

SAYREVILLE SCHOOL DISTRICT

COUNTY OF MIDDLESEX

NEW JERSEY

AUDITOR'S MANAGEMENT REPORT

ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE

FISCAL YEAR ENDED

JUNE 30, 2016

PREPARED BY

***SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS***

**SAYREVILLE SCHOOL DISTRICT
COUNTY OF MIDDLESEX
NEW JERSEY**

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

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REPORT OF INDEPENDENT AUDITORS

Honorable President and Members
of the Board of Education
Sayreville School District
County of Middlesex, 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 the Sayreville School District in the County of Middlesex for the year ended June 30, 2016, and have issued our report thereon dated November 30, 2016.

As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended for the information of the Sayreville Board of Education's management and the New Jersey State Department of Education. However, this report is a matter of public record and its distribution is not limited.


JOSEPH J. FACCONI
Licensed Public School Accountant #194


SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Newark, New Jersey
November 30, 2016

SAYREVILLE SCHOOL DISTRICT

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

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Emidio D'Andrea	Board Secretary/School Business Administrator	\$375,000.00
Wayne Kronowski	Treasurer of School Moneys	375,000.00

There is a Blanket Dishonesty Bond including Faithful Performance Crime Coverage covering all other employees and elected officials with multiple coverage of \$500,000.00.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges were made. The actual costs were less than estimated costs. The Board made a proper adjustment to the billings to sending districts for the decrease in per pupil costs in accordance with N.J.A.C. 6A:23A-17.1(f)3.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under review revealed no discrepancies with respect to signatures, certification or supporting documentation.

In verifying expenditures, computations were tested on claims approved and paid. No attempt was made in this connection to establish proof of rendition, character or extent of services, nor quantities, nature, propriety of prices or receipt of materials, these elements being left necessarily to internal review in connection with approval of claims.

Payroll Account and Position Control Roster

Net salaries of all employees were deposited in the Payroll Account.

All payroll deductions were deposited in the Payroll Agency Account.

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

Financial Planning, Accounting and Reporting (Continued)

Payroll Account and Position Control Roster (Continued)

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

The propriety of deductions from individual salaries for pensions, social security, withholding tax and other purposes was not verified as part of this examination.

Reserve for Encumbrances and Accounts Payable

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

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 tested 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 0.0% overall was noted and no additional procedures were deemed necessary to test the propriety of expenditure classifications.

Board Secretary's Records

The financial records, books of accounts and minutes maintained by the Board Secretary were in satisfactory condition. The prescribed contractual order system was followed.

The School District's double entry system of account records were maintained in accordance with the Department of Education's prescribed GAAP Technical Systems Manual, pursuant to N.J.S.A. 18A:4-14 and N.J.A.C. 6:20-2A.

Treasurer's Records

The Treasurer's records were examined and found to be in agreement with records of the Board Secretary.

Unemployment Compensation Insurance Trust Fund

The Board has adopted the direct reimbursement method and has established an Unemployment Compensation Insurance Trust Fund. The financial transactions of this fund are reported in the Fiduciary Trust Fund.

Scholarship Trust Fund

The School District established separate Scholarship Trust Fund accounts for private donations for student scholarship awards. The financial transactions of these accounts are reported in the Fiduciary Trust Fund.

Community School

The financial transactions and records of the Community School are maintained in the Proprietary Fund. The Community School offers SAT Prep Courses and Preschool care.

Financial Planning, Accounting and Reporting (Continued)

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

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.

The study of compliance for E.S.E.A. did not indicate any areas of noncompliance 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 the special projects indicated that there were no areas of noncompliance or questioned costs.

TPAF 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 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

Effective July 1, 2015 and thereafter, the bid thresholds in accordance with N.J.S.A. 18A:18A-2 is \$40,000.00 with a Qualified Purchasing Agent. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$18,800.00.

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.

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.

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, as amended.

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.

School Food Service

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

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

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served 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 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.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed, however costs could not be verified. Inventory records on food supply items were currently maintained and properly applied in determining the cost of food and supplies used.

Tests of records on hand were performed to satisfy us as to the reliability of the vendor's statements of operations.

Cash receipts and bank records were reviewed for timely deposits.

The cash disbursements records reflected expenditures for program related goods and services. 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 nonprofit status of the school food service. Net cash resources did not exceed three months average expenditures.

Food distribution commodities were received and a separate inventory was maintained on a first-in, first-out basis.

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

Student Body Activities and Athletic Funds

Cash receipts and disbursements records submitted for examination were analyzed in detail. Cancelled checks and available vouchers or invoices were examined and compared to disbursement records.

During our review of the Student Activity Funds, the following item was noted:

Samsel Upper Elementary School

Finding 2016-01:

Not all cash disbursements had proper supporting documentation.

Recommendation:

Proper supporting documentation should be maintained for all cash disbursements.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2015 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, 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 workpapers 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.

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.

Facilities and Capital Assets

Accounting for capital assets is required in order to maintain physical accountability over the assets owned by a school. The accounting system should provide a record of the fixed assets obtained over the years that are still in service and identify the funding source for the purchase of those assets. This provides the ability to prevent, detect and recognize losses of capital assets. The New Jersey Department of Education notified school districts that, effective July 1, 2001, there is a \$2,000.00 capitalization threshold for capital assets. This is a policy set for financial reporting and accounting purposes. Schools may use a lower threshold for asset management and insurance purposes.

Follow-Up on Prior Year's 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 findings.

Miscellaneous

The minutes indicate that the Report on Examination of Accounts for the 2014-2015 fiscal year was reviewed by the Board, a synopsis thereof distributed at a public meeting and public discussion held.


RECOMMENDATIONS

Samsel Upper Elementary School

That proper supporting documentation be maintained for all cash disbursements.

Acknowledgment

We received the complete cooperation of all the officials of the School District and greatly appreciate the courtesies extended to the members of the audit team.


JOSEPH J. FACCONE
Licensed Public School Accountant #194


SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Newark, New Jersey
November 30, 2016

**SAYREVILLE BOARD OF EDUCATION
COUNTY OF MIDDLESEX
SCHEDULE OF MEAL COUNT ACTIVITY
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM - FEDERAL
ENTERPRISE FUNDS - FOOD SERVICE 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	Paid	205,045	205,045	205,045	0	\$ 0.31	\$ -
	Reduced	60,421	60,421	60,421	0	2.69	-
	Free	<u>229,077</u>	<u>229,077</u>	<u>229,077</u>	<u>0</u>	3.09	<u>-</u>
Total National School Lunch		<u>494,543</u>	<u>494,543</u>	<u>494,543</u>	<u>0</u>		<u>\$ -</u>
National School Breakfast - Severe	Paid	15,353	15,353	15,353	0	\$ 0.29	\$ -
	Reduced	16,510	16,510	16,510	0	1.69	-
	Free	<u>75,745</u>	<u>75,745</u>	<u>75,745</u>	<u>0</u>	1.99	<u>-</u>
Total National School Breakfast - Severe		<u>107,608</u>	<u>107,608</u>	<u>107,608</u>	<u>0</u>		<u>\$ -</u>
Total Net Underclaim							<u>\$ -</u>

SAYREVILLE BOARD OF EDUCATION
COUNTY OF MIDDLESEX
SCHEDULE OF MEAL COUNT ACTIVITY
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM - STATE
ENTERPRISE FUNDS - FOOD SERVICE 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	Paid	205,045	205,045	205,045	0	\$ 0.04	\$ -
	Reduced	60,421	60,421	60,421	0	0.055	-
	Free	<u>229,077</u>	<u>229,077</u>	<u>229,077</u>	<u>0</u>	0.055	<u>-</u>
Total National School Lunch		<u>494,543</u>	<u>494,543</u>	<u>494,543</u>	<u>0</u>		<u>-</u>
Total Net Underclaim							<u>\$ -</u>

SCHEDULE OF AUDITED ENROLLMENTS

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

	2015-2017 Application for State School Aid						Sample for Verification						Private Schools for Handicapped							
	Reported on A.S.S.A On-Roll		Workpapers		Errors		Sample Selected from Workpapers		Verified per Registers		Errors per Registers		Reported on A.S.S.A as Private Schools		Sample for Verification		Sample Errors			
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared		
Full Day Preschool 3 Years Old	447.0		447.0		-		22.0		22.0		-		-		-		-		-	
Full Day Preschool 4 Years Old	448.0		448.0		-		23.0		23.0		-		-		-		-		-	
Half Day Kindergarten	467.0		467.0		-		20.0		20.0		-		-		-		-		-	
Full Day Kindergarten	432.0		432.0		-		20.0		20.0		-		-		-		-		-	
One	392.0		392.0		-		20.0		20.0		-		-		-		-		-	
Two	373.0		373.0		-		20.0		20.0		-		-		-		-		-	
Three	375.0		375.0		-		20.0		20.0		-		-		-		-		-	
Four	374.0		374.0		-		19.0		19.0		-		-		-		-		-	
Five	359.0		359.0		-		20.0		20.0		-		-		-		-		-	
Six	383.0		383.0		-		19.0		19.0		-		-		-		-		-	
Seven	354.0		354.0		-		19.0		19.0		-		-		-		-		-	
Eight	369.0		369.0		-		20.0		20.0		-		-		-		-		-	
Nine	358.0		358.0		-		19.0		19.0		-		-		-		-		-	
Ten	369.0		369.0		-		19.0		19.0		-		-		-		-		-	
Eleven	5,131.0		5,131.0		-		263.0		263.0		-		-		-		-		-	
Twelve					-						-		-		-		-		-	
Subtotal	458.0		458.0		-		25.0		25.0		-		-		-		-		-	
Special Ed - Elementary	264.0	6.0	264.0	6.0	-		12.0	1.0	12.0	1.0	-		6.0	4.0	6.0	4.0	-		-	
Special Ed - Middle	211.0	2.0	211.0	2.0	-		12.0	1.0	12.0	1.0	-		7.0	5.0	7.0	5.0	-		-	
Special Ed - High	933.0	8.0	933.0	8.0	-		49.0	2.0	49.0	2.0	-		35.5	33.0	48.5	42.0	-		-	
Sub-Total	6,064.0	8.0	6,064.0	8.0	-		312.0	2.0	312.0	2.0	-		48.5	42.0	48.5	42.0	-		-	
Totals	6,064.0	8.0	6,064.0	8.0	-		312.0	2.0	312.0	2.0	-		48.5	42.0	48.5	42.0	-		-	
Percentage Error					0.0%						0.00%									0.0%

SCHEDULE OF AUDITED ENROLLMENTS

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

	Free		Low Income		Free		Free		Free		Free		Free		Free		Free	
	Reported on A.S.S.A as Low Income	Reported on A.S.S.A as Low Income S/I	Reported on A.S.S.A as Low Income	Reported on Workpapers as Low Income S/I	Reported on A.S.S.A as Low Income	Reported on Workpapers as Low Income	Reported on A.S.S.A as Low Income	Reported on Workpapers as Low Income	Reported on A.S.S.A as Low Income	Reported on Workpapers as Low Income	Reported on A.S.S.A as Low Income	Reported on Workpapers as Low Income	Reported on A.S.S.A as Low Income	Reported on Workpapers as Low Income	Reported on A.S.S.A as Low Income	Reported on Workpapers as Low Income	Reported on A.S.S.A as Low Income	Reported on Workpapers as Low Income
Full Day Kindergarten	104.0		24.0		24.0		24.0		24.0		24.0		24.0		24.0		24.0	
One	137.0		32.0		32.0		32.0		32.0		32.0		32.0		32.0		32.0	
Two	140.0		32.0		32.0		32.0		32.0		32.0		32.0		32.0		32.0	
Three	121.0		39.0		39.0		39.0		39.0		39.0		39.0		39.0		39.0	
Four	116.0		26.0		26.0		26.0		26.0		26.0		26.0		26.0		26.0	
Five	111.0		24.0		24.0		24.0		24.0		24.0		24.0		24.0		24.0	
Six	137.0		34.0		34.0		34.0		34.0		34.0		34.0		34.0		34.0	
Seven	144.0		37.0		37.0		37.0		37.0		37.0		37.0		37.0		37.0	
Eight	117.0		27.0		27.0		27.0		27.0		27.0		27.0		27.0		27.0	
Nine	102.0		28.0		28.0		28.0		28.0		28.0		28.0		28.0		28.0	
Ten	101.0		28.0		28.0		28.0		28.0		28.0		28.0		28.0		28.0	
Eleven	91.0		30.0		30.0		30.0		30.0		30.0		30.0		30.0		30.0	
Twelve	105.0		27.0		27.0		27.0		27.0		27.0		27.0		27.0		27.0	
Sub-Total	1,457.0		394.0		394.0		394.0		394.0		394.0		394.0		394.0		394.0	
Special Ed - Elementary	157.0	1.0	39.0	1.0	39.0	1.0	39.0	1.0	39.0	1.0	39.0	1.0	39.0	1.0	39.0	1.0	39.0	1.0
Special Ed - Middle	187.0	1.0	23.0	1.0	23.0	1.0	23.0	1.0	23.0	1.0	23.0	1.0	23.0	1.0	23.0	1.0	23.0	1.0
Special Ed - High	347.0	2.0	88.0	2.0	88.0	2.0	88.0	2.0	88.0	2.0	88.0	2.0	88.0	2.0	88.0	2.0	88.0	2.0
Sub-Total	691.0	4.0	150.0	4.0	150.0	4.0	150.0	4.0	150.0	4.0	150.0	4.0	150.0	4.0	150.0	4.0	150.0	4.0
Totals	1,804.0	2.0	482.0	2.0	482.0	2.0	482.0	2.0	482.0	2.0	482.0	2.0	482.0	2.0	482.0	2.0	482.0	2.0
Percentage Error																		

Transporation

	Reported on DRTS by DOE		Reported on DRTS by District		Errors		Errors	
	Reported	Errors	Reported	Errors	Tested	Verified	Tested	Verified
Reg. - Public Schools	2,274.0		2,274.0		180.0	180.0		
Reg. - Special Education	551.0		551.0		55.0	55.0		
Nonpublic Schools (All)	226.0		226.0		25.0	25.0		
Spec. - Special Needs	333.0		333.0		35.0	35.0		
Totals	3,384.0		3,384.0		295.0	295.0		
Percentage Error								

Average Mileage - Regular Including Grade PK Students
Average Mileage - Regular Special Education
Average Mileage - Special Ed with Special Needs

Reported 4.2
Recalculated 4.2
Reported 5.5
Recalculated 5.5
Reported 5.5
Recalculated 5.5

BOARD OF EDUCATION
SAYREVILLE SCHOOL DISTRICT
COUNTY OF MIDDLESEX
FISCAL YEAR ENDED JUNE 30, 2016

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>87,266,779.56</u> (B)	
Increased by:		
Transfer from Capital Outlay to Capital Projects Fund	\$ _____ (B1a)	
Transfer from Capital Reserve to Capital Projects Fund	\$ _____ (B1b)	
Decreased by:		
On-Behalf TPAF Pension and Social Security	\$ <u>8,665,686.69</u> (B2a)	
Assets Acquired Under Capital Leases	\$ _____ (B2b)	
Adjusted 2015-16 General Fund Expenditures [(B)+(B1s)-(B2s)]	\$ <u>78,601,092.87</u> (B3)	
2% of Adjusted 2015-16 General Fund Expenditures [(B3) times .02]	\$ <u>1,572,021.86</u> (B4)	
Enter Greater of (B4) or \$250,000	\$ <u>1,572,021.86</u> (B5)	
Increased by: Allowable Adjustment *	\$ <u>444,000.00</u> (K)	
Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]		\$ <u>2,016,021.86</u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6-30-16 (Per CAFR Budgetary Comparison Schedule C-1)	\$ <u>6,570,446.20</u> (C)	
Decreased by:		
Year ended Encumbrances	\$ <u>186,010.99</u> (C1)	
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ <u>2,885,000.00</u> (C2)	
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ _____ (C3)	
Other Restricted Fund Balances ***	\$ <u>801,001.83</u> (C4)	
Assigned - Fund Balance - Designated for Subsequent Year's Expenditures	\$ _____ (C5)	
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]		\$ <u>2,698,433.38</u> (U1)

BOARD OF EDUCATION
SAYREVILLE SCHOOL DISTRICT
COUNTY OF MIDDLESEX
FISCAL YEAR ENDED JUNE 30, 2016

SECTION 3

Restricted Fund Balance - Excess Surplus***[(U1)-(M)] IF NEGATIVE ENTER -0- \$ 682,411.52 (E)

Recapitulation of Excess Surplus as of June 30, 2016

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ _____ (C3)
Reserved Excess Surplus***[(E)]	\$ <u>682,411.52</u> (E)
 Total [(C3) + (E)]	 \$ <u>682,411.52</u> (D)

* This adjustment line (as detailed below) is to be utilized for Impact Aid, Sale and Lease-back (Refer to the Audit Program Section II, Chapter 10) and Extraordinary Aid, and Additional Nonpublic School Transportation Aid. Refer to the Audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid and Additional Nonpublic School Transportation Aid.

Detail of Allowable Adjustments

Impact Aid	\$ _____ (H)
Sale and Lease-Back	\$ _____ (I)
Extraordinary Aid	\$ <u>393,002.00</u> (J1)
Additional Nonpublic School Transportation Aid	\$ <u>50,998.00</u> (J2)
 Total Adjustments [(H)+(I)+(J1)+(J2)]	 \$ <u>444,000.00</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 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 prior to September 30.

Detail of Other Restricted Fund Balance

Statutory restrictions:	
Approved unspent separate proposal	\$ _____
Sale/lease-back reserve	\$ _____
Capital reserve	\$ <u>800,000.00</u>
Maintenance reserve	\$ <u>1,001.83</u>
Tuition reserve	\$ _____
Other state/government mandated reserve	\$ _____
 [Other Restricted Fund Balance not noted above] ****	 \$ _____
 Total Other Restricted Fund Balance	 \$ <u>801,001.83</u> (C4)

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>		Food Service B - 4/5	
CAFR	*	Current Assets	
B-4		Cash and Cash Equivalents	\$ 225,922
B-4		Due from Other Governments	94,320
B-4		Accounts Receivable	
B-4		Investments	
CAFR		Current Liabilities	
B-4		Less Accounts Payable	\$ (86,541)
B-4		Less Accruals	
B-4		Less Due to Other Funds	\$ (120,575)
B-4		Less Deferred Revenue	
		Net Cash Resources	<u>\$ 113,126</u> (A)

Net Adjusted Total Operating Expense:

B-5	Total Operating Expense	2,383,621	
B-5	Less Depreciation		
	Adjusted Total Operating Expense	<u>\$ 2,383,621</u>	(B)

Average Monthly Operating Expense:

	B / 10	<u>\$ 238,362</u>	(C)
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Three times monthly Average:

	3 X C	<u>\$ 715,086</u>	(D)
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TOTAL IN BOX A	\$ 113,126
LESS TOTAL IN BOX D	\$ 715,086
NET	<u>\$ (601,960)</u>

From above:

**A is greater than D, cash exceeds 3 X average monthly operating expenses.
D is greater than A, cash does not exceed 3 X average monthly operating expenses.**

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

SOURCE - USDA resource management comprehensive review form

