

NETCONG BOROUGH SCHOOL DISTRICT
COUNTY OF MORRIS
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NETCONG BOROUGH SCHOOL DISTRICT
COUNTY OF MORRIS
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE
FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
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Independent Member
BKR International

November 26, 2021

The Honorable President and Members
of the Board of Education
Netcong Borough School District
County of Morris, 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 basic financial statements of the Board of Education of the Netcong Borough School District in the County of Morris for the year-ended June 30, 2021, and have issued our report thereon dated November 26, 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 letter does not affect our report dated November 26, 2021, on the financial statements of the Board.

We will review the status of the comments, if any, during our next audit engagement. We have already discussed these comments and suggestions, if any, 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 Netcong Borough 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

NISIVOCIA, LLP

Kathryn L. Mantell

Kathryn L. Mantell
Licensed Public School Accountant #884
Certified Public Accountant

NETCONG BOROUGH SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Scope of Audit

The audit covered the financial transactions of the School Business Administrator/Board Secretary and Treasurer, 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

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

<u>Name</u>	<u>Position</u>	<u>Coverage</u>
René Metzgar	Treasurer of School Monies	\$ 175,000
Paul Stabile	Business Administrator/Board Secretary	175,000

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid on a test basis, during the period under review did not indicate any discrepancies with respect to signatures, certification or 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 tested were approved by the Chief School Administrator and certified by the President of the Board and the School Business Administrator and the Chief School Administrator.

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

Upon review of the District's payroll records, we noted the following circumstances:

Finding 2021-001:

An employee was not paid in accordance with his/her Board approved salary contract.

Finding 2021-002:

Pensionable employee salaries were not accurately reported to the PERS and TPAF State Pension Systems.

NETCONG BOROUGH SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Payroll Account and Position Control Roster (Cont'd)

Recommendations:

It is recommended that the Business Administrator carefully review:

- all payrolls to ensure that employees are paid in accordance with their Board approved contracts.
- all quarterly pension reports prior to submission to the State Pension System to the accuracy of reported pensionable salaries.

Management's Responses:

The Business Administrator will review

- all payroll contracts and ensure that employees are being paid according to the Board approved contracts.
- all quarterly reports before being submitted to the State Pension System to ensure accurate pensionable salaries are reported.

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 Classifications and Administrative Classifications

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. In addition to randomly selecting a test sample, we reviewed administrative coding classifications to determine overall reliability and compliance with N.J.A.C 6A:23A-8.2. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. As a result of the procedures performed, no errors were noted, and no additional procedures were deemed necessary to test the propriety of expenditure classifications.

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 except as noted below.

NETCONG BOROUGH SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Board Secretary's Records (Cont'd)

Finding 2021-003:

During our audit, we noted that the supporting reports and attachments which were approved by the Board were not filed with the District's permanent official minutes of the Board meetings. We were able to locate the reports and attachments; however, it is important that they be maintained together with the official minutes of Board meetings. Since the information was available and the District has maintained all reports and attachments on file with the official minutes for 2021-2022, a formal recommendation is unwarranted.

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 (E.S.S.A.)

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 Title I, Title II and Title 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 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.

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 special projects.

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. We have no comments except as noted below.

Finding 2021-004:

During our audit, we noted that the District requested excess funds for T.P.A.F. Reimbursement for one pay period and did not request reimbursement for another pay period. Since the District is in the process of taking the appropriate steps to correct these errors, a recommendation is not deemed to be necessary.

NETCONG BOROUGH SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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, 2021. The reimbursement form was reviewed, and no exceptions were noted.

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"

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$44,000 (with a Qualified Purchasing Agent) and \$32,000 (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 \$19,600 for 2020-21.

As per N.J.S.A. 18A:18A-3, the Board passed a resolution authorizing the Business Administrator as a qualified purchasing agent and increasing the bid threshold to \$44,000.

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.

NETCONG BOROUGH SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

School Purchasing Programs (Cont'd)

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

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. General compliance was noted.

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.

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 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.

School Food Service

The School Food Service program was not selected as a major federal and/or state program. However, the program expenditures exceeded \$100,000 in federal and/or State support. According, we inquired of school management, or the appropriate school food service personnel, as to whether the School Food Authority (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.

We inquired of management about the public health emergency procedures/practices that the SFA instituted to provide meals to all 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. We also inquired if the FSMC received a loan in accordance with the Payroll Protection Plan and whether the funds were used to pay for costs applicable to the Food Service Programs. We also inquired if the PPP Loan was subsequently forgiven and the FSMC refunded or credited the applicable amounts to the SFA if the FSMC received a PPP loan.

Non-program foods were not purchased, prepared, and offered for sale.

NETCONG BOROUGH SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

School Food Service (Cont'd)

Finding 2021-005:

The District's net cash resources exceed three months' average expenditures for the current fiscal year – which primarily resulted from a \$30,000 transfer in the previous year from the District's General Fund to cover the Food Service deficit in operations resulting from loss of sales revenue and receipt of federal subsidies during the current fiscal year under the Seamless Summer Program. As the effects of the pandemic continue to persist, the District is monitoring the food service operations to ensure that net cash resources do not exceed three months average expenditures; therefore, a formal recommendation is not warranted.

Finding 2021-006:

During our audit, we noted that the District did not file lunch reimbursement requests and transfer subsidy reimbursements from General Fund to the Food Service Fund in a timely manner for two out of the ten months during the year. Since this was limited to two specific months and was subsequently corrected, a formal recommendation is judged to be unwarranted.

Student Body Activities

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Student Activities 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 except as noted herein.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2020 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, and low-income 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 without exception. The information that was included on the workpapers was verified on a test basis with one error for on-roll students. 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 has adequate written procedures for the recording of student enrollment data.

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NETCONG BOROUGH SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

Pupil Transportation

Our audit procedures included a test of on-roll status reported in the 2020-2021 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.

Finding 2021-007:

During our review of non-public transported students, it was noted that the District did not always have required B-6T and B-8T forms on file.

Recommendation:

It is recommended that the District ensure that required B-6T and B-8T forms are on file for non-public transported students.

Management Response:

The District will take the appropriate steps to ensure the required B-6T and B-8T forms are on file for non-public transported students.

Facilities and Capital Assets

The School District does not have any active Schools Development Authority (“SDA”) grant agreements; therefore, we did not review for consistency with recording of the revenue and awarding of contracts for eligible facilities construction. Based on these procedures, we have no comments.

NETCONG BOROUGH SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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 require the District to establish a maximum travel for the year and to ensure that the maximum amount is not exceeded. The regulations also require that all travel 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.

Our review of the travel policies and records revealed that the District is not always in compliance with the travel regulations.

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

Governmental Accounting Standards Board (GASB) Statements

GASB Statement No. 87, *Leases*, is effective for the fiscal year ended June 30, 2022. Under this statement, the District will be required to recognize a lease liability and an intangible right-to-use asset for each lease agreement with a lease term that exceeds 12 months. This statement will enhance the comparability of financial statements among governments by requiring the reporting of leases under a single model. Additionally, certain leases that are currently not reported will be under this statement.

COVID-19 Federal Funding

It is likely that the District will undergo some review of its COVID-19 federal funding if only at a desk review level by state and/or federal agencies. We strongly suggest that the District ensures that these funds are utilized in accordance with the applicable federal requirements especially with respect to procurement. Additionally, we strongly suggest that the District ensures that these funds are accounted for in the state account numbers designated by the NJ Department of Education and that any applicable Board policies are current with respect to federal grant requirements.

Sick and Vacation Leave

It is suggested that the District consult with its attorney to ensure that its negotiated labor contracts, individual employee agreements and employee policies, as applicable, are in accordance with New Jersey statutes regarding unused sick and vacation leave

Status of Prior Year's Findings/Recommendations

The prior year recommendations regarding Student Activities outstanding checks being cancelled or reissued and transportation contracts being fully executed and on file have been resolved in the current year.

NETCONG BOROUGH SCHOOL DISTRICT
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 SCHEDULE OF AUDITED ENROLLMENTS
 ENROLLMENT AS OF OCTOBER 15, 2020

	2021-2022 Application for State School Aid						Sample for Verification						
	Reported on		Reported on		Errors		Sample		Verified per		Errors per		
	A.S.A. On Roll	Shared	Full	Shared	Full	Shared	Workpapers	Full	Shared	Full	Shared	Full	Shared
Half Day Preschool 3YR	3		3				3			3			
Full Day Preschool 3YR	16		16				16			16			
Full Day Preschool 4YR	27		26		1		27			26		1	
Full Day Kindergarten	17		17				17			17			
Grade One	23		23				23			23			
Grade Two	24		24				24			24			
Grade Three	23		23				23			23			
Grade Four	26		26				26			26			
Grade Five	26		26				26			26			
Grade Six	21		21				21			21			
Grade Seven	28		28				28			28			
Grade Eight	234		233		1		234			233		1	
Subtotal	283	- 0 -	283	- 0 -	- 0 -	- 0 -	242	- 0 -	241	- 0 -	241	- 0 -	- 0 -
Special Ed - Elementary	28		29		(1)		5			5			
Special Ed - Middle School	21		21				3			3			
Subtotal	49		50		(1)		8			8			
Totals	283	- 0 -	283	- 0 -	- 0 -	- 0 -	242	- 0 -	241	- 0 -	241	- 0 -	- 0 -
Percentage Error					0.00%	0.00%						0.41%	0.00%

NETCONG BOROUGH SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2020

	Private Schools for Disabled			Resident Low Income					
	Reported on A.S.S.A. as Private Schools	Sample for Verification	Sample Verified	Sample Errors	Reported on A.S.S.A. as Low Income	Workpapers as Low Income	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Kindergarten					9	9	2	2	
Grade One					6	6	1	1	
Grade Two					7	7	3	3	
Grade Three					12	12	2	2	
Grade Four					11	11	2	2	
Grade Five					11	11	3	3	
Grade Six					11	11	2	2	
Grade Seven					6	6	1	1	
Grade Eight					8	8	2	2	
Subtotal					81	81	18	18	
Special Ed - Elementary	1	1	1		11	11	2	2	
Special Ed - Middle School	1				13	13	3	3	
Subtotal	2	1	1		24	24	5	5	
Totals	2	1	1		105	105	23	23	- 0 -
Percentage Error									0.00%

NETCONG BOROUGH SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2020

Resident LEP Low Income					
	Reported on A.S.S.A. as LEP Low Income	Reported on Workpapers as LEP Low Income	Sample Selected from Workpapers Errors	Verified to Test Scores, Application and Register	Sample Errors
Full Day Kindergarten	1	1			
Grade Two	2	2		1	1
Grade Three	3	3		1	1
Grade Five	2	2		1	1
Subtotal	<u>8</u>	<u>8</u>		<u>3</u>	<u>3</u>
Special Ed - Elementary	2	2		1	1
Special Ed - Middle School	2	2			
Subtotal	<u>4</u>	<u>4</u>		<u>1</u>	<u>1</u>
Totals	<u>12</u>	<u>12</u>	<u>- 0 -</u>	<u>4</u>	<u>4</u>
Percentage Error			<u>0.00%</u>		<u>0.00%</u>

Resident LEP Not Low Income					
	Reported on A.S.S.A. as LEP Not Low Income	Reported on Workpapers as LEP Not Low Income	Sample Selected from Workpapers Errors	Verified to Test Scores and Register	Sample Errors
Grade One	1	1		1	1
Grade Two	1	1			
Grade Four	3	3		1	1
Grade Five	1	1		1	1
Subtotal	<u>6</u>	<u>6</u>		<u>3</u>	<u>3</u>
Totals	<u>6</u>	<u>6</u>	<u>- 0 -</u>	<u>3</u>	<u>- 0 -</u>
Percentage Error			<u>0.00%</u>		<u>0.00%</u>

NETCONG BOROUGH SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2020

Transportation

	<u>Reported on DRTRS by DOE</u>	<u>Reported on DRTRS by District</u>	<u>Errors</u>	<u>Tested</u>	<u>Verified</u>	<u>Errors</u>
Regular - Public Schools	1	1		1	1	
Transported - Non Public	4	4		2		2
AIL - Non Public	6	6		2		2
Special Needs - Public	1	1		1	1	
Special Needs - Private	2	2		1	1	
Totals	<u>14</u>	<u>14</u>	<u>- 0 -</u>	<u>7</u>	<u>3</u>	<u>4</u>
Percentage Error			<u>0.00%</u>			<u>57.14%</u>

	<u>Reported</u>	<u>Re- calculated</u>
Average Mileage - Regular Including Grade PK Students	8.8	8.8
Average Mileage - Regular Excluding Grade PK Students	8.8	8.8
Average Mileage - Special Education with Special Needs	12.8	12.8

NETCONG BOROUGH SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

REGULAR DISTRICT

SECTION 1

A. 4% Calculation of Excess Surplus

2020-21 Total General Fund Expenditures per the CAFR, Ex. C-1	<u>\$ 6,421,181</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> </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>\$ - 0 -</u> (B1d)	
Decreased by:		
On-Behalf TPAF Pension and Social Security	<u>\$ 1,009,327</u> (B2a)	
Assets Acquired Under Capital Leases	<u>\$ 68,770</u> (B2b)	
Adjusted 20-21 General Fund Expenditures [(B)+(B1's)-(B2's)]	<u>\$ 5,343,084</u> (B3)	
4% of Adjusted 2020-21 General Fund Expenditures [(B3) times .04]	<u>\$ 213,723</u> (B4)	
Enter Greater of (B4) or \$250,000	<u>\$ 250,000</u> (B5)	
Increased by: Allowable Adjustment	<u>\$ 39,997</u> (K)	
Maximum Unassigned Fund Balance [(B5)+(K)]		<u>\$ 289,997</u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6/30/21 (Per CAFR Budgetary Comparison Schedule C-1)	<u>\$ 1,696,713</u> (C)	
Decreased by:		
Year End Encumbrances	<u>\$ 184,118</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 Fund Balances	<u>\$ 1,222,598</u> (C4)	
Assigned - Designated for Subsequent Year's Expenditures	<u>\$ - 0 -</u> (C5)	
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]		<u>\$ 289,997</u> (U1)

NETCONG BOROUGH SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

SECTION 3

Restricted Fund Balance - Excess Surplus [(U2)-(M)] IF NEGATIVE, ENTER -0- \$ - 0 - (E)

Recapitulation of Excess Surplus as of June 30, 2021

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 \$ 37,225 (J1)

Additional Nonpublic School Transportation Aid \$ 2,772 (J2)

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

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

Total Adjustments ((H)+(I)+(J1)+(J2)+(J3)+(J4)) \$ 39,997 (K)

Detail of Other Restricted Fund Balance

Statutory restrictions:

Approved unspent separate proposal \$ - 0 -

Sale/lease-back reserve \$ - 0 -

Capital reserve \$ 1,007,507

Maintenance reserve \$ 215,091

Emergency reserve \$ - 0 -

Tuition reserve \$ - 0 -

Unemployment Compensation \$ - 0 -

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 \$ 1,222,598 (C4)

NETCONG BOROUGH SCHOOL DISTRICT
SUMMARY OF RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

It is recommended that:

1. Administrative Practices and Procedures
None
2. Financial Planning, Accounting and Reporting

2021-001: The Business Administrator carefully review all payrolls to ensure that employees are paid in accordance with their Board approved contracts.

2021-002: The Business Administrator carefully review all quarterly pension reports prior to submission to the State Pension System to the accuracy of reported pensionable salaries.
3. School Purchasing Program
None
4. School Food Service
None
5. Student Body Activities
None
6. Application for State School Aid
None
7. Pupil Transportation

2021-007: the District ensure that required B-6T and B-8T forms are on file for non-public transported students.
8. Facilities and Capital Assets
None
9. Travel Expense and Reimbursement Policy
None
10. Status of Prior Year's Findings/Recommendations

The prior year recommendations regarding Student Activities outstanding checks being cancelled or reissued and transportation contracts being fully executed and on file have been resolved in the current year.