

WASHINGTON TOWNSHIP SCHOOL DISTRICT
COUNTY OF MORRIS
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016

WASHINGTON TOWNSHIP SCHOOL DISTRICT
COUNTY OF MORRIS
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE
FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016
TABLE OF CONTENTS

	<u>Page</u>
Cover Letter	1
General Comments:	2
Scope of Audit	2
Administrative Practices and Procedures:	2
Insurance	2
Officials in Office and Surety Bonds	2
Tuition Charges	2
Financial Planning, Accounting and Reporting:	2
Examination of Claims	2
Payroll Account and Position Control Roster	2
Reserve for Encumbrances and Accounts Payable	3
Classification of Expenditures - General and Administrative	3
Board Secretary's Records	3
Treasurer's Records	3
No Child Left Behind (N.C.L.B.)	3
Other Special Federal and/or State Projects	4
T.P.A.F. Reimbursement	4
School Purchasing Programs:	4
Contracts and Agreements Requiring Advertisement for Bids	4
School Food Service Fund	5
Student Body Activities	6
Application for State School Aid	6
Pupil Transportation	6
Travel Expense and Reimbursement Policy	6
Facilities and Capital Assets	6
Management Suggestions	7
Status of Prior Year's Findings/Recommendations	8
Schedule of Meal Count Activity (Not Applicable)	
Schedule of Net Cash Resources (Not Applicable)	
Schedule of Audited Enrollments	9
Excess Surplus Calculation	14
Summary of Recommendations	16



Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mt. Arlington, NJ 07856
973-328-1825 | 973-328-0507 Fax

Lawrence Business Center
11 Lawrence Road
Newton, NJ 07860
973-383-6699 | 973-383-6555 Fax

November 4, 2016

The Honorable President and Members
of the Board of Education
Washington Township School District
County of Morris, 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 financial statements of the Board of Education of the Washington Township School District in the County of Morris for the fiscal 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 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 letter does not affect our report dated November 4, 2016, on the financial statements of the Board.

We will review the status of the comments, if any, during our next audit engagement. We have already discussed these comments and suggestions, if any, with various management personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations, if any.

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


NISIVOCCIA LLP



Francis J. Jones, Jr.
Licensed Public School Accountant #1154
Certified Public Accountant

WASHINGTON TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Moneys, the activities of the Board of Education, the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

Multi-peril insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the district's CAFR.

Officials in Office and Surety Bonds

<u>Name</u>	<u>Position</u>	<u>Coverage</u>
Kevin Lifer	Treasurer of School Monies	\$260,000
Elizabeth George	Board Secretary/School Business Administrator	\$10,000*

*In addition, the Board Secretary/School Business Administrator is also covered under a \$500,000 umbrella policy for theft and fraud which covers all District employees.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were different than estimated costs. The Board made a proper adjustment to the billings to sending districts for the change in per pupil costs in accordance with N.J.A.C. 6A:23A-3.1(f)3.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid on a test basis, during the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

Payroll Account and Position Control Roster

The net salaries of 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.

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

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

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (superintendent, assistant superintendent, and business administrator) to the NJ Department of Treasury was filed in a timely manner.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Reserve for Encumbrances and Accounts Payable

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

Classification of Expenditures – General and Administrative

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-8.2. As a result of the procedures performed, a transaction error rate of 0% was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Board Secretary's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments except as noted herein.

Findings:

- A) During our audit, we found that county superintendent approval was not obtained before budget transfers were made in accordance with state statutes. However, as general compliance was noted, we are not making a formal recommendation.
- B) During our review of the Capital Projects Fund, we found that the transfers to/from projects within the capital projects fund did not receive board approval prior to the transfers. However, as general compliance was noted, we are not making a formal recommendation.

Treasurer's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Treasurer's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments except as noted herein.

No Child Left Behind (N.C.L.B.)

The N.C.L.B. financial exhibits are contained herein within the Special Revenue Section of the District's CAFR. This section of the CAFR documents the financial position pertaining to projects under Title I and Title II of the No Child Left Behind Act.

The study of compliance for the N.C.L.B. did not indicate any area of noncompliance.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016
 (Continued)

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.

T.P.A.F. Reimbursement

Our audit procedures included a test of the bi weekly reimbursements filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

T.P.A.F. Reimbursement to the State for Federal Salary Expenditures

The T.P.A.F. Reimbursement to the State for Federal Salary Expenditures was remitted to the State of New Jersey prior to the required deadline of October 1, 2016. The reimbursement form was reviewed and no exceptions were noted.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-3 states:

a. "When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by resolution of the Board of Education without public advertising for bids and bidding therefore, except that the Board of Education may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L.1971, c. 198 the Board of Education may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Commencing in the fifth year after the year in which P.L.1999, c. 440 takes effect and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount and the higher threshold amount which the Board of Education is permitted to establish as set forth in subsection a. of this section or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in N.J.S.A. 18A:18A-2, and shall round the adjustment to the nearest \$1,000. The Governor shall notify all local school districts of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of the year in which it is made"

N.J.S.A. 18A:18A-4 states, "Every contract for the provision or performance of any goods or services the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the Board of Education to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law"

Effective July 1, 2015 and thereafter, 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).

WASHINGTON TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

School Purchasing Programs (Cont'd)

Contracts and Agreements Requiring Advertisement for Bids (Cont'd)

The law regulating bidding for public school student transportation contracts under *N.J.S.A.* 18A:39-3 is currently \$18,800.

As per *N.J.S.A.* 18A:18A-3, the Board passed a resolution, recognizing the Business Administrator as a qualified purchasing agent and increasing the bid threshold to \$40,000.

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 Attorney'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. General compliance was noted.

The results of our examination indicated that no individual payments, contracts, or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies", in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of *N.J.S.A.* 18A:18A-4.

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

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

Additionally, we inquired of school management, or appropriate school food service personnel, as to whether the SFA's expenditures of school food service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

Student Body Activities

In planning and performing our audit of the financial statements of the Board, we considered the condition of the records of the Student Activities Fund for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments except as noted herein.

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 disabled, low income students, and bilingual education. We also performed a review of the District's procedures related to its completion. The information on the A.S.S.A. was compared to the District's workpapers without exception. The information that was included on the workpapers was verified on a test basis with one 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's written procedures for the recording of student enrollment data, appears to be adequate.

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. No exceptions were noted in our review of transportation related purchases of goods and services.

Travel Expense and Reimbursement Policy

Travel regulations require each District to adopt a formal policy and procedure pertaining to travel and expense reimbursement for its employees and board members. The regulations require the District to establish a maximum travel for the year and to ensure that the maximum is not exceeded. The regulations also require that all travel be preapproved by the Board of Education and that the approval must be itemized by event, event total cost, and individuals attending.

Facilities and Capital Assets

Our procedures included a review of the SDA grant agreements 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. No exceptions were noted.

Our procedures included a review of the capital assets of the Charter School. Based on these procedures, we have the following comments except as noted below.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

Facilities and Capital Assets (Cont'd)

Findings:

- A) During our review of the Capital Assets, we found that asset tags did not agree to the capital assets report and that not all capital assets were reported.
- B) During our review of the Capital Assets, we also found that the District did not maintain a formal capital asset inventory record that tracked depreciation.

Recommendations:

- A) It is recommended that asset tags agree to the capital asset report and all assets are added to the District's capital assets records.
- B) It is recommended that a formal capital assets inventory record is maintained which tracks depreciation.

Management's Responses:

- A) The District will have asset tags agree to the capital asset report and all assets added to the District's capital asset records.
- B) The District will have a formal capital asset inventory record maintained which tracks depreciation.

Management Suggestions

Capital Projects

We have noted that projects contained within the Capital Projects Fund have been near or fully completed. The District should address the balances remaining in the projects that are completed, and return the remaining funds to the appropriate fund. For projects which were funded by Capital Reserve, the funds should be returned to the Capital Reserve account. For projects funded through bond issuances, these funds may be returned to the Debt Service Fund to pay down the debt associated with the project. The Capital Projects Fund should only contain active projects, and all completed projects should be removed from the fund.

Governmental Accounting Standards Board Statements

The next Governmental Accounting Standards Board ("GASB") statement which will have a significant impact on the District will be GASB#75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, will be effective for the fiscal year ending June 30, 2018. This standard replaces GASB#45, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. It is similar to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* GASB#68 in that successful implementation of this standard will require the provision of certain key financial and non-financial information from the New Jersey Division of Pensions.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

Management Suggestions (Cont'd)

Cyber Security

Cyber crime has become much more prevalent in the last few years. Websites and internal networks, containing personally identifiable information ("PII"), can be vulnerable which could result in losses, both financial and reputational. We suggest that the District continue its practice of regularly reviewing its security protocols and staff training in this area.

Deferred Compensation Plans

As a best practice, the District should consider a periodic review of the benefits, features, costs, and performance of its deferred compensation plans and make that information available to employees for the use of employees to make suitable choices for investing their retirement funds.

Independent Contractors vs. Employees

The District should consider reviewing the status of "Independent Contractors" utilized by the District with Internal Revenue Service guidelines for determination of employment status. The IRS has been reviewing employers, including governments, to determine compliance. A proactive approach may help to minimize or eliminate potential penalties related to incorrect employment status determination.

Status of Prior Year's Findings/Recommendations

There were no prior year recommendations.

WASHINGTON TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015

	2016-2017 Application for State School Aid						Sample for Verification					
	Reported on		Reported on		Errors		Sample		Verified per		Errors	
	ASSA		Workpapers				Selected from		Registers			
	On Roll		On Roll		Workpapers		On Roll					
Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	
Full Day Kindergarten	201		201				201		201			
Grade One	179		179				179		179			
Grade Two	155		155				155		155			
Grade Three	187		187				187		187			
Grade Four	192		192				192		192			
Grade Five	193		193				193		193			
Grade Six	223		223				223		223			
Grade Seven	218		218				218		218			
Grade Eight	263		263				263		263			
Subtotal	1,811		1,811				1,811		1,811			
Special Education:												
Elementary	222		222				15		15			
Middle	164		164				10		10			
Subtotal	386		386				25		25			
Totals	2,197		2,197		-0-	-0-	1,836	0	1,836	0	-0-	-0-
Percentage Error					0.00%	0.00%					0.00%	0.00%

WASHINGTON TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015

	Private Schools for Disabled					Resident Low Income						
	Reported on ASSA as Private Schools	Reported on Workpapers as Private Schools	Errors	Sample for Verficiation	Sample Verified	Sample Errors	Reported on ASSA as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Kindergarten							9	9		1	1	
Grade One							6	6		1	1	
Grade Two							6	6		1	1	
Grade Three							7	7		1	1	
Grade Four							8	8		1	1	
Grade Five							3	3		1	1	
Grade Six							9	9		1	1	
Grade Seven							2	2		1	1	
Grade Eight							10	10		1	1	
Subtotal							60	60		9	9	
Special Education:												
Elementary School	8	8		3	3		17	17		5	5	
Middle School	3	3		2	2		11	11		3	3	
Subtotal	11	11		5	5		28	28		8	8	
Totals	11	11		5	5		88	88		17	17	
Percentage Error			0.00%				0.00%			0.00%		0.00%

WASHINGTON TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015

	Resident LEP Low Income					
	Reported on ASSA as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Test Scores, Application and Register	Sample Errors
Full Day Kindergarten	3	3		1	1	
Grade One	1	1				
Grade Two	2	2				
Grade Three	2	2		1	1	
Grade Four	2	2		1	1	
Grade Eight	1	1				
Subtotal	<u>11</u>	<u>11</u>		<u>3</u>	<u>3</u>	
Special Education:						
Elementary School	2	2		1	1	
Subtotal	<u>2</u>	<u>2</u>		<u>1</u>	<u>1</u>	
Totals	<u><u>13</u></u>	<u><u>13</u></u>		<u><u>4</u></u>	<u><u>4</u></u>	
Percentage Error			<u><u>0.00%</u></u>			<u><u>0.00%</u></u>

WASHINGTON TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015

	Resident LEP Not Low Income					
	Reported on ASSA as LEP Not Low Income	Reported on Workpapers as LEP Not Low Income	Errors	Sample Selected from Workpapers	Verified to Test Scores and Register	Sample Errors
Full Day Kindergarten	6	6		1	1	
Grade One	5	5		1	1	
Grade Two	8	8		2	2	
Grade Three	1	1		1		1
Grade Four	3	3		1	1	
Grade Five	2	2		1	1	
Subtotal	<u>25</u>	<u>25</u>		<u>7</u>	<u>6</u>	<u>1</u>
Special Education:						
Elementary School	3	3		1	1	
Subtotal	<u>3</u>	<u>3</u>		<u>1</u>	<u>1</u>	
Totals	<u>28</u>	<u>28</u>		<u>8</u>	<u>7</u>	<u>1</u>
Percentage Error			<u>0.00%</u>			<u>12.50%</u>

WASHINGTON TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015

	Transportation					
	<u>Reported on DRTRS by DOE</u>	<u>Reported on DRTRS by District</u>	<u>Errors</u>	<u>Tested</u>	<u>Verified</u>	<u>Errors</u>
Regular - Public Schools	1,333	1,333		25	25	
Regular - Special Education	230	230		23	23	
Transported - Non Public	61	61		6	6	
AIL - Non Public	44	44		6	6	
Special Needs - Public	76	76		8	8	
Special Needs - Private	11	11		4	4	
Totals	<u>1,755</u>	<u>1,755</u>		<u>72</u>	<u>72</u>	<u>-0-</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

	<u>Reported</u>	<u>Recalculated</u>
Average Mileage - Regular Including Grade PK Students	4.20	4.20
Average Mileage - Regular Excluding Grade PK Students	4.20	4.20
Average Mileage - Special Education with Special Needs	7.30	7.30

WASHINGTON TOWNSHIP SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2016

Section 1 - REGULAR DISTRICT

2015-16 Total General Fund Expenditures per the CAFR	<u>\$ 44,814,685</u> (B)
Increased by:	
Transfer to Food Service Fund	<u>\$ -0-</u> (B1a)
Transfer from Capital Outlay to Capital Projects Fund	<u>\$ -0-</u> (B1a)
Transfer from Capital Reserve to Capital Projects Fund	<u>\$ -0-</u> (B1b)
Decreased by:	
On-Behalf TPAF Pension and Social Security	<u>\$ 4,507,164</u> (B2a)
Assets Acquired Under Capital Leases	<u>\$ 486,191</u> (B2b)
Adjusted 2015-16 General Fund Expenditures [(B)+(B1's)-(B2's)]	<u>\$ 39,821,330</u> (B3)
2% of Adjusted 2015-16 General Fund Expenditures [(B5) times .02]	<u>\$ 796,427</u> (B4)
Enter Greater of (B4) or \$250,000	<u>\$ 796,427</u> (B5)
Increased by: Allowable Adjustment	<u>\$ 390,801</u> (K)
Maximum Unassigned Fund Balance [(B5)+(K)]	<u>\$ 1,187,228</u> (M)

Section 2

Total General Fund - Fund Balances @ 6/30/16 (Per CAFR Budgetary Comparison Schedule C-1)	<u>\$ 3,287,138</u> (C)
Decreased by:	
Assigned - Year End Encumbrances	<u>\$ 206,696</u> (C1)
Legally Restricted - Subsequent Year's Expenditures	<u>\$ -0-</u> (C2)
Excess Surplus - Subsequent Year's Expenditures	<u>\$ -0-</u> (C3)
Other Restricted Fund Balances	<u>\$ 1,140,311</u> (C4)
Assigned - Subsequent Year's Expenditures	<u>\$ 878,616</u> (C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	<u>\$ 1,061,515</u> (U1)

Section 3

Restricted Fund Balance - Excess Surplus [(U1)-(M)] IF NEGATIVE, ENTER -0-	<u>\$ -0-</u> (E)
--	-------------------

WASHINGTON TOWNSHIP SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

Section 3

Recapitulation of Excess Surplus as of June 30, 2016

Restricted Excess Surplus - Subsequent Year's Expenditures	\$ -0- (C3)
Restricted Excess Surplus [(E)]	<u>\$ -0- (E)</u>
Total [(C3)+(E)+(F)]	<u><u>\$ -0- (D)</u></u>

Detail of Allowable Adjustments

Impact Aid	\$ -0- (H)
Sale and Lease Back	<u>\$ -0- (I)</u>
Extraordinary Aid	<u>\$ 383,057 (J1)</u>
Additional Nonpublic School Transportation Aid	<u>\$ 7,744 (J2)</u>
Total Adjustments [(H)+(I)+(J1)+(J2)]	<u><u>\$ 390,801 (K)</u></u>

Detail of Other Restricted Fund Balances

Statutory Restrictions	<u>\$ -0-</u>
Approved Unspent Separate Proposal	<u>\$ -0-</u>
Sale/Lease-Back Reserve	<u>\$ -0-</u>
Capital Reserve	<u>\$ 1,140,311</u>
Maintenance Reserve	<u>\$ -0-</u>
Emergency Reserve	<u>\$ -0-</u>
Tuition Reserve	<u>\$ -0-</u>
Other State/Governmental Mandated Reserve	<u>\$ -0-</u>
Other Restricted Fund Balance not Noted Above	<u>\$ -0-</u>
Total Other Restricted Fund Balances	<u><u>\$ 1,140,311</u></u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT
SUMMARY OF RECOMMENDATIONS
FISCAL YEAR ENDED JUNE 30, 2016

It is recommended that:

1. Administrative Practices and Procedures
None
2. Financial Planning, Accounting and Reporting
None
3. School Purchasing Program
None
4. School Food Service
None
5. Student Body Activities
None
6. Application for State School Aid
None
7. Pupil Transportation
None
8. Facilities and Capital Assets
 - A) Asset tags agree to the capital asset report and all assets are added to the capital asset report.
 - B) A formal capital asset inventory record is maintained which tracks depreciation.
9. Status of Prior Year's Findings/Recommendations
There were no prior year recommendations.