

SAYREVILLE SCHOOL DISTRICT

COUNTY OF MIDDLESEX

NEW JERSEY

AUDITOR'S MANAGEMENT REPORT

ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE

FISCAL YEAR ENDED

JUNE 30, 2017

PREPARED BY

***SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS***

**SAYREVILLE SCHOOL DISTRICT
COUNTY OF MIDDLESEX
NEW JERSEY**

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

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REPORT OF INDEPENDENT AUDITORS

Honorable President and Members
of the Board of Education
Sayreville School District
County of Middlesex, 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 Board of Education of the Sayreville School District in the County of Middlesex for the year ended June 30, 2017, and have issued our report thereon dated December 1, 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 Sayreville Board of Education's management and the New Jersey State Department of Education. However, this report is a matter of public record and its distribution is not limited.


JOSEPH J. FACCONI
Licensed Public School Accountant #194


SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Newark, New Jersey
December 1, 2017

SAYREVILLE SCHOOL DISTRICT

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 District's CAFR.

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Erin Hill	Board Secretary/School Business Administrator	\$375,000.00
Wayne Kronowski	Treasurer of School Moneys	375,000.00

There is a Blanket Dishonesty Bond including Faithful Performance Crime Coverage covering all other employees and elected officials with multiple coverage of \$500,000.00.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges were made. 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 did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

In verifying expenditures, computations were tested on claims approved and paid. No attempt was made in this connection to establish proof of rendition, character or extent of services, nor quantities, nature, propriety of prices or receipt of materials, these elements being left necessarily to internal review in connection with approval of claims.

Payroll Account and Position Control Roster

Net salaries of all employees were deposited in the Payroll Account.

All payroll deductions were deposited in the Payroll Agency Account.

Payrolls tested were certified by the President of the Board and the Board Secretary/School Business Administrator.

Financial Planning, Accounting and Reporting (Continued)

Payroll Account and Position Control Roster (Continued)

Salary withholdings were promptly remitted to the respective agencies, including health benefits withholding due to the General Fund.

The propriety of deductions from individual salaries for pensions, social security, withholding tax and other purposes was not verified as part of this examination.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30th for proper classification of orders as a 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 tested 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, a transaction error rate of 0.0% overall was noted and no additional procedures were deemed necessary to test the propriety of expenditure classifications.

Board Secretary's Records

The financial records, books of accounts and minutes maintained by the Board Secretary were in satisfactory condition. The prescribed contractual order system was followed.

The School District's double entry system of account records were maintained in accordance with the Department of Education's prescribed GAAP Technical Systems Manual, pursuant to N.J.S.A. 18A:4-14 and N.J.A.C. 6:20-2A.

Treasurer's Records

The Treasurer's records were examined and found to be in agreement with records of the Board Secretary.

Unemployment Compensation Insurance Trust Fund

The Board has adopted the direct reimbursement method and has established an Unemployment Compensation Insurance Trust Fund. The financial transactions of this fund are reported in the Fiduciary Trust Fund.

Scholarship Trust Fund

The School District established separate Scholarship Trust Fund accounts for private donations for student scholarship awards. The financial transactions of these accounts are reported in the Fiduciary Trust Fund.

Community School

The financial transactions and records of the Community School are maintained in the Proprietary Fund. The Community School offers SAT Prep Courses and Preschool care.

Financial Planning, Accounting and Reporting (Continued)

Elementary and Secondary Education Act (E.S.E.A.), Improving America's Schools Act (IASA) as Reauthorized by the No Child Left Behind (NCLB) 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 VI of the Elementary and Secondary Education Act, as amended and reauthorized.

The study of compliance for E.S.E.A. did not indicate any areas of noncompliance 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.

The study of compliance for the special projects indicated that there were no areas of noncompliance or questioned costs.

Finding:

The State of New Jersey Department of Education, Office of Fiscal Accountability and Compliance, conducted a review of the Individuals with Disabilities Education Act for the period July 1, 2015 through November 30, 2016. There were two findings noted in the report. On January 24, 2017, the District approved a corrective action plan to address the findings in the report. Corrective action has been taken on all findings in the report.

TPAF Reimbursement

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

TPAF Reimbursement to the State for Federal Salary Expenditures

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

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

Effective July 1, 2015 and thereafter, the bid thresholds in accordance with *N.J.S.A. 18A:18A-2* is \$40,000.00 with a Qualified Purchasing Agent. The law regulating bidding for public school student transportation contracts under *N.J.S.A. 18A:39-3* is currently \$18,800.00.

The 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.

School Purchasing Programs (Continued)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

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 provision of N.J.S.A. 18A:18A-4, as amended.

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.

School Food Service

The school food service program was not selected as a major federal or state program. However, the program expenditures exceeded \$100,000 in federal support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether the SFA had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted.

We also inquired of school management, or appropriate school food service personnel, as to whether the SFA's expenditures of school food service revenues were limited to allowable direct and indirect costs. 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.

The financial transactions and statistical records of the School Food Service Fund were reviewed. The financial accounts, meal count records and eligibility applications were examined on a test-check basis.

Cash receipts and bank records were reviewed for timely deposits.

Expenditures should be 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 nonprofit status of the school food service.

Net cash resources did not exceed three months average expenditures.

The number of meals claimed for reimbursement was compared to sales and meal count records. As part of the claims review process, the Edit Check Worksheet was completed. Reimbursement claims were submitted/certified in a timely manner.

School Food Service (Continued)

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 on file, times the number of operating days, on a school-by-school basis. The free and reduced price meal 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 commodities were received and a single inventory was maintained on a first-in, first-out basis. No exceptions were noted.

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

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

Student Body Activities and Athletic Funds

Cash receipts and disbursements records submitted for examination were analyzed in detail. Cancelled checks and available vouchers or invoices were examined and compared to disbursement records.

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 handicapped, low-income and bilingual. 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 without exception. The information included as part of the workpapers was verified without exception. 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 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 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

Accounting for capital assets is required in order to maintain physical accountability over the assets owned by a school. The accounting system should provide a record of the fixed assets obtained over the years that are still in service and identify the funding source for the purchase of those assets. This provides the ability to prevent, detect and recognize losses of capital assets. The New Jersey Department of Education notified school districts that, effective July 1, 2001, there is a \$2,000.00 capitalization threshold for capital assets. This is a policy set for financial reporting and accounting purposes. Schools may use a lower threshold for asset management and insurance purposes.

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.

Follow-Up on Prior Year's Findings

In accordance with government auditing standards, our procedures included a review of all prior year recommendations. Corrective action had been taken on all prior year findings.

Acknowledgment

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



JOSEPH J. FACCONI
Licensed Public School Accountant #194



SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Newark, New Jersey
December 1, 2017

SAYREVILLE BOARD OF EDUCATION
COUNTY OF MIDDLESEX
SCHEDULE OF MEAL COUNT ACTIVITY
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM - FEDERAL
ENTERPRISE FUNDS - FOOD SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

<u>Program</u>	<u>Meal Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>(Over)/ Under-claim</u>
National School Lunch	Paid	214,908	156,940	156,940	0	\$ 0.30	\$ -
	Reduced	66,306	48,724	48,724	0	2.76	-
	Free	<u>229,977</u>	<u>165,946</u>	<u>165,946</u>	<u>0</u>	3.16	<u>-</u>
Total National School Lunch		<u>511,191</u>	<u>371,610</u>	<u>371,610</u>	<u>0</u>		<u>\$ -</u>
National School Lunch	HHFKA - PB Lunch Only	<u>511,191</u>	<u>371,610</u>	<u>371,610</u>	<u>0</u>	0.06	
National School Breakfast - Severe	Paid	23,570	17,830	17,830	0	\$ 0.29	\$ -
	Reduced	19,171	14,465	14,465	0	1.74	-
	Free	<u>86,818</u>	<u>64,268</u>	<u>64,268</u>	<u>0</u>	2.04	<u>-</u>
Total National School Breakfast - Severe		<u>129,559</u>	<u>96,563</u>	<u>96,563</u>	<u>0</u>		<u>\$ -</u>
Total Net (Over)/Underclaim							<u>\$ -</u>

SAYREVILLE BOARD OF EDUCATION
COUNTY OF MIDDLESEX
SCHEDULE OF MEAL COUNT ACTIVITY
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM - STATE
ENTERPRISE FUNDS - FOOD SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

<u>Program</u>	<u>Meal Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>(Over)/ Under-claim</u>
National School Lunch	Paid	214,908	156,940	156,940	0	\$ 0.04	\$ -
	Reduced	66,306	48,724	48,724	0	0.055	-
	Free	<u>229,977</u>	<u>165,946</u>	<u>165,946</u>	<u>0</u>	0.055	-
Total National School Lunch		<u>511,191</u>	<u>371,610</u>	<u>371,610</u>	<u>0</u>		-
Total Net (Over)/Underclaim							<u>\$ -</u>

SCHEDULE OF AUDITED ENROLLMENTS

SAVREVILLE SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 14, 2016

	2017-2018 Application for State School Aid			Sample for Verification			Private Schools for Handicapped			
	Reported on A S S A On-Roll	Workpapers	Errors	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	Sample Verified	Sample Errors
	Full	Shared	Full	Full	Shared	Full	Full	Shared	Full	Shared
Full Day Kindergarten	417.0			21.0						
One	460.0			24.0						
Two	414.0			21.0						
Three	464.0			24.0						
Four	418.0			21.0						
Five	398.0			20.0						
Six	372.0			19.0						
Seven	391.0			20.0						
Eight	379.0			19.0						
Nine	354.0			18.0						
Ten	389.0			19.0						
Eleven	363.0			18.0						
Twelve	335.0			17.0						
Subtotal	5,150.0			261.0						
Special Ed - Elementary	454.0			23.0			4.0		3.0	
Special Ed - Middle	235.0		8.0	12.0	4.0		2.0		2.0	
Special Ed - High	249.0			12.0			26.0		22.0	
Sub-Total	938.0		8.0	47.0	4.0		32.0		27.0	
Totals	6,088.0		8.0	308.0	4.0		32.0		27.0	0.0%
Percentage Error			0.0%				0.00%			0.00%

SCHEDULE OF AUDITED ENROLLMENTS

SAYREVILLE SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 14, 2015

	Low Income			Sample for Verification			Free Sample Errors	Free Sample Errors S/T	Reduced Errors	Free Sample Selected from Workpapers S/T	Free Sample Selected from Workpapers	Free Application and Registrar	Free Application and Registrar S/T	Reduced Application and Registrar	Free Sample Errors	Free Sample Errors S/T	Reduced Sample Errors
	Free Reported on A S S as Low Income	Free Reported on Workpapers as Low Income	Free Reported on Workpapers as Low Income S/T	Free Sample Selected from Workpapers	Free Application and Registrar	Free Application and Registrar S/T											
Full Day Kindergarten	95.0	36.0	36.0	16.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0
One	117.0	33.0	33.0	20.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
Two	136.0	37.0	37.0	20.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0
Three	103.0	35.0	35.0	24.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0
Four	114.0	34.0	34.0	16.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
Five	97.0	30.0	30.0	20.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Six	97.0	42.0	42.0	17.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
Seven	100.0	41.0	41.0	17.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
Eight	84.0	32.0	32.0	16.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Nine	101.0	36.0	36.0	17.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0
Ten	87.0	37.0	37.0	15.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0
Eleven	95.0	33.0	33.0	16.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
Twelve	66.0	38.0	38.0	11.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0
Sub-Total	1,322.0	464.0	464.0	226.0	186.0	186.0	186.0	186.0	186.0	186.0	186.0	186.0	186.0	186.0	186.0	186.0	186.0
Special Ed - Elementary	166.0	30.0	30.0	29.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Special Ed - Middle	83.0	24.0	24.0	14.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Special Ed - High	2.0	32.0	32.0	2.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Sub-Total	251.0	86.0	86.0	45.0	31.0	31.0	31.0	31.0	31.0	31.0	31.0	31.0	31.0	31.0	31.0	31.0	31.0
Totals	1,573.0	550.0	550.0	271.0	197.0	197.0	197.0	197.0	197.0	197.0	197.0	197.0	197.0	197.0	197.0	197.0	197.0
Percentage Error				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

	Transportation		Reported on DRTS by District	Errors	Tested	Verified	Errors	Reported	Recalculated
	Reported on DRTS by POE	Reported on DRTS by District							
Reg - Public Schools	2,348.0	2,348.0	2,348.0	194.0	194.0	194.0	194.0	4.2	4.2
Reg - Special Education	507.0	507.0	507.0	42.0	42.0	42.0	42.0	5.1	5.1
Nonpublic Schools (ALL)	216.0	216.0	216.0	18.0	18.0	18.0	18.0		
Spec - Special Needs	285.0	285.0	285.0	24.0	24.0	24.0	24.0		
Totals	3,356.0	3,356.0	3,356.0	278.0	278.0	278.0	278.0		
Percentage Error				0.00%	0.00%	0.00%	0.00%		

Average Mileage - Regular Including Grade PK Students
Average Mileage - Special Education with Special Needs

SCHEDULE OF AUDITED ENROLLMENTS

SAVREVILLE SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 14, 2015

	Resident LEP NOT Low Income			Bilingual Education Low Income			Sample for Verification		
	Reported on A.S.A. as NOT Low Income	Reported on Wordpapers NOT Low Income	Errors	Reported on A.S.A. as LEP Low Income	Reported on Wordpapers LEP Low Income	Errors	Sample Selected from Wordpapers	Sample Selected from Registrars	Verified to Test Score and Registrar
Full Day Kindergarten	14.0	14.0	-	7.0	7.0	-	5.0	5.0	5.0
One	7.0	7.0	-	8.0	8.0	-	6.0	6.0	6.0
Two	4.0	4.0	-	8.0	8.0	-	6.0	6.0	6.0
Three	3.0	3.0	-	4.0	4.0	-	3.0	3.0	3.0
Four	3.0	3.0	-	4.0	4.0	-	3.0	3.0	3.0
Five	4.0	4.0	-	5.0	5.0	-	4.0	4.0	4.0
Six	3.0	3.0	-	2.0	2.0	-	2.0	2.0	2.0
Seven	4.0	4.0	-	4.0	4.0	-	3.0	3.0	3.0
Eight	3.0	3.0	-	5.0	5.0	-	4.0	4.0	4.0
Nine	4.0	4.0	-	3.0	3.0	-	2.0	2.0	2.0
Ten	3.0	3.0	-	10.0	10.0	-	7.0	7.0	7.0
Eleven	2.0	2.0	-	1.0	1.0	-	1.0	1.0	1.0
Twelve	1.0	1.0	-	61.0	61.0	-	46.0	46.0	46.0
Sub-Total	55.0	55.0	-	64.0	64.0	-	49.0	49.0	49.0
Special Ed - Elementary	1.0	1.0	-	2.0	2.0	-	2.0	2.0	2.0
Special Ed - Middle	1.0	1.0	-	1.0	1.0	-	1.0	1.0	1.0
Special Ed - High	1.0	1.0	-	3.0	3.0	-	3.0	3.0	3.0
Sub-Total	3.0	3.0	-	6.0	6.0	-	6.0	6.0	6.0
Totals	58.0	58.0	-	70.0	70.0	-	55.0	55.0	55.0
Percentage Error			0.00%			0.00%			0.00%

**BOARD OF EDUCATION
SAYREVILLE SCHOOL DISTRICT
COUNTY OF MIDDLESEX
FISCAL YEAR ENDED JUNE 30, 2017**

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	\$ <u>91,413,885.80</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)	
Decreased by:		
On-Behalf TPAF Pension and Social Security	\$ <u>10,234,297.65</u> (B2a)	
Assets Acquired Under Capital Leases	\$ _____ (B2b)	
Adjusted 2016-17 General Fund Expenditures [(B)+(B1s)-(B2s)]	\$ <u>81,179,588.15</u> (B3)	
2% of Adjusted 2016-17 General Fund Expenditures [(B3) times .02]	\$ <u>1,623,591.76</u> (B4)	
Enter Greater of (B4) or \$250,000	\$ <u>1,623,591.76</u> (B5)	
Increased by: Allowable Adjustment *	\$ <u>297,361.00</u> (K)	
Maximum Unassigned/Undesignated - Unreserved Fund Balance [(B5)+(K)]	\$ <u>1,920,952.76</u> (M)	

SECTION 2

Total General Fund - Fund Balances @ 6-30-17 <u>(Per CAFR Budgetary Comparison Schedule C-1)</u>	\$ <u>7,378,780.41</u> (C)	
Decreased by:		
Year ended Encumbrances	\$ <u>447,292.42</u> (C1)	
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ _____ (C2)	
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ <u>682,411.52</u> (C3)	
Other Restricted Fund Balances ***	\$ <u>1,511,652.67</u> (C4)	
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	\$ <u>1,702,588.48</u> (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)-(C6)]	\$ <u>3,034,835.32</u> (U1)	

**BOARD OF EDUCATION
SAYREVILLE SCHOOL DISTRICT
COUNTY OF MIDDLESEX
FISCAL YEAR ENDED JUNE 30, 2017**

SECTION 3

Restricted Fund Balance - Excess Surplus***[(U1)-(M)] IF NEGATIVE ENTER -0- \$ 1,113,882.56 (E)

Recapitulation of Excess Surplus as of June 30, 2017

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ <u>682,411.52</u> (C3)
Reserved Excess Surplus***[(E)]	\$ <u>1,113,882.56</u> (E)
Total Excess Surplus [(C3) + (E)]	\$ <u>1,796,294.08</u> (D)

* This adjustment line (as detailed below) is to be utilized for Impact Aid, Sale and Lease-back (Refer to the Audit Program Section II, Chapter 10), Extraordinary Aid, Additional Nonpublic School Transportation Aid, Current Year School Bus Advertising Revenue Recognized and Family Crisis Transportation Aid. Refer to the Audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid and Additional Nonpublic School

Detail of Allowable Adjustments

Impact Aid	\$ _____ (H)
Sale and Lease-Back	\$ _____ (I)
Extraordinary Aid	\$ <u>245,644.00</u> (J1)
Additional Nonpublic School Transportation Aid	\$ <u>51,717.00</u> (J2)
Current Year School Bus Advertising Revenue Recognized	\$ _____ (J3)
Family Crisis Transportation Aid	\$ _____ (J4)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)]	\$ <u>297,361.00</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 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 an other 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 - Designed 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. Refer to Commissioner's Broadcast.

BOARD OF EDUCATION
SAYREVILLE SCHOOL DISTRICT
COUNTY OF MIDDLESEX
FISCAL YEAR ENDED JUNE 30, 2017

Detail of Other Restricted Fund Balance

Statutory restrictions:		
Approved unspent separate proposal	\$	_____
Sale/lease-back reserve	\$	_____
Capital reserve	\$	1,498,262.83
Maintenance reserve	\$	1,003.96
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 (Section 8002 and 8003)	\$	_____
Impact Aid Capital Fund Reserve (Section 8007 and 8008)	\$	_____
Other state/government mandated reserve (ARRA/SEMI)	\$	12,385.88
[Other Restricted Fund Balance not noted above] ****	\$	_____
 Total Other Restricted Fund Balance	\$	<u>1,511,652.67 (C4)</u>

BOARD OF EDUCATION
 SAYREVILLE SCHOOL DISTRICT
 COUNTY OF MIDDLESEX
 FISCAL YEAR ENDED JUNE 30, 2017

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 and Cash Equivalents	\$ 279,793
B-4		Due from Other Governments	270,653
B-4		Accounts Receivable	\$ 3,694
B-4		Investments	
CAFR		Current Liabilities	
B-4		Less Accounts Payable	\$ (56,773)
B-4		Less Accruals	
B-4		Less Due to Other Funds	\$ (236,980)
B-4		Less Deferred Revenue	
		Net Cash Resources	<u>\$ 260,388</u> (A)

Net Adjusted Total Operating Expense:

B-5	Total Operating Expense	2,419,989	
B-5	Less Depreciation		
		Adjusted Total Operating Expense	<u>\$ 2,419,989</u> (B)

Average Monthly Operating Expense:

	B / 10	<u>\$ 241,999</u>	(C)
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Three Times Monthly Average:

	3 X C	<u>\$ 725,997</u>	(D)
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TOTAL IN BOX A		\$ 260,388	
LESS TOTAL IN BOX D		\$ 725,997	
NET		<u>\$ (465,609)</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

SAYREVILLE SCHOOL DISTRICT
AUDIT RECOMMENDATIONS SUMMARY
FISCAL YEAR ENDED JUNE 30, 2017

It is recommended that:

1. Administrative Practices and Procedures
None
2. Financial Planning, Accounting and Reporting
None
3. School Purchasing Program
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
None
9. Follow-Up on Prior Year's Findings

A review was performed on the prior year recommendation and corrective action was taken on the prior year finding.

