

**WILLINGBORO TOWNSHIP SCHOOL DISTRICT
BOARD OF EDUCATION
BURLINGTON COUNTY, NEW JERSEY**

**Auditor's Management Report on Administrative Findings-
Financial, Compliance and Performance
for the Fiscal Year Ended June 30, 2018**

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

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BRENT W. LEE & CO., LLC
Certified Public Accounting Firm

**REPORT OF INDEPENDENT AUDITORS
AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE
FINDINGS, FINANCIAL COMPLIANCE AND PERFORMANCE**

Honorable President and
Members of the Board of
Education Willingboro
Township County of Burlington
Willingboro, New Jersey 08046

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 Willingboro Township School District in the County of Burlington for the year ended June 30, 2018, and have issued our report thereon dated January 25, 2019.

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 Willingboro 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.

Respectfully submitted,

Brent W. Lee
Certified Public Accountant
Public School Accountant No. 700
Brent W. Lee & Co., LLC

Cinnaminson, New Jersey
January 25, 2019

609-456-8804
3008 New Albany Rd., Cinnaminson, NJ 08077

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WILLINGBORO TOWNSHIP SCHOOL DISTRICT

AUDIT RECOMMENDATIONS SUMMARY

For the Fiscal Year Ended June 30, 2018

Recommendations:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

The District should review their internal controls over the general ledger to ensure compliance with N.J.A.C. 6A:23A-16.1 and as required, reconcile the general ledger with other subsidiary records.

3. Board Secretary's Records

Approved budgetary line accounts should not be over-expended. All year to date expenditures must be posted timely along with executing approved budget transfers in order to cover such costs in order to be in compliance with N.J.A.C. 6A:23A-16.10.

4. School Purchasing Programs

None

5. School Food Service

None

6. Student Body Activities

None

7. Application for State School Aid

None

8. Pupil Transportation

None

9. Facilities and Capital Assets

That the District's fixed assets ledger be updated to properly reflect the District's assets, and procedures be established to properly maintain the fixed assets ledger in future years.

10. Miscellaneous

None

11. Status of Prior Year Audit Findings/Recommendations

Corrective action had been taken on all prior year findings with exception of the following, which is repeated in this year's recommendations noted as current year finding 2018-01.



BRENT W. LEE & CO., LLC
Certified Public Accounting Firm

To the Honorable President and Members
of the Willingboro Township
Board of Education
Willingboro, 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 Treasurer of School Monies, the activities of the Board of Education, the records of the Athletic Fund, the Student Activity Fund, Food Service Fund and Special Revenue Fund 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

Name	Position	Amount
Kelvin L. Smith	Business Administrator/Board Secretary	\$400,000
William Tantum	Treasurer	400,000

There is a public employees' faithful performance blanket position bond with the Selective Insurance Company covering all other employees with multiple coverage of \$100,000.

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 *N.J.A.C. 6A:23A-17.1(f)3*.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under review indicated that the vouchers were in satisfactory condition.

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Payroll Account

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

Reserve for Encumbrances and Accounts Payable

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

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 my test of transactions of randomly selected expenditure items. I also reviewed the coding of all expenditures included in my compliance and single audit testing procedures. In addition to randomly selecting a test sample, my 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 transaction errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

My review of the financial and accounting records maintained by the Board Secretary disclosed the following item.

Finding 2018-01:

Condition:

Fifteen budgetary line accounts were over-expended totaling \$179,818.

Recommendation:

Approved budgetary line accounts should not be over-expended. All year to date expenditures must be posted timely along with executing approved budget transfers in order to cover such costs in order to be in compliance with *N.J.A.C. 6A:23A-16.10*.

Finding 2018-02:

Condition:

The District did not adhere to its internal control procedures that are designed to reconcile the general ledger with other subsidiary records as required by *N.J.A.C. 6A:23A-6.1*.

Recommendation:

The District should review their internal controls over the general ledger to ensure compliance with *N.J.A.C. 6A:23A-16.1* and as required, reconcile the general ledger with other subsidiary records.

Finding 2018-03:

Condition:

The District's fixed assets ledger is not being properly reconciled to the District's financial statements. \$859,361 of fixed assets purchased during the 2016/2017 and 2017/2018 school years have not been recorded in the District's fixed assets ledger.

Recommendation:

That the District's fixed assets ledger be updated to properly reflect the District's assets, and procedures be established to properly maintain the fixed assets ledger in future years.

Treasurer's Records

The Treasurer's records were reviewed and found to be satisfactory condition.

Pupil Transportation

My 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 no exceptions. The results of my procedures are presented in the Schedule of Audited Enrollments.

My procedures also included a review of transportation related contracts and purchases. Based on my 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 my review of transportation related purchases of goods and services.

Elementary and Secondary Education Act (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 and VI of the Elementary and Secondary Education Act 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.

My 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 the special projects indicated no areas of noncompliance.

T.P.A.F. Reimbursement

My 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.

T.P.A.F. Reimbursement to the State for Federal Salary Expenditures

The amount of the expenditure charged to the current year's Final Report(s) for all federal awards for the school district to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds was made prior to the end of the 90 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

School Purchasing Program

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 school contracts in general is available on the NJ Local Agency Procurement Laws webpage: <http://www.state.nj.us/dca/divisions/dlgs/programs/lpcl.html>.

Current statute is posted on the New Jersey Legislature (<http://www.njleg.state.nj.us>) website.

N.J.S.A. 18A:18A-3 and 4 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 receipts of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. (pending before the Legislature as section 15 of this bill) of section 9 of P.L. 1971, c.198 (C.40A:119) 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 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.18A:18A-2 (pending before the Legislature as section 50 of this bill), 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."

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 law. No work, materials or supplies shall

be undertaken, acquired or furnished for a sum exceeding in the aggregate the amount set forth in, or calculated by the Governor pursuant to *N.J.S.A. 18A:18A-3* except by contract or agreement."

The bid thresholds in accordance with *N.J.S.A. 18A:18A-2* and *18A:18A-3(a)* are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under *N.J.S.A. 18A:39-3* is \$19,000 for 2017-18.

The district board of education/board of trustees 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 my examination, I 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*.

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 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.

The district utilizes a food service management company Aramark 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 Aramark contract/addendum were reviewed and audited. The Aramark's contract includes an operating results provision which guarantees that the food service program will return a profit of at least \$180,000. The operating results provision has not been met. All vendor discounts, rebates, and credits from vendors and/or Aramark were tracked and credited to the Food Service Account and reconciled to supporting documentation at least annually.

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 non-profit status of the school food service.

Net cash resources did 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/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.

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.

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

Unemployment Compensation Insurance Trust Fund

The Board has adopted the direct reimbursement method and has established an Unemployment Compensation Insurance Expendable Trust Fund.

Student Activities Account

The Board adopted a policy, which effectively established the regulation of all student activity funds. No exceptions were noted.

Application for State School Aid (ASSA)

My audit procedures included a test of information reported in the October 15, 2017 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, low-income and bilingual. I 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. The information that was included on the workpapers was verified. The results of my procedures are presented in the Schedule of Audited Enrollments and no exceptions were noted.

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. 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 Years' Findings

In accordance with government auditing standards, my procedures included a review of all prior year recommendations including findings. Corrective action had been taken on all prior year findings with exception of the following, which is repeated in this year's recommendations noted as current year finding "2018-01."

Budgetary line accounts were over-expended.

Acknowledgment

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

Should you have any questions concerning our comments or should you desire any assistance, please do not hesitate to call me.

Respectfully Submitted,



Brent W. Lee
Certified Public Accountant
Public School Accountant No. 700
Brent W. Lee & Co., LLC

Cinnaminson, New Jersey
January 25, 2019

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ADDITIONAL INFORMATION

SCHEDULE OF MEAL COUNT ACTIVITY

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

PROGRAM	MEAL CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE	(OVER) UNDER CLAIM
National School Lunch (High Rate)	Paid	93,862	31,071	31,071		0.33	
National School Lunch (High Rate)	Reduced	36,995	11,707	11,707		2.85	
National School Lunch (High Rate)	Free	306,171	94,189	94,189		3.25	
	TOTAL	<u>437,028</u>	<u>136,967</u>	<u>136,967</u>			
National School Lunch	HHFKA - PB Lunch Only	<u>437,028</u>	<u>136,967</u>	<u>136,967</u>		0.06	
School Breakfast (Severe Needs Rate)	Paid	23,507	7,949	7,949		0.30	
	Reduced	12,592	3,916	3,916		1.79	
	Free	198,574	55,320	55,320		2.09	
	TOTAL	<u>234,673</u>	<u>67,185</u>	<u>67,185</u>			
After School Snacks	Free (Area Eligible)	61,484	19,818	19,818	-	0.88	
Total Net (Over)/under-claim							

**NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM - STATE
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

PROGRAM	MEAL CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE	(OVER) UNDER CLAIM
State Reimbursement - National School Lunch (High Rate)	Paid	93,862	31,071	31,071		0.050	
State Reimbursement - National School Lunch (High Rate)	Reduced	36,995	11,707	11,707		0.055	
State Reimbursement - National School Lunch (High Rate)	Free	306,171	94,189	94,189		0.055	
	TOTAL	<u>437,028</u>	<u>136,967</u>	<u>136,967</u>			
Total Net (Over)/under-claim							

WILLINGBORO TOWNSHIP SCHOOL DISTRICT

NET CASH RESOURCE SCHEDULE

Net cash resources did not exceed three months of expenditures
Proprietary Funds - Food Service
FYE 2018

<u>Net Cash Resources:</u>		Food Service B - 4/5	
CAFR	*	Current Assets	
B-4		Cash & Cash Equiv.	\$20,787
B-4		Interfund Accounts Receivable	98,689
B-4		Due from Other Gov'ts	420,504
B-4		Other Accounts Receivable	39,697
CAFR		Current Liabilities	
B-4		Less Accounts Payable	254,939
B-4		Less Accruals	
B-4		Less Due to Other Funds	166,577
B-4		Less Unearned Revenue	
		Net Cash Resources	<u><u>\$158,161</u></u> (A)

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.	2,385,185	
B-5	Less Depreciation	<u>36,414</u>	
	Adj. Tot. Oper. Exp.	<u><u>\$ 2,348,771</u></u>	(B)

Average Monthly Operating Expense:

B / 10 **\$ 234,877** (C)

Three times monthly Average:

3 X C **\$ 704,631** (D)

TOTAL IN BOX A	\$158,161
LESS TOTAL IN BOX D	<u>\$ 704,631</u>
NET	<u><u>(546,470)</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.	

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

SOURCE - USDA resource management comprehensive review form

SCHEDULE OF AUDITED ENROLLMENTS (1)

WILLINGBORO TOWNSHIP BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2017

	2017-2018 Application for State School Aid				Sample for Verification				Private Schools for Handicapped					
	Reported on A.S.S.A.		Workpapers		Selected From		Registers On Roll		Reported on A.S.S.A.		Reported on Workpapers		Sample for	
	On Roll	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Errors	Sample
Full Day Preschool	177		177		54		54							
Full Day Kindergarten	240		240		38		38							
One	257		257		61		61							
Two	253		253		61		61							
Three	253		253		51		51							
Four	299		299		77		77							
Five	256		256		59		59							
Six	221		221		259		259							
Seven	180		180		233		233							
Eight	198		198		235		235							
Nine	152		152		190		190							
Ten	126		126		166		166							
Eleven	116		116		151		151							
Twelve	136		136		182		182							
Subtotal	2,864		2,864		1,817		1,817							
Sp Ed - Elementary	256		256		4		4		12		12		12	12
Sp Ed - Middle	130		130		3		3		10		10		4	4
Sp Ed - High School	184		184		3		3		28		28		27	27
Subtotal	570		570		10		10		50		50		43	43
Totals	3,434		3,434		1,827		1,827		50		50		43	43

Percentage Error

SCHEDULE OF AUDITED ENROLLMENTS (2)

WILLINGBORO TOWNSHIP BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2017

	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	Sample Selected From Workpapers	Verified to Application & Register	Reported on A.S.S.A. as LEP Low Income	Workpapers as LEP Low Income	Sample Selected From Workpapers	Verified to Test Score and Register
Full Day Kindergarten	153	153	16	16	2	2	2	2
One	185	185	15	15	3	3	4	4
Two	168	168	26	26	2	2	2	2
Three	171	171	25	25	2	2	2	2
Four	194	194	27	27	5	5	5	5
Five	170	170	27	27	2	2	2	2
Six	179	179	29	29	3	3	3	3
Seven	141	141	24	24	2	2	2	2
Eight	164	164	25	25	3	3	3	3
Nine	100	100	21	21	3	3	3	3
Ten	88	88	16	16	2	2	2	2
Eleven	75	75	19	19	2	2	2	2
Twelve	86	86	14	14	2	2	2	2
Subtotal	1,874	1,874	284	284	33	33	28	28

Sp Ed - Elementary	192	192						
Sp Ed - Middle	126	126						
Sp Ed - High School	163	163						
Subtotal	481	481						
Totals	2,355	2,355	284	284	33	33	28	28

Percentage Error

TRANSPORTATION

	Reported on DRTRS by DOE	Reported on DRTRS District	Errors	Tested	Verified	Errors
Regular - Public Schools Col 1	1,169	1,169		189	189	
Regular - Special Ed Col 4	301	301		74	74	
Transported - Nonpublic Col 2	176	176		16	16	
Transported - Nonpublic AIL Col 3	193	193				
Special Needs - Public Col 6	93	93				
Totals	1,932	1,932		279	279	

Percentage Errors

- 0 -

SCHEDULE OF AUDITED ENROLLMENTS (3)

**WILLINGBORO TOWNSHIP BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 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 & Register</u>	<u>Sample Errors</u>
Full Day Kindergarten	1	1		1	1	
One	3	3		3	3	
Two						
Three						
Four	1	1		1	1	
Five						
Six	2	2		2	2	
Seven	2	2		2	2	
Eight	2	2		2	2	
Nine	1	1		1	1	
Ten	3	3		1	1	
Eleven	3	3				
Twelve	2	2				
Subtotal	20	20		13	13	
Sp Ed - Elementary						
Sp Ed - Middle						
Sp Ed - High School						
Subtotal						
Totals	20	20		13	13	
Percentage Error						

EXCESS SURPLUS CALCULATION

REGULAR DISTRICT

SECTION 1

A. 2% Calculation of Excess Surplus

2017-18 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ <u>75,479,276</u> (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)
Decrease by:	
On-Behalf TPAF Pension & Social Security	\$ <u>7,633,264</u> (B2a)
Assets Acquired Under Capital Leases	\$ <u>145,551</u> (B2b)
 Adjusted 2017-18 General Fund Expenditures {(B)+(B1s)-(B2s)}	 \$ <u>67,700,461</u> (B3)
 2% of adjusted 2017-18 General Fund Expenditures {(B3) times .02}	 \$ <u>1,354,009</u> (B4)
Enter Greater of (B4) or \$250,000	\$ <u>1,354,009</u> (B5)
Increased by: Allowable Adjustment *	\$ <u>893,585</u> (K)
 Maximum Unreserved/Undesignated Fund Balance {(B5)+(K)}	 \$ <u>2,247,594</u> (M)

SECTION 2

Total General Fund - Fund Balance @6-30-18 (Per CAFR Budgetary Comparison Schedule C-1)	\$ <u>7,786,547</u> (C)
Decreased by:	
Reserved for Encumbrances	\$ <u>863,275</u> (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ <u>659,197</u> (C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ <u>1,674,578</u> (C3)
Other Reserved Fund Balances ****	\$ _____ (C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	\$ _____ (C5)
Additional Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures July 1, 2018 - August 1, 2018	_____ (C6)*****
 Total Unassigned Fund Balance {(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)}	 \$ <u>4,589,497</u> (U1)

SECTION 3

Reserved Fund Balance - Excess Surplus *** {(U1)-(M)} IF NEGATIVE ENTER -0-	\$ <u>\$2,341,903</u> (E)
 Recapitulation of excess surplus as of June 30, 2018	
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ <u>\$1,674,578</u> (C3)
Reserved Excess Surplus *** (E)	\$ <u>\$2,341,903</u> (E)
 Total Excess Surplus {(C3) + (E)}	 \$ <u>\$4,016,481</u> (D)

REGULAR DISTRICT (continued):

Footnotes:

* Allowable adjustment to expenditures on line K must be detailed as follows. This adjustment line (as detailed below) is to be utilized when applicable for:

(H) Federal Impact Aid. The passage of P.L. 2015, c. 46 amended N.J.S.A. 18A:7F-41 to permit a board of education to appropriate federal impact aid funds to establish or supplement a federal impact aid legal reserve in the general fund. Accordingly, effective for the year ending June 30, 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 to the portion of Federal Impact 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	\$ <u>823,372</u>	(J1)
Additional Nonpublic School Transportation Aid	\$ <u>70,213</u>	(J2)
Current Year School Bus Advertising Revenue Recognized	\$ _____	(J3)
Family Crisis Transportation Aid	\$ _____	(J4)
Total Adjustments {(H)+(I)+(J1)+(J2)+(J3)+(J4)}	\$ <u>893,585</u>	(K)

** This amount represents the June 30, 2018 Excess Surplus (C3 above) and must be included in the Audit Summary Line 90031.

*** Amounts must agree to the June 30, 2018 CAFR and the sum of the two lines must agree to Audit Summary Line 90030

**** Amount for Other Reserved Fund Balances must be detailed for each source. Use in the excess surplus calculation of any legal reserve that is not state mandated or that is not legally imposed by 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 prior to September 30.

***** Increase in Assigned Fund Balance- Unreserved- Designated for Subsequent Year's expenditures July 1, 2018 to August 1, 2018 resulting from decrease in State Aid after adoption of 2018-2019 district budget.

Detail of Other Reserved Fund Balance

Statutory Restrictions:

Approved Unspent Separate Proposal	\$ _____
Sale/Lease-Back Reserve	\$ _____
Capital Reserve	\$ _____
Maintenance Reserve	\$ _____
Emergency Reserve	\$ _____
Tuition Reserve	\$ _____
School Bus Advertising 50% Fuel Offset Reserve - current year	\$ _____
Other State/Government Mandated Reserve	\$ _____
(Other Reserved Fund Balance Not Noted Above) *****	\$ _____
Total Other Reserved Fund Balance	\$ _____ (C4)

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