

**AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS –  
FINANCIAL, COMPLIANCE AND PERFORMANCE  
of the  
Borough of Rockaway  
School District Board of Education  
Rockaway, New Jersey**

**For the Fiscal Year Ended June 30, 2017**

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

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Tax ID Number 22-6002266

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Vincent M. Montanino, RMA, PSA

## Report of Independent Auditors

Honorable President and  
Members of the Board of Education  
Borough of Rockaway School District  
County of Morris, 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 Borough of Rockaway School District in the County of Morris for the year ended June 30, 2017, and have issued our report thereon dated January 15, 2018.

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



Vincent M. Montanino  
Licensed Public School Accountant  
No. 20CS000495

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Newton, New Jersey



**Administrative Findings – Financial, Compliance and Performance**

**Scope of Audit**

The audit covered the financial transactions of the Board Secretary/School Business Administrator and 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 Exhibit J-20, Insurance Schedule contained in the district's CAFR.

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Melissa Nestor	Treasurer of School Moneys	\$ 200,000.00
Richard Matthews	Board Secretary/School Business Administrator	5,000.00

Treasurer of School Moneys was bonded in accordance with provisions of Title 18A:17-32 within the minimum limits of State Board promulgated schedules.

There is a Public Employee's Faithful Performance Blanket Position Bond with the Selective Insurance Company covering all other employees with multiple coverage of \$5,000.00

Tuition Charges

The provisions of N.J.A.C. 6:20-3.1 (e) 4 are not applicable.

**Financial Planning, Accounting and Reporting**

Examination of Claims

Claims paid during the period under review were examined on a test basis to determine that they are submitted on Board vouchers, itemized, signed by the officials as to approval for payment, endorsement for receipt of materials, allocated to the proper accounts, charged to the proper fiscal period and in agreement with bill list set forth in the approved minutes of the Board.

The review and inquiry indicate good scrutiny on the part of the Board and Board Officials regarding expenditures.

Payroll Account

The net salaries of all employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and the Board's required payroll contributions 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.

## **Financial Planning, Accounting and Reporting (Continued)**

### **Payroll Account (Continued)**

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

Payrolls were delivered to the Treasurer of School Moneys with a warrant made to his order for the full amount of each payroll.

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (superintendent, assistant superintendents, and business administrator) to the NJ Department of Treasury was filed by the March 15 due date.

The Position Control Roster was reviewed and compared to payroll records, employee benefit records and charges made to the general Ledger to ensure proper and consistent financial reporting and that employee benefits are only offered to current employees.

### **Reserve for Encumbrances and Accounts Payable**

A review of outstanding issued purchase orders was made as of June 30th for goods not yet received or services yet received or services not yet rendered and it was determined that no blanket purchase orders were included in the balance of the reserve for encumbrances. Also, unpaid orders included in the balance of accounts payable were reviewed for priority and to determine that goods were received and services were rendered as of June 30<sup>th</sup>.

### **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 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:23A-8.3. As a result of the procedures performed no errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

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

No errors noted.

#### **B. Administrative Classification Finding**

No errors noted.

### **Board Secretary's Records**

The prescribed contractual order system was followed.

Monthly certifications of line-item appropriations and fund status were filed in accordance with N.J.A.C. 6A:23A-16.10 and Division of Finance Policy Bulletin 200-11.

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

The general fixed asset records were updated for the additions and disposals of general fixed assets made during the year.

## **Financial Planning, Accounting and Reporting (Continued)**

### **Board Secretary's Records (Continued)**

All budget appropriation transfers and appropriation of Fund Balance/Additional Revenues were in accordance with N.J.A.C. 6A:23.

#### ***Finding: 2017-001***

Our review of the transactions posted to the various funds disclosed that revenues and expenditures were not being properly segregated as to type and source. This resulted in additional time being spent in order to properly reflect the actual revenues and expenditures. The new incoming Business Administrator is fully aware of these prior year issues and the monthly postings for 2017-2018 are being done properly.

#### **Recommendation:**

Daily postings to the computer system for receipts and disbursements be properly segregated as to type and source.

### **Treasurer's Records**

The Treasurer performed cash reconciliations for the general operating account, payroll account and payroll agency account in accordance with N.J.S.A. 18A:17-9.

All cash receipts tested were promptly deposited.

The Treasurer's records were in agreement with the records of the Board Secretary.

## **Elementary and Secondary Education Act/Improving America's Schools Act 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 II 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.

#### ***Finding: 2017-002***

The revised budget amounts shown in the Fund 20 Board Secretary's report were not in agreement with the final grant awards resulting in over/under commitments to some of the programs. As a result expenditures were reallocated between the general fund and the special revenue fund.

## **Financial Planning, Accounting and Reporting (Continued)**

### **Other Special Federal and/or State Projects (Continued)**

#### ***Recommendation:***

Greater care should be taken in the recording of the award amounts in Fund 20 to ensure that funds are properly encumbered.

#### **T.P.A.F. Reimbursement**

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

### **School Purchasing Programs**

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

N.J.S.A. 18A:18A-2 contains definitions for terms used throughout N.J.S.A. 18A:18A-1 et seq. It includes as subsection (p) the term "competitive contracting", which is defined as "the method described in N.J.S.A. 18A:18A-4.1 through 18A:18A-4.5 and in the rules promulgated by DCA at N.J.A.C. 5:34-4 of contracting for specialized goods and services in which formal proposals are solicited from vendors; formal proposals are evaluated by the purchasing agent or counsel or school business administrator; and the board of education awards a contract to a vendor or vendors from among the formal proposals received". Also, subsection (aa) defines the term 'concession' to exclude vending machines.

N.J.S.A. 18A:18A-3(a) sets forth the bid threshold and requires award by board resolution. There is a higher threshold when there is a "Qualified Purchasing Agent" (QPA) in the district as defined at N.J.A.C. 5:34-1.1 and certified upon approval of an application submitted to DCA. Pursuant to N.J.S.A. 18A:18A-3(b), the bid threshold may be adjusted by the Governor, in consultation with the Department of Treasury every five years.

N.J.S.A. 18A:18A-4.4 provides boards of education the authority to pass a resolution authorizing the use of competitive contracting. "In order to initiate competitive contracting, the board of education shall pass a resolution authorizing the use of competitive contracting each time specialized goods or services enumerated in section 45 of PL. 1999, c440 are desired to be contracted".

Effective July 1, 2015 and thereafter the bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) and 18A:39-3 (Transportation) are \$40,000 (with a Qualified Purchasing Agent) and \$29,000.00 (without a Qualified Purchasing Agent) and \$18,800.00 respectively.

It is pointed out that the Board of Education has the responsibility of determining whether the commitments and expenditures are in compliance with the statutes and, where question arises as to whether any contract or agreement might result in violation of these statutes the Board attorney's opinion should be sought before commitment is made.

Inasmuch as the system of records is not required to provide and therefore did not provide for an accumulation of payments by categories for the performance of any work or the furnishings 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. None were disclosed.

### **School Purchasing Programs (Continued)**

The results of our examination indicated that no individual payments, contracts or agreements were made "for the provision or performance of any goods or services," in excess of the statutory limit where there had been no advertising for bids in accordance with the provision of N.J.S.A. 18A:18A-4.

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

The system of records is not required to provide and therefore 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: Smart Boards and Pick-Up Truck.

### **School Food Service**

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.

The number of meals claimed for reimbursement were verified against sales and meal count records. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement vouchers were properly computed and filed timely.

#### ***Finding: 2017-003***

The June 30<sup>th</sup>, 2016 Federal and State reimbursements were not received by the District resulting in those amounts being canceled in the amount of \$3,241.90. This matter has been discussed with the new incoming Business Administrator, who has assured us that all reimbursement requests are up to date.

#### **Recommendation:**

All Federal and State reimbursement requests be submitted 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 did not exceed the number of valid applications on file, times the number of operating days, on a school by school basis. The free and reduced priced meal and free milk policy is uniformly administered throughout the school system. The required verification procedures for free and reduced price applications was completed and available for review.

Expenditures were 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 District utilizes a food service management company and is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34, and 19-1 through 19-4.1. 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 food service management company had a service audit performed in accordance with AICPA Statement on Auditing Standards (SAS) #70, as amended by SAS #88 (effective February, 2000).



### **School Food Service**

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

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

Food Distribution Program commodities were received and a separate inventory was maintained on a first-in, first-out basis.

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

The School District food management company maintains 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 Proprietary Funds (Exhibits B-4, B-5, B-6).

### **Student Activity Funds**

Cash receipts and disbursement records were maintained in satisfactory condition.

All receipts were promptly deposited in the bank.

Payment authorizations were presented for audit and vendor invoices were available for examination.

The Board adopted a formal board policy that all financial and bookkeeping controls are adequate to ensure appropriate fiscal accountability and sound business practices.

### **Athletic Account**

A cash receipts and disbursement record was maintained in satisfactory condition.

All receipts were promptly deposited in the bank.

Bills and invoices were available for comparison with the cash disbursements record.

### **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 disabled, low-income and bilingual education. 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 with a minor exception. The information that was included on the workpapers could not be verified without 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.

**Pupil Transportation**

Our audit procedures included a test of on roll status reported in the 2016-2017 District Report of Transported Resident Student (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with minor exceptions. 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. No exceptions were noted in our review of transportation related purchases of goods and services.

**Facilities and Capital Assets**

Not Applicable.

**Status of Prior Years' Audit Findings/Recommendations**

In accordance with government auditing standards, our procedures included a review of all prior year recommendations. Corrective action has been taken on all prior year findings, except for the finding which is repeated here:

Greater care should be taken in the recording of the award amounts in Fund 20 to ensure that funds are properly encumbered.

**Acknowledgment**

We wish to express our appreciation for the assistance and courtesies extended to us by Board officials and employees during the course of our audit.

Respectfully submitted,



Vincent M. Montanino  
Licensed Public School Accountant  
License No. 20CS000495

***Ferraioli, Wielkottz, Cerullo & Cuva, P.A.***

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants

**SCHEDULE OF MEAL COUNT ACTIVITY**

**BOARD OF EDUCATION**  
**BOROUGH OF ROCKAWAY**

**FOOD SERVICE FUND**  
**NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM**  
**ENTERPRISE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOT APPLICABLE

SCHEDULE OF AUDITED ENROLLMENTS																
BOARD OF EDUCATION																
BOROUGH OF ROCKAWAY																
APPLICATION FOR STATE SCHOOL AID SUMMARY ENROLLMENT AS OF OCTOBER 15, 2016																
	2017-2018 Application for State School Aid				Sample for Verification				Private Schools for Disabled							
	Reported on		Workpapers		Errors		Selected from		Verified per		Registers		On Roll			
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Private Schools	Sample for Verification	Sample Verified	Sample Errors
Half Day Preschool	20		21		(1)	-	21		21		-	-				
Full Day Preschool					-	-					-	-				
Half Day Kindergarten					-	-					-	-				
Full Day Kindergarten	55		56		(1)	-	56		56		-	-				
One	50		50		-	-	50		50		-	-				
Two	37		38		(1)	-	38		38		-	-				
Three	44		45		(1)	-	45		45		-	-				
Four	63		64		(1)	-	64		64		-	-				
Five	64		64		-	-	64		64		-	-				
Six	64		66		(2)	-	66		66		-	-				
Seven	60		62		(2)	-	62		62		-	-				
Eight	67		66		1	-	66		66		-	-				
Nine					-	-					-	-				
Ten					-	-					-	-				
Eleven					-	-					-	-				
Twelve					-	-					-	-				
Post-Graduate					-	-					-	-				
Adult H.S. (15+CR.)					-	-					-	-				
Adult H.S. (1-14CR.)					-	-					-	-				
Subtotal	524		532		(8)	-	532		532		-	-				
Sp Ed - Elementary	32		28		4	-	28		28		-	-	3	3	3	-
Sp Ed - Middle School	47		44		3	-	44		44		-	-	4	4	4	-
Sp Ed - High School					-	-					-	-				
Subtotal	79		72		7	-	72		72		-	-	7	7	7	-
Co. Voc. - Regular					-	-					-	-				
Co. Voc. Ft. Post Sec.					-	-					-	-				
Totals	603		604		(1)	-	604		604		-	-	7	7	7	-
Percentage Error					-0.17%	0.00%					0.00%	0.00%				0.00%

SCHEDULE OF AUDITED ENROLLMENTS (CONTINUED)												BOARD OF EDUCATION BOROUGH OF ROCKAWAY											
APPLICATION FOR STATE SCHOOL AID SUMMARY 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	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	Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors											
Half Day Preschool	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Full Day Preschool	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Full Day Kindergarten	13	13	-	9	9	-	3	3	-	3	3	-	3	3	-	3	-						
One	11	11	-	8	8	-	4	4	-	4	4	-	4	4	-	4	-						
Two	8	8	-	5	5	-	1	1	-	1	1	-	1	1	-	1	-						
Three	10	10	-	7	7	-	1	1	-	1	1	-	1	1	-	1	-						
Four	12	12	-	8	8	-	1	1	-	1	1	-	1	1	-	1	-						
Five	10	10	-	7	7	-	-	-	-	-	-	-	-	-	-	-	-						
Six	8	8	-	5	5	-	1	1	-	1	1	-	1	1	-	1	-						
Seven	11	11	-	7	7	-	-	-	-	-	-	-	-	-	-	-	-						
Eight	15	15	-	10	10	-	2	2	-	2	2	-	2	2	-	2	-						
Nine	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Ten	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Eleven	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Twelve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Post-Graduate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Adult H.S. (15+CR.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Adult H.S. (1-14CR.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Subtotal	98	98	-	66	66	-	13	13	-	13	13	-	13	13	-	13	-						
Sp Ed - Elementary	13	13	-	9	9	-	1	1	-	1	1	-	1	1	-	1	-						
Sp Ed - Middle School	22	22	-	15	15	-	1	1	-	1	1	-	1	1	-	1	-						
Sp Ed - High School	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Subtotal	35.0	35.0	-	24	24	-	2	2	-	2	2	-	2	2	-	2	-						
Co. Voc. - Regular	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Co. Voc. Ft. Post Sec.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Totals	133.0	133.0	-	90	90	-	15	15	-	15	15	-	15	15	-	15	-						
Percentage Error			0.00%			0.00%						0.00%					0.00%						

SCHEDULE OF AUDITED ENROLLMENTS (CONTINUED)

BOARD OF EDUCATION  
BOROUGH OF ROCKAWAY

APPLICATION FOR STATE SCHOOL AID SUMMARY ENROLLMENT AS OF OCTOBER 15, 2016

	Resident LEP NOT Low Income		Sample for Verification	
	Reported on A.S.A. as NOT Low Income	Reported on Workpapers as NOT Low Income	Sample Selected from Workpapers	Verified to Application and Register
			Errors	Sample Errors
Half Day Preschool			-	-
Full Day Preschool			-	-
Half Day Kindergarten			-	-
Full Day Kindergarten	4	4	-	4
One	5	5	-	5
Two	2	2	-	2
Three	2	2	-	2
Four			-	
Five	2	2	-	2
Six	1	1	-	1
Seven	1	1	-	1
Eight			-	
Nine			-	
Ten			-	
Eleven			-	
Twelve			-	
Post-Graduate			-	
Adult H.S. (15+CR.)			-	
Adult H.S. (1-14CR.)	-	-	-	-
Subtotal	<u>17</u>	<u>17</u>	<u>-</u>	<u>17</u>
Sp Ed - Elementary			-	
Sp Ed - Middle School			-	
Sp Ed - High School	-	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Co. Voc. - Regular			-	
Co. Voc. Ft. Post Sec.	-	-	-	-
Totals	<u>17</u>	<u>17</u>	<u>-</u>	<u>17</u>
Percentage Error			<u>0.00%</u>	<u>0.00%</u>

SCHEDULE OF AUDITED ENROLLMENTS (CONCLUDED)

BOARD OF EDUCATION  
BOROUGH OF ROCKAWAY

APPLICATION FOR STATE SCHOOL AID SUMMARY ENROLLMENT AS OF OCTOBER 15, 2016

	Transportation				Reported on DRTRS by District	Tested	Verified	Errors	Reported	Re-Calculated
	Reported on DOE	DRTRS by District	Errors	Errors						
Reg. Public Schools	29	29	-	29	29	-	29	-	4.2	4.2
Reg. Special Ed.	2	2	-	2	2	-	2	-	4.2	4.2
Transported - Non-Public	-	-	-	-	-	-	-	-	9.7	9.7
Special Needs	9	9	-	9	9	-	9	-	Avg. Mileage - Regular Including Grade PK students	4.2
Totals	40.0	40	-	40	40	-	40	-	Avg. Mileage - Regular Excluding Grade PK students	4.2
Percentage Error			0.00%					0.00%	Avg. Mileage - Special Ed with Special Needs	9.7

**EXCESS SURPLUS CALCULATION**

**REGULAR DISTRICT**

**SECTION 1**

**A. 2% Calculation of Excess Surplus**

2016-17 Total General Fund Expenditures per the CAFR, Ex.C-1 \$ 9,371,403.77 (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	\$ <u>886,166.98</u>	(B2a)
Assets Acquired Under Capital Leases	\$ <u>0.00</u>	(B2b)

Adjusted 2016-17 General Fund Expenditures [(B)+(B1's)-(B2's)] \$ 8,485,236.79 (B3)

2% of Adjusted 2016-17 General Fund Expenditures  
[(B3) times .02] \$ 169,704.74 (B4)

Enter Greater of (B4) or \$250,000 \$ 250,000.00 (B5)

Increased by: Allowable Adjustment \* \$ 17,798.00 (K)

Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)] \$ 267,798.00 (M)

**SECTION 2**

Total General Fund – Fund Balances @ 6-30-17 \$ 1,492,308.44 (C)  
(Per CAFR Budgetary Comparison Schedule C-1)

Decreased by:

Year-End Encumbrances	\$ <u>18,205.25</u>	(C1)
Legally Restricted – Designated for Subsequent Year's Expenditures	\$ _____	(C2)
Legally Restricted – Excess Surplus – Designated for Subsequent Year's Expenditures **	\$ <u>270,444.09</u>	(C3)
Other Restricted Fund Balances****	\$ <u>754,004.19</u>	(C4)
Assigned Fund Balance – Unreserved – Designated For Subsequent Year's Expenditures	\$ <u>11,856.91</u>	(C5)

Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)] \$ -437,798.00 (U1)



**SECTION 3**

Restricted Fund Balance – Excess Surplus \*\*\*[(U1)-(M)] IF NEGATIVE ENTER -0-\$170,000.00 (E)

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

Reserved Excess Surplus – Designated for Subsequent Year’s Expenditures **	\$ 270,444.09 (C3)
Reserved Excess Surplus ***[(E)]	\$ 170,000.00 (E)
Total [(C3) + (E)]	\$ 440,444.09 (D)

**Footnotes**

\* Allowable adjustment to expenditures online 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, c46 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	\$ _____ (H)
Sale & Lease-back	\$ _____ (I)
Extraordinary Aid	\$ 13,970.00 (J1)
Additional Nonpublic School Transportation Aid	\$ 3,828.00 (J2)
Current Year School Bus Advertising Revenue Recognized	\$ 0.00 (J3)
Family Crisis Transportation Aid	\$ _____ (J4)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)]	\$ 17,798.00 (K)

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

\*\*\* Amount must agree to the June 30, 2017 CAFR and the sum the two lines 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 another type of government, such as the judicial branch of government, must have Departmental approval. District requests should be submitted to the Division of Finance prior to September 30.

**Detail of Other Restricted Fund Balance**

Statutory restrictions:	\$ _____
Approved unspent separate proposal	\$ _____
Sale/lease-back reserve	\$ _____
Capital reserve	\$ <u>754,004.19</u>
Maintenance reserve	\$ _____
Emergency reserve	\$ _____
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 (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]****	\$ _____
 Total Other Restricted Fund Balance	 \$ <u>754,004.19</u> (C4)