

**EGG HARBOR  
TOWNSHIP  
BOARD OF EDUCATION**

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

**June 30, 2017**



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

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# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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## Report of Independent Auditors

Honorable President and  
Members of the Board of Education  
Egg Harbor Township School District  
County of Atlantic, 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 Egg Harbor Township School District in the County of Atlantic for the year ended June 30, 2017, and have issued our report thereon dated November 30, 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 solely for the information of the Egg Harbor 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.

Very truly yours,

*Ford, Scott & Associates, L.L.C.*  
FORD, SCOTT & ASSOCIATES, L.L.C.  
CERTIFIED PUBLIC ACCOUNTANTS

*Leon P. Costello*

Leon P. Costello  
Certified Public Accountant  
Licensed Public School Accountant  
No. 767

November 30, 2017

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**ADMINISTRATIVE FINDINGS - FINANCIAL COMPLIANCE AND PERFORMANCE**

**Scope of Audit**

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

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; 18A:13-13)

Name	Position	Amount
Chandra Anaya, CPA	School Business Administrator	\$500,000

There is a Public Employees' Faithful Performance Blanket Position Bond with the American Employers Insurance Company covering all other employees in the amount of \$50,000.

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 NJAC 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.

Payroll Account

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

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

Salary withholdings were promptly remitted to the proper agencies, including health benefits premium amounts withheld due to the general fund.

Payrolls were delivered to the secretary of the board who then deposited with warrants in separate bank accounts for net payroll and withholdings.

Employee Position Control Roster

No inconsistencies were noted between the Position Control Roster and the payroll records, employee benefit records, and the general ledger accounts to where wages are posted.

### 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.

### Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with NJAC 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 NJAC 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.

#### **A. General Classification Findings**

None

#### **B. Administrative Classification Findings**

None

### Board Secretary's Records

The records of the Board Secretary were in satisfactory condition, except for the following:

#### ***Finding:***

NJAC allows unexpended balances to remain in the capital projects fund for six years after bonds are issued or sold. As of 6/30/17, there are unexpended capital project balances that relate to the May 2001 bond sale. This project is related to the construction of an elementary school and the Township has not yet accepted construction work done on the road in front of the school. The Township and School district are working with the engineers to resolve this issue. Based on this, no recommendation is warranted.

### **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 Titles I and VI 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 Federal and/or State Projects indicated no areas of noncompliance and/or questionable costs.



During fiscal year 2016 the District had a Consolidated Monitoring Report issued, noted several areas for improvement. The District approved a corrective action plan at the July 26, 2016 meeting.

### **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.

### **TPAF Reimbursement to the State for Federal Salary Expenditures**

The reimbursement to the State for the amount of the expenditure charged to the current year's Final Report 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 subsequent to the end of the 60 day grant liquidation period, but prior to the 90 days required by NJSA 18A:66-90. Accordingly, the expenditure was made in accordance with State law (90 days) and properly reported as obligated and not expended and as an unliquidated balance in the current year's Final Report for all federal awards.

### **School Purchasing Programs**

#### **Contracts and Agreements Requiring Advertisement for Bids**

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

a. When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by resolution of the board of education without public advertising for bids and bidding therefore, except that the board of education may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b (pending C40A:11-9) the board of education may establish that the bid threshold may be up to \$40,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to the section.

b. Commencing in the fifth year after the year in which P.L. 1999, c.440 took 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 NJS 18A:18A-2, and shall round the adjustment to the nearest \$1,000. The Governor shall notify all local school districts of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of the year in which it is made. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of sub section a. of NJSA 18A:18A-5 may be awarded for a period not exceeding 12 consecutive months.

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.

The board of education may, by resolution approved by a majority of the board of education and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the board of education finds that it has had prior negative experience with the bidder.

Effective July 1, 2010 and thereafter the bid thresholds in accordance with NJSA 18A:18A-3 (as amended) and 18A:39-3 are \$26,000 and \$18,800 respectively.

The business administrator/board secretary of the school district is a qualified purchasing agent and the board of education has adopted a resolution to establish a bid threshold of \$40,000.

The district board of education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the 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 my examination, I did not note 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, amended.

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

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained. My examination did reveal, however, that the following purchases were made through the use of State contracts:

Fuel Oil and Diesel Fuel  
Copy Machines  
Computer Equipment

### **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.

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.

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.

The financial transactions and statistical records of the school food service fund 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.

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 nonprofit 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.

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 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.

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 Proprietary Funds, Exhibits B-4 through B-6 of the CAFR.

### **Student Body Activities**

The activities funds are maintained in a satisfactory manner.

### **Application for State School Aid**

Our audit procedures included a test of information reported in the October 14, 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 exception. The information that was included on the workpapers was verified without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

The district maintained workpapers on the prescribed state forms or their equivalent.

The district written procedures appear to be adequate for the recording of student enrollment data.

### **Pupil Transportation**

Our audit procedures included a test of on roll status reported in the 2016-17 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the district complied with proper bidding procedures and award of contracts. 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.

#### **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 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 findings.

#### **Acknowledgment**

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

# NET CASH RESOURCE SCHEDULE

## Net cash resources did not exceed three months of expenditures Proprietary Funds - Food Service FYE 2017

<u>Net Cash Resources:</u>		Food Service B - 4/5	
<b>CAFR</b>	*	<b>Current Assets</b>	
B-4		Cash & Cash Equiv.	\$ 890,797
B-4		Due from Other Gov'ts	125,448
B-4		Interfund Receivable	0
B-4		Investments	
<b>CAFR</b>		<b>Current Liabilities</b>	
B-4		Less Accounts Payable	(55,779)
B-4		Less Accruals	
B-4		Less Due to Other Funds	(18,392)
B-4		Less Deferred Revenue	(44,511)
		<b>Net Cash Resources</b>	<b><u>\$ 897,563.00</u></b> (A)

**Net Adj. Total Operating Expense:**

B-5	Tot. Operating Exp.	3,205,149	
B-5	Less Depreciation	(25,705)	
	Adj. Tot. Oper. Exp.	<b><u>\$ 3,179,444.00</u></b>	(B)

**Average Monthly Operating Expense:**

	B / 10	<b><u>\$ 317,944.40</u></b>	(C)
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**Three times monthly Average:**

	3 X C	<b><u>\$ 953,833.20</u></b>	(D)
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TOTAL IN BOX A	\$	897,563.00	
LESS TOTAL IN BOX D	\$	(953,833.20)	
NET	\$	<b><u>(56,270.20)</u></b>	
From above:			
<b>A is greater than D, cash exceeds 3 X average monthly operating expenses.</b>			
<b>D is greater than A, cash does not exceed 3 X average monthly operating expenses.</b>			

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

SOURCE - USDA resource management comprehensive review form

**SCHEDULE OF AUDITED ENROLLMENTS**

**TOWNSHIP OF EGG HARBOR SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2016**

	2017-2018 Application for State School Aid (10/15/16 data)						Sample for Verification					
	Reported on A.S.S.A. on Roll		Workpapers on Roll		Errors		Sample Selected from Workpapers		Verified per Registers on Roll		Errors per Registers on Roll	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Pre-K Half Day	55	-	55	-	-	-	2	-	2	-	-	-
Half Day Kindergarten	351	-	351	-	-	-	15	-	15	-	-	-
Full Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-
One	446	-	446	-	-	-	19	-	19	-	-	-
Two	489	-	489	-	-	-	21	-	21	-	-	-
Three	462	-	462	-	-	-	19	-	19	-	-	-
Four	488	-	488	-	-	-	21	-	21	-	-	-
Five	492	-	492	-	-	-	21	-	21	-	-	-
Six	555	-	555	-	-	-	23	-	23	-	-	-
Seven	524	-	524	-	-	-	21	-	21	-	-	-
Eight	539	-	539	-	-	-	22	-	22	-	-	-
Nine	531	-	531	-	-	-	24	-	24	-	-	-
Ten	537	-	537	-	-	-	24	-	24	-	-	-
Eleven	543	-	543	-	-	-	23	-	23	-	-	-
Twelve	512	-	512	-	-	-	21	-	21	-	-	-
Subtotal	6,524	-	6,524	-	-	-	276	-	276	-	-	-
Special Ed Elementary	422	-	422	-	-	-	17	-	17	-	-	-
Special Ed Middle School	207	-	207	-	-	-	9	-	9	-	-	-
Special Ed High School	242	-	242	-	-	-	10	-	10	-	-	-
Subtotal	871	-	871	-	-	-	36	-	36	-	-	-
Totals	7,395	-	7,395	-	-	-	312	-	312	-	-	-
Percentage					0.00%					0.00%		0.00%

TOWNSHIP OF EGG HARBOR SCHOOL DISTRICT  
 APPLICATION FOR STATE SCHOOL AID SUMMARY  
 ENROLLMENT AS OF OCTOBER 15, 2016

	Private Schools for Disabled		Resident Low Income		Sample for Verification		Resident LEP Low Income		
	Reported on ASSA as Private Schools	Sample for Verification	Sample Verified	Sample Errors	Reported on ASSA as Low Income	Workpapers as Low Income	Reported on ASSA as LEP Low Income	Workpapers as LEP Low Income	Errors
Pre-K Half Day	-	-	-	-	132	132	6	6	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	-	-	-	-	-	-	-	-	-
One	-	-	-	-	201	201	17	21	-
Two	-	-	-	-	235	235	20	19	-
Three	-	-	-	-	233	233	21	5	-
Four	-	-	-	-	266	266	23	13	-
Five	-	-	-	-	224	224	19	6	-
Six	-	-	-	-	261	261	22	6	-
Seven	-	-	-	-	262	262	22	13	-
Eight	-	-	-	-	255	255	22	8	-
Nine	-	-	-	-	270	270	22	6	-
Ten	-	-	-	-	238	238	19	8	-
Eleven	-	-	-	-	241	241	19	12	-
Twelve	-	-	-	-	226	226	18	7	-
Subtotal	-	-	-	-	3,044	3,044	257	130	-
Special Ed Elementary	3	3	3	-	210	210	18	-	-
Special Ed Middle School	9	8	8	-	127	127	11	-	-
Special Ed High School	15	12	12	-	150	150	13	4	-
Subtotal	27	23	23	-	487	487	42	4	-
Co. Voc. - Regular	27	23	23	-	3,531	3,531	299	134	-
Totals	27	23	23	-	3,531	3,531	299	134	-
Percentage Error				0.00%					0.00%

TOWNSHIP OF EGG HARBOR SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
5ENROLLMENT AS OF OCTOBER 15, 2016

	Sample for Verification		Resident LEP Not Low Income		Sample for Verification	
	Sample Selected from Workpapers	Test Score, Application & Register	Reported on ASSA as LEP Low Income	Reported on ASSA as LEP Low Income	Sample Selected from Workpapers	Test Score and Register
Pre-K Half Day	4	4	14	14	10	10
Half Day Kindergarten	-	-	-	-	-	-
Full Day Kindergarten	15	15	5	5	4	4
One	13	13	3	3	3	3
Two	3	3	2	2	2	2
Three	9	9	1	1	1	1
Four	4	4	-	-	-	-
Five	4	4	-	-	-	-
Six	4	4	-	-	-	-
Seven	9	9	1	1	1	1
Eight	5	5	-	-	-	-
Nine	4	4	2	2	2	2
Ten	5	5	1	1	1	1
Eleven	8	8	1	1	1	1
Twelve	5	5	2	2	2	2
Subtotal	88	88	32	32	27	27
Special Ed Elementary	-	-	-	-	-	-
Special Ed Middle School	-	-	-	-	-	-
Special Ed High School	3	3	1	1	1	1
Subtotal	3	3	1	1	1	1
Totals	91	91	33	33	28	28
Percentage Error	0.00%		0.00%		0.00%	

	Transportation			Reported	Re-Calculated	
	Reported on DRTS by DOE/county	Errors	Tested			Reported
Reg. - Public Schools	4,967	-	241	4,5	4,5	
Transported - Non-Public	556	-	27	4,5	4,5	
Non-Public AIL	93	-	5	4,5	4,5	
Regular Special Ed	420	-	20	4,5	4,5	
Special Ed Special Needs	388	-	19	4,5	4,5	
Totals	6,424	-	312	4,5	4,5	
Percentage Error	0.00%		0.00%		0.00%	



**EXCESS SURPLUS CALCULATION**

**SECTION 1**

**Calculation A: 2 Percent Excess Surplus**

2016-2017 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ 135,267,806	(B)	
Increased by Applicable Operating Transfers			
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	(14,105,853)	(B2a)	
Assets Acquired Under Capital Leases	<u>(1,217,258)</u>	(B2b)	
Adjusted General Fund Expenditures [(B)+(B1s)-(B2s)]			119,944,695 (B3)
2% of Adjusted 2016-2017 General Fund Expenditures [(B3) times .02]			<u>2,398,894</u> (A)
Enter greater of (A) or \$250,000			<u>2,398,894</u> (B5)
Increased by: Allowable Adjustment *			<u>740,246</u> (K)
Maximum Unassigned/Undesignated Fund Balance [(B-5)+(K)]			<u><u>3,139,140</u></u> (M)

**SECTION 2**

Total General Fund - Fund Balances @ 6-30-2017 (Per CAFR Budgetary Comparison Schedule C-1)	18,755,498	C	
Decreased by:			
Year-End Encumbrances	(2,172,030)	(C1)	
Legally Restricted - Designated for Subsequent Year's Expenditures	-	(C2)	
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	(6,313,178)	(C3)	
Other Restricted Fund Balances ****	(984,274)	(C4)	
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	<u>(288,234)</u>	(C5)	
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]			<u><u>8,997,782</u></u> (U1)

**SECTION 3**

Restricted Fund Balance - Excess Surplus \*\*\* [(U1)-(M)] IF NEGATIVE ENTER -0- 5,858,642 (E)

**Recapitulation of Excess Surplus as of June 30, 2017**

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	6,313,178	(C3)
Reserved Excess Surplus [(C-3) + (E)] ***	<u>5,858,642</u>	(E)
<b>Total Excess Surplus [(C3) + (E)]</b>	<b><u>\$ 12,171,820</u></b>	<b>(D)</b>

\* 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 of 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	-	(H)
Sale & Lease-back	-	(I)
Extraordinary Aid	683,602	(J1)
Additional Nonpublic School Transportation Aid	56,644	(J2)
Current Year School Bus Advertising Revenue Recognized	-	(J3)
Family Crisis Transportation Aid	<u>-</u>	(J4)
<b>Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)]</b>	<b><u>740,246</u></b>	<b>(K)</b>

\*\* This amount represents the June 30, 2017 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

\*\*\* Amounts must agree to the June 30, 2017 CAFR and must agree to Audit Summary Line 90030.

\*\*\*\* Amount for Other Restricted 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 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	592,274	
Maintenance reserve	392,000	
Tuition reserve	-	
Emergency 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] ****	<u>-</u>	
<b>Total Other Restricted Fund Balance</b>	<b><u>984,274</u></b>	<b>(C4)</b>