

BRIDGEWATER-RARITAN
REGIONAL SCHOOL DISTRICT
COUNTY OF SOMERSET
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
COUNTY OF SOMERSET
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FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016
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September 6, 2016

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Board of Education of the Bridgewater-Raritan Regional School District in the County of Somerset for the year ended June 30, 2016, and have issued our report thereon dated September 6, 2016.

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

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

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

Nisivoccia, LLP

NISIVOCCIA LLP

Kathryn L. Mantell

Kathryn L. Mantell
 Licensed Public School Accountant #884
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BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016

Scope of Audit

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

Administrative Practices and Procedures

Insurance

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

Officials in Office and Surety Bonds

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

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

Tuition Charges

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

Financial Planning, Accounting and Reporting

Examination of Claims

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

Payroll Account and Position Control Roster

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

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

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

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Payroll Account and Position Control Roster (Cont'd)

Finding:

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

Reserve for Encumbrances and Accounts Payable

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

Classification of Expenditures – General and Administrative

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

Board Secretary's Records

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

Treasurer's Records

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

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

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

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

Other Special Federal and/or State Projects

The financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects. The District's Special Projects were approved as listed on Schedule A and Schedule B located in the CAFR.

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Other Special Federal and/or State Projects (Cont'd)

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

Finding:

During our review of the District's Extraordinary Aid Application, we noted several instances where the additional qualified costs reported on the application for certain eligible students were not calculated correctly. An incorrect hourly rate, number of hours or number of students were utilized in different instances, which resulted in either over or understated additional qualified costs reported on the Extraordinary Aid Application.

Recommendation:

It is recommended that additional qualified costs reported on the Extraordinary Aid Application are correctly calculated in all cases.

Management's Response:

Extra care will be taken to ensure that the additional qualified costs reported on the Extraordinary Aid Application are calculated accurately.

T.P.A.F. Reimbursement

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

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

The T.P.A.F. Reimbursement to the State for Federal Salary Expenditures was remitted to the State of New Jersey prior to the required deadline of October 1, 2016. The reimbursement form was reviewed and no exceptions were noted.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

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

a. "When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by resolution of the Board of Education without public advertising for bids and bidding therefore, except that the Board of Education may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L.1971, c. 198 the Board of Education may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

School Purchasing Programs (Cont'd)

Contracts and Agreements Requiring Advertisement for Bids (Cont'd)

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

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

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

Effective July 1, 2015 and thereafter the bid thresholds in accordance with *N.J.S.A.* 18A:18A-2 and 18A:18A-3(a) are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (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 \$18,800.

As per N.J.S.A. 18A:18A-3, the Board passed a resolution at its August 5, 2015 meeting, authorizing the Business Administrator as a qualified purchasing agent and increasing the bid threshold to \$40,000.

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

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

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

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

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

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

School Food Service

The school food service program was not selected as a major federal and/or state program. However, the program expenditures exceeded \$100,000 in federal and/or state support. Accordingly, we inquired of school management, or the appropriate school food service personnel, as to whether the SFA had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted.

Additionally, we inquired of school management, or appropriate school food service personnel, as to whether the SFA's expenditures of school food service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

Findings:

- 1.) We noted that the District's students' negative (receivable) balances have increased from the previous year. This has resulted from the new state regulation that requires public schools to serve meals to all students regardless of their ability to pay. The District has implemented procedures to review these negative (receivable) balances and send out the required notices to parents and/or guardians in an attempt to reduce or eliminate these negative (receivable) balances. Therefore, a formal recommendation is not deemed necessary.
- 2.) Net cash resources of the Food Service Fund exceeded three months' average expenditures (by approximately \$45,000) as of June 30, 2016.

Recommendation:

It is recommended that the District monitor its food service operations to ensure that net cash resources of the Food Service Fund do not exceed three months' average expenditures.

Management's Response:

The District has made plans to purchase kitchen equipment in fiscal 2017 and will continue to monitor its food service operations to reduce the net cash resources.

Student Body Activities

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

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2015 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the disabled, low income and bilingual education students. We also performed a review of the District procedures related to its completion. The information on the A.S.S.A. was compared to the District workpapers without exception. The information that was included on the workpapers was verified on a test basis with one minor exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

Application for State School Aid (Cont'd)

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

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

Pupil Transportation

Our audit procedures included a test of on-roll status reported on the 2015-2016 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

Finding:

During our review of Transportation Aid, we noted two instances where the District did not have the required "Request for Payment of Transportation Aid – Private School (B7T)" forms certified by students' parent or guardian. Also, we noted a couple instances where the Private School student is reported on the D.R.T.R.S. but the District's records indicate the student is no longer in-district. However, since there was overall compliance, a formal recommendation is not deemed necessary.

Facilities and Capital Assets

There are no active SDA projects.

Travel Expense and Reimbursement Policy

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

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

Management Suggestions

Cyber Security

Cyber-crime has become much more prevalent in the last few years. Websites and internal networks, including personally identifiable information ("PII"), have been hacked and resulted in significant losses to organizations, both financial and reputational. We suggest that the District consider options to test and protect the District from cyber-crime.

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

Management Suggestions (Cont'd)

Governmental Accounting Standards Board Statements

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

Independent Contractors vs. Employees

The District should consider reviewing the status of "Independent Contractors" utilized by the District with Internal Revenue Service guidelines for determination of employment status. The IRS has been reviewing employers, including governments, to determine compliance. A proactive approach may help to minimize or eliminate potential penalties related to incorrect employment status determination.

Follow-up on Prior Year Findings

The prior year recommendation regarding signatories on petty cash account checks was resolved.

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015

	2016-2017 Application for State School Aid						Sample for Verification					
	Reported on		Reported on		Errors		Sample		Verified per		Errors	
	ASSA		Workpapers				Selected from		Registers			
	On Roll		On Roll		Full	Shared	Full	Shared	Full	Shared	Full	Shared
Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	
Half Day Preschool 4 Years Old	19		19					19				
Half Day Kindergarten	350		350					350				
Grade One	572		572					572				
Grade Two	549		549					549				
Grade Three	564		564					564				
Grade Four	563		563					563				
Grade Five	554		554					554				
Grade Six	562		562					562				
Grade Seven	588		588					588				
Grade Eight	570		570					570				
Grade Nine	586	22	586	22			586	22	586	22		
Grade Ten	592	9	592	9			592	9	592	9		
Grade Eleven	580	23	580	23			580	23	580	23		
Grade Twelve	530	17	530	17			530	17	530	17		
Subtotal	7,179	71	7,179	71			7,179	71	7,179	71		
Special Education:												
Elementary	400		400				8		8			
Middle	336		335		1		7		7			
High	504	40	504	40			9	1	9	1		
Subtotal	1,240	40	1,239	40	1		24	1	24	1		
Totals	8,419	111	8,418	111	1	-0-	7,203	72	7,203	72	-0-	-0-
Percentage Error					0.01%	0.00%					0.00%	0.00%

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015

	Private Schools for Disabled					Resident Low Income						
	Reported on ASSA as Private Schools	Reported on Workpapers as Private Schools	Sample for Verification	Sample Verified	Sample Errors	Reported on ASSA as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	
Half Day Preschool 3 Years Old												
Half Day Preschool 4 Years Old						3.0	3.0					
Half Day Kindergarten						16.0	16.0		1	1		
Grade One						63.0	63.0		2	2		
Grade Two						62.0	62.0		2	2		
Grade Three						59.0	59.0		2	2		
Grade Four						56.0	56.0		2	2		
Grade Five						62.0	62.0		2	2		
Grade Six						65.0	65.0		1	1		
Grade Seven						40.0	40.0		2	2		
Grade Eight						49.0	49.0		2	2		
Grade Nine						51.0	51.0		2	2		
Grade Ten						37.0	37.0		1	1		
Grade Eleven						42.0	42.0		3	3		
Grade Twelve						41.5	41.5		2	2		
Subtotal						646.5	646.5		23	23		
Special Education:												
Elementary School	6	6	1	1		71.0	71.0					
Middle School	21	21	2	2		77.0	77.0		1	1		
High School	41	41	4	4		92.5	92.5		1	1		
Subtotal	68	68	7	7		240.5	240.5		2	2		
Totals	68	68	-0-	7	7	-0-	887.0	887.0	-0-	25	25	-0-
Percentage Error			0.00%			0.00%			0.00%			0.00%

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015

	Resident LEP Low Income					Resident LEP Not Low Income						
	Reported on ASSA as LEP Low Income	Reported on Workpapers as LEP Low Income	Sample Selected from Workpapers	Verified to Test Scores, Application and Register	Sample Errors	Reported on ASSA as LEP Not Low Income	Reported on Workpapers as LEP Not Low Income	Sample Selected from Workpapers	Verified to Test Scores and Register	Sample Errors		
Half Day Preschool 3 Years Old												
Half Day Preschool 4 Years Old												
Half Day Kindergarten	9	9	1	1		47	47	2	2			
Grade One	27	27	1	1		35	35	2	2			
Grade Two	16	16	1	1		21	21	2	2			
Grade Three	16	16	1	1		11	11	2	2			
Grade Four	5	5	1	1		10	10	1	1			
Grade Five						5	5	1	1			
Grade Six	2	2				4	4	1	1			
Grade Seven	2	2	1	1		3	3	1	1			
Grade Eight	3	3	1	1								
Grade Nine	3	3	1	1								
Grade Ten						5	5	1	1			
Grade Eleven	2	2	1	1		2	2	1	1			
Grade Twelve	1	1	1	1								
Subtotal	86	86	10	10		143	143	14	14			
Special Education:												
Elementary School	2	2				1	1					
Middle School												
High School						1	1					
Subtotal	2	2				2	2					
Totals	88	88	-0-	10	10	-0-	145	145	-0-	14	14	-0-
Percentage Error			0.00%			0.00%			0.00%			0.00%

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	4,714	4,714		17	17	
Regular - Special Education	671	671		3	3	
Transported - Non Public	193	193		1	1	
AIL - Non Public	232	232		22	18	4
Special Needs - Public	413	413		2	2	
Special Needs - Private	81	81		1	1	
Totals	<u>6,304</u>	<u>6,304</u>	<u>-0-</u>	<u>46</u>	<u>42</u>	<u>4</u>
Percentage Error			<u>0.00%</u>			<u>8.70%</u>

	Reported	Recalculated
Average Mileage - Regular Including Grade PK Students	4.3	4.3
Average Mileage - Regular Excluding Grade PK Students	4.3	4.3
Average Mileage - Special Education with Special Needs	5.2	5.2

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2016

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

2015-16 Total General Fund Expenditures per the CAFR, Ex. C-1	<u>\$ 153,298,408</u> (B)
Increased by:	
Transfer from Capital Outlay to Capital Projects Fund	<u>\$ -0-</u> (B1a)
Transfer from Capital Reserve to Capital Projects Fund	<u>\$ 1,959,413</u> (B1b)
Transfer from General Fund to SRF for PreK-Regular	<u>\$ -0-</u> (B1c)
Transfer from General Fund to SRF for PreK-Inclusion	<u>\$ -0-</u> (B1d)
Decreased by:	
On-Behalf TPAF Pension and Social Security	<u>\$ 16,519,381</u> (B2a)
Assets Acquired Under Capital Leases	<u>\$ 815,024</u> (B2b)
Adjusted 15-16 General Fund Expenditures [(B)+(B1's)-(B2's)]	<u>\$ 137,923,416</u> (B3)
2% of Adjusted 2015-16 General Fund Expenditures [(B3) times .02]	<u>\$ 2,758,468</u> (B4)
Enter Greater of (B4) or \$250,000	<u>\$ 2,758,468</u> (B5)
Increased by: Allowable Adjustment	<u>\$ 1,036,407</u> (K)
Maximum Unassigned Fund Balance [(B5)+(K)]	<u>\$ 3,794,875</u> (M)
<u>SECTION 2</u>	
Total General Fund - Fund Balances @ 6/30/16 (Per CAFR Budgetary Comparison Schedule C-1)	<u>\$ 25,289,499</u> (C)
Decreased by:	
Year End Encumbrances	<u>\$ 702,684</u> (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	<u>\$ -0-</u> (C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures	<u>\$ 5,950,000</u> (C3)
Other Restricted/Reserved Fund Balances	<u>\$ 9,091,940</u> (C4)
Assigned - Designated for Subsequent Year's Expenditures	<u>\$ -0-</u> (C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	<u>\$ 9,544,875</u> (U1)
Increased by:	
Adjustment for Disallowed Transfers per S1701	<u>\$ -0-</u> (C6)
Total Unassigned Fund Balance for Excess Surplus Calculation (U1 + C6)	<u>\$ 9,544,875</u> (U2)

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

SECTION 3

Restricted Fund Balance - Excess Surplus [(U2)-(M)] IF NEGATIVE, ENTER -0- \$ 5,750,000 (E)

Recapitulation of Excess Surplus as of June 30, 2016

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures \$ 5,950,000 (C3)

Restricted Excess Surplus [(E)] \$ 5,750,000 (E)

Total [(C3)+(E)+(F)] \$ 11,700,000 (D)

Detail of Allowable Adjustments

Impact Aid \$ -0- (H)

Sale and Lease Back \$ -0- (I)

Extraordinary Aid \$ 962,457 (J1)

Additional Nonpublic School Transportation Aid \$ 73,950 (J2)

Current Year School Bus Advertising Revenue Recognized \$ -0- (J3)

Family Crisis Transportation Aid \$ -0- (J4)

Total Adjustments ((H)+(I)+(J1)+(J2)+(J3)+(J4)) \$ 1,036,407 (K)

Detail of Other Restricted Fund Balance

Statutory restrictions:

Approved unspent separate proposal \$ -0-

Sale/lease-back reserve \$ -0-

Capital reserve \$ 9,091,940

Maintenance reserve \$ -0-

Emergency reserve \$ -0-

Tuition reserve \$ -0-

School Bus Advertising 50% Fuel Offset Reserve - current year \$ -0-

School Bus Advertising 50% Fuel Offset Reserve - prior year \$ -0-

Impact Aid General Fund Reserve (Sections 8002 and 8003) \$ -0-

Impact Aid Capital Fund Reserve (Sections 8007 and 8008) \$ -0-

Other state/governmental mandated reserve \$ -0-

Other Restricted Fund Balance not noted above \$ -0-

Total Other Restricted Fund Balance \$ 9,091,940 (C4)

BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
SUMMARY OF RECOMMENDATIONS
FISCAL YEAR ENDED JUNE 30, 2016

It is recommended that:

1. Administrative Practices and Procedures
None
2. Financial Planning, Accounting and Reporting
a.) Additional qualified costs reported on the Extraordinary Aid Application are correctly calculated in all cases.
3. School Purchasing Program
None
4. School Food Service
a.) The District monitor its food service operations to ensure that net cash resources of the Food Service Fund do not exceed three months' average expenditures.
5. Student Body Activities
None
6. Application for State School Aid
None
7. Pupil Transportation
None
8. Facilities and Capital Assets
None
9. Status of Prior Year's Finding/Recommendation
The prior year recommendation regarding signatories on petty cash account checks was resolved.