

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
COUNTY OF SOMERSET
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2015

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
COUNTY OF SOMERSET
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FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2015
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December 3, 2015

The Honorable President and Members
 of the Board of Education
 Bridgewater-Raritan Regional School District
 County of Somerset, NJ

We have audited, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Board of Education of the Bridgewater-Raritan Regional School District in the County of Somerset for the year ended June 30, 2015, and have issued our report thereon dated December 3, 2015.

As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

We will review the status of the comments during our next audit engagement. We have already discussed these comments and suggestions with various management personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended for the information of the Bridgewater-Raritan Regional School District's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Nisivoccia, LLP

NISIVOCCIA LLP

Kathryn L. Mantell

Kathryn L. Mantell
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BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2015

Scope of Audit

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

Administrative Practices and Procedures

Insurance

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

Officials in Office and Surety Bonds

<u>Name</u>	<u>Position</u>	<u>Coverage</u>
Ronald Rossi	Treasurer of School Monies	\$ 575,000
Peter F. Starrs	Business Administrator/Board Secretary	2,000

The District has Employee Dishonesty and Faithful Performance coverage through Selective Insurance Company of America as detailed on Exhibit J-20 of the CAFR.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were different than estimated costs. The Board made a proper adjustment to the billings to sending districts for the change in per pupil costs in accordance with N.J.A.C. 6A:23A-3.1(f)3.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid on a test basis, during the period under review indicated overall compliance with respect to certification or supporting documentation.

Payroll Account and Position Control Roster

The net salaries of employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account. Salary withholdings were promptly remitted to the proper agencies, including employee health benefits contributions due to the general fund.

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

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (superintendent, assistant superintendent, and business administrator) to the NJ Department of Treasury was filed in a timely manner.

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2015
 (Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Payroll Account and Position Control Roster (Cont'd)

Finding:

We noted that employee contributions for unemployment compensation were not turned over to the Unemployment Compensation ("UCI") Trust Fund from the Payroll Agency Fund during the year and that unemployment benefit claims and quarterly unemployment contributions paid to the State of New Jersey were disbursed from the Payroll Agency Fund. Under the direction of the Business Administrator, all UCI activities have been reflected in the financial statements. Therefore, no formal recommendation is warranted.

Reserve for Encumbrances and Accounts Payable

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

Classification of Expenditures – General and Administrative

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-8.2 as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-16.2(f). Overall compliance was noted.

Board Secretary's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Board Secretary's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments except the following:

Finding:

Budget transfers are approved on a monthly basis by the governing body and monitored by the Business Administrator on an ongoing basis. A monthly cumulative transfer report would be useful to identify transfers which exceed the 10% threshold requiring County approval. We did not find any transfers in excess of 10%; therefore, no formal recommendation is judged to be warranted.

Treasurer's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Treasurer's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments.

No Child Left Behind (N.C.L.B.)

The N.C.L.B. financial exhibits are contained herein within the Special Revenue Section of the District's CAFR. This section of the CAFR documents the financial position pertaining to projects under Title I, Title II and Title III of the No Child Left Behind Act.

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

No Child Left Behind (N.C.L.B.) (Cont'd)

The study of compliance for the N.C.L.B. did not indicate any area of noncompliance.

Other Special Federal and/or State Projects

The financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

The District's Special Projects were approved as listed on Schedule A and Schedule B located in the CAFR.

Our audit of the federal and state funds on a test basis indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

Finding:

A review was completed by the State of New Jersey Department of Education, Office of Fiscal Accountability and Compliance (the "State") for the N.C.L.B., I.D.E.A. Basic and Preschool and Race to the Top grant programs for the period July 1, 2013 through April 15, 2014. The District received the consolidated monitoring report in July 2014 and has developed and implemented a corrective action plan. We have performed testing of fiscal related findings and did not note any exceptions.

T.P.A.F. Reimbursement

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

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

The T.P.A.F. Reimbursement to the State for Federal Salary Expenditures was remitted to the State of New Jersey prior to the required deadline of October 1, 2015. The reimbursement form was reviewed 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 a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by resolution of the Board of Education without public advertising for bids and bidding therefore, except that the Board of Education may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L.1971, c. 198 the Board of Education may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-3 states:

b. Commencing in the fifth year after the year in which P.L.1999, c. 440 takes effect and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount and the higher threshold amount which the Board of Education is permitted to establish as set forth in subsection a. of this section or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in N.J.S.A. 18A:18A-2, and shall round the adjustment to the nearest \$1,000. The Governor shall notify all local school districts of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of the year in which it is made"

N.J.S.A. 18A:18A-4 states, "Every contract for the provision or performance of any goods or services the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the Board of Education to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law"

Effective July 1, 2010 and thereafter the bid thresholds in accordance with *N.J.S.A.* 18A:18A-2 and 18A:18A-3(a) are \$36,000 (with a Qualified Purchasing Agent) and \$26,000 (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 \$18,300.

As per N.J.S.A. 18A:18A-3, the Board passed a resolution at its June 22, 2010 meeting, authorizing the Business Administrator as a qualified purchasing agent and increasing the bid threshold to \$36,000.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Attorney's opinion should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. No exceptions were noted.

Based upon the results of our examination, we did not note any individual payments, contracts, or agreements for the performance of any work or goods or services, in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A. 18A:18A-4, amended.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained.

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

School Food Service

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. No exceptions were noted. Food Service accounting records maintained by the District's central administration office were reconciled with the records maintained by the food service management company (F.S.M.C.).

Finding:

We noted that billings for catering or special functions are handled by the F.S.M.C. and that catering receipts are collected by the business office. However, a reconciliation of the billings and collections are not prepared and a receivable ledger is not maintained. As the total catering revenue is not material to the District's financial statements and the District is working with the F.S.M.C. to implement a new process for recording catering or special functions activities, a formal recommendation is not judged to be warranted.

The number of meals claimed for reimbursement was compared to sales and meal count records on a test basis. As part of the claims review process, the Edit Check Worksheet was completed. Reimbursement claims were submitted/certified in a timely manner.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served was compared to the number of valid applications on file, times the number of operating days, on a school-by-school basis. The free and reduced price meal policy was reviewed for uniform administration throughout the school district. The required verification procedures for free and reduced price applications were completed and available for review.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified on a test basis. Inventory records on food supply items were currently maintained and properly applied in determining the cost of food and supplies used.

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 nonprofit status of the School Food Service Fund. Net cash resources did not exceed three months average expenditures.

Cash receipts and bank records were reviewed for timely deposit. No exceptions were noted.

The District utilizes a food service management company (FMSC) and is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34, and 19-1 through 19-4.1. The FMSC contract includes an operating results provision which guarantees that the food service program will generate a profit. The operating results provision has been met.

Time sheets and payroll records provided to the District from the Food Service contractor were reviewed on a test basis.

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 "Proprietary Funds", Section G of the CAFR.

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

School Food Service (Cont'd)

The District has a Type 2 SOC1 report (Service Organization Controls Report) of the food service management company on file as required by state requirements.

Student Body Activities

In planning and performing our audit of the financial statements of the Board, we considered the condition of the records of the Student Activities Fund for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments except for the following:

Finding:

During our testing of petty cash account records, we noted that checks issued through the Adamsville School petty cash account were only signed by one of the three authorized signatories. According to Board policy #3411 "Petty Cash Funds," petty cash funds checks require two authorized signatures.

Recommendation:

It is recommended that procedures be implemented to ensure that two signatures are obtained on all petty cash fund checks in accordance to board policy before checks are released for payment.

Management's Response:

Procedures will be developed to ensure that all petty cash checks issued contain the required number of authorized signatures.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2014 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the disabled, low income and bilingual education students. We also performed a review of the District procedures related to its completion. The information on the A.S.S.A. was compared to the District workpapers without exception. The information that was included on the workpapers was verified on a test basis with one minor exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

The District maintained workpapers on the prescribed State forms or their equivalent.

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

Pupil Transportation

Our audit procedures included a test of on-roll status reported on the 2014-2015 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with four minor exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the District complied with proper bidding procedures and award of contracts. No exceptions were noted in our review of transportation related purchases of goods and services.

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

Facilities and Capital Assets

Our procedures included a review of the SDA grant agreements for consistency with recording SDA revenue and awarding contracts for eligible facilities construction.

Travel Expense and Reimbursement Policy

Travel regulations require each District to adopt a formal policy and procedure pertaining to travel and expense reimbursement for its employees and board members. The regulations require the District to establish a maximum travel for the fiscal year and to ensure that the maximum amount is not exceeded. The regulations also require that all travel be preapproved by the Board of Education and Superintendent and that a brief report detailing the key issues addressed at the travel event must be submitted after the travel event has occurred.

Our review of the travel policies and records revealed that the District is in general compliance with the travel regulations.

Management Suggestions

Surety Bonds

The duties of the Business Administrator have evolved over the last few decades into a position that is responsible for the collection, disbursement and investment of the District's funds. At the time of the passage of the statute delineating the duties of the Treasurer, the aforementioned duties were to be the responsibility of the Treasurer. Also, the statute established the requirement for the amount of the Treasurer's bond did not contemplate the evolution of the Business Administrator's position. It is suggested the Business Administrator's surety bond coverage be increased to the same amount as the Treasurer's.

Governmental Accounting Standards Board Statements:

The next Governmental Accounting Standards Board ("GASB") statement which will have a significant impact on the District will be GASB#75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, will be effective for the fiscal year ending June 30, 2018. This standard replaces GASB#45, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. It is similar to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* GASB#68 in that successful implementation of this standard will require the provision of certain key financial and non-financial information from the New Jersey Division of Pensions.

Single Audit

Effective for the fiscal year ended June 30, 2016, there will be significant changes to the Single Audit. These changes include the following:

- An increase in the single audit threshold
- Low risk auditee criteria
- Type A and B threshold
- Coverage requirements for major programs tested for both low risk and non-low risk auditees.

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
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FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

Management Suggestions (Cont'd)

Additionally, the cost principles and administrative requirements such as A-87 have been consolidated under the *OMB Uniform Guidance: Cost Principles, Audit and Administrative Requirements for Federal Awards*. This guidance was effective December 26, 2014 for all new federal awards and for any additional funding for existing awards made after December 26, 2014.

Follow-up on Prior Year Findings

There were no prior year recommendations.

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2014

	2015-2016 Application for State School Aid						Sample for Verification					
	Reported on		Reported on		Errors		Sample		Verified per		Errors	
	ASSA		Workpapers				Selected from		Registers			
	On Roll		On Roll		Workpapers		On Roll					
Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	
Half Day Preschool 3 Years Old	8		8				8		8			
Half Day Preschool 4 Years Old	9		9				9		9			
Half Day Kindergarten	361		361				361		361			
Grade One	545		545				545		545			
Grade Two	568		568				568		568			
Grade Three	565		565				565		565			
Grade Four	558		558				558		558			
Grade Five	566		566				566		566			
Grade Six	585		585				585		585			
Grade Seven	551		551				551		551			
Grade Eight	621		621				621		621			
Grade Nine	589	9	589	9			589	9	589	9		
Grade Ten	572	20	572	20			572	20	572	20		
Grade Eleven	528	19	528	19			528	19	528	19		
Grade Twelve	568	18	568	18			568	18	568	18		
Subtotal	<u>7,194</u>	<u>66</u>	<u>7,194</u>	<u>66</u>			<u>7,194</u>	<u>66</u>	<u>7,194</u>	<u>66</u>		
Special Education:												
Elementary	390	1	390	1			390	1	390	1		
Middle	335		335				335		335			
High	520	35	520	35			520	35	520	35		
Subtotal	<u>1,245</u>	<u>36</u>	<u>1,245</u>	<u>36</u>			<u>1,245</u>	<u>36</u>	<u>1,245</u>	<u>36</u>		
Totals	<u>8,439</u>	<u>102</u>	<u>8,439</u>	<u>102</u>	<u>-0-</u>	<u>-0-</u>	<u>8,439</u>	<u>102</u>	<u>8,439</u>	<u>102</u>	<u>-0-</u>	<u>-0-</u>
Percentage Error					<u>0.00%</u>	<u>0.00%</u>					<u>0.00%</u>	<u>0.00%</u>

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2014

	Private Schools for Disabled					Resident Low Income						
	Reported on ASSA as Private Schools	Reported on Workpapers as Private Schools	Sample Errors	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
Half Day Preschool 3 Years Old												
Half Day Preschool 4 Years Old												
Half Day Kindergarten							31	31		3	3	
Grade One							57	57		6	6	
Grade Two							58	58		6	6	
Grade Three							55	55		6	6	
Grade Four							54	54		5	4	1
Grade Five							55	55		6	6	
Grade Six							37	37		4	4	
Grade Seven							44	44		4	4	
Grade Eight							51	51		5	5	
Grade Nine							38	38		4	4	
Grade Ten							41	41		4	4	
Grade Eleven							42	42		4	4	
Grade Twelve							38	38		3	3	
Subtotal							600	600		60	59	1
Special Education:												
Elementary School	13	13		1	1		74	74		7	7	
Middle School	13	13		2	2		69	69		7	7	
High School	39	39		4	4		88	88		9	9	
Subtotal	65	65		7	7		231	231		23	23	
Totals	65	65	-0-	7	7	-0-	831	831	-0-	83	82	1
Percentage Error			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>			<u>1.20%</u>

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2014

	Resident LEP Low Income					Resident LEP Not Low Income						
	Reported on ASSA as LEP Low Income	Reported on Workpapers as LEP Low Income	Sample Selected from Workpapers	Verified to Test Scores, Application and Register	Sample Errors	Reported on ASSA as LEP Not Low Income	Reported on Workpapers as LEP Not Low Income	Sample Selected from Workpapers	Verified to Test Scores and Register	Sample Errors		
Half Day Preschool 3 Years Old												
Half Day Preschool 4 Years Old												
Half Day Kindergarten	15	15	2	2		40	40	4	4			
Grade One	14	14	1	1		25	25	3	3			
Grade Two	19	19	2	2		24	24	2	2			
Grade Three	7	7	1	1		13	13	1	1			
Grade Four	2	2				6	6	1	1			
Grade Five	2	2				4	4					
Grade Six						3	3					
Grade Seven	1	1										
Grade Eight	1	1				4	4	1	1			
Grade Nine	2	2	1	1		5	5	1	1			
Grade Ten	1	1				4	4					
Grade Eleven	2	2				2	2					
Grade Twelve												
Subtotal	66	66	7	7		130	130	13	13			
Special Education:												
Elementary School												
Middle School												
High School												
Subtotal												
Totals	66	66	-0-	7	7	-0-	130	130	-0-	13	13	-0-
Percentage Error			0.00%			0.00%			0.00%			0.00%

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2014

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	4,657.0	4,658.0	(1)	25	25	
Regular - Special Education	782.5	782.5		25	25	
Transported - Non Public	241.0	241.0		24	24	
AIL - Non Public	287.0	290.0	(3)	25	25	
Special Needs - Public	316.5	316.5		25	25	
Special Needs - Private	74.0	74.0		7	7	
Totals	<u>6,358.0</u>	<u>6,362.0</u>	<u>(4)</u>	<u>131</u>	<u>131</u>	<u>-0-</u>
Percentage Error			<u>-0.06%</u>			<u>0.00%</u>

	Reported	Recalculated
Average Mileage - Regular Including Grade PK Students	4.3	4.3
Average Mileage - Regular Excluding Grade PK Students	4.3	4.3
Average Mileage - Special Education with Special Needs	6.1	6.1

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2015

EXCESS SURPLUS CALCULATION**REGULAR DISTRICT****SECTION 1****A. 2% Calculation of Excess Surplus**

2014-15 Total General Fund Expenditures per the CAFR, Ex. C-1	<u>\$ 150,914,989</u> (B)
Increased by:	
Transfer from Capital Outlay to Capital Projects Fund	<u>\$ -0-</u> (B1a)
Transfer from Capital Reserve to Capital Projects Fund	<u>\$ 625,963</u> (B1b)
Transfer from General Fund to SRF for PreK-Regular	<u>\$ -0-</u> (B1c)
Transfer from General Fund to SRF for PreK-Inclusion	<u>\$ -0-</u> (B1d)
Decreased by:	
On-Behalf TPAF Pension and Social Security	<u>\$ 13,959,832</u> (B2a)
Assets Acquired Under Capital Leases	<u>\$ 816,334</u> (B2b)
Adjusted 14-15 General Fund Expenditures [(B)+(B1's)-(B2's)]	<u>\$ 136,764,786</u> (B3)
2% of Adjusted 2014-15 General Fund Expenditures [(B3) times .02]	<u>\$ 2,735,296</u> (B4)
Enter Greater of (B4) or \$250,000	<u>\$ 2,735,296</u> (B5)
Increased by: Allowable Adjustment	<u>\$ 1,249,012</u> (K)
Maximum Unassigned Fund Balance [(B5)+(K)]	<u><u>\$ 3,984,308</u></u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6/30/15 (Per CAFR Budgetary Comparison Schedule C-1)	<u>\$ 23,924,891</u> (C)
Decreased by:	
Year End Encumbrances	<u>\$ 922,585</u> (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	<u>\$ -0-</u> (C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures	<u>\$ 6,780,860</u> (C3)
Other Restricted/Reserved Fund Balances	<u>\$ 6,273,155</u> (C4)
Assigned - Designated for Subsequent Year's Expenditures	<u>\$ 13,983</u> (C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	<u><u>\$ 9,934,308</u></u> (U1)
Increased by:	
Adjustment for Disallowed Transfers per S1701	<u>\$ -0-</u> (C6)
Total Unassigned Fund Balance for Excess Surplus Calculation (U1 + C6)	<u><u>\$ 9,934,308</u></u> (U2)

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

SECTION 3

Restricted Fund Balance - Excess Surplus [(U2)-(M)] IF NEGATIVE, ENTER -0- \$ 5,950,000 (E)

Recapitulation of Excess Surplus as of June 30, 2015

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures	\$ -0- (C3)
Restricted Excess Surplus [(E)]	<u>\$ -0- (E)</u>
Fund Balance Restricted for 2014-15 per S1701	<u>\$ -0- (F)</u>
 Total [(C3)+(E)+(F)]	 <u><u>\$ -0- (D)</u></u>

Detail of Allowable Adjustments

Impact Aid	\$ -0- (H)
Sale and Lease Back	<u>\$ -0- (I)</u>
Extraordinary Aid	<u>\$ 1,180,355 (J1)</u>
Additional Nonpublic School Transportation Aid	<u>\$ 68,657 (J2)</u>
Current Year School Bus Advertising Revenue Recognized	<u>\$ -0- (J3)</u>
Family Crisis Transportation Aid	<u>\$ -0- (J4)</u>
 Total Adjustments ((H)+(I)+(J1)+(J2)+(J3)+(J4))	 <u><u>\$ 1,249,012 (K)</u></u>

Detail of Other Restricted Fund Balance

Statutory restrictions:	
Approved unspent separate proposal	\$ -0-
Sale/lease-back reserve	<u>\$ -0-</u>
Capital reserve	<u>\$ 6,273,155</u>
Maintenance reserve	<u>\$ -0-</u>
Emergency reserve	<u>\$ -0-</u>
Tuition reserve	<u>\$ -0-</u>
School Bus Advertising 50% Fuel Offset Reserve - current year	<u>\$ -0-</u>
School Bus Advertising 50% Fuel Offset Reserve - prior year	<u>\$ -0-</u>
Impact Aid General Fund Reserve (Sections 8002 and 8003)	<u>\$ -0-</u>
Impact Aid Capital Fund Reserve (Sections 8007 and 8008)	<u>\$ -0-</u>
Other state/governmental mandated reserve	<u>\$ -0-</u>
 Other Restricted Fund Balance not noted above	 <u>\$ -0-</u>
 Total Other Restricted Fund Balance	 <u><u>\$ 6,273,155 (C4)</u></u>

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
SUMMARY OF RECOMMENDATIONS
FISCAL YEAR ENDED JUNE 30, 2015

It is recommended that:

1. Administrative Practices and Procedures
None
2. Financial Planning, Accounting and Reporting
None
3. School Purchasing Program
None
4. School Food Service
None
5. Student Body Activities
 - a.) Procedures be implemented to ensure that two signatures are obtained on all petty cash fund checks in accordance to board policy before checks are released for payment.
6. Application for State School Aid
None
7. Pupil Transportation
None
8. Facilities and Capital Assets
None
9. Status of Prior Year's Finding/Recommendation
There were no prior year recommendations.