

**BOARD OF EDUCATION**  
**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT**  
**COUNTY OF GLOUCESTER**  
**AUDITOR'S MANAGEMENT REPORT ON**  
**ADMINISTRATIVE FINDINGS-**  
**FINANCIAL, COMPLIANCE AND PERFORMANCE**  
**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2016**

# TOWNSHIP OF FRANKLIN SCHOOL DISTRICT

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November 15, 2016

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

Honorable President and  
Members of the Board of Education  
Township of Franklin School District  
County of Gloucester  
Franklinville, New Jersey 08322


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 Township of Franklin School District in the County of Gloucester 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 Division of Administration and Finance, 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 issued in conjunction with the Comprehensive Annual Financial report of the Board of Education of the Township of Franklin School District, for the fiscal year ended June 30, 2016 and is intended for the information of the 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.

Respectfully submitted,

**NIGHTLINGER, COLAVITA & VOLPA, P.A.**



Raymond Colavita, C.P.A., R.M.A.  
Licensed Public School Accountant  
No. 915

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

**Scope of Audit**

The audit covered the financial transactions of the Board Secretary/School Business Administrator and District Personnel entrusted with duties formally under the auspices of the Treasurer of School Monies, the activities of the Board of Education, the records of the Student Activity Fund, Food Service Fund and Special Revenue Fund 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's Bonds (N.J.S.A. 18A:17-26, 18A:17-32, 18A:13-13)**

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Elizabeth A. Dipietro	School Business Administrator / Board Secretary	\$ 225,000

**Tuition Charges**

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were more than estimated costs. The board made a proper adjustment to the billings to sending districts for the increases in per pupil costs in accordance with N.J.A.C. 6A:23A-17.1(f) 3.

**District Internal Control Policies**

District boards of education and administration are responsible for developing internal controls policies and procedures and maintaining a strong internal control environment. N.J.A.C. 6A:23A-6.4 requires that the district's internal control policies include specific requirements at N.J.A.C. 6A:23A-6.5 through 6.13.

All Internal Control Policies were found in accordance with N.J.A.C. 6A:23A-6.5 through 6.13.

## **Financial Planning, Accounting and Reporting**

### **Examination of Claims**

An examination of claims paid during the period under 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 the School Business Administrator/Board Secretary, and the Chief School Administrator.

Salary withholdings were promptly remitted to the proper agencies, including health benefits withholding due to the general fund.

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

### **Employee Position Control Roster**

An inquiry and subsequent review of the Position Control Roster did not find any discrepancies between the payroll records, employee benefit records, the general ledger accounts to where wages are posted, and the Position Control Roster.

### **Certification of Income Tax Compliance**

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (Superintendent and Business Administrator) to the N.J. Department of Treasury appeared to be filed by the March 15 due date.

### **Reserve for Encumbrances and Accounts Payable**

A review of outstanding issued purchase orders was made as of June 30, 2016 for goods not yet received or services not yet rendered, and it was determined that no blanket purchase orders were included in the balance of the reserves for encumbrances. Also, unpaid purchase orders included in the balance of accounts payable were reviewed for proprietary and to determine that goods were received and services were rendered as of June 30, 2016.

### **Obligations of Federal Grant Awards and Requests for Reimbursement of Expenditures against Those Federal Grants Awards**

No exceptions were noted.

## **Financial Planning, Accounting and Reporting (Continued)**

### **Classification of Expenditures**

The coding of expenditures was tested for proper classification in accordance with **N.J.A.C. 6A:23A-16.2(f)** as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with **N.J.A.C. 6A:23A-8.3**. As a result of the procedures performed, no errors were 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 financial records, books of accounts maintained by the Secretary were in satisfactory condition.

Acknowledgment of the Board's receipt of the Board Secretary and Treasurer's monthly financial reports was included in the minutes.

Monthly financial certificates of the Board Secretary and Board of Education for positive line item account status certifications (**N.J.A.C. 6:2-2.13**) were performed. Budgetary line item account transfers were approved monthly to cover any anticipated deficits.

Purchase orders were charged to the appropriate line item accounts in accordance with the State prescribed **Uniform Minimum Chart of Accounts (2R2) for New Jersey Public School**.

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

An estimate of the tuition reimbursement for homeless children was accrued as of June 30, 2016.

### **Treasurer's Records – Board Secretary's Office**

The Treasurer prepared cash reconciliations for the general operating account, payroll account and payroll agency account per **N.J.S.A. 18A:17-9**.

All cash receipts were promptly deposited. (**N.J.S.A. 18A:17-34, 18A:17-9.1**)

The Treasury records were in agreement with the records of the Board Secretary.

The Treasurer reports were filed in a timely manner.

## **Financial Planning, Accounting and Reporting (Continued)**

### **Elementary and Secondary Education Act (E.S.E.A.)/Improving America's Schools Act (IASA) as reauthorized by the No Child Left Behind Act of 2001 (NCLB)**

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 and reauthorized.

Our audit of E.S.E.A. 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 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 projects indicated no areas of noncompliance.

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

Our audit procedures included a test of the biweekly reimbursement forms 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(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 reviewed 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 school contracts in general are available on the website: [http://www.state.nj.us/dca/divisions/dlgs/programs/ps\\_contracts.html](http://www.state.nj.us/dca/divisions/dlgs/programs/ps_contracts.html).

The 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&softpage=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&softpage=TOC_Frame_pg42)

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 for 2015-16.

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.

Based on the results of our examination, 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 provisions 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**.

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. Our examination did reveal, however, that the following purchases were made from vendors approved for state contract;

Chromebooks, Cloud Management

The review of contracts and agreements did not disclose any areas of statutory noncompliance.



## **Contracts and Agreements Requiring Advertisement for Bids (Continued)**

Although a particular contract is exempt from the formal requirements of public advertising and competitive bidding, N.J.S.A. 18A:18A-37 requires that quotations be obtained, whenever practical, for any contract less than the bid threshold but 15% or more of that amount, except for contracts for professional services. All contracts and agreements, which are subject to quotations, shall be awarded on the basis of the lowest responsible quotation received, which is most advantageous to the Board of Education, price and other factors considered.

### **School Food Service**

The School Food Service Program was not selected as a major Federal program. However, the program expenditures exceeded \$100,000 in Federal support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether the SFA had any Child Nutrition Program reimbursement overclaims or underclaims and whether the SFA's expenditures of food service were limited to allowable direct and indirect costs. No exceptions were noted.

The financial transactions and statistical records of the school food service fund were reviewed. The financial accounts, meal and milk count records and eligibility applications were reviewed on a test-check basis.

The number of meals and milks claimed for reimbursement was verified against sales and meal count records. As part of the claims review process, the edit check worksheet was completed. Reimbursement vouchers were submitted/certified in a timely manner. The number of meals claimed agreed with meal count records.

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

The District utilizes a food service management company 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 does not contain any operating results guarantee.

Applications for free and reduced price meals and free milks were reviewed for completeness and accuracy. The number of free and reduced price meals and free milks claimed as served for the entire school year did not exceed the number of valid applications on file, times the number of operating days, on a school by school basis. The free and reduced price meal and free milk policy is uniformly administered throughout the school system. Sites approved to participate in Provisions 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 review.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs were verified on a test basis. Food Distribution Program commodities were received and a single Inventory record on food and supply items was maintained by Nutri-Serve as part of the vended meal service agreement with the District and appeared to be currently maintained and properly applied in determining the cost of food and supply items.

### **School Food Service (Continued)**

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all school food service employees authorized by the Board of Education.

The cash disbursements records reflected expenditures for program related goods and services. The District, which has a vended meal service contract with Nutri-Serve, is depositing and expending program monies in accordance with **N.J.S.A. 18A:17-34** and 19-1 through 19-4.I. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service and the Non-Program Food Revenue Tool was utilized. Net cash resources did not exceed three months average expenditures.

In accordance with AICPA Statement on Auditing Standards (SAS) #70, as amended by SAS #88 and SSAE No. 16, a report on the Food Service Management Company's control structure, policies and procedures was received. This audit was performed by an independent audit firm.

Food Distribution Program commodities allocated to the Township of Franklin School District are received and stored by Nutri-Serve as part of its vended meal agreement and used in the meal preparation for Franklin School.

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

### **Student Body Activities**

The Board has a policy, which clearly established the regulation of student activity funds.

All receipts were promptly deposited.

A monthly report of student activity funds is being submitted to the Board.

Cash receipts and disbursements books were maintained in good condition.

Vouchers and supporting invoices were maintained for the student activity fund purchases. All disbursements appeared to be supported by appropriate documentation.

### **Unemployment Compensation Insurance Trust Fund**

The Board has adopted the direct reimbursement method and has established an Unemployment Compensation Insurance Trust Fund.

### **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 Enrollment.

**Application for State School Aid (Continued)**

The District maintained workpapers on the prescribed state forms or their equivalent. The District has adequate written procedures for the recording of student enrollment data.

**Pupil Transportation**

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

Our procedures included a review of transportation related contracts and purchases. Based on our review, the district complied with proper bidding procedures and award of contracts. The bid specifications for the purchase of buses were in compliance with applicable statutes. No exceptions were noted in our review of transportation related purchases of goods and services.

**Facilities and Capital Assets**

Our procedures included a review of the SDA grant agreements, if any, for consistency with recording SDA revenue, transfer of local funds from the general fund or from the capital reserve account, and awarding of contracts for eligible facilities construction. There were no new NJSDA grant agreements approved during the fiscal year ending June 30, 2016. No exceptions were noted in the recording of project transactions. There was a balance due at June 30, 2016 of \$1,254,576.05.

**Follow-up on Prior Years' Findings**

In accordance with government auditing standards, our procedures included a review of all prior year recommendations. There were no prior year findings.

**Acknowledgment**

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

Respectfully submitted,

**NIGHTLINGER, COLAVITA & VOLPA, P.A.**



Raymond Colavita, C.P.A., R.M.A.  
Licensed Public School Accountant  
No. 915

**SCHEDULE OF AUDITED ENROLLMENTS**

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**APPLICATION OR STATE SCHOOL AID SUMMARY**  
**ENROLLMENT AS OF OCTOBER 15, 2015**

	2016-2017 APPLICATION FOR STATE SCHOOL AID						SAMPLE FOR VERIFICATION						PRIVATE SCHOOLS FOR 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				
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Private Schools	Sample for Verification	Sample Verified	Sample Errors	
Half Day Preschool 3 yr.	10		10					2		2							
Half Day Preschool 4 yr.	5		5					1		1							
Full Day Kindergarten	151		151					28		28							
One	183		183					34		34							
Two	186		186					35		35							
Three	181		181					34		34							
Four	178		178					33		33							
Five	192		192					36		36							
Six	171		171					32		32							
Subtotal	1,257	0	1,257	0	0	0		235		235	0	0	0	0	0	0	0
Special Ed - Elementary	130		130					24		24			4	2	2		
Special Ed - Middle	26		26					5		5							
Special Ed - High																	
Subtotal	156	0	156	0	0	0		29	0	29	0	0	0	4	2	2	0
Totals	1,413	0	1,413	0	0	0		264	0	264	0	0	0	4	2	2	0
Percentage Error					0.00%	0.00%					0.00%	0.00%					0.00%

**SCHEDULE OF AUDITED ENROLLMENTS**

**FRANKLIN TOWNSHIP SCHOOL DISTRICT  
APPLICATION OF STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2015**

	Resident 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 Test Score and Register	Sample Errors
Half Day Preschool 3 yr.												
Half Day Preschool 4 yr.												
Full Day Kindergarten												
One	56	56		24	24		1	1		1	1	
Two	58	58		25	25							
Three	60	60		25	25		1	1		1	1	
Four	60	60		25	25		7	7		3	3	
Five	52	52		22	22		1	1				
Six	56	56		24	24		2	2		1	1	
	45	45		19	19							
Subtotal	387	387	0	164	164	0	12	12	0	6	6	0
Special Ed - Elementary	65	65		28	28		4	4	0	1	1	
Special Ed - Middle	13	13		6	6							
Special Ed - High												
Subtotal	78	78	0	34	34	0	4	4	0	1	1	0
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Totals	465	465	0	198	198	0	16	16	0	7	7	0
Percentage Error		0.00%			0.00%			0.00%			0.00%	

**TRANSPORTATION**

	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors		
			Reported				Re-Calculated	
Reg. - Public Schools*	928	928		198	198			
Reg. - Special Ed.	67	67		14	14			
Transported - Non-Public	53	53		11	11			
Aid in Lieu - Non-Public	31	31		7	7			
Special Needs - Public	109	109		23	23			
Totals	1,188	1,188	0	253	253	0		
Percentage Error					0.00%			

	Reported	Re-Calculated
Avg. Mileage - Regular Including Grade PK Students	5.1	
Avg. Mileage - Regular Excluding Grade PK Students	5.1	
Avg. Mileage - Special Ed with Special Needs	6.3	

**SCHEDULE OF AUDITED ENROLLMENTS**

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**APPLICATION OR STATE SCHOOL AID SUMMARY**  
**ENROLLMENT AS OF OCTOBER 15, 2015**

	<u>Resident LEP NOT Low Income</u>			<u>Sample for Verification</u>		
	<u>Report On</u> <u>A.S.S.A. as</u> <u>NOT Low</u> <u>Income</u>	<u>Report On</u> <u>Workpapers as</u> <u>NOT Low</u> <u>Income</u>	<u>Errors</u>	<u>Sample</u> <u>Selected From</u> <u>Workpapers</u>	<u>Verified to</u> <u>Application</u> <u>and Register</u>	<u>Sample</u> <u>Errors</u>
Half Day Preschool 3 yr.						
Half Day Preschool 4 yr.						
Half Day Kindergarten						
One						
Two		1	1			
Three						
Four						
Five						
Six						
<b>Subtotal</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Special Ed - Elementary						
Special Ed - Middle						
Special Ed - High						
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
<b>Totals</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Percentage Error

0.00%

0.00%

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT**  
**EXCESS SURPLUS CALCULATION**

**SECTION 1**

**A. 2% Calculation of Excess Surplus**

2015-16 Total General Fund Expenditures per the CAFR	\$ <u>21,300,041</u>	(B)
Increased by:		
Transfer from Capital Outlay to Capital Projects Fund	<u>                    </u>	(B1a)
Transfer from Capital Reserve to Capital Projects Fund	<u>                    -</u>	(B1b)
Transfer from General Fund to SRF for PreK-Regular	<u>                    </u>	(B1c)
Transfer from General Fund to SRF for PreK-Inclusion	<u>                    </u>	(B1d)
Decreased by:		
On-Behalf TPAF Pension & Social Security	<u>2,008,410</u>	(B2a)
Assets Acquired Under Capital Leases	<u>                    </u>	(B2b)
 Adjusted 15-16 General Fund Expenditures [(B)+(B1s)-(B2s)]	 <u>19,291,630</u>	 (B3)
 2% of Adjusted 2015-16 General Fund Expenditures [(B3) times .02]	 <u>385,833</u>	 (B4)
Enter Greater of (B4) or \$250,000	<u>385,833</u>	(B5)
Increased by: Allowable Adjustment*	<u>104,461</u>	(K)
 Maximum Unassigned/Undesignated-Unreserved Fund Balance[(B5)+(K)]		 \$ <u>490,293</u> (M)

**SECTION 2**

Total General Fund - Fund Balances @ 6-30-16 (Per CAFR Budgetary Comparison Schedule C-1)	\$ <u>5,171,467</u>	(C)
Decreased by:		
Year-end Encumbrances	<u>223,250</u>	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	<u>998,275</u>	(C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**	<u>87,804</u>	(C3)
Other Restricted Fund Balances****	<u>3,177,292</u>	(C4)
Assigned Fund balance Unreserved - Designated for Subsequent Year's Expenditures	<u>31,150</u>	(C5)
 Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]		 \$ <u>653,696</u> (U1)

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT  
EXCESS SURPLUS CALCULATION**

**SECTION 3**

Restricted Fund Balance- Excess Surplus\*\*\* [(U1)-(M)] IF NEGATIVE ENTER -0- \$ 163,403 (E)

**Recapitulation of Excess Surplus as of June 30, 2016**

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures**	87,804 (C3)
Reserved Excess Surplus ***[(E)]	<u>163,403 (E)</u>
Total Excess Surplus [(C3) + (E)]	\$ <u><u>251,207</u></u> (D)

**Footnotes:**

- \* Allowable adjustment to expenditures on line K must be detailed as follows. This adjustment line (as detailed below) is to be utilized when applicable for:
  - (H) Federal Impact Aid. The passage of P.L. 2015, c.46 amended N.J.S.A. 18A:7F-41 to permit a board of education to appropriate federal impact aid funds to establish or supplement a federal impact aid legal reserve in the general fund. Accordingly, effective for the year ending June 30, 2015 the Federal Impact Aid adjustment to expenditures is limited to the portion of Federal Impact Aid Section 8002 and Section 8003 received during the fiscal year and recognized as revenue on the General Fund Budgetary Comparison Schedule, but not transferred to the Federal Impact Aid Reserve-General (8002 or 8003) by board resolution during June 1 to June 30 of the fiscal year under audit. Amounts transferred to the reserve are captured on line (C4);
  - (I) Sale & Lease-Back (Refer to the Audit Program Section II, Chapter 10);
  - (J1) Extraordinary Aid;
  - (J2) Additional Nonpublic School Transportation Aid;
  - (J3) Recognized current year School Bus Advertising Revenue; and
  - (J4) Family Crisis Transportation Aid.

Notes to auditor: Refer to the Audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid, Family Crisis Transportation Aid, and Additional Nonpublic School Transportation Aid.

**Detail of Allowable Adjustments**

Impact Aid	\$ _____ (H)
Sale & Lease-Back	_____ (I)
Extraordinary Aid	<u>71,399 (J1)</u>
Additional Nonpublic School Transportation Aid	<u>17,139 (J2)</u>
Current Year School Bus Advertising Revenue Recognized	_____ (J3)
Family Crisis Transportation Aid	<u>15,923 (J4)</u>
Total Adjustments [(H) + (I) + (J1) + (J2) + (J3) + (J4)]	\$ <u><u>104,461</u></u> (K)

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

\*\*\* Amounts must agree to the June 30, 2015 CAFR and must agree to Audit Summary Worksheet Line 90030.

\*\*\*\* Amount for Other Reserved Fund Balances must be detailed for each source. Use in the excess surplus calculation of any legal reserve that is not state mandated or that is not legally imposed by an other type of government, such as the judicial branch of government, must have Departmental approval. District requests should be submitted to the Division of Finance and Regulatory Compliance prior to September 30.

**Detail of Other Restricted Fund Balance**

Statutory restrictions:	
Approved unspent separate proposal	\$ _____
Sale/lease-back reserve	_____
Capital reserve	<u>1,998,786</u>
Maintenance reserve	<u>928,506</u>
Emergency Reserve	<u>250,000</u>
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 8007 and 8008)	_____
Impact Aid General Fund Reserve (Sections 8002 and 8003)	_____
Other state/government mandated reserve	_____
[Other Restricted Fund Balance not noted above]****	_____
Total Other Restricted Fund Balance	\$ <u><u>3,177,292</u></u> (C4)