

BOARD OF TRUSTEE'S
THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
COUNTY OF CAMDEN
AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS-
FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED
JUNE 30, 2016

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November 28, 2016

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

Honorable President and
Members of the Board of Trustee's
The Kingdom Charter School of Leadership
County of Camden, New Jersey

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 Trustees of The Kingdom Charter School of Leadership in the County of Camden for the year ended June 30, 2016, and have issued our report thereon dated November 28, 2016.

As part of our audit, we performed procedures required by the Division of Administration and Finance, 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 Kingdom Charter School of Leadership Board of Trustee'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,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant
No. 915

ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer/Designee of School Monies, the activities of the Board of Trustees, the records of the Student Activity Fund, Food Service Fund, Before and After Care Program and Special Revenue Fund under the auspices of the Board of Trustees.

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's Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Ernest Parker	Treasurer of School Monies	\$
Riscee Langhorne	Business Administrator	100,000

Finding 2016-1(CAFR Finding 2016-1)

The current Treasurer does not have a surety bond.

Recommendation

A review of the Charter School's surety bonds should be conducted, in order to ensure the Treasurer maintains adequate coverage in future periods.

Tuition Charges

A review of the financial statements indicated that the charter school charged no tuition for any student attending the charter school.

District Internal Control Policies

District board of education and administration are responsible for developing internal controls policies and procedures and maintaining a strong internal control environment. NJAC 6A:23A-6.4 requires that the district's internal control policies include specific requirements at NJAC 6A:23A-6.5 through 6.13. Internal Control Policies were generally found in accordance with NJAC 6A:23A-6.5 through 6.13, with the exception of Segregation of Duties (NJAC 6A:23A-6.5).

Financial Planning, Accounting and Reporting

Examination of Claims

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

Financial Planning, Accounting and Reporting (Continued)

Payroll Account

The net salaries of all employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were remitted to proper agency.

All payrolls were approved by the Chief School Administrator and were certified by the President of the Board and the School Board Administrator/Board Secretary.

Employee Position Control Roster

An inquiry and subsequent review of the Position Control Roster did not find any discrepancies between the payroll records, employee benefit records, the general ledger accounts to where wages are posted, and the Position Control Roster.

Certification of Income Tax Compliance

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (Superintendent and Business Administrator) to the N.J. Department of Treasury appeared to be filed by the March 15 due date.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, 2016 for goods not yet received or services not yet rendered, and it was determined that no blanket purchase orders 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, 2016. No exceptions were noted.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with **N.J.A.C. 6A:23-2.2(f)** and line item details as described in the Budget Summary Key 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:23-8.2. As a result of the procedures performed and condition of the records, no transaction error rate was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Classification of Expenditures

A. General Classification Findings None

B. Administrative Classification Findings None

Financial Planning, Accounting and Reporting (Continued)

Board Secretary's Records (Continued)

The financial records, books of accounts maintained by the Secretary were in satisfactory condition.

Acknowledgment of the Board's receipt of the Board Secretary's and Treasurer's monthly financial reports was included in the minutes.

Monthly financial certificates of the Board Secretary and Board of Trustee's for positive line item account status certifications (N.J.A.C. 6:2-2.13) were not available. Budgetary line item account transfers were approved monthly to cover any anticipated deficits.

Finding 2016-2 (CAFR Finding 2016-2)

Revenue from the various sending districts, as recorded in a subsidiary worksheet, included numerous posting errors requiring adjustment as part of the audit. This included various formula errors in the worksheet, of which the result was inconsistent subtotals.

Recommendation

Procedures to record revenue of the various sending district should be reviewed and revised, in order to provide accurate revenue and accounts receivable amounts per district.

Finding 2016-3 (CAFR Finding 2016-3)

During the course of the audit, it was determined that building improvements in the amount of \$50,000 were not charged against the budget nor was there adequate provision for these expenditures. As a result, the Capital Outlay section of the budget was overexpended.

Recommendation

The Board Office should monitor the issuance and payment of purchase orders that would cause an overexpenditure in any line item account charged prior to the Board approving a requested transfer from funds and other appropriations.

Purchase orders were generally charged to the appropriate line item accounts in accordance with the State prescribed Uniform Minimum Chart of Accounts (2R2) for New Jersey Public Charter School.

Treasurer's / Designee Records

The Treasurer/Designee prepared cash reconciliation's for the general operating account, payroll account and payroll agency account per N.J.S.A.18A:17-36.

Financial Planning, Accounting and Reporting (Continued)

Treasurer's / Designee Records (Continued)

The Treasurer's records were in agreement with the records of the Board Secretary, with the exception of the following:

Finding 2016-4 (CAFR Finding 2016-4)

The General Fund bank account was not properly reconciled to the General Ledger for several months during the year. In addition, the Payroll Agency bank account contained numerous reconciling items that were not cleared from the records.

Recommendation

Procedures to reconcile the General Fund and Payroll Agency bank accounts should be reviewed and revised, in order to provide proper balances that are in agreement with the General Ledger and subsidiary records.

All cash receipts appeared promptly deposited.

The Treasurer's monthly report was filed in a timely manner.

Elementary and Secondary Education Act (E.S.E.A./Improving America's Schools Act (IASA) as reauthorized by the No Child Left Behind Act of 2001

The E.S.E.A./NCLB financial exhibits are contained within the Special Revenue Section of the **CAFR**. This section of the **CAFR** documents the financial position pertaining to the projects under Title I and II of the Elementary and Secondary Education Act as amended and reauthorized.

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

Finding 2016-5 (CAFR Finding 2016-5)

The approved budget for Title II was not in agreement with amounts recorded in the budget expenditure reports.

Recommendation

The approved budget for Title II should be reconciled to the budget expenditure records on a periodic basis, in order to assure they are in agreement.

Financial Planning, Accounting and Reporting (Continued)

Other Special Federal and/or State Projects

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

Our audit of 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. There remains a balance in unearned IDEA revenue, in the amount of \$1,256 that is in the process of being reviewed for proper disposition.

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.

Finding 2016-6 (CAFR Finding 2016-6)

The amounts reported for the I.D.E.A. Basic and Preschool Programs were not in agreement with the budget expenditure records

Recommendation

Procedures to complete final reports for the I.D.E.A Programs should be reviewed and revised, in order to assure the amounts are in agreement with the actual expenditures.

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursements filed with the Department of Education for charter school employees who are members of the Teachers Pension and Annuity Fund.

TPAF Reimbursement to the State for Federal Salary Expenditures

Our audit did not identify wages charged against any federal award programs of the District in the 2015-16 school year. As a result, no amount was chargeable on any federal award of the charter school district to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the charter school district.

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 school contracts in general are available on the website: http://www.state.nj.us/dca/divisions/dlgs/programs/ps_contracts.html.

School Purchasing Programs (Continued)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

The 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&softpage=TOC_Frame_pg42

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 currently \$18,800 for 2015-16.

The Charter School 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.

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.

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

Our examination did reveal, however that purchases from vendors were properly made through approved state contracts.

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 charter school 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.

The review of contracts and agreements did not disclose any areas of statutory noncompliance.

Although a particular contract is exempt from the formal requirements of public advertising and competitive bidding, N.J.S.A. 18A:18A-37 requires that quotations be obtained, whenever practical, for any contract less than the bid threshold but 15% or more of that amount, except for contracts for professional services.

School Purchasing Programs (Continued)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

All contracts and agreements, which are subject to quotations, shall be awarded on the basis of the lowest responsible quotation received, which is most advantageous to the Board of Education, price and other factors considered. Quotations were generally available for audit

School Food Service

The School District expended less than \$100,000 in Federal and/or State Support for its Child Nutrition Program. The financial transactions and statistical records of the School Food Service Fund were maintained in satisfactory condition. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis. Packaged meals were acquired on a per meal basis by Preferred Meal Systems, Inc. The agreement calls for a Lunch program.

The number of meals and milks claimed for reimbursement was verified against sales and meal count records. As part of the claims review process, the edit check worksheet was completed. Reimbursement vouchers appeared to be timely filed. While there were some minor problems noted regarding supporting documentation, the number of meals claimed generally agreed with meal count records.

Applications for free and reduced price meals and free milks were reviewed for completeness and accuracy and also as a part of the Student Enrollment requirements.

Finding 2016-7 (CAFR Finding 2016-7)

The General Ledger was not sufficiently analyzed, with regard to adjusting the various balance sheet accounts maintained in the Food Service Fund.

Recommendation

As part of the year end close out procedures, an additional review of the Food Service Fund general ledger should be conducted, in order to provide complete and accurate amounts for the Charter School's financial statements.

The required verification procedures for free and reduced price applications were completed and available for review, also as part of the Student Enrollment requirements.

Food service employees are provided by the outside food service management company and, therefore, no time sheets are required by the Board of Trustees.

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

Expenditures were separately recorded as food costs. Vendor invoices were reviewed and costs verified.

School Food Service (Continued)

The cash disbursements records reflected expenditures for program related goods and services. The charter school utilizes a food service management company, which is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34, and 19-4.1. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service and the Non-Program Food Revenue Tool was utilized. Net cash resources did not exceed three months average expenditures.

The General Fund subsidized the Food Service Program in the amount of \$60,057 for the 2015-16.

There were no food distribution program commodities allocated to The Kingdom Charter School of Leadership. The board is currently evaluating any food service enhancements or additions that will benefit the students in the future.

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

Before and After Care Program and Summer Enrichment

Extended day activity (representing miscellaneous childcare program fee revenues and payment of related operating expenditures) and the Summer Enrichment activity (representing the summer school program) are reported as enterprise funds.

The analysis of receipts submitted for audit, as adjusted for each fund, reconciled with the bank at June 30, 2016. Deposits were generally made on a timely basis into the monthly bank statements. Expenditures were supported by invoices and other documentation.

Student Body Activities

The Board has a policy, which clearly established the regulation of student activity funds. A monthly report of student activity funds is submitted to the Board.

Monthly bank reconciliations of the Student Activity Fund account were properly prepared and available for audit.

Enrollment counts and submission to the Department

Our audit procedures included a test of information reported on October 15 and the last day of school for on-roll, special education, LEP and low income. The details of our test results are included in this report in the *Schedule of Audited Enrollments*. We also performed a review of the School's procedures related to its completion.

Internal controls as they relate to the collection and submission of enrollment counts were documented and deemed sufficient.

Facilities and Capital Assets

Our procedures included a review of the EDA grant agreements, if any, for consistency with recording EDA revenue, transfer of local funds from the general fund or from the capital reserve account, and awarding of contracts for eligible facilities construction. There were no capital grant agreements for the fiscal year ending June 30, 2016.

A fixed asset record was maintained by the School Business Administrator.

Follow-up on Prior Years' Findings

In accordance with government auditing standards, our procedures included a review of all prior year recommendations, which were all resolved with the exception of the following:

Finding 2015-1

The Treasurer's surety bond coverage, for the 2014-15 School Year, did not meet the minimum amount required by N.J.A.C. 6A:23A-16.4.

Finding 2015-2

While revenue and cash receipts from the various sending districts appeared to be recorded in the supporting revenue subsidiary worksheet, the General Ledger was not adequately adjusted to accurately reflect various accounts receivables and or payables.

Acknowledgment

We received the complete cooperation of all the officials of the school district, and we greatly appreciate the courtesies extended to us.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant
No. 915

SCHEDULE OF MEAL COUNT ACTIVITY

KINGDOM CHARTER SCHOOL OF LEADERSHIP

FOOD SERVICE FUND

NUMBER OF MEALS/MILKS SERVED AND (OVER)/UNDERCLAIM-FEDERAL

ENTERPRISE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

PROGRAM	MEAL CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE (a)	(OVER) UNDER CLAIM (b)
National School Lunch (Regular Rate) *	Paid	768	768	768	0	0.31	0.00
	Reduced	2,073	2,073	2,057	(16)	2.69	(43.04)
	Free	6,929	6,929	6,929	0	3.09	0.00
	TOTAL	9,770	9,770	9,754			(43.04)
National School Lunch *	HHFKA - PB Lunch Only	9,770	9,770	9,754	(16)	0.06	(0.96)
School Breakfast (Regular Rate) *	Paid	18	18	18	0	0.29	0.00
	Reduced	57	57	58	1	1.33	1.33
	Free	248	248	249	1	1.66	1.66
	TOTAL	323	323	325			2.99
School Breakfast (Severe Need Rate) *	Paid	106	106	106	0	0.29	0.00
	Reduced	1103	1103	1101	(2)	1.69	(3.38)
	Free	3336	3336	3300	(36)	1.99	(71.64)
	TOTAL	4545	4545	4507			(75.02)
Total Net Overclaim							(116.03)

SCHEDULE OF MEAL COUNT ACTIVITY

KINGDOM CHARTER SCHOOL OF LEADERSHIP

FOOD SERVICE FUND

NUMBER OF MEALS/MILKS SERVED AND (OVER)/UNDERCLAIM-STATE

ENTERPRISE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

PROGRAM	MEAL CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE (a)	(OVER) UNDER CLAIM (b)
State Reimbursement - National School Lunch (Regular Rate) *	Paid	768	768	768	0	0.040	0.00
	Reduced	2,073	2,073	2,057	(16)	0.055	(0.88)
	Free	6,929	6,929	6,929	0	0.055	0.00
	TOTAL	<u>9,770</u>	<u>9,770</u>	<u>9,754</u>			

Total Net Overclaim

(0.88)

**THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
NET CASH RESOURCE SCHEDULE
Proprietary Funds - Food Service
June 30, 2016**

<u>Net Cash Resources:</u>		Food Service B - 4/5
CAFR	*	Current Assets
B-4		Cash & Cash Equiv. \$ 5,478
B-4		Due from Other Gov'ts
B-4		Accounts Receivable 8,469
B-4		Investments
CAFR		Current Liabilities
B-4		Less Accounts Payable
B-4		Less Accruals
B-4		Less Due to Other Funds (13,947)
B-4		Less Deferred Revenue
		Net Cash Resources \$ - (A)

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.	115,056	
B-5	Less Depreciation		
		Adj. Tot. Oper. Exp. \$ 115,056.00 (B)	

Average Monthly Operating Expense:

B / 10	\$ 11,505.60	(C)
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Three times monthly Average:

3 X C	\$ 34,516.80	(D)
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TOTAL IN BOX A	\$	-	
LESS TOTAL IN BOX D	\$	34,516.80	
NET	\$	(34,516.80)	

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

**THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
APPLICATION FOR CHARTER SCHOOL AID
ENROLLMENT COUNT AS OF OCTOBER 15, 2015**

Grades	TOTAL Submission to DOE Reported on Roll	Reported on Workpapers	Errors	50% Verification Required 10/15/15	Verified Signed Registration Forms	Errors	Verified # days Enrolled	Errors	Special Ed and/or Bilingual	Verified Documen- tation	Errors	Verified # days Service Provided	Errors	Low Income	Verified Documen- tation	Errors
Kindergarten	43	43		22	22		22	0	0	0	0	0	0	12	12	0
One	34	34		17	17		17	0	1	1	0	0	0	9	9	0
Two	35	35		18	18		18	0	2	2	0	2	0	7	7	0
Three	34	34		17	17		17	0	2	2	0	2	0	7	7	0
Four	30	30		15	15		15	0	0	0	0	0	0	5	5	0
Five	21	21		11	11		11	0	2	2	0	2	0	6	6	0
Six																
Seven																
Eight																
Nine																
Ten																
Eleven																
Twelve																
Total	197	197		100	100		100		7	7		6		46	46	
Percentage							<u>0.00%</u>		<u>0.00%</u>		<u>0.00%</u>		<u>0.00%</u>			<u>0.00%</u>

SCHEDULE OF AUDITED ENROLLMENTS

**THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
APPLICATION FOR CHARTER SCHOOL AID
ENROLLMENT COUNT AS OF THE LAST DAY - JUNE 10, 2016**

Grades	Submission to DOE Reported on Roll	Reported on Workpapers	Errors	50% Verification Required 6/30/16	Verified Signed Registration Forms	Errors	Verified # days Enrolled	Errors	Special Ed and/or Bilingual	Verified Document-ation	Errors	Verified # days Service Provided	Errors	Low Income	Verified Document-ation	Errors
Kindergarten	40	40		19	19	0	19	0	0	0	0	0	0	13	13	0
One	34	34		18	18	0	18	0	1	1	0	1	0	12	12	0
Two	37	37		20	20	0	20	0	3	3	0	3	0	9	9	0
Three	33	33		17	17	0	17	0	2	2	0	2	0	11	11	0
Four	30	30		16	16	0	16	0	3	3	0	3	0	5	5	0
Five	21	21		11	11	0	11	0	2	2	0	2	0	4	4	0
Six																
Seven																
Eight																
Nine																
Ten																
Eleven																
Twelve																
Total	195	195		101	101	0	101	0	11	11	0	11	0	54	54	0
Percentage						<u>0.00%</u>		<u>0.00%</u>			<u>0.00%</u>		<u>0.00%</u>			<u>0.00%</u>

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
EXCESS SURPLUS CALCULATION

SECTION 1

A. 2% Calculation of Excess Surplus

2015-16 Total General Fund Expenditures per the CAFR	\$ <u>2,471,922</u>	(B)	
Increased by:			
Transfer from Capital Outlay to Capital Projects Fund	_____	(B1a)	
Transfer from Capital Reserve to Capital Projects Fund	_____	(B1b)	
Transfer from General Fund to SRF for PreK-Regular	_____	(B1c)	
Transfer from General Fund to SRF for PreK-Inclusion	_____	(B1d)	
Decreased by:			
On-Behalf TPAF Pension & Social Security	_____	151,771	(B2a)
Assets Acquired Under Capital Leases	_____		(B2b)
 Adjusted 15-16 General Fund Expenditures [(B)+(B1s)-(B2s)]	 <u>2,320,151</u>	 (B3)	
 2% of Adjusted 2015-16 General Fund Expenditures [(B3) times .02]	 _____	 46,403	 (B4)
Enter Greater of (B4) or \$250,000	_____	250,000	(B5)
Increased by: Allowable Adjustment*	_____	-	(K)
 Maximum Unassigned/Undesignated-Unreserved Fund Balance[(B5)+(K)]			\$ <u>250,000</u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6-30-16 (Per CAFR Budgetary Comparison Schedule C-1)	\$ <u>289,817</u>	(C)	
Decreased by:			
Year-end Encumbrances	_____	45,000	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	_____		(C2) Capital
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**	_____		(C3) Surplus
Other Restricted Fund Balances****	_____	-	(C4)
Assigned Fund balance Unreserved - Designated for Subsequent Year's Expenditures	_____		(C5) Other
 Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]			\$ <u>244,817</u> (U1)

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
EXCESS SURPLUS CALCULATION

SECTION 3

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

Recapitulation of Excess Surplus as of June 30, 2016

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures** - (C3)
Reserved Excess Surplus ***[(E)] - (E)
Total Excess Surplus [(C3) + (E)] \$ - (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, 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 & 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

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

- ** This amount represents the June 30, 2016 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.
- *** Amounts must agree to the June 30, 2016 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 an other type of government, such as the judicial branch of government, must have Departmental approval. District requests should be submitted to the Division of Finance and Regulatory Compliance prior to September 30.

Detail of Other Restricted Fund Balance

Statutory restrictions:			
Approved unspent separate proposal	\$	<u> </u>	
Sale/lease-back reserve		<u> </u>	
Capital reserve		<u> </u>	
Maintenance reserve		<u> </u>	
Emergency Reserve		<u> </u>	
Tuition reserve		<u> </u>	
School Bus Advertising 50% Fuel Offset Reserve - Current Year		<u> </u>	
School Bus Advertising 50% Fuel Offset Reserve - Prior Year		<u> </u>	
Impact Aid General Fund Reserve (Sections 8007 and 8008)		<u> </u>	
Impact Aid General Fund Reserve (Sections 8002 and 8003)		<u> </u>	
Other state/government mandated reserve		<u> </u>	
[Other Restricted Fund Balance not noted above] ****		<u> </u>	
Total Other Restricted Fund Balance	\$	<u> -</u>	(C4)

