

BOARD OF EDUCATION
TOWNSHIP OF DOWNE SCHOOL DISTRICT
COUNTY OF CUMBERLAND
AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS-
FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED
JUNE 30, 2023

TOWNSHIP OF DOWNE SCHOOL DISTRICT

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REPORT OF INDEPENDENT AUDITORS

Honorable President and
Members of the Board of Education
Township of Downe School District
220 Main Street
County of Cumberland
Newport, New Jersey 08345

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 Township of Downe School District in the County of Cumberland for the year ended June 30, 2023, and have issued our report thereon dated December 4, 2023.

As part of our audit, we performed procedures required by the District of Administration and Finance, 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 issued in conjunction with the Annual Comprehensive Financial Report of the Board of education of the Township of Downe School District for the fiscal year ending June 30, 2023 and is intended for the information of 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.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant
No. 915
December 4, 2023

ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE

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 Student Activity Fund, Food Service Fund, After School Child Care Program and Special Revenue Fund under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

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

Official's Bonds (N.J.S.A. 18A:17-26, 18A:17-32, 18A:13-13)

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Lisa DiNovi	Board Secretary/Business Administrator	\$ 25,000
Melissa A. Conover	Treasurer	160,000

There is a Blanket Public Employee's faithful performance position Bond with New Jersey School Boards covering all other employees with multiple coverage of \$50,000.

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 chief school administrator. The school district Chapter 44 data was submitted timely.

Tuition Charges

These charges represent payments from parents of students not residing in the school district. Tuition appeared to be charged and received at the approved rate for the year under audit. In addition, there were no tuition students from billings to sending districts for the year under audit per N.J.A.C. 6A:23-3.1(f).

District Internal Control Policies

District boards of education and administration are responsible for developing internal controls policies and procedures and maintaining a strong internal control environment. NJAC 6A:23A-6.4 requires that the district's internal control policies include specific requirements at NJAC 6A:23A-6.5 through 6.13.

All Internal Control Policies were found in accordance with NJAC 6A:23A-6.5 through 6.13.

Examination of Claims

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

Financial Planning, Accounting and Reporting

Certification of Income Tax Compliance - The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (Superintendent and Business Administrator) to the N.J. Department of Treasury appeared to be filed by the March 15 due date.

Payroll Account

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 School Business Administrator/Board Secretary, and the Chief School Administrator.

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

Payrolls were delivered to the treasurer of school monies with a warrant made to her order for the full amount of each payroll.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, 2023 for proper classification of orders as reserve for encumbrances (for goods not yet received or services not yet rendered) or accounts payable, and it was determined that open orders appeared properly classified and no blanket purchase orders were included in the balance of the reserves for encumbrances.

Obligations of federal grant awards and requests for reimbursement of Expenditures against those federal grants awards

No exceptions were noted.

Financial Planning, Accounting and Reporting (Continued)

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.

A. General Classification Findings

None

B. Administrative Classification Findings

None

Board Secretary's Records

The financial records, books of accounts maintained by the Secretary were in satisfactory condition.

Acknowledgment of the Board's receipt of the Board Secretary and Treasurer's monthly financial reports was included in the minutes.

Monthly financial certificates of the Board Secretary and Board of Education for positive line item account status certifications (N.J.A.C. 6:2-2.13) were performed. Budgetary line item account transfers were approved monthly to cover any anticipated deficits.

Purchase orders were charged to the appropriate line item accounts in accordance with the State prescribed **Uniform Minimum Chart of Accounts (2R2) for New Jersey Public School.**

An analysis of cumulative budget transfers was examined to determine that transfers appear to be approved and recorded in accordance with Department of Education requirements regarding the ten percent rule on advertised budget line items.

Treasurer's Records

The Treasurer prepared cash reconciliations for the general operating account, payroll account and payroll agency account per N.J.S.A. 18A:17-9.

All cash receipts were promptly deposited. (N.J.S.A. 18A:17-34, 18A:17-9.1)

The Treasurer's records were in agreement with the records of the Board Secretary.

The Treasurer filed her reports in a timely manner.

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 within the Special Revenue Section of the ACFR. This section of the ACFR documents the financial position pertaining to the projects under Titles I-A and II-A of the Elementary and Secondary Education Act as amended and reauthorized.

Our audit of the E.S.E.A. 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 study of compliance for E.S.E.A. indicated that all E.S.E.A. programs were in compliance, with the exception of the following finding:

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. The study of compliance for special projects indicated no areas of noncompliance.

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursement forms filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

T.P.A.F. Reimbursement to the State for Federal Salary Expenditures

The amount of the expenditure charged to the current year's Final Report(s) for all federal awards for the school district to reimburse the State for the TPAF/FICA payments 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 60 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-1 et seq. (Public School Contracts Law), the associated rules and related information on the statute, and school contracts in general are available on the website: <http://www.state.nj.us/dca/divisions/dlgs/programs/lpcl.html>.

The current statute is posted on the New Jersey Legislature website at:
http://lis.njleg.state.nj.us/cgi-bin/om_isapi.dll?clientID=1319801&depth=2&expandheadings=off&headingswithhits=on&infobase=statutes.nfo&softpage=TOC_Frame_pg42

School Purchasing Programs (Continued)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

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 currently \$20,200 for 2022-2023.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the fiscal 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.

Based on the results of our examination, we did not note any individual payments, contracts, or agreements made 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 provisions 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. Our examination did not reveal any purchases by state contract. The review of contracts and agreements did not disclose any areas of statutory noncompliance.

Although a particular contract is exempt from the formal requirements of public advertising and competitive bidding, N.J.S.A. 18A:18A-37 requires that quotations be obtained, whenever practical, for any contract less than the bid threshold but 15% or more of that amount, except for contracts for professional services. All contracts and agreements, which are subject to quotations, shall be awarded on the basis of the lowest responsible quotation received, which is most advantageous to the Board of Education, price and other factors considered.

School Food Service

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.

School Food Service (Continued)

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 program was not selected as a major federal or State program and expended less than \$100,000 in Federal and/or State Support for its Child Nutrition Program.

Finding 2023-1

Net cash resources in the Food Service Fund exceeded three months average expenditures.

Recommendation

The Board should implement a corrective action plan to effectively reduce the net cash resources on hand through capital expenditure or otherwise.

Student Body Activities

The Board has a policy, which clearly established the regulation of student activity funds.

All receipts appeared to be deposited promptly in the bank.

A monthly report of student activity funds is being submitted to the Board. Vouchers and supporting invoices were maintained for the student activity fund purchases. All disbursements appeared to be supported by appropriate documentation.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2022 Application for State School Aid (A.S.S.A.) for on-roll, private schools 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 with the exception of one more special education student on the district workpapers than was on the state summary. The information that was included on the workpapers was verified without exception. The results of our procedures are presented in the Schedule of Audited Enrollment

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.

The District participates in the SEMI program.

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2022-2023 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 included a review of transportation related contracts and purchases. Based on our review, the district complied with proper bidding procedures and award of contracts. The bid specifications for the purchase of buses were in compliance with applicable statutes. No exceptions were noted in our review of transportation related purchases of goods and services.

Unemployment Compensation Insurance Trust Fund

The Board has adopted the direct reimbursement method and has established an Unemployment Compensation Insurance Trust Fund.

Facilities and Capital Assets

The general fixed asset records are required to be updated each year though implementation of in-house software or an outside vendor.

Our procedures included inquiry as to SDA grant agreements, if any, for consistency with recording SDA revenue, transfer of local funds from the general fund or from the capital reserve account and awarding of contracts for eligible facilities construction. There were no existing NJSDA grants during 2022-2023.

Testing for Lead of all Drinking Water in Educational Facilities

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

The test results were put on the district's website as well as being available at the school facility.

Follow-up on Prior Years' Findings

A review was performed on the prior year recommendations and corrective action was taken on all prior year findings except the following:

Finding 2022-1

Net cash resources exceeded 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 the members of the audit team.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.

A handwritten signature in cursive script, appearing to read "Raymond Colavita".

Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant No. 915

NET CASH RESOURCE SCHEDULE

Net cash resources did exceed three months of expenditures
Proprietary Funds - Food Service
2023
Downe Township School District

<u>Net Cash Resources:</u>	Food Service G - 1/2	
ACFR		Current Assets
G-1	\$	Cash & Cash Equiv. 21,721
G-1		Due from Other Gov'ts 11,068
G-1		Accounts Receivable 319
G-1		Investments
ACFR		Current Liabilities
G-1		Less Accounts Payable (47)
G-1		Less Accruals
G-1		Less Due to Other Funds 0
G-1		Less Deferred Revenue (411)
	\$	Net Cash Resources 32,650 (A)

Net Adj. Total Operating Expense:

G-2	99,645	Tot. Operating Exp.
G-2	(148)	Less Depreciation
	\$ 99,497 (B)	Adj. Tot. Oper. Exp.

Average Monthly Operating Expense:

B / 10 **\$ 9,950 (C)**

Three times monthly Average:

3 X C **\$ 29,849 (D)**

TOTAL IN BOX A	\$ 32,650
LESS TOTAL IN BOX D	\$ 29,849
NET	\$ 2,801
From above:	
A is greater than D, cash exceeds 3 X average monthly operating expenses.	
D is greater than A, cash does not exceed 3 X average monthly operating expenses.	

* Inventories are not to be included in total current assets.

SOURCE - USDA resource management comprehensive review form

SCHEDULE OF MEAL COUNT ACTIVITY

DOWNE TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE FUND
NUMBER OF MEALS/MILKS SERVED AND OVER/UNDERCLAIM-FEDERAL
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

<u>Program</u>	<u>Meal Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>(Over)/Under Difference</u>	<u>Rate</u>	<u>(Over)/Under Claim</u>
National School Lunch	Paid	4,377	4,377	4,377	\$	0.79	
	Reduced	2,239	2,239	2,239		3.95	
	Free	6,372	6,372	6,372		4.35	
	Total	<u>12,988</u>	<u>12,988</u>	<u>12,988</u>		\$	
National School Lunch	HHFKA - PB Lunch Only	<u>12,988</u>	<u>12,988</u>	<u>12,988</u>	\$	0.08	\$
School Breakfast	Paid	822	822	822	\$	0.50	
	Reduced	909	909	909		2.37	
	Free	3,712	3,712	3,712		2.67	
	Total	<u>5,443</u>	<u>5,443</u>	<u>5,443</u>		\$	
TOTAL NET OVERCLAIM						\$	<u><u> </u></u>

SCHEDULE OF MEAL COUNT ACTIVITY

DOWNE TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE FUND
NUMBER OF MEALS/MILKS SERVED AND OVER/UNDERCLAIM-STATE
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

<u>Program</u>	<u>Meal Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>(Over)/Under Difference</u>	<u>Rate</u>	<u>(Over)/Under Claim</u>
State Reimb. - National School Lunch	Paid	4,377	4,377	4,377		\$ 0.06	\$
	Reduced	2,239	2,239	2,239		0.47	
	Free	6,372	6,372	6,372		0.07	
	TOTAL	<u>12,988</u>	<u>12,988</u>	<u>12,988</u>			\$
State Reimb. - National School Breakfast	Reduced	<u>909</u>	<u>909</u>	<u>909</u>		\$ 0.30	\$
	TOTAL	<u>909</u>	<u>909</u>	<u>909</u>			\$
TOTAL NET OVERCLAIM							\$

SCHEDULE OF AUDITED ENROLLMENTS

DOWNE TOWNSHIP BOARD OF EDUCATION
APPLICATION OR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 14, 2022

	2023-2024 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 Verification	Sample Verified	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared						
Full Day PS 3 Yr Old	10		10					6		6								
Full Day PS 4 Yr Old	11		11					7		7								
Full Day Kindergarten	9		9					6		6								
One	13		13					8		8								
Two	12		12					7		7								
Three	13		13					8		8								
Four	11		11					7		7								
Five	6		6					4		4								
Six	11		11					7		7								
Seven	12		12					7		7								
Eight	10		10					6		6								
Nine																		
Ten																		
Eleven																		
Twelve																		
Post-Graduate																		
Adult H.S. (15+CR.)																		
Adult H.S. (1-14 CR.)																		
Subtotal	118	0	118	0	0	0		73	0	73	0	0	0	0	0	0	0	0
Special Ed - Elementary	25		25		0			16		16				1	1			
Special Ed - Middle	10		10		0			6		6								
Special Ed - High																		
Subtotal	35	0	35	0	0	0		22	0	22	0	0	0	1	1	0	0	0
Totals	153	0	153	0	0	0		95	0	95	0	0	0	1	1	0	0	0
Percentage Error					0.00%	0.00%							0.00%	0.00%				0.00%

SCHEDULE OF AUDITED ENROLLMENTS

**DOWNE TOWNSHIP BOARD OF EDUCATION
APPLICATION OR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 14, 2022**

	<u>Resident Low Income</u>			<u>Sample for Verification</u>			<u>Resident LEP Low Income</u>			<u>Sample for Verification</u>		
	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
Full Day PS 3 Yr Old												
Full Day PS 4 Yr Old												
Half Day Kindergarten												
Full Day Kindergarten		5	5	4	4							
One		6	6	5	5							
Two		5	5	4	4							
Three		3	3	2	2							
Four		5	5	4	4							
Five		3	3	2	2							
Six		4	4	3	3							
Seven		4	4	3	3							
Eight		2	2	2	2							
Nine												
Ten												
Eleven												
Twelve												
Post Graduate												
Adult H.S. (15+CR.)												
Adult H.S. (1-14 CR.)												
Subtotal	37	37	0	29	29	0	0	0	0	0	0	0
Special Ed - Elementary	18	18		14	14							
Special Ed - Middle	6	6		5	5							
Special Ed - High												
Subtotal	24	24	0	19	19	0	0	0	0	0	0	0
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Totals	61	61	0	48	48	0	0	0	0	0	0	0
Percentage Error			0.00%			0.00%						

TRANSPORTATION

	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors			
							Reported	Re-Calculated	
Reg. - Public Schools	89	89		61	61				
Reg. - Special Ed.	18	18		12	12				
Transported - Non-Public									
Aid in Lieu - Non-Public	3	3		3	3				
Special Needs - Public	19	19		13	13				
Totals	129	129	0	89	89	0			
Percentage Error			0.00%			0.00%			
							Avg. Mileage - Regular Including Grade PK students	8.0	
							Avg. Mileage - Regular Excluding Grade PK students	8.6	
							Avg. Mileage - Special Ed with Special Needs	18.9	

SCHEDULE OF AUDITED ENROLLMENTS

DOWNE TOWNSHIP BOARD OF EDUCATION
APPLICATION OR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 14, 2022

	<u>Resident LEP NOT Low Income</u>			<u>Sample for Verification</u>		
	<u>Report On</u> <u>A.S.S.A. as</u> <u>NOT Low</u> <u>Income</u>	<u>Report On</u> <u>Workpapers as</u> <u>NOT Low</u> <u>Income</u>	<u>Errors</u>	<u>Sample</u> <u>Selected From</u> <u>Workpapers</u>	<u>Verified to</u> <u>Application</u> <u>and Register</u>	<u>Sample</u> <u>Errors</u>
Full Day PS 3 Yr Old						
Full Day PS 4 Yr Old						
Half Day Kindergarten						
Full Day Kindergarten						
One						
Two						
Three						
Four						
Five						
Six						
Seven						
Eight						
Nine						
Ten						
Eleven						
Twelve						
Post Graduate						
Adult H.S. (15+CR.)						
Adult H.S. (1-14 CR.)						
Subtotal	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Special Ed - Elementary						
Special Ed - Middle						
Special Ed - High						
Subtotal	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

DOWNE TOWNSHIP SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION

SECTION 1

A. 2% Calculation of Excess Surplus

2022-2023 Total General Fund Expenditures per the ACFR, Ex. C-1	\$ <u>3,966,482</u>	(B)
Increased by:		
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 PreK-Regular	_____	(B1c)
Transfer from General Fund to SRF for PreK-Inclusion	_____	(B1d)
Decreased by:		
On-Behalf TPAF Pension & Social Security	<u>694,572</u>	(B2a)
Assets Acquired Under Capital Leases	_____	(B2b)
 Adjusted 2022-2023 General Fund Expenditures [(B)+(B1s)-(B2s)]	 <u>3,271,910</u>	 (B3)
 2% of Adjusted 2022-2023 General Fund Expenditures [(B3) times .02]	 <u>65,438</u>	 (B4)
Enter Greater of (B4) or \$250,000	<u>250,000</u>	(B5)
Increased by: Allowable Adjustment*	<u>139,295</u>	(K)
 Maximum Unassigned/Undesignated-Unreserved Fund Balance[(B5)+(K)]		 \$ <u>389,295</u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6-30-23 (Per ACFR Budgetary Comparison Schedule C-1)	\$ <u>1,229,089</u>	(C)
Decreased by:		
Year-end Encumbrances	<u>13,025</u>	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures (Capital Reserve)	_____	(C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**	<u>67,655</u>	(C3)
Other Restricted Fund Balances****	<u>524,918</u>	(C4)
Assigned Fund balance Unreserved - Designated for Subsequent Year's Expenditures	_____	(C5)
 Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]		 \$ <u>623,491</u> (U1)

DOWNE TOWNSHIP SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION

SECTION 3

Section 1
Restricted Fund Balance- Excess Surplus*** [(U1)-(M)] IF NEGATIVE ENTER -0- \$ 234,196 (E)

Recapitulation of Excess Surplus as of June 30, 2023

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures**	67,655	(C3)
Reserved Excess Surplus ***[(E)]	234,196	(E)
Total Excess Surplus [(C3) + (E)]	\$ <u>301,851</u>	(D)

Footnotes:

- * Allowable adjustment to expenditures on line K must be detailed as follows. This adjustment line (as detailed below) is to be utilized when applicable for:
 - (H) Federal Impact Aid. The passage of P.L. 2015, c.46 amended N.J.S.A. 18A:7F-41 to permit a board of education to appropriate federal impact aid funds to establish or supplement a federal impact aid legal reserve in the general fund. Accordingly, the Federal Impact Aid adjustment to expenditures is limited to the portion of Federal Impact Aid Section 8002 and Section 8003 received during the fiscal year and recognized as revenue on the General Fund Budgetary Comparison Schedule, but not transferred to the Federal Impact Aid Reserve-General (8002 or 8003) by board resolution during June 1 to June 30 of the fiscal year under audit. Amounts transferred to the reserve are captured on line (C4);
 - (I) Sale & Lease-Back (Refer to the Audit Program Section II, Chapter 10);
 - (J1) Extraordinary Aid;
 - (J2) Additional Nonpublic School Transportation Aid;
 - (J3) Recognized current year School Bus Advertising Revenue; and
 - (J4) Family Crisis Transportation Aid.
 - (J5) Supplemental Stabilization Aid received April 2023 & Maintenance of Equity Aid received July 2023

Notes to auditor: Refer to the Audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid, Family Crisis Transportation Aid, and Additional Nonpublic School Transportation Aid.

Detail of Allowable Adjustments

Impact Aid	\$ _____	(H)
Sale & Lease-Back	_____	(I)
Extraordinary Aid	<u>63,071</u>	(J1)
Additional Nonpublic School Transportation Aid	<u>1,248</u>	(J2)
Current Year School Bus Advertising Revenue Recognized	_____	(J3)
Family Crisis Transportation Aid	_____	(J4)
Supplemental Stabilization Aid received April 2023 & Maintenance of Equity Aid received July 2023	<u>74,976</u>	(J5)
Total Adjustments [(H) + (I) + (J1) + (J2) + (J3) + (J4)+(J5)]	\$ <u>139,295</u>	(K)

** This amount represents the June 30, 2022 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

*** Amounts must agree to the June 30, 2023 ACFR and must agree to Audit Summary Worksheet Line 90030.

**** Amount for Other Reserved Fund Balances must be detailed for each source. Use in the excess surplus calculation of any legal reserve that is not state mandated or that is not legally imposed by another type of government, such as the judicial branch of government, must have Departmental approval. District requests should be submitted to the Division of Administration and Finance prior to September 30.

DOWNE TOWNSHIP SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION

Detail of Other Restricted Fund Balance

Statutory restrictions:	
Approved unspent separate proposal	\$ _____
Sale/lease-back reserve	_____
Capital reserve	<u>400,135</u>
Maintenance reserve	<u>74,377</u>
Emergency Reserve	<u>33,532</u>
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 8007 and 8008)	_____
Impact Aid General Fund Reserve (Sections 8002 and 8003)	_____
Other state/government mandated reserve	_____
Reserve for Unemployment Fund	<u>16,874</u>
[Other Restricted Fund Balance not noted above] ****	_____
Total Other Restricted Fund Balance	\$ <u>524,918</u> (C4)



SIGNATURE OF PUBLIC SCHOOL ACCOUNTANT - No. 915

**AUDIT RECOMMENDATIONS SUMMARY
For the Fiscal Year Ended June 30, 2023
Township of Downe School District**

Recommendations:

1. Administrative Practices and Procedures - None
2. Financial Planning, Accounting and Reporting
3. School Purchasing Programs - None
4. School Food Service –

Finding 2023-1

Recommendation

The Board should implement a corrective action plan to effectively reduce the net cash resources on hand through capital expenditure or otherwise.

5. Student Body Activities - None
6. Application for State School Aid - None
7. Pupil Transportation - None
8. Facilities and Capital Assets
9. Miscellaneous - None
10. Status of Prior Year Audit Findings/Recommendations

A review was performed on the prior year recommendations and corrective action was taken on all prior year findings.

Finding 2022-1

The Board should implement a corrective action plan to effectively reduce the net cash resources on hand in the Food Service Fund through capital expenditure or otherwise.

Status: Unresolved