

**BOARD OF EDUCATION**  
**KINGWOOD TOWNSHIP**  
**AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE**  
**FINDINGS, FINANCIAL, COMPLIANCE AND PERFORMANCE**  
**For the Year Ended June 30, 2016**

# KINGWOOD TOWNSHIP SCHOOL DISTRICT

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Federal Identification Number 22-6002564	



Bedard, Kurowicki & Co.  
Certified Public Accountants, PC  
[www.bkc-cpa.com](http://www.bkc-cpa.com)

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October 18, 2016

Honorable President and Members  
of the Board of Education  
Kingwood Township  
County of Hunterdon, 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 Kingwood Township School District in the County of Hunterdon for the year ended June 30, 2016, and have issued our report thereon dated October 18, 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 Kingwood Township 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.

Sincerely,  
**BEDARD, KUROWICKI & CO., CPA'S, PC**

A handwritten signature in black ink that reads "William Colantano".

William M. Colantano, Jr.  
Public School Accountant  
No. CS 0128

**KINGWOOD TOWNSHIP SCHOOL DISTRICT**  
**June 30, 2016**

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and 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.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

NJSA 18A:18A-3 States:

- “A. Any purchase, contract or agreement for the performance of any work or the furnishing or hiring of materials or supplies, the cost or price of which, together with any other sums expended or foreseeably to be expended for the performance of any work or services in connection with the same project or the furnishing of similar materials or supplies during the same fiscal year paid with or out of school funds, does not exceed the total sum of \$7,500 or the amount determined pursuant to subsection B. of this section, in the fiscal year or, in the case of purchases that are not annually recurring, in a period of one year may be made, negotiated and awarded by a contracting agent when so authorized by resolution of the board of education without public advertising for bids and bidding therefore.”
- “B. Commencing January 1, 1983 and every two years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount set forth in subsection A. of this section in direct proportion to the rise or fall of the consumer price index for all urban consumers in the New York City and the Philadelphia area as reported by the United States Department of Labor. The Governor shall notify all Local school districts of the adjustment. The adjustment shall become effective on July 1, of the year in which it is reported.”

NJSA 18A:18A:-4 States:

“Every contract or agreement for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of school funds, not included within the terms of NJSA 18A:18A-3, shall be made and awarded only by the board of education after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the amount set forth in, or calculated by the Governor pursuant to NJSA 18A:18A-3 except by contract or agreement.”

Effective April 17, 2000, NJSA 18A:18A (Public School Contracts Law) was revised by PL 1999 Ch. 440. The associated rules were drafted by the Department of Local Government Services of the State of New Jersey, with consultation from the Commissioner of Education of New Jersey.

Effective July 1, 2015 and thereafter, the bid thresholds in accordance with NJSA 18A:18A-3 (as amended) and 18A:39-3 is \$29,000 and \$18,800, respectively.

**KINGWOOD TOWNSHIP SCHOOL DISTRICT**  
**June 30, 2016**

School Purchasing Programs (continued)

Contracts and Agreements Requiring Advertisement for Bids (continued)

In accordance with 18A:18A-3a and NJAC 5:34-5 et seq. the Board of Education has appointed a "Qualified Purchasing Agent" which allows the Board of Education to increase the bid threshold and to grant the authorization to negotiate contracts below the bid threshold.

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.

Our examination of the minutes indicated that contracts were awarded for the following:

Technology services  
Toilet room renovations  
Snow plowing  
Architect plans & specs for bathroom project  
Lawn Maintenance  
Gymnasium Bleachers  
Health Care Insurance  
Food Services Management

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. Expenditures 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 or supplies," in excess of the statutory threshold where there had been no advertising for bids in accordance with the provision of NJSA 18A:18A-4.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per NJSA 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 Chapter 114, PL 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:

Playground additions	Teaching supplies
Office supplies	Technology Equipment & Supplies

**KINGWOOD TOWNSHIP SCHOOL DISTRICT**  
**June 30, 2016**

School Purchasing Programs (continued)

Contracts and Agreements Requiring Advertisement for Bids (continued)

Purchases were also made through cooperative agreements for the following:

Fuel oil	Paper supplies
Electric generation	Transportation
Internet access	Technology services
Telephone service	Maintenance supplies
Technology equipment & supplies	Water softener
Teaching supplies	Cabinets
Insurance	

Administrative Practices and Procedures

Insurance

Fire and other insurance coverage evidenced by policies were carried in the amounts as reflected in the Insurance Schedule included in the District's Comprehensive Annual Financial Report.

Adequacy of insurance coverage is the responsibility of the Board of Education.

Official Bonds (NJSA 18A:17-26,18A 17-32)

Surety bond coverage in force during the period was:

<u>Name of Employee</u>	<u>Position</u>	<u>Amount</u>
Roberta Beriont	Secretary/Business Administrator	\$ 250,000
Raymond Krov	Interim Business Administrator	250,000
Michele McCann	Secretary/Business Administrator	250,000
Diane Laudenschach	Treasurer of School Monies	250,000
Employees Blanket Bond		50,000

The Treasurer of school money was bonded in a surety bond in accordance with provisions of Title 18A:17-32 within minimum limits of the schedule promulgated by the New Jersey State Board of Education.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under review indicated nominal discrepancies with respect to signatures, certification or supporting documentation.

Special Federal and/or State Projects

Special Federal and State Projects of the District are reflected on Schedules K-3 and K-4 included in the Comprehensive Annual Financial Report.

**KINGWOOD TOWNSHIP SCHOOL DISTRICT**  
**June 30, 2016**

Financial Planning, Accounting and Reporting (continued)

Our examination of the special projects, 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 contained within the CAFR represent a true statement of the financial position pertaining to the aforementioned special projects.

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.

Salary withholdings were promptly remitted to the proper agencies.

Payrolls were approved by the Chief School Administrator and certified by the President of the Board and Board Secretary/School Business Administrator.

Reserve for Encumbrances, Liability (Current) for 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.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with NJAC 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 NJAC 6A:23A-8.2. As a result of the procedures performed, a nominal transaction error rate was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Accounting Records

The records of the Board Secretary were maintained in good order.

Treasurer's Records

The records of the Treasurer were maintained in good order.

Unemployment Compensation Insurance Trust Fund

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

**KINGWOOD TOWNSHIP SCHOOL DISTRICT**  
**June 30, 2016**

TPAF (Social Security) 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 Teacher's Pension and Annuity Fund. No exceptions were noted.

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 District utilizes a Food Service Management Company (FSMC) and is depositing and expending program moneys in accordance with NJSA 18A:17-34, and 19-1 through 19-4.1. Provisions of the FSMC contract/addendum were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will break even. The operating results provision has been met.

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

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service. Net cash resources exceeded three months average expenditures.

The number of meals claimed for reimbursement was compared to sales and meal count records. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement claims were submitted and certified in a timely manner.

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

Food Distribution Program commodities were received and a single inventory was maintained on a first-in, first-out basis. No exceptions were noted.

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



**KINGWOOD TOWNSHIP SCHOOL DISTRICT**  
**June 30, 2016**

School Food Service (continued)

Schedule of Meal Count Activity

<u>Program</u>	<u>Meal Category</u>	<u>Meals Claimed</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>Over/ Under Claim</u>
National School						
Lunch	Paid	21,209	21,209	0	\$ 0.33	\$ 0
	Reduced	1,016	1,016	0	2.725	0
	Free	3,315	3,315	0	3.125	0
HHFKA Aid		25,540	25,540	0	0.06	0

Application for State School Aid

Our audit procedures included a test of the information reported in the October 15, 2015 Application for State School Aid (ASSA) Data Listing for on-roll, private schools for the handicapped, and transportation. We also performed a review of the district procedures related to its completion. The information on the data listing was compared to the district work papers without exception as noted in the audit. The results of our procedures are presented in the Schedule of Audited Enrollments.

The District maintained work papers 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 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.

Schedule of Findings of Noncompliance

There were no findings of noncompliance as a result of this audit.

TPAF Reimbursement to the State for Federal Salary Expenditures

No reimbursement is due to the State to reimburse for the TPAF/FICA payments made by the State on-behalf of the District. The District had no employees with applicable salaries identified as being paid from federal funds.

**KINGWOOD TOWNSHIP SCHOOL DISTRICT**  
**Net Cash Resource Schedule**

Net cash resources did exceed three months of expenditures  
Proprietary Funds - Food Service  
For the Fiscal Year Ending June 30, 2016

<u>Net Cash Resources</u>		<u>Food Services Fund</u>	
CAFR Schedule	Current assets		
B-4	Cash & cash equivalents	\$ 40,201	
B-4	Accounts receivable	1,163	
	Current liabilities		
B-4	Less: accounts payable	-	
B-4	Less: deferred revenue	(1,548)	
	Net cash resources	<u>\$ 39,816</u>	(A)

Net cash resources **did**/did not exceed three months of expenditures

Net Adjusted Total Operating Expenses

B-5	Total operating expenses	\$ 106,740	
B-5	Less: depreciation	(5,215)	
	Net adjusted total operating expenses	<u>\$ 101,524</u>	(B)

Average Monthly Operating Expense

(B) / 10	<u>\$ 10,152</u>	(C)
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Three Months of Average Monthly Operating Expense

(C) X 3	<u>\$ 30,458</u>	(D)
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Net cash resources	\$ 39,816	(A)
Three months of average monthly operating expense	<u>30,458</u>	(D)
Excess cash resources	<u>\$ 9,358</u>	

From above:

A is greater than D, cash exceeds three months of average monthly operating expenses.

D is greater than A, cash does not exceed three months of average monthly operating expenses.

Net cash resources **did**/did not exceed three months of expenditures

**KINGWOOD TOWNSHIP SCHOOL DISTRICT**  
**Application for State School Aid Summary**  
**Schedule of Audited Enrollments - Enrollment as of October 15, 2015**

	2016 - 2017 Application for State School Aid						Sample for Verification						Private Schools for Disabled			
	Reported on ASSA On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Registers On Roll		Errors per Registers On Roll		Reported on ASSA as Private Schools	Sample for Verifi- cation	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Half Day Preschool Age 3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool Age 3	6	-	6	-	-	-	5	-	5	-	-	-	-	-	-	-
Half Day Preschool Age 4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool Age 4	4	-	4	-	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	33	-	33	-	-	-	18	-	18	-	-	-	-	-	-	-
One	23	-	23	-	-	-	13	-	13	-	-	-	-	-	-	-
Two	29	-	29	-	-	-	17	-	17	-	-	-	-	-	-	-
Three	30	-	30	-	-	-	19	-	19	-	-	-	-	-	-	-
Four	25	-	25	-	-	-	17	-	17	-	-	-	-	-	-	-
Five	32	-	32	-	-	-	18	-	18	-	-	-	-	-	-	-
Six	31	-	31	-	-	-	18	-	18	-	-	-	-	-	-	-
Seven	39	-	39	-	-	-	22	-	22	-	-	-	-	-	-	-
Eight	42	-	42	-	-	-	24	-	24	-	-	-	-	-	-	-
Nine	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ten	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Eleven	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Twelve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Post-Graduate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult HS (15+CR)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult HS (1-14CR)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	<u>294</u>	<u>-</u>	<u>294</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>171</u>	<u>-</u>	<u>171</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Special Education - Elementary	25	-	25	-	-	-	9	-	9	-	-	-	1	1	1	-
Special Education - Middle	14	-	14	-	-	-	8	-	8	-	-	-	1	1	1	-
Special Education - High School	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	<u>39</u>	<u>-</u>	<u>39</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17</u>	<u>-</u>	<u>17</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>-</u>
County Vocational - Regular	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
County Vocational - Full-Time Post Sec.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	<u>333</u>	<u>-</u>	<u>333</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>188</u>	<u>-</u>	<u>188</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>-</u>
Percentage error					<u>0.00%</u>	<u>0.00%</u>						<u>0.00%</u>	<u>0.00%</u>			<u>0.00%</u>

**KINGWOOD TOWNSHIP SCHOOL DISTRICT**  
**Application for State School Aid Summary**  
**Schedule of Audited Enrollments - Enrollment as of October 15, 2015 (Continued)**

	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on ASSA as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application & Register	Sample Errors	Reported on ASSA as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Test Score & Register	Sample Errors
Half Day Preschool Age 3	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool Age 3	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Preschool Age 4	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool Age 4	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	4	4	-	4	4	-	-	-	-	-	-	-
One	5	5	-	5	5	-	-	-	-	-	-	-
Two	2	2	-	1	1	-	-	-	-	-	-	-
Three	1	1	-	1	1	-	-	-	-	-	-	-
Four	2	2	-	2	2	-	-	-	-	-	-	-
Five	1	1	-	2	2	-	-	-	-	-	-	-
Six	3	3	-	3	3	-	-	-	-	-	-	-
Seven	3	3	-	3	3	-	-	-	-	-	-	-
Eight	2	2	-	2	2	-	-	-	-	-	-	-
Nine	-	-	-	-	-	-	-	-	-	-	-	-
Ten	-	-	-	-	-	-	-	-	-	-	-	-
Eleven	-	-	-	-	-	-	-	-	-	-	-	-
Twelve	-	-	-	-	-	-	-	-	-	-	-	-
Post-Graduate	-	-	-	-	-	-	-	-	-	-	-	-
Adult HS (15+CR)	-	-	-	-	-	-	-	-	-	-	-	-
Adult HS (1-14CR)	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	<u>23</u>	<u>23</u>	<u>-</u>	<u>23</u>	<u>23</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Special Education - Elementary	5	5	-	5	5	-	-	-	-	-	-	-
Special Education - Middle	-	-	-	-	-	-	-	-	-	-	-	-
Special Education - High School	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	<u>5</u>	<u>5</u>	<u>-</u>	<u>5</u>	<u>5</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
County Vocational-Regular	-	-	-	-	-	-	-	-	-	-	-	-
Cty Vocational - F/T Post Sec.	-	-	-	-	-	-	-	-	-	-	-	-
Totals	<u>28</u>	<u>28</u>	<u>-</u>	<u>28</u>	<u>28</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Percentage			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>

**KINGWOOD TOWNSHIP SCHOOL DISTRICT**  
**Application for State School Aid Summary**  
**Schedule of Audited Enrollments - Enrollment as of October 15, 2015 (Continued)**

Resident LEP Not Low Income			Sample for Verification		
Reported on ASSA as Not Low Income	Reported on Workpapers as Not Low Income	Errors	Sample Selected from Workpapers	Verified to Application & Register	Sample Errors
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-

Percentage

0.00%

0.00%

**Transportation**

	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Sample Errors
Regular - Public Schools	204	204	-	101	101	-
Regular - Special Education	42	42	-	21	21	-
AIL - Non Public	8	8	-	4	4	-
Public School with Special Needs	11	11	-	5	5	-
Non-Public School Students	1	1	-	1	1	-
Private School Disabled - without Special Needs	-	-	-	-	-	-
	1	1	-	1	1	-
	<u>267</u>	<u>267</u>	<u>-</u>	<u>133</u>	<u>133</u>	<u>-</u>

Percentage

0.00%

0.00%

**KINGWOOD TOWNSHIP SCHOOL DISTRICT**  
**Excess Surplus Calculation**

**SECTION 1**

2% Calculation of Excess Surplus

2015 - 2016 Total General Fund Expenditures Per the CAFR, Exhibit C-1	\$ 7,033,573 (B)	
Increased by		
Transfer from Capital Outlay to Capital Projects Fund	-	(B1b)
Transfer from Capital Reserve to Capital Projects Fund	234,796	(B1c)
Decreased by		
On-Behalf TPAF Pension & Social Security	693,474	(B2a)
Assets Acquired Under Capital Leases	<u>-</u>	(B2b)
Adjusted 2015 - 2016 General Fund Expenditures [(B)+(B1s)-(B2s)]	<u>\$ 6,574,895</u>	(B3)
2% of Adjusted 2015 - 2016 General Fund Expenditures [(B3) Times .02]	\$ 131,498	(B4)
Enter Greater of (B4) or \$250,000	250,000	(B5)
Increased by: Allowable Adjustment	<u>74,242</u>	(K)
Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]		<u>\$ 324,242 (M)</u>

**SECTION 2**

Total General Fund-Fund Balances @ 06/30/2016 (Per CAFR Budgetary Comparison Schedule C-1)	\$ 2,012,531 (C)	
Decreased by		
Year-end Encumbrances	212,013	(C1)
Legally Restricted-Designated for Subsequent Year's Expenditures	-	(C2)
Legally Restricted-Excess Surplus-Designated for Subsequent Year's Expenditures	113,700	(C3)
Other Restricted Fund Balances	1,250,095	(C4)
Assigned Fund Balance - Designated for Subsequent Year's Expenditures	<u>2</u>	(C5)
Total Unreserved/Undesignated Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]		<u>\$ 436,721 (U)</u>

**KINGWOOD TOWNSHIP SCHOOL DISTRICT**  
**Excess Surplus Calculation (continued)**

**SECTION 3**

Restricted Fund Balance-Excess Surplus [(U)-(M)] if Negative Enter -0- \$ 112,479 (E)

Recapitulation of Excess Surplus as of June 30, 2016

Restricted Excess Surplus-Designated for Subsequent Year's Expenditures \$ 113,700 (C3)  
 Restricted Excess Surplus 112,479 (E)

Total [(C3) + (E)] \$ 226,179 (D)

Detail of Allowable Adjustments

Impact Aid	\$	-	(H)
Sale and Lease Back		-	(I)
Extraordinary Aid		72,676	(J1)
Additional Nonpublic Transportation Aid		<u>1,566</u>	(J2)

Total Adjustments \$ 74,242 (K)

Detail of Other Restricted Fund Balance

Approved Unspent Separate Proposal	\$	-	
Unspent Capital Outlay SGLA		-	
Sale/Lease-Back Reserve		-	
Capital Reserve		908,423	
Maintenance Reserve		190,000	
Emergency Reserve		151,672	
Other Reserves		-	
Other State/Government Mandated Reserve		<u>-</u>	

Total Other Restricted Fund Balance \$ 1,250,095 (C4)

*Bedard, Kurowicki & Co.*

**BEDARD, KUROWICKI & CO., CPA'S, PC**

**William M. Colantano, Jr., CPA, RMA**

**KINGWOOD TOWNSHIP SCHOOL DISTRICT**  
**June 30, 2016**

Suggestions

To preserve its status as a “non-profit school food service” procedures are to be implemented to guarantee that net cash resources do not exceed three months of average monthly operating expenditures.

Recommendations

No recommendations were developed as a result of this audit.

Status of Prior Year's Audit Findings/Recommendations

There were no prior year audit recommendations.

\* \* \* \* \*

The foregoing conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our examination of the financial statements, and this report of such conditions does not modify our report dated October 18, 2016.

Should any questions arise as to our comments, please do not hesitate to call us.

We desire to express our appreciation for the assistance and courtesies rendered by the school officials and employees during the course of the examination.

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William M. Colantano, Jr.  
Public School Accountant  
No. CS 0128