

TOWN OF NEWTON SCHOOL DISTRICT
COUNTY OF SUSSEX
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2021

TOWN OF NEWTON SCHOOL DISTRICT
COUNTY OF SUSSEX
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE
FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2021
TABLE OF CONTENTS

	<u>Page</u>
Cover Letter	1
Scope of Audit	2
Administrative Practices and Procedures:	2
Insurance	2
Officials in Office and Surety Bonds	2
Tuition Charges	2
Financial Planning, Accounting and Reporting:	2
Examination of Claims	2
Payroll Account and Position Control Roster	2
Reserve for Encumbrances and Accounts Payable	3
Classification of Expenditures	3
Board Secretary's Records	3
Treasurer's Records	3
Elementary and Secondary Education Act (E.S.E.A.) as amended by the Every Student Succeeds Act.	3
Other Special Federal and/or State Projects	3
T.P.A.F. Reimbursement	4
Travel Expense and Reimbursement Policy	4
School Purchasing Programs:	4
Contracts and Agreements Requiring Advertisement for Bids	4
School Food Service Fund	5
Student Body Activities	6
Application for State School Aid	6
Pupil Transportation	7
Facilities and Capital Assets	7
Testing for Lead of all Drinking Water in Educational Facilities	7
Management Suggestions	7
Follow-up on Prior Year Findings	8
Schedule of Meal Count Activity (not applicable)	
Schedule of Net Cash Resources (not applicable)	
Schedule of Audited Enrollment	9-13
Excess Surplus Calculation	14-15
Summary of Recommendations	16



200 Valley Road, Suite 300
Mt. Arlington, NJ 07856
973.298.8500

11 Lawrence Road
Newton, NJ 07860
973.383.6699

nisivoccia.com

Independent Member
BKR International

October 20, 2021

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, 2021, and have issued our report thereon dated October 20, 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.

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.

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

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, 2021

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>
Theresa Schlosser	Treasurer of School Monies	\$ 235,000
Dr. Alfred Savio	School Business Administrator/Board Secretary (to 8/1/20)	235,000
Donna Snyder-DeVita	Interim School Business Administrator/Board Secretary (8/22/20-1/3/21)	250,000
James Sekelsky	School Business Administrator/Board Secretary (from 1/4/21)	250,000

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, 2021
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Payroll Account and Position Control Roster (Cont'd)

Finding 2021-001:

The payroll agency analysis of balance at June 30, 2021 contained a number of individual agency withholdings balances some of which appeared to be older and others which had negative balances. As the District has already taken steps to review the balances and has put in place procedures to ensure that the balances are reviewed on a monthly basis, no formal recommendation is judged to be warranted.

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

TOWN OF NEWTON SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

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

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.

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, 2021. 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.

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

TOWN OF NEWTON SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

School Purchasing Programs (Cont'd)

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

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 2020-2021.

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. None were noted.

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.

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.

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. Accordingly, 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.

Finding 2021-002

The District participated in the National School Lunch Program and the Child and Adult Care Food Program (CACFP) in fiscal year 19-20 and served after school snacks and dinners through these programs. The District served after school snacks and dinners for the months of October and November 2020 but was not eligible to submit for reimbursement for these snacks and dinners.

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

School Food Service (Cont'd)

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 not purchased, prepared or offered for sale.

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.

Finding 2021-003

Net cash resources of the Food Service Fund exceeded three months average expenditures by \$103,136. 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 2021-004

During our review of the analyses of balance for the High School and Merriam Avenue School student activities accounts, we noted two clubs/activities with small deficit balances for the High School and one large and one small club/activity with deficit balances 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, 2020 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 without exception. 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, 2021
(Continued)

Pupil Transportation

Our audit procedures included a test of on-roll status reported on 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 with one 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

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 in excess of 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.

TOWN OF NEWTON SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

Follow-up on Prior Year Finding/Recommendation

The prior year recommendations regarding Preschool Education Aid transfers and the implementation of procedures for capital projects and lease purchase agreements were fully resolved.

TOWN OF NEWTON 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	Workpapers On Roll	Shared	Full	Shared	Workpapers Full	Shared	Registers On Roll	Shared	Registers On Roll	Shared
Half Day Preschool	47		47				47		47			
Full Day Kindergarten	70		70				70		70			
Grade One	76		76				76		76			
Grade Two	70		70				70		70			
Grade Three	68		68				68		68			
Grade Four	56		56				56		56			
Grade Five	62		62				62		62			
Grade Six	81		81				81		81			
Grade Seven	75		75				75		75			
Grade Eight	65		65				65		65			
Grade Nine	152	2	152	2			152	2	152	2		
Grade Ten	152	3	152	3			152	3	152	3		
Grade Eleven	157	1	157	1			157	1	157	1		
Grade Twelve	146		146				146		146			
Subtotal	1,277	6	1,277	6			1,277	6	1,277	6		
Special Education:												
Elementary School	100		100				9		9			
Middle School	52		52				6		6			
High School	107	1	107	1			10		10			
Subtotal	259	1	259	1			25		25			
Totals	1,536	7	1,536	7	-0-	-0-	1,302	6	1,302	6	-0-	-0-
Percentage Error					0.00%	0.00%					0.00%	0.00%

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

	<u>Private Schools for Disabled</u>			
	<u>Reported on ASSA as Private Schools</u>	<u>Sample for Verification</u>	<u>Sample Verified</u>	<u>Sample Errors</u>
Special Education:				
Elementary School	3	2	2	
High School	<u>3</u>	<u>1</u>	<u>1</u>	
Totals	<u><u>6</u></u>	<u><u>3</u></u>	<u><u>3</u></u>	<u><u>-0-</u></u>
Percentage Error				<u><u>0.00%</u></u>

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

	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	31	31		1	1	
Grade One	29	29		1	1	
Grade Two	32	32		1	1	
Grade Three	39	39		3	3	
Grade Four	23	23		2	2	
Grade Five	31	31		2	2	
Grade Six	41	41		3	3	
Grade Seven	30	30		2	2	
Grade Eight	22	22		1	1	
Grade Nine	32	32		2	2	
Grade Ten	24	24		1	1	
Grade Eleven	19	19		1	1	
Grade Twelve	24	24				
Subtotal	<u>377</u>	<u>377</u>		<u>20</u>	<u>20</u>	
Special Education:						
Elementary School	62	62		2	2	
Middle School	33	33		2	2	
High School	28	28		1	1	
Subtotal	<u>123</u>	<u>123</u>		<u>5</u>	<u>5</u>	
Totals	<u>500</u>	<u>500</u>	<u>-0-</u>	<u>25</u>	<u>25</u>	<u>-0-</u>
Percentage Error			<u>0.00%</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, 2020

	Resident LEP Low Income			Resident LEP Not Low Income					
	Reported on A.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.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	6	6			1	1			
Grade Two	6	6	1	1	1	1			
Grade Three	5	5			1	1			
Grade Four	2	2							
Grade Five	2	2			1	1			
Grade Six	5	5	1	1					
Grade Seven	3	3	2	2	2	2			
Grade Eight	6	6			2	2			
Grade Nine	2	2			2	2	1	1	
Grade Ten	9	9	1	1	3	3			
Grade Eleven	9	9			2	2	1	1	
Grade Twelve	4	4			1	1	1	1	
Subtotal	59	59	5	5	16	16	3	3	
Special Ed - Elementary	3	3	1	1					
Special Ed - Middle School	1	1			1	1			
Subtotal	4	4	1	1	1	1			
Totals	63	63	6	6	17	17	3	3	-0-
Percentage Error			0.00%				0.00%		0.00%

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

	<u>Transportation</u>					
	<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	109	109		8	8	
Regular - Special Education	1	1		1	1	
Transported - Non Public	18	18		3	2	1
AIL Non- Public	1	1		1	1	
Special Needs - Public	45	45		4	4	
Special Needs - Private	<u>3</u>	<u>3</u>		<u>1</u>	<u>1</u>	
Totals	<u>177</u>	<u>177</u>	<u>-0-</u>	<u>18</u>	<u>17</u>	<u>1</u>
Percentage Error			<u>0.00%</u>			<u>5.56%</u>

	<u>Reported</u>	<u>Recalculated</u>
Average Mileage - Regular Including Grade PK Students	5.1	5.1
Average Mileage - Regular Excluding Grade PK Students	6.3	6.3
Average Mileage - Special Education with Special Needs	5.0	5.0

TOWN OF NEWTON SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2021

EXCESS SURPLUS CALCULATION

REGULAR DISTRICT

SECTION 1

A. 2% Calculation of Excess Surplus

2020-2021 Total General Fund Expenditures per the CAFR, Ex. C-1	<u>\$ 32,272,998</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>\$ 153,792</u> (B1d)	
Decreased by:		
On-Behalf TPAF Pension and Social Security	<u>\$ 5,650,259</u> (B2a)	
Assets Acquired Under Capital Leases	<u>\$ -0-</u> (B2b)	
Adjusted 2020-2021 General Fund Expenditures [(B)+(B1's)-(B2's)]	<u>\$ 26,776,531</u> (B3)	
4% of Adjusted 2020-2021 General Fund Expenditures [(B3) times .04]	<u>\$ 1,071,061</u> (B4)	
Enter Greater of (B4) or \$250,000	<u>\$ 1,071,061</u> (B5)	
Increased by: Allowable Adjustment	<u>\$ 48,448</u> (K)	
Maximum Unassigned Fund Balance [(B5)+(K)]		<u>\$ 1,119,509</u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6/30/2021 (Per CAFR Budgetary Comparison Schedule C-1)	<u>\$ 3,577,491</u> (C)	
Decreased by:		
Year End Encumbrances	<u>\$ 717,270</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>\$ 2,026,242</u> (C4)	
Assigned - Designated for Subsequent Year's Expenditures	<u>\$ 250,000</u> (C5)	
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]		<u>\$ 583,979</u> (U1)

TOWN OF NEWTON SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

SECTION 3

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

Recapitulation of Excess Surplus as of June 30, 2021

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

Restricted Excess Surplus [(E)]	<u>\$ -0- (E)</u>
---------------------------------	-------------------

Total [(C3)+(E)]	<u>\$ -0- (D)</u>
------------------	-------------------

Detail of Allowable Adjustments

Impact Aid	<u>\$ -0- (H)</u>
------------	-------------------

Sale and Lease Back	<u>\$ -0- (I)</u>
---------------------	-------------------

Extraordinary Aid	<u>\$ 46,334 (J1)</u>
-------------------	-----------------------

Additional Nonpublic School Transportation Aid	<u>\$ 2,114 (J2)</u>
--	----------------------

Current Year School Bus Advertising Revenue Recognized	<u>\$ -0- (J3)</u>
--	--------------------

Family Crisis Transportation Aid	<u>\$ -0- (J4)</u>
----------------------------------	--------------------

Total Adjustments ((H)+(I)+(J1)+(J2)+(J3)+(J4))	<u>\$ 48,448 (K)</u>
---	----------------------

Detail of Other Restricted Fund Balance

Statutory restrictions:

Approved unspent separate proposal	<u>\$ -0-</u>
------------------------------------	---------------

Sale/lease-back reserve	<u>\$ -0-</u>
-------------------------	---------------

Capital reserve	<u>\$ 1,109,094</u>
-----------------	---------------------

Maintenance reserve	<u>\$ 136,820</u>
---------------------	-------------------

Emergency reserve	<u>\$ -0-</u>
-------------------	---------------

Tuition reserve	<u>\$ 780,328</u>
-----------------	-------------------

School Bus Advertising 50% Fuel Offset Reserve - current year	<u>\$ -0-</u>
---	---------------

School Bus Advertising 50% Fuel Offset Reserve - prior year	<u>\$ -0-</u>
---	---------------

Impact Aid General Fund Reserve (Sections 8002 and 8003)	<u>\$ -0-</u>
--	---------------

Impact Aid Capital Fund Reserve (Sections 8007 and 8008)	<u>\$ -0-</u>
--	---------------

Other state/governmental mandated reserve	<u>\$ -0-</u>
---	---------------

Other Restricted Fund Balance not noted above	<u>\$ -0-</u>
---	---------------

Total Other Restricted Fund Balance	<u>\$ 2,026,242 (C4)</u>
-------------------------------------	--------------------------

TOWN OF NEWTON SCHOOL DISTRICT
SUMMARY OF RECOMMENDATIONS
FISCAL YEAR ENDED JUNE 30, 2021

It is recommended that:

1. Administrative Practices and Procedures
None
2. Financial Planning, Accounting and Reporting
None
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
None
8. Facilities and Capital Assets
None
9. Status of Prior Year's Findings/Recommendations

The prior year recommendations regarding Preschool Education Aid transfers and the implementation of procedures for capital projects and lease purchase agreements were fully resolved.