

**AUDITORS MANAGEMENT REPORT
ON ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
SCHOOL DISTRICT OF
CITY OF HACKENSACK
COUNTY OF BERGEN, NEW JERSEY
JUNE 30, 2015**

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REPORT OF INDEPENDENT AUDITORS

Honorable President and
Members of the Board of Education
City of Hackensack School District
County of Bergen, 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 Board of Education of the City of Hackensack School District in the County of Bergen for the year ended June 30, 2015, and have issued our report thereon dated November 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.

This report is intended for the information of the City of Hackensack 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.

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November 3, 2015

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

GENERAL COMMENTS

Scope of Audit

The audit covered the financial transactions of the Interim 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>
Louise Davis	Interim Board Secretary/School Business Administrator	\$480,000

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs exceeded the estimated costs. The Board made a proper adjustment to the billings to sending districts for the increase 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

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 Interim 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 secretary of the Board with a warrant made to her 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.

***Finding 2015-01:** There is a prior year accounts payable from the General Fund to the Enterprise Fund which was not liquidated during the year.

Recommendation: That all accounts payable be liquidated within the suggested time frame of 60 to 90 days of year-end should be cancelled.

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% was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Financial Planning, Accounting and Reporting, (continued)

Board Secretary's Records

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

Finding 2015-02: The District is reporting tuition from prior years as accounts receivable.

Recommendation: That old accounts receivable be reviewed for collectability and cancelled by resolution, if necessary.

Finding 2015-03: The District has an interfund balance that is greater than one year old.

Recommendation: That all interfund balances be liquidated in a timely manner.

Finding 2015-04 (CAFR Schedule of Findings and Questioned Costs 2015-001): The District did not submit the Annual Report to the executive county superintendent by August 1.

Recommendation: That the Annual Report be submitted to the executive county superintendent by August 1 pursuant to N.J.S.A. 18A:17-10.

Fixed Assets

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

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.

The study of compliance for the Special Projects indicated that there were no areas of noncompliance.

Financial Planning, Accounting and Reporting, (continued)

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.

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.

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 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.

School Purchasing Programs, (continued)

Contracts and Agreements Requiring Advertisement for Bids, (continued)

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.

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.

The District utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34 and 19-1 through 19-4.1. Provisions of the FSMC contract/addendum were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will return a profit of at least \$400,000. The operating results provision has not been met.

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.

School Food Service, (continued)

U.S.D.A. commodities were received and a separate inventory was maintained on a first in first out basis.

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

Student Body Activities

During our review of the student activity funds, the following items were noted.

***Finding 2015-05:** Receipts collected at athletic events are not being deposited promptly as required by N.J.A.C. 6A:23A-16.12.

***Recommendation:** That all receipts be deposited promptly in accordance with N.J.A.C. 6A:23A-16.12.

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,

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SCHEDULE OF MEAL COUNT ACTIVITY

**BOROUGH OF HACKENSACK SCHOOL DISTRICT
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	106,202	106,202	106,202		0.300	\$
National School Lunch (High Rate)	Reduced	47,131	47,131	47,131		2.660	
National School Lunch (High Rate)	Free	<u>379,502</u>	<u>379,502</u>	<u>379,502</u>		3.000	<u> </u>
	Total	<u>532,835</u>	<u>532,835</u>	<u>532,835</u>			<u> </u>
National School Lunch (Healthy Hunger-Free Kids Act)	HHFKA	532,835	532,835	532,835		0.06	
School Breakfast (Severe Needs Rate)	Paid	129,184	129,184	129,184		0.28	
	Reduced	36,131	36,131	36,131		1.63	
	Free	<u>254,538</u>	<u>254,538</u>	<u>254,538</u>		1.93	<u> </u>
	Total	<u>419,853</u>	<u>419,853</u>	<u>419,853</u>			<u> </u>
School Breakfast (Regular Needs Rate)	Paid	570	570	570		0.28	
	Reduced	94	94	94		1.32	
	Free	<u>1,127</u>	<u>1,127</u>	<u>1,127</u>		1.62	<u> </u>
	Total	<u>1,791</u>	<u>1,791</u>	<u>1,791</u>			<u> </u>
After School Snacks	Paid	100,098	100,098	100,098		0.82	
	Reduced						
	Free	<u> </u>	<u> </u>	<u> </u>			<u> </u>
	Total	<u>100,098</u>	<u>100,098</u>	<u>100,098</u>			<u> </u>
Total (Over)/Under Claim							\$ <u> </u>

SCHEDULE OF MEAL COUNT ACTIVITY

**BOROUGH OF HACKENSACK SCHOOL DISTRICT
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	106,202	106,202	106,202		0.040	\$
State Reimbursement - National School Lunch (High Rate)	Reduced	47,131	47,131	47,131		0.055	
State Reimbursement - National School Lunch (High Rate)	Free	<u>379,502</u>	<u>379,502</u>	<u>379,502</u>	<u> </u>	0.055	<u> </u>
	Total	<u>532,835</u>	<u>532,835</u>	<u>532,835</u>	<u> </u>		<u> </u>
Total (Over)/Under Claim							\$ <u> </u>

**BOROUGH OF HACKENSACK
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.	\$ 284,843
B-4		Due from Other Gov'ts	193,440
B-4		Accounts Receivable	138,562
CAFR		Current Liabilities	
B-4		Less Accounts Payable	(179,097)
B-4		Less Due to Other Funds	<u>(3,446)</u>
		Net Cash Resources	<u>\$ 434,302</u> (A)

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.	2,336,040	
B-5	Less Depreciation	<u>(27,468)</u>	
	Adj. Tot. Oper. Exp.	<u>\$ 2,308,572</u>	(B)

Average Monthly Operating Expense:

B / 10	<u>\$ 230,857</u>	(C)
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Three times monthly Average:

3 X C	<u>\$ 692,572</u>	(D)
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TOTAL IN BOX A	\$	434,302.00	
LESS TOTAL IN BOX D	\$	<u>692,571.60</u>	
NET	\$	<u>(258,269.60)</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.

SCHEDULE OF AUDITED ENROLLMENTS

**BOROUGH OF HACKENSACK
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 roll	Shared	Full	Errors	Sample Selected from Workpapers	Verified per Registers on roll	Errors per Registers On Roll	Reported as Private Schools	Sample for verification	Sample Verified	Errors	
	Full	Shared	Full	Full	Full	Shared	Full	Full	Shared	Full	Shared	Full
Half Day Preschool 4yrs	161		161		161		161					
Full Day Kindergarten	438		438		438		438					
One	423		423		423		423					
Two	369		369		369		369					
Three	337		337		337		337					
Four	289		289		289		289					
Five	285		285		285		285					
Six	291		291		291		291					
Seven	292		292		292		292					
Eight	292		292		292		292					
Ninth	435	4	435	4	435	4	435	4				
Tenth	388		388		388		388					
Eleventh	356		356		356		356					
Twelfth	395	1	395		395	1	395	1				
Subtotal	4,751	5	4,751		4,751	5	4,751	5				
Special Ed. Elementary	455		455		169		169		12	11		11
Special Ed. Middle School	178		178		19		19		8	6		6
Special Ed. High School	236	8	236		47		47		14	12		12
	5,620	13	5,620		4,986	5	4,986	5	34	29		29
Percentage												

SCHEDULE OF AUDITED ENROLLMENTS

**BOROUGH OF HACKENSACK
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		Reported on A.S.S.A as LEP Low Income		Resident LEP Low Income		Sample for Verification	
	Reported on A.S.S.A. as Low Income	Reported on workpapers as Low Income	Sample selected from workpapers	Verified to Application and Register	Errors	Reported on A.S.S.A as LEP Low Income	Reported on Workpapers LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Test score and Register
Full Day Preschool	300	300	34	34		51	51		16	16
One	345	345	51	51		47	47		39	39
Two	303	303	41	41		46	46		19	19
Three	285	285	21	21		33	33		8	8
Four	231	231	10	10		15	15		3	3
Five	261	261	14	14		10	10		4	4
Six	254	254	16	16		10	10		4	4
Seven	252	252	9	9		11	11		5	5
Eight	244	244	20	20		16	16		13	13
Nine	275	275	28	28		24	24		17	17
Ten	209	209	16	16		18	18		8	8
Eleven	177	177	11	11		18	18		8	8
Twelve	186	186	8	8		10	10		2	2
Special Ed. Elementary	341	341	12	12		2	2		1	1
Special Ed. Middle School	149	149	5	5						
Special Ed. High School	141	141	7	7		1	1		1	1
	3952	3952	303	303		312	312		148	148
	3952	3952	303	303		312	312		148	148

Percentage

Category	Transportation				Reported	Re-calc.
	Reported on DRTRS by DOE/county	Reported on DRTRS by District	Tested	Verified		
Regular - Public Schools, col. 1	179	179	111	111		
Regular - Special Education, col. 4	196	196	122	122		
Special needs, col. 6	118	118	79	79		
Totals	493	493	312	312	3	7

Percentage

special regular						
Avg. Mileage - Regular Excluding Grade PK					3	
Avg. Mileage - Regular Including Grade PK					3	
Avg. Mileage - Special Ed with Special Needs					7	

SCHEDULE OF AUDITED ENROLLMENTS

**BOROUGH OF HACKENSACK
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
Full Day Kindergarten	21	21		13	13	
One	7	7		7	7	
Two	7	7		4	4	
Three	5	5		4	4	
Four	1	1		1	1	
Five	5	5		4	4	
Six	3	3		1	1	
Seven	4	4		4	4	
Eight	3	3		2	2	
Nine	6	6		5	5	
Ten	5	5		2	2	
Eleven	11	11		9	9	
Twelve	1	1		1	1	
Special Ed. Elementary	1	1		1	1	
Special Ed. Middle School						
Special Ed. High School						
	<u>80</u>	<u>80</u>		<u>58</u>	<u>58</u>	
	<u>80</u>	<u>80</u>		<u>58</u>	<u>58</u>	

Percentage

HACKENSACK 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>104,034,312</u>	(B)
Increased by:		
Transfer from Capital Outlay to Capital Projects Fund	\$ _____	(B1a)
Transfer from Capital Reserve to Capital Projects Fund	\$ _____	(B1b)
Transfer from General Fund to SRF for PreK-Regular	\$ <u>461,344</u>	(B1c)
Transfer from General Fund to SRF for PreK-Inclusion	\$ _____	(B1d)
Decreased by:		
On-Behalf TPAF Pension & Social Security	\$ <u>9,428,672</u>	(B2a)
Assets Acquired Under Capital Leases	\$ _____	(B2b)
Adjusted 14-15 General Fund Expenditures [(B)+(B1's)-(B2's)]	\$ <u>95,066,984</u>	(B3)
2% of Adjusted 2014-15 General Fund Expenditures [(B3) times .02]	\$ <u>1,901,340</u>	(B4)
Enter Greater of (B4) or \$250,000	\$ <u>1,901,340</u>	(B5)
Increased by: Allowable Adjustment *	\$ _____	(K)
Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]		\$ <u><u>1,901,340</u></u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6-30-15 (Per CAFR Budgetary Comparison Schedule C-1))	\$ <u>12,651,441</u>	(C)
Decreased by:		
Year-end Encumbrances	\$ <u>296,744</u>	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ _____	(C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ <u>1,174,868</u>	(C3)
Other Restricted Fund Balances****	\$ <u>5,509,191</u>	(C4)
Assigned Fund Balance - Unreserved -- Designated for Subsequent Year's Expenditures	\$ <u>2,317,063</u>	(C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]		\$ <u><u>3,353,575</u></u> (U1)

SECTION 3

Restricted Fund Balance - Excess Surplus*** [(U1)-(M)] IF NEGATIVE ENTER -0- \$ 1,452,235 (E)

Recapitulation of Excess Surplus as of June 30, 2015

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ <u>1,174,868</u> (C3)
Reserved Excess Surplus ***[(E)]	\$ <u>1,452,235</u> (E)
Total [(C3) + (E)]	\$ <u>2,627,103</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	\$ _____ (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)]	\$ _____ - (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>3,857,248</u>	
Maintenance Reserve	\$	<u>1,000,845</u>	
Emergency Reserve	\$	<u>651,098</u>	
Tuition Reserve	\$	<u> </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>5,509,191</u>	(C4)