

**AUDITORS MANAGEMENT REPORT  
ON ADMINISTRATIVE FINDINGS -  
FINANCIAL, COMPLIANCE AND PERFORMANCE  
SCHOOL DISTRICT OF  
BOROUGH OF FORT LEE  
COUNTY OF BERGEN, NEW JERSEY  
JUNE 30, 2015**

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## REPORT OF INDEPENDENT AUDITORS

Honorable President and  
Members of the Board of Education  
Borough of Fort Lee School District  
County of Bergen, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Borough of Fort Lee School District in the County of Bergen for the year ended June 30, 2015, and have issued our report thereon dated November 17, 2015.

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

This report is intended for the information of the Borough of Fort Lee 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.

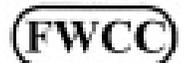
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November 17, 2015



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

**GENERAL COMMENTS**

**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, 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 of the District's CAFR.

**Officials Bonds**

<u>Name</u>	<u>Position</u>	<u>Amount</u>
David Rinderknecht	Interim Board Administrator/Board Secretary	\$200,000
Charles Hangle	Treasurer of School Monies	320,000
Ana M. Flores	Assistant Business Administrator	200,000

**Tuition Charges**

The District did not have tuition revenue from other school districts.

**Financial Planning, Accounting and Reporting**

**Examination of Claims**

A test check of claims submitted for payment was made and all claims included in the test check were found to be in order.

**Payroll Account**

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

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

### **Payroll Account, (continued)**

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

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

Payrolls were delivered to the Treasurer of the Board who then deposited with warrants in separate bank accounts for net payroll withholding.

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

Reporting of employee compensation for income tax related purposes did comply with federal and state regulations regarding the compensation which is required to be reported.

The Board of Education made a merit bonus payment that a quantitative merit criterion or a qualitative merit criterion had been satisfied with prior approval by the district Board of Education and Executive County Superintendent, as required by N.J.A.C.6A:23A-3.1(e)10.iv.

### **Employee Position Control Roster**

An inquiry and subsequent review of the Position Control Roster found consistency between the payroll records, employee benefit records, the general ledger accounts to where wages are posted and the Position Control Roster.

### **Reserve for Encumbrances, Liability for 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 our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall compliance with N.J.A.C. 6A:23A-8.2. As a result of the procedures performed, a transaction error rate of 0% was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

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

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

Our overview of the financial and accounting records maintained by the Board Secretary disclosed the following items:

**Finding 2015-01:** The District is not maximizing its efforts under the Special Education Medicaid Initiative (SEMI) Program for obtaining federal funding for special education services.

**Recommendation:** That the District should establish procedures to ensure that it maximizes its efforts under SEMI for obtaining federal reimbursement for special education services.

### **Fixed Assets**

Our review of the general fixed asset records disclosed the following items:

**Finding 2015-02:** There were instances in which items purchased were not properly identified on the District's capital asset schedule.

**Recommendation:** That all assets purchased that exceed the capitalization threshold be assigned an identifying number and included on the capital assets report.

### **Treasurer's Records**

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

### **Elementary and Secondary Education Act (E.S.E.A.)/Improving America's School Act (IASA) as Reauthorized by the No Child Left Behind Act of 2001 (NCLB)**

The E.S.E.A./NCLB financial exhibits 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 of the Elementary and Secondary Education Act, as amended.

### **Other Special Federal and/or State Projects**

The District's Special Projects were approved as listed on Schedule K-3 and Schedule K-4 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 the 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.

## T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursements filed with the Department of Education for the 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 Reports 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 60 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

## Nonpublic State Aid

Project completion reports were finalized and transmitted to the State Department of Education by the due date.

## **School Purchasing Programs**

### Contracts and Agreements Requiring Advertisement for Bids

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

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

N.J.S.A. 18A:18A-4.4 provides boards of education the authority to pass a resolution authorizing the use of competitive contracting. "In order to initiate competitive contracting, the board of education shall pass a resolution authorizing the use of competitive contracting each time specialized goods or services enumerated in sections 45 of L. 1999, c.440 are desired to be contracted."

Effective July 1, 2010 and thereafter, the bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$36,000 (with a Qualified Purchasing Agency) and \$26,000 (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 currently \$18,300.

## **School Purchasing Programs, (continued)**

### **Contracts and Agreements Requiring Advertisement for Bids, (continued)**

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.

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 contract or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

**Finding 2015-03:** Physical copies of purchase orders are not being updated for adjustments and/or account numbers being charged.

**Recommendation:** That all changes to purchase orders be reflected on the voucher packet.

## **School Food Service**

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

The number of meals claimed for reimbursement was verified against 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 meals were reviewed for completeness and accuracy. The number of free and reduced 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 meal policy is uniformly administered throughout the School System. The required verification procedures for free applications was completed and available for review.

Cash receipts and bank records were reviewed 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.

### **School Food Service, (continued)**

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food supply items were currently maintained and properly applied in determining the cost of food and supplies used. No exceptions were noted.

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.

U.S.D.A. commodities were received and a separate inventory was maintained on a first in first out basis. No exceptions were noted.

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

### **Student Body Activities**

Cash receipts and disbursements were maintained in good order.

All cash receipts were promptly deposited in the bank and disbursements had the proper supporting documentation.

### **Application for State School Aid**

Our audit procedures included a test of information reported in the October 15, 2014 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. The information that was included on the workpapers was verified. The results of our procedures are presented in the Schedule of Audited Enrollment.

The District maintained workpapers on the prescribed state forms or their equivalents.

### **Pupil Transportation**

Our audit procedures included a test of on-roll status reported in the 2014-2015 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report. The results of our procedures are presented in the Schedule of Audited Enrollments.

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 a 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.

## **Status of Prior Year Audit Findings/Recommendation**

A review was performed on all prior year recommendations and corrective action was taken on all, with the exception of the comments preceded with an “\*”.

## **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,

*Steven D. Wielkocz*

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**SCHEDULE OF MEAL COUNT ACTIVITY**

**BOROUGH OF FORT LEE SCHOOL DISTRICT  
FOOD SERVICE FUND  
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIMED - FEDERAL  
ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<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 (Regular Rate)	Paid	216,656	216,656	216,656		0.28	\$	
National School Lunch (Regular Rate)	Reduced	24,310	24,310	24,310		2.58		
National School Lunch (Regular Rate)	Free	<u>62,484</u>	<u>62,484</u>	<u>62,484</u>	<u>        </u>	2.98	<u>        </u>	
	Total	<u>303,450</u>	<u>303,450</u>	<u>303,450</u>	<u>        </u>		<u>        </u>	
National School Lunch (Healthy Hunger-Free Kids Act)	HHFKA	303,450	303,450	303,450		0.06		
School Breakfast (Regular Rate)	Paid	13,313	13,313	13,313		0.28		
	Reduced	1,236	1,236	1,236		1.32		
	Free	<u>5,433</u>	<u>5,433</u>	<u>5,433</u>	<u>        </u>	1.62	<u>        </u>	
School Breakfast (Severe Breakfast)	Paid	3,952	3,952	3,952		0.28		
	Reduced	1,139	1,139	1,139		1.63		
	Free	<u>5,903</u>	<u>5,903</u>	<u>5,903</u>	<u>        </u>	1.93	<u>        </u>	
	Total	<u>19,982</u>	<u>19,982</u>	<u>19,982</u>	<u>        </u>		<u>        </u>	
Total (Over)/Under Claim							\$	<u>        </u>

**SCHEDULE OF MEAL COUNT ACTIVITY**

**BOROUGH OF FORT LEE SCHOOL DISTRICT  
FOOD SERVICE FUND  
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIMED - STATE  
ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<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>	
State Reimbursement - National School Lunch (Regular Rate)	Paid	216,656	216,656	216,656		0.040	\$	
State Reimbursement - National School Lunch (Regular Rate)	Reduced	24,310	24,310	24,310		0.055		
State Reimbursement - National School Lunch (Regular Rate)	Free	<u>62,484</u>	<u>62,484</u>	<u>62,484</u>	<u>                    </u>	0.055	<u>                    </u>	
	Total	<u>303,450</u>	<u>303,450</u>	<u>303,450</u>	<u>                    </u>		<u>                    </u>	
Total (Over)/Under Claim							\$	<u>                    </u>

**BOROUGH OF FORT LEE  
BOARD OF EDUCATION**

Net cash resources did not exceed three months of expenditures  
Proprietary Funds - Food Service  
Year ended June 30, 2015

<u>Net Cash Resources:</u>		Food Service B - 4/5	
<b>CAFR</b>	*	<b>Current Assets</b>	
B-4		Cash & Cash Equiv.	\$ 217,160
B-4		Due from Other Gov'ts	82,481
B-4		Accounts Receivable	4,054
B-4		Due from Other Funds	47,644
<b>CAFR</b>		<b>Current Liabilities</b>	
B-4		Less Accounts Payable	(72,662)
B-4		Less Deferred Revenue	(15,687)
		<b>Net Cash Resources</b>	<b>\$ 262,990 (A)</b>

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.	1,406,043	
B-5	Less Depreciation	(22,107)	
	Adj. Tot. Oper. Exp.	<b>\$ 1,383,936 (B)</b>	

Average Monthly Operating Expense:

	B / 10	<b>\$ 138,394 (C)</b>	
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Three times monthly Average:

	3 X C	<b>\$ 415,181 (D)</b>	
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TOTAL IN BOX A	\$	262,990	
LESS TOTAL IN BOX D	\$	415,181	
NET	\$	<b>(152,191)</b>	

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.

SCHEDULE OF AUDITED ENROLLMENTS

**BOROUGH OF FORT LEE  
BOARD OF EDUCATION**

Application for State School Aid Summary  
Enrollment as of October 15, 2014

Year ended June 30, 2015

Enrollment category	2015-2016 App. for State School Aid (10/15/14 data)			Sample for Verification			Private Schools for the Handicapped			
	Reported on A.S.S.A. on roll	Reported on workpapers on roll	Errors	Sample Selected from Workpapers	Registers Verified per on roll	Errors per Registers On Roll	Reported on A.S.S.A. as Private Schools	Sample for Verification	Sample Verified	Errors
	Full	Shared	Full	Full	Shared	Full	Full	Shared	Full	Shared
Half Day Preschool 3 Yrs	1			1						
Full Day Preschool 3 Yrs	3		3	3		3				
Half Day Preschool 4 Yrs	2		2	2		2				
Full Day Preschool 4 Yrs	3		3	3		3				
Full Day Kindergarten/Preschool	311		311	311		311				
One	331		331	331		331				
Two	299		299	299		299				
Three	278		278	278		278				
Four	245		245	245		245				
Five	279		279	279		279				
Six	231		231	231		231				
Seven	225		225	225		225				
Eight	245		245	245		245				
Ninth	206		206	206		206				
Tenth	211		211	211		211				
Eleventh	211		211	211		211				
Twelfth	227		227	227		227				
Subtotal	3,308		3,308	3,308		3,308				
Special Ed. Elementary	205		205	119		119			9	6
Special Ed. Middle School	97		97	18		18			5	5
Special Ed. High School	128		128	61		61			10	9
	430		430	198		198			24	20
Percentage	3,738		3,738	3,506		3,506			24	20

**SCHEDULE OF AUDITED ENROLLMENTS**

**BOROUGH OF FORT LEE  
BOARD OF EDUCATION**

Application for State School Aid Summary  
Enrollment as of October 15, 2014

Year ended June 30, 2015

Enrollment category	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	Errors	Reported on A.S.S.A. as LEP Low Income	Reported on Workpapers LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Test score and Register	Sample Errors
Full Day Kindergarten	42	42		19	19		10	10		9	9	
One	50	50		22	22		10	10		7	7	
Two	34	34		17	17		3	3		2	2	
Three	40	40		17	17		1	1		1	1	
Four	48	48		22	22		4	4		3	3	
Five	49	49		17	17		2	2		3	3	
Six	41	41		14	14		1	1		1	1	
Seven	45	45		17	17		3	3		1	1	
Eight	49	49		15	15		5	5		5	5	
Nine	60	60		17	17		9	9		6	6	
Ten	56	56		24	24							
Eleven	37	37		9	9							
Twelve	34	34		4	4							
Special Ed. Elementary	43	43		6	6		1	1		1	1	
Special Ed. Middle School	28	28		1	1							
Special Ed. High School	57.5	57.5		11	11							
	714	714		232	232		49	49		39	39	
	714	714		232	232		49	49		39	39	

**Percentage**

Category	Transportation						Re- calc.
	Reported on DOE/county	Reported on DRTRS by District	Errors	Tested	Verified	Errors	
Regular - Public Schools, col. 1	137	137		93	93		5.92
Regular - Special Education, col. 4	93	93		63	63		5.92
Trans Non-Public	78	78		59	59		10.60
Special needs, col. 6	65	65		56	56		
<b>Totals</b>	<b>373</b>	<b>373</b>		<b>271</b>	<b>271</b>		

**Percentage**

**BOROUGH OF FORT LEE  
BOARD OF EDUCATION**

**SCHEDULE OF AUDITED ENROLLMENTS**

Application for State School Aid Summary  
Enrollment as of October 15, 2014

Year ended June 30, 2015

Enrollment category	Resident LEP Not Low Income		Sample for Verification		
	Reported on A.S.A as LEP Not low Income	Reported on Workpapers LEP Not low Income	Sample Selected from Workpapers	Verified to Test score and Register	Sample Errors
Full Day Kindergarten	81	81	37	37	
One	44	44	26	26	
Two	41	41	18	18	
Three	28	28	14	14	
Four	20	20	10	10	
Five	15	15	7	7	
Six	14	14	8	8	
Seven	8	8	7	7	
Eight	10	10	5	5	
Nine	10	10	7	7	
Ten	5	5	5	5	
Eleven	9	9	5	5	
Twelve	4	4	4	4	
Special Ed. Elementary	4	4	1	1	
Special Ed. Middle School	1	1	1	1	
Special Ed. High School	1	1	1	1	
	<u>295</u>	<u>295</u>	<u>156</u>	<u>156</u>	
	<u>295</u>	<u>295</u>	<u>156</u>	<u>156</u>	

**Percentage**

**FORT LEE BOARD OF EDUCATION  
EXCESS SURPLUS CALCULATION**

**REGULAR DISTRICT**

**SECTION 1**

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

2014-15 Total General Fund Expenditures per the CAFR, Ex. C-1	\$	<u>71,031,309</u>	(B)
Increased by:			
Transfer from Capital Outlay to Capital Projects Fund	\$	<u>                    </u>	(B1a)
Transfer from Capital Reserve to Capital Projects Fund	\$	<u>                    </u>	(B1b)
Transfer from General Fund to SRF for PreK-Regular	\$	<u>                    </u>	(B1c)
Transfer from General Fund to SRF for PreK-Inclusion	\$	<u>                    </u>	(B1d)
Decreased by:			
On-Behalf TPAF Pension & Social Security	\$	<u>5,562,353</u>	(B2a)
Assets Acquired Under Capital Leases	\$	<u>5,571,444</u>	(B2b)
Adjusted 14-15 General Fund Expenditures [(B)+(B1's)-(B2's)]	\$	<u>59,897,512</u>	(B3)
2% of Adjusted 2014-15 General Fund Expenditures [(B3) times .02]	\$	<u>1,197,950</u>	(B4)
Enter Greater of (B4) or \$250,000	\$	<u>1,197,950</u>	(B5)
Increased by: Allowable Adjustment *	\$	<u>36,890</u>	(K)
Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]	\$	<u>1,234,840</u>	(M)

**SECTION 2**

Total General Fund - Fund Balances @ 6-30-15 (Per CAFR Budgetary Comparison Schedule C-1))	\$	<u>4,756,021</u>	(C)
Decreased by:			
Year-end Encumbrances	\$	<u>737,178</u>	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$	<u>                    </u>	(C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	\$	<u>                    </u>	(C3)
Other Restricted Fund Balances****	\$	<u>1,791,656</u>	(C4)
Assigned Fund Balance - Unreserved -- Designated for Subsequent Year's Expenditures	\$	<u>490,010</u>	(C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	\$	<u>1,737,177</u>	(U1)

**SECTION 3**

Restricted Fund Balance - Excess Surplus\*\*\* [(U1)-(M)] IF NEGATIVE ENTER -0- \$ 502,337 (E)

**Recapitulation of Excess Surplus as of June 30, 2015**

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ <u>-</u> (C3)
Reserved Excess Surplus ***[(E)]	\$ <u>502,337</u> (E)
Total [(C3) + (E)]	\$ <u>502,337</u> (D)

\* 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, 2015 the Federal Impact Aid adjustment to expenditures is limited to the portion of Federal Impact Aid Section 8002 and Section 8003 received during the fiscal year and recognized as revenue on the General Fund Budgetary Comparison Schedule, but not transferred to the Federal Impact Aid Reserve - General (8002 or 8003) by board resolution during June 1 to June 30 of the fiscal year under audit. Amounts transferred to the reserve are captured on line (C4);
- (I) Sale and Lease-back (Refer to the Audit Program Section II, Chapter 10);
- (J1) Extraordinary Aid;
- (J2) Additional Nonpublic School Transportation Aid;
- (J3) Recognized current year School Bus Advertising Revenue; and
- (J4) Family Crisis Transportation Aid

Notes to auditor: Refer to the Audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid, Family Crisis Transportation Aid, and Additional Nonpublic School Transportation Aid.

**Detail of Allowable Adjustments**

Impact Aid	\$ _____ (H)
Sale & Lease-back	\$ _____ (I)
Extraordinary Aid	\$ <u>10,610</u> (J1)
Additional Nonpublic School Transportation Aid	\$ <u>26,280</u> (J2)
Current Year School Bus Advertising Revenue Recognized	\$ _____ (J3)
Family Crisis Transportation Aid	\$ _____ (J4)
Total Adjustments [(H)+ (I)+(J1)+(J2)+(J3)+(J4)]	\$ <u>36,890</u> (K)

\*\* This amount represents the June 30, 2015 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

\*\*\* Amounts must agree to the June 30, 2015 CAFR and the sum of the two lines must agree to Audit Summary Worksheet Line 90030.

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

**Detail of Other Reserved Fund Balance**

Statutory restrictions:	
Approved unspent separate proposal	\$ _____
Sale/Lease-back reserve	\$ _____
Capital Reserve	\$ <u>1,541,656</u>
Maintenance Reserve	\$ _____
Emergency Reserve	\$ <u>250,000</u>
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>1,791,656</u> (C4)