

**AUDITORS MANAGEMENT REPORT
ON ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
OF THE FAIRVIEW BOARD OF EDUCATION
COUNTY OF BERGEN, NEW JERSEY
JUNE 30, 2015**

TABLE OF CONTENTS

	Page <u>No.</u>
Independent Auditors' Report	1
Scope of Audit	2
Administrative Practices and Procedures	
Insurance	2
Officials Bonds	2
Financial Planning, Accounting and Reporting	
Examination of Claims	2
Payroll Account and Position Control Roster	2-3
Reserve for Encumbrances, Liability for Accounts Payable	3
Classification of Expenditures	3
Board Secretary's Records	4
Fixed Assets	4
Elementary and Secondary Education Act (E.S.E.A.)/Improving America's School Act (IASA) as Reauthorized by the No Child Left Behind Act of 2001 (NCLB)	5
Other Special Federal and/or State Projects	5
T.P.A.F. Reimbursement	5
Nonpublic State Aid	5
School Purchasing Programs	
Contracts and Agreements Requiring Advertisement for Bids.	5
School Food Service	6
Student Body Activities	7
Application for State School Aid	7
Pupil Transportation	8
Status of Prior Year Audit Findings/Recommendations	8
Acknowledgment	8
Schedule of Meal Count Activity	9
Net Cash Resources Calculation	11
Schedule of Audited Enrollments	12
Excess Surplus Calculation	15

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkotz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
973-835-7900
Fax 973-835-6631

Newton Office
100B Main Street
Newton, NJ 07860
973-579-3212
Fax 973-579-7128

REPORT OF INDEPENDENT AUDITORS

Honorable President and
Members of the Board of Education
Fairview Board of Education
Fairview, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Fairview Board of Education, in the County of Bergen, State of New Jersey for the year ended June 30, 2015, and have issued our report thereon dated November 9, 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.

This report is intended for the information of the Fairview 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.

Steven D. Wielkotz

Steven D. Wielkotz
Licensed Public School Accountant
No. CS00816

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P. A.
Certified Public Accountants
Pompton Lakes, New Jersey

November 9, 2015

**ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING**

GENERAL COMMENTS

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator, 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 of the District's CAFR.

Officials Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Patrick Caufield	Board Secretary/School Business Administrator	\$25,000

***Finding 2015-01**: The amount of the surety Bond for the Board Secretary/School Business Administrator was not sufficient.

Recommendation: That the calculation for the amount of the coverage be performed annually and the amount be adjusted to provide adequate coverage.

Financial Planning, Accounting and Reporting

Examination of Claims

A test check of claims submitted for payment was made and all claims included in the test check were found to be in order.

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 Board Secretary/School Business Administrator.

Financial Planning, Accounting and Reporting, (continued)

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 his order for the full amount of each payroll.

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (superintendent, assistant superintendents, and business administrator) to the NJ Department of Treasury was filed by the March 15 due date.

Reporting of employee compensation for income tax related purposes did comply with federal and state regulations regarding the compensation which is required to be reported.

The Board of Education made a merit bonus payment that a quantitative merit criterion or a qualitative merit criterion had been satisfied with prior approval by the District Board of Education and Executive County Superintendent, as required by N.J.A.C. 6A:23A-3.1(e)10.iv.

Employee Position Control Roster

An inquiry and subsequent review of the Position Control Roster found consistency between the payroll records, employee benefit records, the general ledger accounts to where wages are posted and the Position Control Roster.

Reserve for Encumbrances, Liability for Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, 2015 for goods not yet received or services not yet rendered and it was determined that no blanket purchase orders were included in the balance of the reserves for encumbrances. Also, unpaid purchase orders included in the balance of accounts payable were reviewed for propriety and to determine that goods were received and services were rendered, as of June 30, 2015.

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 compliance with N.J.A.C. 6A:23A-8.2. As a result of the procedures performed, a transaction error rate of 0.21% was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Financial Planning, Accounting and Reporting, (continued)

Classification of Expenditures, (continued)

Finding 2015-02: During our testing of transactions, it was noted that the District misclassified and misbudgeted expenditures for the following: operating leases.

Recommendation: The District should reference the *Uniform Minimum Chart of Accounts for New Jersey Public Schools, 2015 Edition* and other available reference materials, such as Budget Guidelines for the proper classifications required to be in compliance with N.J.A.C. 6A:23-2.3(f).

Finding 2015-03: The District continually made monthly lease payments for an expired capital lease agreement despite having the option to purchase.

Recommendation: The District should have exercised the buyout option rather than making monthly payments.

Finding 2015-04: There were instances in which Form 1099 was not issued even though the organizations were compensated in excess of \$600 which is a violation of IRS regulations.

Recommendation: That all vendors and/or individuals compensated in excess of \$600 be issued a Form 1099 in accordance with IRS regulations.

Finding 2015-05: There were instances in which purchases exceeded 15% of the bid threshold and soliciting of competitive quotations did not occur.

Recommendation: The District solicit competitive quotations for all purchases in excess of 15% of the bid threshold pursuant of N.J.S.A. 18A:18A-37.

Board Secretary's Records

Our overview of the financial and accounting records maintained by the Board Secretary disclosed the following items:

Finding 2015-06: The General Fund has a Tax Levy Receivable from the Borough of Fairview of \$1,127,757 as of June 30, 2015.

Recommendation: That the Board Secretary request the remittance of the balance from the municipality in accordance with N.J.S.A. 54:4-75.

Fixed Assets

The general fixed asset records were updated for the additions and disposals of general fixed assets made during the year.

Financial Planning, Accounting and Reporting, (continued)

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 contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the projects under Title I, Title II and Title III of the Elementary and Secondary Education Act, as amended.

Other Special Federal and/or State Projects

The District's Special Projects were approved as listed on Schedule K-3 and Schedule K-4 located in the CAFR.

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

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

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursements filed with the Department of Education for the 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 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.

Nonpublic State Aid

Project completion reports were finalized and transmitted to the State Department of Education by the due date.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-2 contains definitions for terms used throughout N.J.S.A. 18A:18A-1 et seq. It includes as subsection (p) the term 'competitive contracting', which is defined as "the method described in N.J.S.A. 18A:18A-4.1 through 18A:18A-4.5 and in rules promulgated by DCA at N.J.A.C. 5:34-4 of contracting for specialized goods and services in which formal proposals are solicited from vendors; formal proposals are

School Purchasing Programs, (continued)

Contracts and Agreements Requiring Advertisement for Bids, (continued)

evaluated by the purchasing agent or counsel or school business administrator; and the board of education awards a contract to a vendor or vendors from among the formal proposals received.” Also, subsection (aa) defines the term ‘concession’ to exclude vending machines.

N.J.S.A. 18A:18A-3(a) sets forth the bid threshold and requires award by board resolution. There is a higher threshold when there is a “Qualified Purchasing Agent” (QPA) in the district as defined at N.J.A.C. 5:34-1.1 and certified upon approval of an application submitted to DCA. Pursuant to N.J.S.A. 18A:18A-3(b), the bid threshold may be adjusted by the Governor, in consultation with the Department of Treasury, every five years.

N.J.S.A. 18A:18A-4.4 provides boards of education the authority to pass a resolution authorizing the use of competitive contracting. “In order to initiate competitive contracting, the board of education shall pass a resolution authorizing the use of competitive contracting each time specialized goods or services enumerated in sections 45 of L. 1999, c.440 are desired to be contracted.”

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 Agency) 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.

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.

The results of our examination indicated that no individual payments, contracts or agreements were made “for the performance of any work or the furnishing or hiring of any materials or supplies,” in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A. 18A:18A-4, as amended.

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

School Food Service

The financial transactions and statistical records of the School Food Service Fund were maintained in satisfactory condition. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

School Food Service, (continued)

Cash receipts and bank records were reviewed for timely deposit.

The number of meals claimed for reimbursement was verified against sales and meal count records. 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 meals were reviewed for completeness and accuracy. The number of free and reduced meals claimed as served did not exceed the number of valid applications on file, times the number of operating days, on a school by school basis. The free and reduced meal policy is uniformly administered throughout the School System. The required verification procedures for free applications was completed and available for review.

Expenditures were separately recorded for food purchases and other costs. Vendor invoices were reviewed and costs verified. Inventory of food is maintained and recorded on the balance sheet at year end.

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service. Net cash resources did not exceed three months average expenditures.

U.S.D.A. commodities were received and a separate inventory was maintained on a first in first out basis. No exceptions were noted.

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

Student Body Activities

During our review of the student activity funds, no exceptions were noted.

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 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 without exception. 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 equivalents.

The District has adequate written procedures for the recording of student enrollment data.

Pupil Transportation

Our audit procedures included a test of on-roll status reported in the 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 without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

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.

Status of Prior Year Audit Findings/Recommendation

A review was performed on all prior year recommendations and corrective action was taken on all, with the exception of the comments preceded with an “*”.

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,

Steven D. Wielkocz

Steven D. Wielkocz
Licensed Public School Accountant
No. CS00816

Ferraioli, Wielkocz, Cerullo & Cuva, P.A.

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P. A.
Certified Public Accountants
Pompton Lakes, New Jersey

SCHEDULE OF MEAL COUNT ACTIVITY

FAIRVIEW BOARD OF EDUCATION
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIMED - FEDERAL
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>Program</u>	<u>Meal Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>(Over)/ Under Claim</u>
National School Lunch (High Rate)	Paid	5,288	5,288	5,288		0.30	-
National School Lunch (High Rate)	Reduced	5,066	5,066	5,066		2.60	-
National School Lunch (High Rate)	Free	<u>85,882</u>	<u>85,882</u>	<u>85,882</u>		3.00	-
	Total	<u>96,236</u>	<u>96,236</u>	<u>96,236</u>			-
National School Lunch (Healthy Hunger-Free Kids Act)	HHFKA	<u>96,236</u>	<u>96,236</u>	<u>96,236</u>		0.06	-
School Breakfast (Severe Needs Rate)	Paid	546	546	546		0.28	-
	Reduced	574	574	574		1.63	-
	Free	<u>16,818</u>	<u>16,818</u>	<u>16,818</u>		1.93	-
	Total	<u>17,938</u>	<u>17,938</u>	<u>17,938</u>			-
Total (Over)/Under Claim						Total Net Diff	<u>-</u>

SCHEDULE OF MEAL COUNT ACTIVITY

FAIRVIEW BOARD OF EDUCATION
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIMED - STATE
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>Program</u>	<u>Meal Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>(Over)/ Under Claim</u>
State Reimbursement - National School Lunch (High Rate)	Paid	5,288	5,288	5,288		0.040	-
State Reimbursement - National School Lunch (High Rate)	Reduced	5,066	5,066	5,066		0.055	-
State Reimbursement - National School Lunch (High Rate)	Free	<u>85,882</u>	<u>85,882</u>	<u>85,882</u>	<u> </u>	0.055	<u>-</u>
	Total	<u><u>96,236</u></u>	<u><u>96,236</u></u>	<u><u>96,236</u></u>	<u><u> </u></u>		<u><u>-</u></u>
Total (Over)/Under Claim							<u><u> </u></u>

**BOROUGH OF FAIRVIEW
BOARD OF EDUCATION**

**Net cash resources did not exceed three months of expenditures
Proprietary Funds - Food Service
Year ended June 30, 2015**

<u>Net Cash Resources:</u>		Food Service B - 4/5	
CAFR	*	Current Assets	
B-4		Cash & Cash Equiv.	\$ 28,413
B-4		Due from Other Gov'ts	<u>30,113</u>
		Net Cash Resources	<u>\$ 58,526</u> (A)
<u>Net Adj. Total Operating Expense:</u>			
B-5		Tot. Operating Exp.	329,670
B-5		Less Depreciation	<u>(4,132)</u>
		Adj. Tot. Oper. Exp.	<u>\$ 325,538</u> (B)
<u>Average Monthly Operating Expense:</u>			
		B / 10	<u>\$ 32,554</u> (C)
<u>Three times monthly Average:</u>			
		3 X C	<u>\$ 97,661</u> (D)

TOTAL IN BOX A	\$ 58,526.00
LESS TOTAL IN BOX D	<u>\$ 97,661.40</u>
NET	<u>\$ (39,135.40)</u>

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 AUDITED ENROLLMENTS

**BOROUGH OF FAIRVIEW
BOARD OF EDUCATION**

**Application for State School Aid Summary
Enrollment as of October 15, 2014**

Year ended June 30, 2015

Enrollment category	2015-2016 App. for State School Aid (10/15/14 data)						Sample for Verification						Private Schools for the Handicapped						
	Reported on A.S.S.A. on roll		Reported on workpapers on roll		Errors		Sample Workpapers		Verified per Registers on roll		Errors per Registers On Roll		Reported as Private Schools		Sample for Verification		Errors		
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	
Half Day Preschool 3yrs	64		64				64		64										
Half Day Preschool 4yrs	166		166				166		166										
Full Day Kindergarten	138		138				138		138										
One	135		135				135		135										
Two	130		130				130		130										
Three	91		91				91		91										
Four	103		103				103		103										
Five	110		110				110		110										
Six	95		95				95		95										
Seven	99		99				99		99										
Eight	1,131		1,131				1,131		1,131										
Subtotal	1,311		1,311				1,250		1,250						2		2		2
Special Ed. Elementary	116		116				61		61						1		1		1
Special Ed. Middle School	64		64				58		58						1		1		1
Special Ed. High School	1,311		1,311				1,250		1,250						2		2		2

Percentage

SCHEDULE OF AUDITED ENROLLMENTS

**BOROUGH OF FAIRVIEW
BOARD OF EDUCATION**

Application for State School Aid Summary
Enrollment as of October 15, 2014

Year ended June 30, 2015

Enrollment category	Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on A.S.A. as Low Income	Reported on workpapers as Low Income	Errors	Sample selected from workpapers	Verified to Application and Register	Errors	Reported on A.S.A. as LEP Low Income	Reported on Workpapers LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Test score and Register	Sample Errors
Full Day Kindergarten	128	128		56	56		45	45		34	34	
One	119	119		41	41		23	23		18	18	
Two	116	116		29	29		7	7		4	4	
Three	109	109		19	19		8	8		4	4	
Four	78	78		16	16		4	4		3	3	
Five	86	86		20	20		7	7		5	5	
Six	94	94		21	21		9	9		6	6	
Seven	73	73		17	17		4	4		3	3	
Eight	75	75		20	20		11	11		5	5	
Special Ed. Elementary	112	112		7	7		4	4		2	2	
Special Ed. Middle School	55	55		8	8							
	1045	1045		254	254		122	122		84	84	
	1045	1045		254	254		122	122		84	84	

Percentage

Category	Transportation			Reported	Re- calc.		
	Reported on DTRs by DOE/county	Reported on DTRs by District	Errors			Tested	Verified
Regular - Public Schools, col. 1	14	14	-	12	-	-	2.0
Regular - Special Education, col. 4	47	47	-	40	-	-	2.5
Special needs, col. 6	31	31	-	27	-	-	4.6
Totals	92	92	-	79	-	-	

Percentage

SCHEDULE OF AUDITED ENROLLMENTS

**BOROUGH OF FAIRVIEW
BOARD OF EDUCATION**

**Application for State School Aid Summary
Enrollment as of October 15, 2014**

Year ended June 30, 2015

Enrollment category	Resident LEP Not Low Income			Sample for Verification		
	Reported on A.S.A as LEP Not low Income	Reported on Workpapers LEP Not low Income	Errors	Sample Selected from Workpapers	Verified to Test score and Register	Sample Errors
Half Day Preschool 4yrs	7	7		6	6	
Full Day Kindergarten	1	1		1	1	
One	2	2		2	2	
Two	3	3		2	2	
Three	3	3		2	2	
Four	1	1		1	1	
Five	6	6		5	5	
Six	4	4		4	4	
Seven	1	1		1	1	
Eight	28	28		24	24	
Special Ed. Elementary	1	1		1	1	
Special Ed. Middle School						
	<u>28</u>	<u>28</u>		<u>24</u>	<u>24</u>	

Percentage

**FAIRVIEW BOARD OF EDUCATION
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>22,770,304</u>	(B)
Increased by:		
Transfer from Capital Outlay to Capital Projects Fund	\$ _____	(B1a)
Transfer from Capital Reserve to Capital Projects Fund	\$ <u>1,234,700</u>	(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>1,424,445</u>	(B2a)
Assets Acquired Under Capital Leases	\$ <u>124,358</u>	(B2b)
Adjusted 14-15 General Fund Expenditures [(B)+(B1's)-(B2's)]	\$ <u>22,456,201</u>	(B3)
2% of Adjusted 2014-15 General Fund Expenditures [(B3) times .02]	\$ <u>449,124</u>	(B4)
Enter Greater of (B4) or \$250,000	\$ <u>449,124</u>	(B5)
Increased by: Allowable Adjustment *	\$ <u>154,500</u>	(K)
Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]		\$ <u><u>603,624</u></u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6-30-15 (Per CAFR Budgetary Comparison Schedule C-1))	\$ <u>2,276,860</u>	(C)
Decreased by:		
Year-end Encumbrances	\$ <u>191,890</u>	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ _____	(C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ <u>184,306</u>	(C3)
Other Restricted Fund Balances****	\$ <u>642,300</u>	(C4)
Assigned Fund Balance - Unreserved -- Designated for Subsequent Year's Expenditures	\$ <u>509,107</u>	(C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]		\$ <u><u>749,257</u></u> (U1)

SECTION 3

Restricted Fund Balance - Excess Surplus*** [(U1)-(M)] IF NEGATIVE ENTER -0- \$ 145,633 (E)

Recapitulation of Excess Surplus as of June 30, 2015

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ <u>184,306</u> (C3)
Reserved Excess Surplus ***[(E)]	\$ <u>145,633</u> (E)
Total [(C3) + (E)]	\$ <u>329,939</u> (D)

* 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, 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 (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

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>154,500</u> (J1)
Additional Nonpublic School Transportation Aid	\$ _____ (J2)
Current Year School Bus Advertising Revenue Recognized	\$ _____ (J3)
Family Crisis Transportation Aid	\$ _____ (J4)
Total Adjustments [(H)+{I)+(J1)+(J2)+(J3)+(J4)]	\$ <u>154,500</u> (K)

** This amount represents the June 30, 2015 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

*** Amounts must agree to the June 30, 2015 CAFR and the sum of the two lines 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 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 Finance prior to September 30.

Detail of Other Reserved Fund Balance

Statutory restrictions:
 Approved unspent separate proposal \$ _____

Sale/Lease-back reserve	\$	<u> </u>	
Capital Reserve	\$	<u> 42,300</u>	
Maintenance Reserve	\$	<u> </u>	
Emergency Reserve	\$	<u> </u>	
Tuition Reserve	\$	<u> 600,000</u>	
School Bus Advertising 50% Fuel Offset Reserve - current year	\$	<u> </u>	
School Bus Advertising 50% Fuel Offset Reserve - prior year	\$	<u> </u>	
Impact Aid General Fund Reserve (Sections 8002 and 8003)	\$	<u> </u>	
Impact Aid Capital Fund Reserve (Sections 8007 and 8008)	\$	<u> </u>	
Other state/government mandated reserve	\$	<u> </u>	
 [Other Restricted Fund Balance not noted above]****	\$	<u> </u>	
 Total Other Restricted Fund Balance	\$	<u> 642,300</u>	(C4)