

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

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

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 - General Classifications and Administrative Classifications .....	3
Board Secretary's Records .....	3
Treasurer's Records.....	4
Elementary and Secondary Education Act (E.S.E.A.) as amended by the Every Student Succeeds Act.....	4
Other Special Federal and/or State Projects .....	4
T.P.A.F Reimbursement.....	4
School Purchasing Programs .....	5
Contracts and Agreements Requiring Advertisement for Bids .....	5
School Food Service.....	6
Student Body Activities .....	6
Application for State School Aid.....	6
Pupil Transportation .....	7
Travel Expenses.....	7
Testing for Lead of all Drinking Water in Educational Facilities .....	7
Management Suggestions .....	8
Status of Prior Year's Findings/Recommendations.....	8
Schedule of Meal/Milk Count Activity (Not Applicable).....	9
Schedule of Net Cash Resources (Not Applicable).....	10
Schedule of Audited Enrollments .....	11
Excess Surplus Calculation .....	15
Summary of Recommendations .....	17



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

11 Lawrence Road  
Newton, NJ 07860  
973.383.6699

[nisivoccia.com](http://nisivoccia.com)

Independent Member  
BKR International

November 15, 2021

The Honorable President and Members  
of the Board of Education  
Watchung Borough School District  
County of Somerset, 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 financial statements of the Board of Education of the Watchung Borough School District in the County of Somerset for the fiscal year ended June 30, 2021, and have issued our report thereon dated November 15, 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 15, 2021, on the financial statements of the Board.

We will review the status of our comments during our next audit engagement. We have already discussed the 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 recommendations.

This report is intended for the information of the Watchung Borough School District 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

*Valerie A. Dolan*  
\_\_\_\_\_  
Valerie A. Dolan  
Licensed Public School Accountant #2526  
Certified Public Accountant

WATCHUNG BOROUGH 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, 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>
Richard Pepe	Business Administrator/Board Secretary	\$ 225,000
William J. Hance, Jr.	Treasurer of School Moneys	225,000

The District has Employee Dishonesty and Faithful Performance coverage through the Diploma Joint Insurance Fund for employees not separately bonded 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 less 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.6:23-3.1(f)3.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid on a test basis, during the period under review 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.

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.

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

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 15<sup>th</sup> due date.

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

Financial Planning, Accounting and Reporting (Cont'd)

Payroll Account and Position Control Roster (Cont'd)

Finding 2021-001:

During our review of the Payroll Agency bank account activity it was noted that a summary of Payroll Agency Deposits, payment and balances owed to various agencies is not prepared to ensure the accuracy and timeliness of payroll agency payments.

Recommendation:

It is recommended that a summary of Payroll Agency bank account deposits, payments and balances owed to various agencies is prepared on a monthly basis.

Management Response:

A summary of Payroll Agency bank account deposits, payments and balances owed to various agencies will be prepared on a monthly basis.

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. 6:23A-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, we also reviewed administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.2. 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.

Finding 2021-002:

During our review of the Board Secretary's records it was noted that cash balances for the general fund and special revenue fund were not in agreement with the Treasurer's records. As the amount was not material and the variances were subsequently resolved, a formal recommendation is judged to be unnecessary at this time.

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

Financial Planning, Accounting and Reporting (Cont'd)

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 except as noted below and on the prior page in the section of Board Secretary's records.

Finding 2021-003:

During our review of the Treasurer's records, it was noted that the General Fund bank reconciliation contains checks outstanding for over six months which require further review and investigation for proper disposition. As the total amount of these outstanding checks is not significant, a formal recommendation is judged to be unnecessary at this time.

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 District's CAFR. This section of the CAFR documents the financial position pertaining to projects under Titles I, and IV of the Elementary and Secondary Education Act as amended and reauthorized.

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 aforementioned 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. 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.

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

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.

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. 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.

WATCHUNG BOROUGH 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)

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 – Milk Program

The District does not participate in the federal Child Nutrition Program.

Exhibits reflecting Milk Program operations are included in the section entitled "Proprietary Funds", Section G of the CAFR.

Finding 2021-004:

During our review of the school District records it was noted that net cash resources of the Milk Program exceeded three months average expenditures by approximately \$5,200. However, as the excess is primarily due to the District not offering milk to students due to the COVID-19 pandemic, a formal recommendation is deemed not necessary.

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.

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, bilingual 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 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 has adequate written procedures for the recording of student enrollment data.



WATCHUNG BOROUGH 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 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.

Travel Expense and Reimbursement Policy

Travel regulations require each District to adopt a formal policy and procedure pertaining to travel and travel expense reimbursement for its employees and board members. The regulations require the District to establish a maximum travel amount for the year and to account for these expenses within a separate account in the budget to ensure that the maximum is not exceeded. The regulations also require that all travel be approved by the Board prior to the event and that the approval list the event, total event cost and the individuals attending. Employees and board members attending an event are then required to complete a post event report to be submitted to a designated person within the District.

During our testing of the District's travel expenditures, we noted the following.

Finding 2021-005:

Post event reports were not being obtained for travel reimbursement expenditures as required per the State travel regulations.

Recommendation:

It is recommended that post event reports for travel events be obtained as per State travel regulations.

Management Response:

Administration will ensure that post event reports for travel events will be obtained in order to ensure compliance with State 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).

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

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.

Status of Prior Year's Findings/Recommendations

The District prior year recommendations with regard to with regard to hourly overtime rates, obtaining County Superintendent approval for all required transfers, Milk Program net cash resources and low income and resident LEP not low income student counts being accurately reflected on the Application for State School Aid have been resolved. The District prior year recommendations, related to the summary of Payroll Agency bank account activity and post event reports for travel events have not been resolved and are included as current year recommendations.

WATCHUNG BOROUGH SCHOOL DISTRICT  
SCHEDULE OF MILK COUNT ACTIVITY  
FOOD SERVICE FUND  
NUMBER OF MILKS SERVED  
ENTERPRISE FUND  
FISCAL YEAR ENDED JUNE 30, 2021  
(MEMORANDUM ONLY)

NOT APPLICABLE

WATCHUNG BOROUGH SCHOOL DISTRICT  
SCHEDULE OF NET CASH RESOURCES  
FOOD SERVICE FUND  
ENTERPRISE FUND  
FISCAL YEAR ENDED JUNE 30, 2021  
(MEMORANDUM ONLY)

NOT APPLICABLE

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

	2021-2022 Application for State School Aid				Sample for Verification							
	Reported on		Reported on		Sample		Verified per		Errors per			
	On Roll	Shared	Workpapers	Errors	Workpapers	Shared	On Roll	Shared	Registers	on Roll		
Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	
Full Day Preschool 3 Years Old	1		1		1		1		1			
Full Day Preschool 4 Years Old	11		11		11		11		11			
Full Day Kindergarten	52		52		52		52		52			
Grade One	59		59		59		59		59			
Grade Two	60		60		60		60		60			
Grade Three	55		55		55		55		55			
Grade Four	55		55		55		55		55			
Grade Five	56		56		56		56		56			
Grade Six	49		49		49		49		49			
Grade Seven	57		57		57		57		57			
Grade Eight	67		67		67		67		67			
Subtotal	522		522		522		522		522			
Special Education:												
Elementary School	56		56		10		10		10			
Middle School	26		26		5		5		5			
Subtotal	82		82		15		15		15			
Totals	604	-0-	604	-0-	537	-0-	537	-0-	537	-0-	-0-	-0-
Percentage Error												
					0.00%		0.00%		0.00%			0.00%

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

	<u>Resident Low Income</u>					
	<u>Reported on ASSA as Low Income</u>	<u>Reported on Workpapers as Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Application and Register</u>	<u>Sample Errors</u>
Grade Five	<u>1</u>	<u>1</u>	<u></u>	<u>1</u>	<u>1</u>	<u></u>
Subtotal	<u>1</u>	<u>1</u>	<u></u>	<u>1</u>	<u>1</u>	<u></u>
Totals	<u><u>1</u></u>	<u><u>1</u></u>	<u><u></u></u>	<u><u>1</u></u>	<u><u>1</u></u>	<u><u>-0-</u></u>
Percentage Error			<u><u>0.00%</u></u>			<u><u>0.00%</u></u>

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

	Resident LEP Not Low Income					
	Reported on ASSA as LEP Not Low Income	Reported on Workpapers as LEP Not Low Income	Errors	Sample Selected from Workpapers	Verified to Test Scores Application and Register	Sample Errors
Grade One	1	1				
Grade Two	3	3		1	1	
Grade Three	1	1				
Grade Four	1	1		1	1	
Grade Five	1	1				
Subtotal	<u>7</u>	<u>7</u>		<u>2</u>	<u>2</u>	
Totals	<u><u>7</u></u>	<u><u>7</u></u>		<u><u>2</u></u>	<u><u>2</u></u>	<u><u>-0-</u></u>
Percentage Error			<u><u>0.00%</u></u>			<u><u>0.00%</u></u>

WATCHUNG BOROUGH SCHOOL DISTRICT  
SCHEDULE OF AUDITED ENROLLMENTS  
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	295	295		22	22	
Regular - Special Education	24	24		2	2	
AIL - Non Public	31	31		3	3	
Special Needs - Public	29	29		2	2	
Special Needs - Private	<u>4</u>	<u>4</u>		<u>1</u>	<u>1</u>	
Totals	<u><u>383</u></u>	<u><u>383</u></u>	<u><u>-0-</u></u>	<u><u>30</u></u>	<u><u>30</u></u>	<u><u>-0-</u></u>
Percentage Error			<u><u>0.00%</u></u>			<u><u>0.00%</u></u>
				<u>Reported</u>	<u>Re- calculated</u>	
Average Mileage - Regular Including Grade PK Students				3.5	3.5	
Average Mileage - Regular Excluding Grade PK Students				3.5	3.5	
Average Mileage - Special Education with Special Needs				5.4	5.4	



WATCHUNG BOROUGH SCHOOL DISTRICT  
EXCESS SURPLUS CALCULATION  
FISCAL YEAR ENDED JUNE 30, 2021

**EXCESS SURPLUS CALCULATION**

**REGULAR DISTRICT**

**SECTION 1**

2020-2021 Total General Fund Expenditures per the CAFR, Ex. C-1	<u>\$ 14,853,902</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)
Decreased by:	
On-Behalf TPAF Pension and Social Security	<u>\$ 2,103,299</u> (B2a)
Assets Acquired Under Capital Leases	<u>\$ 120,000</u> (B2b)
Adjusted 20-21 General Fund Expenditures [(B)+(B1's)-(B2's)]	<u>\$ 12,630,603</u> (B3)
4% of Adjusted 2020-21 General Fund Expenditures [(B3) times .04]	<u>\$ 505,224</u> (B4)
Enter Greater of (B4) or \$250,000	<u>\$ 505,224</u> (B5)
Increased by: Allowable Adjustment	<u>\$ 536,795</u> (K)
Maximum Unassigned Fund Balance [(B5)+(K)]	<u>\$ 1,042,019</u> (M)

**SECTION 2**

Total General Fund - Fund Balances @ 6/30/21 (Per CAFR Budgetary Comparison Schedule C-1)	<u>\$ 2,938,104</u> (C)
Decreased by:	
Year End Encumbrances	<u>\$ 107,638</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>\$ 160,835</u> (C3)
Other Restricted Fund Balances	<u>\$ 1,128,434</u> (C4)
Assigned - Designated for Subsequent Year's Expenditures	<u>\$ 42,201</u> (C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]	<u>\$ 1,498,996</u> (U1)

WATCHUNG BOROUGH SCHOOL DISTRICT  
EXCESS SURPLUS CALCULATION  
FISCAL YEAR ENDED JUNE 30, 2021

**SECTION 3**

Restricted Fund Balance - Excess Surplus [(U2)-(M)] IF NEGATIVE, ENTER -0- \$ 456,977 (E)

**Recapitulation of Excess Surplus as of June 30, 2021**

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures \$ 160,835 (C3)

Restricted Excess Surplus [(E)] \$ 456,977 (E)

Total [(C3)+(E)] \$ 617,812 (D)

Detail of Allowable Adjustments

Impact Aid \$ -0- (H)

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

Extraordinary Aid \$ 527,805 (J1)

Additional Nonpublic School Transportation Aid \$ 8,990 (J2)

Total Adjustments ((H)+(I)+(J1)+(J2)) \$ 536,795 (K)

Detail of Other Restricted Fund Balance

Statutory restrictions:

Approved unspent separate proposal \$ -0-

Sale/lease-back reserve \$ -0-

Capital reserve \$ -0-

Maintenance reserve \$ 1,077,571

Tuition reserve \$ -0-

Unemployment Compensation \$ 50,863

Other state/governmental mandated reserve \$ -0-

Other restricted fund balance not noted above \$ -0-

Total Other Restricted Fund Balance \$ 1,128,434 (C4)

WATCHUNG BOROUGH 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

Finding 2021-001:

A summary of Payroll Agency bank account deposits, payments and balances owed to various agencies is prepared on a monthly basis.

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. Miscellaneous

Finding 2021-005:

Post event reports for travel events be obtained as per State travel regulations.

10. Status of Prior Year's Findings/Recommendations

The District prior year recommendations with regard to with regard to hourly overtime rates, obtaining County Superintendent approval for all required transfers, Milk Program net cash resources and low income and resident LEP not low income student counts being accurately reflected on the Application for State School Aid have been resolved. The District prior year recommendations, related to the summary of Payroll Agency bank account activity and post event reports for travel events have not been resolved and are included as current year recommendations.