

**AUDITORS MANAGEMENT REPORT
ON ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
SCHOOL DISTRICT OF THE
BOROUGH OF HALEDON
COUNTY OF PASSAIC, NEW JERSEY
JUNE 30, 2016**

SCHOOL DISTRICT OF THE BOROUGH OF HALEDON
COUNTY OF PASSAIC, NEW JERSEY

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- FINANCIAL, COMPLIANCE AND PERFORMANCE

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REPORT OF INDEPENDENT AUDITORS

Honorable President and
Members of the Board of Education
Borough of Haledon School District
County of Passaic, 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 Haledon School District in the County of Passaic 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 for the information of the Borough of Haledon 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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November 15, 2016

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

Scope of Audit

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

Administrative Practices and Procedures

Insurance

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

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
John A. Serapiglia, Jr.	Board Secretary/School Business Administrator	\$100,000.00

There is a Public Employees' Faithful Performance Blanket Position Bond with the Selective Insurance Company covering all other employees with multiple coverage of \$500,000.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under review did not reveal any material discrepancies with respect to signature, 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 Board Secretary/Business Administrator.

Finding 2016-01: The amounts transferred into the Payroll Account and the Payroll Agency Account were not always in agreement with the payroll reports.

Recommendation: That the amounts transferred into the Payroll Account and Payroll Agency Account be in agreement with the payroll reports.

Financial Planning, Accounting and Reporting, (continued)

Payroll Account, (continued)

All salary withholdings were not promptly remitted to the proper agencies.

Finding 2016-02: Salary withholdings were not remitted to the proper agency in a timely manner resulting in penalty and interest charges.

Recommendation: That all payroll withholdings be made in a timely manner to avoid penalty and interest charges.

Finding 2016-03: DCRP withholdings were not remitted to the proper agency.

Recommendation: That DCRP withholdings be remitted to the proper agency.

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.

Finding 2016-04: Reporting of employee compensation for income tax purposes did not comply with federal and state regulations regarding the compensation which is required to be reported. Errors in reporting of pension and corrections of payroll mistakes were not recorded properly.

Recommendation: That the correct amount of wages be reported.

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.

Finding 2016-05: In two instances, employees did not contribute towards dental benefits.

Recommendation: That payroll records and insurance bills be reviewed periodically to ensure all employees receiving health insurance be contributing towards said benefits.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, 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 propriety and to determine that goods were received and services were rendered, as of June 30.

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 specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.2. 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.

Board Secretary's Records

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

Finding 2016-06: The governmental fund bank account was not reconciled in a timely manner and contained numerous reconciling items.

Recommendation: That all bank accounts be reconciled in a timely manner and all reconciling items be reviewed and cleared of record.

Finding 2016-07: Political Disclosure Forms were not received from all vendors required to submit them.

Recommendation: That Political Disclosure Forms be received and on file for all vendors required to submit them.

Fixed Assets

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

Treasurer's Records

The District does not have a Treasurer's position.

Elementary and Secondary Education Act (E.S.E.A.)/Improving America's School 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 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 questionable costs.

Financial Planning, Accounting and Reporting, (continued)

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 the special projects indicated that there were no areas of noncompliance and/or questioned costs.

T.P.A.F. Reimbursement

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

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

The 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 (or charter school or renaissance school project) for those employees whose salaries are identified as being paid from federal funds was made prior to the end of 90 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed and was found to be incorrect. The State was notified and a revised form was mailed to the State. A refund of the overpayment was to be wired to the Board's account.

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.

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.

School Purchasing Programs, (continued)

Contracts and Agreements Requiring Advertisement for Bids, (continued)

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 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.

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 or supplies," in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A. 18A:18A-4, amended.

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

School Food Service Programs

The financial transactions and statistical records of the school food service fund were maintained in satisfactory condition. 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 school food service program was not selected as a major federal and/or State program. However, the program expenditures exceeded \$100,000 in federal and/or State support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether the SFA's expenditures of school food service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

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 \$75,000.00. The operating results provision has been met.

The number of meals claimed for reimbursement were compared to the 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 Programs, (continued)

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 and /or to the list of directly certified students 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 was completed and available for review. No exceptions were noted.

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.

The cash disbursements records reflected expenditures for program related goods and services. The District's food service management company 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.

***Finding 2016-08:** Net cash resources exceeded three months average expenditures.

Recommendation: That the Board should look to improve food quality or take actions designed to improve the nonprofit school food service.

U.S.D.A. commodities were received and a separate inventory was maintained on a first-in, first-out basis.

The School District maintains the detailed revenue and expenditure information necessary in order to execute the U.S.D.A. mandated Non-Program Food Revenue Tool at least annually.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Section G of the Comprehensive Annual Financial Report.

Student Body Activities

During our review of the student activity funds, the following items were noted.

Cash receipt were maintained in good order.

Finding 2016-09: In two instances, student activity vouchers were missing the principal's signature authorizing the purchase.

Recommendation: That all student activity vouchers contain the principal's signature authorizing the purchase.

All cash receipts were promptly deposited in the bank and the disbursements contained 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, and low-income. 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. 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 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 with no 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.

Facilities and Capital Assets

Our procedures included a review SCC Grant Agreement for consistency with recording SCC revenue, transfer of local funds from the General Fund or from Capital Reserve Account, and awarding of contracts for eligible facilities construction.

Follow-up on Prior Year Findings

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

James Cerullo

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Public School Accountant
No. 881

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SCHEDULE OF MEAL COUNT ACTIVITY

BOROUGH OF HALEDON SCHOOL DISTRICT
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM - 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	32,486	32,486	32,486	0	0.31	0.00
	Reduced	13,229	13,229	13,229	0	2.690	0.00
	Free	<u>93,169</u>	<u>93,169</u>	<u>93,169</u>	<u>0</u>	3.090	<u>0.00</u>
	Total	<u>138,884</u>	<u>138,884</u>	<u>138,884</u>	<u>0</u>		<u>0.00</u>
	HHFKA	<u>138,884</u>	<u>138,884</u>	<u>138,884</u>	<u>0</u>	0.06	<u>0.00</u>
School Breakfast (Severe Need Rate)	Paid	5,161	5,161	5,161	0	0.29	0.00
	Reduced	2,526	2,526	2,526	0	1.69	0.00
	Free	<u>23,697</u>	<u>23,697</u>	<u>23,697</u>	<u>0</u>	1.99	<u>0.00</u>
	Total	<u>31,384</u>	<u>31,384</u>	<u>31,384</u>	<u>0</u>		<u>0.00</u>
TOTAL NET UNDERCLAIM / (OVERCLAIM)							<u><u>0.00</u></u>

SCHEDULE OF MEAL COUNT ACTIVITY

BOROUGH OF HALEDON SCHOOL DISTRICT
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM - 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	Paid	32,486	32,486	32,486	0	0.04	0.00
(Regular Rate)	Reduced	13,229	13,229	13,229	0	0.055	0.00
	Free	<u>90,447</u>	<u>90,447</u>	<u>90,447</u>	<u>0</u>	0.055	<u>0.00</u>
	Total	<u>136,162</u>	<u>136,162</u>	<u>136,162</u>	<u>0</u>		<u>0.00</u>
TOTAL NET UNDERCLAIM / (OVERCLAIM)							<u><u>0.00</u></u>

NET CASH RESOURCE SCHEDULE

HALEDON BOARD OF EDUCATION

Net cash resources did/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.	\$ 351,625.56
B-4		Due from Other Gov'ts	29,410.25
B-4		Due from Other Funds	6,427.24
CAFR		Current Liabilities	
B-4		Less Accounts Payable	(32,348.12)
B-4		Less Due to Other Funds	<u>(80,844.57)</u>
		Net Cash Resources	<u><u>\$ 274,270.36</u></u> (A)

Net Adj. Total Operating Expense:

B-5		Tot. Operating Exp.	539,668.85	
B-5		Less Depreciation	<u>(13,875.48)</u>	
		Adj. Tot. Oper. Exp.	<u><u>\$ 525,793.37</u></u>	(B)

Average Monthly Operating Expense:

B / 10 **\$ 52,579.34 (C)**

Three times monthly Average:

3 X C **\$ 157,738.01 (D)**

TOTAL IN BOX A	\$	274,270.36			
LESS TOTAL IN BOX D	\$	<u>(157,738.01)</u>			
NET	\$	<u><u>116,532.35</u></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

BOROUGH OF HALEDON SCHOOL DISTRICT
Application for State School Aid Summary
Enrollment as of October 15, 2015

<u>Enrollment Category</u>	<u>2016 - 2017 Application for State School Aid</u>			<u>Sample for Verification</u>			<u>Private School for Disabled</u>			
	<u>Reported on ASSA on Roll</u>	<u>Reported on Workpapers on Roll</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified per Registers on Roll</u>	<u>Errors</u>	<u>Reported on ASSA as Private School</u>	<u>Sample for Verification</u>	<u>Sample Verified</u>	<u>Errors</u>
Full Day Preschool	33	33	0	33	33	0				
Full Day Kindergarten	105	105	0	105	105	0				
One	101	101	0	101	101	0				
Two	94	94	0	94	94	0				
Three	76	76	0	76	76	0				
Four	88	88	0	88	88	0				
Five	95	95	0	95	95	0				
Six	96	96	0	96	96	0				
Seven	106	106	0	106	106	0				
Eight	97	97	0	97	97	0				
Subtotal	891	891	0	891	891	0				
Special Ed. Elementary	86	86	0	21	21	0				0
Special Ed. Middle School	62	62	0	15	15	0	5	4	4	0
Subtotal	148	148	0	36	36	0	5	4	4	0
Totals	1039	1039	0	927	927	0	5	4	4	0
Percentage Error			0.00%			0.00%				0.00%

SCHEDULE OF AUDITED ENROLLMENTS (cont.)

BOROUGH OF HALEDON SCHOOL DISTRICT
Application for State School Aid Summary
Enrollment as of October 15, 2015

<u>Enrollment Category</u>	<u>Residential Low Income</u>			<u>Sample for Verification</u>			<u>Residential LEP Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on ASOA 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>Errors</u>	<u>Reported on ASOA 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>Errors</u>
Full Day Kindergarten	80	80	0	24	24	0	21	21	0	18	18	0
One	75	75	0	20	20	0	12	12	0	10	10	0
Two	51	51	0	21	21	0	7	7	0	6	6	0
Three	59	59	0	21	21	0	4	4	0	3	3	0
Four	65	65	0	18	18	0	2	2	0	2	2	0
Five	62	62	0	24	24	0	1	1	0	1	1	0
Six	73	73	0	25	25	0	3	3	0	3	3	0
Seven	72	72	0	22	22	0	4	4	0	3	3	0
Eight	62	62	0	21	21	0	5	5	0	4	4	0
Subtotal	599	599	0	196	196	0	59	59	0	50	50	0
Special Ed. Elementary	67	67	0	19	19	0	0	0	0	0	0	0
Special Ed. Middle School	46	46	0	17	17	0	0	0	0	0	0	0
Subtotal	113	113	0	36	36	0	0	0	0	0	0	0
Totals	712	712	0	232	232	0	59	59	0	50	50	0
Percentage Error			0.00%			0.00%			0.00%			0.00%

SCHEDULE OF AUDITED ENROLLMENTS (cont.)

BOROUGH OF HALEDON SCHOOL DISTRICT
Application for State School Aid Summary
Enrollment as of October 15, 2015

<u>Enrollment Category</u>	<u>Residential LEP NOT Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on ASSA 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>Errors</u>
Full Day Kindergarten	4	4	0	4	4	0
One	3	3	0	3	3	0
Two	1	1	0	1	1	0
Three	0	0	0	0	0	0
Four	1	1	0	1	1	0
Five	1	1	0	1	1	0
Six	0	0	0	0	0	0
Seven	1	1	0	1	1	0
Eight	1	1	0	1	1	0
Subtotal	12	12	0	12	12	0
Special Ed. Elementary	0	0	0	0	0	0
Special Ed. Middle School	0	0	0	0	0	0
Subtotal	0	0	0	0	0	0
Totals	12	12	0	12	12	0
Percentage Error			0.00%			0.00%

SCHEDULE OF AUDITED ENROLLMENTS (cont.)

BOROUGH OF HALEDON SCHOOL DISTRICT
Application for State School Aid Summary
Enrollment as of October 15, 2015

	Transportation					
	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools, col. 1	4	4	0	3	3	0
Regular Special Ed, col. 4	13	13	0	11	11	0
Transported - Non-Public, col. 3	46	46	0	35	35	0
Special Ed. Special, col. 6	6	6	0	4	4	0
Totals	69	69	0	53	53	0
Percentage Error			0.00%			0.00%

	Reported	Re- Calculated
Reg. Avg.(Mileage) = Regular Including Grade PK Students (Part A)	4.5	4.5
Spec. Avg. = Special Ed with Special Needs	6.4	6.4

BOROUGH OF HALEDON SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

REGULAR DISTRICT

SECTION 1

A. 2% Calculation of Excess Surplus

2015-16 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ <u>15,447,826.40</u>	(B)
Increased by:		
Transfer from Capital Outlay to Capital Projects Fund	\$ <u>157,260.00</u>	(B1a)
Transfer from Capital Reserve 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>1,733,971.59</u>	(B2a)
Assets Acquired Under Capital Leases	\$ _____	(B2b)
Adjusted 15-16 General Fund Expenditures [(B)+(B1s)-(B2s)]	\$ <u>13,871,114.81</u>	(B3)
2% of Adjusted 2015-16 General Fund Expenditures [(B3) times .02]	\$ <u>277,422.30</u>	(B4)
Enter Greater of (B4) or \$250,000	\$ <u>277,422.30</u>	(B5)
Increased by: Allowable Adjustment*	\$ <u>53,884.00</u>	(K)
Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]		\$ <u>331,306.30</u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6-30-16 (Per CAFR Budgetary Comparison Schedule C-1)	\$ <u>3,053,781.00</u>	(C)
Decreased by:		
Year End Encumbrances Encumbrances	\$ <u>35,060.02</u>	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ _____	(C2)
Legally Restricted Excess Surplus - Designated for Designated for Subsequent Year's Expenditures**	\$ <u>99,999.35</u>	(C3)
Other Restricted Fund Balances****	\$ <u>2,395,468.40</u>	(C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	\$ <u>205,453.65</u>	(C5)
Total Unreserved/Undesignated Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]		\$ <u>317,799.58</u> (U1)

SECTION 3

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

Recapitulation of Excess Surplus as of June 30, 2016

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ <u>99,999.35</u> (C3)
Reserved Excess Surplus***[(E)]	\$ _____ (E)
Total [(C3)+(E)]	\$ <u>99,999.35</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:7-F-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), Extraordinary Aid;
 - (J1) Extraordinary Aid;
 - (J1) Additional Nonpublic School Transportation Aid
 - (J3) Current Year School Bus Advertising Revenue Recognized
 - (J4) Family Crisis Transportation Aid.
- Refer to the Audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid and Additional Nonpublic School Transportation Aid.

Detail of Allowable Adjustments

Impact Aid	\$ _____ (H)
Sale & Lease-back	\$ _____ (I)
Extraordinary Aid	\$ <u>44,982.00</u> (J1)
Additional Nonpublic School Transportation Aid	\$ <u>8,902.00</u> (J2)
Current Year School Bus Advertising Revenue Recognized	_____ (J3)
Family Crisis Transportation Aid	\$ _____ (J4)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)]	\$ <u>53,884.00</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, 2016 CAFR and the sum of the two lines must agree to Audit Summary Worksheet Line 90030.
- **** Amount of Other Reserved Fund Balance 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 another 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 Restricted Fund Balance

Statutory restrictions:

Approved unspent separate proposal	\$ _____
Sale/lease-back reserve	\$ _____
Capital reserve	\$ 1,804,931.45
Maintenance reserve	\$ 340,536.95
Emergency reserve	\$ 250,000.00
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 Restricted Fund Balance not noted above]****	\$ _____
Total Other Restricted Fund Balance	\$ 2,395,468.40 (C4)