

**Borough of Edgewater School District
County of Bergen**

**MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS—
FINANCIAL, COMPLIANCE AND PERFORMANCE
June 30, 2017**

**AUDITOR’S MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS–
FINANCIAL, COMPLIANCE AND PERFORMANCE**

TABLE OF CONTENTS

	<u>Page No.</u>
Independent Auditors’ Report	1
Scope of Audit.....	2
Administrative Practices and Procedures	
Insurance	2
Official Bonds	2
Tuition Charges.....	2
Financial Planning, Accounting and Reporting	
Examination of Claims	2
Payroll Account and Position Control Roster	3
Reserve for Encumbrances and Accounts Payable.....	3
Classification of Expenditures	3
• General Classifications	
• Administrative Classifications	
Board Secretary’s Records	3
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 (NCLB) Act of 2001	4
Other Special Federal and/or State Projects.....	4
T.P.A.F. Reimbursement.....	5
School Purchasing Programs	
Contracts and Agreements Requiring Advertisement for Bids	5
School Food Service	6
Student Body Activities	6
Application for State School Aid.....	6
Pupil Transportation	7
Facilities and Capital Assets	7
Follow-up on Prior Year Findings.....	7
Acknowledgment.....	7
Schedule of Meal County Activity.....	NA
Net Cash Resource Schedule.....	NA
Schedule of Audited Enrollments	8
Excess Surplus Calculation	11
Audit Recommendations Summary.....	14



INDEPENDENT AUDITORS' REPORT

Honorable President and Members
of the Board of Education
Borough of Edgewater School District
County of Bergen, 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 Education of the Borough of Edgewater School District, County of Bergen as of and for the year ended June 30, 2017, and have issued our report thereon dated December 4, 2017.

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 Borough of Edgewater School Board of Education's management and Board members and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

PKF O'Connor Davies, LLP

December 4, 2017
Livingston, New Jersey

John Lauria

John Lauria, RMA, PSA
Licensed Public School Accountant #208700

**BOROUGH OF EDGEWATER SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE**

JUNE 30, 2017

Scope of Audit

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

Administrative Practices and Procedures

Insurance

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

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

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Gary Gremboweic	Board Secretary/School Business Administrator	\$230,000

There is a Public Employees' Faithful Performance Blanket Position Bond with the New Jersey School Boards Association Insurance Group covering all other employees with coverage of \$100,000.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were more than estimated costs. The Board made a proper adjustment ("billing") to sending Districts for the increase 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 did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

**BOROUGH OF EDGEWATER SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE**

JUNE 30, 2017

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 deposited in the payroll agency account.

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

Salary withholdings were promptly remitted to the proper agencies, including health benefits withholding due to the general fund, where applicable.

Payrolls were delivered to the treasurer of school moneys with a warrant made to her order for the full amount of each payroll.

Our review of the payroll accounts did not reveal any exceptions.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30 for proper classification of orders as reserve for encumbrances and accounts payable and no exceptions were noted.

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 our selected test samples, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with *N.J.A.C. 6A:23A-8.3*. No exceptions were noted.

Board Secretary's Records

Our review of the financial and accounting records maintained by the Board Secretary disclosed the following exceptions:

BOROUGH OF EDGEWATER SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE

JUNE 30, 2017

Finding 2017–001:

Management's preparation and review of the financial statements and related supporting schedules in regard to accounts receivable, accounts payable and interfunds were not performed timely and consistently. The District did not expend funds in accordance with appropriations established by the approved budget resulting in over-expenditures being identified despite the Board Secretary's monthly certification to the contrary (N.J.A.C. 6A:23A-16.10). In addition, the District did not allocate expenditures to the correct fund in a timely manner in certain instances.

Recommendation:

We suggest the District maintain a general ledger accounting record that is reconciled monthly to other subsidiary records. The District should also strengthen controls to ensure accurate and timely posting of the financial activity for the fiscal period so that actions can be taken and informed decisions can be made in a timely manner. Approved budgetary line accounts should not be over-expended. The Board Secretary should not approve the issuance of purchase orders that would cause over-expenditure in the line account to be charged, prior to the board approving the requested transfer of additional appropriations to cover such orders. The Board Secretary should file monthly certifications of the budgetary line item status which are consistent with the actual budgetary records.

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 (N.C.L.B.) 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 Title VI of the Elementary and Secondary Education Act as amended and reauthorized.

The study of compliance for E.S.E.A./N.C.L.B. indicated no instances of noncompliance and/or questionable costs.

Other Special Federal and/or State Projects

The District's special projects were approved as listed on Schedules A (K-3) and B (K-4) 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.

BOROUGH OF EDGEWATER SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE

JUNE 30, 2017

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 the special projects indicated no instances of noncompliance.

T.P.A.F. Reimbursement

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

TPAF 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 Programs

Contracts and Agreements Requiring Advertisement for Bids

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

The District 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.

The results of our examination, performed on a test basis, indicated the following are for improvement.

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

BOROUGH OF EDGEWATER SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE

JUNE 30, 2017

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 had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted.

We also 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 Statement of Revenues, Expenses, and Changes in Fund Net Assets (CAFR Schedule B-5) does separate program and non-program revenue and program and non-program cost of goods sold.

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

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.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2016 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 without material exceptions. The information that was included on the work papers was verified with the following exceptions:

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

BOROUGH OF EDGEWATER SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE

JUNE 30, 2017

Pupil Transportation

Our audit procedures included a test of on-roll status reported in the 2016-2017 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 and no exceptions were noted.

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. The bid specifications for the purchase of buses were in compliance with applicable statutes. No exceptions were noted in our review of transportation related purchases of goods and services.

Facilities and Capital Assets

Our procedures included a review of the New Jersey Schools Development Authority (“NJSDA”) grant agreements for consistency with recording NJSDA 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 in our review of NJSDA expenditures.

Testing for Lead of All Drinking Water in Educational Facilities

The school district adhered to all the requirements of N.J.A.C. 26-1.2 and 12.4 related to the testing for lead of all drinking water in educational facilities.

Follow-up on Prior Year Findings

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year recommendations. Corrective action had been taken on all prior year findings.

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.

SCHEDULE OF AUDITED ENROLLMENTS

**BOROUGH OF EDGEWATER SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2016**

	2016-2017 Application for State School Aid						Sample for Verification						Private Schools for Disabled			
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Registers On Roll		Errors per Registers On Roll		Reported on A.S.S.A. as Private Schools	Sample for Verifi- cation	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Half Day Preschool																
Full Day Preschool	57	-	57	-	-	-	18		18		-					
Full Day Kindergarten	126	-	126	-	-	-	35		35		-					
One	139	-	139	-	-	-	38		38		-					
Two	133	-	133	-	-	-	36		36		-					
Three	115	-	115	-	-	-	32		32		-					
Four	98	-	98	-	-	-	27		27		-					
Five	98	-	98	-	-	-	27		27		-					
Six	80	-	80	-	-	-	19		19		-					
Seven	-	-	-	-	-	-	-		-		-					
Eight	-	-	-	-	-	-	-		-		-					
Nine	-	-	-	-	-	-	-		-		-					
Ten	-	-	-	-	-	-	-		-		-					
Eleven	-	-	-	-	-	-	-		-		-					
Twelve	-	-	-	-	-	-	-		-		-					
Post-Graduate																
Adult H.S. (15+CR.)																
Adult H.S. (1-14 CR.)																
Subtotal	<u>846</u>	<u>-</u>	<u>846</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>232</u>	<u>-</u>	<u>232</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Special Ed - Elementary	66		66		-		25		25		-		3	3	3	
Special Ed - Middle School	8		8		-		-		-		-		2	2	2	
Special Ed - High School	-		-	5	-		-		-		-		7	5	5	
Subtotal	<u>74</u>	<u>-</u>	<u>74</u>	<u>5</u>	<u>-</u>	<u>-</u>	<u>25</u>	<u>-</u>	<u>25</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12</u>	<u>10</u>	<u>10</u>	<u>-</u>
Co. Voc. - Regular																
Co. Voc. Ft. Post Sec.																
Totals	<u>920</u>	<u>-</u>	<u>920</u>	<u>5</u>	<u>-</u>	<u>-</u>	<u>257</u>	<u>-</u>	<u>257</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12</u>	<u>10</u>	<u>10</u>	<u>-</u>
Percentage Error				<u>0.00%</u>	<u>0.00%</u>							<u>0.00%</u>	<u>0.00%</u>			<u>0.00%</u>

SCHEDULE OF AUDITED ENROLLMENTS

**BOROUGH OF EDGEWATER SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY (continued)
ENROLLMENT AS OF OCTOBER 15, 2016**

	Resident Low Income						Sample for Verification			Resident LEP Low Income						Sample for Verification		
	Reported on A.S.S.A. as Low Income		Reported on Workpapers as Low Income		Errors		Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on A.S.S.A. as LEP Low Income		Reported on Workpapers as LEP Low Income		Errors		Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
	Full	Shared	Full	Shared	Full	Shared				Full	Shared	Full	Shared	Full	Shared			
Full Day Preschool																		
Full Day Kindergarten	13		13		-		7	7	-	7		7		-		5	5	-
One	14		14		-		10	10	-	3		3		-		2	2	-
Two	17		17		-		11	11	-	2		2		-		1	1	-
Three	12		12		-		8	8	-	2		2		-		1	1	-
Four	16		16		-		12	12	-	-		-		-		-	-	-
Five	20		20		-		20	20	-	1		1		-		1	1	-
Six	10		10		-		10	10	-	-		-		-		-	-	-
Seven	-		-		-		-	-	-	-		-		-		-	-	-
Eight	-		-		-		-	-	-	-		-		-		-	-	-
Nine	-		-		-		-	-	-	-		-		-		-	-	-
Ten	-		-		-		-	-	-	-		-		-		-	-	-
Eleven	-		-		-		-	-	-	-		-		-		-	-	-
Twelve	-		-		-		-	-	-	-		-		-		-	-	-
Subtotal	102	-	102	-	-	-	78	78	-	15	-	15	-	-	-	10	10	-
Sp Ed - Elementary	17		17		-		7	7	-	1		1		-		1	1	-
Sp Ed - Middle School	5		5		-		-	-	-	-		-		-		-	-	-
Sp Ed - High School	-		-		-		-	-	-	-		-		-		-	-	-
Subtotal	22	-	22	-	-	-	7	7	-	1	-	1	-	-	-	1	1	-
Total	124	-	124	-	-	-	85	85	-	16	-	16	-	-	-	11	11	-
Percentage Error							0.00%	0.00%		0.00%						0.00%	0.00%	

	Reported on DRTRS by District		Reported on DRTRS by County	Errors	Tested	Verified	Errors
Regular - Public School	782	782	-	195	195	-	
Non-Public Transportation	7	7	-	2	2	-	
AIL Non-public	110	110	-	28	28	-	
Regular Special Education	47	47	-	12	12	-	
Special Needs	69	69	-	17	17	-	
Totals	1,015	1,015	-	254	254	-	

	Reported	Recalculated
Average mileage - regular including Grade PK students	4.5	4.5
Average mileage - regular excluding Grade PK students	6.5	6.5
Average mileage - special education with special needs	6.5	6.5

Percentage Error 0.00% 0.00%

**BOROUGH OF EDGEWATER SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY (continued)
ENROLLMENT AS OF OCTOBER 15, 2016**

SCHEDULE OF AUDITED ENROLLMENTS

	<u>Resident LEP NOT Low Income</u>			<u>Sample for Verification</u>		
	Reported on ASSA as Not Low Income	Reported on Workpapers as Not Low Income	Errors	Sample Selected from Workpapers	Verified to Application & Register	Sample Errors
Full Day Preschool						
Full Day Kindergarten	41	41	-	28	28	-
One	32	32	-	22	22	-
Two	18	18	-	12	12	-
Three	11	11	-	7	7	-
Four	13	13	-	9	9	-
Five	6	6	-	4	4	-
Six	5	5	-	3	3	-
Seven	-	-	-	-	-	-
Eight	-	-	-	-	-	-
Nine	-	-	-	-	-	-
Ten	-	-	-	-	-	-
Eleven	-	-	-	-	-	-
Twelve	-	-	-	-	-	-
Subtotal	<u>126</u>	<u>126</u>	<u>-</u>	<u>86</u>	<u>86</u>	<u>-</u>
Sp Ed - Elementary	3	3	-	2	2	0
Sp Ed - Middle School	-	-	-	-	-	-
Sp Ed - High School	-	-	-	-	-	-
Subtotal	<u>3</u>	<u>3</u>	<u>-</u>	<u>2</u>	<u>2</u>	<u>0</u>
Total	<u>129</u>	<u>129</u>	<u>-</u>	<u>88</u>	<u>88</u>	<u>0</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

BOROUGH OF EDGEWATER SCHOOL DISTRICT

EXCESS SURPLUS CALCULATION

June 30, 2017

SECTION 1 - Regular District

B. 2% Calculation of Excess Surplus

2016-17 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ 21,376,382	(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	\$ 1,311,804	(B2a)
Assets Acquired Under Capital Leases	\$ -	(B2b)
Adjusted 2016-17 General Fund Expenditures [(B) + (B1s) - (B2s)]	\$ 20,064,578	(B3)
2% of Adjusted 2016-17 General Fund Expenditures [(B3) times .02]	\$ 401,292	(B4)
Enter Greater of (B4) or \$250,000	\$ 401,292	(B5)
Increased by: Allowable Adjustment*	\$ 33,305	(K)
Maximum Unreserved/Undesignated Fund Balance [(B5) + (K)]	\$ 434,597	(M)

SECTION 2

Total General Fund - Fund Balances at 6-30-2017 (Per CAFR Budgetary Comparison Schedule C-1)	\$ 1,584,469	(C)
Decreased by:		
Year-end Encumbrances	\$ 12,104	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ -	(C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ 199,498	(C3)
Other Restricted Fund Balances****	\$ 1,122,513	(C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	\$ -	(C5)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures - ARRA SEMI	\$ -	(C6)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]	\$ 250,354	(U1)

BOROUGH OF EDGEWATER SCHOOL DISTRICT

EXCESS SURPLUS CALCULATION

June 30, 2017

SECTION 3

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

Recapitulation of Excess Surplus as of June 30, 2016

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ 199,498 (C3)
Reserved Excess Surplus *** [(E)]	\$ <u> </u> - (E)
 Total Excess Surplus [(C3)+(E)]	 \$ <u>199,498</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	\$ <u> </u> - (H)
Sales & Lease-back	\$ <u> </u> - (I)
Extraordinary Aid	\$ <u>12,947</u> (J1)
Additional Nonpublic School Transportation Aid	\$ <u>20,358</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>33,305</u> (K)

BOROUGH OF EDGEWATER SCHOOL DISTRICT

EXCESS SURPLUS CALCULATION

June 30, 2017

- ** This amount represents the June 30, 2015 Excess Surplus (C3 above) and must be included in the Audit Summary Line 90031.
- *** Amount must agree to the June 30, 2016 CAFR and the sum of the two lines must agree to Audit Summary 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 any other type of government, such as the judicial branch of government, must have Departmental approval. District requests should be submitted to the Office of School Finance prior to September 30.

Detail of Other Restricted Fund Balance

Statutory restrictions:	
Approved unspent separate proposal	\$ -
Sale/lease-back reserve	\$ -
Capital reserve	\$ 1,022,513
Maintenance reserve	\$ 100,000
Emergency reserve	\$ -
Waiver offset reserve - Designated for subsequent year	\$ -
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	\$ -
Impact Aid Capital Fund Reserve	\$ -
Other state/government mandated reserve	\$ -
[Other Restricted Fund Balance not noted above]****	\$ -
 Total Other Restricted Fund Balance	 \$ 1,122,513 (C4)

**BOROUGH OF EDGEWATER SCHOOL DISTRICT
AUDIT RECOMMENDATIONS SUMMARY**

JUNE 30, 2017

- I. **Administrative Practices and Procedures**
There are none.

- II. **Financial Planning, Accounting and Reporting**
2017-001 – We suggest that the District maintain a general ledger accounting record that is reconciled monthly to other subsidiary records. The District should also strengthen controls to ensure accurate and timely posting of the financial activity for the fiscal period so that actions can be taken and informed decisions can be made in a timely manner. Approved budgetary line accounts should not be over-expended. The Board Secretary should not approve the issuance of purchase orders that would cause over-expenditure in the line account to be charged, prior to the board approving the requested transfer of additional appropriations to cover such orders. The Board Secretary should file monthly certifications of the budgetary line item status which are consistent with the actual budgetary records.

- III. **School Purchasing Program**
There are none.

- IV. **School Food Service**
There are none.

- V. **Student Body Activities**
There are none.

- VI. **Application for State School Aid**
There are none.

- VII. **Pupil Transportation**
There are none.

- VIII. **Facilities and Capital Assets**
There are none.

- IX. **Miscellaneous**
There are none.

- X. **Status of Prior Year' s Findings/Recommendations**
In accordance with *Government Auditing Standards*, our procedures included a review of the prior year recommendations. Corrective action has been taken on all prior year findings.