

# **CITY OF ESTELL MANOR SCHOOL DISTRICT**

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

**June 30, 2025**

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

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## **REPORT OF INDEPENDENT AUDITORS**

Honorable President and  
Members of the Board of Education  
City of Estell Manor School District  
County of Atlantic, 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 City of Estell Manor School District in the County of Atlantic for the year ended June 30, 2025, and have issued our report thereon dated November 25, 2025.

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 solely for the information and use of the City of Estell Manor 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.

Very truly yours,

*Ford, Scott & Associates, L.L.C.*

**FORD, SCOTT & ASSOCIATES, L.L.C.  
CERTIFIED PUBLIC ACCOUNTANTS**

*Michael S. Garcia*

**Michael S. Garcia  
Certified Public Accountant  
Licensed Public School Accountant  
No. 2080**

**November 25, 2025**

## **ADMINISTRATIVE FINDINGS - FINANCIAL COMPLIANCE AND PERFORMANCE**

### **Scope of Audit**

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

Fire 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)**

| Name          | Position                                          | Amount    |
|---------------|---------------------------------------------------|-----------|
| Rose Millar   | Board Secretary/<br>School Business Administrator | \$200,000 |
| Debra D'Amore | Treasurer                                         | \$200,000 |

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 the District.

The District data certification was completed by the chief school administrator. The District Chapter 44 data was submitted timely.

#### **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 decrease in per pupil costs in accordance with N.J.A.C. 6A:23A-17.1(f)3.

## **Financial Planning, Accounting and Reporting**

### **Examination of Claims**

An examination of claims paid during the period under review noted the following discrepancies:

#### **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.

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

Payrolls were delivered to the secretary of the board who then deposited with warrants in separate bank accounts for net payroll and withholdings.

#### **Reserve for Encumbrances and Accounts Payable**

A review of outstanding issued purchase orders was made as of June 30 for proper classification of orders as reserve for encumbrances and accounts payable.

### **Classification of Expenditures**

The coding of expenditures was tested for proper classification in accordance with NJAC 6A:23-2.2(g) as part of our test of transactions of randomly selected expenditures 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-2.4. As a result of the procedures performed, a transaction error rate of 0% overall was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

During our testing of transactions there were no significant exceptions found relating to administrative classifications.

#### **Board Secretary's Records**

The records of the Board Secretary were in satisfactory condition.

## **Elementary and Secondary Education Act (E.S.E.A.)/Improving America's Schools Act (IASA) as reauthorized by the No Child Left Behind Act of 2001**

The E.S.E.A./NCLB 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 and VI 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.

The study of compliance for Special Federal and/or State Projects indicated no areas of noncompliance and/or questionable costs.

### **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.

### **TPAF Reimbursement to the State for Federal Salary Expenditures**

The amount of the expenditure charged to the current year's Final Reports 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-3 states:

- a. When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in the contract year the total sum of \$44,000, 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 purchase agent is qualified pursuant to subsection b the board of education may establish that the bid threshold may be up to

\$44,000. Such authorization may be granted for each contract or by general delegation of the power to negotiate and award such contract pursuant to the 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 the term is defined in NJS 18A:18 A-2, and shall round the adjustment to 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. Any contract made pursuant to this section may be awarded for the period of 24 consecutive months, except that contract for professional services pursuant to paragraph (1) of subsection a. of NJSA 18A:18A-5 may be awarded for a period not exceeding 12 consecutive months.

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.

The board of education may, by resolution approved by a majority of the board of education and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the board of education finds that it has had prior negative experience with the bidder."

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 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 goods or services, 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 my examination indicated that no individual payments, contracts, or agreements were 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 provision of N.J.S.A. 18A:18A-4, as 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**

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 free and reduced price meal eligible students during the emergency.

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 appropriate school food service personnel, as to whether the School Food Authority (SFA) had any Child Nutrition Program reimbursement overclaims or underclaims. Exceptions were not noted.

We also inquired of school management, or appropriate school food service personnel, as to whether the SFA's expenditures of school food service revenues were limited to allowable direct and indirect costs. Exceptions were not noted.

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

We also inquired of management about the emergency COVID-19 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.

The Schedule of Meal Count Activity is not a required presentation where the School Food Service Program has not been audited as a major program.

## **Application for State School Aid**

Our audit procedures included a test of information reported in the October 15, 2024 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, low-income, and bilingual. 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 exception. The information included on the work papers was verified without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

The district maintained work papers on the prescribed state forms or their equivalent.

The district's written procedures appear to be adequate for the recording of student enrollment data.

### **Pupil Transportation**

Our audit procedures included a test of on roll status reported in the 2024-2025 District Report of Transported 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 did comply with proper bidding procedures and award of contracts. No exceptions were noted in our review of transportation related purchases of goods and services.

### **Follow-up on Prior Years' Findings**

In accordance with government auditing standards, our procedures included a review of all prior year recommendations. Corrective action was taken on all prior year findings.

### **Suggestions to Management**

The District has accumulated Excess Cash Net Resources in the Food Service Fund due to the influx of additional Federal and State Funding related to the COVID-19 Pandemic. The State of New Jersey Department of Agriculture has issued a letter dated October 4, 2023 to all School Districts indicating that these excess funds may be retained by the District and that the District must develop a plan which projects how excess funds will be expended in support of the program during the upcoming school year. We suggest that the district develop a plan to utilize the excess funds on allowable expenses that support the Federal Child Nutrition Program, such as improving the nutritional quality of food or purchasing equipment for the kitchens and cafeterias as outlined in the Code of Federal Regulations, 7 CFR 210.14(a).

### **Acknowledgment**

We received the complete cooperation of all the officials of the school district and I greatly appreciate the courtesies extended to the members of the audit team.

**SCHEDULE OF AUDITED ENROLLMENTS**

**ESTELL MANOR CITY SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2024**

|                          | 2025-2026 Application for State School Aid |        |   |                                      |        |   | Sample for Verification |        |   |                                       |        |   |                                      |        |   |                                    |        |   |
|--------------------------|--------------------------------------------|--------|---|--------------------------------------|--------|---|-------------------------|--------|---|---------------------------------------|--------|---|--------------------------------------|--------|---|------------------------------------|--------|---|
|                          | Reported on<br>ASSA<br>on Roll             |        |   | Reported on<br>Workpapers<br>on Roll |        |   | Errors                  |        |   | Sample<br>Selected from<br>Workpapers |        |   | Verified per<br>Registers<br>on Roll |        |   | Errors per<br>Registers<br>on Roll |        |   |
|                          | Full                                       | Shared | - | Full                                 | Shared | - | Full                    | Shared | - | Full                                  | Shared | - | Full                                 | Shared | - | Full                               | Shared | - |
| Full Day Preschool       | 23                                         | -      | - | 23                                   | -      | - | -                       | -      | - | 13                                    | -      | - | 13                                   | -      | - | -                                  | -      | - |
| Full Day Kindergarten    | 14                                         | -      | - | 14                                   | -      | - | -                       | -      | - | 8                                     | -      | - | 8                                    | -      | - | -                                  | -      | - |
| One                      | 19                                         | -      | - | 19                                   | -      | - | -                       | -      | - | 12                                    | -      | - | 12                                   | -      | - | -                                  | -      | - |
| Two                      | 14                                         | -      | - | 14                                   | -      | - | -                       | -      | - | 7                                     | -      | - | 7                                    | -      | - | -                                  | -      | - |
| Three                    | 19                                         | -      | - | 19                                   | -      | - | -                       | -      | - | 10                                    | -      | - | 10                                   | -      | - | -                                  | -      | - |
| Four                     | 20                                         | -      | - | 20                                   | -      | - | -                       | -      | - | 9                                     | -      | - | 9                                    | -      | - | -                                  | -      | - |
| Five                     | 20                                         | -      | - | 20                                   | -      | - | -                       | -      | - | 10                                    | -      | - | 10                                   | -      | - | -                                  | -      | - |
| Six                      | 17                                         | -      | - | 17                                   | -      | - | -                       | -      | - | 9                                     | -      | - | 9                                    | -      | - | -                                  | -      | - |
| Seven                    | 20                                         | -      | - | 20                                   | -      | - | -                       | -      | - | 9                                     | -      | - | 9                                    | -      | - | -                                  | -      | - |
| Eight                    | 15                                         | -      | - | 15                                   | -      | - | -                       | -      | - | 10                                    | -      | - | 10                                   | -      | - | -                                  | -      | - |
| Subtotal                 | 181                                        | -      | - | 181                                  | -      | - | -                       | -      | - | 97                                    | -      | - | 97                                   | -      | - | -                                  | -      | - |
| Special Ed Elementary    | 13                                         | -      | - | 13                                   | -      | - | -                       | -      | - | 11                                    | -      | - | 11                                   | -      | - | -                                  | -      | - |
| Special Ed Middle School | 8                                          | -      | - | 8                                    | -      | - | -                       | -      | - | 7                                     | -      | - | 7                                    | -      | - | -                                  | -      | - |
| Subtotal                 | 21                                         | -      | - | 21                                   | -      | - | -                       | -      | - | 18                                    | -      | - | 18                                   | -      | - | -                                  | -      | - |
| Totals                   | 202                                        | -      | - | 202                                  | -      | - | -                       | -      | - | 115                                   | -      | - | 115                                  | -      | - | -                                  | -      | - |
| Percentage               |                                            |        |   |                                      |        |   | -                       | -      | - |                                       |        |   |                                      |        |   | -                                  | -      | - |

ESTELL MANOR CITY SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2024

|                          | Private Schools for Disabled        |                         |                 |               | Resident Low Income            |                                      |        | Sample for Verification         |                                      |               | Reported on ASSA as LEP            |                                          | Errors |
|--------------------------|-------------------------------------|-------------------------|-----------------|---------------|--------------------------------|--------------------------------------|--------|---------------------------------|--------------------------------------|---------------|------------------------------------|------------------------------------------|--------|
|                          | Reported on ASSA as Private Schools | Sample for Verification | Sample Verified | Sample Errors | Reported on ASSA as Low Income | Reported on Workpapers as Low Income | Errors | Sample Selected from Workpapers | Verified to Application and Register | Sample Errors | Reported on ASSA as LEP Low Income | Reported on Workpapers as LEP Low Income |        |
| Full Day Preschool       | -                                   | -                       | -               | -             | 11                             | 11                                   | -      | 8                               | 8                                    | -             | -                                  | -                                        | -      |
| Full Day Kindergarten    | -                                   | -                       | -               | -             | 5                              | 5                                    | -      | 4                               | 4                                    | -             | -                                  | -                                        | -      |
| One                      | -                                   | -                       | -               | -             | 6                              | 6                                    | -      | 4                               | 4                                    | -             | -                                  | -                                        | -      |
| Two                      | -                                   | -                       | -               | -             | 7                              | 7                                    | -      | 5                               | 5                                    | -             | -                                  | -                                        | -      |
| Three                    | -                                   | -                       | -               | -             | 6                              | 6                                    | -      | 5                               | 5                                    | -             | -                                  | -                                        | -      |
| Four                     | -                                   | -                       | -               | -             | 6                              | 6                                    | -      | 5                               | 5                                    | -             | -                                  | -                                        | -      |
| Five                     | -                                   | -                       | -               | -             | 5                              | 5                                    | -      | 4                               | 4                                    | -             | -                                  | -                                        | -      |
| Six                      | -                                   | -                       | -               | -             | 5                              | 5                                    | -      | 4                               | 4                                    | -             | -                                  | -                                        | -      |
| Seven                    | -                                   | -                       | -               | -             | 4                              | 4                                    | -      | 2                               | 2                                    | -             | -                                  | -                                        | -      |
| Eight                    | -                                   | -                       | -               | -             | 3                              | 3                                    | -      | 2                               | 2                                    | -             | -                                  | -                                        | -      |
| Subtotal                 | -                                   | -                       | -               | -             | 58                             | 58                                   | -      | 43                              | 43                                   | -             | -                                  | -                                        | -      |
| Special Ed Elementary    | -                                   | -                       | -               | -             | 2                              | 2                                    | -      | 2                               | 2                                    | -             | -                                  | -                                        | -      |
| Special Ed Middle School | -                                   | -                       | -               | -             | 6                              | 6                                    | -      | 5                               | 5                                    | -             | -                                  | -                                        | -      |
| Subtotal                 | -                                   | -                       | -               | -             | 8                              | 8                                    | -      | 7                               | 7                                    | -             | -                                  | -                                        | -      |
| Totals                   | -                                   | -                       | -               | -             | 66                             | 66                                   | -      | 50                              | 50                                   | -             | -                                  | -                                        | -      |
| Percentage Error         | -                                   | -                       | -               | -             | -                              | -                                    | -      | -                               | -                                    | -             | -                                  | -                                        | -      |

**SCHEDULE OF AUDITED ENROLLMENTS**

**ESTELL MANOR CITY SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2024**

|                          | Sample for Verification         |                                                   |               | Resident LEP Not Low Income            |                                              |        | Sample for Verification         |                                     |               |
|--------------------------|---------------------------------|---------------------------------------------------|---------------|----------------------------------------|----------------------------------------------|--------|---------------------------------|-------------------------------------|---------------|
|                          | Sample Selected from Workpapers | Verified to Test Score, Register, and Application | Sample Errors | Reported on ASSA as LEP Not Low Income | Reported on Workpapers as LEP Not Low Income | Errors | Sample Selected from Workpapers | Verified to Test Score and Register | Sample Errors |
| Full Day Kindergarten    | -                               | -                                                 | -             | -                                      | -                                            | -      | -                               | -                                   | -             |
| One                      | -                               | -                                                 | -             | -                                      | -                                            | -      | -                               | -                                   | -             |
| Two                      | -                               | -                                                 | -             | -                                      | -                                            | -      | -                               | -                                   | -             |
| Three                    | -                               | -                                                 | -             | -                                      | -                                            | -      | -                               | -                                   | -             |
| Four                     | -                               | -                                                 | -             | -                                      | -                                            | -      | -                               | -                                   | -             |
| Five                     | -                               | -                                                 | -             | -                                      | -                                            | -      | -                               | -                                   | -             |
| Six                      | -                               | -                                                 | -             | -                                      | -                                            | -      | -                               | -                                   | -             |
| Seven                    | -                               | -                                                 | -             | -                                      | -                                            | -      | -                               | -                                   | -             |
| Eight                    | -                               | -                                                 | -             | -                                      | -                                            | -      | -                               | -                                   | -             |
| Subtotal                 | -                               | -                                                 | -             | -                                      | -                                            | -      | -                               | -                                   | -             |
| Special Ed Elementary    | -                               | -                                                 | -             | -                                      | -                                            | -      | -                               | -                                   | -             |
| Special Ed Middle School | -                               | -                                                 | -             | -                                      | -                                            | -      | -                               | -                                   | -             |
| Subtotal                 | -                               | -                                                 | -             | -                                      | -                                            | -      | -                               | -                                   | -             |
| Totals                   | -                               | -                                                 | -             | -                                      | -                                            | -      | -                               | -                                   | -             |
| Percentage Error         | -                               | -                                                 | -             | -                                      | -                                            | -      | -                               | -                                   | -             |

|                       | Transportation                 |                              |        |        | Reported | Re-Calculated |
|-----------------------|--------------------------------|------------------------------|--------|--------|----------|---------------|
|                       | Reported on DRTS by DOE/county | Reported on DRTS by District | Errors | Tested | Verified | Errors        |
| Reg-Public Schools    | 107                            | 107                          | -      | 72     | 72       | -             |
| Non-Public - All      | 17                             | 17                           | -      | 12     | 12       | -             |
| Reg-Special Ed        | 2                              | 2                            | -      | 1      | 1        | -             |
| Spec Ed-Special Needs | 5                              | 5                            | -      | 3      | 3        | -             |
| Totals                | 131                            | 131                          | -      | 88     | 88       | -             |
| Percentage Error      | -                              | -                            | -      | -      | -        | -             |

  

|  |                                               |      |      |
|--|-----------------------------------------------|------|------|
|  | Avg. Mileage-Reg. including Grade PK students | 8.4  | 8.4  |
|  | Avg. Mileage-Reg. excluding Grade PK students | 8.6  | 8.6  |
|  | Ave. Mileage-Spec Ed with Special Needs       | 15.0 | 15.0 |

## EXCESS SURPLUS CALCULATION

### EXCESS SURPLUS CALCULATION

#### SECTION 1

##### Calculation A: 4 Percent of Excess Surplus:

|                                                                    |    |           |                    |
|--------------------------------------------------------------------|----|-----------|--------------------|
| 2024-2025 Total General Fund Expenditures Reported on Exhibit C-1  | \$ | 5,733,643 | (B)                |
| Increased by:                                                      |    |           |                    |
| Transfer from Capital Outlay to Capital Projects Fund              |    | -         | (B1b)              |
| Transfer from Capital Reserve to Capital Projects Fund             |    | -         | (B1c)              |
| Decreased by:                                                      |    |           |                    |
| On-behalf TPAF Pension & Social Security                           |    | (997,506) | (B2a)              |
| Assets Acquired Under Capital Leases                               |    | -         | (B2b)              |
| Adjusted 2024-25 General Fund Expenditures [(B)+(B1s)-(B2s)]       |    | 4,736,137 | (B3)               |
| Applicable Excess Surplus Percentage                               |    | 2%        |                    |
| 2% of Adjusted 2024-25 General Fund Expenditures                   |    | 94,723    | (A)                |
| Greater of (A) or \$250,000                                        |    | 250,000   | (B5)               |
| Increased by: Allowable Adjustment *                               |    | 8,324     | (K)                |
| Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)] |    |           | <u>258,324</u> (M) |

#### SECTION 2

|                                                                                              |           |                     |
|----------------------------------------------------------------------------------------------|-----------|---------------------|
| Total General Fund - Fund Balances @ 6-30-25<br>(Per ACFR Budgetary Comparison Schedule C-1) | 1,788,362 | C                   |
| Decreased by:                                                                                |           |                     |
| Year-End Encumbrances                                                                        | (70,831)  | (C1)                |
| Legally Restricted - Designated for Subsequent Year's Expenditures                           |           | (C2)                |
| Legally Restricted - Excess Surplus - Designated<br>for Subsequent Year's Expenditures **    | (519,644) | (C3)                |
| Other Restricted Fund Balances ****                                                          | (640,697) | (C4)                |
| Assigned Fund Balance - Unreserved - Designated<br>for Subsequent Year's Expenditures        | (6,370)   | (C5)                |
| Total Unassigned Fund Balance                                                                |           | <u>550,820</u> (U1) |

#### SECTION 3

|                                                                             |                |     |
|-----------------------------------------------------------------------------|----------------|-----|
| Restricted Fund Balance - Excess Surplus***[(U1)-(M)] IF NEGATIVE ENTER -0- | <u>292,496</u> | (E) |
|-----------------------------------------------------------------------------|----------------|-----|

#### Recapitulation of Excess Surplus as of June 30, 2025

|                                                                                                |                |                    |
|------------------------------------------------------------------------------------------------|----------------|--------------------|
| Reserved Excess Surplus - Designated for Subsequent<br>Year's Expenditures (Audsum line 10025) | 519,644        | (C3)               |
| Reserved Excess Surplus (Audsum line 10024)                                                    | <u>292,496</u> | (E)                |
| Total Excess Surplus                                                                           | \$             | <u>812,140</u> (D) |

- \* Allowable adjustment to expenditures of 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 NJSA 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, effective for the year ending June 30, 2015 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 and Lease-back;
- (J1) Extraordinary Aid;
- (J2) Additional Nonpublic School Transportation Aid;
- (J3) Recognized current year School Bus Advertising Revenue; and
- (J4) Family Crisis Transportation Aid

**Detail of Allowable Adjustments**

|                                                        |                |      |
|--------------------------------------------------------|----------------|------|
| Impact Aid                                             |                | (H)  |
| Sale & Lease-back                                      |                | (I)  |
| Extraordinary Aid                                      | 385            | (J1) |
| Additional Nonpublic School Transportation Aid         | 7,939          | (J2) |
| Current Year School Bus Advertising Revenue Recognized |                | (J3) |
| Family Crisis Transportation Aid                       |                | (J4) |
|                                                        | <hr/>          |      |
| Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)]        | <u>\$8,324</u> | (K)  |

- \*\* This amount represents the June 30, 2024 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

- \*\*\* Amounts must agree to the June 30, 2024 ACFR and must agree to Audit Summary Line 90030.

- \*\*\*\* Amount for Other Restricted 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 an other 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.

**Detail of Other Reserved Fund Balance:**

|                           |                |
|---------------------------|----------------|
| Capital Reserve           | 500,040        |
| Maintenance Reserve       | 100,090        |
| Payroll Reserve           | 40,567         |
| Unemployment Fund Reserve | <u>0</u>       |
|                           |                |
| Total                     | <u>640,697</u> |

## RECOMMENDATIONS

### Administrative Practices and Procedures

None

### Financial Planning, Accounting and Reporting

None

### Elementary and Secondary Education Act (E.S.E.A)/Improving America's Schools Act (IASA) as reauthorized by the No Child Left Behind Act of 2001

None

### Other Special Federal and/or State Projects

None

### School Purchasing Program

None

### School Food Service Program

None

### Application for State School Aid

None

### Transportation

None

### Miscellaneous

None

A corrective action plan, which outlines actions the Board of Education will take to correct any findings that are listed above, will be prepared in accordance with federal and state requirements. A copy of it will be placed on file and made available for public inspection in the Office of the Board Secretary of the City of Estell Manor School District within 30 days of this notice.