

BOARD OF EDUCATION
TOWNSHIP OF PITTSBORO SCHOOL DISTRICT
COUNTY OF SALEM
AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED
JUNE 30, 2016

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November 4, 2016

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

Honorable President and
Members of the Board of Education
Township of Pittsgrove School District
County of Salem, New Jersey 08318

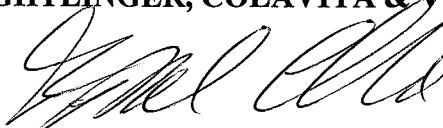
We have audited, in accordance with generally accepted auditing standards and **Government Auditing Standards** issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Township of Pittsgrove School District in the County of Salem for the year ended June 30, 2016, and have issued our report thereon dated November 4, 2016.

As part of our audit, we performed procedures required by the Division of Administration and Finance, 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 issued in conjunction with the Comprehensive Annual Financial report of the Board of Education of the Township of Pittsgrove School, for the fiscal year ending June 30, 2016 and is intended for the information of the Pittsgrove 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.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant
No. 915

ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and District personnel entrusted with duties formally under the auspices of 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.

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, 18A:13-13)

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Suzanne Fox	School Business Administrator/ Board Secretary	\$ 250,000

There is a Public Employees' Faithful Performance Blanket Position Bond with Selective Insurance Company covering all employees with coverage of \$100,000.

Tuition Charges

There were charges representing payments from parents of students not residing in the school district.

In addition, a comparison of tentative tuition charges and actual certified tuition charges was made. The Board appeared to make proper adjustment to the billings of sending districts for the adjustments in per pupil costs in accordance with N.J.A.C. 6A:23A-17.1(f)3.

District Internal Control Policies

District boards of education and administration are responsible for developing internal controls policies and procedures and maintaining a strong internal control environment. NJAC 6A:23A-6.4 requires that the district's internal control policies include specific requirements at NJAC 6A:23A-6.5 through 6.13.

Internal Control Policies were found in accordance with NJAC 6A:23A-6.5 through 6.13, with the exception of Segregation of Duties (NJAC 6A:23A-6.5).

Financial Planning, Accounting, and Reporting

Examination of Claims

An examination of claims paid during the period under review indicated that they appeared proper with respect to certification and itemization.

Unemployment Compensation Insurance Trust Fund

The Board has adopted the percentage method and maintains an Unemployment Compensation Insurance Trust Fund.

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 School 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 who then deposited with warrants in separate bank accounts for net payroll and withholdings.

Employee Position Control Roster

An inquiry and subsequent review of the Position Control Roster did not find any discrepancies between the payroll records, employee benefit records, the general ledger accounts to where wages are posted, and the Position Control Roster.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, 2016 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, 2016.

While the District's personnel performed an analysis of outstanding purchase orders at June 30 and prepared separate listings of those comprising accounts payable and those representing reserve for encumbrances, there was one aged open encumbrance that was noted and as part of the audit. This open item relates to a disputed invoice that will be cleared from the record by proper disposition subsequent to June 30, 2016.

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% overall was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

A. **General Classification Findings** - NONE

B. **Administrative Classification Findings** - NONE

Obligations of Federal Grant Awards and Requests for Reimbursement of Expenditures Against Those Federal Grants Awards

No exceptions were noted.

Certification of Income Tax Compliance

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (Superintendent and Business Administrator) to the N.J. Department of Treasury appeared to be filed by the March 15 due date.

Board Secretary's Records

The financial records and board minutes of the Board Secretary were in satisfactory condition.

Acknowledgment of the Board's receipt of the Board Secretary's and Treasurer's monthly financial reports was included in the monthly minutes.

Purchase orders were found to be charged to the appropriate line item accounts in accordance with the State prescribed **Uniform Minimum Chart of Accounts (2R2) for New Jersey Public Schools**.

Monthly financial certifications of the Board Secretary and Board of Education for positive line item account status certification (N.J.A.C. 6:20-2.13) were approved monthly.

Treasurer's Records – Board Secretary's Office

Board Secretary personnel performed cash reconciliations for the general operating account, payroll account and payroll agency account per N.J.S.A. 18A:17-9.

Cash receipts appeared to be deposited promptly.

The Treasury records were in agreement with the records of the Board Secretary. The Treasury reports were filed in a timely manner.

Financial Planning, Accounting and Reporting (Cont'd)

Elementary and Secondary Education Act (E.S.E.A.)/Improving America's Schools Act (IASA) as reauthorized by the No Child Left Behind Act of 2001 (NCLB)

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

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 E.S.E.A. indicated no areas of noncompliance and/or questionable costs.

Other Special Federal and/or State Projects

The District's special projects were approved as listed on Schedule A and Schedule B located in the **CAFR**. Our audit of the federal and state funds, on a test basis, indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits are contained within the Special Revenue Section of the **CAFR**. This section of the **CAFR** documents the financial position pertaining to the aforementioned special projects. The study of compliance for special projects indicated no areas of noncompliance and/or questionable costs.

T.P.A.F. 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 Teachers Pension and Annuity Fund. No exceptions were noted.

TPAF Reimbursement to the State for Federal Salary Expenditures

The amount of the expenditure charged to the current year's Final Report(s) for all federal awards for the school district to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds was made prior to the end of the 60 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

Financial Planning, Accounting and Reporting (Cont'd)

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-1 et seq. (Public School Contracts Law), the associated rules and related information on the statute, and school contracts in general are available on the website: http://www.state.nj.us/dca/divisions/dlgs/programs/ps_contracts.html.

The current statute is posted on the New Jersey Legislature website at: http://lis.njleg.state.nj.us/cgi-bin/om_isapi.dll?clientID=1319801&depth=2&expandheadings=off&headingswithhits=on&infobase=statutes.nfo&softpage=TOC_Frame_pg42

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 for 2015-16.

The District 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 Solicitor'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.

Based on the results of our examination, we did not note any individual payments, contracts, or agreements made for the performance of any work or goods or services, in excess of the statutory thresholds, where there had been no advertising for bids in accordance with the provisions of N.J.S.A. 18A:18A-4 as amended, with the exception of the following:

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. Our examination did reveal, however, that Computers and Supplies were purchased from vendors approved for state contract.

The review of contracts and agreements did not disclose any areas of statutory noncompliance.

Although a particular contract is exempt from the formal requirements of public advertising and competitive bidding, N.J.S.A. 18A:18A-37 requires that quotations be obtained, whenever practical, for any contract less than the bid threshold but 15% or more of that amount, except for contracts for professional services. All contracts and agreements, which are subject to quotations, shall be awarded on the basis of the lowest responsible quotation received, which is most advantageous to the Board of Education, price and other factors considered.

School Food Service

The School Food Service Program was not selected as a major federal program. However, the program expenditures exceeded \$100,000 in federal support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether the SFA had any Child Nutrition Program reimbursement overclaims or underclaims and whether the SFA's expenditures of food service were limited to allowable direct and indirect costs. No exceptions were noted.

The financial transactions and statistical records of the School Food Service were maintained in satisfactory condition. The financial accounts, meal and milk count records and eligibility applications were reviewed on a test-check basis.

The number of meals/milks claimed for reimbursement was verified against sales and meal count records. As part of the claims review process, the edit check worksheet was completed. Reimbursement claims were submitted/certified in a timely manner.

Food Distribution commodities were received and a single inventory was maintained on a first-in, first-out basis by food-service employees under the supervision of the management service company, Sodexo.

Applications for free and reduced price meals and milks were reviewed for completeness and accuracy. The number of free and reduced price meals and free milks claimed as served for the entire school year was compared to the number of valid applications and/or to the list of directly certified students on file, times the number of operating days on a school by school basis. The free and reduced price meal and free milk policy is uniformly administered throughout the school system. The required verification procedures for free and reduced price applications were completed and available for review.

Cash receipts and bank records were reviewed for timely deposit. No exceptions were noted.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food supply items were currently maintained and properly applied in determining the cost of food and supplies used. The examination did not and could not determine the quality, quantity or proper price of nonbid goods or services for which payments had been made. These details were necessarily covered by the approval of such claims. Revenues and receipts were established and verified as to the source and amount only insofar as the records permitted.

The Board of Education did not subsidize the Food Service Program in the 2015-16 school year.

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all school food service employees authorized by the Board of Education.

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 and the Non-Program Food Revenue tool was utilized. Net cash resources did not exceed three months average expenditures.

School Food Service (Continued)

The District was in a management service contract with Sodexo in accordance with N.J.S.A.18A:17-34 and 19-1 through 19-4.I. Per AICPA Statement on Auditing Standards (SAS) #70, as amended by SAS # 88 and SSAE No. 16, a report on the Management Company's control structure, policies and procedures was received. An independent audit firm performed this audit. 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 shall receive an annual financial return of \$2,000. The FSMC complied with the operating results provision.

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

S.A.C.C. Account (School Age Childcare)

S.A.C.C. activity (representing miscellaneous childcare program fee revenues and payment of related operating expenditures) is reported as an enterprise fund.

The analysis of Receipts and Disbursements submitted for audit, as adjusted, reconciled with the bank at June 30, 2016. Deposits were generally traceable to the monthly bank statements and made on a timely basis. Expenditures were supported by invoices and other documentation. Receipts and disbursements were reconciled to the bank account.

The Board Policy should also be reviewed, in order to address the various issues related to requirements for continuation of participation.

Sufficient documentation is being sought to maintain a record of the proper status of child care services provided to each individual, along with the corresponding revenue charged in the SACC Enterprise Fund. As a result, internal control over billing and collection of SACC accounts receivable will be strengthened through on-going revision of procedures and related documentation.

Student Body Activities

Cash receipts and disbursements journals were maintained in good condition and reconciled to the monthly bank statements. Deposits were traceable to the bank and made on a timely basis. Expenditures were supported by invoices and other documentation.

Internal Service Funds

Cash receipts and disbursements journals were maintained in good condition and reconciled to the monthly bank statements. Deposits were traceable to the bank and made on a timely basis. Expenditures were supported by invoices and other documentation.

Balances of accounts receivable, accounts payable and inventory, within the various Internal Service Funds of the District were reviewed, analyzed and adjusted by the Board Office prior to the completion of the financial statements as of June 30, 2016. The reported inventory is housed at a commercial warehouse and is currently being pursued for sale or usage.

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 (A.S.S.A.) for on-roll, private schools for the handicapped, and low-income. We also performed a review of the district procedures related to its completion. The information on the A.S.S.A was compared to the district workpapers without exception. The information that was included on the workpapers was verified without 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 and 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 2015-16 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report, which would is 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. The bid specifications for the purchase of buses were in compliance with applicable statutes. No exceptions were noted in our review of transportation related purchases of goods and services.

Finding 2016-1

Four students were reported on the Non-Public section of the DRTRS Report but B8T indicated that they did not attend.

Recommendation:

An additional review of the information reported on the DRTRS Report concerning Non-Public students should be made to insure the students are being correctly reported.

Facilities, Capital Assets and Capital Leases

The remaining balance of capital leases payable, as shown on the Statement of Net Position at June 30, 2016, is \$2,187,517.

In addition, there were three new capital leases approved after June 30, 2016 for five School Buses and Computer Equipment, in the total amount of \$752,978.

Facilities, Capital Assets and Capital Leases (Continued)

Our procedures included a review of the NJSDA grant agreements, if any, for consistency with recording SDA revenue, transfer of local funds from the general fund or from the capital reserve account, and awarding of contracts for eligible facilities construction. As of June 30, 2016, \$65,849 remained unspent on two projects.

At June 30, 2016 there exists a balance in NJSDA Grants receivable in the total amount of \$569,280 from projects that are several years old. The related reimbursement requests are currently being reviewed by the NJSDA and are considered collectable by the District.

Follow-up on Prior Year Findings

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

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.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant
No. 915

SCHEDULE OF AUDITED ENROLLMENTS

**PITTSBGROVE TOWNSHIP BOARD OF EDUCATION
APPLICATION OR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015**

	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				
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Private Schools	Sample for Verification	Sample Verified	Sample Errors	
Half Day Preschool 4 Years Old	31		31					5		5							
Full Day Kindergarten	117		117					19		19							
One	92		92					15		15							
Two	111		111					18		18							
Three	94		94					15		15							
Four	93		93					15		15							
Five	102		102					16		16							
Six	118		118					19		19							
Seven	104		104					17		17							
Eight	109		109					17		17							
Nine	110	2	110	2		0		17	0	17	0						
Ten	131	7	131	7		0		21	1	21	1						
Eleven	118	9	118	9		0		19	1	19	1						
Twelve	97	14	97	14		0		15	2	15	2						
Post-Graduate																	
Adult H.S. (15+CR.)																	
Adult H.S. (1-14 CR.)																	
Subtotal	1,427	32	1,427	32	0	0	228	4	228	4	0	0	0	0	0	0	0
Special Ed - Elementary	90		90				14		14				1	1	1		
Special Ed - Middle	67		67				11		11								
Special Ed - High	76	18	76	18			12	3	12	3			1	1	1		
Subtotal	233	18	233	18	0	0	37	3	37	3	0	0	2	2	2	0	0
Totals	1,660	50	1,660	50	0	0	265	7	265	7	0	0	2	2	2	0	0
Percentage Error					0.00%	0.0%					0.00%	0.00%				0.00%	

SCHEDULE OF AUDITED ENROLLMENTS

**PITTSBURGH TOWNSHIP BOARD OF EDUCATION
APPLICATION OR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015**

	<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 Kindergarten	1.0	1.0										
Full Day Kindergarten	37.0	37.0										
One	33.0	33.0		15	15							
Two	32.0	32.0		14	14							
Three	26.0	26.0		13	13							
Four	26.0	26.0		11	11							
Five	28.0	28.0		11	11							
Six	28.0	28.0		12	12							
Seven	36.0	36.0		15	15							
Eight	36.0	36.0		15	15							
Nine	21.0	21.0		9	9							
Ten	31.0	31.0		13	13							
Eleven	31.0	31.0		13	13							
Twelve	31.0	31.0		13	13							
Post Graduate	15.0	15.0		6	6							
Adult H.S. (15+CR.)												
Adult H.S. (1-14 CR.)												
Subtotal	384.0	384.0	0	160	160	0	0	0	0	0	0	0
Special Ed - Elementary	33.0	33.0		14	14							
Special Ed - Middle	21.0	21.0		9	9							
Special Ed - High	37.0	37.0		15	15							
Subtotal	91.0	91.0	0	38	38	0	0	0	0	0	0	0
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Totals	475.0	475.0	0	198	198	0	0	0	0	0	0	0
Percentage Error			<u>0.00%</u>			<u>0.48%</u>						

TRANSPORTATION

	Reported on DRTS by DOE/County	Reported on DRTS by District	Errors	Tested	Verified	Errors	Reported	Re-Calculated
Reg. - Public Schools	890.0	890.0	0	200	200	0	Avg. Mileage - Regular Including Grade PK students	5.9
Reg. - Special Ed.	149.5	149.5	0	34	34	0	Avg. Mileage - Regular Excluding Grade PK students	5.9
ALL - Non-Public	54.0	54.0	0	12	8	4	Avg. Mileage - Special Ed with Special Needs	15.0
Transported - Non-Public								
Special Needs - Public	36.5	36.5	0	8	8	0		
Totals	1,130.0	1,130.0	0	254.0	250.0	4		
Percentage Error			<u>0.0%</u>			<u>1.6%</u>		

SCHEDULE OF AUDITED ENROLLMENTS

PITTSBORO TOWNSHIP BOARD OF EDUCATION
APPLICATION OR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015

	<u>Resident LEP NOT Low Income</u>			<u>Sample for Verification</u>		
	<u>Report On</u> <u>A.S.S.A. as</u> <u>NOT Low</u> <u>Income</u>	<u>Report On</u> <u>Workpapers as</u> <u>NOT Low</u> <u>Income</u>	<u>Errors</u>	<u>Sample</u> <u>Selected From</u> <u>Workpapers</u>	<u>Verified to</u> <u>Application</u> <u>and Register</u>	<u>Sample</u> <u>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	0	0	0	0	0	0
Special Ed - Elementary						
Special Ed - Middle						
Special Ed - High						
Subtotal	0	0	0	0	0	0
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	0	0	0	0	0	0
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

PITTSBORO TOWNSHIP SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION

SECTION 1

A. 2% Calculation of Excess Surplus

2015-16 Total General Fund Expenditures per the CAFR	\$	<u>29,837,987</u>	(B)	
Increased by:				
Transfer from Capital Outlay to Capital Projects Fund		<u> </u>	(B1a)	
Transfer from Capital Reserve to Capital Projects Fund		<u> </u>	(B1b)	
Transfer from General Fund to SRF for PreK-Regular		<u> </u>	(B1c)	
Transfer from General Fund to SRF for PreK-Inclusion		<u> </u>	(B1d)	
Decreased by:				
On-Behalf TPAF Pension & Social Security		<u>2,818,847</u>	(B2a)	
Assets Acquired Under Capital Leases		<u>936,546</u>	(B2b)	
 Adjusted 15-16 General Fund Expenditures [(B)+(B1s)-(B2s)]		 <u><u>26,082,594</u></u>	 (B3)	
 2% of Adjusted 2015-16 General Fund Expenditures [(B3) times .02]		 <u>521,652</u>	 (B4)	
Enter Greater of (B4) or \$250,000		<u>521,652</u>	(B5)	
Increased by: Allowable Adjustment*		<u>205,072</u>	(K)	
 Maximum Unassigned/Undesignated-Unreserved Fund Balance[(B5)+(K)]				\$ <u><u>726,724</u></u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6-30-16 (Per CAFR Budgetary Comparison Schedule C-1)	\$	<u>1,633,169</u>	(C)	
Decreased by:				
Year-end Encumbrances		<u>652,943</u>	(C1)	
Legally Restricted - Designated for Subsequent Year's Expenditures		<u> </u>	(C2)	Capital
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**		<u> </u>	(C3)	Surplus
Other Restricted Fund Balances****		<u>2,741</u>	(C4)	
Assigned Fund balance Unreserved - Designated for Subsequent Year's Expenditures		<u>338,000</u>	(C5)	Other
 Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]				\$ <u><u>639,485</u></u> (U1)

PITTSBORO TOWNSHIP SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION

SECTION 3

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

Recapitulation of Excess Surplus as of June 30, 2016

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures**	-	(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, 2015 the Federal Impact Aid adjustment to expenditures is limited to the portion of Federal Impact Aid Section 8002 and Section 8003 received during the fiscal year and recognized as revenue on the General Fund Budgetary Comparison Schedule, but not transferred to the Federal Impact Aid Reserve-General (8002 or 8003) by board resolution during June 1 to June 30 of the fiscal year under audit. Amounts transferred to the reserve are captured on line (C4);
 - (I) Sale & 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	193,589	(J1)
Additional Nonpublic School Transportation Aid	11,483	(J2)
Current Year School Bus Advertising Revenue Recognized	_____	(J3)
Family Crisis Transportation Aid	_____	(J4)
Total Adjustments [(H) + (I) + (J1) + (J2) + (J3) + (J4)]	\$ 205,072	(K)

- ** This amount represents the June 30, 2015 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.
- *** Amounts must agree to the June 30, 2015 CAFR and must agree to Audit Summary Worksheet Line 90030.
- **** Amount for Other Reserved 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 Finance and Regulatory Compliance prior to September 30.

Detail of Other Restricted Fund Balance

Statutory restrictions:		
Approved unspent separate proposal	\$ _____	
Sale/lease-back reserve	_____	
Capital reserve	2,741	
Maintenance reserve	_____	
Emergency Reserve	_____	
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 8007 and 8008)	_____	
Impact Aid General Fund Reserve (Sections 8002 and 8003)	_____	
Other state/government mandated reserve	_____	
[Other Restricted Fund Balance not noted above] ****	_____	
Total Other Restricted Fund Balance	\$ 2,741	(C4)

