

**AUDITORS MANAGEMENT REPORT  
ON ADMINISTRATIVE FINDINGS -  
FINANCIAL, COMPLIANCE AND PERFORMANCE  
SCHOOL DISTRICT OF THE  
TOWNSHIP OF WEST MILFORD  
COUNTY OF PASSAIC, NEW JERSEY  
JUNE 30, 2016**

**SCHOOL DISTRICT OF THE TOWNSHIP OF WEST MILFORD**  
**COUNTY OF PASSAIC, NEW JERSEY**

**AUDITORS MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS**  
**- FINANCIAL, COMPLIANCE AND PERFORMANCE**

	Page <u>No.</u>
Independent Auditors' Report .....	1
Scope of Audit .....	2
Administrative Practices and Procedures .....	2
Insurance .....	2
Official 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 .....	3
Board Secretary's Records .....	4
Fixed Assets .....	4
Elementary and Secondary Education (E.S.E.A.)/Improving America's School Act (I.A.S.A.) as reauthorized by the No Child Left Behind Act of 2001 .....	4
Other Special Federal and/or State Projects .....	4
T.P.A.F. Reimbursement .....	4
T.P.A.F. Reimbursement to the State for Federal Salary Expenditures .....	5
School Purchasing Programs .....	5
School Food Service .....	6
Student Body/Athletic Account Activities .....	7
Application for State School Aid .....	8
Pupil Transportation .....	8
Follow-up on Prior Years' Finding .....	9
Acknowledgment .....	9
Number of Meals Served and (Over)/Underclaims - Federal .....	10
Number of Meals Served and (Over)/Underclaims - State .....	11
Schedule of Audited Enrollments .....	12 - 14
Excess Surplus Calculation .....	15 - 17

# Ferraioli, Wielkotz, Cerull & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA  
Steven D. Wielkotz, CPA, RMA  
James J. Cerullo, CPA, RMA  
Paul J. Cuva, CPA, RMA  
Thomas M. Ferry, CPA, RMA

Certified Public Accountants  
401 Wanaque Avenue  
Pompton Lakes, New Jersey 07442  
973-835-7900  
Fax 973-835-6631

Newton Office  
100B Main Street  
Newton, NJ 07860  
973-579-3212  
Fax 973-579-7128

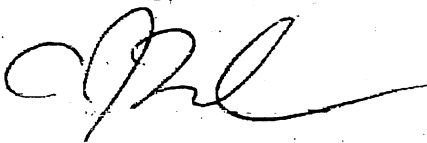
## REPORT OF INDEPENDENT AUDITORS

Honorable President and  
Members of the Board of Education  
Township of West Milford School District  
County of Passaic, 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 West Milford School District in the County of Passaic for the year ended June 30, 2016, and have issued our report thereon dated November 21, 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 Township of West Milford 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.



Charles J. Ferraioli, Jr., C.P.A.  
Licensed Public School Accountant  
No. 749

*Ferraioli, Wielkotz, Cerullo & Cuva, P.A.*

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.  
*Certified Public Accountants*

Pompton Lakes, New Jersey

November 21, 2016

**TOWNSHIP OF WEST MILFORD BOARD OF EDUCATION**  
**ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**

**YEAR ENDED JUNE 30, 2016**

**Scope of Audit**

The audit covered the financial transactions of the Board Secretary/School Business Administrator, 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

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

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

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Barbara Francisco	Board Secretary/School Business Administrator	\$450,000

There is a Public Employees' Faithful Performance Blanket Position Bond with the Zurich Insurance Co. covering all other employees with multiple coverage of \$500,000.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was 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 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 did not indicate any material discrepancies with respect to signatures, certification or supporting documentation.

Payroll Account and Position Control Roster

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.

**TOWNSHIP OF WEST MILFORD BOARD OF EDUCATION**  
**ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**

**YEAR ENDED JUNE 30, 2016**

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

Payroll Account and Position Control Roster (continued)

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

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

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (superintendent, assistant superintendents, and business administrators) to the NJ Department of Treasury was filed by the March 15 due date.

Reporting of employee compensation for income tax related purposes did comply with federal and state regulations regarding the compensation which is required to be reported.

The Position Control Roster was reviewed and compared to payroll records, employee benefit records and charges made to the general ledger to ensure proper and consistent financial reporting and that employee benefits are only offered to current employees.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30<sup>th</sup> for goods not yet received or services not rendered and it was determined that no blanket purchase orders were included in the balance of the reserves for encumbrances. Also, unpaid purchase orders included in the balance of accounts payable were reviewed for priority and to determine that goods were received and services were rendered as of June 30, 2016.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with *N.J.A.C. 6A:23A-16.2(f)* as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with *N.J.A.C. 6A:23A-8.3*. As a result of the procedures performed, a transaction error rate of 0.00% was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

**TOWNSHIP OF WEST MILFORD BOARD OF EDUCATION**  
**ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**

**YEAR ENDED JUNE 30, 2016**

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

Board Secretary's Records

The Board Secretary's records were in satisfactory condition.

Fixed Assets

The general fixed asset records were updated for the additions and disposals of general fixed assets made during the year.

Elementary and Secondary Education ACT (E.S.E.A.)/Improving America's School Act (I.A.S.A.) As Reauthorized by the No Child Left Behind Act 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, II, and III of the Elementary and Secondary Education Act as amended and reauthorized.

The study of compliance for E.S.E.A. indicated no areas of noncompliance and/or questionable costs.

Other Special Federal and/or State Projects

The District's Special Projects were approved as listed on Schedule A and Schedule B located in the CAFR.

Our audit of the federal and state funds on a test basis, indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

The study of compliance for special projects indicated no areas of noncompliance.

T.P.A.F. Reimbursement

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

**TOWNSHIP OF WEST MILFORD BOARD OF EDUCATION**  
**ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**

**YEAR ENDED JUNE 30, 2016**

**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 be 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. The expenditure was reviewed 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-2 contains definitions for terms used throughout N.J.S.A. 18A:18A-1 et seq. It includes as subsection (p) the term 'competitive contracting', which is defined as "the method described in N.J.S.A. 18A:18A-4.1 through 18A:18A-4.5 and in rules promulgated by DCA at N.J.A.C. 5:34-4 of contracting for specialized goods and services in which formal proposals are solicited from vendors; formal proposals are evaluated by the purchasing agent or counsel or school business administrator; and the board of education awards a contract to a vendor or vendors from among the formal proposals received." Also, subsection (aa) defines the term 'concession' to exclude vending machines.

N.J.S.A. 18A:18A-3(a) sets forth the bid threshold and requires award by board resolution. There is a higher threshold when there is a "Qualified Purchasing Agent" (QPA) in the district as defined at N.J.A.C. 5:34-1.1 and certified upon approval of an application submitted to DCA. Pursuant to N.J.S.A. 18A:18A-3(b), the bid threshold may be adjusted by the Governor, in consultation with the Department of Treasury, every five years.

N.J.S.A. 18A:18A-4.4 provides boards of education the authority to pass a resolution authorizing the use of competitive contracting. "In order to initiate competitive contracting, the board of education shall pass a resolution authorizing the use of competitive contracting each time specialized goods or services enumerated in sections 45 of L. 1999, c.440 are desired to be contracted."

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 Agency) and \$29,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$18,800.

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, amended.

**TOWNSHIP OF WEST MILFORD BOARD OF EDUCATION**  
**ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**

**YEAR ENDED JUNE 30, 2016**

**School Purchasing Programs (continued)**

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

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

**School Food Service**

The school food service program 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 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.

The financial transactions and statistical records of the school food services were reviewed. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

Cash receipts and bank records were reviewed for timely deposit, there were no major exceptions noted.

The District utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with *N.J.S.A.* 18A:17-34, and 19-1 through 19-4.1. Provisions of the FSMC contract/addendum were reviewed and audited. The operating results provision has been met.

Expenditures were separately recorded as 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.

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. Net cash resources did not exceed three months average expenditures.

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all School Food Services employees authorized by the Board of Education. 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. No exceptions were noted.



**TOWNSHIP OF WEST MILFORD BOARD OF EDUCATION**  
**ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**

**YEAR ENDED JUNE 30, 2016**

**School Food Service (continued)**

Applications for free and reduced price meals were reviewed for completeness and accuracy, however, the following errors were found. 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 reviewed for uniform administration throughout the school system. Sites approved to participate in provisions I and II were examined for compliance with all counting and claiming requirements. The required verification procedures for free and reduced price applications were completed and available for review.

U.S.D.A. 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 Food Service Management Company 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.

**Finding 2016-01:**

In October, November and December, Free and Pre-paid meals served were overstated.

**Recommendation:**

That greater care be taken when reporting meals served.

**Management Response:**

The District has created an excel spreadsheet to confirm the monthly meal count numbers received from the FSMC. Also, the elementary schools are now included in the POS system to record meals purchased.

**Student Body/Athletic Account Activities**

The cash receipts and disbursement records were maintained in good order.

**TOWNSHIP OF WEST MILFORD BOARD OF EDUCATION**  
**ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**

**YEAR ENDED 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 (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 and the information that was included on the workpapers was verified with the following 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.

**Finding 2016-02**

There were three (3) students not classified in accordance with their free and reduced lunch application as of the October 15<sup>th</sup> deadline.

**Recommendation:**

That free and reduced applications be reviewed for accuracy prior to the October 15<sup>th</sup> deadline.

**Management Response:**

The District continues to refine its procedure for recording Free and Reduced Applications using one person to make an initial determination and another person to review completed application.

**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 exceptions. 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.

**TOWNSHIP OF WEST MILFORD BOARD OF EDUCATION**  
**ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**

**YEAR ENDED JUNE 30, 2016**

**Follow-up on Prior Years' Findings**

In accordance with government auditing standards, our procedures included a review of all prior year recommendations including findings. Corrective action has been taken on all prior year audit findings, with the exception of the following which is repeated in this years recommendation, noted as current year finding 2016-02.

- That free and reduced lunch applications be reviewed for accuracy prior to the October 15<sup>th</sup> deadline.

**Acknowledgment**

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



Charles J. Ferraioli, Jr., C.P.A.  
Licensed Public School Accountant  
No. 749

*Ferraioli, Wielkocz, Cerullo & Cuva, P.A.*

Ferraioli, Wielkocz, Cerullo & Cuva, P.A.  
*Certified Public Accountants*

**SCHEDULE OF MEAL COUNT ACTIVITY**

**TOWNSHIP OF WEST MILFORD SCHOOL DISTRICT**  
**FOOD SERVICE FUND**  
**NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM - FEDERAL**  
**ENTERPRISE FUNDS**  
**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	181,129	55,972	54,343	(1,629)	0.29	(472.41)
	Reduced	10,197	3,153	3,153	-	2.67	-
	Free	57,765	18,338	18,233	(105)	3.07	(322.35)
	Total	<u>249,091</u>	<u>77,463</u>	<u>75,729</u>	<u>(1,734)</u>		<u>(794.76)</u>
School Breakfast (Regular Rate)	Paid	609	202	202	-	0.29	-
	Reduced	6	-	1	1	1.36	1.36
	Free	4,865	1,563	1,562	(1)	1.66	(1.66)
	Total	<u>5,480</u>	<u>1,765</u>	<u>1,765</u>	<u>-</u>		<u>(0.30)</u>
School Breakfast (Severe Need Rate)	Paid	29	14	14	-	0.29	-
	Reduced	4	-	-	-	1.69	-
	Free	886	303	303	-	1.99	-
	Total	<u>919</u>	<u>317</u>	<u>317</u>	<u>-</u>		<u>-</u>
Total Net (Over) / Under Claim							<u>\$ (795.06)</u>

**SCHEDULE OF MEAL COUNT ACTIVITY**

**TOWNSHIP OF WEST MILFORD SCHOOL DISTRICT**  
**FOOD SERVICE FUND**  
**NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM - STATE**  
**ENTERPRISE FUNDS**  
**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	181,129	55,972	55,972	-	0.04	-
	Reduced	10,197	3,153	3,154	1	0.055	0.06
	Free	57,765	18,338	18,337	(1)	0.055	(0.06)
	<b>Total</b>	<u>249,091</u>	<u>77,463</u>	<u>77,463</u>	<u>-</u>		<u>-</u>
Total Net (Over) / Under Claim							<u>\$ -</u>

SCHEDULE OF AUDITED ENROLLMENTS

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

	2016-2017 Application for State School Aid						Sample for Verification				Private Schools for Disabled						
	Reported on A.S.S.A. On Roll		Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Registrars On Roll		Errors per Registers On Roll		Reported on A.S.S.A. as Private Schools		Sample for Verification		
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	
Half Day Preschool-3YR	6		6				6		6								
Half Day Preschool-4YR	10		10				10		10								
Full Day Kindergarten	207		207				207		207								
One	218		218				218		218								
Two	245		245				245		245								
Three	210		210				210		210								
Four	220		220				220		220								
Five	207		207				207		207								
Six	213		213				213		213								
Seven	212		212				212		212								
Eight	207		207				207		207								
Nine	232		232				232		232								
Ten	220		220				220		220								
Eleven	215		215				215		215								
Twelve	258		258				258		258								
Subtotal	2880	0	2880	0	0	0	2880	0	2880	0	0	0	0	0	0	0	0
Special Ed - Elementary	225		225				72		72				27		21		0
Special Ed - Middle School	164		164				53		53				16		12		0
Special Ed - High School	222	2	222	2			72		72				17		13		0
Subtotal	611	2	611	2	0	0	197	0	197	0	0	0	60	46	46	46	0
Total	3491	2	3491	2	0	0	3077	0	3077	0	0	0	60	46	46	46	0
Percent Error					0.00%	0.00%					0.00%	0.00%					0%

SCHEDULE OF AUDITED ENROLLMENTS

**WEST MILFORD SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2015**

Enrollment Category	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on ASSA as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Error	Reported on ASSA as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Error
Half Day Preschool	31	31		13	12	1						
Full Day Kindergarten	29	29		13	13		2	2		2		2
One	29	29		13	13		1	1		1		1
Two	28	28		12	12		1	1		1		1
Three	14	14		6	6							
Four	32	32		14	12	1						
Five	26	26		11	10	1						
Six	29	29		13	13							
Seven	23	23		10	10							
Eight	25	25		11	11							
Nine	22	22		9	9							
Ten	22	22		9	9							
Eleven	24	24		10	10							
Twelve												
Subtotal	334	334	0	144	140	3	4	4	4	4		4
Special Ed - Elementary	58	58		25	25							
Special Ed - Middle School	39	39		17	17		3	3	3	3		3
Special Ed - High School	26	26		11	11							
Subtotal	123	123	0	53	53	0	3	3	3	3		3
Total	457	457	0	197	193	3	7	7	7	7		7
Percent Error			0.00%			1.52%						0%

**SCHEDULE OF AUDITED ENROLLMENTS**  
**WEST MILFORD SCHOOL DISTRICT**  
**APPLICATION FOR STATE SCHOOL AID SUMMARY**  
**ENROLLMENT AS OF OCTOBER 15, 2015**

Enrollment Category	Resident LEP NOT Low Income			Sample for Verification		
	Reported on ASSA as NOT Low Income	Reported on Workpapers as NOT Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Errors
Half Day Preschool	3	3		2	2	
Full Day Kindergarten						
One	2	2		2	2	
Two						
Three	1	1		1	1	
Four						
Five						
Six						
Seven	1	1		1	1	
Eight	3	3		3	3	
Nine						
Ten	1	1		1	1	
Eleven	1	1		1	1	
Twelve						
Subtotal	12	12	0	11	11	0
Special Ed - Elementary	1	1		1	1	
Special Ed - Middle School						
Special Ed - High School						
Subtotal	1	1	0	1	1	0
Total	13	13	0	12	12	0
Percent Error			0%			0%
Regular - Public Schools, col. 1	1,845	1,845	0	279	279	0
Regular - SpEd, col. 4	417	417	0	197	197	0
Transported - Non-Public, col. 2	0	0	0	0	0	0
Special Ed Spec, col. 6	109	109	0	75	75	0
Totals	2,371	2,371	-	551	551	0
Percentage Error			0.00%			0.00%



EXCESS SURPLUS CALCULATION

REGULAR DISTRICT/CHARTER SCHOOL/RENAISSANCE SCHOOL PROJECT

SECTION 1

**A. 2% Calculation of Excess Surplus**

2015-16 Total General Fund Expenditures per the CAFR, Ex.C-1	\$	<u>75,076,424.13</u>	(B)
Increased by:			
Transfer from Capital Outlay to Capital Projects Fund	\$	<u>1,659,250.00</u>	(B1a)
Transfer from Capital Reserve to Capital Projects Fund	\$	<u>862,642.00</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>7,210,422.52</u>	(B2a)
Assets Acquired Under Capital Leases	\$	<u>910,885.46</u>	(B2b)
Adjusted 14-15 General Fund Expenditures [(B)+(B1s)-(B2s)]	\$	<u>69,477,008.15</u>	(B3)
2% of Adjusted 2014-15 General Fund Expenditures [(B3) times .02]	\$	<u>1,389,540.16</u>	(B4)
Enter Greater of (B4) or \$250,000	\$	<u>1,389,540.16</u>	(B5)
Increased by: Allowable Adjustment *	\$	<u>32,886.00</u>	(K)
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]	\$	<u>1,422,426.16</u>	(M)

SECTION 2

Total General Fund - Fund Balances @ 6-30-15 (Per CAFR Budgetary Comparison Schedule C-1)	\$	<u>9,662,067.19</u>	(C)
Decreased by:			
Year-end Encumbrances	\$	<u>433,637.53</u>	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$	<u>                    </u>	(C2)
Legally Restricted Excess Surplus - Designated for Subsequent Year's Expenditures **	\$	<u>2,957,314.00</u>	(C3)
Other Restricted Fund Balances****	\$	<u>1,571,869.58</u>	(C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	\$	<u>270,857.00</u>	(C5)
Assigned Fund Balance SEMI - Unreserved - Designated for Subsequent Year's Expenditures	\$	<u>65,699.14</u>	(C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	\$	<u>4,362,689.94</u>	(U1)

**SECTION 3**

Restricted Fund Balance - Excess Surplus\*\*\* [(U1)-(M)] IF NEGATIVE ENTER -0- \$ 2,940,263.78 (E)

**Recapitulation of Excess Surplus as of June 30, 2015**

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	\$	<u>2,957,314.00</u>	(C3)
Reserved Excess Surplus ***[(E)]	\$	<u>2,940,263.78</u>	(E)
Total Excess Surplus [(C3) + (E)]	\$	<u>5,897,577.78</u>	(D)

**Footnotes:**

- \* Allowable adjustment to expenditures on line K must be detailed as follows. This adjustment line (as detailed below) is to be utilized when applicable for:
  - (H) Federal Impact Aid. The passage of P.L. 2015, c.46 amended N.J.S.A. 18A:7F-41 to permit a board of education to appropriate federal impact aid funds to establish or supplement a federal impact aid legal reserve in the general fund. Accordingly, effective for the year ending June 30, 2015 the Federal Impact Aid adjustment to expenditures is limited to the portion of Federal Impact Aid Section 8002 and Section 8003 received during the fiscal year and recognized as revenue on the General Fund Budgetary Comparison Schedule, but not transferred to the Federal Impact Aid Reserve - General (8002 or 8003) by board resolution during June 1 to June 30 of the fiscal year under audit. Amounts transferred to the reserve are captured on line (C4);
  - (I) Sale 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.

**Detail of Allowable Adjustments**

Impact Aid	\$	_____	(H)
Sale & Lease-back	\$	_____	(I)
Extraordinary Aid	\$	_____	(J1)
Additional Nonpublic School Transportation Aid	\$	<u>32,886.00</u>	(J2)
Current Year School Bus Advertising Revenue Recognized	\$	_____	(J3)
Family Crises Transportation Aid	\$	_____	(J4)
Total Adjustments [(H)+{I)+(J1)+(J2)+(J3)]	\$	<u>32,886.00</u>	(K)

\*\* This amount represents the June 30, 2015 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

\*\*\* Amount must agree to the June 30, 2015 CAFR and must agree to Audit Summary Worksheet Line 90030.

\*\*\*\* Amount for Other Reserved Fund Balances must be detailed for each source. Use in the excess surplus calculation of any legal reserve that is not state mandated or that is not legally imposed by 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	\$	1,021,869.58
Maintenance reserve	\$	550,000.00
Emergency reserve	\$	_____
Tuition reserve	\$	_____
School Bus Advertising 50% Fuel Offset Reserve-Current Year	\$	_____
School Bus Advertising 50% Fuel Offset Reserve-Prior Year	\$	_____
Impact Aid General Fund Reserve (Sections 8002 and 8003)	\$	_____
Impact Aid General Fund Reserve (Sections 8007 and 8008)	\$	_____
Other state/government mandated reserve	\$	_____
[Other Restricted Fund Balance not noted above]****	\$	_____
 Total Other Restricted Fund Balance	\$	<u>1,571,869.58</u> (C4)