

EGG HARBOR CITY BOARD OF EDUCATION

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

June 30, 2016

**AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE**

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FORD - SCOTT

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Report of Independent Auditors

Honorable President and
Members of the Board of Education
Egg Harbor City School District
County of Atlantic, New Jersey

We have audited, in accordance with generally accepted audit standards and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Egg Harbor City School District in the County of Atlantic for the year ended June 30, 2016, and have issued our report thereon dated November 15, 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.

This report is intended solely for the information and use of the Egg Harbor City 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.

Very truly yours,

Ford, Scott & Associates, L.L.C.

**FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS**

Leon P. Costello

**Leon P. Costello
Certified Public Accountant
Licensed Public School Accountant
No. 767**

November 15, 2016

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Administrative Findings - Financial, Compliance and Performance

Scope of Audit

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

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

| Name | Position | Amount |
|-----------------|---------------------|-----------|
| Susan E. Palaia | Treasurer | \$185,000 |
| Joseph Smurlo | Board Administrator | 25,000 |
| Laura Quinones | Board Secretary | 2,000 |

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges were made. The District does not receive students from any other District therefore, no adjustments were required.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

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 Board Secretary/Business Administrator.

Salary withholdings were promptly remitted to the proper agencies, including Health benefits premium Amounts withheld due to the general fund.

Payrolls were delivered to the secretary of the board who then deposited with warrants in separate bank accounts for net payroll and withholdings.

Reserve for Encumbrances and Accounts Payable

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

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with NJAC 6:23-2.2(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 reliability and compliance with NJAC 6A:23A-2.4. As a result of the procedures performed, a transaction error rate of 0.00% was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

A. General Classification Findings

None

B. Administrative Classification Findings

None

Board Secretary's Records

The records of the board secretary were in satisfactory condition.

Treasurer's Records

The records of the Treasurer of School Moneys were maintained in satisfactory condition.

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2015-2016 District Report of Transported 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.

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.

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 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 VI of the Elementary and Secondary Education Act as amended.

The study of compliance for E.S.E.A. indicated no areas of noncompliance and/or questionable costs.

Other Special Federal and/or State Projects

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

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

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 Special Federal and/or State Projects indicated no areas of noncompliance and/or questionable costs.

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.

TPAF Reimbursement to the State for Federal Salary Expenditures

The amount of the expenditure charged to the current year's Final Report 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.

School Purchasing Program

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. (pending C.40A:11-9) the board of education may establish that the bid threshold may be up to \$40,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to the section.

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 NJS 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. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection a. of NJSA 18A:18A-5 may be awarded for a period not exceeding 12 consecutive months.

NJSA 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.

The board of education may, by resolution approved by a majority of the board of education and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the board of education finds that it has had prior negative experience with the bidder.

Effective July 1, 2010 and thereafter the bid thresholds in accordance with N.J.S. A. 18A:18A-3 (as amended) and 18A:39-3 are \$40,000 and \$18,800 respectively.

The business administrator of the school district is a qualified purchasing agent and the board of education adopted a resolution to establish a bid threshold of \$40,000.

The district 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.

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.

The results of my examination indicated that no individual payments, contracts, or agreements were 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.

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 reviewed. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis. Several findings were identified.

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

The District utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with NJSA 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 break even, including the management fee. The operating results provision has not been met.

Expenditures should be separately recorded as food, labor and other costs. Vendor invoices were reviewed 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.

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.

Finding 2016-001

Meals Claimed did not agree with meal count records resulting in an over/under claim as detailed on the Schedule of Meal Count Activity.

Recommendation:

Prior to submitting reimbursement claims to the NJ Department of Agriculture, the meals claimed should be verified to the meal count activity records and Edit Check Worksheets.

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

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 B of the CAFR.

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 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 Enrollments.

The district maintained workpapers on the prescribed state forms or their equivalent.

The district written procedures appear to be adequate for the recording of student enrollment data.

Follow-up on Prior Years' Findings

In accordance with government auditing standards, our procedures included a review of all prior year recommendations. Corrective action has been taken on all prior year findings.

Acknowledgment

We received the complete cooperation of all the officials of the school district and I greatly appreciate the courtesies extended to the members of the audit team.

School Food Service

SCHEDULE OF MEAL COUNT ACTIVITY

EGG HARBOR CITY SCHOOL DISTRICT

FOOD SERVICE FUND

NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM -Federal

ENTERPRISE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

| PROGRAM | MEAL CATEGORY | MEALS CLAIMED | MEALS TESTED | MEALS VERIFIED | DIFFERENCE | RATE (a) | (OVER) UNDER CLAIM (b) |
|--|-----------------------|------------------|-----------------|-------------------|------------|----------|------------------------------|
| National School Lunch (Regular Rate) | Paid | 7,780 | 7,780 | 7,608 | (172) | 0.30 | (51.60) |
| National School Lunch (Regular Rate) | Reduced | 5,677 | 5,677 | 5,688 | 11 | 2.65 | 29.15 |
| National School Lunch (Regular Rate) | Free | 55,833 | 55,833 | 56,011 | 178 | 3 | 534.00 |
| | TOTAL | 69,290 | 69,290 | 69,307 | | | 511.55 |
| National School Lunch | HHFKA - PB Lunch Only | 69,290 | 69,290 | 69,307 | 17 | 0.06 | 1.02 |
| School Breakfast (Regular Rate) | Paid | 14,742 | 14,742 | 14,914 | 172 | 0.28 | 48.16 |
| | Reduced | 6,028 | 6,028 | 6,017 | (11) | 1.63 | (17.93) |
| | Free | 57,347 | 57,347 | 57,167 | (180) | 1.93 | (347.40) |
| | TOTAL | 78,117 | 78,117 | 78,098 | | | (317.17) |
| Special Milk | Paid | 0 | 0 | 0 | 0 | 0.2 | 0.00 |
| After School Snacks | Paid | 0 | 0 | 0 | 0 | 0.07 | 0.00 |
| | Reduced | 0 | 0 | 0 | 0 | 0.42 | 0.00 |
| | Free (Area Eligible) | 9,978 | 9,978 | 9,978 | 0 | 0.84 | 0.00 |
| | TOTAL | 9978 | 9978 | 9978 | | | 0.00 |
| CACFP (d) - Food | Free | 0 | 0 | 0 | 0 | 3.07 | 0.00 |
| CACFP (d) - Cash-in-lieu of USDA Foods | Free | 0 | 0 | 0 | 0 | 0.2375 | 0.00 |
| Total Net Overclaim | | | | | | | 195.40 |

Auditor Notation:

(a) Reimbursement rates are subject to annual change. Rates indicated in this sample schedule are for illustrative purposes only. Refer to the detailed schedule of reimbursement rates presented on page II-60.17 of this Audit Program. (b) Overclaims or underclaims must be reflected by program on the Schedule of Findings and Questioned Costs (where applicable) and in the AMR. (c) If underclaims are identified and total \$100.00 or more by program, please contact the DOA for requirements to request reimbursement from USDA. Underclaim requests may or may not be approved by USDA for reimbursement. (d) Child and Adult Care Food Program-(CACFP)-At-Risk Dinners

School Food Service

SCHEDULE OF MEAL COUNT ACTIVITY

EGG HARBOR CITY SCHOOL DISTRICT

FOOD SERVICE FUND

NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM -STATE

ENTERPRISE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

| PROGRAM | MEAL CATEGORY | MEALS CLAIMED | MEALS TESTED | MEALS VERIFIED | DIFFERENCE | RATE (a) | (OVER) UNDER CLAIM (b) |
|--|------------------|------------------|-----------------|-------------------|------------|----------|------------------------------|
| State Reimbursement - National School Lunch (Regular Rate) | Paid | 7,780 | 7,780 | 7,608 | (172) | 0.040 | (6.88) |
| State Reimbursement - National School Lunch (Regular Rate) | Reduced | 5,677 | 5,677 | 5,688 | 11 | 0.055 | 0.61 |
| State Reimbursement - National School Lunch (Regular Rate) | Free | 55,833 | 55,833 | 56,011 | 178 | 0.055 | 9.79 |
| | TOTAL | <u>69,290</u> | <u>69,290</u> | <u>69,307</u> | | | |

Total Net Overclaim

3.52

Auditor Notation:

(a) Reimbursement rates are subject to annual change. Rates indicated in this sample schedule are for illustrative purposes only. Refer to the detailed schedule of reimbursement rates presented on page II-60.17 of this Audit Program. (b) Overclaims or underclaims must be reflected by program on the Schedule of Findings and Questioned Costs (where applicable) and in the AMR. (c) State underclaims identified are not eligible for reimbursement.

NET CASH RESOURCE SCHEDULE

Net cash resources DID NOT exceed three months of expenditures Proprietary Funds - Food Service FYE 2016

| <u>Net Cash Resources:</u> | | Food Service B - 4/5 | |
|----------------------------|---|----------------------------|-----------------------------|
| CAFR | * | Current Assets | |
| B-4 | | Cash & Cash Equiv. | 59,018.99 |
| B-4 | | Due from Other Gov'ts | 20,164.89 |
| B-4 | | Accounts Receivable | 383.51 |
| B-4 | | Investments | - |
| CAFR | | Current Liabilities | |
| B-4 | | Less Accounts Payable | (907.71) |
| B-4 | | Less Accruals | |
| B-4 | | Less Due to Other Funds | |
| B-4 | | Less Deferred Revenue | <u>(4,490.06)</u> |
| | | Net Cash Resources | <u>74,169.62</u> (A) |

Net Adj. Total Operating Expense:

| | | | |
|-----|----------------------|--------------------------|-----|
| B-5 | Tot. Operating Exp. | 429,545.78 | |
| B-5 | Less Depreciation | <u>(10,369.00)</u> | |
| | Adj. Tot. Oper. Exp. | <u>419,176.78</u> | (B) |

Average Monthly Operating Expense:

| | | |
|--|-------------------------|-----|
| | <u>41,917.68</u> | (C) |
|--|-------------------------|-----|

Three times monthly Average:

| | | |
|--|--------------------------|-----|
| | <u>125,753.03</u> | (D) |
|--|--------------------------|-----|

| | | | |
|---------------------|--|---------------------------|--|
| TOTAL IN BOX A | | <u>74,169.62</u> | |
| LESS TOTAL IN BOX D | | <u>125,753.03</u> | |
| NET | | <u>(51,583.41)</u> | |

From above:

**A is greater than D, cash exceeds 3 X average monthly operating expenses.
D is greater than A, cash does not exceed 3 X average monthly operating expenses.**

* Inventories are not to be included in total current assets.

SOURCE - USDA resource management comprehensive review form

SCHEDULE OF AUDITED ENROLLMENTS

EGG HARBOR CITY SCHOOL DISTRICT
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 15, 2015

| | 2015-2016 Application for State School Aid (10/15/14 data) | | | | | | Sample for Verification | | | | | | | | |
|--------------------------|--|--------|-----|--------|--------|---|---------------------------------|--------|-----|--------------------------------|--------|-----|------------------------------|--------|---|
| | Reported on A.S.S.A. on Roll | | | Errors | | | Sample Selected from Workpapers | | | Verified per Registers on Roll | | | Errors per Registers on Roll | | |
| | Full | Shared | | Full | Shared | | Full | Shared | | Full | Shared | | Full | Shared | |
| Full Day Preschool 4 yrs | 42 | - | 42 | - | - | - | 24 | - | 24 | 20 | - | 20 | - | - | - |
| Full Day Kindergarten | 56 | - | 56 | - | - | - | 21 | - | 21 | - | - | 21 | - | - | - |
| One | 54 | - | 54 | - | - | - | 20 | - | 20 | - | - | 20 | - | - | - |
| Two | 43 | - | 43 | - | - | - | 17 | - | 17 | - | - | 17 | - | - | - |
| Three | 44 | - | 44 | - | - | - | 20 | - | 20 | - | - | 20 | - | - | - |
| Four | 40 | - | 40 | - | - | - | 15 | - | 15 | - | - | 15 | - | - | - |
| Five | 35 | - | 35 | - | - | - | 20 | - | 20 | - | - | 20 | - | - | - |
| Six | 46 | - | 46 | - | - | - | 25 | - | 25 | - | - | 25 | - | - | - |
| Seven | 34 | - | 34 | - | - | - | 17 | - | 17 | - | - | 17 | - | - | - |
| Eight | 31 | - | 31 | - | - | - | 17 | - | 17 | - | - | 17 | - | - | - |
| Subtotal | 425 | - | 425 | - | - | - | 196 | - | 196 | - | - | 196 | - | - | - |
| Special Ed Elementary | 74 | - | 74 | - | - | - | 28 | - | 28 | - | - | 28 | - | - | - |
| Special Ed Middle School | 28 | - | 28 | - | - | - | 10 | - | 10 | - | - | 10 | - | - | - |
| Subtotal | 102 | - | 102 | - | - | - | 38 | - | 38 | - | - | 38 | - | - | - |
| Totals | 527 | - | 527 | - | - | - | 234 | - | 234 | - | - | 234 | - | - | - |
| Percentage | | | | | 0.00% | | | | | | | | | 0.00% | |

SCHEDULE OF AUDITED ENROLLMENTS

**EGG HARBOR CITY SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015**

| | Private School for Disabled | | Resident Low Income | | Sample for Verification | | Resident LEP Low Income | | | | | |
|--------------------------|--|-------------------------------|---------------------|--------------------------------------|---|------------------|---|---|------------------|---|---|------------------|
| | Reported on ASSA as Private Schools | Sample for Verification | Sample Verified | Reported on ASSA as Low Income | Reported on Workpapers as Low Income | Sample Errors | Reported on ASSA as Low Income | Reported on Workpapers as Low Income | Sample Errors | Reported on ASSA as Low Income | Reported on Workpapers as Low Income | Sample Errors |
| Half Day Preschool 4 yrs | - | - | - | - | - | - | - | - | - | - | - | - |
| Full Day Kindergarten | - | - | - | 40 | 40 | 19 | 19 | 3 | 3 | 3 | 3 | 3 |
| One | - | - | - | 43 | 43 | 21 | 21 | 6 | 6 | 6 | 6 | 6 |
| Two | - | - | - | 38 | 38 | 18 | 18 | 3 | 3 | 3 | 3 | 3 |
| Three | - | - | - | 33 | 33 | 16 | 16 | 5 | 5 | 5 | 5 | 5 |
| Four | - | - | - | 32 | 32 | 15 | 15 | - | - | - | - | - |
| Five | - | - | - | 31 | 31 | 15 | 15 | - | - | - | - | - |
| Six | - | - | - | 41 | 41 | 21 | 21 | 1 | 1 | 1 | 1 | 1 |
| Seven | - | - | - | 28 | 28 | 13 | 13 | - | - | - | - | - |
| Eight | - | - | - | 21 | 21 | 10 | 10 | 1 | 1 | 1 | 1 | 1 |
| Subtotal | - | - | - | 307 | 307 | 148 | 148 | 19 | 19 | 19 | 19 | 19 |
| Special Ed Elementary | 2 | 1 | 1 | 64 | 64 | 32 | 32 | 3 | 3 | 3 | 3 | 3 |
| Special Ed Middle School | - | - | - | 26 | 26 | 12 | 12 | - | - | - | - | - |
| Subtotal | 2 | 1 | 1 | 90 | 90 | 44 | 44 | 3 | 3 | 3 | 3 | 3 |
| Totals | 2 | 1 | 1 | 397 | 397 | 192 | 192 | 22 | 22 | 22 | 22 | 22 |
| Percentage Error | | | | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

SCHEDULE OF AUDITED ENROLLMENTS

**EGG HARBOR CITY SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015**

| | Sample for Verification | | Resident LEP Not Low Income | | Sample for Verification | |
|--------------------------|---------------------------------|-------------------------------------|--------------------------------|--------------------------|---------------------------------|-------------------------------------|
| | Sample Selected from Workpapers | Verified to Test Score and Register | Reported on ASIA as Low Income | Workpapers as Low Income | Sample Selected from Workpapers | Verified to Test Score and Register |
| Half Day Preschool 4 yrs | 3 | 3 | - | - | - | - |
| Full Day Kindergarten | 5 | 5 | - | - | - | - |
| One | 3 | 3 | - | - | - | - |
| Two | 4 | 4 | - | - | - | - |
| Three | 1 | 1 | - | - | - | - |
| Four | 17 | 17 | - | - | - | - |
| Five | 3 | 3 | - | - | - | - |
| Six | 20 | 20 | - | - | - | - |
| Seven | 3 | 3 | - | - | - | - |
| Eight | 3 | 3 | - | - | - | - |
| Subtotal | 20 | 20 | - | - | - | - |
| Special Ed Elementary | 3 | 3 | - | - | - | - |
| Special Ed Middle School | 3 | 3 | - | - | - | - |
| Subtotal | 3 | 3 | - | - | - | - |
| Totals | 20 | 20 | - | - | - | - |
| Percentage Error | | | | | 0.00% | |

| | Transportation | | Transportation | | Re- |
|----------------------------------|-------------------------|------------------------------|----------------|----------|-------|
| | Reported on DRTS by DOE | Reported on DRTS by District | Tested | Verified | |
| Reg.-Public Schools, col. 1 | 10 | 10 | 10 | 10 | 6.6 |
| Reg.-Special Ed., col. 4 | 6 | 6 | 5 | 5 | 6.6 |
| Transported - Non-Public, col. 3 | 14 | 14 | 14 | 14 | 9.3 |
| Transported - Non-Public, ALL | 5 | 5 | 5 | 5 | 6.6 |
| Special Needs - Public, col. 6 | 21 | 21 | 18 | 18 | 9.3 |
| Totals | 56 | 56 | 52 | 52 | 6.6 |
| Percentage Error | | | | | 0.00% |

Avg. Mileage-Regular including Grade PK students
Avg. Mileage-Regular excluding Grade PK students
Avg. Mileage-Special Ed with Special Needs

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 | \$ 8,786,031.43 | (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 | 120,067.17 | (B1c) |
| Transfer from General Fund to SRF for PreK-Inclusion | | (B1d) |
| Decreased by: | | |
| On-Behalf TPAF Pension & Social Security | (1,002,401.13) | (B2a) |
| Assets Acquired Under Capital Leases | | (B2b) |
| Adjusted 2015-16 General Fund Expenditures [(B)+(B1s)-(B2s)] | <u>7,903,697.47</u> | (B3) |
| 2% of Adjusted 2015-16 General Fund Expenditures [(B3) times .02] | <u>158,074.00</u> | (B4) |
| Enter greater of (B4) or \$250,000 | <u>250,000.00</u> | (B5) |
| Increased by: Allowable Adjustment * | <u>19,171.00</u> | (K) |
| Maximum Unreserved/Undesignated -Unreserved Fund Balance [(B5)+(K)] | | <u>269,171.00</u> (M) |

SECTION 2

| | | |
|---|-------------------|------------------------|
| Total General Fund - Fund Balances @ 6-30-16 (Per CAFR Budgetary Comparison Schedule C-1) | 1,353,434.28 | C |
| Decreased by: | | |
| Year-end Encumbrances | (43,271.27) | (C1) |
| Legally Restricted - Designated for Subsequent Year's Expenditures | | (C2) |
| Legally Restricted - Excess Surplus - Designated for for Subsequent Year's Expenditures ** | (502,913.00) | (C3) |
| Other Reserved Fund Balances **** | (149,267.52) | (C4) |
| Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures | <u>(6,866.00)</u> | (C5) |
| Total Unreserved/Undesignated Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)] | | <u>651,116.49</u> (U1) |

SECTION 3

| | | |
|---|-------------------|-----|
| Reserved Fund Balance - Excess Surplus *** [(U1)-(M)] IF NEGATIVE ENTER -0- | <u>381,945.49</u> | (E) |
|---|-------------------|-----|

Recapitulation of Excess Surplus as of June 30, 2016

| | | |
|--|----------------------|------|
| Reserved Excess Surplus - Designated for Subsequent Year's Expenditures ** | 502,913.00 | (C3) |
| Reserved Excess Surplus ***[(E)] | <u>381,945.49</u> | (E) |
| Total Excess Surplus [(C3) + (E)] | \$ <u>884,858.49</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 a,emded 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, 2016 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 of 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 | 15,865.00 | (J1) |
| Additional Nonpublic School Transportation Aid | 3,306.00 | (J2) |
| Current Year School Bus Advertising Revenue Recognized | - | (J3) |
| Family Crisis Transportation Aid | <u>-</u> | (J4) |
| Total Adjustments [(H)+(I)=(J1)+(J2)+(J3)+(J4)] | \$ <u>19,171.00</u> | (K) |

** This amount represents the June 30, 2016 Excess Surplus (C3 above) and must be included in the Audit Summary Line 90031.

*** Amount must agree to the June 30, 2016 CAFR and the sum of the two lines must agree to Audit Summary 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 Administration and Finance prior to September 30.

Detail of Other Reserved Fund Balance

Statutory restrictions:

| | |
|--|---------------------------|
| Approved unspent separate proposal | - |
| Sale/lease-back reserve | - |
| Capital reserve | <u>99,267.52</u> |
| Maintenance reserve | <u>50,000.00</u> |
| Emergency reserve | - |
| Tuition reserve | - |
| School Bus Advertising 50% Fuel Offset Reserve- current year | - |
| School Bus Advertising 50% Fuel Offset Reserve- prior year | - |
| Impact Aid General Fund Reserve (Sections 8002 and 8003) | - |
| Impact Aid General Fund Reserve (Sections 8007 and 8008) | - |
| Other state/government mandated reserves | - |
| Other Reserved Fund Balance not noted above**** | - |
| Total Other Reserved Fund Balance | \$ <u>149,267.52</u> (C4) |