

LINCOLN PARK BOROUGH SCHOOL DISTRICT
COUNTY OF MORRIS
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016

LINCOLN PARK BOROUGH SCHOOL DISTRICT
COUNTY OF MORRIS
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE
FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016
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November 17, 2016

The Honorable President and Members
of the Board of Education
Lincoln Park Borough School District
County of Morris, NJ

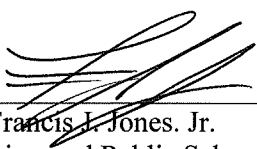
We have audited, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Lincoln Park Borough School District in the County of Morris for the fiscal year ended June 30, 2016, and have issued our report thereon dated November 17, 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 letter does not affect our report dated November 17, 2016, on the financial statements of the Board.

We will review the status of the comments and suggestions if any, during our next audit engagement. We have already discussed these comments, recommendations and suggestions if any, with various management personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended for the information of the Lincoln Park Borough School District's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.


NISIVOCCIA LLP



Francis J. Jones, Jr.
Licensed Public School Accountant #01154
Certified Public Accountant

LINCOLN PARK BOROUGH SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Moneys, 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

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

Officials in Office and Surety Bonds

<u>Name</u>	<u>Position</u>	<u>Coverage</u>
Adrian Pollio	Business Administrator/Board Secretary	\$ 220,000
Kerry Geisler	Treasurer of School Monies	210,000

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were different than estimated costs. The Board made a proper adjustment to the billings to sending districts for the change in per pupil costs in accordance with N.J.A.C. 6A:23A-3.1(f)3.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid on a test basis, during the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

Payroll Account

The net salaries of 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.

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

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

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (superintendent, assistant superintendent, and business administrator) to the NJ Department of Treasury was filed in a timely manner.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Payroll Account (Cont'd)

Finding:

- 1) During our review of the Net Payroll account, it was noted that there were several checks outstanding over a year.

Recommendation:

- 1) It is recommended that the District cancel and reissue Net Payroll checks outstanding over a year.

Management's Response:

- 1) The District will cancel and reissue Net Payroll checks outstanding over a year.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made on a test basis as of June 30, for proper classification of orders as reserve for encumbrances and accounts payable.

Finding:

- 1) During our review of encumbrances and accounts payables, it was noted that there were encumbrances misclassified as accounts payables.

Recommendation:

- 1) It is recommended that the District classify accounts payables and encumbrances properly.

Management's Response:

- 1) The District will use greater care when classifying accounts payables and encumbrances.

Classification of Expenditures General and Administration

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-8.2. As a result of the procedures performed, a transaction error rate of 0% was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Board Secretary's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Board Secretary's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments except as noted below.

Findings:

- 1) During our review of the Board Secretary's Report, it was noted that budget appropriations were increased, offset by a tuition receivable from prior year. This increase to the budget was not approved by the Board. The disallowance of the increase to the budget created overexpenditures on certain line items.
- 2) During our review of the TPAF Reimbursement to the State, it was noted that there was not enough appropriations remaining in the NCLB grant to charge the TPAF reimbursement to the grant. Reclassifications were to adjust expenditures from the NCLB grant to the General Fund which caused certain line item overexpenditures in the General Fund.
- 3) During our review of the Special Revenue Fund, it was noted that the prior year IDEA grant was over-expended. Reclassifications were made to move expenditures from the IDEA grant to the General Fund which caused line item overexpenditures in the General Fund.

Recommendations:

- 1) It is recommended that any increase to the budget have Board approval and be noted in the minutes of the District.
- 2) It is recommended that the District reclassify expenditures for the NCLB grant when the final TPAF pension and social security rates are received so that adjustments and budget transfers can be made at year end.
- 3) It is recommended that the District monitor grants to avoid overexpenditures.

Management's Responses:

- 1) Any increases to budget expenditure line items in the future will have Board approval.
- 2) The District will reclassify expenditures for the NCLB grant when the final TPAF pension and social security rates are received so that adjustments and budget transfers can be made.
- 3) The District will monitor grants to avoid overexpenditures.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

Treasurer's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Treasurer's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records.

Finding:

- 1) Due to unforeseen events, the Treasurer of School Monies was unable to reconcile the June 2016 bank statement. The June 2016 reconciliation was performed at a later time by the new Treasurer of School Monies. The June Treasurer of School Monies report was submitted to the County Superintendent's office late as a result. A formal recommendation is judged to be unnecessary at this time.

No Child Left Behind (N.C.L.B.)

The N.C.L.B. financial exhibits are contained herein within the Special Revenue Section of the District's CAFR. This section of the CAFR documents the financial position pertaining to projects under Title I, Title II and Title III of the No Child Left Behind Act.

The study of compliance for the N.C.L.B. did not indicate any area of noncompliance.

Other Special Federal and/or State Projects

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 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 study of compliance for the special projects did not indicate any 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 district employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

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

The T.P.A.F. Reimbursement to the State for Federal Salary Expenditures was remitted to the State of New Jersey prior to the required deadline of October 1, 2016. The reimbursement form was reviewed and no exceptions were noted.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016
 (Continued)

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-3 states:

a. "When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by resolution of the Board of Education without public advertising for bids and bidding therefore, except that the Board of Education may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L.1971, c. 198 the Board of Education may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Commencing in the fifth year after the year in which P.L.1999, c. 440 takes effect and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount and the higher threshold amount which the Board of Education is permitted to establish as set forth in subsection a. of this section or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in N.J.S.A. 18A:18A-2, and shall round the adjustment to the nearest \$1,000. The Governor shall notify all local school districts of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of the year in which it is made"

N.J.S.A. 18A:18A-4 states, "Every contract for the provision or performance of any goods or services the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the Board of Education to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law"

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

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. General compliance was noted.

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.

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

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

School Food Service

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 the appropriate school food service personnel, as to whether the SFA had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted.

Additionally, 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.

Student Body Activities

In planning and performing our audit of the financial statements of the Board, we considered the condition of the records of the Student Activities Fund for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records.

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, bilingual education and low income students. 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 several exception. The information that was included on the workpapers was verified with several exception. 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.

Finding:

- 1) During our review of the A.S.S.A, we noted several discrepancies between the workpapers and the report.

Recommendation:

- 1) It is recommended that the District use greater care when preparing the A.S.S.A. report.

Management's Response:

- 1) The District will use greater care when preparing the A.S.S.A report.

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 on a test basis. The results of our procedures are presented in the Schedule of Audited Enrollments.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

Pupil Transportation (Cont'd)

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.

Finding:

- 1) During our review of the DRTRS report, we noted the District did not obtain copies of the B8Ts for the non-public students being transported. We also noted that students reported as special needs public should have been removed from the listing prior to October 15, 2015.

Recommendation:

- 1) It is recommended that the District obtain all required documentation for transported non-public students and student be properly recorded as special needs.

Management's Response:

- 1) The District will make sure that all required documentation for transported non-public students is obtained and that special needs students are properly recorded.

Travel Expense and Reimbursement Policy

Travel regulations require each District to adopt a formal policy and procedure pertaining to travel and expense reimbursement for its employees and board members. The regulations require the District to establish a maximum travel for the year and to ensure that the maximum is not exceeded. The regulations also require that all travel be preapproved by the Board of Education and that the approval must be itemized by event, event total cost, and individuals attending.

Facilities and Capital Assets

Our procedures included a review of, the transfer of local funds from SDA agreements, the general fund or from the capital reserve account, and awarding of contracts for eligible facilities construction.

Management Suggestions

Deferred Compensation Plans

The District has a fiduciary responsibility to its employees related to the deferred compensation plans offered by the District. The District should consider a periodic review of the benefits, features, costs, and performance of its deferred compensation plans and make that information available to employees to assist employees in making suitable choices for investing their retirement funds while fulfilling the District's fiduciary responsibilities.

Independent Contractors vs. Employees

The District should consider reviewing the status of "Independent Contractors" utilized by the District with Internal Revenue Service guidelines for determination of employment status. The IRS has been reviewing employers, including governments, to determine compliance. A proactive approach may help to minimize or eliminate potential penalties related to incorrect employment status determination.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

Cyber Security

Cyber-crime has become much more prevalent in the last few years. Websites and internal networks, including personally identifiable information (“PII”), have been hacked and resulted in significant losses to organizations, both financial and reputational. We suggest that the District consider options to test and protect the District from cyber-crime.

Governmental Accounting Standards Board Statements:

The next Governmental Accounting Standards Board (“GASB”) statement which will have a significant impact on the District will be GASB#75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, will be effective for the fiscal year ending June 30, 2018. This standard replaces GASB#45, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. It is similar to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* GASB#68 in that successful implementation of this standard will require the provision of certain key financial and non-financial information from the New Jersey Division of Pensions.

Status of Prior Year's Findings/Recommendations

The prior year audit findings and recommendations related to journal entries being properly classified and appropriation transfers being made when necessary were corrected and are not included in the current year findings and recommendations.

LINCOLN PARK BOARD OF EDUCATION
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015

	2016-2017 Application for State School Aid						Sample for Verification					
	Reported on		Reported on		Errors		Sample		Verified per		Errors	
	Revised ASSA		Workpapers				Selected from		Registers			
	On Roll		On Roll				Workpapers		On Roll			
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Half Day Preschool 3 Years Old	7		6		1		6		6			
Half Day Preschool 4 Years Old	14		12		2		12		12			
Full Day Kindergarten	80		80				80		80			
Grade One	89		91		(2)		91		91			
Grade Two	99		99				99		99			
Grade Three	90		90				90		90			
Grade Four	84		84				84		84			
Grade Five	84		84				84		84			
Grade Six	97		97				97		97			
Grade Seven	71		71				71		71			
Grade Eight	94		94				94		94			
Subtotal	809		808		1		808		808			
Special Education:												
Elementary	82		82				8		8			
Middle	45		45				5		6		1	
Subtotal	127	0	127	0			13		14		1	
Totals	936	0	935	0	1	-0-	821	0	822	0	1	-0-
Percentage Error					0.11%	0.00%					0.12%	0.00%

LINCOLN PARK BOARD OF EDUCATION
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015

	Private Schools for Disabled					Resident Low Income						
	Reported on ASSA as Private Schools	Reported on Workpapers as Private Schools	Errors	Sample for Verification	Sample Verified	Sample Errors	Reported on ASSA as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Kindergarten							16	14	-2	2	2	
Grade One							13	13		1	1	
Grade Two							21	21		2	2	
Grade Three							16	16		2	2	
Grade Four							23	23		2	2	
Grade Five							15	14	-1	1	1	
Grade Six							17	19	2	2	1	-1
Grade Seven							11	11		1	1	
Grade Eight							14	15	1	2	2	
Subtotal							146	146		15	14	-1
Special Education:												
Elementary School	2	3	1	1	1		20	21	1	2	2	
Middle School	3	2	-1	1		-1	14	13	-1	1	1	
Subtotal	5	5		2	1	-1	34	34		3	3	
Totals	5	5		2	1	-1	180	180		18	17	-1
Percentage Error			0.00%			-50.00%			0.00%			-5.56%

LINCOLN PARK BOARD OF EDUCATION
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015

	Resident LEP Low Income					Sample Errors
	Reported on ASSA as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Test Scores, Application and Register	
Full Day Kindergarten	4		-4			
Grade One	4	6	2	2	2	
Grade Two	3	4	1	1	1	
Grade Three		1	1			
Grade Four	1	3	2	1		-1
Grade Five	4	4		1		-1
Grade Six	1	1				
Grade Seven						
Grade Eight		1	1	1	1	
Subtotal	<u>17</u>	<u>20</u>	<u>3</u>	<u>6</u>	<u>4</u>	<u>-2</u>
Special Education:						
Elementary School	2	2		1	1	
Subtotal	<u>2</u>	<u>2</u>		<u>1</u>	<u>1</u>	
Totals	<u>19</u>	<u>22</u>	<u>3</u>	<u>7</u>	<u>5</u>	<u>(2)</u>
Percentage Error			<u>15.79%</u>			<u>-28.57%</u>

LINCOLN PARK BOARD OF EDUCATION
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015

	Resident LEP Not Low Income					
	Reported on ASSA as LEP Not Low Income	Reported on Workpapers as LEP Not Low Income	Errors	Sample Selected from Workpapers	Verified to Test Scores and Register	Sample Errors
Full Day Kindergarten						
Grade One	7	5	(2)	1	1	
Grade Two	3	2	(1)	1	1	
Grade Three	3	2	(1)	1	1	
Grade Four	3	1	(2)			
Grade Five	11	11		2		(2)
Grade Six	2	2		1	1	
Grade Eight	2	1	(1)			
Subtotal	<u>31</u>	<u>24</u>	<u>(7)</u>	<u>6</u>	<u>4</u>	<u>(2)</u>
Totals	<u>31</u>	<u>24</u>	<u>(7)</u>	<u>6</u>	<u>4</u>	<u>(2)</u>
Percentage Error			<u>-22.58%</u>			<u>-33.33%</u>

LINCOLN PARK BOARD OF EDUCATION
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015

	Transportation					
	<u>Reported on DRTRS by DOE</u>	<u>Reported on DRTRS by District</u>	<u>Errors</u>	<u>Tested</u>	<u>Verified</u>	<u>Errors</u>
Regular - Public Schools	571	571		25	25	
Regular - Special Education	34	34		4	4	
Transported - Non Public	53	53		5		5
AIL - Non Public	54	54		5	4	1
Special Needs - Public	38	38		4	2	2
Special Needs - Private	10	10		2	2	
Totals	<u>760.0</u>	<u>760.0</u>		<u>45</u>	<u>37</u>	<u>8</u>
Percentage Error			<u>0.00%</u>			<u>17.78%</u>

	<u>Reported</u>	<u>Recalculated</u>
Average Mileage - Regular Including Grade PK Students	5.3	5.3
Average Mileage - Regular Excluding Grade PK Students	5.3	5.3
Average Mileage - Special Education with Special Needs	7.5	7.5

LINCOLN PARK BOROUGH SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
YEAR ENDED JUNE 30, 2016

Section 1 - REGULAR DISTRICT

2015-16 Total General Fund Expenditures per the CAFR	<u>\$ 21,569,439</u> (B)	
Increased by:		
Transfer from Capital Reserve to Capital Projects Fund	<u>\$ -0-</u> (B1b)	
Decreased by:		
On-Behalf TPAF Pension and Social Security	<u>\$ 1,508,900</u> (B2a)	
Assets Acquired Under Capital Leases	<u>\$ -0-</u> (B2b)	
Adjusted 2014-15 General Fund Expenditures [(B)+(B1's)-(B2's)]	<u>\$ 20,060,539</u> (B3)	
2% of Adjusted 2015-16 General Fund Expenditures [(B5) times .02]	<u>\$ 401,211</u> (B4)	
Enter Greater of (B4) or \$250,000	<u>\$ 401,211</u> (B5)	
Increased by: Allowable Adjustment	<u>\$ 9,396</u> (K)	
Maximum Unassigned Fund Balance [(B5)+(K)]		<u>\$ 410,607</u> (M)

Section 2

Total General Fund - Fund Balances @ 6/30/16 (Per CAFR Budgetary Comparison Schedule C-1)	<u>\$ 2,832,448</u> (C)	
Decreased by:		
Assigned - Year End Encumbrances	<u>\$ -0-</u> (C1)	
Legally Restricted - Designated for Subsequent Year's Expenditures	<u>\$ -0-</u> (C2)	
Excess Surplus - Designated for Subsequent Year's Expenditures	<u>\$ 384,759</u> (C3)	
Other Restricted Fund Balances	<u>\$ 1,422,347</u> (C4)	
Assigned - Designated for Subsequent Year's Expenditures	<u>\$ 300,074</u> (C5)	
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]		<u>\$ 725,268</u> (U1)

Section 3

Restricted Fund Balance - Excess Surplus [(U1)-(M)] IF NEGATIVE, ENTER -0-	<u>\$ 314,661</u> (E)
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LINCOLN PARK BOROUGH SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
YEAR ENDED JUNE 30, 2016

Section 3

Recapitulation of Excess Surplus as of June 30, 2015

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures	\$ 384,759 (C3)
Restricted Excess Surplus [(E)]	<u>\$ 314,661 (E)</u>
Total [(C3)+(E)+(F)]	<u><u>\$ 699,420 (D)</u></u>

Detail of Allowable Adjustments

Impact Aid	<u>\$ -0- (H)</u>
Sale and Lease Back	<u>\$ -0- (I)</u>
Extraordinary Aid	<u>\$ -0- (J1)</u>
Additional Nonpublic School Transportation Aid	<u>\$ 9,396 (J2)</u>
Total Adjustments [(H)+(I)+(J1)+(J2)]	<u><u>\$ 9,396 (K)</u></u>

Detail of Other Restricted Fund Balances

Statutory Restrictions:	
Approved Unspent Separate Proposal	<u>\$ -0-</u>
Sale/Lease-Back Reserve	<u>\$ -0-</u>
Capital Reserve	<u>\$ 768,802</u>
Maintenance Reserve	<u>\$ 441,450</u>
Emergency Reserve	<u>\$ -0-</u>
Tuition Reserve	<u>\$ -0-</u>
Waiver Offset Reserve	<u>\$ -0-</u>
Other State/Governmental Mandated Reserve	<u>\$ -0-</u>
Other Restricted Fund Balance not Noted Above	<u>\$ 212,095</u>
Total Other Restricted Fund Balances	<u><u>\$ 1,422,347</u></u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT
SUMMARY OF RECOMMENDATIONS
YEAR ENDED JUNE 30, 2016

It is recommended that:

1. Administrative Practices and Procedures
None
2. Financial Planning, Accounting and Reporting
 - a) The District cancel and reissue Net Payroll checks outstanding over a year.
 - b) The District classify accounts payables and encumbrances properly.
 - c) Any increase to the budget have Board approval and be noted in the minutes of the District.
 - d) The District reclassify expenditures for the NCLB grant when the final TPAF pension and social security rates are received so that adjustments and budget transfers can be made at year end.
 - e) The District monitor grants to avoid overexpenditures.
3. School Purchasing Program
None
4. School Food Service
None
5. Student Body Activities
None
6. Application for State School Aid
 - a) The District use greater care when preparing the A.S.S.A report.
7. Pupil Transportation
 - a) The District obtain all required documentation for transported non-public students and student be properly recorded as special needs.
8. Facilities and Capital Assets
None
9. Status of Prior Year's Findings/Recommendations

The prior year audit findings and recommendations related to journal entries being properly classified and appropriation transfers being made when necessary were corrected and are not included in the current year findings and recommendations.