

**SOUTH RIVER BOROUGH BOARD OF EDUCATION**  
**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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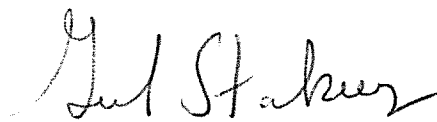
## REPORT OF INDEPENDENT AUDITORS

Honorable President and Members  
of the Board of Education  
Borough of South River  
Board of Education  
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 Borough of South River 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 solely for the information of the Borough of South River 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 30, 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 Tables (Section) – Exhibit J-20, of the District's CAFR.

**Officials' Bonds**

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Kenneth J. Kokoszka	Board Secretary/School Business Administrator	\$ 25,000.00 (A)
Joseph Zanga	Treasurer of School Monies	\$ 236,592.00 (A)

(A) Western Surety Company.

There is a Public Employees Faithful Performance Blanket Position Bond.

**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 filed by appropriation number. 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.

The Board utilizes a payroll service bureau for all of its payroll transactions, inclusive of the net pay and the payroll agency (withholdings) fund. The payroll service bureau has provided the required report on their internal controls on Internal Control of Service Organizations in accordance with the AICPA Statement on Standards for Attesting Engagements Number 16 (SSAE#16).

**Unemployment Compensation Insurance Trust Fund**

The Board has adopted the direct reimbursement method and has established an Unemployment Compensation Insurance Trust Fund.

**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 existed for proper classification of orders as reserved 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: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 classifications 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.

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

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

**Travel Expenditures**

Travel expenditures were tested and found to be in compliance with *N.J.A.C. 6A:23A-7.1*.

**Student Body Activities Funds**

**High School and Middle 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 record, no exceptions were noted.

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

Our review of the financial and accounting records maintained by the Board Secretary 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 Title I, II-A, II-D, and III of the Elementary and Secondary Education Act.

The study of compliance for NCLB indicated no matters of noncompliance and/or questioned costs.

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

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 Fund**

The accounts within this fund appear to have been properly administered.

**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-3 and 18A:39-3 are \$29,000 and \$18,200, respectively. The bid threshold was increased as allowable by statute to \$40,000 by resolution of the Board of Education, as the District has a qualified purchasing agent (QPA).

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

**School Purchasing Programs (Continued)**

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

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.

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

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 of 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:

Custodial Supplies	Custodial Services
Copier Paper	Athletic Equipment/Supplies
School Supplies	Security Improvements
HVAC & Tracer System Maintenance	Technology Consultant Services
Roof Replacement and Building	Plumbing Services
Envelope Improvement	

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	Custodial Supplies
Technology Equipment	School Supplies
Copier Equipment	



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

**School Food Service**

The financial transactions and statistical records of the school food services were maintained in satisfactory condition. 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. No exceptions were noted.

The Board employs Chartwells, a management company ("the Management Company"), to handle their 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. Provisions of the management company contract were reviewed and audited.

All employees of the Cafeteria are hired by the Management Company and paid by them.

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

The food service company has provided the required study of their internal controls in accordance with the Report on Internal Control of Service Organizations in accordance with the AICPA Statement on Standards for Attesting Engagements Number 16 (SSAE#16).

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. The value of U.S.D.A. Commodities received during 2015-2016 was \$87,450.04.

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 remains the detailed revenue and expenditure information necessary in order to execute the USDA mandated Non-Program Food Revenue Tool at least annually.

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

**Application for State School Aid**

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 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 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. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the district complied with proper bidding procedures and award of contracts. No exceptions were noted in our review of transportation related purchases of goods and services.

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

None.

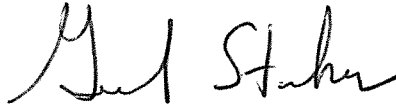
**FOLLOW-UP ON PRIOR YEAR'S FINDINGS**

There were no 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 us.

Respectfully submitted,



Gerard Stankiewicz  
Certified Public Accountant  
Public School Accountant #912

For The Firm  
SAMUEL KLEIN AND COMPANY

**BOARD OF EDUCATION**  
**SOUTH RIVER BOROUGH, 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	85,096	85,096	85,096	-	.31/.04	
	Reduced	16,973	16,973	16,973	-	2.69/.055	
	Free	102,700	102,700	102,700	-	3.09/.055	
	<b>Total</b>	<b>204,769</b>	<b>204,769</b>	<b>204,769</b>	<b>-</b>		
School Breakfast (Regular Rate)	Paid				-		
	Reduced				-		
	Free				-		
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		
School Breakfast (Severe Need Rate)	Paid	18,143	18,143	18,143	-	0.29	
	Reduced	5,690	5,690	5,690	-	1.69	
	Free	41,326	41,326	41,326	-	1.99	
	<b>Total</b>	<b>65,159</b>	<b>65,159</b>	<b>65,159</b>	<b>-</b>		
School Milk	Paid				-		
	Free				-		
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		

**BOARD OF EDUCATION  
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
SCHEDULE OF AUDITED ENROLLMENTS  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2015**

	Application for State School Aid						Sample for Verification						
	Reported on A.S.S.A. On Roll		Report on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Registers On Roll		Errors per Registers On Roll		
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	
Half Day Preschool (3 yrs old)	10		10				1		1				
Half Day Preschool (4 yrs old)	10		10				1		1				
Full Day Kindergarten	134		134				17		17				
One	154		154				20		20				
Two	164		164				21		21				
Three	133		133				17		17				
Four	152		152				20		20				
Five	164		164				21		21				
Six	153		153				20		20				
Seven	125		125				16		16				
Eight	152		152				20		20				
Nine	164		164				21		21				
Ten	128		128				16		16				
Eleven	129		129				17		17				
Twelve	109		109				14		14				
Subtotal	1,881		1,881				242		242				
Special Ed - Elementary	163		163				21		21				
Special Ed - Middle School	79		79				10		10				
Special Ed - High School	86		86				11		11				
Subtotal	328		328				42		42				
Totals	2,209		2,209				284		284				
Percentage Error							0.00%		0.00%			0.00%	0.00%

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

	Low Income			Sample for Verification		
	Reported on A.S.S.A. at Low Income	Report on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
<u>FREE LUNCH</u>						
Half Day Preschool (3 yrs old)						
Half Day Preschool (4 yrs old)						
Full Day Kindergarten	44	44		10	10	
One	86	86		21	21	
Two	79	79		19	19	
Three	64	64		16	16	
Four	72	72		18	18	
Five	83	83		20	20	
Six	75	75		19	19	
Seven	56	56		13	13	
Eight	65	65		16	16	
Nine	71	71		17	17	
Ten	49	49		12	12	
Eleven	56	56		14	14	
Twelve	46	46		11	11	
Subtotal	<u>846</u>	<u>846</u>		<u>206</u>	<u>206</u>	
Special Ed - Elementary	100	100		24	24	
Special Ed - Middle School	47	47		12	12	
Special Ed - High School	40	40		9	9	
Subtotal	<u>187</u>	<u>187</u>		<u>45</u>	<u>45</u>	
Totals	<u>1,033</u>	<u>1,033</u>		<u>251</u>	<u>251</u>	
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

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

	Resident LEP NOT Low Income			Sample for Verification		
	Reported on A.S.S.A. as NOT Low Income	Reported on Workpapers as NOT Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Kindergarten	11	11		8	8	
One	9	9		7	7	
Two	5	5		4	4	
Three	6	6		5	5	
Four	2	2		2	2	
Five	2	2		2	2	
Six	4	4		3	3	
Seven	2	2		2	2	
Eight						
Nine	9	9		7	7	
Ten	5	5		4	4	
Eleven	1	1		1	1	
Twelve						
Subtotal	<u>56</u>	<u>56</u>		<u>45</u>	<u>45</u>	
Special Ed - Elementary	2	2		2	2	
Special Ed - Middle School						
Special Ed - High School						
Subtotal	<u>2</u>	<u>2</u>		<u>2</u>	<u>2</u>	
Home Instruction						
Totals	<u>58</u>	<u>58</u>		<u>47</u>	<u>47</u>	
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

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

	Resident LEP Low Income			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
Full Day Kindergarten	11	11		8		8
One	20	20		15		15
Two	12	12		9		9
Three	6	6		5		5
Four	3	3		2		2
Five	4	4		3		3
Six	3	3		2		2
Seven	2	2		2		2
Eight	1	1		1		1
Nine	10	10		8		8
Ten	6	6		5		5
Eleven						
Twelve						
Subtotal	<u>78</u>	<u>78</u>		<u>60</u>		<u>60</u>
Special Ed - Elementary	8	8		6		6
Special Ed - Middle School	2	2		2		
Special Ed - High School	<u>1</u>	<u>1</u>		<u>1</u>		
Subtotal	<u>11</u>	<u>11</u>		<u>9</u>		<u>6</u>
Home Instruction						
Totals	<u>89</u>	<u>89</u>		<u>69</u>		<u>66</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>



BOARD OF EDUCATION  
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
SCHEDULE OF AUDITED ENROLLMENTS  
APPLICATION FOR STATE SCHOOL AID SUMMARY (CONTINUED)  
ENROLLMENT AS OF OCTOBER 15, 2015

	Transportation		
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors
Students - Grade PK			
Reg. - Public Schools	23	23	
Vocational School Students	36	36	
CSSP Charter School Student	22	22	
Non Public School Students	138	138	
AIL Non Public School Students	35	35	
AIL Charter School Students	3	3	
Special. Ed Public School Students	18	18	
Total Students	275	275	
Public School w/ Special Needs	72	72	
Private School Handicap- Spec. Needs	9	9	
Total Students	81	81	
Out of District Public School Students	18.5	18.5	
Out of District Private School Handicap	2.0	2.0	
Total Students	20.5	20.5	
Courtesy Students	_____	_____	_____
Totals	376.5	376.5	
Percentage Error			0.00%
		<u>Reported</u>	<u>Recalculated by DOE</u>
Average mileage, excluding grade PK students		5.4	5.4
Average mileage - regular, including grade PK students		5.4	5.4
Average mileage - special education/special needs		4.1	4.1

**BOARD OF EDUCATION**  
**BOROUGH OF SOUTH RIVER 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>31,093,650.73</u> (B)	
Increased by:		
Transfer to Food Service Fund	\$ _____ (B1a)	
Transfer from Capital Outlay 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>3,175,479.49</u> (B2a)	
Assets Acquired Under Capital Leases	_____ (B2b)	
Adjusted 2015-16 General Fund Expenditures [(B)+(B1s)-(B2s)]	\$ <u>27,918,171.24</u> (B3)	
2% of Adjusted 2015-16 General Fund Expenditures [(B3) times .02]	\$ <u>558,363.42</u> (B4)	
Enter Greater of (B4) or \$250,000	\$ <u>558,363.42</u> (B5)	
Increased by: Allowable Adjustment*	\$ <u>235,160.00</u> (K)	
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]		\$ <u>793,523.42</u> (M)

**SECTION 2**

Total General Fund - Fund Balances @ 6-30-2016 (Per CAFR Budgetary Comparison Schedule-C1)	\$ <u>3,119,408.89</u> (C)	
Decreased by:		
Year-end Encumbrances	\$ _____ (C1)	
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ _____ (C2)	
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ <u>518,892.21</u> (C3)	
Other Restricted Fund Balances ****	\$ <u>170,476.64</u> (C4)	
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	\$ <u>1,047,405.74</u> (C5)	
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]		\$ <u>1,382,634.30</u> (U1)

**SECTION 3**

Restricted Fund Balance - Excess Surplus***[(U1)-(M)] IF NEGATIVE ENTER -0-	\$ <u>589,110.88</u> (E)
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**BOARD OF EDUCATION**  
**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**FISCAL YEAR ENDED JUNE 30, 2016**  
**(UNAUDITED)**

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

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ <u>518,892.21</u> (C3)
Reserved Excess Surplus***[(E)]	\$ <u>589,110.88</u> (E)
 Total Excess Surplus [(C3) + (E)]	 \$ <u><u>1,108,003.09</u></u> (D)

**Footnotes:**

\* This adjustment line (as detailed below) is to be utilized when applicable for: Impact Aid; Sale and Lease-back (Refer to the Audit Program Section II, Chapter 10), Extraordinary Aid; Additional and Nonpublic School Transportation Aid; and recognized current year School Bus Advertising Revenue. 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 & Lease-back	\$ _____	(I)
Extraordinary Aid	\$ <u>221,819.00</u>	(J1)
Additional Nonpublic School Transportation Aid	\$ <u>13,341.00</u>	(J2)
Current Year School Bus Advertising Revenue Recognized	\$ _____	(J3)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)]	\$ <u><u>235,160.00</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.

**Detail of Other Restricted Fund Balance**

Statutory restrictions:	
Approved unspent separate proposal	\$ _____
Sale/lease-back reserve	\$ _____
Capital reserve	\$ <u>170,476.64</u>
Maintenance reserve	\$ _____
Emergency reserve	\$ _____
Tuition reserve	\$ _____
Other state/government mandated reserve	\$ _____
[Other Reserved Fund Balance not noted above]****	\$ _____
 Total Other Restricted Fund Balance	 \$ <u><u>170,476.64</u></u> (C4)

  
 \_\_\_\_\_  
 SIGNATURE OF PUBLIC SCHOOL ACCOUNTANT

CPA, PSA #912

Date: November 30, 2016

**BOROUGH OF SOUTH RIVER 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**

<b><u>Net Cash Resources:</u></b>		<b>Food Service</b>	
		<b>B - 4/5</b>	
<b>CAFR</b>	*	<b>Current Assets</b>	
B-4		Cash & Cash Equiv.	\$ 135,603
B-4		Due from Other Gov'ts	92,684
B-4		Accounts Receivable	-
B-4		Investments	
<b>CAFR</b>		<b>Current Liabilities</b>	
B-4		Less Accounts Payable	66,845
B-4		Less Accruals	59,139
B-4		Less Due to Other Funds	
B-4		Less Deferred Revenue	-
		<b>Net Cash Resources</b>	<b>\$ 102,303 (A)</b>
<b><u>Net Adj. Total Operating Expense:</u></b>			
B-5		Total Operating Expense	910,714
B-5		Less Depreciation	16,729
		<b>Adj. Total Operating Expense</b>	<b>\$ 893,985 (B)</b>
<b><u>Average Monthly Operating Expense:</u></b>			
		B / 10	<b>\$ 89,399 (C)</b>
<b><u>Three Times Monthly Average:</u></b>			
		3 X C	<b>\$ 268,196 (D)</b>

TOTAL IN BOX A	\$ 102,303
LESS TOTAL IN BOX D	\$ 268,196
NET	<b>\$ (165,893)</b>
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