

**AUDITORS MANAGEMENT REPORT
ON ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
SCHOOL DISTRICT OF
CITY OF HACKENSACK
COUNTY OF BERGEN, NEW JERSEY
JUNE 30, 2016**

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REPORT OF INDEPENDENT AUDITORS

Honorable President and
Members of the Board of Education
City of Hackensack School District
County of Bergen, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the City of Hackensack School District in the County of Bergen for the year ended June 30, 2016, and have issued our report thereon dated September 28, 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 City of Hackensack 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.

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September 28, 2016

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

GENERAL COMMENTS

Scope of Audit

The audit covered the financial transactions of the Interim Board Secretary/School Business Administrator, 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 of the District's CAFR.

Officials Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Louise Davis	Interim Board Secretary/School Business Administrator	\$480,000

Tuition Charges

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

Financial Planning, Accounting and Reporting

Examination of Claims

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 the Interim Board Secretary/School Business Administrator.

Financial Planning, Accounting and Reporting, (continued)

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.

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (superintendent, assistant superintendents, and business administrator) to the NJ Department of Treasury was filed by the March 15 due date.

Reporting of employee compensation for income tax related purposes did comply with federal and state regulations regarding the compensation which is required to be reported.

Employee Position Control Roster

The Position Control Roster was reviewed and compared to payroll records, employee benefit records and charges made to the general ledger to ensure proper and consistent financial reporting and that employee benefits are only offered to current employees.

Reserve for Encumbrances, Liability for Accounts Payable

Our overview of the financial and accounting records maintained by the Board Secretary disclosed the following items:

Finding 2016-001: There were instances in which amounts were improperly recorded as accounts payable as of June 30, 2016. Amounts should have been recorded as encumbrances.

Recommendation: Purchase orders should be reviewed for proper classification at June 30 as accounts payable or reserve for encumbrances based upon whether the goods have been received or the services rendered.

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, a transaction error rate of 0.24% overall was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Financial Planning, Accounting and Reporting, (continued)

Classification of Expenditures, (continued)

Finding 2016-002: Expenditures in the following categories were not charged to the appropriate line item account in accordance with the Uniform Minimum Chart of Accounts for New Jersey Public Schools: Required Maintenance.

Recommendation: The District should reference the Uniform Minimum Chart of Accounts for New Jersey Public Schools, 2016 Edition and other available reference materials, such as the Budget Guidelines for the proper classifications required to be in compliance with N.J.A.C. 6A:23-2.3(f).

Board Secretary's Records

Our review of the financial and accounting records maintained by the Board Secretary disclosed the following items:

Finding 2016-003: There were instances in which petty cash accounts were not closed out at year-end and unexpended cash was not deposited in the bank by June 30, 2016 in accordance with N.J.A.C. 6A:23A-16.8.

Recommendation: That all petty cash accounts are closed out at year-end and unexpended cash is deposited in the bank by June 30 in accordance with N.J.A.C. 6A:23A-16.8.

Fixed Assets

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

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 contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the projects under Title I, Title II and Title III of the Elementary and Secondary Education Act, as amended.

The study of compliance for E.S.E.A. indicated that there were no areas of noncompliance and/or questioned costs.

Other Special Federal and/or State Projects

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

Financial Planning, Accounting and Reporting, (continued)

Other Special Federal and/or State Projects, (continued)

Our audit of the federal and state funds on a test basis, indicated that obligation and expenditures were incurred during the fiscal year or project year 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 the Special Projects indicated that there were no areas of noncompliance.

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursements filed with the Department of Education for the 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 Reports 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 90 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

Nonpublic State Aid

Project completion reports were finalized and transmitted to the State Department of Education by the due date.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-2 contains definitions for terms used throughout N.J.S.A. 18A:18A-1 et seq. It includes as subsection (p) the term 'competitive contracting', which is defined as "the method described in N.J.S.A. 18A:18A-4.1 through 18A:18A-4.5 and in rules promulgated by DCA at N.J.A.C. 5:34-4 of contracting for specialized goods and services in which formal proposals are solicited from vendors; formal proposals are evaluated by the purchasing agent or counsel or school business administrator; and the board of education awards a contract to a vendor or vendors from among the formal proposals received." Also, subsection (aa) defines the term 'concession' to exclude vending machines.

School Purchasing Programs, (continued)

Contracts and Agreements Requiring Advertisement for Bids, (continued)

N.J.S.A. 18A:18A-3(a) sets forth the bid threshold and requires award by board resolution. There is a higher threshold when there is a "Qualified Purchasing Agent" (QPA) in the district as defined at N.J.A.C. 5:34-1.1 and certified upon approval of an application submitted to DCA. Pursuant to N.J.S.A. 18A:18A-3(b), the bid threshold may be adjusted by the Governor, in consultation with the Department of Treasury, every five years.

N.J.S.A. 18A:18A-4.4 provides boards of education the authority to pass a resolution authorizing the use of competitive contracting. "In order to initiate competitive contracting, the board of education shall pass a resolution authorizing the use of competitive contracting each time specialized goods or services enumerated in sections 45 of L. 1999, c.440 are desired to be contracted."

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 Agency) 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.

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 Solicitor's opinion should be sought before a commitment is made.

The results of our examination indicated that no individual payments, contracts or agreements were made for the performance of any work, 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 contract 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.

Cash receipts and bank records were reviewed for timely deposit.

The number of meals 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 claims were submitted/certified in a timely manner.

School Food Service, (continued)

Finding 2016-004: 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.

The District utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34 and 19-1 through 19-4.1. Provisions of the FSMC contract/addendum were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will return a profit of at least \$150,000. The operating results provision has been met.

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

Expenditures should be 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.

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.

U.S.D.A. Food Distribution Program commodities were received and a separate inventory was maintained on a first in first out basis. No exceptions were noted.

Finding 2016-005: The District has not provided the detailed revenue and expenditure information necessary in order to execute the USDA mandated Non-Program Food Revenue Tool at least annually.

Recommendation: That the District prepare the Non-Program Food Revenue Tool at least annually to meet the requirements in Section 206 of the Healthy, Hunger-Free Kids Act of 2010.

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

Student Body Activities

Cash receipts and disbursements were maintained in good order.

All cash receipts were promptly deposited in the bank and disbursements had the 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 without exception. The information included as part of the workpapers was verified without exception. The results of our procedures are presented in the Schedule of Audited Enrollment.

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

The District's written procedures appear to be adequate 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 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. 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.

Status of Prior Year Audit Findings/Recommendation

In accordance with Government Auditing Standards, our procedures included a review on all prior year recommendations including findings. Corrective action had been taken on all prior year findings, with the exception of the comments preceded with an "**".

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,

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SCHEDULE OF MEAL COUNT ACTIVITY

**BOROUGH OF HACKENSACK SCHOOL DISTRICT
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIMED - FEDERAL
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<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	111,688	111,688	111,993	305	0.310	\$ 95
National School Lunch (High Rate)	Reduced	37,241	37,241	37,241		2.690	
National School Lunch (High Rate)	Free	<u>375,597</u>	<u>375,597</u>	<u>376,181</u>	<u>584</u>	3.090	<u>1,805</u>
	Total	<u>524,526</u>	<u>524,526</u>	<u>525,415</u>	<u>889</u>		<u>1,899</u>
National School Lunch	HHFKA - PB Lunch Only	<u>524,526</u>	<u>524,526</u>	<u>525,415</u>	<u>889</u>	0.06	<u>53</u>
School Breakfast (Severe Needs Rate)	Paid	160,238	160,238	157,148	(3,090)	0.29	(896)
	Reduced	26,111	26,111	25,096	(1,015)	1.69	(1,715)
	Free	<u>263,471</u>	<u>263,471</u>	<u>255,321</u>	<u>(8,150)</u>	1.99	<u>(16,219)</u>
	Total	<u>449,820</u>	<u>449,820</u>	<u>437,565</u>	<u>(12,255)</u>		<u>(18,830)</u>
After School Snacks	Paid	<u>89,680</u>	<u>89,680</u>	<u>89,680</u>		0.84	
	Total	<u>89,680</u>	<u>89,680</u>	<u>89,680</u>			
Total (Over)/Under Claim							\$ <u>(16,878)</u>

SCHEDULE OF MEAL COUNT ACTIVITY

**BOROUGH OF HACKENSACK SCHOOL DISTRICT
 FOOD SERVICE FUND
 NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIMED - STATE
 ENTERPRISE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<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>
State Reimbursement - National School Lunch (High Rate)	Paid	111,688	111,688	111,993	305	0.040	\$ 12
State Reimbursement - National School Lunch (High Rate)	Reduced	37,241	37,241	37,241		0.055	
State Reimbursement - National School Lunch (High Rate)	Free	<u>375,597</u>	<u>375,597</u>	<u>376,181</u>	<u>584</u>	0.055	<u>32</u>
	Total	<u>524,526</u>	<u>524,526</u>	<u>525,415</u>	<u>889</u>		<u>44</u>
Total (Over)/Under Claim							\$ <u><u>44</u></u>

**BOROUGH OF HACKENSACK
BOARD OF EDUCATION**

Net cash resources did not exceed three months of expenditures
Proprietary Funds - Food Service
Year ended June 30, 2016

<u>Net Cash Resources:</u>		Food Service B - 4/5	
CAFR	*	Current Assets	
B-4		Cash & Cash Equiv.	\$ 579,949
B-4		Due from Other Gov'ts	150,778
B-4		Accounts Receivable	20,833
CAFR		Current Liabilities	
B-4		Less Accounts Payable	(153,833)
B-4		Less Due to Other Funds	(9,942)
B-4		Less Due to State	(20,207)
		Net Cash Resources	<u>\$ 567,578</u> (A)

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.	2,422,862	
B-5	Less Depreciation	<u>(27,028)</u>	
	Adj. Tot. Oper. Exp.	<u>\$ 2,395,834</u>	(B)

Average Monthly Operating Expense:

	B / 10	<u>\$ 239,583</u>	(C)
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Three times monthly Average:

	3 X C	<u>\$ 718,750</u>	(D)
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TOTAL IN BOX A	\$	<u>567,578.00</u>	
LESS TOTAL IN BOX D	\$	<u>718,750.20</u>	
NET	\$	<u>(151,172.20)</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.

SCHEDULE OF AUDITED ENROLLMENTS

**BOROUGH OF HACKENSACK
BOARD OF EDUCATION**

**Application for State School Aid Summary
Enrollment as of October 15, 2015**

Year ended June 30, 2016

Enrollment category	2015-2016 Application for State School Aid						Sample for Verification				Private Schools for Disabled					
	Reported on A.S.S.A. On Roll		Workpapers		Errors		Selected from Workpapers		Registers Verified per		Errors per Registers		Reported on A.S.S.A. as Private Schools		Sample for Disabled	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Half Day Preschool 4yrs	139		139				139									
Full Day Preschool 4 yrs	21		21				21									
Full Day Kindergarten	381		381				381									
One	422		422				422									
Two	404		404				404									
Three	369		369				369									
Four	303		303				303									
Five	273		273				273									
Six	273		273				273									
Seven	290		290				290									
Eight	306		306				306									
Ninth	432	6	432	6			432									
Tenth	382	4	382	4			382									
Eleventh	352		352				352									
Twelfth	393		393				393									
Subtotal	4,740	10	4,740	10			4,740									
Special Ed. Elementary	452		452				111							14		11
Special Ed. Middle School	196		196				20							9		6
Special Ed. High School	234		234				101							29		12
	5,622	10	5,622	10			4,972							52		29

Percentage

SCHEDULE OF AUDITED ENROLLMENTS

**BOROUGH OF HACKENSACK
BOARD OF EDUCATION**

Application for State School Aid Summary
Enrollment as of October 15, 2015

Year ended June 30, 2016

Enrollment category	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 workpapers	Verified to Application and Register	Errors	Reported on A.S.S.A as LEP Low Income	Reported on Workpapers LEP Low Income	Errors	Sample Workpapers	Verified to Test score and Register	Sample Errors
Full Day Kindergarten	250	250		17	17		47	47		11	11	
One	325	325		19	19		56	56		12	12	
Two	305	305		28	28		44	44		16	16	
Three	275	275		40	40		36	36		21	21	
Four	225	225		12	12		18	18		9	9	
Five	197	197		17	17		8	8		3	3	
Six	212	212		26	26		9	9		6	6	
Seven	209	209		20	20		14	14		10	10	
Eight	233	233		16	16		16	16		9	9	
Nine	229	229		34	34		23	23		17	17	
Ten	172	172		16	16		23	23		12	12	
Eleven	147	147		12	12		15	15		10	10	
Twelve	175	175		20	20		19	19		14	14	
Special Ed. Elementary	336	336		14	14		17	17		14	14	
Special Ed. Middle School	160	160		3	3		3	3		3	3	
Special Ed. High School	150	150		1	1		2	2		1	1	
	<u>3599</u>	<u>3599</u>		<u>295</u>	<u>295</u>		<u>350</u>	<u>350</u>		<u>168</u>	<u>168</u>	
Percentage	3599	3599		295	295		350	350		168	168	

Category	Transportation			Transportation		
	Reported on DRTRS by DOE/county	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools, col. 1	24	24		21	21	
Regular - Special Education, col. 4	73	73		55	55	
Transported Non Public	147	147		100	100	
Special needs, col. 6	255	255		133	133	
Totals	<u>499</u>	<u>499</u>		<u>309</u>	<u>309</u>	
Percentage						

Category	Reported	
	Reported	Recalculated
special regular	4	4
Avg. Mileage - Regular Excluding Grade PK		
Avg. Mileage - Regular Including Grade PK	4	4
Avg. Mileage - Special Ed with Special Needs	4	4

SCHEDULE OF AUDITED ENROLLMENTS

**BOROUGH OF HACKENSACK
BOARD OF EDUCATION**

**Application for State School Aid Summary
Enrollment as of October 15, 2015**

Year ended June 30, 2016

Enrollment category	Resident LEP NOT Low Income			Sample for Verification		
	Reported on A.S.S.A as NOT Low Income	Reported on Workpapers NOT Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Kindergarten	15	15		8	8	8
One	4	4		2	2	2
Two	5	5		2	2	2
Three	1	1		1	1	1
Four	1	1		1	1	1
Five	4	4		2	2	2
Six	4	4		4	4	4
Seven	3	3		2	2	2
Eight	6	6		4	4	4
Nine	7	7		7	7	7
Ten	3	3		2	2	2
Eleven	7	7		9	9	9
Twelve	5	5		5	5	5
Special Ed. Elementary	1	1		1	1	1
Special Ed. Middle School	1	1		1	1	1
Special Ed. High School	1	1		1	1	1
	<u>68</u>	<u>68</u>		<u>52</u>	<u>52</u>	<u>52</u>
	<u>68</u>	<u>68</u>		<u>52</u>	<u>52</u>	<u>52</u>

Percentage

HACKENSACK BOARD OF EDUCATION
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>107,378,618</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>388,929</u>	(B1c)
Transfer from General Fund to SRF for PreK-Inclusion	\$	<u> </u>	(B1d)
Decreased by:			
On-Behalf TPAF Pension & Social Security	\$	<u>10,994,683</u>	(B2a)
Assets Acquired Under Capital Leases	\$	<u> </u>	(B2b)
Adjusted 15-16 General Fund Expenditures [(B)+(B1's)-(B2's)]	\$	<u>96,772,864</u>	(B3)
2% of Adjusted 2015-16 General Fund Expenditures [(B3) times .02]	\$	<u>1,935,457</u>	(B4)
Enter Greater of (B4) or \$250,000	\$	<u>1,935,457</u>	(B5)
Increased by: Allowable Adjustment *	\$	<u>182,674</u>	(K)
Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]	\$	<u>2,118,131</u>	(M)

SECTION 2

Total General Fund - Fund Balances @ 6-30-16 (Per CAFR Budgetary Comparison Schedule C-1))	\$	<u>12,934,248</u>	(C)
Decreased by:			
Year-end Encumbrances	\$	<u>615,459</u>	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$	<u> </u>	(C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	\$	<u>1,452,235</u>	(C3)
Other Restricted Fund Balances****	\$	<u>6,723,102</u>	(C4)
Assigned Fund Balance - Unreserved -- Designated for Subsequent Year's Expenditures	\$	<u> </u>	(C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	\$	<u>4,143,452</u>	(U1)

SECTION 3

Restricted Fund Balance - Excess Surplus*** [(U1)-(M)] IF NEGATIVE ENTER -0- \$ 2,025,321 (E)

Recapitulation of Excess Surplus as of June 30, 2016

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ <u>1,452,235</u> (C3)
Reserved Excess Surplus ***[(E)]	\$ <u>2,025,321</u> (E)
Total [(C3) + (E)]	\$ <u>3,477,556</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 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, 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 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)
SEMI 2013-14 Cost Settlement	\$ <u>182,674</u>	(J4)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)]	\$ <u>182,674</u>	(K)

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

*** Amounts must agree to the June 30, 2016 CAFR and the sum of the two lines 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 prior to September 30.

Detail of Other Reserved Fund Balance

Statutory restrictions:	
Approved unspent separate proposal	\$ _____
Sale/Lease-back reserve	\$ _____

Capital Reserve	\$	<u>5,718,189</u>	
Maintenance Reserve	\$	<u>1,002,603</u>	
Emergency Reserve	\$	<u>2,310</u>	
Tuition Reserve	\$	<u> </u>	
School Bus Advertising 50% Fuel Offset Reserve - current year	\$	<u> </u>	
School Bus Advertising 50% Fuel Offset Reserve - prior year	\$	<u> </u>	
Impact Aid General Fund Reserve (Sections 8002 and 8003)	\$	<u> </u>	
Impact Aid Capital Fund Reserve (Sections 8007 and 8008)	\$	<u> </u>	
Other state/government mandated reserve	\$	<u> </u>	
 [Other Restricted Fund Balance not noted above]****	\$	<u> </u>	
 Total Other Restricted Fund Balance	\$	<u>6,723,102</u>	(C4)