

**BOARD OF EDUCATION  
NORTH BRUNSWICK TOWNSHIP**

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

**FISCAL YEAR ENDED JUNE 30, 2016**

**Prepared by**

**Gerard Stankiewicz, CPA, PSA**

**Of the Firm**

**SAMUEL KLEIN AND COMPANY  
36 West Main Street, Suite 303  
Freehold, NJ 07728**

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# SAMUEL KLEIN AND COMPANY

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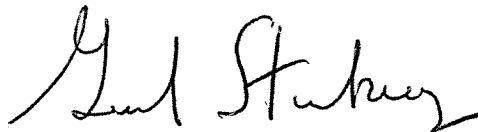
## REPORT OF INDEPENDENT AUDITORS

Honorable President and Members  
of the Board of Education  
North Brunswick Township School District  
County of Middlesex, New Jersey

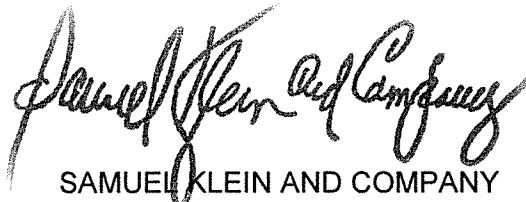
We have audited, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the North Brunswick Township School District in the County of Middlesex for the year ended June 30, 2016, and have issued our report thereon dated November 10, 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 solely for the information of the North Brunswick 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.



Gerard Stankiewicz  
Certified Public Accountant  
Licensed Public School Accountant #912



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey  
November 10, 2016

**ADMINISTRATIVE FINDINGS - FINANCIAL  
COMPLIANCE AND PERFORMANCE  
JUNE 30, 2016**

**Scope of Audit**

The audit covered the financial transactions of the Board Secretary/School Business Administrator and the 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. This report is filed in conjunction with the District's Comprehensive Annual Financial Report ("CAFR").

**Administrative Practices and Procedures**

**Insurance**

Fire insurance coverage was carried in the amounts as detailed on the Insurance Schedule contained in the Statistical Section (J-20) of the District's CAFR.

**Officials' Bonds**

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Alex Benanti	Assistant Business Administrator	\$ 50,000 (A)
John Petela	Board Secretary	\$ 200,000 (A)
Brian Zychowski	Acting Business Administrator	\$ 200,000 (A)
Gerald Seneski	Treasurer of School Monies	\$ 400,000 (A)

(A) Selective Insurance. There is a Public Employees Faithful Performance Blanket Position Bond in the amount of \$1,000,000.

**Financial Planning, Accounting and Reporting**

**Examination of Claims**

An examination of claims paid during the period under audit was made as to affidavit or signed declaration, proper itemization and proper authorization by officials. The Board's voucher system is in accordance with R.S. 18:6-34, which requires a signed declaration by the vendor in place of an affidavit. In addition, all vouchers are signed by the Board Secretary. The actual signature for receipt of goods or services rendered is on the receiving copy of the purchase order set, which is attached to the purchase order and filed alphabetically. All claims approved for payment are listed by fund total in the Minutes.

**ADMINISTRATIVE FINDINGS - FINANCIAL  
COMPLIANCE AND PERFORMANCE (CONTINUED)**  
**JUNE 30, 2016**

**Financial Planning, Accounting and Reporting (Continued)**

**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/School Business Administrator.

Compensation records were tested, and for those individuals examined; it was determined that salaries paid were in accordance with the amounts authorized by the Board.

Salary withholdings were promptly remitted to the proper agencies, including required health insurance withholdings.

**Tuition Charges (Revenue)**

The Board made a proper adjustment to the billings to the sending district for the charge in per pupil costs in accordance with N.J.A.C. 6A:23-3.1 (f)3.

**Unemployment Compensation Insurance Trust Fund**

The Board prior to December 31, 2013 utilized the direct reimbursement method and has established an Unemployment Compensation Insurance Trust Fund. During the 2013-2014 school year the District has converted to the quarterly method of submitting withholding and Board share to the State; excess funds in 2014-2015 and 2015-2016 were transferred to the General Fund of the District as budgeted revenue. .

**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 reserved for encumbrances and accounts payable. The reserve for encumbrances and accounts payable have been determined to be proper.

**ADMINISTRATIVE FINDINGS - FINANCIAL  
COMPLIANCE AND PERFORMANCE (CONTINUED)**  
**JUNE 30, 2016**

**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:23-2.2(g) as part of our test of transactions of randomly selected expenditure items. We also examined 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 classification to determine overall reliability and compliance with N.J.A.C. 6A:23A-2.4. As a result of the procedures performed, no transaction error rate was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

**Student Body Activities Funds**

**High School, Middle School and Elementary School**

Cash receipts and cash disbursements records were maintained in satisfactory condition.

All receipts were promptly deposited in the bank.

A test check of bills and invoices was made to the cash disbursements records.

**Board Secretary/School Business Administrator's Records**

Our review of the financial and accounting records of the Board Secretary/School Business Administrator revealed that the records were maintained properly.

Acknowledgment of the Board's receipt of the Board Secretary's report was included in the minutes.

**Treasurer's Records**

The Treasurer's records were found to be maintained properly.

Acknowledgment of the Board's receipt of the Treasurer's report was included in the minutes.

**ADMINISTRATIVE FINDINGS - FINANCIAL  
COMPLIANCE AND PERFORMANCE (CONTINUED)**  
**JUNE 30, 2016**

**Financial Planning, Accounting and Reporting (Continued)**

**Elementary and Secondary Education Act of 1965 (E.S.E.A.) as Reauthorized by No Child Left Behind (NCLB) Act of 2001**

The 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 project under Titles I, II-A, II-D, III of the NCLB as amended.

**Other Special Federal and/or State Projects**

The study of compliance for the Special Project Fund IDEA Program indicated that there were no areas of non-compliance.

The District's Special Projects were approved as listed on the Schedules of Federal and State Financial Assistance 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.

**T.P.A.F. Reimbursement**

Our audit procedures included a test of the semi-monthly 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.

**Expendable and Nonexpendable Trust Funds**

The accounts within this fund have been properly administered.

**ADMINISTRATIVE FINDINGS - FINANCIAL  
COMPLIANCE AND PERFORMANCE (CONTINUED)**  
**JUNE 30, 2016**

**School Purchasing Programs**

**Contracts and Agreements Requiring Advertisement for Bids**

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$26,000 and \$18,800, respectively. N.J.S.A.40A:113a permits an increase in the bid threshold up to \$40,000 if a Qualified Purchasing Agent ("QPA") is appointed as well as granted the authorization to negotiate and award such contracts below the bid threshold. N.J.A.C. 5:34-5 et. Seq. establishes the criteria for qualifying as a Qualified Purchasing Agent. The Board of Education has designated the Business Administrator, Brian Falkowski and Michael Falkowski, as the QPAs on December 16, 2015

The board of education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the fiscal 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 is not designed to 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.

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 minutes indicate that bids were advertised for the following:

Transportation

Electrical Upgrades at Early  
Childhood Center



**ADMINISTRATIVE FINDINGS - FINANCIAL**  
**COMPLIANCE AND PERFORMANCE (CONTINUED)**  
**JUNE 30, 2016**

**School Purchasing Programs (continued)**

**Contracts and Agreements Requiring Advertisement for Bids (continued)**

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. Our examination did reveal however, that the following purchases were made through the use of State contracts.

Computer Equipment and Hardware	Vehicle Repairs
Custodial Supplies	General School Supplies
Maintenance Supplies	Office Supplies

Purchase of supplies were also made through Educational Data Services Inc. and the New Jersey Educational Services Commission, formerly the Middlesex Regional Educational Service Commission, authorized purchasing and bidding cooperative.

**Enterprise Fund**

**School Food Service**

The financial transactions and statistical records of the school food services were maintained properly. The financial accounts, meal count record and eligibility applications were reviewed on a test-check basis. No exceptions were noted.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served did not exceed the number of valid applications on file, times the number of operating days, on a school by school basis. The free and reduced price meals and free milk policy is uniformly administered throughout the School System. The required verification procedures for free and reduced price applications were completed and available for review. The number of meals/milk for reimbursement was compared to sales and meal count records. No exceptions were noted.

Cash receipts and bank records were reviewed for timely deposit.

**ADMINISTRATIVE FINDINGS - FINANCIAL**  
**COMPLIANCE AND PERFORMANCE (CONTINUED)**  
**JUNE 30, 2016**

**Enterprise Fund**

**School Food Service (Continued)**

The Board employs a management company, Chartwells Food Services Inc. to handle its food service program. We examined on a test basis their expenditures for separate recording of 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. Inventory records on food and supply items were currently maintained and properly applied in determining the cost of food and supplies used. Provisions of the food service management company contract were reviewed and audited. Provision of NJSA 18A:17-34, 19-1 and 19-4.1 were complied with.

USDA Food Distribution Program (food and/or commodities) were received and a single inventory was maintained on a first-in, first-out basis. No exceptions were noted.

The school district project maintains the detailed revenue and expenditure information necessary in order to execute the USDA mandated Non-Program Food Revenue Tool at least annually.

All employees of the cafeteria are hired and paid by Chartwells.

Exhibits reflecting child nutrition program operations are included in Section B of the CAFR.

The food service company has provided the required Report on Controls of Service Organizations in accordance with the Statement on Statements for Attestation Engagements (SSAEE) No. 16. Cash receipts and bank records were reviewed for timely deposit.

The District is depositing and expending program monies in accordance with N.J.S.A. 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. Net cash resources did not exceed three months average expenditures.

Food Distribution Program commodities were received during the period of audit. Inventory records on commodities are being maintained on a first in first out basis. The value of U.S.D.A. Commodities received during 2015-2016 was \$254,570.

**ADMINISTRATIVE FINDINGS - FINANCIAL**  
**COMPLIANCE AND PERFORMANCE (CONTINUED)**  
**JUNE 30, 2016**

**Application for State School Aid (ASSA)**

Our audit procedures included a test of information reported in the October 15, 2015 Application for State School Aid (ASSA) 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 ASSA was compared to the district workpapers. The information that was included on the workpapers was verified. The results of our procedures are presented in the Schedule of Audited Enrollments and revealed minor errors, net.

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. The results of our procedures are presented in the Schedule of Audited Enrollments. The amount of students reported on the DRTRS by the Department of Education was in agreement with the amount claimed by the District on its summary report.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the district complied with proper bidding procedures and award of contracts. The bid specifications for the lease/purchase of buses were in compliance with applicable statutes. No exceptions were noted in our review of transportation related purchases of goods and services.

**RECOMMENDATIONS**  
**JUNE 30, 2016**

None.

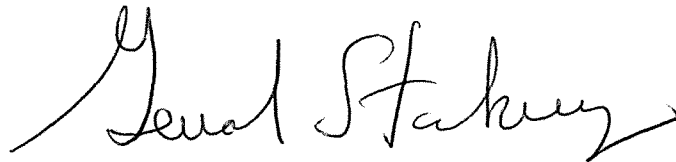
**FOLLOW-UP ON PRIOR YEAR'S FINDINGS**

None.

**ACKNOWLEDGMENT**

We received the complete cooperation of all the officials of the School District and we greatly appreciate the courtesies extended to us.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Gerard Stankiewicz". The signature is fluid and cursive, with a long horizontal stroke at the end.

Gerard Stankiewicz  
Certified Public Accountant  
Public School Accountant #912

For The Firm  
SAMUEL KLEIN AND COMPANY

**BOARD OF EDUCATION  
 NORTH BRUNSWICK TOWNSHIP, COUNTY OF MIDDLESEX  
 SCHEDULE OF MEAL COUNT ACTIVITY  
 NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM  
 ENTERPRISE FUND  
 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 (Regular Rate)	Paid	248,581	248,581	248,581	-	0.330	
	Reduced	44,129	44,129	44,129	-	2.725	
	Free	291,279	291,279	291,279	-	3.125	
	<b>Total</b>	<b>583,989</b>	<b>583,989</b>	<b>583,989</b>	<b>-</b>		
School Breakfast (Regular Rate)	Paid	-	-	-	-	0.29	
	Reduced	-	-	-	-	1.36	
	Free	-	-	-	-	1.66	
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		
School Breakfast (Severe Need Rate)	Paid	7,404	7,404	7,404	-	0.29	
	Reduced	26,410	26,410	26,410	-	1.69	
	Free	179,409	179,409	179,409	-	1.99	
	<b>Total</b>	<b>213,223</b>	<b>213,223</b>	<b>213,223</b>	<b>-</b>		
After School Snack	Paid	29,215	29,215	29,215	-	0.07	
	Reduced	2,116	2,116	2,116	-	0.42	
	Free	7,196	7,196	7,196	-	0.84	
	<b>Total</b>	<b>38,527</b>	<b>38,527</b>	<b>38,527</b>	<b>-</b>		

**BOARD OF EDUCATION  
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
SCHEDULE OF AUDITED ENROLLMENTS  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2015**

	2015-2016 Application for State School Aid						Sample for Verification					
	Reported on A.S.S.A. On Roll		Sent		Report on Work Papers On Roll		Sample Selected from Workpapers		Verified per Registers On Roll		Errors per Registers On Roll	
	Full	Sent	Full	Shared	Received	Shared	Full	Shared	Full	Shared	Full	Shared
Half Day Preschool 3 Yrs	16				16		1		1			
Half Day Preschool 4 Yrs	53				53		3		3			
Half Day Kindergarten												
Full Day Kindergarten	419				418		22		22		1	
One	458				458		24		24			
Two	416				416		21		21			
Three	427				427		22		22			
Four	418				418		22		22			
Five	421				421		22		22			
Six	398				398		20		20			
Seven	393				393		20		20			
Eight	388				388		20		20		3	
Nine	371				368		19		19			
Ten	386				386		20		20			
Eleven	404				403		21		21		1	
Twelve	402				403		21		21		(1)	
Subtotal	5,370				5,366		278		278		4	
Special Ed - Elementary	317				317		17		17			
Special Ed - Middle	155				155		7		7			
Special Ed - High School Sent to CSSD	224	3		3	227	3	13		13			
Subtotal	696	3		3	699	3	37		37			
Totals	6,066	3		3	6,065	3	315		315		4	
Percentage Error					0.00%	0.00%					0.08%	0.00%

**BOARD OF EDUCATION  
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
SCHEDULE OF AUDITED ENROLLMENTS  
APPLICATION FOR STATE SCHOOL AID SUMMARY (CONTINUED)  
ENROLLMENT AS OF OCTOBER 15, 2015**

	<u>On Roll - Related Services</u>			<u>Private Schools for Handicapped</u>			<u>Private Schools - Related Services</u>			
	<u>Sample for Verification</u>	<u>Sample Verified</u>	<u>Sample Errors</u>	<u>Reported on A.S.S.A. as Private Schools</u>	<u>Sample for Verification</u>	<u>Sample Verified</u>	<u>Sample Errors</u>	<u>Sample for Verification</u>	<u>Sample Verified</u>	<u>Sample Errors</u>
Half Day Preschool 3 Yrs										
Half Day Preschool 4 Yrs										
Half Day Kindergarten										
Full Day Kindergarten										
One										
Two										
Three										
Four										
Five										
Six										
Seven										
Eight										
Nine										
Ten										
Eleven										
Twelve										
Subtotal										
Special Ed - Elementary				5	5	5				
Special Ed - Middle				4	4	4				
Special Ed - High School				12	12	12				
Sent to CSSD										
Subtotal				21	21	21				
Totals				21	21	21				
Percentage Error			0.00%				0.00%			0.00%

**BOARD OF EDUCATION  
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
SCHEDULE OF AUDITED ENROLLMENTS  
APPLICATION FOR STATE SCHOOL AID SUMMARY (CONTINUED)  
ENROLLMENT AS OF OCTOBER 15, 2015**

	Low Income - Free Lunch			Sample for Verification		
	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
Half Day Preschool 3 Yrs						
Half Day Preschool 4 Yrs						
Half Day Kindergarten	134	134		17	17	
Full Day Kindergarten						
One	187	187		22	22	
Two	151	151		17	17	
Three	171	171		20	20	
Four	173	173		22	22	
Five	166	166		20	20	
Six	157	157		19	19	
Seven	152	152		17	17	
Eight	165	165		18	18	
Nine	142	142		17	17	
Ten	154	154		19	19	
Eleven	154	154		17	17	
Twelve	141	141		18	18	
Subtotal	<u>2,047</u>	<u>2,047</u>		<u>243</u>	<u>243</u>	
Special Ed - Elementary	127	127		15	15	
Special Ed - Middle	85	85		11	11	
Special Ed - High School Sent to CSSD	126	126		16	16	
Subtotal	<u>338</u>	<u>338</u>		<u>42</u>	<u>42</u>	
Totals	<u>2,385</u>	<u>2,385</u>		<u>285</u>	<u>285</u>	
Percentage Error			<u>0.00%</u>			<u>0.00%</u>



BOARD OF EDUCATION  
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
SCHEDULE OF AUDITED ENROLLMENTS  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2015

	<u>Reduced - Resident LEP Not Low Income</u>			<u>Free - Resident LEP Low Income</u>		
	<u>Reported on A.S.S.A. as Low Income</u>	<u>Reported on Workpapers as Low Income</u>	<u>Errors</u>	<u>Reported on A.S.S.A. as Low Income</u>	<u>Reported on Workpapers as Low Income</u>	<u>Errors</u>
Half Day Preschool 3 Yrs						
Half Day Preschool 4 Yrs						
Half Day Kindergarten						
Full Day Kindergarten						
One	7	7		24	24	
Two	11	11		33	33	
Three	8	8		20	20	
Four	4	4		16	16	
Five	5	5		14	14	
Six	7	7		18	18	
Seven	6	6		9	9	
Eight	6	6		13	13	
Nine	3	3		14	14	
Ten	6	6		13	13	
Eleven	3	3		9	9	
Twelve	4	4		10	10	
	<u>4</u>	<u>4</u>	<u>      </u>	<u>10</u>	<u>10</u>	<u>      </u>
Subtotal	<u>68</u>	<u>68</u>	<u>      </u>	<u>203</u>	<u>203</u>	<u>      </u>
Special Ed - Elementary	4	4		13	13	
Special Ed - Middle				5	5	
Special Ed - High School				2	2	
Sent to CSSD						
	<u>4</u>	<u>4</u>	<u>      </u>	<u>20</u>	<u>20</u>	<u>      </u>
Subtotal	<u>4</u>	<u>4</u>	<u>      </u>	<u>20</u>	<u>20</u>	<u>      </u>
Totals	<u>72</u>	<u>72</u>	<u>      </u>	<u>223</u>	<u>223</u>	<u>      </u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

BOARD OF EDUCATION  
NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
SCHEDULE OF AUDITED ENROLLMENTS  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2015

	<u>On A.S.S.A.</u>	<u>Auditor</u>	<u>Errors</u>
2015-2016 Report Numbers			
Public School Students Excluding Vocational Students	1,982	1,982	
Vocational School Students	61	61	
Transported Charter School Students	85	85	
All Charter School Students	14	14	
Transported Non-Public and Other School Students	197	197	
All Non-Public School Students	218	218	
Special Education - Public School Students	187	187	
Subtotal	<u>2,744</u>	<u>2,744</u>	
Public School Students With Special Transportation Needs	265	265	
Charter School Handicapped With Special Transportation Needs	22	22	
Out of District Public School Students Without Special Needs	27	27	
Subtotal	<u>314</u>	<u>314</u>	_____
Totals	<u>3,058</u>	<u>3,058</u>	=====
Percentage Error			=====
		Originally Reported On <u>D.R.T.R.S.</u>	Verified by <u>Auditor</u>
Average mileage, excluding grade PK students		4.7	4.7
Average mileage - regular		4.7	4.7
Average mileage - special education/special needs		5.3	5.3

**BOARD OF EDUCATION**  
**TOWNSHIP OF NORTH BRUNSWICK SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**FISCAL YEAR ENDED June 30, 2016**  
**(UNAUDITED)**

**EXCESS SURPLUS CALCULATION**  
**REGULAR DISTRICT**

**SECTION 1**

**A. 2% Calculation of Excess Surplus**

2015-16 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ <u>96,906,447</u> (B)	
Increased by:		
Transfer from Capital Outlay to Capital Projects Fund	\$ _____ (B1a)	
Transfer from Capital Reserve to Capital Projects Fund	\$ _____ (B1b)	
Transfer from General Fund to SRF for PerK-Regular	\$ _____ (B1c)	
Transfer from General Fund to SRF for PerK-Inclusion	\$ _____ (B1d)	
Decreased by:		
On-Behalf TPAF Pension & Social Security	\$ <u>9,518,010</u> (B2a)	
Assets Acquired Under Capital Leases	\$ _____ (B2b)	
Adjusted 2015-16 General Fund Expenditures [(B)+(B1s)-(B2s)]	\$ <u>87,388,437</u> (B3)	
2% of Adjusted 2015-16 General Fund Expenditures [(B3) times .02]	\$ <u>1,747,769</u> (B4)	
Enter Greater of (B4) or \$250,000	\$ <u>1,747,769</u> (B5)	
Increased by: Allowable Adjustment*	\$ _____ (K)	
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]		\$ <u>1,747,769</u> (M)

**SECTION 2**

Total General Fund - Fund Balances @ 6-30-2016 (Per CAFR Budgetary Comparison Schedule-C1)	\$ <u>9,466,330</u> (C)	
Decreased by:		
Year-end Encumbrances	\$ <u>232,012</u> (C1)	
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ _____ (C2)	
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ _____ (C3)	
Other Restricted Fund Balances ****	\$ <u>7,320,959</u> (C4)	
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	\$ <u>166,590</u> (C5)	
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]		\$ <u>1,746,769</u> (U1)

**BOARD OF EDUCATION**  
**TOWNSHIP OF NORTH BRUNSWICK SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**FISCAL YEAR ENDED June 30, 2016**  
**(UNAUDITED)**

**SECTION 3**

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

**Recapitulation of Excess Surplus as of June 30, 2016**

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures \*\* \$                      (C3)  
 Reserved Excess Surplus\*\*\*[(E)] \$                      (E)  
 Total Excess Surplus [(C3) + (E)] \$                      (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	\$	<u>                    </u> (H)
Sale & Lease-back	\$	<u>                    </u> (I)
Extraordinary Aid	\$	<u>                    </u> (J1)
Additional Nonpublic School Transportation Aid	\$	<u>                    </u> (J2)
Current Year School Bus Advertising Revenue Recognized	\$	<u>                    </u> (J3)
Family Crisis Transportation Aid	\$	<u>                    </u> (J4)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)]	\$	<u>                    </u> (K)

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

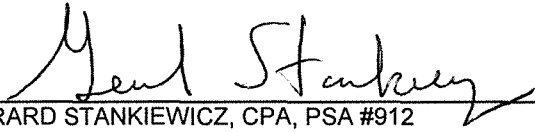
\*\*\* Amount must agree to the June 30, 2016 CAFR and must agree to Audit Summary Line 90030.

\*\*\*\* 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 an other type of government, such as the judicial branch of government, must have departmental approval. District requests should be submitted to the Division of Administration and Finance prior to September 30.

**BOARD OF EDUCATION**  
**TOWNSHIP OF NORTH BRUNSWICK SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**FISCAL YEAR ENDED June 30, 2016**  
**(UNAUDITED)**

**Detail of Other Restricted Fund Balance**

Statutory restrictions:	
Approved unspent separate proposal	\$ _____
Sale/lease-back reserve	\$ _____
Capital reserve	\$ <u>5,603,959</u>
Maintenance reserve	\$ <u>1,500,000</u>
Emergency reserve	\$ <u>217,000</u>
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 Reserved Fund Balance not noted above]****	\$ _____
 Total Other Restricted Fund Balance	 \$ <u>7,320,959</u> (C4)

  
 \_\_\_\_\_  
 GERARD STANKIEWICZ, CPA, PSA #912

Date: November 10, 2016

**NORTH BRUNSWICK TOWNSHIP SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX, NEW JERSEY**

**NET CASH RESOURCE SCHEDULE**

Net Cash Resources Did Not Exceed Three Months of Expenditures  
 Proprietary Funds - Food Service  
 FYE 2016

<u>Net Cash Resources:</u>		<b>Food Service B - 4/5</b>	
<b>CAFR</b>	*	<b>Current Assets</b>	
B-4		Cash & Cash Equiv.	\$ 621,496
B-4		Due from Other Gov'ts	129,668
B-4		Accounts Receivable	33,013
B-4		Investments	
<b>CAFR</b>		<b>Current Liabilities</b>	
B-4		Less Accounts Payable	259,850
B-4		Less Accruals	
B-4		Less Due to Other Funds	
B-4		Less Deferred Revenue	19,765
		<b>Net Cash Resources</b>	<b>\$ 504,562 (A)</b>
 <b><u>Net Adj. Total Operating Expense:</u></b>			
B-5		Total Operating Expense	3,135,363
B-5		Less Depreciation	7,395
		<b>Adj. Total Operating Expense</b>	<b>\$ 3,127,968 (B)</b>
 <b><u>Average Monthly Operating Expense:</u></b>			
		B / 10	<b>\$ 312,797 (C)</b>
 <b><u>Three Times Monthly Average:</u></b>			
		3 X C	<b>\$ 938,390 (D)</b>

TOTAL IN BOX A	\$	504,562	
LESS TOTAL IN BOX D	\$	938,390	
NET	\$	(433,828)	
 From above:			
<b>A is greater than D, cash exceeds 3 X average monthly operating expenses.</b>			
<b>D is greater than A, cash does not exceed 3 X average monthly operating expenses.</b>			

\* Inventories are not to be included in total current assets.

SOURCE - USDA resource management comprehensive review form