

*Auditor's Management Report*

*for the*

*Sayreville Borough  
School District*

*in the*

*County of Middlesex  
New Jersey*

*for the*

*Fiscal Year Ended  
June 30, 2018*



**AUDITOR'S MANAGEMENT REPORT OF ADMINISTRATIVE  
FINDINGS FINANCIAL AND COMPLIANCE**

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## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Education  
Sayreville Borough School District  
County of Middlesex  
Sayreville, New Jersey

We have audited, in accordance with U.S. generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Borough of Sayreville School District in the County of Middlesex for the year ended June 30, 2018, and have issued our report dated February 12, 2019.

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

This report is intended solely for the information of the Borough of Sayreville School District, County of Middlesex, New Jersey, the New Jersey Department of Education and federal and state audit awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

\_\_\_\_\_  
CERTIFIED PUBLIC ACCOUNTANTS

\_\_\_\_\_  
PUBLIC SCHOOL ACCOUNTANT NO. 948

February 12, 2019

**Independent Auditor's Management Report of Administrative Findings Financial and Compliance**

**Scope of Audit**

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Monies, the activities of the Sayreville Borough School District Board of Education, 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 in the District's CAFR. (See Exhibit J-20)

**Official Bonds**

<u>NAME</u>	<u>POSITION</u>	<u>AMOUNT OF BOND</u>
Nicole Petrone	Treasurer of School Monies	\$375,000.00
Erin Hill	Board Secretary/ School Business Administrator	\$375,000.00
All Employees	Blanket Position Bond	\$500,000.00

Adequacy of insurance coverage is the responsibility of the Board of Education.

**Tuition Charges**

A comparison of tentative tuition charges and actual certified tuition charges was made. The Board made a proper adjustment ("billing") to sending Districts for the increase (decrease) in per pupil costs in accordance with N.J.A.C. 6A:23A-17.1(f) 3, which is performed as part of the District's annual budget process.

**Financial Planning, Accounting and Reporting**

**Examination of Claims**

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

**Payroll Accounts**

The net salaries of all employees of the Board were deposited in the Net Payroll Account. Employees' payroll deductions 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/Business Administrator.

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

**Independent Auditor's Management Report of Administrative  
Findings Financial and Compliance**

**Position Control Roster**

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 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 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 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, the following exceptions were noted.

**Board Secretary's Records**

The records maintained by the Board Secretary were in satisfactory condition.

**Treasurer's Records**

The records maintained by the Treasurer of School Monies were in satisfactory condition.

**Elementary and Secondary Education Act of 1965 (E.S.E.A.) as amended by the Every Student Succeeds Act (ESSA)**

The E.S.E.A. 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, Title II and Title III as amended and reauthorized.

**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.

**Independent Auditor's Management Report of Administrative  
Findings Financial and Compliance**

**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.

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. No exceptions were noted.

**SCHOOL PURCHASING PROGRAMS**

**Contracts and Agreements Requiring Advertisement for Bids**

**N.J.S.A. 18A:18A-1, et seq. 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 \$29,000, 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 therefor, 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 of section 9 of P.L. 1971 c. 198 (C.40A:11-9) the board of education may establish that the bid threshold may be up to \$40,000.00. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Commencing in the fifth year after the year in which P.L. 1999 c. 440 takes 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 N.J.S.A. 18A:18A-2 and shall round the adjustment to the nearest \$1,000.00. 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 every 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 subsection a. of N.J.S.A. 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 therefor, except as is provided otherwise in this chapter or specifically by any other law."

The board of education may, by resolution approve by the 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 negative prior experience with the bidder."



**Independent Auditor's Management Report of Administrative  
Findings Financial and Compliance**

**SCHOOL PURCHASING PROGRAMS**

**Contracts and Agreements Requiring Advertisement for Bids (Continued)**

Effective July 1, 2015, the bid threshold in accordance with N.J.S.A. 18A:18A-3(a) and (c) is \$40,000.00 with a Qualified Purchasing Agent. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18:39-3 is currently \$19,000.00.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the fiscal 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.

The results of our examination indicated that no individual payments, contracts or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies," in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provisions of N.J.S.A. 18A:18A-4.

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.

**Independent Auditor's Management Report of Administrative  
Findings Financial and Compliance**

**SCHOOL PURCHASING PROGRAMS**

**School Food Service Funds**

The financial transactions and statistical records of the School Food Services 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 were separately recorded as food, labor and other costs. Vendor invoices were reviewed 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 District 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.

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all School Food Service employees. No exceptions were noted.

The number of meals claimed for reimbursement was verified against sales and meal count records. As part of the claims review process the edit check worksheet was completed. Reimbursement vouchers were properly computed and timely filed. Meals claimed agreed with the meal count records tested. No exceptions were noted.

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 policy is uniformly administered throughout the School system. 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.

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 G.

**Independent Auditor's Management Report of Administrative  
Findings Financial and Compliance**

**Student Body Activities**

The records for the Student Body Activities were maintained in satisfactory condition.

**Application for State School Aid**

Our audit procedures included a test of information reported in the October 13, 2017 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the disabled, and low income. 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 minor exceptions. The information that was included on the workpapers was verified with minor 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 2017-2018 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments.

**Finding 2018-001:** Our examination of the District Report of Transported Resident Students (DRTRS) revealed documentation that did not support the District's classifications.

**Recommendation 2018-001:** That the District's DRTRS report be reconciled with the records used for the Application for State School Aid (A.S.S.A.).

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**

Our procedures included review of the SDA grant agreement for consistency with recording SDA 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.

**Independent Auditor's Management Report of Administrative  
Findings Financial and Compliance**

**Testing For Lead Of All Drinking Water In Educational Facilities**

The school district adhered to 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.

The school district submitted the annual Statement of Assurance to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

**FOLLOW-UP ON PRIOR YEAR'S FINDINGS**

Not Applicable.

**Independent Auditor's Management Report of Administrative  
Findings Financial and Compliance**

**RECOMMENDATIONS**

**Administrative Practices and Procedures**

None

**Financial Planning, Accounting and Reporting**

None

**School Purchasing Program**

None

**School Food Service**

None

**Student Body Activities**

None

**Application for State School Aid**

None

**Pupil Transportation**

**2018-001:** That the District's DRTRS report be reconciled with the records used for the Application for State School Aid (A.S.S.A.).

**Capital Assets and Facilities**

None

**Prior Year Audit Findings**

None

**SCHEDULE OF MEAL COUNT ACTIVITY**  
**SAYREVILLE BOROUGH SCHOOL DISTRICT**  
**FOOD SERVICE FUND**

SAYREVILLE BOROUGH SCHOOL DISTRICT  
FOOD SERVICE FUND  
NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM- FEDERAL  
ENTERPRISE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

<u>PROGRAM</u>	<u>MEAL CATEGORY</u>	<u>MEALS CLAIMED</u>	<u>MEALS TESTED</u>	<u>MEALS VERIFIED</u>	<u>DIFFERENCE</u>	<u>RATE (a)</u>	<u>(OVER) UNDER CLAIM (b)</u>
National School Lunch (Severe Rate)	Paid	222,054	68,496	68,496	0	0.33	0.00
	Reduced	64,059	19,976	19,976	0	2.85	0.00
	Free	229,401	69,711	69,711	0	3.25	0.00
	<b>TOTAL</b>	<b>515,514</b>	<b>158,183</b>	<b>158,183</b>			<b>0.00</b>
School Breakfast (Severe Rate)	Paid	29,329	8,950	8,950	0	0.30	0.00
	Reduced	21,591	6,984	6,984	0	1.79	0.00
	Free	88,076	26,798	26,798	0	2.09	0.00
	<b>TOTAL</b>	<b>138,996</b>	<b>42,732</b>	<b>42,732</b>			<b>0.00</b>
School Breakfast (Regular Rate)	Paid				0	0.30	0.00
	Reduced				0	1.45	0.00
	Free				0	1.75	0.00
	<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>			<b>0.00</b>
Special Milk	Paid				0	0.2075	0.00
	Free (Area Eligible)				0	0.88	0.00
After School Snacks	<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>			<b>0.00</b>
	<b>Total Net Overclaim ( Underclaim)</b>						<b>0.00</b>

SAYREVILLE BOROUGH SCHOOL DISTRICT  
FOOD SERVICE FUND  
NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM -STATE  
ENTERPRISE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

<u>PROGRAM</u>	<u>MEAL</u> <u>CATEGORY</u>	<u>MEALS</u> <u>CLAIMED</u>	<u>MEALS</u> <u>TESTED</u>	<u>MEALS</u> <u>VERIFIED</u>	<u>DIFFERENCE</u>	<u>RATE (a)</u>	<u>(OVER)</u> <u>UNDER</u> <u>CLAIM (b)</u>
State Reimbursement - National School Lunch (Severe Rate)	Paid	222,054	68,496	68,496	0	0.05	0.00
State Reimbursement - National School Lunch (Severe Rate)	Reduced	64,059	19,976	19,976	0	0.55	0.00
State Reimbursement - National School Lunch (Severe Rate)	Free	229,401	69,711	69,711	0	0.55	0.00
	<b>TOTAL</b>	<u>515,514</u>	<u>158,183</u>	<u>158,183</u>			
<b>Total Net Overclaim ( Underclaim)</b>							<u><u>0.00</u></u>



SAYREVILLE BOROUGH SCHOOL DISTRICT  
 SCHEDULE OF AUDITED ENROLLMENTS  
 APPLICATION FOR STATE SCHOOL AID SUMMARY  
 ENROLLMENT AS OF OCTOBER 13, 2017

	2018-19 Application for State School Aid				Sample for Verification				Private School for Handicapped					
	Reported on A.S.S.A. as on Roll		Reported on Workpapers on Roll		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 Verification	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Half Day Preschool 3 yrs	0		0		0		0		0		0		0	
Half Day Preschool 4 yrs	0		0		0		0		0		0		0	
Full Day Kindergarten	448		448		22		22		0		0		0	
One	414		414		21		21		0		0		0	
Two	465		465		23		23		0		0		0	
Three	405		405		20		20		0		0		0	
Four	462		462		23		23		0		0		0	
Five	421		421		21		21		0		0		0	
Six	400		400		20		20		0		0		0	
Seven	383		383		19		19		0		0		0	
Eight	396		396		20		20		0		0		0	
Nine	387		387		20		20		0		0		0	
Ten	361		361		18		18		0		0		0	
Eleven	392		392		20		20		0		0		0	
Twelve	345		345		17		17		0		0		0	
Subtotal	5,279	0	5,279	0	264	0	264	0	0	0	0	0	0	0
SpEd Elementary	434		434		23		23		0		0		3	3
SpEd Middle School	234	9	234	9	12	2	12	2	0	0	3.5	3	3	0
SpEd High School	251	2	251	2	13	1	13	1	0	0	22	19	19	0
Subtotal	919	11	919	11	48	3	48	3	0	0	28.5	25	25	0
Totals	6,198	11	6,198	11	312	3	312	3	0	0	28.5	25	25	0
Percentage									0.00%					0.00%

SAYREVILLE BOROUGH SCHOOL DISTRICT  
 SCHEDULE OF AUDITED ENROLLMENTS  
 APPLICATION FOR STATE SCHOOL AID SUMMARY  
 ENROLLMENT AS OF OCTOBER 13, 2017

	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
Half Day Preschool 3 yrs												
Half Day Preschool 4 yrs												
Full Day Kindergarten												
One	136	136	0	20	20	0	7	7	0	2	2	0
Two	156	156	0	25	24	1	8	8	0	3	3	0
Three	154	154	0	25	25	0	7	7	0	3	3	0
Four	163	163	0	15	15	0	10	10	0	4	4	0
Five	176	176	0	25	25	0	5	5	0	5	5	0
Six	155	155	0	15	15	0	7	7	0	7	7	0
Seven	145	145	0	15	15	0	5	5	0	5	5	0
Eight	150	150	0	15	15	0	4	4	0	4	4	0
Nine	151	151	0	20	20	0	4	4	0	4	4	0
Ten	136	136	0	20	20	0	4	4	0	4	4	0
Eleven	138	138	0	20	20	0	6	6	0	6	6	0
Twelve	115	115	0	15	15	0	1	1	0	1	1	0
Subtotal	104	104	0	15	15	0	4	4	0	4	4	0
	1879	1879	0	245	244	1	72	72	0	52	52	0
SpEd Elementary	190	189	1	15	15	0	6	6	0	2	2	0
SpEd Middle School	107	107	0	12	12	0	0	0	0	0	0	0
SpEd High School	134	128	6	12	12	0	0	0	0	0	0	0
Subtotal	431	424	7	39	39	0	6	6	0	2	2	0
Totals	2310	2303	7	284	283	1	78	78	0	54	54	0
Percentage Error			0.30%			0.35%			0.00%			0.00%

Transportation					
Reported on DRTS by DOE	Reported on DRTS by District	Tested	Verified	Errors	Percentage Error
Reg Public Schools, col.1	2229	0	192	10	
Transported - Non-Public, Col.2	223	0	20	0	
Non-Public ALL, col.3	199	0	18	0	
Reg. - SpEd, Col.4	363	0	33	8	
Special Ed Spec, col.6	244	0	22	2	
Non-Public ALL 1 - 30, col.12	1	0	0	0	
Totals	3259	0	295	20	
Percentage Error		0.00%		6.78%	

SAYREVILLE BOROUGH SCHOOL DISTRICT  
SCHEDULE OF AUDITED ENROLLMENTS  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 13, 2017

	<u>Resident LEP NOT Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on A.S.S.A. as NOT Low Income</u>	<u>Reported on Workpapers as NOT Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Application and Register</u>	<u>Sample Errors</u>
Half Day Preschool 3 yrs						
Half Day Preschool 4 yrs						
Full Day Kindergarten	11	11	0	5	5	0
One	9	9	0	2	2	0
Two	5	5	0	3	3	0
Three	6	6	0	3	3	0
Four	1	1	0	1	1	0
Five	1	1	0	1	1	0
Six	3	3	0	3	3	0
Seven	3	3	0	3	3	0
Eight	4	4	0	4	4	0
Nine	2	2	0	2	2	0
Ten	4	4	0	4	4	0
Eleven	3	3	0	3	3	0
Twelve	0	0	0	0	0	0
Subtotal	<u>52</u>	<u>52</u>	<u>0</u>	<u>34</u>	<u>34</u>	<u>0</u>
SpEd Elementary	2	2	0	2	2	0
SpEd Middle School	0	0	0	0	0	0
SpEd High School	1	1	0	1	1	0
Subtotal	<u>3</u>	<u>3</u>	<u>0</u>	<u>3</u>	<u>3</u>	<u>0</u>
Totals	<u>55</u>	<u>55</u>	<u>0</u>	<u>37</u>	<u>37</u>	<u>0</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

**SAYREVILLE BOROUGH SCHOOL DISTRICT  
NET CASH RESOURCE SCHEDULE - FOOD SERVICE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

A School Food Authority is required to maintain a nonprofit School Food Service. The nonprofit status of the School Food Service is determined by evaluating net cash resources. Net cash resources may not exceed three months average expenditures.

As Illustrated in the schedule below, the Districts Net Cash Resources (\$349,761.10) do not exceed three months average expenditures (\$710,552.13)

<u>Net Cash Resources:</u>		<b>Food Service B - 4/5</b>
<b>CAFR</b>	<b>Current Assets*</b>	
B-4	Cash & Cash Equivalents	\$538,584.02
B-4	Accounts Receivable	121,064.43
<b>CAFR</b>	<b>Current Liabilities</b>	
B-4	Less Accruals	(92,106.45)
B-4	Less Due to Other Funds	(127,449.26)
B-4	Less Unearned Revenue	<u>(90,331.64)</u>
	<b>Net Cash Resources</b>	<b><u><u>\$349,761.10</u></u> (A)</b>
<u>Net Adj. Total Operating Expense:</u>		
B-5	Tot. Operating Exp.	\$2,368,852.11
B-5	Less Depreciation	<u>(345.00)</u>
	Adj. Tot. Oper. Exp.	<b><u><u>\$2,368,507.11</u></u> (B)</b>
<u>Average Monthly Operating Expense:</u>		
	B / 10	<b><u><u>\$236,850.71</u></u> (C)</b>
<u>Three times monthly Average:</u>		
	3 X C	<b><u><u>\$710,552.13</u></u> (D)</b>

TOTAL IN BOX A	<u>\$349,761.10</u>	
LESS TOTAL IN BOX D	<u>(\$710,552.13)</u>	
NET	<b><u><u>(\$360,791.03)</u></u></b>	<b>&lt;&lt;--- Excess</b>
<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.

## EXCESS SURPLUS CALCULATION

### SECTION 1

General Fund Expenditures:

Fiscal Year Ended June 30, 2018 \$94,970,378.53

Less On-Behalf TPAF Pension and Social Security	\$12,100,751.35	
Assets Acquired Under Capital Leases	754,391.59	
	<u>12,855,142.94</u>	

Adjusted General Fund Expenditures 82,115,235.59

Excess Surplus Percentage 2.00%

Subtotal 1,642,304.71

Increased by:

Non-Public Transportation Aid	45,930.00	
	<u>45,930.00</u>	

Maximum Unreserved/Undesignated Fund Balance \$1,688,234.71

### SECTION 2

Total General Fund Balance \$9,498,141.70

Decreased by:

Year End Encumbrances \$820,861.78

Legally Restricted:

Excess Surplus - Designated for Subsequent Year's Expenditures 1,113,883.00

Maintenance Reserve 1,001,009.03

Emergency Reserve 250,000.00

Capital Reserve 1,829,643.30

Assigned Fund Balance - Designated for Subsequent Year's  
Expenditures 771,117.00

5,786,514.11

Total Unassigned Fund Balance 3,711,627.59

Reserved Fund Balance-Excess Surplus \$2,023,392.88

### SECTION 3

Recapitulation of Excess Surplus as of June 30, 2018

Reserved Excess Surplus-Designated for Subsequent Years Expenditures \$1,113,883.00

Reserved Excess Surplus 2,023,392.88

Total \$3,137,275.88



