

NEPTUNE CITY SCHOOL DISTRICT

**AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

**NEPTUNE CITY SCHOOL DISTRICT
AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE**

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ALVINO & SHECHTER, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

110 Fortunato Place

Neptune, New Jersey 07753-3767

VINCENT J. ALVINO, CPA, PSA
ALLEN B. SHECHTER, CPA, RMA, PSA

Phone: (732) 922-4222
Fax: (732) 922-4533

Member

American Institute of Certified Public Accountants
New Jersey Society of Certified Public Accountants
PCPS of the AICPA Division of CPA Firms

REPORT OF INDEPENDENT AUDITORS

Honorable President and
Members of the Board of Education
Neptune City School District
County of Monmouth, New Jersey

We have audited, in accordance with generally accepted audit standards and *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Neptune City School District in the County of Monmouth for the year ended June 30, 2022, and have issued our report thereon dated April 14, 2023.

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 Neptune City 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.



Licensed Public School Accountant

No. 2183

ALVINO & SHECHTER, L.L.C.

April 14, 2023
Neptune, New Jersey

ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator/Treasurer of School Monies, the activities of the Board of Education and the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

Insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the district's ACFR.

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

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Yvonne Hellwig	Interim Business Administrator/ Board Secretary/Treasurer	\$200,000.00

There is a Public Employees' Faithful Performance Blanket Position Bond with New Jersey School Boards Association Insurance Group covering all other employees with multiple coverage of \$25,000.00.

P.L. 2020.c.44

Our audit procedures included an inquiry and subsequent review of health benefit data required per N.J.S.A.18A:16-13.3 (Chapter 44) submitted for the year on audit. The Chapter 44 summary report was reviewed for reasonableness and timeliness.

The data submitted did include all health benefit plans offered by school district.

The school district data certification was completed by the school business administrator. The school district Chapter 44 data was submitted timely.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid 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 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.

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

Finding 2022-01 (ACFR Finding 2022-006):

Federal and State salaries withholdings and quarterly payroll tax returns and required payments were not promptly in some instances even remitted to proper agencies from January through June of 2022.

Recommendation:

That the District implement a more comprehensive process with monitoring to ascertain payroll tax withholding deposits and quarterly filing of payroll tax returns are made timely not to incur penalties.

An inquiry and subsequent review of the position control roster found no inconsistencies between the payroll records, employee benefit records (eg. pension reports and health benefit coverage reports), the general ledger account to where wages are posted (administrative versus instruction), and the Position Control Roster.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, for goods not yet received or services not yet rendered and it was determined that no blanket purchase orders were included in the balance of the reserves for encumbrances. Also, unpaid purchase orders included in the balance of accounts payable were reviewed for propriety and to determine that goods were received and services were rendered, as of June 30.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A: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 no errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classification and administrative classification.

A. General Classification Findings

None

B. Administrative Classification Findings

None

Board Secretary's/Treasurer Records

During our review of the financial records maintained by the Board Secretary/Treasurer we noted the following:

Finding 2022-002 (ACFR Finding 2022-002):

The District cash reconciliations for the bank accounts were not prepared accurately, on a monthly basis, in accordance with N.J.S.A. 18A:17-9 during the fiscal year.

Recommendation:

That the District accurately reconcile all bank accounts on a monthly basis in accordance with N.J.S.A. 18:17-9.

Finding 2022-003 (ACFR Finding 2022-001):

The District did not maintain an accurate general ledger that was reconciled monthly to the other subsidiary records for the current fiscal year.

Recommendation:

That the District properly maintain a general ledger and reconcile the ledger monthly with other subsidiary records.

Finding 2022-004 (ACFR Finding 2022-003):

Numerous revenue/receipts and expenditures transactions were not posted or accurately posted to the General, Special Revenue and Debt Service Funds.

Recommendation:

Internal controls over financial reporting be enhanced to ensure all revenues/receipts and all expenditures are properly classified and recorded in the appropriate fund.

Finding 2022-005 (ACFR Finding 2022-004 and 2022-011):

We noted four (4) budget line accounts in the General Fund that were overexpended at June 30, 2022.

Recommendation:

Internal controls be reviewed to ensure that the original budget line item appropriations are posted correctly and ensure that the transfers are made prior to the overexpenditure of available budget appropriations.

Finding 2022-006 (ACFR Finding 2022-005 and 2022-010):

The monthly Board Secretary and Treasurer reports were not being prepared accurately, in agreement to each other and submitted on a timely basis.

Recommendation:

That the Board Secretary and Treasurer reports be in agreement and submitted on a timely basis.

Finding 2022-007 (ACFR Finding 2022-008 and 2022-012):

The District transferred funds to general administration, school administration and central services that on a cumulative basis exceeded 10 percent of the total amount of the original budgets without proper approval.

Recommendation:

Executive County Superintendent approval should be requested for any transfer to an advertised administrative account that is cumulatively more than 10 percent of that amount. The District should maintain documentation that substantiates the request was received by the Executive County Superintendent when written approval is not received.

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 ACFR. This section of the ACFR 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 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 ACFR.

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 ACFR. This section of the ACFR documents the financial position pertaining to the aforementioned special projects.

Finding 2022-008:

Reimbursement requests for all federal projects in the Special Revenue Fund are not being submitted on a regular basis.

Recommendation:

That the District submit reimbursement requests for all federal projects in the Special Revenue Fund on a regular basis.

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. The following exception was noted:

Finding 2022-009 (ACFR Finding 2022-007):

There were no biweekly reimbursements filed with the Department of Education for January through June of 2022.

Recommendation:

That the biweekly reimbursements for school employees who are members of the Teachers Pension and Annuity Fund be filed timely with the Department of Education.

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 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

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$44,000.00 (with a Qualified Purchasing Agent) and \$32,000.00 (without a Qualified Purchasing Agent), respectively. The Interim Business Administrator was appointed as the qualified purchasing agent pursuant to N.J.S.A. 40A:11-9(b) and therefore the bid threshold was increased to \$44,000.00 per statute. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$20,200.00 for 2021-22.

The board of education has the responsibility of determining whether the expenditure 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 solicitor's opinion should be sought before a commitment is made.

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

The results of 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.

School Food Service

In accordance with the Governor's Declaration of Emergency pertaining to the public health emergency all Public, Charter, Non-Public schools were ordered to close effective as of March 18, 2020 for an undetermined period to limit the spread of the virus. As a result, School Food Authorities (SFA) were required to institute alternate procedures to provide meals to eligible students during the period of school closures. Governor Murphy's emergency declaration ended June 4, 2021; however, the United States Department of Agriculture's federal waiver continued through June 30, 2022. Food Service Agencies operated under this federal waiver.

As a result, School Food Authorities (SFAs) were required to provide meals in accordance with the regulations governing the National School Nutrition Seamless Summer Option (SSO). SFAs could also choose to participate in the National School Lunch Program utilizing standard counting and claiming practices.

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 all children throughout the age of 18, as well as persons over 18 with disabilities as defined in the regulations.

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 students during the emergency.

The School Food Service Fund has not been audited as a major program and has not expended \$100,000.00 or more in Federal and State support.

The financial transactions and statistical records of the school food service fund were reviewed. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

The number of meals claimed for reimbursement was verified against meal count records. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement vouchers were timely filed, and meals claimed agreed with meal count records.

The Board of Education entered into a food service management contract (FSMC) with Maschio's Food Service, Inc., to operate the cafeteria for 2021/2022 school year.

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

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 services.

Net cash resources exceed three months average expenditures.

Finding 2022-010 (ACFR Finding 2022-009):

The Food Service Fund's net cash resources exceeded three months average by \$43,141.19.

Recommendation:

It is recommended that appropriate steps be taken to ensure that net cash resources does not exceed three months average expenditures.

Food Distribution Program commodities were received and a separate inventory was maintained on a first-in, first-out basis. No exceptions were noted.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds of the ACFR.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets (ACFR Schedule B-5) does separate program and non-program revenue and non-program cost of goods sold.

Student Body Activities

The financial transactions of the student activity funds were reviewed. No exceptions were noted.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2021 Application for State School Aid (A.S.S.A.) for on roll, private school for the handicapped, and low-income. We also performed a review of the district procedures related to its completion. The information on the A.S.S.A. was compared to the district workpapers without exceptions. The information that was included on the workpapers was verified without exceptions. 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.

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2021/2022 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 service.

Facilities and Capital Assets

There were no active facilities projects funded with SDA grants during the current fiscal year.

Miscellaneous

Testing for Lead of All Drinking Water in Educational Facilities

The school district adhered to all requirements of N.J.A.C. 26-1.2 and 12.4 related to the testing for lead of all drinking water in educational facilities.

The school district submitted the annual Statement of Assurance to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

Follow-up on Prior Year Findings

In accordance with audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, our procedures included a review of all prior year recommendations including findings reported in the prior year's Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance. Correction action was taken on all prior year's findings with the exception of the following, which is repeated in this year's recommendations noted as current year findings:

2022-009 (ACFR Finding 2022-010):

It is recommended that appropriate steps be taken to ensure that net cash resources does not exceed three months average expenditures.

Acknowledgment

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

Neptune City School District
Net Cash Resources Schedule
Proprietary Funds - Food Service
June 30, 2022

<u>Net Cash Resources:</u>	Food Service B - 4/5
ACFR	Current Assets
B-4	Cash & Cash Equiv. \$ 125,638.67
B-4	Due from Other Gov'ts 8,349.78
B-4	Accounts Receivable 7,377.03
B-4	Investments 0.00
ACFR	Current Liabilities
B-4	Less Accounts Payable 3,154.50
B-4	Less Accruals 0.00
B-4	Less Due to Other Funds 33,339.04
B-4	Less Deferred Revenue 2,145.85
	Net Cash Resources \$ 102,726.09 (A)

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.	148,032.60
B-5	Less Depreciation	(11,000.60)
	Adj. Tot. Oper. Exp. \$ 137,032.00 (B)	

Average Monthly Operating Expense:

B / 10 **\$ 13,703.20 (C)**

Three times monthly Average:

3 X C **\$ 41,109.60 (D)**

TOTAL IN BOX A	\$ 102,726.09
LESS TOTAL IN BOX D	\$ (41,109.60)
NET	\$ 61,616.49
From above:	
Net Cash Resources Exceeds Three Months Expenditures	

SCHEDULE OF AUDITED ENROLLMENTS

**NEPTUNE CITY SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2021**

	2022-2023 Application for State School Aid						Sample for Verification						Private Schools for Disabled			
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Registers On Roll		Errors per Registers On Roll		Reported on A.S.S.A. as Private Schools	Sample for Verifi- cation	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Half Day Preschool																
Full Day Preschool																
Half Day Kindergarten																
Full Day Kindergarten	28		28					28		28						
One	19		19					19		19						
Two	21		21					21		21						
Three	22		22					22		22						
Four	18		18					18		18						
Five	28		28					28		28						
Six	17		17					17		17						
Seven	13		13					13		13						
Eight	16		16					16		16						
Nine																
Ten																
Eleven																
Twelve																
Post-Graduate																
Adult H.S. (15+CR.)																
Adult H.S. (1-14 CR.)																
Subtotal	182	0	182	0	0	0	182	0	182	0	0	0	0	0	0	0
Special Ed - Elementary	20		20				20		20				4	4	4	
Special Ed - Middle School	25		25				25		25				3	3	3	
Special Ed - High School													11	11	11	
Subtotal	45	0	45	0	0	0	45	0	45	0	0	0	18	18	18	0
Co. Voc. - Regular																
Co. Voc. Ft. Post Sec.																
Totals	227	0	227	0	0	0	227	0	227	0	0	0	18	18	18	0
Percentage Error					0.00%	0.00%							0.00%	0.00%		0.00%

SCHEDULE OF AUDITED ENROLLMENTS

**NEPTUNE CITY SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2021**

	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on A.S.S.A. as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on A.S.S.A. as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Half Day Preschool												
Full Day Preschool												
Half Day Kindergarten												
Full Day Kindergarten	17	17		17	17							
One	15	15		15	15							
Two	19	19		19	19							
Three	20	20		20	20							
Four	12	12		12	12							
Five	12	12		12	12							
Six	10	10		10	10							
Seven	5	5		5	5							
Eight	9	9		9	9		1	1		1	1	
Nine	7	7		7	7		1	1		1	1	
Ten	5	5		5	5							
Eleven	13	13		13	13		2	2		2	2	
Twelve	10	10		10	10		2	2		2	2	
Post-Graduate												
Adult H.S. (15+CR.)												
Adult H.S. (1-14 CR.)												
Subtotal	154	154	0	154	154	0	6	6	0	6	6	0
Special Ed - Elementary	20	20		20	20							
Special Ed - Middle	9	9		9	9							
Special Ed - High	14	14		14	14							
Subtotal	43	43	0	43	43	0	0	0	0	0	0	0
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Totals	197	197	0	197	197	0	6	6	0	6	6	0
Percentage Error			0.00%			0.00%			0.00%			0.00%

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Transportation

	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors			
Reg. - Public Schools, col. 1	22	22		22	22				
Reg -SpEd, col. 4	4	4		4	4				
Transported - Non-Public, col. 3									
Transported - Non-Public, col. 2	1	1		1	1				
Special Ed Spec, col. 6	16	16		16	16				
Totals	43	43	0	43	43	0			
Percentage Error			0.00%			0.00%	Reg Avg.(Mileage) = Regular Including Grade PK students (Part A)	4.7	4.7
							Reg Avg.(Mileage) = Regular Excluding Grade PK students (Part A)	4.7	4.7
							Spec Avg. = Special Ed with Special Needs	10.2	10.2

SCHEDULE OF AUDITED ENROLLMENTS

NEPTUNE CITY SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2021

11

	<u>Resident LEP Not Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on A.S.S.A. as Not Low Income</u>	<u>Reported on Workpapers as Not Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Application and Register</u>	<u>Sample Errors</u>
Half Day Preschool						
Full Day Preschool						
Half Day Kindergarten						
Full Day Kindergarten						
One						
Two						
Three						
Four						
Five						
Six						
Seven						
Eight						
Nine	2	2		2	2	
Ten						
Eleven	2	2		2	2	
Twelve	2	2		2	2	
Post-Graduate						
Adult H.S. (15+CR.)						
Adult H.S. (1-14 CR.)						
Subtotal	<u>6</u>	<u>6</u>	<u>0</u>	<u>6</u>	<u>6</u>	<u>0</u>
Special Ed - Elementary						
Special Ed - Middle	1	1		1	1	
Special Ed - High						
Subtotal	<u>1</u>	<u>1</u>	<u>0</u>	<u>1</u>	<u>1</u>	<u>0</u>
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	<u>7</u>	<u>7</u>	<u>0</u>	<u>7</u>	<u>7</u>	<u>0</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

EXCESS SURPLUS CALCULATION

REGULAR DISTRICT

SECTION 1

A. 4% Calculation of Excess Surplus

2021-2022 Total General Fund Expenditures per the ACFR, Ex. C-1	\$ <u>9,389,735.04</u> (B)
Increased by Applicable Operating Transfers:	
Transfer from Capital Outlay to Capital Projects Fund	\$ _____(B1a)
Transfer from Capital Reserve to Capital Projects Fund	\$ _____(B1b)
Transfer from General Fund to SRF for Pre K - Regular	\$ _____(B1c)
Transfer from General Fund to SRF for Pre K - Inclusion	\$ _____(B1d)
Decreased by:	
On-Behalf TPAF Pension & Social Security	\$ <u>1,034,906.53</u> (B2a)
Assets Acquired Under Capital Leases	\$ _____(B2b)
Adjusted 2021-2022 General Fund Expenditures [(B)+(B1s)-(B2s)]	\$ <u>8,354,828.51</u> (B3)
4% of Adjusted 2021-2022 General Fund Expenditures [(B3) times .04]	\$ <u>334,193.12</u> (B4)
Enter Greater of (B4) or \$250,000	\$ <u>334,193.12</u> (B5)
Increased by: Allowable Adjustment	\$ <u>395,284.00</u> (K)
Maximum Unassigned/Undesignated - Unreserved Fund Balance [(B5)+(K)]	\$ <u>729,477.12</u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6-30-22 (Per ACFR Budgetary Comparison Schedule C-1)	\$ <u>2,437,512.15</u> (C)
Decreased by:	
Year-End Encumbrances	\$ <u>11,700.96</u> (C1)
Legally Restricted-Designated for Subsequent Year's Expenditures	\$ _____(C2)
Legally Restricted-Excess Surplus-Designated for Subsequent Year's Expenditures	\$ <u>863,628.18</u> (C3)
Other Restricted Fund Balances	\$ <u>114,519.53</u> (C4)
Assigned Fund Balance-Unreserved-Designated for Subsequent Year's Expenditures	\$ <u>264,421.82</u> (C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	\$ <u>1,183,241.66</u> (U1)

SECTION 3

Restricted Fund Balance-Excess Surplus [(U1)-(M)] IF NEGATIVE ENTER -0- \$ 453,764.54(E)

Recapitulation of Excess Surplus as of June 30, 2022

Restricted Excess Surplus-Designated for Subsequent Year's Expenditures \$ 863,628.18(C3)
Restricted Excess Surplus [(E)] \$ 453,764.54(E)
Total Excess Surplus [(C3)+(E)] \$ 1,317,392.72(D)

Detail of Allowable Adjustments

Impact Aid \$ _____(H)
Sales & Lease-back \$ _____(I)
Extraordinary Aid \$ 361,976.00(J1)
Additional Nonpublic School Transportation Aid \$ _____(J2)
Current Year School Bus Advertising Revenue Recognized \$ _____(J3)
Family Crisis Transportation Aid \$ _____(J4)
Maintenance of Equity Aid and State Military Impact Aid \$ 33,308.00(J5)

Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)+(J5)] \$ 395,284.00(K)

Detail of Other Restricted Fund Balance

Statutory restrictions:
Approved unspent separate proposal \$ _____
Sale/lease-back reserve \$ _____
Capital reserve \$ 11,921.88
Maintenance reserve \$ _____
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 Capital Fund Reserve (Sections 8007 and 8008) \$ _____
Other state/government mandated reserve \$ _____
Reserve for Unemployment Fund \$ 102,597.65
Other Restricted Fund Balance not noted above \$ _____

Total Other Restricted Fund Balance \$ 114,519.53(C4)

NEPTUNE CITY SCHOOL DISTRICT
AUDIT RECOMMENDATIONS SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Recommendations:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

It is recommended:

That the District implement a more comprehensive process with monitoring to ascertain payroll tax withholding deposits and quarterly filing of payroll tax returns are made timely not to incur penalties.

That the District accurately reconcile all cash bank accounts on a monthly basis in accordance to N.J.A.C. 18A:17-9.

That the District properly maintain a general ledger and reconcile the ledger monthly with other subsidiary records.

Internal controls over financial reporting be enhanced to ensure all revenues/receipts and all expenditures are properly classified and recorded in the appropriate fund.

Internal controls be reviewed to ensure that the original budget line item appropriations are posted correctly and ensure that transfers are made prior to the overexpenditure of available budget appropriations.

That the Board Secretary and Treasurer reports be in agreement and submitted to the board for approval on a timely basis.

Executive County Superintendent approval should be requested for any transfer to an advertised administrative account that is cumulatively more than 10 percent of that amount. The District should maintain documentation that substantiates the request was received by the Executive County Superintendent when written approval is not received.

That the District submit reimbursement requests for all federal projects in the Special Revenue Fund on a regular basis.

That the biweekly reimbursements for school employees who are members of the Teachers Pension and Annuity Fund be filed timely with the Department of Education.

3. School Purchasing Programs

None

4. School Food Service

* It is recommended that appropriate steps be taken to ensure that net cash resources does not exceed three months average expenditures.

5. Student Body Activities

None

NEPTUNE CITY SCHOOL DISTRICT
AUDIT RECOMMENDATIONS SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Recommendations (Cont'd):

6. Application for State School Aid

None

7. Pupil Transportation

None

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 including findings and corrective action was taken on all except the items denoted with an asterisk (*).