

RED BANK BOROUGH PUBLIC SCHOOL DISTRICT

Red Bank, New Jersey
County of Monmouth

**Auditor's Management Report on Administrative Findings -
Financial, Compliance and Performance
for The Year Ended June 30, 2017**

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

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

Honorable President and Members
of the Board of Education
Red Bank Borough Public School District
County of Monmouth
Red Bank, New Jersey

We have audited, in accordance with generally accepted audit standards and *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Red Bank Borough Public School District in the County of Monmouth for the year ended June 30, 2017, and have issued our report thereon dated November 15, 2017.

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

This report is intended for the information of the Red Bank Borough Public 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.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison
Certified Public Accountant
Public School Accountant, No. 897

Freehold, New Jersey
November 15, 2017

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

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and the 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 CAFR.

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

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Debra Pappagallo	Board Secretary/School Business Administrator	\$100,000
Frank Mason	Treasurer	\$200,000

There is a Public Employee’s Faithful Performance Blanket Position Bond with the New Jersey School Board Association Insurance Group covering all other employees with multiple coverage of \$100,000.00 each person/\$50,000 per loss.

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 cost in accordance with *N.J.A.C.6A:23A-17.1(f)3*.

Financial Planning, Accounting and Reporting

Examination of Claims

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

Financial Planning, Accounting and Reporting (continued)

Payroll Account

The net salaries of sampled 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.

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

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

Payrolls were delivered to the treasurer of school moneys with a warrant made to their order for the full amount of each payroll.

Employee Position Control Roster

A sample inquiry and subsequent review of the Position Control Roster found no inconsistencies between the payroll records, employee benefit records (e.g. pension reports and health benefit coverage reports), the general ledger accounts to where wages are posted (administrative versus instruction), and the Position Control Roster.

Reserve for Encumbrances and Accounts Payable

A sample of outstanding issued purchase orders was made as of June 30 for proper classification of orders as reserve for encumbrances and accounts payable. No exceptions were noted.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with *N.J.A.C. 6A:23 A-16.29(f)* as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of a sample of 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, a transaction error rate of 0 percent overall was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

Our review of the financial and accounting records maintained by the board secretary were found to be in satisfactory condition.

Treasurer's Records

Our review of the financial and accounting records maintained by the Treasurer of School Monies were found to be 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 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, II, & III of the Elementary and Secondary Education Act as amended and reauthorized.

Other Special Federal and/or State Projects

The School 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 sample 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.

T.P.A.F. Reimbursement

Our audit procedures included a sample test of the biweekly reimbursements forms 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 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 school contracts in general is available on the 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&headigswithhits=on&infobase=statutes.nfo&softpage=TOC_Frame_Pg42

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 \$18,800 for 2016-17.

School Purchasing Programs (continued)

The district board of education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Solicitor's opinion should be sought before a commitment is made.

Based on the results of our tests on sample basis, 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*.

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 reviewed on sample basis. The financial accounts, meal count records and eligibility applications were reviewed on a sample basis.

Cash receipts and bank records were reviewed on a sample basis for timely deposit.

The 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 reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will return a profit of at least \$75,000. The operating results provision has been met.

Expenditures should be separately recorded as food, labor and other costs. Vendor invoices were reviewed on sample basis 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.

Time sheets were reviewed on a sample basis and labor costs verified. On a sample basis, payroll records were maintained on school food services employees authorized by the board of education/board of trustees. 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 on sample basis 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

School Food Service (continued)

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 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 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 Enterprise Funds, Section G of the CAFR.

Student Body Activities

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

Application for State School Aid (ASSA)

Our audit procedures included a sample test of information reported in the October 15, 2016 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped and low-income, and bilingual. We also performed a review on a sample basis of the School District's procedures related to its completion. The information on the ASSA 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 of their equivalent.

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

Pupil Transportation

Our audit procedures included a sample test of on roll status reported in the 2016-2017 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a sample of transportation contracts and purchases. Based on our sample, the School District complied with proper bidding procedures and award of contracts. The bid specifications for the purchase of buses were in compliance with applicable statutes. No exceptions were noted in our sampling of transportation related purchases of goods and services.

Facilities and Capital Assets

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

Miscellaneous

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

Follow-up on Prior Year Findings

In accordance with audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, our procedures included a review of all prior year findings reported in the prior year's Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance. There were no prior year findings.

Office of Fiscal Accountability and Compliance (OFAC) Findings

There were no Office of Fiscal Accountability and Compliance (OFAC) audit reports issued during the fiscal year ended June 30, 2017.

Acknowledgment

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

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison
Certified Public Accountant
Public School Accountant, No. 897

Freehold, New Jersey
November 15, 2017

ADDITIONAL INFORMATION

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SCHEDULE OF AUDITED ENROLLMENTS (1)

RED BANK BOROUGH PUBLIC SCHOOL DISTRICT
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 14, 2015

	2017-2018 Application for State School Aid						Sample for Verification						Private Schools for Handicapped						
	Reported on		Workpapers		Errors		Sample Selected		Registers		Errors Per		Reported		Sample		Sample		
	On Roll	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	
Full Day Preschool - 3 Yrs	53	-	53	-	-	-	11	-	11	-	-	-	-	-	-	-	-	-	-
Full Day Preschool - 4 Yrs	50	-	50	-	-	-	10	-	10	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	127	-	127	-	-	-	25	-	25	-	-	-	-	-	-	-	-	-	-
One	115	-	115	-	-	-	24	-	24	-	-	-	-	-	-	-	-	-	-
Two	125	-	125	-	-	-	25	-	25	-	-	-	-	-	-	-	-	-	-
Three	130	-	130	-	-	-	27	-	27	-	-	-	-	-	-	-	-	-	-
Four	105	-	105	-	-	-	22	-	22	-	-	-	-	-	-	-	-	-	-
Five	106	-	106	-	-	-	22	-	22	-	-	-	-	-	-	-	-	-	-
Six	100	-	100	-	-	-	21	-	21	-	-	-	-	-	-	-	-	-	-
Seven	109	-	109	-	-	-	24	-	24	-	-	-	-	-	-	-	-	-	-
Eight	96	-	96	-	-	-	20	-	20	-	-	-	-	-	-	-	-	-	-
Subtotal	1,116	-	1,116	-	-	-	231	-	231	-	-	-	-	-	-	-	-	-	-
Sp Ed - Elementary	126	-	126	-	-	-	26	-	26	-	-	-	-	1	1	-	-	1	1
Sp Ed - Middle School	33	-	33	-	-	-	7	-	7	-	-	-	-	6	5	-	-	5	5
Subtotal	159	-	159	-	-	-	33	-	33	-	-	-	-	7	6	-	-	6	6
Totals	1,275	-	1,275	-	-	-	264	-	264	-	-	-	-	7	6	-	-	6	6
Percentage Error	-0-	-	-0-	-	-	-	-0-	-	-0-	-	-	-	-	-0-	-0-	-	-	-0-	0.000

SCHEDULE OF AUDITED ENROLLMENTS (2)

RED BANK BOROUGH PUBLIC SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 14, 2016

	Low Income				Sample for Verification				Resident LEP Low Income				Sample for Verification			
	Reported on A.S.S.A. As Free/Reduced Full	Shared	Reported on Workpapers As Free/Reduced Full	Shared	Errors Full	Shared	Sample Selected from Workpapers Full	Shared	Verified to Application & Register Full	Shared	Reported on A.S.S.A. as LEP low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors	
Full Day Kindergarten	114	-	114	-	-	-	27	-	27	-	91	-	91	-	50	
One	107	-	107	-	-	-	27	-	27	-	86	-	86	-	38	
Two	117	-	117	-	-	-	28	-	28	-	84	-	84	-	30	
Three	117	-	117	-	-	-	28	-	28	-	64	-	64	-	25	
Four	94	-	94	-	-	-	23	-	23	-	29	-	29	-	18	
Five	99	-	99	-	-	-	24	-	24	-	7	-	7	-	4	
Six	85	-	85	-	-	-	20	-	20	-	6	-	6	-	4	
Seven	99	-	99	-	-	-	24	-	24	-	9	-	9	-	2	
Eight	84	-	84	-	-	-	20	-	20	-	5	-	5	-	2	
Subtotal	916	-	916	-	-	-	221	-	221	-	381	-	381	-	173	
Sp Ed - Elementary	114	-	114	-	-	-	27	-	27	-	24	-	24	-	18	
Sp Ed - Middle School	27	-	27	-	-	-	6	-	6	-	-	-	-	-	-	
Subtotal	141	-	141	-	-	-	33	-	33	-	24	-	24	-	18	
Totals	1,057	-	1,057	-	-	-	254	-	254	-	405	-	405	-	191	
Percentage Error															-0-	

TRANSPORTATION

	Reported on DRTRS By DOE	Reported on DRTRS By District	Amount Verified	Errors
	72	45	45	-
Regular - Public Schools Col 1	13	8	8	-
Regular - Special Ed Col 4	14	9	9	-
AIL Col 2	59	37	37	-
Transported - Nonpublic Col 3	32	20	20	-
Special Needs - Public Col 6				
Totals	190	119	119	-
Percentage Errors				-0-

SCHEDULE OF AUDITED ENROLLMENTS (3)

**RED BANK BOROUGH PUBLIC SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 14, 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 Application and Register	Sample Errors
Full Day Kindergarten	2	2	-	1	1	-
One	1	1	-	1	1	-
Two	1	1	-	1	1	-
Three	-	-	-	-	-	-
Four	-	-	-	-	-	-
Five	1	1	-	1	1	-
Six	-	-	-	-	-	-
Seven	1	1	-	1	1	-
Eight	1	1	-	1	1	-
Subtotal	<u>7</u>	<u>7</u>	<u>-</u>	<u>6</u>	<u>6</u>	<u>-</u>
Totals	<u><u>7</u></u>	<u><u>7</u></u>	<u><u>-</u></u>	<u><u>6</u></u>	<u><u>6</u></u>	<u><u>-</u></u>
Percentage Error			<u><u>-0-</u></u>			<u><u>-0-</u></u>

NET CASH RESOURCE SCHEDULE

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

<u>Net Cash Resources:</u>		Food Service B - 4/5	
CAFR	*	Current Assets	
B-4		Cash & Cash Equiv.	\$ 88,627.98
B-4		Due from Other Gov'ts	66,221
B-4		Accounts Receivable	3,892
B-4		Investments	
CAFR		Current Liabilities	
B-4		Less Accounts Payable	-
B-4		Less Accruals	-
B-4		Less Due to Other Funds	-
B-4		Less Deferred Revenue	<u>(3,870)</u>
		Net Cash Resources	<u>\$ 154,871.04</u> (A)

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.	1,041,509	
B-5	Less Depreciation	<u>(14,131)</u>	
	Adj. Tot. Oper. Exp.	<u>\$ 1,027,378.00</u>	(B)

Average Monthly Operating Expense:

B / 10	<u>\$ 102,737.80</u>	(C)
--------	-----------------------------	-----

Three times monthly Average:

3 X C	<u>\$ 308,213.40</u>	(D)
-------	-----------------------------	-----

TOTAL IN BOX A	\$	<u>154,871.04</u>
LESS TOTAL IN BOX D	\$	<u>308,213.40</u>
NET	\$	<u>(153,342.36)</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

School Food Service

SCHEDULE OF MEAL COUNT ACTIVITY

RED BANK BOROUGH PUBLIC SCHOOLS

FOOD SERVICE FUND

NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM -Federal

ENTERPRISE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

PROGRAM	MEAL CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE (a)	(OVER) UNDER CLAIM (b)
National School Lunch (High Rate)	Paid	16,827	16,827	16,827	0	0.32	0.00
National School Lunch (High Rate)	Reduced	13,616	13,616	13,616	0	2.78	0.00
National School Lunch (High Rate)	Free	162,537	162,537	162,537	0	3.18	0.00
	TOTAL	192,980	192,980	192,980			0.00
National School Lunch	HHFKA - PB Lunch Only	192,980	192,980	192,980	0	0.06	0.00
School Breakfast (Severe Need Rate)	Paid	5,830	5,830	5,830	0	0.29	0.00
School Breakfast (Severe Need Rate)	Reduced	3,847	3,847	3,847	0	1.74	0.00
School Breakfast (Severe Need Rate)	Free	62,981	62,981	62,983	2	2.04	4.08
	TOTAL	72,658	72,658	72,660			4.08
Special Milk	Paid	10,000	10,000	10,000	0	0.1975	0.00
After School Snacks	Paid	0	0	0	0	0.07	0.00
	Reduced	0	0	0	0	0.43	0.00
	Free (Area Eligible)	3,322	3,322	3,322	0	0.86	0.00
	TOTAL	3,322	3,322	3,322			0.00
CACFP (d) - Food	Free	0	0	0	0	3.16	0.00
CACFP (d) - Cash-in-lieu of USDA Foods	Free	0	0	0	0	0.23	0.00
	Total Net Overclaim						4.08

School Food Service

SCHEDULE OF MEAL COUNT ACTIVITY

RED BANK BOROUGH PUBLIC SCHOOLS

FOOD SERVICE FUND

NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM -STATE

ENTERPRISE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

PROGRAM	MEAL CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE (a)	(OVER) UNDER CLAIM (b)
State Reimbursement - National School Lunch (Regular Rate)	Paid	16,827	16,827	16,827	0	0.040	0.00
State Reimbursement - National School Lunch (Regular Rate)	Reduced	13,616	13,616	13,616	0	0.055	0.00
State Reimbursement - National School Lunch (Regular Rate)	Free	162,537	162,537	162,537	0	0.055	0.00
	TOTAL	<u>192,980</u>	<u>192,980</u>	<u>192,980</u>			

Total Net Overclaim

0.00

EXCESS SURPLUS CALCULATION

REGULAR DISTRICTS

SECTION 1

A. 2% Calculation of Excess Surplus

2016-17 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ 19,915,801.68 (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	\$ 325,000.00 (B1c)
Transfer from General Fund to SRF for PreK-Inclusion	\$ (B1d)
Decreased By:	
On-Behalf TPAF Pension & Social Security	\$ 1,805,431.50 (B2a)
Assets Acquired Under Capital Leases	\$ (B2b)
Adjusted 2016-17 General Fund Expenditures [(B)+(B1s)-(B2s)]	\$ 18,435,370.18 (B3)
2% of adjusted 2016-2017 General Fund Expenditures [(B3) times .02]	\$ 368,707.40 (B4)
Enter Greater of (B4) or \$250,000	\$ 368,707.40 (B5)
Increased By: Allowable Adjustment*	\$ 33,882.00 (K)
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]	\$ 402,589.40 (M)

SECTION 2

Total General Fund – Fund Balances @ 6/30/2017 (Per CAFR Budgetary Comparison Schedule C-1)	\$ 5,167,220.37 (C)
Decreased By:	
Year-end Encumbrances	\$ 691,435.21 (C1)
Legally Restricted – Designated for Subsequent Year’s Expenditures	\$ (C2)
Legally Restricted - Excess Surplus – Designated for Subsequent Year's Expenditures**	\$ 671,436.95 (C3)
Other Restricted Fund Balances*****	\$ 2,809,095.10 (C4)
Assigned Fund Balance - Unreserved – Designated for Subsequent Year's Expenditures	\$ 49,202.05 (C5)
Additional Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures (July 1, 2017 - August 1, 2017)	\$ (C6)*****
Total Unassigned Fund Balance[(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	\$ 946,051.06 (U1)

SECTION 3

Restricted Fund Balance – Excess Surplus**[(U1)-(M)] If negative enter -0- \$ 543,461.66 (E)

Recapitulation of Excess Surplus as of June 30, 2017

Reserve Excess Surplus – Designated for Subsequent Year’s Expenditures**	\$ 671,436.95 (C3)
Reserved Excess Surplus**[(E)]	\$ <u>543,461.66</u> (E)
Total [(C3)+(E)]	\$ <u>1,214,898.61</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 when applicable for:
 - (H) Federal Impact Aid. The passage of P.L. 2015, c.46 amended N.J.S.A. 18A:7F-41 to permit a board of education to appropriate federal impact aid funds to establish or supplement a federal impact aid legal reserve in the general fund. Accordingly, effective for the year ending June 30, 2016, the Federal Impact Aid adjustment to expenditures is limited to the portion of Federal Impact Aid Section 8002 and Section 8003 received during the fiscal year and recognized as revenue on the General Fund Budgetary Comparison Schedule, but not transferred to the Federal Impact Aid Reserve - General (8002 of 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	\$ 31,446.00 (J1)
Additional Nonpublic School Transportation Aid	\$ 2,436.00 (J2)
Current Year School Bus Advertising Revenue Recognized	\$ _____ (J3)
Family Crisis Transportation Transportation Aid	\$ _____ (J4)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)]	\$ <u>33,882.00</u> (K)

- ** This amount represents the June 30, 2017 Excess Surplus (C3 above) and must be included in the Audit Summary Line 90031.
- *** Amounts must agree to the June 30, 2017 CAFR and must agree to Audit Summary Line 90030.
- **** Amount for Other Restricted Fund Balances must be detailed for each source. Use in the excess surplus calculation of any legal reserve that is not 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, 2017 to August 1, 2017 resulting from decrease in state aid after adoption of 2017-18 district budget.

Detail of Other Restricted Fund Balance

Statutory restrictions:	
Approved unspent separate proposal	\$ _____
Sale/lease-back reserve	\$ _____
Capital reserve	\$ 1,559,906.21
Maintenance reserve	\$ 1,249,188.89
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 Capital Fund Reserve (Sections 8007 and 8008)	\$ _____
Other state/government mandated reserve	\$ _____
[Other Restricted Fund Balance not noted above]*****	\$ _____
Total Other Restricted Fund Balance	\$ <u>2,809,095.10</u> (C4)

AUDIT RECOMMENDATIONS SUMMARY
For the Fiscal Year Ended June 30, 2017
Red Bank Borough Public School District

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

There were no prior year findings.