

**BOARD OF EDUCATION OF THE  
CITY OF SALEM SCHOOL DISTRICT  
COUNTY OF SALEM**

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

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2015**

**CITY OF SALEM SCHOOL DISTRICT**  
 Auditor's Management Report on Administrative  
 Findings - Financial, Compliance and Performance

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

The Honorable President and  
Members of the Board of Education  
City of Salem School District  
County of Salem, 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 Salem School District, in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2015, which were separately issued in the Comprehensive Annual Financial Report dated December 21, 2015.

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

This report is issued in conjunction with the Comprehensive Annual Financial Report of the Board of Education of the City of Salem School District, for the fiscal year ended June 30, 2015, and is intended for the information of the School District's management and the New Jersey Department of Education and should not be used by anyone other than these specified parties.

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



Michael J. Welding  
Certified Public Accountant  
Public School Accountant No. CS 000886

Woodbury, New Jersey  
December 21, 2015

**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 School District's Comprehensive Annual Financial Report ("CAFR").

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

| <u>Name</u>        | <u>Position</u>                                    | <u>Amount</u> |
|--------------------|--|---------------|
| Deborah Piccirillo | Board Secretary / School<br>Business Administrator | \$50,000      |
| Linda Jones        | Treasurer of School Moneys                         | 300,000       |

There is a Public Employees' Faithful Performance Blanket Position Bond with New Jersey School Boards Association Insurance Group covering all other employees with multiple coverage of \$100,000.

**Tuition Charges**

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were less than estimated costs. The School District 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**

Sampled claims paid during the fiscal year under audit did not indicate any reportable noncompliance with respect to signatures, certification, or supporting documentation.

**Payroll Account**

The net salaries of sampled employees of the School District were deposited in the net payroll account. Employees' payroll deductions and the employer's share of fringe benefits were deposited in the agency payroll account.

Sampled payrolls were approved by the Superintendent and were certified by the President of the Board and the Board Secretary / School Business Administrator.

Sampled salary withholdings were promptly remitted to the proper agencies, including health benefit premium withholdings due to the General Fund.

Payrolls were delivered to the Treasurer of School Moneys who then deposited warrants in separate bank accounts for net payroll and withholdings.

**FINANCIAL PLANNING, ACCOUNTING, AND REPORTING (CONT'D)**

**Employee Position Control Roster**

A sample of the Employee Position Control Roster indicated that it was in satisfactory condition and was approved by the county office submission with the 2014-2015 budget review checklist.

**Encumbrances and Accounts Payable**

A sample of outstanding issued purchase orders was made as of June 30 for proper classification of orders as encumbrances and accounts payable. Our sample did not indicate any reportable noncompliance with respect to classification of orders.

**Travel**

A sample of travel expenditures during the fiscal year under audit did not indicate any reportable noncompliance.

**Classification of Expenditures**

The coding of expenditures was inspected for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) as part of our randomly sampled expenditure transactions. We also inspected the coding of all expenditures included in our compliance and single audit sampling procedures. In addition, a sample was selected that specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3. Our samples did not indicate any reportable noncompliance with respect to classification of expenditures.

**Board Secretary's Records**

Our audit of the financial and accounting records maintained by the Board Secretary indicated that they were in satisfactory condition.

**Treasurer of School Moneys' Records**

Our audit of the financial and accounting records maintained by the Treasurer of School Moneys indicated that they were in satisfactory condition.

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

The E.S.E.A. / N.C.L.B. financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the projects under Titles I and II of the Elementary and Secondary Education Act as amended and reauthorized.

The audit of compliance for E.S.E.A. did not indicate any reportable noncompliance.

**Other Special Federal and / or State Projects**

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

Our audit of the federal and state funds on a sample 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 CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned other special projects.

The audit of compliance for Other Special Projects did not indicate any reportable noncompliance.

**FINANCIAL PLANNING, ACCOUNTING, AND REPORTING (CONT'D)**

**T.P.A.F. Reimbursement**

Our audit procedures included a sample of the biweekly reimbursements filed with the Department of Education for School 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 Report(s) for all federal awards for the School District to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the School District for those employees whose salaries are identified as being paid from federal funds was made prior to the end of the 60 day grant liquidation period required by the Office of Grants Management. The expenditure was inspected subsequent to the reimbursement and no exceptions were noted.

**SCHOOL PURCHASING PROGRAMS**

**Contracts and Agreements Requiring Advertisement for Bids**

N.J.S.A. 18A:18A-1 et seq. (Public School Contracts Law), the associated rules and related information on the statute, and the school contracts in general, are available on the following website:

<http://www.state.nj.us/dca/divisions/dlgs/programs/lpcl.html>

Current statute is posted on the New Jersey Legislature website at:

[http://lis.njleg.state.nj.us/cgi-bin/om\\_isapi.dll?clientID=1319801&depth=2&expandheadings=off&headingswithhits=on&infobase=statutes.nfo&oftpage=TOC Frame Pg42](http://lis.njleg.state.nj.us/cgi-bin/om_isapi.dll?clientID=1319801&depth=2&expandheadings=off&headingswithhits=on&infobase=statutes.nfo&oftpage=TOC Frame Pg42)

Based on the results of our audit, we did not note any individual payments, contracts, or agreements made for the performance of any work or goods or services, in excess of the statutory thresholds where there had been no advertising for bids in accordance with the 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.

**SCHOOL FOOD SERVICE**

The financial transactions and statistical records of the school food service fund were audited. The financial accounts, meal count records, and eligibility applications were inspected on a sample basis. No exceptions were noted.

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

The School 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 inspected and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will return a profit of at least \$50,000. The operating results provision has been met.

Expenditures should be separately recorded as food, labor, and other costs. Vendor invoices were sampled and costs verified. Inventory records on food and 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 non-profit status of the school food service. Net cash resources did not exceed three months average expenditures.

**SCHOOL FOOD SERVICE (CONT'D)**

The number of meals claimed for reimbursement was compared to 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.

Sampled applications for free and reduced price meals were inspected for completeness and accuracy. The number of free and reduced price meals claimed as served was compared to the number of valid applications and / or to the list of directly certified students on file, times the number of operating days, on a school-by-school basis. The free and reduced price meal and free milk policy was inspected for uniform administration throughout the school system. Sites approved to participate in Provisions I and II were examined for compliance with all counting and claiming requirements. The required verification procedures for free and reduced price applications were completed and available for audit.

USDA Food Distribution Program (food and / or commodities) were received and a single 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**

Our audit of the financial and accounting records for student activities indicated that they were in satisfactory condition.

**APPLICATION FOR STATE SCHOOL AID**

Our audit procedures included a sample 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. We also performed an inspection of the School District procedures related to its completion. The information on the A.S.S.A. was compared to the School 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 Enrollments.

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

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

**PUPIL TRANSPORTATION**

Our audit procedures included a sample of on-roll status reported in the 2014-2015 District Report of Transported Resident Students ("DRTRS"). The information that was reported 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 sample of transportation related contracts and purchases. Based on our sample, the School District complied with proper bidding procedures and award of contracts. No exceptions were noted in our sample of transportation related purchases of goods and services.

**MISCELLANEOUS**

**Continuing Disclosure Agreements**

The School District complied with its most recent continuing disclosure agreements made in relation to prior year bond issuances.

**FOLLOW-UP ON PRIOR YEAR'S FINDINGS**

There were no audit findings for the fiscal year ended June 30, 2014.

We have also reviewed any findings contained in the audit reports issued by the Office of Fiscal Accountability and Compliance (OFAC). Corrective action had been taken on all findings in the report dated 05/14/15.

**ACKNOWLEDGMENT**

We received the complete cooperation of all of the officials of the School District and we greatly appreciate the courtesies extended to the members of the audit team.

Respectfully submitted,

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



Michael J. Welding  
Public School Accountant No. CS 000886



**CITY OF SALEM SCHOOL DISTRICT**  
 Schedule of Meal Count Activity  
 Food Service Fund  
 Number of Meals Served and (Over) / Underclaim - Federal  
 Enterprise Fund  
 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>Estimated (Over) / Under Claim</u> |
|--|----------------------|----------------------|---------------------|-----------------------|-------------------|--------------|---------------------------------------|
| National School Lunch<br>(Severe Needs Rate) | Paid                 | 50                   | 50                  | 50                    | -                 | \$ 0.30      | \$ -                                  |
|  | Reduced              | 96                   | 96                  | 96                    | -                 | 2.60         | -                                     |
|  | Free                 | 189,460              | 189,460             | 189,460               | -                 | 3.00         | -                                     |
|  | HHFKA*               | <u>189,606</u>       | <u>189,606</u>      | <u>189,606</u>        | <u>-</u>          | 0.06         | <u>-</u>                              |
|  | Total                | <u>189,606</u>       | <u>189,606</u>      | <u>189,606</u>        | <u>-</u>          |              | <u>-</u>                              |
| School Breakfast<br>(Severe Needs Rate)      | Paid                 | 50                   | 50                  | 50                    | -                 | 0.28         | -                                     |
|  | Reduced              | 96                   | 96                  | 96                    | -                 | 1.63         | -                                     |
|  | Free                 | <u>136,563</u>       | <u>136,563</u>      | <u>136,563</u>        | <u>-</u>          | 1.93         | <u>-</u>                              |
|  | Total                | <u>136,709</u>       | <u>136,709</u>      | <u>136,709</u>        | <u>-</u>          |              | <u>-</u>                              |
| Special Mi k                                 | Paid                 |                      |                     |                       | -                 | 0.2025       | -                                     |
|  | Free                 | <u>-</u>             | <u>-</u>            | <u>-</u>              | <u>-</u>          | Average Cost | <u>-</u>                              |
|  | Total                | <u>-</u>             | <u>-</u>            | <u>-</u>              | <u>-</u>          |              | <u>-</u>                              |
| After School Snacks                          | Paid                 |                      |                     |                       | -                 | 0.07         | -                                     |
|  | Reduced              |                      |                     |                       | -                 | 0.40         | -                                     |
|  | Free (Area Eligible) | <u>9,902</u>         | <u>9,902</u>        | <u>9,902</u>          | <u>-</u>          | 0.82         | <u>-</u>                              |
|  | Total                | <u>9,902</u>         | <u>9,902</u>        | <u>9,902</u>          | <u>-</u>          |              | <u>-</u>                              |
| CACFP (d) - Food                             | Free                 |                      |                     |                       | -                 | 2.98         | -                                     |
| CACFP (d) - Cash-in-Lieu of USDA Foods       | Free                 | <u>-</u>             | <u>-</u>            | <u>-</u>              | <u>-</u>          | 0.2475       | <u>-</u>                              |
| Total Net Underclaim / (Overclaim)           |                      |                      |                     |                       |                   |              | <u>\$ -</u>                           |

\* For "Federal Performance Based Lunch" Healthy Hunger-Free Kids Act of 2010

**CITY OF SALEM SCHOOL DISTRICT**  
 Application for State School Aid Summary  
 Schedule of Audited Enrollments  
 Enrollment as of October 15, 2014

| Grade                            | 2015-2016 Application for State School Aid |          |                                |          |          |          | Sample for Verification         |          |                                |          |                              |          | Private Schools for the Disabled        |                              |                 |               |
|----------------------------------|--|----------|--------------------------------|----------|----------|----------|---------------------------------|----------|--------------------------------|----------|------------------------------|----------|---|------------------------------|-----------------|---------------|
|                                  | Reported on A.S.S.A. On Roll               |          | Reported on Workpapers On Roll |          | Errors   |          | Sample Selected from Workpapers |          | Verified per Registers On Roll |          | Errors per Registers On Roll |          | Reported on A.S.S.A. as Private Schools | Sample for Veri-<br>fication | Sample Verified | Sample Errors |
|                                  | Full                                       | Shared   | Full                           | Shared   | Full     | Shared   | Full                            | Shared   | Full                           | Shared   | Full                         | Shared   |   |                              |                 |               |
| Half Day Preschool - 3 Years Old |  |          |                                |          | -        | -        |                                 |          |                                |          | -                            | -        |   |                              |                 |               |
| Full Day Preschool - 3 Years Old |  |          |                                |          | -        | -        |                                 |          |                                |          | -                            | -        |   |                              |                 |               |
| Half Day Preschool - 4 Years Old | 77   |          | 77                             |          | -        | -        | 77                              |          | 77                             |          | -                            | -        |   |                              |                 |               |
| Full Day Preschool - 4 Years Old | 95   |          | 95                             |          | -        | -        | 95                              |          | 95                             |          | -                            | -        |   |                              |                 |               |
| Half Day Kindergarten            |  |          |                                |          | -        | -        |                                 |          |                                |          | -                            | -        |   |                              |                 |               |
| Full Day Kindergarten            | 91   |          | 91                             |          | -        | -        | 91                              |          | 91                             |          | -                            | -        |   |                              |                 |               |
| One                              | 94   |          | 94                             |          | -        | -        | 94                              |          | 94                             |          | -                            | -        |   |                              |                 |               |
| Two                              | 81   |          | 81                             |          | -        | -        | 81                              |          | 81                             |          | -                            | -        |   |                              |                 |               |
| Three                            | 64   |          | 64                             |          | -        | -        | 64                              |          | 64                             |          | -                            | -        |   |                              |                 |               |
| Four                             | 41   |          | 41                             |          | -        | -        | 41                              |          | 41                             |          | -                            | -        |   |                              |                 |               |
| Five                             | 63   |          | 63                             |          | -        | -        | 63                              |          | 63                             |          | -                            | -        |   |                              |                 |               |
| Six                              | 42   |          | 42                             |          | -        | -        | 42                              |          | 42                             |          | -                            | -        |   |                              |                 |               |
| Seven                            | 53   |          | 53                             |          | -        | -        | 53                              |          | 53                             |          | -                            | -        |   |                              |                 |               |
| Eight                            | 45   |          | 45                             |          | -        | -        | 45                              |          | 45                             |          | -                            | -        |   |                              |                 |               |
| Nine                             | 75   |          | 75                             |          | -        | -        | 75                              |          | 75                             |          | -                            | -        |   |                              |                 |               |
| Ten                              | 62   |          | 62                             |          | -        | -        | 62                              |          | 62                             |          | -                            | -        |   |                              |                 |               |
| Eleven                           | 68   |          | 68                             |          | -        | -        | 68                              |          | 68                             |          | -                            | -        |   |                              |                 |               |
| Twelve                           | 51   |          | 51                             |          | -        | -        | 51                              |          | 51                             |          | -                            | -        |   |                              |                 |               |
| Post-Graduate                    |  |          |                                |          | -        | -        |                                 |          |                                |          | -                            | -        |   |                              |                 |               |
| Adult H.S. (15+CR.)              |  |          |                                |          | -        | -        |                                 |          |                                |          | -                            | -        |   |                              |                 |               |
| Adult H.S. (1-14CR.)             |  |          |                                |          | -        | -        |                                 |          |                                |          | -                            | -        |   |                              |                 |               |
| <b>Subtotal</b>                  | <b>1,002</b>                               | <b>-</b> | <b>1,002</b>                   | <b>-</b> | <b>-</b> | <b>-</b> | <b>1,002</b>                    | <b>-</b> | <b>1,002</b>                   | <b>-</b> | <b>-</b>                     | <b>-</b> | <b>-</b>                                | <b>-</b>                     | <b>-</b>        | <b>-</b>      |
| Special Education Elementary     | 65   |          | 65                             |          | -        | -        | 14                              |          | 14                             |          | -                            | -        | 4                                       | 4                            | 4               | -             |
| Special Education Middle School  | 48   |          | 48                             |          | -        | -        | 10                              |          | 10                             |          | -                            | -        |   |                              |                 | -             |
| Special Education High School    | 59   | 3        | 59                             | 3        | -        | -        | 14                              |          | 14                             |          | -                            | -        | 4                                       | 4                            | 4               | -             |
| <b>Subtotal</b>                  | <b>172</b>                                 | <b>3</b> | <b>172</b>                     | <b>3</b> | <b>-</b> | <b>-</b> | <b>38</b>                       | <b>-</b> | <b>38</b>                      | <b>-</b> | <b>-</b>                     | <b>-</b> | <b>8</b>                                | <b>8</b>                     | <b>8</b>        | <b>-</b>      |
| Co. Voc. - Regular               |  |          |                                |          | -        | -        |                                 |          |                                |          | -                            | -        |   |                              |                 | -             |
| Co. Voc. Ft. Post Sec.           |  |          |                                |          | -        | -        |                                 |          |                                |          | -                            | -        |   |                              |                 | -             |
| <b>Subtotal</b>                  | <b>-</b>                                   | <b>-</b> | <b>-</b>                       | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b>                        | <b>-</b> | <b>-</b>                       | <b>-</b> | <b>-</b>                     | <b>-</b> | <b>-</b>                                | <b>-</b>                     | <b>-</b>        | <b>-</b>      |
| <b>Totals</b>                    | <b>1,174</b>                               | <b>3</b> | <b>1,174</b>                   | <b>3</b> | <b>-</b> | <b>-</b> | <b>1,040</b>                    | <b>-</b> | <b>1,040</b>                   | <b>-</b> | <b>-</b>                     | <b>-</b> | <b>8</b>                                | <b>8</b>                     | <b>8</b>        | <b>-</b>      |
| Percentage Error                 |  |          |                                |          | -        | -        |                                 |          |                                |          | -                            | -        |   |                              |                 | -             |

**CITY OF SALEM SCHOOL DISTRICT**  
 Application for State School Aid Summary  
 Schedule of Audited Enrollments  
 Enrollment as of October 15, 2014

|                                     | Low Income                         |                                      |          | Sample for Verification         |                                      |               | Resident LEP Low Income                |  |          | Sample for Verification         |  |               |
|-------------------------------------|------------------------------------|--------------------------------------|----------|---------------------------------|--------------------------------------|---------------|--|--|----------|---------------------------------|--|---------------|
|                                     | Reported on A.S.S.A. as Low Income | Reported on Workpapers as Low Income | Errors   | Sample Selected from Workpapers | Verified to Application and Register | Sample Errors | Reported on A.S.S.A. as LEP Low Income | Reported on Workpapers as LEP Low Income | Errors   | Sample Selected from Workpapers | Verified to Application, Test Score and Register | Sample Errors |
| Half Day Preschool - 3 Years Old    |                                    |                                      | -        |                                 |                                      | -             |  |  | -        |                                 |  | -             |
| Full Day Preschool - 3 Years Old    |                                    |                                      | -        |                                 |                                      | -             |  |  | -        |                                 |  | -             |
| Half Day Preschool - 4 Years Old    |                                    |                                      | -        |                                 |                                      | -             |  |  | -        |                                 |  | -             |
| Full Day Preschool - 4 Years Old    |                                    |                                      | -        |                                 |                                      | -             |  |  | -        |                                 |  | -             |
| Half Day Kindergarten               |                                    |                                      | -        |                                 |                                      | -             |  |  | -        |                                 |  | -             |
| Full Day Kindergarten               | 80.0                               | 80.0                                 | -        | 20.0                            | 20.0                                 | -             |  |  | -        |                                 |  | -             |
| One                                 | 83.0                               | 83.0                                 | -        | 21.0                            | 21.0                                 | -             |  |  | -        |                                 |  | -             |
| Two                                 | 75.0                               | 75.0                                 | -        | 21.0                            | 21.0                                 | -             |  |  | -        |                                 |  | -             |
| Three                               | 58.0                               | 58.0                                 | -        | 17.0                            | 17.0                                 | -             |  |  | -        |                                 |  | -             |
| Four                                | 38.0                               | 38.0                                 | -        | 10.0                            | 10.0                                 | -             |  |  | -        |                                 |  | -             |
| Five                                | 59.0                               | 59.0                                 | -        | 16.0                            | 16.0                                 | -             |  |  | -        |                                 |  | -             |
| Six                                 | 34.0                               | 34.0                                 | -        | 10.0                            | 10.0                                 | -             |  |  | -        |                                 |  | -             |
| Seven                               | 47.0                               | 47.0                                 | -        | 12.0                            | 12.0                                 | -             |  |  | -        |                                 |  | -             |
| Eight                               | 37.0                               | 37.0                                 | -        | 10.0                            | 10.0                                 | -             |  |  | -        |                                 |  | -             |
| Nine                                | 61.0                               | 61.0                                 | -        | 16.0                            | 16.0                                 | -             |  |  | -        |                                 |  | -             |
| Ten                                 | 44.0                               | 44.0                                 | -        | 13.0                            | 13.0                                 | -             |  |  | -        |                                 |  | -             |
| Eleven                              | 44.0                               | 44.0                                 | -        | 11.0                            | 11.0                                 | -             |  |  | -        |                                 |  | -             |
| Twelve                              | 36.0                               | 36.0                                 | -        | 10.0                            | 10.0                                 | -             |  |  | -        |                                 |  | -             |
| Post-Graduate                       |                                    |                                      | -        |                                 |                                      | -             |  |  | -        |                                 |  | -             |
| Adult H.S. (15+CR.)                 |                                    |                                      | -        |                                 |                                      | -             |  |  | -        |                                 |  | -             |
| Adult H.S. (1-14CR.)                |                                    |                                      | -        |                                 |                                      | -             |  |  | -        |                                 |  | -             |
| <b>Subtotal</b>                     | <b>696.0</b>                       | <b>696.0</b>                         | <b>-</b> | <b>187.0</b>                    | <b>187.0</b>                         | <b>-</b>      | <b>-</b>                               | <b>-</b>                                 | <b>-</b> | <b>-</b>                        | <b>-</b>   | <b>-</b>      |
| Special Education-Elementary        | 60.0                               | 60.0                                 | -        | 16.0                            | 16.0                                 | -             |  |  | -        |                                 |  | -             |
| Special Education-Middle School     | 39.0                               | 39.0                                 | -        | 10.0                            | 10.0                                 | -             |  |  | -        |                                 |  | -             |
| Special Education-High School       | 47.0                               | 47.0                                 | -        | 13.0                            | 13.0                                 | -             |  |  | -        |                                 |  | -             |
| <b>Subtotal</b>                     | <b>146.0</b>                       | <b>146.0</b>                         | <b>-</b> | <b>39.0</b>                     | <b>39.0</b>                          | <b>-</b>      | <b>-</b>                               | <b>-</b>                                 | <b>-</b> | <b>-</b>                        | <b>-</b>   | <b>-</b>      |
| Co. Voc. - Regular                  |                                    |                                      | -        |                                 |                                      | -             |  |  | -        |                                 |  | -             |
| Co. Voc. Ft. Post Sec.              |                                    |                                      | -        |                                 |                                      | -             |  |  | -        |                                 |  | -             |
| <b>Subtotal</b>                     | <b>-</b>                           | <b>-</b>                             | <b>-</b> | <b>-</b>                        | <b>-</b>                             | <b>-</b>      | <b>-</b>                               | <b>-</b>                                 | <b>-</b> | <b>-</b>                        | <b>-</b>   | <b>-</b>      |
| Sent to Private School for Disabled | 4.0                                | 4.0                                  | -        | 2.0                             | 2.0                                  | -             |  |  | -        |                                 |  | -             |
| Sent to Regional Day School         | 6.0                                | 6.0                                  | -        | 2.0                             | 2.0                                  | -             |  |  | -        |                                 |  | -             |
| Sent to County Special Service      | 7.0                                | 7.0                                  | -        | 2.0                             | 2.0                                  | -             |  |  | -        |                                 |  | -             |
| Sent to Others                      | 6.5                                | 6.5                                  | -        |                                 |                                      | -             |  |  | -        |                                 |  | -             |
| Sent to Head Start Preschool        |                                    |                                      | -        |                                 |                                      | -             |  |  | -        |                                 |  | -             |
| Sent to Provider Preschool          |                                    |                                      | -        |                                 |                                      | -             |  |  | -        |                                 |  | -             |
| <b>Subtotal</b>                     | <b>23.5</b>                        | <b>23.5</b>                          | <b>-</b> | <b>6.0</b>                      | <b>6.0</b>                           | <b>-</b>      | <b>-</b>                               | <b>-</b>                                 | <b>-</b> | <b>-</b>                        | <b>-</b>   | <b>-</b>      |
| <b>Totals</b>                       | <b>865.5</b>                       | <b>865.5</b>                         | <b>-</b> | <b>232.0</b>                    | <b>232.0</b>                         | <b>-</b>      | <b>-</b>                               | <b>-</b>                                 | <b>-</b> | <b>-</b>                        | <b>-</b>   | <b>-</b>      |
| Percentage Error                    |                                    |                                      | -        |                                 |                                      | -             |  |  | -        |                                 |  | -             |

**CITY OF SALEM SCHOOL DISTRICT**  
 Application for State School Aid Summary  
 Application for State School Aid Summary  
 Enrollment as of October 15, 2014

|                                  | Resident LEP NOT Low Income                     |   |        | Sample for Verification               |   |                  |
|----------------------------------|---|---|--------|---------------------------------------|---|------------------|
|                                  | Reported on<br>A.S.S.A. as<br>NOT Low<br>Income | Reported on<br>Workpapers as<br>NOT Low<br>Income | Errors | Sample<br>Selected from<br>Workpapers | Verified to<br>Applica ion,<br>Test Score<br>and Register | Sample<br>Errors |
| Half Day Preschool - 3 Years Old |   |   | -      |                                       |   | -                |
| Full Day Preschool - 3 Years Old |   |   | -      |                                       |   | -                |
| Half Day Preschool - 4 Years Old |   |   | -      |                                       |   | -                |
| Full Day Preschool - 4 Years Old |   |   | -      |                                       |   | -                |
| Half Day Kindergarten            |   |   | -      |                                       |   | -                |
| Full Day Kindergarten            |   |   | -      |                                       |   | -                |
| One                              |   |   | -      |                                       |   | -                |
| Two                              |   |   | -      |                                       |   | -                |
| Three                            |   |   | -      |                                       |   | -                |
| Four                             |   |   | -      |                                       |   | -                |
| Five                             |   |   | -      |                                       |   | -                |
| Six                              |   |   | -      |                                       |   | -                |
| Seven                            |   |   | -      |                                       |   | -                |
| Eight                            |   |   | -      |                                       |   | -                |
| Nine                             |   |   | -      |                                       |   | -                |
| Ten                              |   |   | -      |                                       |   | -                |
| Eleven                           |   |   | -      |                                       |   | -                |
| Twelve                           |   |   | -      |                                       |   | -                |
| Post-Graduate                    |   |   | -      |                                       |   | -                |
| Adult H.S. (15+CR.)              |   |   | -      |                                       |   | -                |
| Adult H.S. (1-14CR.)             |   |   | -      |                                       |   | -                |
| Subtotal                         | -   | -   | -      | -                                     | -   | -                |
| Special Education-Elementary     |   |   | -      |                                       |   | -                |
| Special Education-Middle School  |   |   | -      |                                       |   | -                |
| Special Education-High School    |   |   | -      |                                       |   | -                |
| Subtotal                         | -   | -   | -      | -                                     | -   | -                |
| Co. Voc. - Regular               |   |   | -      |                                       |   | -                |
| Co. Voc. Ft. Post Sec.           |   |   | -      |                                       |   | -                |
| Subtotal                         | -   | -   | -      | -                                     | -   | -                |
| Totals                           | -   | -   | -      | -                                     | -   | -                |
| Percentage Error                 |   |   | -      |                                       |   | -                |

|                                  | Transportation                        |                                     |        |        |          |        |
|----------------------------------|---------------------------------------|-------------------------------------|--------|--------|----------|--------|
|                                  | Reported on<br>DRTRS by<br>DOE/County | Reported on<br>DRTRS by<br>District | Errors | Tested | Verified | Errors |
| Reg. - Public Schools, Col. 1    | 83.0                                  | 83.0                                | -      | 56.0   | 56.0     | -      |
| Aid-in-Lieu, Col. 2              |                                       |                                     | -      |        |          | -      |
| Reg. - Sp Ed, Col. 4             | 5.0                                   | 5.0                                 | -      | 3.0    | 3.0      | -      |
| Transported - Non-Public, Col. 3 |                                       |                                     | -      |        |          | -      |
| Special Needs, Col. 6            | 61.0                                  | 61.0                                | -      | 43.0   | 43.0     | -      |
| Totals                           | 149.0                                 | 149.0                               | -      | 102.0  | 102.0    | -      |
| Percentage Error                 |                                       |                                     | -      |        |          | -      |

|   | Reported | Recalculated |
|---|----------|--------------|
| Reg. Avg. (Mileage) = Regular Including Grade PK students | 5.7      | 5.7          |
| Reg. Avg. (Mileage) = Regular Excluding Grade PK students | 5.7      | 5.7          |
| Spec. Avg. (Mileage) = Special Ed. with Special Needs     | 8.9      | 8.9          |

**EXCESS SURPLUS CALCULATION**

**SCHOOL BASED BUDGET DISTRICT**

**SECTION 1**

**2% Calculation of Excess Surplus**

|  |                           |
|--|---------------------------|
| 2014-15 Total General Fund Expenditures Reported on CAFR Exhibit C-1                                   | <u>22,852,295.64</u> (A)  |
| Increased by Applicable Operating Transfers:   |                           |
| Transfer from Capital Outlay to Capital Projects Fund  | <u>-</u> (A1a)            |
| Transfer from Capital Reserve to Capital Projects Fund   | <u>-</u> (A1a)            |
| Transfer from General Fund to Special Revenue Fund for Preschool - Regular                             | <u>7,337.00</u> (A1a)     |
| Transfer from General Fund to Special Revenue Fund for Preschool - Inclusion                           | <u>-</u> (A1a)            |
| Less: Expenditures Allocated to Restricted Federal Resources<br>as reported on Exhibit D-2             | <u>-</u> (A1b)            |
| 2014-15 Adjusted General Fund & Other State Expenditures [(A)+(A1a)-(A1b)]                             | <u>22,859,632.64</u> (A2) |
| Decreased by:  |                           |
| On-Behalf TPAF Pension & Social Security   | <u>2,224,829.07</u> (A3)  |
| Assets Acquired Under Capital Leases:  |                           |
| General Fund 10 Assets Acquired Under Capital Leases<br>Reported on Exhibit C-1a                       | <u>-</u> (A4)             |
| Add: General Fund & State Resources Portion of Fund 15<br>Assets Acquired Under Capital Leases:        |                           |
| Assets Acquired Under Capital Leases in Fund 15<br>Reported on Exhibit C-1a                            | <u>-</u> (A5)             |
| Combined General Fund Contribution & State Resources<br>% of Fund 15 Resources Reported on Exhibit D-2 | <u>0%</u> (A6)            |
| General Fund & State Resources Portion of Fund 15<br>Assets Acquired Under Capital Leases [(A5)*(A6)]  | <u>-</u> (A7)             |
| Total Assets Acquired Under Capital Leases [(A4)+(A7)]   | <u>-</u> (A8)             |
| 2014-15 General Fund Expenditures [(A2)-(A3)-(A8)]   | <u>20,634,803.57</u> (A9) |
| 2% of Adjusted 2014-15 General Fund Expenditures<br>[(A9) times .02]                                   | <u>412,696.07</u> (A10)   |
| Enter Greater of (A10) or \$250,000  | <u>412,696.07</u> (A11)   |
| Increased by: Allowable Adjustment *   | <u>126,589.00</u> (K)     |
| Maximum Unassigned Fund Balance [(A11)+(K)]  | <u>539,285.07</u> (M)     |

**EXCESS SURPLUS CALCULATION (CONT'D)**

**SCHOOL BASED BUDGET DISTRICT**

**SECTION 2**

|  |                              |
|--|------------------------------|
| Total General Fund - Fund Balances at June 30, 2015                                    | <u>2,701,093.83</u> (C)      |
| Decreased by:  |                              |
| Year-end Encumbrances  | <u>430,829.96</u> (C1)       |
| Legally Restricted - Designated for Subsequent Year's Expenditures                     | <u>-</u> (C2)                |
| Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures ** | <u>360,550.90</u> (C3)       |
| Other Restricted Fund Balances ****  | <u>201,503.00</u> (C4)       |
| Assigned Fund Balance - Designated for Subsequent Year's Expenditures                  | <u>879,734.79</u> (C5)       |
| Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]                           | <u><u>828,475.18</u></u> (U) |

**SECTION 3**

|  |                              |
|--|------------------------------|
| Restricted Fund Balance - Excess Surplus *** [(U)-(M)] IF NEGATIVE ENTER -0- | <u><u>289,190.11</u></u> (E) |
|--|------------------------------|

**Recapitulation of Excess Surplus as of June 30, 2015**

|  |                              |
|--|------------------------------|
| Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures ** | <u>360,550.90</u> (C3)       |
| Restricted - Excess Surplus *** [(E)]  | <u>289,190.11</u> (E)        |
| Total Excess Surplus [(C3)+(E)]  | <u><u>649,741.01</u></u> (D) |

**Footnotes:**

\* This adjustment line (as detailed below) is to be utilized when applicable for:

Federal Impact Aid. The passage of P.L.2015, c46 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).

Sale & Lease-Back, Extraordinary Aid, Additional Nonpublic School Transportation Aid, Recognized current year School Bus Advertising Revenue, and Family Crisis Transportation Aid. Refer to the Audit Program Section II, Chapter 10.

**Detail of Allowable Adjustments**

|  |                              |
|--|------------------------------|
| Federal Impact Aid                                     | <u>-</u> (H)                 |
| Sale & Lease-Back                                      | <u>-</u> (I)                 |
| Extraordinary Aid                                      | <u>126,589.00</u> (J1)       |
| Additional Nonpublic School Transportation Aid         | <u>-</u> (J2)                |
| Current Year School Bus Advertising Revenue Recognized | <u>-</u> (J3)                |
| Family Crisis Transportation Aid                       | <u>-</u> (J4)                |
| Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)]        | <u><u>126,589.00</u></u> (K) |

**EXCESS SURPLUS CALCULATION (CONT'D)**

**SCHOOL BASED BUDGET DISTRICT**

Footnotes: (Cont'd)

- \*\* This amount represents the June 30, 2014 Excess Surplus (C3 above) and must be included in the Audit Summary Line 90031. This amount was to be appropriated in the 2015-2016 general fund budget.
- \*\*\* Amounts must agree to the June 30, 2015 CAFR 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 another type of government, such as the judicial branch of government, must have departmental approval. District requests should be submitted to the Division of Administration and Finance prior to September 30.

**Detail of Other Restricted Fund Balance**

Statutory restrictions:

|  |                        |
|--|------------------------|
| Approved unspent separate proposal                       | -                      |
| Sale/lease-back reserve                                  | -                      |
| Capital reserve  | <u>201,503.00</u>      |
| Maintenance reserve                                      | -                      |
| Emergency reserve  | -                      |
| Tuition reserve  | -                      |
| School bus advertising 50% fuel offset reserve           | -                      |
| School bus advertising 50% fuel offset reserve           | -                      |
| Impact Aid General Fund Reserve (Sections 8002 and 8003) | -                      |
| Impact Aid Capital Fund Reserve (Sections 8007 and 8008) | -                      |
| Other state/government mandated reserves                 | -                      |
| [Other Restricted Fund Balance not noted above]****      | -                      |
| Total Other Restricted Fund Balance                      | <u>201,503.00 (C4)</u> |