

**BOARD OF EDUCATION OF THE  
WASHINGTON TOWNSHIP SCHOOL DISTRICT  
COUNTY OF GLOUCESTER**

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

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2016**

**TOWNSHIP OF WASHINGTON SCHOOL DISTRICT**  
Auditor's Management Report on Administrative  
Findings - Financial, Compliance and Performance

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


The Honorable President and  
Members of the Board of Education  
Washington Township School District  
County of Gloucester, 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 Township of Washington School, in the County of Gloucester, State of New Jersey, as of and for the fiscal year ended June 30, 2016, which were separately issued in the Comprehensive Annual Financial Report dated November 21, 2016.

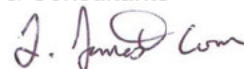
As part of our audit, we also performed procedures required by the Division of Administration and Finance, Department of Education, State of New Jersey, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is issued in conjunction with the Comprehensive Annual Financial Report of the Board of Education of the Township of Washington School District, for the fiscal year ended June 30, 2016, and is intended for the information of the School District's management and the Division of Administration and Finance, Department of Education, State of New Jersey, and should not be used by anyone other than these specified parties.

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



L. Jarred Corn  
Certified Public Accountant  
Public School Accountant No. CS 00219700

Voorhees, New Jersey  
November 21, 2016

**ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**

**SCOPE OF AUDIT**

The audit covered the financial transactions of the Board Secretary / School Business Administrator, 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 School District's Comprehensive Annual Financial Report (CAFR).

**Official Bonds (N.J.S.A. 18A: 17-26, 18A:17-32, 18A:13-13)**

<b><u>Name</u></b>	<b><u>Position</u></b>	<b><u>Amount</u></b>
Margaret F. Meehan	Board Secretary / School Business Administrator	\$532,000.00

There is a Public Employees' Faithful Performance Blanket Position Bond covering all other employees with multiple coverage of \$500,000.00.

**Tuition Charges**

A comparison of tentative tuition charges and actual certified tuition charges was made. The School District elected to not make adjustments as the amounts were deemed to be insignificant.

**FINANCIAL PLANNING, ACCOUNTING, AND REPORTING**

**Examination of Claims**

Sampled claims paid during the fiscal year under audit did not indicate any reportable noncompliance with respect to signatures, certification, or supporting documentation.

**Payroll Account**

The net salaries of sampled employees of the School District were deposited in the net payroll account. Employees' payroll deductions and the employer's share of fringe benefits were deposited in the payroll agency account.

Sampled payrolls were approved by the Superintendent and were certified by the President of the Board and the Board Secretary / School Business Administrator.

Sampled salary withholdings were promptly remitted to the proper agencies, including health benefit premium withholdings due to the general fund.

Sampled payrolls were delivered to the Board Secretary who then deposited with warrants in separate bank accounts for net payroll and withholdings.

**Employee Position Control Roster**

A sample of the Employee Position Control Roster indicated that it was in satisfactory condition and was approved by the county office submission with the 2015-2016 budget review checklist.

**FINANCIAL PLANNING, ACCOUNTING, AND REPORTING (CONT'D)**

**Encumbrances and Accounts Payable**

A sample of outstanding issued purchase orders was made as of June 30 for proper classification of orders as encumbrances and accounts payable. Our sample did not indicate any reportable noncompliance with respect to classification of orders.

**Travel**

A sample of travel expenditures during the fiscal year under audit did not indicate any reportable noncompliance.

**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 randomly sampled expenditure transactions. We also tested the coding of all expenditures included in our compliance and single audit sampling procedures. In addition, a sample was selected that specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3. Our samples did not indicate any reportable noncompliance with respect to classification of expenditures

**Board Secretary's Records**

Our audit of the financial and accounting records maintained by the Board Secretary indicated that they were in satisfactory condition.

**Elementary and Secondary Education Act (E.S.E.A.) / Improving America's Schools Act (I.A.S.A.) as reauthorized by the No Child Left Behind Act (N.C.L.B.) of 2001**

The E.S.E.A. / N.C.L.B. 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, Title II and Title III of the Elementary and Secondary Education Act as amended and reauthorized.

The audit of compliance for E.S.E.A. did not indicate any reportable noncompliance.

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

The School District's other special projects were approved as listed on exhibits K-3 and K-4 located in the CAFR.

Our audit of the federal and state funds on a sample 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 other special projects.

The audit of compliance for other special projects did not indicate any reportable noncompliance.

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

Our audit procedures included a sample of the biweekly reimbursements filed with the Department of Education for School District employees who are members of the Teachers' Pension and Annuity Fund. No exceptions were noted.

**FINANCIAL PLANNING, ACCOUNTING, AND REPORTING (CONT'D)**

**T.P.A.F. 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 90 day grant liquidation period required by the Office of Grants Management and N.J.S.A. 18A:66-90. The expenditure was inspected subsequent to the reimbursement and no exceptions were noted.

**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 the school contracts in general, are available on the following website:

<http://www.state.nj.us/dca/divisions/dlgs/programs/lpcl.html>

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&oftpage=TOC\\_Frame\\_Pg42](http://lis.njleg.state.nj.us/cgi-bin/om_isapi.dll?clientID=1319801&depth=2&expandheadings=off&headingswithhits=on&infobase=statutes.nfo&oftpage=TOC_Frame_Pg42)

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$40,000.00 (with a Qualified Purchasing Agent) and \$29,000.00 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is \$18,800.00 for 2015-16.

The School District's 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.

Based on the results of our audit, 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 provision of N.J.S.A. 18A:18A-4, amended.

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

**SCHOOL FOOD SERVICE**

The financial transactions and statistical records of the school food service fund were audited. The financial accounts, meal count records, and eligibility applications were tested on a sample basis. No exceptions were noted.

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

Expenditures should be separately recorded as food, labor, and other costs. Vendor invoices were sampled 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.

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.

**SCHOOL FOOD SERVICE (CONT'D)**

Net cash resources did not exceed three months average expenditures.

Sampled time sheets were tested and labor costs verified. Payroll records were maintained on all sampled school food service employees authorized by the School District. No exceptions were noted.

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.

Sampled applications for free and reduced price meals were tested for completeness and accuracy. The number of free and reduced price meals claimed as served 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 was inspected for uniform administration throughout the school system. The required verification procedures for free and reduced price applications were completed and available for audit.

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

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

**STUDENT BODY ACTIVITIES**

Our audit of the financial and accounting records for student activities indicated that they were in satisfactory condition.

**APPLICATION FOR STATE SCHOOL AID**

Our audit procedures included a sample of information reported in the October 15, 2015 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the disabled, low-income, and bilingual. We also performed an inspection of the School District procedures related to its completion. The information on the A.S.S.A. was compared to the School 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 School District maintained workpapers on the prescribed State forms or their equivalent.

The School District has adequate written procedures for the recording of student enrollment data.

**PUPIL TRANSPORTATION**

Our audit procedures included a sample of on-roll status reported in the 2015-2016 District Report of Transported Resident Students (DRTRS). The information that was reported 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 sample of transportation related contracts and purchases. Based on our sample, the School District complied with proper bidding procedures and award of contracts. No exceptions were noted in our sample of transportation related purchases of goods and services.

**FACILITIES AND CAPITAL ASSETS**

Our audit of the financial and accounting records for facilities and capital assets indicated that they were in satisfactory condition.

**MISCELLANEOUS**

**Continuing Disclosure Agreements**

The School District complied with its most recent continuing disclosure agreements made in relation to prior year bond issuances.

**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 has been taken on the prior year finding.

There were no Office of Fiscal Accountability and Compliance audit reports issued during the fiscal year ended June 30, 2016.

**ACKNOWLEDGMENT**

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

Respectfully submitted,

*BOWMAN & COMPANY LLP*

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Certified Public Accountants  
& Consultants

*L. Jarred Corn*

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Public School Accountant No. CS 00219700



**TOWNSHIP OF WASHINGTON SCHOOL DISTRICT**  
 Schedule of Meal Count Activity  
 Food Service Fund  
 Number of Meals Served and (Over) / Underclaim - Federal  
 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>Estimated (Over) / Under Claim</u>
National School Lunch (Regular Rate)	Paid	175,233	4,987	4,987	-	\$ 0.29	\$ -
	Reduced	33,765	978	978	-	2.67	-
	Free	<u>140,401</u>	<u>3,969</u>	<u>3,969</u>	<u>-</u>	3.07	<u>-</u>
	Total	<u>349,399</u>	<u>9,934</u>	<u>9,934</u>			<u>-</u>
National School Lunch	HHFKA - PB Lunch Only	<u>349,399</u>	<u>9,934</u>	<u>9,934</u>	-	0.06	<u>-</u>
School Breakfast (Regular Rate)	Paid	125	16	16	-	0.29	-
	Reduced	300	21	21	-	1.36	-
	Free	<u>4,217</u>	<u>93</u>	<u>93</u>	<u>-</u>	1.66	<u>-</u>
	Total	<u>4,642</u>	<u>130</u>	<u>130</u>	<u>-</u>		<u>-</u>
School Breakfast (Severe Need Rate)	Paid	10,551	383	383	-	0.29	-
	Reduced	5,972	216	216	-	1.69	-
	Free	<u>36,354</u>	<u>1,177</u>	<u>1,177</u>	<u>-</u>	1.99	<u>-</u>
	Total	<u>52,877</u>	<u>1,776</u>	<u>1,776</u>	<u>-</u>		<u>-</u>
Special Milk	Paid	<u>36,074</u>	<u>3,722</u>	<u>3,722</u>	<u>-</u>	0.20	<u>-</u>
Total Net Underclaim / (Overclaim)							<u>\$ -</u>

**TOWNSHIP OF WASHINGTON SCHOOL DISTRICT**  
 Schedule of Net Cash Resources  
 Net Cash Resources Did/Did Not Exceed Three Months of Expenditures  
 Proprietary Funds - Food Service Fund  
 For the Fiscal Year Ended June 30, 2016

<u>Net Cash Resources:</u>	<u>Food Service B - 4/5</u>	
<b>CAFR</b>	<b>Current Assets</b>	
B-4	Cash & Cash Equivalents	\$ 725,341.09
B-4	Due from Other Governments	105,938.06
B-4	Due from Other Funds	
B-4	Accounts Receivable	15,299.64
<b>CAFR</b>	<b>Current Liabilities</b>	
B-4	Less Accounts Payable	(24,494.36)
B-4	Less Accruals	(178,779.55)
B-4	Less Due to Other Funds	(636,655.79)
B-4	Less Unearned Revenue	(67,724.51)
	<b>Net Cash Resources</b>	<u><u>\$ (61,075.42)</u></u> (A)

**Net Adjusted Total Operating Expense:**

B-5	Total Operating Expenditures	\$ 3,253,463.19	
B-5	Less Depreciation	(14,840.72)	
	<b>Adjusted Total Operating Expense</b>	<u><u>\$ 3,238,622.47</u></u> (B)	

**Average Monthly Operating Expense:**

B / 10	<u><u>\$ 323,862.25</u></u> (C)
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**Three Times Monthly Average:**

3 X C	<u><u>\$ 971,586.74</u></u> (D)
-------	---------------------------------

TOTAL IN BOX A	<u>\$ (61,075.42)</u>
LESS TOTAL IN BOX D	<u>\$ 971,586.74</u>
NET	<u><u>\$ (1,032,662.16)</u></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.

**TOWNSHIP OF WASHINGTON SCHOOL DISTRICT**  
 Application for State School Aid Summary  
 Schedule of Audited Enrollments  
 Enrollment as of October 15, 2015

	2016-2017 Application for State School Aid						Sample for Verification						Private Schools for the Disabled			
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Registers On Roll		Errors per Registers On Roll		Reported on A.S.S.A. as Private Schools	Sample for Verifi-cation	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Half Day Preschool																
Full Day Preschool																
Half Day Kindergarten	391		391					391		391						
Full Day Kindergarten																
One	454		454					67		67						
Two	441		441					63		63						
Three	424		424					126		126						
Four	486		486					77		77						
Five	475		475					72		72						
Six	549		549					174		174						
Seven	523		523					157		157						
Eight	506		506					190		190						
Nine	458		458					458		458						
Ten	485		485					485		485						
Eleven	519		519					519		519						
Twelve	510		510					510		510						
Post-Graduate																
Adult H.S. (15+CR.)																
Adult H.S. (1-14CR.)																
<b>Subtotal</b>	<b>6,221</b>	<b>-</b>	<b>6,221</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,289</b>	<b>-</b>	<b>3,289</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Special Educa ion-Elementary	490		490				9		9				47	36	36	
Special Educa ion-Middle School	265		265				17		17				12	10	10	
Special Educa ion-High School	349	1	349	1			72		72				32.5	24	24	
<b>Subtotal</b>	<b>1,104</b>	<b>1</b>	<b>1,104</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>98</b>	<b>-</b>	<b>98</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>91.5</b>	<b>70</b>	<b>70</b>	<b>-</b>
Co. Voc. - Regular																
Co. Voc. Ft. Post Sec.																
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Totals</b>	<b>7,325</b>	<b>1</b>	<b>7,325</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>3,387</b>	<b>-</b>	<b>3,387</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>91.5</b>	<b>70</b>	<b>70</b>	<b>-</b>
Percentage Error					<u>-</u>	<u>-</u>						<u>-</u>	<u>-</u>			<u>-</u>

(Continued)

**TOWNSHIP OF WASHINGTON SCHOOL DISTRICT**  
 Application for State School Aid Summary  
 Schedule of Audited Enrollments  
 Enrollment as of October 15, 2015

	Resident Low Income			Sample for Verification			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	Reported on A.S.S.A. as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Application, Test Score and Register	Sample Errors
Half Day Preschool												
Full Day Preschool												
Half Day Kindergarten	84	84		31	31		3	3		3	3	
Full Day Kindergarten												
One	105	105		7	7		3	3		3	3	
Two	101	101		7	7		5	5		3	3	
Three	92	92		2	2		2	2		2	2	
Four	109	109		4	4							
Five	129	129		8	8		3	3		2	2	
Six	127	127		13	13		1	1		1	1	
Seven	109	109		8	8		2	2		1	1	
Eight	86	86		12	12		1	1		1	1	
Nine	91	91		31	31		4	4		3	3	
Ten	92	92		31	31		3	3		3	3	
Eleven	99	99		34	34		3	3		3	3	
Twelve	83	83		28	28		3	3		3	3	
Post-Graduate												
Adult H.S. (15+CR.)												
Adult H.S. (1-14CR.)												
Subtotal	1,307	1,307	-	216	216	-	33	33	-	28	28	-
Special Education-Elementary	212	212		8	8							
Special Education-Middle School	120	120		8	8							
Special Education-High School	141	141		49	49							
Subtotal	473	473	-	65	65	-	-	-	-	-	-	-
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-
Totals	1,780	1,780	-	281	281	-	33	33	-	28	28	-
Percentage Error			-			-			-			-

	Transportation							Reported	Re-Calculated
	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors			
Reg. - Public Schools, Col. 1	3,102	3,102		223	223		Reg. Avg. (Mileage) = Regular Including Grade PK students (Part A)	4.4	4.4
Reg. - SpEd, Col. 4	417	417		30	30		Reg. Avg. (Mileage) = Regular Excluding Grade PK students (Part B)	4.4	4.4
Transported - Non-Public, Col. 3	141	141		10	10		Spec. Avg. (Mileage) = Special Ed. w/ h Special Needs	7.3	7.3
Special Needs, Col. 6	280	280		22	22				
Totals	3,940	3,940	-	285	285	-			
Percentage Error			-			-			

(Continued)

**TOWNSHIP OF WASHINGTON SCHOOL DISTRICT**  
 Application for State School Aid Summary  
 Schedule of Audited Enrollments  
 Enrollment as of October 15, 2015

	Resident LEP NOT Low Income			Sample for Verification		
	Reported on A.S.S.A. as NOT Low <u>Income</u>	Reported on Workpapers as NOT Low <u>Income</u>	<u>Errors</u>	Sample Selected from <u>Workpapers</u>	Verified to Test Score and Register	Sample <u>Errors</u>
Half Day Preschool						
Full Day Preschool						
Half Day Kindergarten	6	6		5	5	
Full Day Kindergarten						
One	2	2		2	2	
Two						
Three	2	2		2	2	
Four						
Five	1	1		1	1	
Six						
Seven	2	2		2	2	
Eight						
Nine						
Ten	1	1		1	1	
Eleven						
Twelve	1	1		1	1	
Post-Graduate						
Adult H.S. (15+CR.)						
Adult H.S. (1-14CR.)						
Subtotal	<u>15</u>	<u>15</u>	<u>-</u>	<u>14</u>	<u>14</u>	<u>-</u>
Special Education-Elementary						
Special Education-Middle School						
Special Education-High School						
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u><u>15</u></u>	<u><u>15</u></u>	<u><u>-</u></u>	<u><u>14</u></u>	<u><u>14</u></u>	<u><u>-</u></u>
Percentage Error			<u><u>-</u></u>			<u><u>-</u></u>

**EXCESS SURPLUS CALCULATION**

**REGULAR DISTRICT / CHARTER SCHOOL / RENAISSANCE SCHOOL PROJECT**

**SECTION 1**

**2% Calculation of Excess Surplus**

2015-16 Total General Fund Expenditures Reported on CAFR Exh bit C-1	<u>144,604,396.28</u> (B)
Increased by:	
Transfer from Capital Outlay to Capital Projects Fund	<u>362,000.00</u> (B1a)
Transfer from Capital Reserve to Capital Projects Fund	<u>1,550,294.00</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>14,145,628.44</u> (B2a)
Assets Acquired Under Capital Leases	<u>-</u> (B2b)
Adjusted 2015-16 General Fund Expenditures [(B)+(B1s)-(B2s)]	<u>132,371,061.84</u> (B3)
2% of Adjusted 2015-16 General Fund Expenditures [(B3) times .02]	<u>2,647,421.24</u> (B4)
Enter Greater of (B4) or \$250,000	<u>2,647,421.24</u> (B5)
Increased by: Allowable Adjustment *	<u>503,696.50</u> (K)
Maximum Unassigned Fund Balance [(B5) + (K)]	<u>3,151,117.74</u> (M)

**SECTION 2**

Total General Fund - Fund Balances at June 30, 2016 (Per CAFR Budgetary Comparison Schedule, Ex. C-1)	<u>22,876,427.21</u> (C)
Decreased by:	
Year-End Encumbrances	<u>1,382,393.44</u> (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	<u>-</u> (C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	<u>4,500,582.00</u> (C3)
Other Restricted Fund Balances ****	<u>3,174,954.63</u> (C4)
Assigned Fund Balance - Designated for Subsequent Year's Expenditures	<u>5,209,926.44</u> (C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	<u>8,608,570.70</u> (U1)

**SECTION 3**

Restricted Fund Balance - Excess Surplus *** [(U1)-(M)] IF NEGATIVE ENTER -0-	<u>5,457,452.96</u> (E)
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**Recapitulation of Excess Surplus as of June 30, 2016**

Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	<u>4,500,582.00</u> (C3)
Restricted - Excess Surplus *** [(E)]	<u>5,457,452.96</u> (E)
Total Excess Surplus [(C3)+(E)]	<u>9,958,034.96</u> (D)

**EXCESS SURPLUS CALCULATION (CONT'D)**

**REGULAR DISTRICT / CHARTER SCHOOL / RENAISSANCE SCHOOL PROJECT**

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**

Federal Impact Aid	-	(H)
Sale & Lease-back	-	(I)
Extraordinary Aid	<u>421,816.00</u>	(J1)
Additional Nonpublic School Transportation Aid	<u>76,401.00</u>	(J2)
Current Year School Bus Advertising Revenue Recognized	<u>5,479.50</u>	(J3)
Family Crisis Transportation Aid	<u>-</u>	(J4)
 Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)]	 <u>503,696.50</u>	 (K)

\*\* This amount represents the June 30, 2015 Excess Surplus (C3 above) and must be included in the Audit Summary Line 90031. This amount was to be appropriated in the 2016-2017 general fund budget.

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

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

**Detail of Other Restricted Fund Balance**

Statutory restrictions:		
Approved unspent separate proposal	-	
Sale/lease-back reserve	-	
Capital reserve	<u>3,167,826.88</u>	
Maintenance reserve	-	
Emergency reserve	-	
Tuition reserve	-	
School bus advertising 50% fuel offset reserve - current year	<u>2,739.75</u>	
School bus advertising 50% fuel offset reserve - prior year	<u>4,388.00</u>	
Impact Aid General Fund Reserve (Sections 8002 and 8003)	-	
Impact Aid Capital Fund Reserve (Sections 8007 and 8008)	-	
Other state/government mandated reserves	-	
 [Other Restricted Fund Balance not noted above]****	 -	
 Total Other Restricted Fund Balance	 <u>3,174,954.63</u>	 (C4)

