

BOROUGH OF FREEHOLD SCHOOL DISTRICT
AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE
FINDINGS - FINANCIAL COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016

Prepared by

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of the Firm

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SAMUEL KLEIN AND COMPANY

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REPORT OF INDEPENDENT AUDITORS

Honorable President and Members
of the Board of Education
Borough of Freehold Board of Education
County of Monmouth, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Borough of Freehold School District in the County of December 1, 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 for the information of the Borough of Freehold 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.



Gerard Stankiewicz
Certified Public Accountant
Licensed Public School Accountant #912



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey
December 1, 2016

**ADMINISTRATIVE FINDINGS - FINANCIAL
COMPLIANCE AND PERFORMANCE
JUNE 30, 2016**

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and the Treasurer of School Monies, the activities of the Board of Education and the records of the various funds under the auspices of the Board of Education. This report is filed in conjunction with the District's Comprehensive Annual Financial Report (CAFR).

Administrative Practices and Procedures

Insurance

Fire insurance coverage was carried in the amounts as detailed on the Insurance Schedule, Exhibit J-20, contained in the Statistical Tables Section of the District's CAFR.

Officials' Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Joseph Howe	Board Secretary/ School Business Administrator	\$ 200,000.00 (A)
Bruce Rodman	Treasurer	210,000.00 (A)
Patricia Saxton	Assistant Business Administrator	25,000.00

(A) Selective Insurance Company.

(B) There is a Public Employees Faithful Performance Blanket Position Bond with the Commercial Insurance Company of Newark in the amount of \$50,000.00.

Officials' Bonds were adequate to meet minimum statutory requirements.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under review was made as to affidavit or signed declaration, proper itemization and proper authorization by officials. No discrepancies were noted. The Board's voucher system is in accordance with R.S. 18:6-34, which requires a signed declaration by the vendor in place of an affidavit. In addition, all vouchers are signed by the Board Secretary. The actual signature for receipt of goods or services rendered is on the receiving copy of the purchase order set, which is attached to the purchase order filed by appropriation number. All claims approved for payment are listed by fund total in the minutes.

**ADMINISTRATIVE FINDINGS - FINANCIAL
COMPLIANCE AND PERFORMANCE (CONTINUED)**
JUNE 30, 2016

Financial Planning, Accounting and Reporting (Continued)

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 Board Secretary/School Business Administrator.

Compensation records were tested, and for those individuals examined; it was determined that salaries paid were in accordance with the amounts authorized by the Board.

Salary withholdings were promptly remitted to the proper agencies, including health insurance withholdings.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, 2016 for proper classification of orders as reserved for encumbrances and accounts payable.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with *N.J.A.C. 6A:23-2.2(g)* 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-2.4*. As a result of the procedures performed, no transaction error rate was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

Our review of the financial and accounting records maintained by the Board Secretary revealed that the records were maintained properly.

Acknowledgment of the Board's receipt of the Board Secretary's report was included in the minutes.

Treasurer's Records

The Treasurer's records were properly maintained and filed with the Board Office on a timely basis and, in agreement with the Board Secretary's records.

Acknowledgment of the Board's receipt of the Treasurer's report was included in the minutes.

**ADMINISTRATIVE FINDINGS - FINANCIAL
COMPLIANCE AND PERFORMANCE (CONTINUED)**
JUNE 30, 2016

Financial Planning, Accounting and Reporting (Continued)

Travel and Expense Reimbursement Policy

The required travel and related reimbursement policy in accordance with N.J.A.C. 6A:23B-1.2(a) was audited.

Elementary and Secondary Education Act (ESEA) of Improving America's School Act (IASA) as Reauthorized by the No Child Left Behind (NCLB) Act of 2001

The ESEA/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 project under Titles I, II-A, II-D and III of the NCLB as amended.

Other Special Federal and/or State Projects

The District's Special Projects were approved as listed on the 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.

T.P.A.F. Reimbursement

Our audit procedures included a test of the semi-monthly 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.

Unemployment Compensation Insurance Trust Fund

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

**ADMINISTRATIVE FINDINGS - FINANCIAL
COMPLIANCE AND PERFORMANCE (CONTINUED)
JUNE 30, 2016**

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

Effective July 1, 2015 and thereafter the bid thresholds in accordance with N.J.S.A. 18A:18A-3 and 18A:39-3 are \$29,000 and \$18,200, respectively.

The board of education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the fiscal 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.

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

The minutes indicate that bids were advertised for the following:

Removal and Replacement of Gym and HVAC Service and Repair
Stage Lighting

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 through the use of State contracts:

Instructional Supplies Copy Machines
Computer Equipment and Supplies Office Furniture

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 our examination indicated that no individual payments, contracts or agreements were made "for the performance of any work or the furnishing or hiring of any materials of supplies", 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, as amended.

Purchasing was also under various cooperative purchasing arrangements in conjunction with other school district as well as under state contract.

**ADMINISTRATIVE FINDINGS - FINANCIAL
COMPLIANCE AND PERFORMANCE (CONTINUED)
JUNE 30, 2016**

School Food Service

The financial transactions and statistical records of the school food services were maintained properly. The financial accounts, meal count record and eligibility applications were reviewed on a test-check basis. No exceptions were noted.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served did not exceed the number of valid applications on file, times the number of operating days, on a school-by-school basis. The free and reduced price meals 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.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food supply items were currently maintained and properly applied in determining the cost of food and supplies used.

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 appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service.

The net cash resources of the Enterprise Fund for the School Food Service Program exceeded the three months average expenditures.

The food service company has provided the required Report on Internal Control of Service Organizations in accordance with the Statement on Standards for Attestation Engagements Number 16 (SSAE#16). The study revealed no deficiencies in their procedures.

The District is depositing and expending program monies in accordance with NJSA 18A:17-34 and 19-1 through 19-4.1. 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.

Food Distribution Program commodities were received during the period of audit. Inventory records on commodities are being maintained. The value of USDA Commodities received during 2015-2016 was \$57,052.14 and the inventory was maintained on a first-in first-out basis.

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.

The school district project remains the detailed revenue and expenditure information necessary in order to execute the USDA mandated Non-Program Food Revenue Tool at least annually.

**ADMINISTRATIVE FINDINGS - FINANCIAL
COMPLIANCE AND PERFORMANCE (CONTINUED)**
JUNE 30, 2016

School Food Service (Continued)

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

Cash Receipts records were reviewed and it was determined that they were deposited on a timely basis.

Financial Procedures

The District adopted standard operating procedures in accordance with NJDOE requirements. It is imperative that the procedures be enforced by the administration in order to avoid operating complications, misunderstandings or errors in the future.

Student Body Activities

Our review of the student activity funds and athletic activities fund revealed that all records were maintained properly and expenditures contained proper supporting documentation.

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 with exception in the LEP Low Income which may have been the result of a possible computer glitch and is under review by the District for corrective action and future compliance.

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

The District has 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 with minor 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.

RECOMMENDATIONS

JUNE 30, 2016

None.

FOLLOW-UP ON PRIOR YEAR'S FINDINGS

There were no recommendations in the prior year.

ACKNOWLEDGMENT

We received the complete cooperation of all the officials of the school district and we greatly appreciate the courtesies extended to us.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Gerard Stankiewicz". The signature is written in a cursive style with a long horizontal stroke at the end.

Gerard Stankiewicz
Certified Public Accountant
Public School Accountant #912

For The Firm
SAMUEL KLEIN AND COMPANY

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
SCHEDULE OF MEAL COUNT ACTIVITY
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM
ENTERPRISE FUNDS - FOOD SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(MEMORANDUM ONLY)

<u>Program</u>	<u>Meal Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>(Over)/Under Claim</u>
National School Lunch (High Rate)	Paid	24,790	24,790	24,790	None	0.350	None
	Reduced	15,967	15,967	15,967	None	2.745	None
	Free	<u>175,824</u>	<u>175,824</u>	<u>175,824</u>	<u>None</u>	3.145	<u>None</u>
	Total	<u>216,581</u>	<u>216,581</u>	<u>216,581</u>	<u>None</u>		<u>None</u>
School Breakfast (Severe Needs Rate)	Paid	6,156	6,156	6,156	None	0.290	None
	Reduced	5,734	5,734	5,734	None	1.690	None
	Free	<u>85,906</u>	<u>85,906</u>	<u>85,906</u>	<u>None</u>	1.990	<u>None</u>
	Total	<u>97,796</u>	<u>97,796</u>	<u>97,796</u>	<u>None</u>		<u>None</u>
After School Snack	Free	<u>30,172</u>	<u>30,172</u>	<u>30,172</u>	<u>None</u>	0.840	<u>None</u>
	Total	<u>30,172</u>	<u>30,172</u>	<u>30,172</u>	<u>None</u>		<u>None</u>
Total Net (Over)/Under Claim							<u>None</u>

**BOARD OF EDUCATION
 FREEHOLD BOROUGH SCHOOL DISTRICT
 COUNTY OF MONMOUTH
 SCHEDULE OF AUDITED ENROLLMENTS
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 15, 2015**

	2016-2017 Application for State School Aid						Sample for Verification					
	Reported on A.S.S.A. On Roll		Report on Workpapers On Roll		Sent/Received		Sample Selected from Workpapers		Verified per Registers On Roll		Errors per Registers On Roll	
	Full	Shared	Full	Shared	Sent	Received	Full	Shared	Full	Shared	Full	Shared
Half Day Preschool	20		20				4		4			
Full Day Preschool	62		62			53	12		12			
Full Day Kindergarten	182		182				35		35			
One	173		173				33		33			
Two	183		183				35		35			
Three	159		158				31		31		(1)	
Four	148		148				28		28			
Five	134		134				26		26			
Six	149		149				29		29			
Seven	110		110				21		21			
Eight	129		129				25		25			
Subtotal	<u>1,449</u>		<u>1,448</u>			<u>53</u>	<u>279</u>		<u>279</u>		<u>(1)</u>	
Special Ed - Elementary	173		173		7		90		90			
Special Ed - Middle	80		80		9		42		42		1	
Special Ed - H.S												
Subtotal	<u>253</u>		<u>253</u>		<u>16</u>		<u>132</u>		<u>132</u>		<u>1</u>	
Totals	<u>1,702</u>		<u>1,701</u>		<u>16</u>	<u>53</u>	<u>411</u>		<u>411</u>			
Percentage Error												<u>0.00%</u>

**BOARD OF EDUCATION
FREEHOLD BOROUGH SCHOOL DISTRICT
COUNTY OF MONMOUTH
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015**

	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
Half Day Preschool						
Full Day Preschool						
Full Day Kindergarten	144	144		34	34	
One	143	142	1	35	35	
Two	147	147		36	35	1
Three	123	123		30	29	1
Four	111	111		27	26	1
Five	106	106		26	26	
Six	105	105		26	26	
Seven	73	73		18	17	1
Eight	92	92		22	22	
Subtotal	<u>1,044</u>	<u>1,043</u>	<u>1</u>	<u>254</u>	<u>250</u>	<u>4</u>
Special Ed - Elementary	156	156		89	89	
Special Ed - Middle	69	69		39	39	
Special Ed - H.S						
Subtotal	<u>225</u>	<u>225</u>		<u>128</u>	<u>128</u>	
Totals	<u>1,269</u>	<u>1,268</u>	<u>1</u>	<u>382</u>	<u>378</u>	<u>4</u>
Percentage Error			<u>0.08%</u>			<u>1.05%</u>

BOARD OF EDUCATION
FREEHOLD BOROUGH SCHOOL DISTRICT
COUNTY OF MONMOUTH
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015

	<u>Resident LEP Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on A.S.S.A. as Low Income</u>	<u>Reported on Workpapers as Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Application and Register</u>	<u>Sample Errors</u>
Half Day Preschool						
Full Day Preschool						
Full Day Kindergarten	81	81		46	46	
One	75	72	3	43	43	
Two	53	51	2	30	30	
Three	41	40	1	23	23	
Four	13	14	(1)	7	7	
Five	3	3		2	2	
Six	3	3		2	2	
Seven	3	3		2	2	
Eight	2	2		1	1	
Subtotal	<u>274</u>	<u>269</u>	<u>5</u>	<u>156</u>	<u>156</u>	
Special Ed - Elementary	30	17	13	26	26	
Special Ed - Middle	17	1	16	15	15	
Special Ed - H.S						
Subtotal	<u>47</u>	<u>18</u>	<u>29</u>	<u>41</u>	<u>41</u>	
Totals	<u>321</u>	<u>287</u>	<u>34</u>	<u>197</u>	<u>197</u>	
Percentage Error			<u>10.59%</u>			<u>0.00%</u>

BOARD OF EDUCATION
FREEHOLD BOROUGH SCHOOL DISTRICT
COUNTY OF MONMOUTH
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015

	<u>Resident LEP Not Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on A.S.S.A. as Low Income</u>	<u>Reported on Workpapers as Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Application and Register</u>	<u>Sample Errors</u>
Half Day Preschool						
Full Day Preschool						
Full Day Kindergarten	6	6		4	4	
One	2	2		2	2	
Two	1	1		1	1	
Three	1	1		1	1	
Four						
Five						
Six						
Seven						
Eight	<u>1</u>	<u>1</u>		<u>1</u>	<u>1</u>	
Subtotal	<u>11</u>	<u>11</u>		<u>9</u>	<u>9</u>	
Special Ed - Elementary						
Special Ed - Middle						
Special Ed - H.S						
Subtotal						
Totals	<u>11</u>	<u>11</u>		<u>9</u>	<u>9</u>	
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

BOARD OF EDUCATION
FREEHOLD BOROUGH SCHOOL DISTRICT
COUNTY OF MONMOUTH
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015

District Report of Transported Resident Students

	<u>Originally Presented On D.R.T.R.S</u>	<u>Verified by Auditor</u>	<u>Errors</u>
Students - Grade PK (includes Public, Charter & Early Childhood)	45	45	
Public Schools Students excluding Voc Students	56	56	
Non-Public and Other School Students	8	8	
AIL Non-Public School Students	<u>7</u>	<u>7</u>	
	<u>116</u>	<u>116</u>	
Special Education - Public School Students	77	75	(2)
Public School Students With Special Transportation Needs	<u>15</u>	<u>15</u>	
	<u>92</u>	<u>90</u>	<u>(2)</u>
Courtesy Student	<u>88</u>	<u>87</u>	<u>(1)</u>
Totals	<u><u>296</u></u>	<u><u>293</u></u>	<u><u>(3)</u></u>
Percentage Error			<u><u>(0.34%)</u></u>
		<u>Originally Reported On D.R.T.R.S.</u>	<u>Verified by Auditor</u>
Average mileage, excluding grade PK students		4.90	4.90
Average mileage - special education/special needs		<u>2.70</u>	<u>2.80</u>
Totals		<u><u>7.60</u></u>	<u><u>7.70</u></u>
Percentage Error			<u><u>0.99%</u></u>

BOARD OF EDUCATION
FREEHOLD BOROUGH SCHOOL DISTRICT
COUNTY OF MONMOUTH
FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

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>22,415,547.52</u> (B)	
Increased by:		
Transfer to Food Service Fund	\$ _____ (B1a)	
Transfer from Capital Outlay to Capital Projects Fund	\$ _____ (B1b)	
Transfer from General Fund to SRF for PreK-Regular	\$ _____ (B1c)	
Transfer from General Fund to SRF for PreK-Inclusion	\$ _____ (B1d)	
Decreased by:		
On-Behalf TPAF Pension & Social Security	\$ <u>2,202,567.85</u> (B2a)	
Assets Acquired Under Capital Leases	\$ _____ (B2b)	
Adjusted 2015-16 General Fund Expenditures [(B)+(B1s)-(B2s)]	\$ <u>20,212,979.67</u> (B3)	
2% of Adjusted 2015-16 General Fund Expenditures [(B3) times .02]	\$ <u>404,259.59</u> (B4)	
Enter Greater of (B4) or \$250,000	\$ <u>404,259.59</u> (B5)	
Increased by: Allowable Adjustment*	\$ _____ (K)	
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]	\$ <u>404,259.59</u> (M)	

SECTION 2

Total General Fund - Fund Balances @ 6-30-2016 (Per CAFR Budgetary Comparison Schedule-C1)	\$ <u>3,619,292.83</u> (C)	
Decreased by:		
Year-end Encumbrances	\$ <u>175,669.08</u> (C1)	
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ <u>139,030.76</u> (C2)	
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ <u>554,034.38</u> (C3)	
Other Restricted Fund Balances ****	\$ <u>1,783,617.67</u> (C4)	
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	\$ <u>14,614.76</u> (C5)	
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	\$ <u>952,326.18</u> (U1)	

BOARD OF EDUCATION
FREEHOLD BOROUGH SCHOOL DISTRICT
COUNTY OF MONMOUTH
FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

SECTION 3

Restricted Fund Balance - Excess Surplus***[(U1)-(M)] IF NEGATIVE ENTER -0- \$ 548,066.59 (E)

Recapitulation of Excess Surplus as of June 30, 2016

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ <u>554,034.38</u> (C3)
Reserved Excess Surplus***[(E)]	\$ <u>548,066.59</u> (E)
 Total Excess Surplus [(C3) + (E)]	 \$ <u>1,102,100.97</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 and Lease-back (Refer to the Audit Program Section II, Chapter 10);
- (J1) Extraordinary Aid;
- (J2) Additional Nonpublic School Transportation Aid;
- (J3) Recognized current year School Bus Advertising Revenue; and
- (J4) Family Crisis Transportation Aid.

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

Detail of Allowable Adjustments

Impact Aid	\$		(H)
Sale & Lease-back	\$		(I)
Extraordinary Aid	\$		(J1)
Additional Nonpublic School Transportation Aid	\$		(J2)
Current Year School Bus Advertising Revenue Recognized	\$		(J3)
Family Crisis Transportation Aid	\$		(J4)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)]	\$		(K)

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

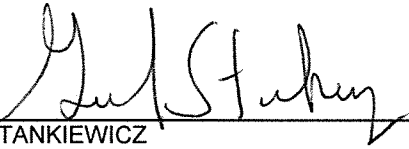
*** Amount must agree to the June 30, 2016 CAFR and must agree to Audit Summary Line 90030.

**** Amount for Other Restricted Fund Balances must be detailed for each source. Use in the excess surplus calculation of any legal reserve that is not state mandated or that is not legally imposed by 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.

BOARD OF EDUCATION
FREEHOLD BOROUGH SCHOOL DISTRICT
COUNTY OF MONMOUTH
FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

Detail of Other Restricted Fund Balance

Statutory restrictions:	
Approved unspent separate proposal	\$ _____
Sale/lease-back reserve	\$ _____
Capital reserve	\$ 1,242,714.99
Maintenance reserve	\$ 540,902.68
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 reserve	\$ _____
[Other Reserved Fund Balance not noted above]****	\$ _____
 Total Other Restricted Fund Balance	 \$ 1,783,617.67 (C4)


 _____ CPA, PSA #912
 GERARD STANKIEWICZ

Date: December 1, 2016

FREEHOLD BOROUGH SCHOOL DISTRICT
COUNTY OF MONMOUTH, NEW JERSEY

NET CASH RESOURCE SCHEDULE

Net Cash Resources Did 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.	\$ 306,459
B-4		Due from Other Gov'ts	61,604
B-4		Accounts Receivable	
B-4		Security Deposit	
CAFR		Current Liabilities	
B-4		Less Accounts Payable	21,021
B-4		Less Accruals	
B-4		Less Due to Other Funds	
B-4		Less Deferred Revenue	
		Net Cash Resources	<u>\$ 347,042</u> (A)
 <u>Net Adj. Total Operating Expense:</u>			
B-5		Total Operating Expense	985,409
B-5		Add Depreciation	<u>(2,466)</u>
		Adj. Total Operating Expense	<u>\$ 982,943</u> (B)
 <u>Average Monthly Operating Expense:</u>			
		B / 10	<u>\$ 98,294.30</u> (C)
 <u>Three Times Monthly Average:</u>			
		3 X C	<u>\$ 294,882.90</u> (D)

TOTAL IN BOX A	\$ 347,042
LESS TOTAL IN BOX D	<u>\$ 294,883</u>
NET	<u>\$ 52,159</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