

**MOUNT EPHRAIM BOARD OF EDUCATION**

Mount Ephraim, New Jersey  
County of Camden

**Auditor's Management Report on Administrative Findings -  
Financial, Compliance and Performance  
for The Year Ended June 30, 2015**



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

**TABLE OF CONTENTS**

|  | <b>PAGE</b> |
|--|-------------|
| Report of Independent Auditors - Auditor's Management Report on<br>Administrative Findings, Financial Compliance and Performance | 1           |
| Scope of Audit   | 3           |
| Administrative Practices and Procedures:   |             |
| Insurance  | 3           |
| Official Bonds   | 3           |
| Tuition Charges  | N/A         |
| Financial Planning, Accounting and Reporting:  |             |
| Examination of Claims  | 3           |
| Payroll Account  | 3           |
| Reserve for Encumbrances and Accounts Payable  | 4           |
| Classification of Expenditures   | 4           |
| Board Secretary's Records  | 4           |
| Treasurer's Records  | 4           |
| Elementary & Secondary School Education Act (E.S.E.A.), as amended<br>by the Improving America's Schools Act of 1994 (I.A.S.A.)  | 4           |
| Other Special Federal and/or State Project   | 5           |
| T.P.A.F. Reimbursement   | 5           |
| Demonstrably Effective Program Accounting  | N/A         |
| School Purchasing Programs:  |             |
| Contracts & Agreements Requiring Advertisement for Bids  | 5           |
| School Food Service  | 6           |
| Student Body Activities  | 7           |
| Application for State School Aid   | 8           |
| Pupil Transportation   | 8           |
| Facilities and Capital Assets  | N/A         |
| Miscellaneous  | N/A         |
| Follow-up on Prior Year Findings   | 9           |
| Acknowledgment   | 9           |
| Additional Information:  |             |
| Schedule of Meal Count Activity  | N/A         |
| Schedule of Audited Enrollments  | 13          |
| K-3 Schedule of Expenditures of Federal Awards, Schedule A   | 17          |
| Excess Surplus Calculation   | 19          |

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

Honorable President and Members  
of the Board of Education  
Mount Ephraim School District  
County of Camden  
Mount Ephraim, New Jersey 08059

We have audited, in accordance with generally accepted audit standards and *Government Auditing Standards* issued by the Comptroller General of the United States, the general purpose financial statements of the Board of Education of the Mount Ephraim School District in the County of Camden for the year ended June 30, 2015, and have issued our report thereon dated December 7, 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 Mount Ephraim School District 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.

Kevin P. Frenia  
Certified Public Accountant  
Public School Accountant, No. 1011

Medford, New Jersey  
December 7, 2015

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Honorable President and Members  
of the Board of Education  
Mount Ephraim School District  
County of Camden  
Mount Ephraim, New Jersey 08059

**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 Moneys, the activities of the Board of Education, 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**

| <b>Name</b>     | <b>Position</b>                        | <b>Amount</b> |
|-----------------|--|---------------|
| Valarie Carmody | Business Administrator/Board Secretary | \$ 70,000     |
| Mary Bakey      | Treasurer                              | 186,000       |

**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.

**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.

**Payroll Account (continued):**

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

Salary withholdings were promptly remitted to the proper agencies.

**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.6:20-2(M)* 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. 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**

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

**Treasurer's Records**

The following items were noted during our review of the records of the Treasurer.

**Finding 2015-001: (CAFR Finding 2015-002)**

The Treasurer's records were not in agreement with the records of the Board Secretary. Also, the Treasurer's cash balance for the general operating account was not in agreement with the reconciled cash balance as determined during the audit.

**Recommendation:**

The Treasurer should reconcile their cash records with the reconciled bank statements and the cash records of the Board Secretary.

**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 Title I, Title II, Title IV, Title V and Title VI of the Elementary and Secondary Education Act as amended and reauthorized.

**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. (continued):**

The study of compliance for E.S.E.A. indicated no areas of noncompliance.

**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 tests of compliance for the major federal and state programs selected did not indicate any areas of noncompliance.

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 test of the semi-monthly 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.

**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/njded/pscl/index.html>.

*N.J.S.A.18A:18A-3* 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 \$25,000. 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

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

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 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.”

Effective July 1, 2010 and thereafter the bid thresholds in accordance with *N.J.S.A.18A:18A-2* (as amended) and *18A:39-3* are \$36,000 (with a Qualified Purchasing Agent) 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. The Mount Ephraim Board of Education currently has a Qualified Purchasing Agent.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the fiscal year (contract year for January 1, 2012 and thereafter). Where question arises as to whether any contract or agreement might result in violation of the statute, the Solicitor's opinion should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

The results of our examination indicated that no individual payments, contracts or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies", in excess of the statutory thresholds where there had been no advertising for bids in accordance with the 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*.

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 financial transactions and statistical records of the School Food Services were maintained in satisfactory condition.

Cash receipts and bank records were reviewed for timely deposit.

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

**School Food Service (continued):**

The number of meals claimed for reimbursements were verified against sales and meal count records. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement vouchers were timely filed, and meals claimed agreed with meal count records.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served did not exceed the number of valid applications on file, times the number of operating days, on a school by school basis. The free and reduced price meal and free milk policy is uniformly administered throughout the School System. The required verification procedures for free and reduced price applications were completed and available for review.

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.

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all School Food Services employees authorized by the board of education.

The cash disbursements records reflected expenditures for program related goods and services. Districts with food service management companies are 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.

Food Distribution Program commodities were received and a single inventory was maintained on a first-in, first-out basis.

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

**Student Body Activities**

The financial transactions of the student body activities were maintained in satisfactory condition with the following exception noted.

**Finding 2015-002:**

During our audit of the Student Body Activities fund it was noted that student funds were not being deposited in a timely manner.

**Recommendation:**

That the District implements internal controls to ensure timely deposit of student funds.

**Finding 2015-003:**

During our audit of the Student Body Activities fund it was noted that student awards were being awarded in cash.

**Student Body Activities (continued):**

**Recommendation:**

That the District implements internal controls to ensure disbursements for student awards follow controls set forth by the District.

**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 and low-income. We also performed a review of the District procedures related to its completion. The information on the A.S.S.A. was compared to the District workpapers. 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 with the following exception noted:

**Finding 2015-004: (CAFR Finding 2015-004)**

During our audit of the Application for State School Aid it was noted that there were errors between student enrollment and the final application for state school aid report.

**Recommendation:**

That the District implements internal controls to ensure student enrollment is reconciled to the final report.

**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 without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

**Business Office**

The following items were noted during our audit.

**Finding 2015-005: (CAFR Finding 2015-001)**

During our audit of Capital Assets it was noted that the School District is not properly recording additions and deletions during the year. In addition the School District is not properly recording annual depreciation.

**Recommendation:**

That the District implements internal controls to ensure Capital Asset additions, deletions and depreciation is recorded correctly in their system.

**Finding 2015-006: (CAFR Finding 2015-003)**

During our audit it was noted that the School District doesn't have standard operating procedures in place.

**Recommendation:**

That the District implements standard operating procedures.

**Follow-up on Prior Years' Findings**

In accordance with government auditing standards, our procedures included a review of all prior year findings. The previous year audit finding has been corrected.

**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.

Should you have any questions concerning our comments or should you desire any assistance, please contact us.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin P. Frenia  
Certified Public Accountant  
Public School Accountant, No. 1011

Medford, New Jersey  
December 7, 2015

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**ADDITIONAL INFORMATION**

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SCHEDULE OF AUDITED ENROLLMENTS (1)

MOUNT EPHRAIM BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2014

|                            | 2014-2015 Application for State School Aid |        |                    |        |        |        | Sample for Verification         |        |                                |        |                              |        | Private Schools for Disabled |                         |                 |               |
|----------------------------|--|--------|--------------------|--------|--------|--------|---------------------------------|--------|--------------------------------|--------|------------------------------|--------|------------------------------|-------------------------|-----------------|---------------|
|                            | Reported on A.S.S.A. On Roll               |        | Workpapers On Roll |        | Errors |        | Sample Selected from Workpapers |        | Verified per Registers On Roll |        | Errors per Registers On Roll |        | Reported on Private Schools  | Sample for Verification | Sample Verified | Sample Errors |
|                            | Full                                       | Shared | Full               | Shared | Full   | Shared | Full                            | Shared | Full                           | Shared | Full                         | Shared |                              |                         |                 |               |
| Half Day Kindergarten      | 18   | -      | 17                 | -      | 1      | -      | 18                              | -      | 17                             | -      | 1                            | -      | -                            | -                       | -               | -             |
| Full Day Kindergarten      | 45   | -      | 41                 | -      | 4      | -      | 45                              | -      | 41                             | -      | 4                            | -      | -                            | -                       | -               | -             |
| One                        | 53   | -      | 49                 | -      | 4      | -      | 53                              | -      | 49                             | -      | 4                            | -      | -                            | -                       | -               | -             |
| Two                        | 39   | -      | 38                 | -      | 1      | -      | 39                              | -      | 38                             | -      | 1                            | -      | -                            | -                       | -               | -             |
| Three                      | 31   | -      | 23                 | -      | 8      | -      | 31                              | -      | 23                             | -      | 8                            | -      | -                            | -                       | -               | -             |
| Four                       | 32   | -      | 28                 | -      | 4      | -      | 32                              | -      | 28                             | -      | 4                            | -      | -                            | -                       | -               | -             |
| Five                       | 43   | -      | 38                 | -      | 5      | -      | 43                              | -      | 38                             | -      | 5                            | -      | -                            | -                       | -               | -             |
| Six                        | 35   | -      | 34                 | -      | 1      | -      | 35                              | -      | 34                             | -      | 1                            | -      | -                            | -                       | -               | -             |
| Seven                      | 33   | -      | 30                 | -      | 3      | -      | 33                              | -      | 30                             | -      | 3                            | -      | -                            | -                       | -               | -             |
| Eight                      | 35   | -      | 34                 | -      | 1      | -      | 35                              | -      | 34                             | -      | 1                            | -      | -                            | -                       | -               | -             |
| Subtotal                   | 364  | -      | 332                | -      | 32     | -      | 364                             | -      | 332                            | -      | 32                           | -      | -                            | -                       | -               | -             |
| Special Ed - Elementary    | 34   | -      | 48                 | -      | (14)   | -      | 34                              | -      | 48                             | -      | (14)                         | -      | 1                            | 1                       | 1               | -             |
| Special Ed - Middle School | 30   | -      | 45                 | -      | (15)   | -      | 30                              | -      | 45                             | -      | (15)                         | -      | 4                            | 4                       | 4               | -             |
| Subtotal                   | 64   | -      | 93                 | -      | (29)   | -      | 64                              | -      | 93                             | -      | (29)                         | -      | 5                            | 5                       | 5               | -             |
| Totals                     | 428  | -      | 425                | -      | 3      | -      | 428                             | -      | 425                            | -      | 3                            | -      | 5                            | 5                       | 5               | -             |
| Percentage Error           | 0.71%                                      |        |                    |        |        |        |                                 |        |                                |        |                              |        |                              |                         |                 |               |

SCHEDULE OF AUDITED ENROLLMENTS (2)

MOUNT EPHRAIM BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID, SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2014

|                            | Resident Low Income                    |  |        | Sample for Verification         |                                   |               | Resident LEP Low Income                |  |        | Sample for Verification         |                                     |               |
|----------------------------|--|--|--------|---------------------------------|-----------------------------------|---------------|--|--|--------|---------------------------------|-------------------------------------|---------------|
|                            | Reported on A.S.S.A. as LEP low Income | Reported on Workpapers as LEP low Income | Errors | Sample Selected from Workpapers | Verified to Test Score & Register | Sample Errors | Reported on A.S.S.A. as LEP low Income | Reported on Workpapers as LEP low Income | Errors | Sample Selected from Workpapers | Verified to Test Score and Register | Sample Errors |
| Full Day Kindergarten      | 11                                     | 12                                       | (1)    | 11                              | 12                                | (1)           | -                                      | -  | -      | -                               | -                                   | -             |
| One                        | 14                                     | 14                                       | -      | 14                              | 14                                | -             | 1                                      | 1  | -      | 1                               | -                                   | -             |
| Two                        | 10                                     | 12                                       | (2)    | 10                              | 12                                | (2)           | -                                      | -  | -      | -                               | -                                   | -             |
| Three                      | 10                                     | 8  | 2      | 10                              | 8                                 | 2             | -                                      | -  | -      | -                               | -                                   | -             |
| Four                       | 10                                     | 10                                       | -      | 10                              | 10                                | -             | -                                      | -  | -      | -                               | -                                   | -             |
| Five                       | 14                                     | 13                                       | 1      | 14                              | 13                                | 1             | -                                      | -  | -      | -                               | -                                   | -             |
| Six                        | 10                                     | 12                                       | (2)    | 10                              | 12                                | (2)           | -                                      | -  | -      | -                               | -                                   | -             |
| Seven                      | 7                                      | 8  | (1)    | 7                               | 8                                 | (1)           | -                                      | -  | -      | -                               | -                                   | -             |
| Eight                      | 6                                      | 7  | (1)    | 6                               | 7                                 | (1)           | -                                      | -  | -      | -                               | -                                   | -             |
| Subtotal                   | 92                                     | 96                                       | (4)    | 92                              | 96                                | (4)           | 1                                      | 1  | -      | 1                               | 1                                   | -             |
| Special Ed - Elementary    | 17                                     | 16                                       | 1      | 17                              | 16                                | 1             | -                                      | -  | -      | -                               | -                                   | -             |
| Special Ed - Middle School | 13                                     | 20                                       | (7)    | 13                              | 20                                | (7)           | -                                      | -  | -      | -                               | -                                   | -             |
| Subtotal                   | 30                                     | 36                                       | (6)    | 30                              | 36                                | (6)           | -                                      | -  | -      | -                               | -                                   | -             |
| Totals                     | 122                                    | 132                                      | (10)   | 122                             | 132                               | (10)          | 1                                      | 1  | -      | 1                               | 1                                   | -             |
| Percentage Error           | <u>-7.58%</u>                          |  |        | <u>-7.58%</u>                   |                                   |               |  |  |        |                                 |                                     |               |

| Transportation                  |                               |        |        |          |        |
|---------------------------------|-------------------------------|--------|--------|----------|--------|
| Reported on DR/RS by DOE/County | Reported on DR/RS by District | Errors | Tested | Verified | Errors |
| 13                              | 13                            | -      | 13     | 13       | -      |
| 2                               | 2                             | -      | 2      | 2        | -      |
| 11                              | 11                            | -      | 11     | 11       | -      |
| Totals                          | 26                            | -      | 26     | 26       | -      |
| Percentage Error                | <u>-</u>                      |        |        |          |        |

**SCHEDULE OF AUDITED ENROLLMENTS (3)**

**MOUNT EPHRAIM BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2014**

|                         | <u>Resident LEP NOT Low Income</u>              |   |        | <u>Sample for Verification</u>        |  |                  |
|-------------------------|---|---|--------|---------------------------------------|--|------------------|
|                         | Reported on<br>A.S.S.A. as<br>NOT Low<br>Income | Reported on<br>Workpapers as<br>NOT Low<br>Income | Errors | Sample<br>Selected from<br>Workpapers | Verified to<br>Application<br>& Register | Sample<br>Errors |
| Full Day Kindergarten   | -   | -   | -      | -                                     | -  | -                |
| One                     | -   | -   | -      | -                                     | -  | -                |
| Two                     | -   | -   | -      | -                                     | -  | -                |
| Three                   | -   | -   | -      | -                                     | -  | -                |
| Four                    | -   | -   | -      | -                                     | -  | -                |
| Five                    | -   | -   | -      | -                                     | -  | -                |
| Six                     | -   | -   | -      | -                                     | -  | -                |
| Seven                   | -   | -   | -      | -                                     | -  | -                |
| Eight                   | -   | -   | -      | -                                     | -  | -                |
| Subtotal                | -   | -   | -      | -                                     | -  | -                |
| Special Ed - Elementary | 1   | 1   | -      | 1                                     | 1  | -                |
| Special Ed - Middle     | -   | -   | -      | -                                     | -  | -                |
| Subtotal                | 1   | 1   | -      | 1                                     | 1  | -                |
| Totals                  | 1   | 1   | -      | 1                                     | 1  | -                |
| Percentage Error        |   |   | =====  |                                       |  | =====            |

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**MOUNT EPHRAIM BOARD OF EDUCATION  
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
FOR FISCAL YEAR ENDED JUNE 30, 2015**

| FEDERAL GRANTOR<br>PASS-THROUGH GRANTOR<br>PROGRAM TITLE                                 | FEDERAL<br>CFDA<br>NUMBER | GRANT OR<br>STATE<br>PROJECT<br>NUMBER | AWARD<br>AMOUNT | GRANT<br>PERIOD | BALANCE<br>AT<br>JUNE 30,<br>2014 | CASH<br>RECEIVED | BUDGETARY<br>EXPENDITURES | BALANCE AT JUNE 30, 2015<br>(ACCOUNTS<br>RECEIVABLE) | DUE TO<br>GRANTOR |
|--|---------------------------|--|-----------------|-----------------|-----------------------------------|------------------|---------------------------|--|-------------------|
| <b>U.S. DEPARTMENT OF AGRICULTURE PASSED-<br/>THROUGH STATE DEPARTMENT OF EDUCATION:</b> |                           |  |                 |                 |                                   |                  |                           |  |                   |
| Food Distribution Program  | 10.565                    | N/A                                    | \$ 11,254       | 7/1/14-6/30/15  | \$ -                              | 11,254           | (11,254)                  | \$ -   | -                 |
| National School Lunch Program  | 10.555                    | N/A                                    | 57,473          | 7/1/14-6/30/15  | -                                 | 53,087           | (57,473)                  | (4,386)  | -                 |
| National School Lunch Program  | 10.555                    | N/A                                    | 62,170          | 7/1/13-6/30/14  | (4,953)                           | 4,953            | -                         | -  | -                 |
| National Breakfast Program   | 10.553                    | N/A                                    | 13,614          | 7/1/14-6/30/15  | -                                 | 12,533           | (13,614)                  | (1,081)  | -                 |
| National Breakfast Program   | 10.553                    | N/A                                    | 11,901          | 7/1/13-6/30/14  | (1,050)                           | 1,050            | -                         | -  | -                 |
| After School Snack Program   | 10.555                    | N/A                                    | 1,090           | 7/1/14-6/30/15  | -                                 | 1,002            | (1,090)                   | (88)   | -                 |
| After School Snack Program   | 10.555                    | N/A                                    | 1,344           | 7/1/13-6/30/14  | (84)                              | 84               | -                         | -  | -                 |
| Healthy Hungry Kids Act  | 10.551                    | N/A                                    | 2,076           | 7/1/14-6/30/15  | -                                 | 1,915            | (2,076)                   | (161)  | -                 |
| Total U.S. Department of Agriculture   |                           |  |                 |                 | (6,087)                           | 85,878           | (85,507)                  | (5,716)  | -                 |

**U.S. DEPARTMENT OF EDUCATION PASSED-  
THROUGH STATE DEPARTMENT OF EDUCATION:**

|                                       |         |            |         |                  |             |            |              |             |      |
|---------------------------------------|---------|------------|---------|------------------|-------------|------------|--------------|-------------|------|
| <b>Special Revenue Fund:</b>          |         |            |         |                  |             |            |              |             |      |
| Title I - Current Year                | 84.010  | NCLB471015 | 87,202  | 7/1/14-6/30/15   | -           | 50,316     | (86,715)     | (36,399)    | -    |
| Title I - Prior Year                  | 84.010  | NCLB471014 | 76,989  | 7/1/13-6/30/14   | (68,576)    | 68,576     | -            | -           | -    |
| Title II - A - Current Year           | 84.367A | NCLB471015 | 22,968  | 7/1/14-6/30/15   | -           | 12,640     | (22,968)     | (10,328)    | -    |
| Title II - A - Prior Year             | 84.367A | NCLB471014 | 22,458  | 7/1/13-6/30/14   | (22,458)    | 22,458     | -            | -           | -    |
| I.D.E.A. Part B, Basic Current Year   | 84.027  | FT-3430-15 | 143,185 | 7/1/14-6/30/15   | -           | 143,185    | (143,185)    | -           | -    |
| I.D.E.A. B - Preschool - Current Year | 84.173  | PS-3430-15 | 3,657   | 7/1/14-6/30/15   | -           | 3,108      | (3,418)      | (310)       | -    |
| Total Special Revenue Fund            |         |            |         |                  | (91,034)    | 300,283    | (256,286)    | (47,037)    | -    |
| <b>General Fund:</b>                  |         |            |         |                  |             |            |              |             |      |
| ARRA- Medical Assistance Program      | 93.778  | N/A        | 5,497   | 10/1/08-12/31/10 | -           | 5,497      | (5,497)      | -           | -    |
| Medical Assistance Program            | 93.778  | N/A        | 18,905  | 7/1/14-6/30/15   | -           | 18,905     | (18,905)     | -           | -    |
| Total General Fund                    |         |            |         |                  | -           | 24,402     | (24,402)     | -           | -    |
| Total U.S. Department of Education    |         |            |         |                  | (91,034)    | 324,685    | (280,688)    | (47,037)    | -    |
| Total Federal Financial Assistance    |         |            |         |                  | \$ (97,121) | \$ 410,563 | \$ (366,195) | \$ (52,753) | \$ - |

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**EXCESS SURPLUS CALCULATION**

**REGULAR DISTRICTS**

**SECTION 1**

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

|   |                                 |
|---|---------------------------------|
| 2014-2015 Total General Fund Expenditures per the CAFR, Ex. C-1     | \$ <u>10,322,555</u> (B)        |
| Increased by:   |                                 |
| Transfer from Capital Outlay to Capital Projects Fund               | \$ <u>-</u> (B1a)               |
| Transfer from Capital Reserve to Capital Projects Fund              | \$ <u>251,304</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>603,487</u> (B2a)         |
| Assets Acquired Under Capital Leases:                               | \$ <u>-</u> (B2b)               |
| Adjusted 2014-2015 General Fund Expenditures [(B)+(B1s)-(B2s)]      | \$ <u><u>9,970,372</u></u> (B3) |
| 2% of adjusted 2014-2015 General Fund Expenditures [(B3) times .02] | \$ <u>199,407</u> (B4)          |
| Enter Greater of (B4) or \$250,000                                  | \$ <u>250,000</u> (B5)          |
| Increased by: Allowable Adjustment *                                | \$ <u>34,373</u> (K)            |
| Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]  | \$ <u><u>284,373</u></u> (M)    |

**SECTION 2**

|  |                               |
|--|-------------------------------|
| Total General Fund - Fund Balances @ 06-30-2015 (Per CAFR Budgetary Comparison Schedule C-1) | \$ <u>1,240,687</u> (C)       |
| Decreased by:  |                               |
| Year-End Encumbrances  | \$ <u>6,607</u> (C1)          |
| Legally Restricted - Designated for Subsequent Year's Expenditures                           | \$ <u>-</u> (C2)              |
| Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**        | \$ <u>317,939</u> (C3)        |
| Other Restricted Fund Balances ****  | \$ <u>30,000</u> (C4)         |
| Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures           | \$ <u>512,060</u> (C5)        |
| Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]                                 | \$ <u><u>374,081</u></u> (U1) |

**REGULAR DISTRICTS (continued):**

**SECTION 3**

Restricted Fund Balance - Excess Surplus \*\*\* [(U2)-(M)] IF NEGATIVE ENTER -0- \$ 89,708 (E)

**Recapitulation of excess surplus as of June 30, 2015**

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures \*\* \$ 317,939 (C3)

Restricted Excess Surplus \*\*\* (E) \$ 89,708 (E)

Total Excess Surplus [(C3)+(E)] \$ 407,647 (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, 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 Transportation Aid;

(J3) Recognized current year School Bus Advertising Revenue; and

(J4) Family Crisis Transportation Aid.

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   | \$ <u>-</u> (H)             |
| Sale & Lease-back                                      | \$ <u>-</u> (I)             |
| Extraordinary Aid                                      | \$ <u>34,373</u> (J1)       |
| Additional Nonpublic School Transportation Aid         | \$ <u>-</u> (J2)            |
| Current Year School Bus Advertising Revenue Recognized | \$ <u>-</u> (J3)            |
| Family Crisis Transportation Aid                       | \$ <u>-</u> (J4)            |
| Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)]             | \$ <u><u>34,373</u></u> (K) |

\*\* This amount represents the June 30, 2014 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 must agree to Audit Summary Worksheet 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 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 Finance and Regulatory Compliance prior to September 30.

**Detail of Other Restricted Fund Balance**

**Statutory Restrictions:**

|   |                              |
|---|------------------------------|
| Approved Unspent Separate Proposal                            | \$ <u>-</u>                  |
| Sale/Lease-Back Reserve                                       | \$ <u>-</u>                  |
| Capital Reserve   | \$ <u>-</u>                  |
| Maintenance Reserve   | \$ <u>30,000</u>             |
| Emergency Reserve   | \$ <u>-</u>                  |
| Tuition Reserve   | \$ <u>-</u>                  |
| School Bus Advertising 50% Fuel Offset Reserve - current year | \$ <u>-</u>                  |
| School Bus Advertising 50% Fuel Offset Reserve - prior year   | \$ <u>-</u>                  |
| Impact Aid General Fund Reserve (Sections 8002 and 8003)      | \$ <u>-</u>                  |
| Impact Aid Capital Fund Reserve (Sections 8007 and 8008)      | \$ <u>-</u>                  |
| Other State/Government Mandated Reserve                       | \$ <u>-</u>                  |
| Other Restricted Fund Balance Not Noted Above ****            | \$ <u>-</u>                  |
| Total Other Restricted Fund Balance                           | \$ <u><u>30,000</u></u> (C4) |