

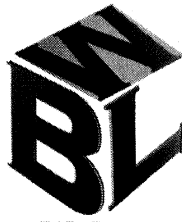
**WILLINGBORO TOWNSHIP SCHOOL DISTRICT
BOARD OF EDUCATION
BURLINGTON COUNTY, NEW JERSEY**

**Auditor's Management Report on Administrative Findings-
Financial, Compliance and Performance
for the Fiscal Year Ended June 30, 2016**

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

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BRENT W. LEE & CO., LLC
Certified Public Accounting Firm

**REPORT OF INDEPENDENT AUDITORS
AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE
FINDINGS, FINANCIAL COMPLIANCE AND PERFORMANCE**

Honorable President and
Members of the Board of
Education Willingboro
Township County of Burlington
Willingboro, New Jersey 08046

We have audited, in accordance with generally accepted audit standards and *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Willingboro Township School District in the County of Burlington for the year ended June 30, 2016, and have issued our report thereon dated November 14, 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 Willingboro Township 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.

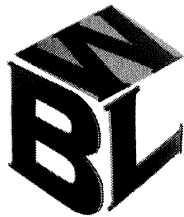
Respectfully submitted,

Brent W. Lee
Certified Public Accountant
Public School Accountant No. 700
Brent W. Lee & Co., LLC

Cinnaminson, New Jersey
November 14, 2016

609-456-8804
3008 New Albany Rd., Cinnaminson, NJ 08077

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BRENT W. LEE & CO., LLC
Certified Public Accounting Firm

To the Honorable President and Members
of the Willingboro Township
Board of Education
Willingboro, New Jersey

ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Monies, the activities of the Board of Education, the records of the Athletic Fund, the Student Activity Fund, Food Service Fund and Special Revenue Fund 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

Name	Position	Amount
Kelvin L. Smith	Business Administrator/Board Secretary	\$400,000
William Tantum	Treasurer	400,000

There is a public employees' faithful performance blanket position bond with the Selective Insurance Company covering all other employees with multiple coverage of \$100,000.

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 per pupil costs in accordance with *N.J.A.C.6A:23A-17.1(f)3*.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under review indicated that the vouchers were in satisfactory condition.

Payroll Account

The net salaries of all employees of the Board were deposited in the Payroll Account. Employee's payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, for goods not yet received or services not yet 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 propriety and to determine that goods were received and services were rendered, as of June 30.

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 my test of transactions of randomly selected expenditure items. I also reviewed the coding of all expenditures included in my compliance and single audit testing procedures. In addition to randomly selecting a test sample, my 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, no transaction errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

My review of the financial and accounting records maintained by the Board Secretary disclosed the following item.

Finding 2016-01:

The following issues were noted during the testing of the district's health benefit coverage:

- It was noted while testing the district's medical prescription coverage the district paid premiums for thirty-five (35) individuals that are not employees of the district.
- While testing the district's dental coverage the district paid premiums for forty-seven (47) individuals that are not employees of the district.
- While testing the district's State medical health coverage the district paid premiums for one (1) individual that is not an employee of the district.

Recommendation:

The district must implement procedures to ensure that correct amounts are paid for health benefit premiums.

Treasurer's Records

The Treasurer's records were reviewed and found to be satisfactory condition.

Pupil Transportation

My audit procedures included a test of On Roll status reported in the 2014-2015 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with no exceptions. The results of my procedures are presented in the Schedule of Audited Enrollments.

My procedures also included a review of transportation related contracts and purchases. Based on my review, the district complied with proper bidding procedures and award of contracts. The bid specifications for the purchase of buses were in compliance with applicable statutes. No exceptions were noted in my review of transportation related purchases of goods and services.

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 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 Title I and VI of the Elementary and Secondary Education Act as amended and reauthorized.

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.

My 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

My 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.

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. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

School Purchasing Program

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 school contracts in general is available on the website:

<http://www.state.nj.us/dca/divisions/dlgs/programs/1pcl.html>.

N.J.S.A. 18A:18A-3 and 4 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 receipts of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. (pending before the Legislature as section 15 of this bill) of section 9 of P.L. 1971, c.198 (C.40A:119) the board of education may establish that the bid threshold may be up to \$36,000. 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.18A:18A-2 (pending before the Legislature as section 50 of this bill), 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. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the amount set forth in, or calculated by the Governor pursuant to *N.J.S.A. 18A:18A-3* except by contract or agreement."

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), respectively. The law regulating bidding for public school student transportation contracts under *N.J.S.A. 18A:39-3* is \$18,800 for 2015-16.

The district board of education/board of trustees 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 my examination, I 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*.

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 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.

The district utilizes a food service management company Aramark 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 Aramark contract/addendum were reviewed and audited. The Aramark's contract includes an operating results provision which guarantees that the food service program will return a profit of at least \$180,501. The operating results provision has been met.

Expenditures should be separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food 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 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.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served was compared to the number of valid applications/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.

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.

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

Unemployment Compensation Insurance Trust Fund

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

Application for State School Aid (ASSA)

My 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. I 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. The information that was included on the workpapers was verified. The results of my procedures are presented in the Schedule of Audited Enrollments and the following item was noted.

Finding 2016-02:

The following issues were noted during the testing of the district's ASSA report.

- It was noted during the sample test of on-roll eligible regular students that one pupil was not reported on the ASSA report but was listed on the District's school register.
- It was noted during the test of on-roll eligible LEP students that test scores of seven (7) LEP students, one (1) low income and six (6) not low income, were unavailable for audit review in order to verify the student's eligibility to be enrolled on the ASSA report.

Recommendation:

The District must implement procedures to ensure that correct enrollment counts are submitted on the ASSA report.

Student Activities Account

The Board adopted a policy, which effectively established the regulation of all student activity funds.

Follow-up on Prior Years' Findings

In accordance with government auditing standards, my procedures included a review of all prior year recommendations including findings. Corrective action had been taken on all prior year findings with exception of the following, which is repeated in this year's recommendations noted as current year finding "2016-2:"

Student enrollment on the ASSA Report was not in agreement with the client's student enrollment workpapers (2015-03).

Acknowledgment

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

Should you have any questions concerning our comments or should you desire any assistance, please do not hesitate to call me.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Brent W. Lee".

Brent W. Lee
Certified Public Accountant
Public School Accountant No. 700
Brent W. Lee & Co., LLC

Cinnaminson, New Jersey
November 14, 2016

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ADDITIONAL INFORMATION

SCHEDULE OF MEAL COUNT ACTIVITY

**WILLINGBORO TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM - FEDERAL
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

PROGRAM	MEAL CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE	(OVER) UNDER CLAIM
National School Lunch (Severe Needs Rate)	Paid	101,924	24,471	24,471		0.31	
National School Lunch (Severe Needs Rate)	Reduced	37,801	11,869	11,869		2.69	
National School Lunch (Severe Needs Rate)	Free	289,091	72,072	72,072		3.09	
	TOTAL	428,816	108,412	108,412			
National School Lunch	HHFKA - PB Lunch Only	428,816	108,412	108,412		0.06	
School Breakfast (Severe Needs Rate)	Paid	20,044	4,449	4,449		0.29	
	Reduced	12,942	6,228	6,228		1.69	
	Free	140,770	28,848	28,848		1.99	
	TOTAL	173,756	39,525	39,525			
After School Snacks	Free (Area Eligible)	57,023	15,027	15,027	-	0.84	
Total Net (Over)/under-claim							

**NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM -STATE
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

PROGRAM	MEAL CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE	(OVER) UNDER CLAIM
State Reimbursement - National School Lunch (High Rate)	Paid	101,924	24,471	24,471		0.040	
State Reimbursement - National School Lunch (High Rate)	Reduced	37,801	11,869	11,869		0.055	
State Reimbursement - National School Lunch (High Rate)	Free	289,091	72,072	72,072		0.055	
	TOTAL	428,816	108,412	108,412			
Total Net (Over)/under-claim							

WILLINGBORO TOWNSHIP SCHOOL DISTRICT

NET CASH RESOURCE SCHEDULE

**Net cash resources did not exceed three months of expenditures
Proprietary Funds - Food Service
FYE 2016**

<u>Net Cash Resources:</u>		Food Service B - 4/5	
CAFR	*	Current Assets	
B-4		Cash & Cash Equiv.	\$291,940
B-4		Interfund Accounts Receivable	
B-4		Due from Other Gov'ts	333,724
B-4		Other Accounts Receivable	93,328
CAFR		Current Liabilities	
B-4		Less Accounts Payable	153,498
B-4		Less Accruals	
B-4		Less Due to Other Funds	28,499
B-4		Less Deferred Revenue	
		Net Cash Resources	\$536,995 (A)

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.	2,054,790	
B-5	Less Depreciation	36,597	
	Adj. Tot. Oper. Exp.	\$ 2,018,193	(B)

Average Monthly Operating Expense:

B / 10	\$ 201,819	(C)
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Three times monthly Average:

3 X C	\$ 605,458	(D)
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TOTAL IN BOX A	\$536,995
LESS TOTAL IN BOX D	\$ 605,458
NET	\$ (68,463)
From above:	
A is greater than D, cash exceeds 3 X average monthly operating expenses.	
D is greater than A, cash does not exceed 3 X average monthly operating expenses.	

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

SOURCE - USDA resource management comprehensive review form

SCHEDULE OF AUDITED ENROLLMENTS (1)

WILLINGBORO TOWNSHIP BOARD OF EDUCATION
 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 Handicapped Workpapers						
	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.	Reported on Workpapers	Errors	Sample for Verification	Sample Verified	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared							
Half Day Preschool																			
Full Day Preschool	176		176					37		37									
Full Day Kindergarten	280		280					53		53									
One	271		271					45		45									
Two	299		299					64		64									
Three	279		279					66		66									
Four	276		276					61		61									
Five	272		272					50		50									
Six	197		197					197		197									
Seven	265		265					265		265									
Eight	207		207					207		207									
Nine	105		105					105		105									
Ten	130		130					131		130			1						
Eleven	175		175					175		175									
Twelve	147		147					147		147									
Subtotal	3,079		3,079					1,603		1,602			1						
Sp Ed - Elementary	253		253					8		8			14	14		10	10		
Sp Ed - Middle	136		136					5		5			6	6		5	5		
Sp Ed - High School	176		176					5		5			34	34		26	26		
Subtotal	565		565					18		18			54	54		41	41		
Totals	3,644		3,644					1,621		1,620			1	54	54		41	41	
Percentage Error													0.1%						

SCHEDULE OF AUDITED ENROLLMENTS (2)

WILLINGBORO TOWNSHIP BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
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 & 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 Test Score and Register	Sample Errors
Full Day Kindergarten	160	160		14	14		1	1				
One	164	164		26	26		2	2				
Two	161	161		19	19		6	6				
Three	158	158		25	25		3	3				
Four	148	148		54	54		5	5				
Five	135	135		35	35		1	1				
Six	145	145		20	20		3	3				
Seven	179	179		23	23							
Eight	137	137		18	18		3	3				
Nine	63	63		9	9		2	2				
Ten	70	70		13	13		3	3				
Eleven	88	88		18	18		6	6				
Twelve	62	62		10	10		1	1				
Subtotal	1,670	1,670		284	284		36	36				
Sp Ed - Elementary	157	157					1	1		1	1	
Sp Ed - Middle	100	100					1	1		1	1	
Sp Ed - High School	115	115					2	2		1		1
Subtotal	372	372					4	4		3	2	1
Totals	2,042	2,042		284	284		40	40		3	2	1

Percentage Error

33%

TRANSPORTATION

	Reported on DRTRS by DOE	Reported on DRTRS District	Errors	Tested	Verified	Errors
Regular - Public Schools Col 1	1,102	1,102		232	232	
Regular - Special Ed Col 4	300	300		26	26	
Transported - Nonpublic Col 3	179	179		14	14	
Special Needs - Public Col 6	96	96				
Totals	1,677	1,677		272	272	
Percentage Errors			- 0 -			

SCHEDULE OF AUDITED ENROLLMENTS (3)

**WILLINGBORO TOWNSHIP BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015**

	<u>Resident LEP NOT Low Income</u>			<u>Sample for Verification</u>		
	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 & Register	Sample Errors
Full Day Kindergarten	1	1		1		1
One	2	2		1		1
Two	6	6		5	5	
Three	3	3		4	4	
Four	5	5		3	1	2
Five	1	1		1	1	
Six	3	3		3	3	
Seven						
Eight	3	3		3	3	
Nine	2	2		2	2	
Ten	3	3		1	1	
Eleven	6	6		7	5	2
Twelve	1	1		1	1	
Subtotal	<u>36</u>	<u>36</u>		<u>32</u>	<u>26</u>	<u>6</u>
Sp Ed - Elementary						
Sp Ed - Middle						
Sp Ed - High School						
Subtotal						
Totals	<u>36</u>	<u>36</u>		<u>32</u>	<u>26</u>	<u>6</u>
Percentage Error			<u>- 0 -</u>			<u>19%</u>

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>71,751,553</u>		(B)
Increased by:					
Transfer from Capital Outlay to Capital Projects Fund		\$	<u> </u>		(B1a)
Transfer from Capital Reserve to Capital Projects Fund		\$	<u> </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)
Decrease by:					
On-Behalf TPAF Pension & Social Security		\$	<u>6,717,131</u>		(B2a)
Assets Acquired Under Capital Leases		\$	<u> </u>		(B2b)
 Adjusted 2015-16 General Fund Expenditures {(B)+(B1s)-(B2s)}		\$	<u><u>65,034,422</u></u>		(B3)
 2% of adjusted 2015-16 General Fund Expenditures {(B3) times .02}		\$	<u>1,300,688</u>		(B4)
Enter Greater of (B4) or \$250,000		\$	<u>1,300,688</u>		(B5)
Increased by: Allowable Adjustment *		\$	<u>442,291</u>		(K)
 Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]				\$	<u><u>1,742,979</u></u> (M)

SECTION 2

Total General Fund - Fund Balance @6-30-16 (Per CAFR Budgetary Comparison Schedule C-1)		\$	<u>6,241,565</u>		(C)
Decreased by:					
Reserved for Encumbrances		\$	<u>86,019</u>		(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures		\$	<u>656,553</u>		(C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**		\$	<u>609,478</u>		(C3)
Other Reserved Fund Balances ****		\$	<u> </u>		(C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures		\$	<u> </u>		(C5)
 Total Unassigned Fund Balance {(C)-(C1)-(C2)-(C3)-(C4)-(C5)}				\$	<u><u>4,889,515</u></u> (U1)

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