****	\$ _____
 Total Other Restricted Fund Balance	 \$ 2,191,450 (C4)

**TOWNSHIP OF WEST MILFORD
BOARD OF EDUCATION**

**AUDIT FINDINGS & RECOMMENDATIONS SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

RECOMMENDATIONS:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

That only employees eligible and enrolled in TPAF pension be included for reimbursement request for TPAF FICA.

3. School Purchasing Programs

None

4. School Food Service

None

5. Student Activity Fund

None

6. Application for State School Aid

None

7. Pupil Transportation

That student classifications on the DRTRS agree with the classification on the student registers as of the October 15 cutoff each year.

8. Facilities and Capital Assets

None

9. Miscellaneous

None

10. Follow-up on Prior Year Findings

A review was performed on the prior year recommendations and corrective action was taken on all prior year findings except those denoted with an asterisk(*).