

LITTLE SILVER SCHOOL DISTRICT

BOARD OF EDUCATION

COUNTY OF MONMOUTH, NEW JERSEY

AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE

FINDINGS

FINANCIAL, COMPLIANCE AND PERFORMANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE

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Tax ID Number 21-0745704

REPORT OF INDEPENDENT AUDITOR

Honorable President and
Members of the Board of Education
Little Silver School District
County of Monmouth, New Jersey

We have audited, in accordance with generally accepted audit standards and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of Little Silver School District in the County of Monmouth 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 finding 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 Little Silver School District 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.

Respectfully submitted,

JUMP, PERRY AND COMPANY, L.L.P.



Kathryn Perry, Partner
Public School Accountant
No. CS 20CS00226400

October 18, 2016

ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and the Treasurer of School Moneys, 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, Insurance Schedule contained in the district's CAFR.

Official Bonds (N.J.S.A 18A:17-26, 18A:17-32)

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Lindsey Case	Business Administrator/ Board Secretary	\$ 83,000
Sean Boyce	Treasurer	\$ 200,000

There is a Public Employees' Faithful Performance Blanket Position Bond covering all other employees with multiple coverage of \$250,000.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. Our comparison revealed that tuition appeared to be charged correctly.

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, the Business Administrator/Board Secretary, and the Chief School Administrator.

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

Payrolls were delivered to the secretary of the board. Payrolls were delivered to the secretary of the board who then deposited with warrants in separate bank accounts for net payroll and withholdings.

Employee Position Control Roster

A review of the Position Control Roster was made and found that proper and consistent financial reporting, and that employee benefits are offered only to current employees and their eligible relations.

Reserve for Encumbrances and Accounts Payable

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

Travel

No findings.

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 0.00 percent overall 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.

No findings.

Treasurer's Records

The Treasurer's records were in agreement with the records of the Board Secretary.

The Treasurer's cash balance for the general operating account was in agreement with the reconciled cash balance as determined during the audit.

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.

The E.S.E.A. financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to projects under the Titles I and IIA of the Elementary and Secondary Education Act as amended and reauthorized.

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.

Other Special Federal and/or State Projects (cont'd)

Our audit of the Federal and State funds on a test basis, indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

T.P.A.F. Reimbursement

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

TPAF Reimbursement to the State for Federal Salary Expenditures

The reimbursement to the State for 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 for those employees whose salaries are identified as being paid from federal funds was made subsequent to the end of the 60 day grant liquidation period, but prior to the 90 days required by N.J.S.A. 18A:66-90. Accordingly, the expenditure was made in accordance with State law (90 days) and properly reported as obligated and not expended and as an unliquidated balance in the current year's Final Report(s) for all federal awards.

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 \$29,000, 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 (C.40A:11-9) the Board of Education may establish that the bid threshold may be up to \$40,000. 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 the 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.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.

School Purchasing Programs (Cont'd)
Contracts and Agreements Requiring Advertisement for Bids (cont'd)

Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection a. of N.J.S.18A:18A-5 may be awarded for a period not exceeding 12 consecutive months.

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."

The bid threshold 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 \$18,800 for 2015-16.

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 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.

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 utilized a food service management company (FSMC) and is depositing and expending program monies in accordance with N.J.S.A 18A:17-37, and 19-1 through 19-4.1. Provisions of the FSMC contract/addendum were reviewed and audited. The FSMC contract details a flat fee of \$12,000 per year.

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 of average expenditures.

Time sheets were reviewed and labor costs verified. No exceptions were noted.

The District did take part in the Child Nutrition program.

School Food Service (cont'd)

Exhibits reflecting the cafeteria fund operations are included in the section entitled Enterprise Funds, Section G of the CAFR.

Student Body Activities

During our review of the student activity funds, no items were noted.

Application for State School Aid

Our audit procedures included a test of information reported on 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 work-papers without exception. The information that was included on the work-papers was verified without exception. 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.

Miscellaneous

N/A

Follow-up on Prior Years' Findings

N/A

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.

LITTLE SILVER SCHOOL DISTRICT

APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015

SCHEDULE OF AUDITED ENROLLMENTS

	2016-2017 Application for State School Aid						Sample for Verification						Private Schools for Disabled			
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Registers On Roll		Errors per Registers On Roll		Reported on A.S.S.A. as Private Schools	Sample for Veri- fication	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Half Day Preschool	9	-	9	-	-	-	2	-	2	-	-	-	-	-	-	-
Full Day Preschool	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	84	-	84	-	-	-	23	-	23	-	-	-	-	-	-	-
One	75	-	75	-	-	-	21	-	21	-	-	-	-	-	-	-
Two	84	-	84	-	-	-	24	-	24	-	-	-	-	-	-	-
Three	79	-	79	-	-	-	22	-	22	-	-	-	-	-	-	-
Four	78	-	78	-	-	-	22	-	22	-	-	-	-	-	-	-
Five	75	-	75	-	-	-	20	-	20	-	-	-	-	-	-	-
Six	89	-	89	-	-	-	24	-	24	-	-	-	-	-	-	-
Seven	71	-	71	-	-	-	19	-	19	-	-	-	-	-	-	-
Eight	102	-	102	-	-	-	28	-	28	-	-	-	-	-	-	-
Nine	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ten	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Eleven	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Twelve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Post-Graduate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (15+CR.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (1-14 CR.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	746	-	746	-	-	-	205	-	205	-	-	-	-	-	-	-
Special Ed - Elementary	66	-	66	-	-	-	50	-	50	-	-	-	1	1	1	-
Special Ed - Middle School	33	-	33	-	-	-	26	-	26	-	-	-	-	-	-	-
Special Ed - High School	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	99	-	99	-	-	-	76	-	76	-	-	-	1	1	1	-
Co. Voc. - Regular	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Co. Voc. Ft. Post Sec.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	845	-	845	-	-	-	281	-	281	-	-	-	1	1	1	-
							(a)		(a)					(b)		

Notes to Auditor:

(a) Sample size obtained from table in Section I, Chapter 3 of the Audit Program. Amount tested for each category obtained from workpapers provided by district.

(b) Sample size based on total contracts using the table in Section I, Chapter 3 of the Audit Program.

LITTLE SILVER SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015

SCHEDULE OF AUDITED ENROLLMENTS

	<u>Resident Low Income</u>			<u>Sample for Verification</u>			<u>Resident LEP Low Income</u>			<u>Sample for Verification</u>		
	Reported on A.S.S.A. as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on A.S.S.A. as LEP low Income	Reported on Workpapers as LEP low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
	Half Day Preschool	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-
One	2	2	-	2	2	-	-	-	-	-	-	-
Two	3	3	-	2	2	-	-	-	-	-	-	-
Three	1	1	-	1	1	-	-	-	-	-	-	-
Four	-	-	-	-	-	-	-	-	-	-	-	-
Five	-	-	-	-	-	-	-	-	-	-	-	-
Six	1	1	-	1	1	-	-	-	-	-	-	-
Seven	1	1	-	1	1	-	-	-	-	-	-	-
Eight	2	2	-	2	2	-	-	-	-	-	-	-
Nine	-	-	-	-	-	-	-	-	-	-	-	-
Ten	-	-	-	-	-	-	-	-	-	-	-	-
Eleven	-	-	-	-	-	-	-	-	-	-	-	-
Twelve	-	-	-	-	-	-	-	-	-	-	-	-
Post-Graduate	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (15+CR.)	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (1-14 CR.)	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	<u>10</u>	<u>10</u>	<u>-</u>	<u>9</u>	<u>9</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Special Ed - Elementary	3	3	-	3	3	-	-	-	-	-	-	-
Special Ed - Middle	1	1	-	1	1	-	-	-	-	-	-	-
Special Ed - High	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	<u>4</u>	<u>4</u>	<u>-</u>	<u>4</u>	<u>4</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Co. Voc. - Regular	-	-	-	-	-	-	-	-	-	-	-	-
Co. Voc. Ft. Post Sec.	-	-	-	-	-	-	-	-	-	-	-	-
Totals	<u>14</u>	<u>14</u>	<u>-</u>	<u>13</u>	<u>13</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Percentage Error				(c)								

Transportation

	Reported on DRTRS by DOE/county	Reported on DRTRS by District	Errors	Tested	Verified	Errors
	Reg. - Public Schools, col. 1	33	33	-	25	25
Reg -SpEd, col. 4	3	3	-	2	2	-
Transported - Non-Public, col. 3	21	21	-	16	16	-
Reg-non-public AIL	8	8	-	6	6	-
Special Ed Spec, col. 6	11	11	-	8	8	-
Totals	<u>76</u>	<u>76</u>	<u>-</u>	<u>58</u>	<u>58</u>	<u>-</u>
Percentage Error				(d)		

Notes to Auditor:

(c) Sample size based on resident low-income students listed on workpapers using table in Section I, Chapter 3 of the Audit Program.

(d) Sample size obtained from table in Section I, Chapter 3 of the Audit Program

	Reported	Recalculated
Reg Avg.(Mileage) = Regular Including Grade PK students (Part A)	3.1	3.1
Reg Avg.(Mileage) = Regular Excluding Grade PK students (Part B)	3.1	3.1
Spec Avg. = Special Ed with Special Needs	43.7	43.7

LITTLE SILVER SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015

SCHEDULE OF AUDITED ENROLLMENTS

	<u>Resident LEP NOT Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on A.S.S.A. as NOT Low Income</u>	<u>Reported on Workpapers as NOT Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Application and Register</u>	<u>Sample Errors</u>
Half Day Preschool	-	-	-	-	-	-
Full Day Preschool	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-
Full Day Kindergarten	-	-	-	-	-	-
One	-	-	-	-	-	-
Two	-	-	-	-	-	-
Three	-	-	-	-	-	-
Four	-	-	-	-	-	-
Five	-	-	-	-	-	-
Six	-	-	-	-	-	-
Seven	-	-	-	-	-	-
Eight	-	-	-	-	-	-
Nine	-	-	-	-	-	-
Ten	-	-	-	-	-	-
Eleven	-	-	-	-	-	-
Twelve	-	-	-	-	-	-
Post-Graduate	-	-	-	-	-	-
Adult H.S. (15+CR.)	-	-	-	-	-	-
Adult H.S. (1-14 CR.)	-	-	-	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Special Ed - Elementary	-	-	-	-	-	-
Special Ed - Middle	-	-	-	-	-	-
Special Ed - High	-	-	-	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Co. Voc. - Regular	-	-	-	-	-	-
Co. Voc. Ft. Post Sec.	-	-	-	-	-	-
Totals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Percentage Error			<u>-</u>	(e)		<u>-</u>

Notes to Auditor:
(e) Sample size based on resident
LEP NOT low-income students listed on
workpapers using table in Section I,
Chapter 3 of the Audit Program.

EXCESS SURPLUS CALCULATION

REGULAR DISTRICT/CHARTER SCHOOL/RENAISSANCE SCHOOL PROJECT

SECTION 1

A. 2% Calculation of Excess Surplus

2015-16 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ <u>13,578,808</u> (B)
Increased by:	
Transfer from Capital Outlay to Capital Projects Fund	\$ _____ (B1a)
Transfer from Capital Reserve to Capital Projects Fund	\$ <u>8,842</u> (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>1,522,582</u> (B2a)
Assets Acquired Under Capital Leases	\$ _____ (B2b)

Adjusted 2015-16 General Fund Expenditures [(B)+(B1s)-(B2s)] \$ 12,065,068 (B3)

2% of Adjusted 2015-16 General Fund Expenditures	
[(B3) times .02]	\$ <u>241,301</u> (B4)
Enter Greater of (B4) or \$250,000	\$ <u>250,000</u> (B5)
Increased by: Allowable Adjustment *	\$ <u>83,202</u> (K)

Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)] \$ 333,202 (M)

SECTION 2

Total General Fund - Fund Balances @ 6/30/2016 (Per CAFR Budgetary Comparison Schedule C-1)	\$ <u>1,660,588</u> (C)
Decreased by:	
Year-end Encumbrances	\$ <u>28,465</u> (C1)
Legally Restricted – Designated for Subsequent Year’s Expenditures	\$ _____ (C2)
Legally Restricted - Excess Surplus – Designated for Subsequent Year’s Expenditures **	\$ <u>296,584</u> (C3)
Other Restricted Fund Balances ****	\$ <u>718,320</u> (C4)
Assigned Fund Balance – Unreserved- Designated for Subsequent Year’s Expenditures	\$ <u>61,879</u> (C5)

Total Unassigned Fund Balance
 [(C)-(C1)-(C2)-(C3)-(C4)-(C5)] \$ 555,340 (U1)

SECTION 3

Restricted Fund Balance – Excess Surplus***[(U1)-(M)] IF NEGATIVE ENTER -0-\$ 222,138 (E)

Recapitulation of Excess Surplus as of June 30, 2016

Reserved Excess Surplus – Designated for Subsequent Year’s Expenditures **	\$ <u>296,584</u> (C3)
Reserved Excess Surplus ***[(E)]	\$ <u>222,138</u> (E)
Total Excess Surplus [(C3) + (E)]	\$ <u>518,722</u> (D)

Footnotes:

*Allowable adjustment to expenditures on line K must be detailed as follows. This adjustment line (as detailed below) is to be utilized when applicable for:

- (H) Federal Impact Aid. The passage of P.L.2015, c.46 amended N.J.S.A. 18A:7F-41 to permit a board of education to appropriate federal impact aid funds to establish or supplement a federal impact aid legal reserve in the general fund. Accordingly, effective for the year ending June 30, 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	\$ <u>80,645</u> (J1)
Additional Nonpublic School Transportation Aid	\$ <u>2,557</u> (J2)
Current Year School Bus Advertising Revenue Recognized	\$ _____ (J3)
Family Crisis Transportation Aid	\$ _____ (J4)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)]	\$ <u>83,202</u> (K)

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

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

**** Amount for Other Restricted Fund Balances must be detailed for each source. Use in the excess surplus calculation of any legal reserve that is not state mandated or that is not legally imposed by another type of government, such as the judicial branch of government, must have departmental approval. District requests should be submitted to the Division of Administration and Finance prior to September 30.

Detail of Other Restricted Fund Balance

Statutory restrictions:	
Approved unspent separate proposal	\$ _____
Sale/lease-back reserve	\$ _____
Capital reserve	\$ 528,216
Maintenance reserve	\$ 190,000
Emergency reserve	\$ 104
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 Capital Fund Reserve (Sections 8007 and 8008)	\$ _____
Other state/government mandated reserve	\$ _____
[Other Restricted Fund Balance not noted above]****	\$ _____
 Total Other Restricted Fund Balance	 \$ 718,320 (C4)

The following example illustrates the proper calculation of the 2 percent excess surplus for districts not required to use school-based budgeting (SBB). Note that the references (a), (b), etc. are for purposes of this illustration only.

Example: The school district had total general fund expenditures (from exhibit C-1 of CAFR) of \$7,500,000. Included in the general fund expenditures were “On-Behalf State Aid Payments” (TPAF Pension & Social Security) of \$405,000 and Assets Acquired Under Capital Lease of \$182,000. General fund transfers to other funds not included in the general fund expenditures of the CAFR, but added to the calculation, Transfer from Capital Outlay to Capital Projects of \$60,000; Transfer from Capital Reserve to Capital Projects (augment SCC/SDA grant) of \$12,000; Trans. from General Fund to SRF for Preschool - Regular of \$10,000; and Trans. from General Fund to SRF for Preschool - Inclusion of \$5,000. The district received \$2,000 in federal impact aid revenue during 2015-16 and recognized \$1,000 of School Bus Advertising Revenue during 2015-16. In the June 30, 2016 general ledger reflects that the district had the following: \$4,900 of year-end “other purposes” encumbrances reported in the “Committed” fund balance category (GASBS 54); \$9,000 legally restricted reported in the “Restricted” fund balance category (GASBS 54) from an unexpended 2014-15 additional spending proposal required to be designated/appropriated in the 2016-17 budget; \$55,000 reserved June 30, 2015 excess surplus required to be designated/appropriated in the 2016-17 budget reported in the “Restricted” fund balance category (GASBS 54); \$100,000 unreserved and designated in the 2016-17 budget reported in the “Assigned” fund balance category (GASBS 54); and \$395,000 unreserved/undesignated reported in the “Unassigned” fund balance category (GASBS 54) prior to calculating June 30, 2016 excess surplus.

2015-16 Total General Fund Expenditures			\$7,500,000	(a)
Increased by Applicable Operating transfers:	\$60,000	(b)		
Transfer from Capital Outlay to Capital Projects	12,000	(b)		
Transfer from Capital Reserve to Capital Projects	10,000	(b)		
Trans. from General Fund to SRF for Preschool (Regular)	5,000	(b)		
Trans. from General Fund to SRF for Preschool (Inclusion)				
Decreased by:				
On-Behalf State Aid Payments	(405,000)			