

**GLOUCESTER CITY SCHOOL DISTRICT  
COUNTY OF CAMDEN**

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

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2017**

**GLOUCESTER CITY SCHOOL DISTRICT**  
Auditor's Management Report on Administrative  
Findings - Financial, Compliance and Performance

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

The Honorable President and  
Members of the Board of Education  
Gloucester City School District  
County of Camden, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Gloucester City School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2017, which were separately issued in the Comprehensive Annual Financial Report dated November 27, 2017.

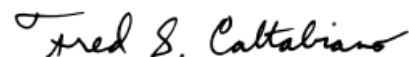
As part of our audit, we also performed procedures required by the Division of Administration and Finance, Department of Education, State of New Jersey, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is issued in conjunction with the Comprehensive Annual Financial Report of the Board of Education of the Gloucester City School District, for the fiscal year ended June 30, 2017, and is intended for the information of the School District's management and the Division of Administration and Finance, Department of Education, State of New Jersey. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



Fred S. Caltabiano  
Certified Public Accountant  
Public School Accountant No. CS00238100

Woodbury, New Jersey  
November 27, 2017

**ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE****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**

Fire insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule, contained in the School District's Comprehensive Annual Financial Report (CAFR).

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

<b><u>Name</u></b>	<b><u>Position</u></b>	<b><u>Amount</u></b>
Margaret M. McDonnell	Board Secretary / School Business Administrator	\$ 300,000
Frank J. Robertson	Treasurer of School Moneys	325,000

There is a Public Employees' Faithful Performance Blanket Position Bond covering all other employees with multiple coverage 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 School District 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**

Sampled claims paid during the fiscal year under audit did not indicate any reportable noncompliance with respect to signatures, certification, or supporting documentation.

**Payroll Account**

The net salaries of sampled employees of the School District were deposited in the net payroll account. Employees' payroll deductions and the employer's share of fringe benefits were deposited in the payroll agency account.

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

Sampled salary withholdings were promptly remitted to the proper agencies, including health benefit premium withholdings due to the general fund.

Sampled payrolls were delivered to the Board Secretary who then deposited with warrants in separate bank accounts for net payroll and withholdings.

**FINANCIAL PLANNING, ACCOUNTING, AND REPORTING (CONT'D)**

**Employee Position Control Roster**

A sample of the Employee Position Control Roster indicated that it was in satisfactory condition and was approved by the county office submission with the 2016-2017 budget review checklist.

**Encumbrances and Accounts Payable**

A sample of outstanding issued purchase orders was made as of June 30 for proper classification of orders as encumbrances and accounts payable. Our sample did not indicate any reportable noncompliance with respect to classification of orders.

**Travel**

A sample of travel expenditures during the fiscal year under audit did not indicate any reportable noncompliance.

**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 randomly sampled expenditure transactions. We also tested the coding of all expenditures included in our compliance and single audit sampling procedures. In addition, a sample was selected that specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3. Our samples did not indicate any reportable noncompliance with respect to classification of expenditures.

**Board Secretary's Records**

Our audit of the financial and accounting records maintained by the Board Secretary indicated that they were in satisfactory condition.

**Treasurer of School Moneys' Records**

Our audit of the financial and accounting records maintained by the Treasurer of School Moneys indicated that they were in satisfactory condition.

**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 (N.C.L.B.) of 2001**

The E.S.E.A. / N.C.L.B. financial exhibits are contained within the special revenue section of the CAFR. This section of the CAFR documents the financial position pertaining to the projects under Titles I and II of the Elementary and Secondary Education Act as amended and reauthorized.

The audit of compliance for E.S.E.A. did not indicate any reportable noncompliance.

**Other Special Federal and / or State Projects**

The School District's other special projects were approved as listed on exhibits K-3 and K-4 located in the CAFR.

Our audit of the federal and state funds on a sample 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 other special projects.

The audit of compliance for other special projects did not indicate any reportable noncompliance.

**FINANCIAL PLANNING, ACCOUNTING, AND REPORTING (CONT'D)**

**TPAF Reimbursement**

Our audit procedures included a sample of the biweekly reimbursements filed with the Department of Education for School 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 and N.J.S.A. 18A:66-90. The expenditure was inspected subsequent to the reimbursement and no exceptions were noted.

**SCHOOL PURCHASING PROGRAMS**

**Contracts and Agreements Requiring Advertisement for Bids**

N.J.S.A. 18A:18A-1 et seq. (Public School Contracts Law), the associated rules and related information on the statute, and the school contracts in general, are available on the following website:

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

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&oftpage=TOC Frame Pg42](http://lis.njleg.state.nj.us/cgi-bin/om_isapi.dll?clientID=1319801&depth=2&expandheadings=off&headingswithhits=on&infobase=statutes.nfo&oftpage=TOC Frame Pg42)

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$40,000.00 (with a Qualified Purchasing Agent) and \$29,000.00 (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 \$18,800.00 for 2016-17.

The School District's 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.

Based on the results of our audit, 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 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.

**SCHOOL FOOD SERVICE**

The financial transactions and statistical records of the school food service fund were audited. The financial accounts, meal count records, and eligibility applications were tested on a sample basis. No exceptions were noted.

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

The School District utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34, and 19-1 through 19-4.1. Provisions of the FSMC contract / addendum were inspected and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will return a profit of at least \$25,000.00. The operating results provision has been met.

Expenditures should be separately recorded as food, labor, and other costs. Vendor invoices were sampled and costs verified. Inventory records on food and supply items were currently maintained and properly applied in determining the cost of food and supplies used.

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service.

Net cash resources did not exceed three months average expenditures.

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.

Sampled applications for free and reduced price meals were tested 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 inspected for uniform administration throughout the school system. The required verification procedures for free and reduced price applications were completed and available for audit.

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.

The statement of revenues, expenses, and changes in fund net position (CAFR exhibit B-5) does separate program and non-program revenue and program and non-program cost of goods sold.

The School District did provide the detailed revenue and expenditure information necessary in order to execute the USDA mandated Non-Program Food Revenue Tool at least annually.

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

**STUDENT BODY ACTIVITIES**

Our audit of the financial and accounting records for student activities indicated that they were in satisfactory condition.

**APPLICATION FOR STATE SCHOOL AID**

Our audit procedures included a sample of information reported in the October 15, 2016 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the disabled, low-income, and bilingual. We also performed an inspection of the School District procedures related to its completion. The information on the A.S.S.A. was compared to the School 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 School District maintained workpapers on the prescribed State forms or their equivalent.

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

**PUPIL TRANSPORTATION**

Our audit procedures included a sample of on-roll status reported in the 2016-2017 District Report of Transported Resident Students (DRTRS). The information that was reported 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 sample of transportation related contracts and purchases. Based on our sample, the School District complied with proper bidding procedures and award of contracts. No exceptions were noted in our sample of transportation related purchases of goods and services.

**FACILITIES AND CAPITAL ASSETS**

Our audit of the financial and accounting records for facilities and capital assets indicated that they were in satisfactory condition.

**MISCELLANEOUS**

**Continuing Disclosure Agreements**

The School District complied with its most recent continuing disclosure agreements made in relation to prior year bond issuances.

**Testing for Lead of All Drinking Water in Education Facilities**

The School District did comply with all the requirements of N.J.A.C. 6A:26-1.2 and 12.4 related to the testing for lead of all drinking water in educational facilities.

**FOLLOW-UP ON PRIOR YEAR'S 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.

We have also inspected any findings contained in the audit reports issued by the Office of Fiscal Accountability and Compliance (OFAC). Corrective action had been taken on all findings in the report dated March 17, 2017.



**ACKNOWLEDGMENT**

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

Respectfully submitted,

*Bowman & Company LLP*

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

*Fred S. Caltabiano*

Fred S. Caltabiano  
Public School Accountant No. CS00238100

**GLOUCESTER CITY SCHOOL DISTRICT**  
 Schedule of Meal Count Activity  
 Food Service Fund  
 Number of Meals Served and (Over) / Underclaim - Federal  
 Enterprise Fund  
 For the Fiscal Year Ended June 30, 2017

<u>Program</u>	<u>Meal Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>Estimated (Over) / Under Claim</u>
National School Lunch (High Rate)	Paid	52,661	2,839	2,839	-	\$ 0.32	\$ -
	Reduced	26,210	1,395	1,395	-	2.78	-
	Free	<u>181,623</u>	<u>9,861</u>	<u>9,861</u>	<u>-</u>	3.18	<u>-</u>
	Total	<u>260,494</u>	<u>14,095</u>	<u>14,095</u>			<u>-</u>
National School Lunch	HHFKA - PB Lunch Only	<u>260,494</u>	<u>14,095</u>	<u>14,095</u>	-	0.06	<u>-</u>
School Breakfast (Severe Need Rate)	Paid	17,542	972	972	-	0.29	-
	Reduced	10,340	579	579	-	1.74	-
	Free	<u>92,532</u>	<u>5,147</u>	<u>5,147</u>	<u>-</u>	2.04	<u>-</u>
	Total	<u>120,414</u>	<u>6,698</u>	<u>6,698</u>	<u>-</u>		<u>-</u>
Special Milk	Paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	0.1975	<u>-</u>
After School Snacks	Paid	-	-	-	-	0.07	-
	Reduced	-	-	-	-	0.43	-
	Free (Area Eligible)	<u>39,820</u>	<u>8,177</u>	<u>8,177</u>	<u>-</u>	0.86	<u>-</u>
	Total	<u>39,820</u>	<u>8,177</u>	<u>8,177</u>	<u>-</u>		<u>-</u>
CACFP (d) - Food	Free	-	-	-	-	3.16	-
CACFP (d) - Cash-in-lieu of USDA Foods	Free	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	0.23	<u>-</u>
Total Net Underclaim / (Overclaim)							<u>\$ -</u>

**GLOUCESTER CITY SCHOOL DISTRICT**  
 Schedule of Net Cash Resources  
 Net Cash Resources Did/Did Not Exceed Three Months of Expenditures  
 Proprietary Funds - Food Service Fund  
 For the Fiscal Year Ended June 30, 2017

<u>Net Cash Resources:</u>	<u>Food Service</u> <u>B - 4/5</u>	
<b>CAFR</b>	<b>Current Assets</b>	
B-4	Cash & Cash Equivalents	\$ 348,088.47
B-4	Due from Other Governments	60,847.82
B-4	Due from Other Funds	-
B-4	Accounts Receivable	-
<b>CAFR</b>	<b>Current Liabilities</b>	
B-4	Less Accounts Payable	-
B-4	Less Accruals	-
B-4	Less Due to Other Funds	(14,000.00)
B-4	Less Unearned Revenue	(7,446.80)
	<b>Net Cash Resources</b>	<u><u>\$ 387,489.49</u></u> (A)

**Net Adjusted Total Operating Expense:**

B-5	Total Operating Expenditures	\$ 1,324,179.34	
B-5	Less Depreciation	(31,170.00)	
	<b>Adjusted Total Operating Expense</b>	<u><u>\$ 1,293,009.34</u></u> (B)	

**Average Monthly Operating Expense:**

B / 10	<u><u>\$ 129,300.93</u></u> (C)
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**Three Times Monthly Average:**

3 X C	<u><u>\$ 387,902.80</u></u> (D)
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TOTAL IN BOX A	\$ 387,489.49
LESS TOTAL IN BOX D	\$ 387,902.80
NET	<u><u>\$ (413.31)</u></u>

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.

**GLOUCESTER CITY SCHOOL DISTRICT**  
 Application for State School Aid Summary  
 Schedule of Audited Enrollments  
 Enrollment as of October 15, 2016

	2017-2018 Application for State School Aid						Sample for Verification						Private Schools for the 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 Veri- cation	Sample Verified	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared					
Half Day Preschool																	
Full Day Preschool	245		245					245		245							
Half Day Kindergarten																	
Full Day Kindergarten	142		142					142		142							
One	144		144					144		144							
Two	137		137					137		137							
Three	151		151					151		151							
Four	130		130					130		130							
Five	122		122					122		122							
Six	107		107					107		107							
Seven	106		106					106		106							
Eight	92		92					92		92							
Nine	100		100					100		100							
Ten	98		98					98		98							
Eleven	97		97					97		97							
Twelve	109		109					109		109							
Post-Graduate																	
Adult H.S. (15+CR.)																	
Adult H.S. (1-14CR.)																	
Subtotal	1,780	-	1,780	-	-	-		1,780	-	1,780	-	-	-	-	-	-	-
Special Education-Elementary	141		141					20		20			7	6	6		
Special Education-Middle School	74		74					10		10			8	6	6		
Special Education-High School	124		124					33		33			15	14	14		
Subtotal	339	-	339	-	-	-		63	-	63	-	-	30	26	26		-
Co. Voc. - Regular																	
Co. Voc. Ft. Post Sec.																	
Subtotal	-	-	-	-	-	-		-	-	-	-	-	-	-	-	-	-
Totals	2,119	-	2,119	-	-	-		1,843	-	1,843	-	-	30	26	26		-
Percentage Error					-	-											-

**GLOUCESTER CITY SCHOOL DISTRICT**  
 Application for State School Aid Summary  
 Schedule of Audited Enrollments  
 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, Test Score and Register	Sample Errors
Half Day Preschool												
Full Day Preschool												
Half Day Kindergarten												
Full Day Kindergarten	88	88		20	20		4	4		4	4	
One	106	106		20	20		5	5		5	5	
Two	90	90		18	18		1	1		1	1	
Three	99	99		17	17		3	3		3	3	
Four	95	95		20	20		4	4		4	4	
Five	86	86		13	13							
Six	84	84		17	17		2	2		2	2	
Seven	73	73		18	18		1	1		1	1	
Eight	54	54		16	16							
Nine	54	54		18	18							
Ten	52	52		15	15		1	1		1	1	
Eleven	44	44		13	13							
Twelve	60	60		13	13							
Post-Graduate												
Adult H.S. (15+CR.)												
Adult H.S. (1-14CR.)												
Subtotal	985	985	-	218	218	-	21	21	-	21	21	-
Special Education-Elementary	138	138		18	18		5	5		5	5	
Special Education-Middle School	83	83		12	12							
Special Education-High School	108	108		20	20							
Subtotal	329	329	-	50	50	-	5	5	-	5	5	-
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-
Totals	1,314	1,314	-	268	268	-	26	26	-	26	26	-
Percentage Error			-			-			-			-
Transportation												
	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors					Reported	Re-Calculated
Reg. - Public Schools, Col. 1	56	56		51	51		Reg. Avg. (Mileage) = Regular Including Grade PK students (Part A)			6.5	6.5	
Reg. - SpEd, Col. 4	56	56		56	56		Reg. Avg. (Mileage) = Regular Excluding Grade PK students (Part B)			6.5	6.5	
Transported - Non-Public, Col. 3							Spec. Avg. (Mileage) = Special Ed. with Special Needs			12.4	12.4	
Special Needs, Col. 6	54	54		36	36							
Totals	166	166	-	143	143	-						
Percentage Error			-			-						

**GLOUCESTER CITY SCHOOL DISTRICT**  
 Application for State School Aid Summary  
 Schedule of Audited Enrollments  
 Enrollment as of October 15, 2016

	Resident LEP NOT Low Income			Sample for Verification		
	Reported on A.S.S.A. as NOT Low Income	Reported on Workpapers as NOT Low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Half Day Preschool						
Full Day Preschool						
Half Day Kindergarten						
Full Day Kindergarten	2	2				
One	2	2		1	1	
Two	1	1		1	1	
Three	1	1				
Four	2	2				
Five						
Six						
Seven						
Eight						
Nine						
Ten						
Eleven						
Twelve						
Post-Graduate						
Adult H.S. (15+CR.)						
Adult H.S. (1-14CR.)						
Subtotal	<u>8</u>	<u>8</u>	<u>-</u>	<u>2</u>	<u>2</u>	<u>-</u>
Special Education-Elementary						
Special Education-Middle School						
Special Education-High School						
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u><u>8</u></u>	<u><u>8</u></u>	<u><u>-</u></u>	<u><u>2</u></u>	<u><u>2</u></u>	<u><u>-</u></u>
Percentage Error			<u><u>-</u></u>			<u><u>-</u></u>

**EXCESS SURPLUS CALCULATION**

**SCHOOL BASED BUDGET DISTRICT**

**SECTION 1**

**2% Calculation of Excess Surplus**

2016-17 Total General Fund Expenditures Reported on CAFR Exhibit C-1	<u>42,126,364.78</u> (A)
Increased by Applicable Operating Transfers:	
Transfer from Capital Outlay to Capital Projects Fund	<u>-</u> (A1a)
Transfer from Capital Reserve to Capital Projects Fund	<u>-</u> (A1a)
Transfer from General Fund to Special Revenue Fund for Preschool - Regular	<u>-</u> (A1a)
Transfer from General Fund to Special Revenue Fund for Preschool - Inclusion	<u>99,920.00</u> (A1a)
Less: Expenditures Allocated to Restricted Federal Resources as reported on Exhibit D-2	<u>-</u> (A1b)
2016-17 Adjusted General Fund & Other State Expenditures [(A)+(A1a)-(A1b)]	<u>42,226,284.78</u> (A2)
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>4,660,574.09</u> (A3)
Assets Acquired Under Capital Leases:	
General Fund 10 Assets Acquired Under Capital Leases Reported on Exhibit C-1a	<u>-</u> (A4)
Add: General Fund & State Resources Portion of Fund 15 Assets Acquired Under Capital Leases:	
Assets Acquired Under Capital Leases in Fund 15 Reported on Exhibit C-1a	<u>-</u> (A5)
Combined General Fund Contribution & State Resources % of Fund 15 Resources Reported on Exhibit D-2	<u>0%</u> (A6)
General Fund & State Resources Portion of Fund 15 Assets Acquired Under Capital Leases [(A5)*(A6)]	<u>-</u> (A7)
Total Assets Acquired Under Capital Leases [(A4)+(A7)]	<u>-</u> (A8)
2016-17 General Fund Expenditures [(A2)-(A3)-(A8)]	<u>37,565,710.69</u> (A9)
2% of Adjusted 2016-17 General Fund Expenditures [(A9) times .02]	<u>751,314.21</u> (A10)
Enter Greater of (A10) or \$250,000	<u>751,314.21</u> (A11)
Increased by: Allowable Adjustment *	<u>507,186.00</u> (K)
Maximum Unassigned Fund Balance [(A11)+(K)]	<u>1,258,500.21</u> (M)

**EXCESS SURPLUS CALCULATION (CONT'D)**

**SCHOOL BASED BUDGET DISTRICT**

**SECTION 2**

Total General Fund - Fund Balances at June 30, 2017	<u>10,663,496.46</u> (C)
Decreased by:	
Year-end Encumbrances	<u>784,621.49</u> (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	<u>-</u> (C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	<u>-</u> (C3)
Other Restricted Fund Balances ****	<u>6,107,865.00</u> (C4)
Assigned Fund Balance - Designated for Subsequent Year's Expenditures	<u>2,000,000.00</u> (C5)
Additional Assigned Fund Balance - Unreserved Designated for Subsequent Year's Expenditures July 1, 2017 - August 1, 2017	<u>512,655.00</u> (C6)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]	<u><u>1,258,354.97</u></u> (U)

**SECTION 3**

Restricted Fund Balance - Excess Surplus *** [(U)-(M)] IF NEGATIVE ENTER -0-	<u><u>-</u></u> (E)
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**Recapitulation of Excess Surplus as of June 30, 2017**

Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	<u>-</u> (C3)
Restricted - Excess Surplus *** [(E)]	<u>-</u> (E)
Total Excess Surplus [(C3)+(E)]	<u><u>-</u></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

(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, 2017 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)
Sale & Lease-Back	<u>-</u> (I)
Extraordinary Aid	<u>507,012.00</u> (J1)
Additional Nonpublic School Transportation Aid	<u>174.00</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>507,186.00</u></u> (K)



**EXCESS SURPLUS CALCULATION (CONT'D)**

**SCHOOL BASED BUDGET DISTRICT**

Footnotes: (Cont'd)

- \*\* This amount represents the June 30, 2016 Excess Surplus (C3 above) and must be included in the Audit Summary Line 90031. This amount was to be appropriated in the 2017-2018 general fund budget.
- \*\*\* 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 another type of government, such as the judicial branch of government, must have departmental approval. District requests should be submitted to the Division of Administration and Finance

**Detail of Other Restricted Fund Balance**

Statutory restrictions:

Approved unspent separate proposal	-
Sale/lease-back reserve	-
Capital reserve	2,238,716.00
Maintenance reserve	3,289,149.00
Tuition reserve	180,000.00
Emergency reserve	400,000.00
School bus advertising 50% fuel offset reserve	-
School bus advertising 50% fuel offset reserve	-
Impact Aid General Fund Reserve (Sections 8002 and 8003)	-
Impact Aid Capital Fund Reserve (Sections 8007 and 8008)	-
Other state/government mandated reserves	-
[Other Restricted Fund Balance not noted above]****	-
Total Other Restricted Fund Balance	<u>6,107,865.00 (C4)</u>

**GLOUCESTER CITY SCHOOL DISTRICT**  
Audit Recommendation Summary  
For the Fiscal Year Ended June 30, 2017

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Recommendations:

1. Administrative Practices and Procedures  
None
2. Financial Planning, Accounting and Reporting  
None
3. School Purchasing Programs  
None
4. School Food Service  
None
5. Student Body Activities  
None
6. Application for State School Aid  
None
7. Pupil Transportation  
None
8. Facilities and Capital Assets  
None
9. Miscellaneous  
None
10. Status of Prior Year Audit Findings/Recommendations

A review was performed on the prior year recommendations and corrective action was taken on all prior year findings.