

**AUDITORS MANAGEMENT REPORT  
ON ADMINISTRATIVE FINDINGS -  
FINANCIAL, COMPLIANCE AND PERFORMANCE  
SCHOOL DISTRICT OF  
BOROUGH OF PALISADES PARK  
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 Palisades Park 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 Palisades Park School District in the County of Bergen for the year ended June 30, 2015, and have issued our report thereon dated October 15, 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 Palisades Park 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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October 15, 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 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 of the District's CAFR.

**Officials Bonds**

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Eulalia Gillis	Business Administrator	\$250,000
Diane Montemurro	Board Secretary	\$125,000

**Tuition Charges**

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were different than estimated costs. The Board made proper adjustments to the billings to sending districts for the changes in per pupil costs in accordance with N.J.A.C. 6A:23-3.1(f)3.

**Financial Planning, Accounting and Reporting**

**Examination of Claims**

An examination of claims submitted for payment for the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

**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)**

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 benefit premiums amounts withheld due to the General Fund.

**Finding 2015-01:** The required certification (E-Cert) of compliance with requirements for income tax on compensation of administrators to the NJ Department of Treasury was not filed by the March 15 due date.

**Recommendation:** The Board of Education take the necessary steps to ensure the required certification (E-Cert) is filed by the due date as required by N.J.S.A. 18A:14.4.

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.

**Finding 2015-02:** Timesheets of part-time evening custodians are not being approved by the Supervisor of Maintenance and Custodial Staff.

**Recommendation:** Timesheets of the part-time evening custodians be approved by the employee hired to oversee those positions.

The Board of Education made a merit bonus payment for which a quantitative merit criterion or a qualitative merit criterion had been satisfied and 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 proper classification of orders as 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 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

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

### Classification of Expenditures, (continued)

determine overall reliability and compliance with N.J.A.C. 6A:23A-8.2. As a result of the procedures performed, a transaction error rate of .05% was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

**Finding 2015-03:** During our test of transactions, it was noted that the District, in some instances, misclassified expenditures for general expense purchases that were erroneously coded as Fixed Assets – Capital Outlay.

**Recommendation:** The District should reference the *Uniform Minimum Chart of Accounts for New Jersey Public Schools, 2015 Edition* and other available reference materials, such as the Budget Guidelines, for the proper classifications required to be in compliance with N.J.A.C. 6A:23-2.3(f).

### Board Secretary's Records

The Board Secretary's records were found to be in good condition.

### Fixed Assets

The general fixed asset records were updated for the additions and disposals of general fixed assets made during the year.

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

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 Title I, Title II, and Title III of the Elementary and Secondary School Improvement Act as amended.

The study of compliance for E.S.E.A. indicated no areas of noncompliance and/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 of the aforementioned special projects.

The study of compliance for the special projects indicated 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.

**Finding 2015-04:** The reimbursement to the State for 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 subsequent to the end of the 60 day grant liquidation period required by the Office of Grants Management and also subsequent to the 90 days required by *N.J.S.A.* 18A:66-90. Accordingly, the expenditure was not in accordance with State law (90 days).

**Recommendation:** The District should adopt internal control procedures designed to ensure that reimbursement(s) of TPAF/FICA paid by the State on-behalf of TPAF employees charged to federal grants are properly reported in the current year's Final Report(s) for all federal awards and are encouraged to remit payment within the 60 day grant liquidation period and/or certainly within the statutory 90 day liquidation period.

## 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.”

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

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

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 \$17,500.

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, amended.

Resolutions were adopted authorizing the awarding of contract or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

### **School Food Service**

The financial transactions and statistical records of the School Food Services 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 compared to sales and meal count records. As part of the claims review process the edit check worksheet was completed. Reimbursement claims were submitted/certified in a timely manner.

Applications for free and reduced 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 District's food service program was the subject of a state-administrative review that was conducted on June 12, 15, 29 and July 1, 2015 for the 2014-2015 school year. The review findings listed in the report are consistent with those noted during the course of our audit and are incorporated here within the Auditor's Management Report.

**Finding 2015-05:** A review of free and reduced price meal applications found that there were numerous instances in which the applications were either incomplete or incorrectly approved. (See CAFR Schedule of Findings and Questioned Costs Finding 2015-01). The resulting over claim/under claim has been identified on the federal and/or state Schedules of Meal Count Activities.

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

**Recommendation:** District staff be retrained in the USDA Eligibility Manual for school meals as to verifying free/reduced eligibility and what characteristics are considered to result in an incomplete Eligibility Application.

**Finding 2015-06:** The District did not perform the required verification procedures over the required amount of households in accordance with Federal regulations. (See CAFR Schedule of Findings and Questioned Costs Finding 2015-02).

**Recommendation:** The District perform the required verification process in order to be compliant with the National School Lunch Program grant agreements.

**Finding 2015-07:** Free and reduced application determinations are not being conducted in a central location.

**Recommendation:** The District appoint and properly train personnel to process and review applications at a centralized location.

**Finding 2015-08:** The District did not maintain the eligibility rosters that indicated free and reduced priced meals served on any particular day; therefore, meal counts claimed for reimbursement could not accurately be verified. (See CAFR Schedule of Findings and Questioned Costs Finding 2015-03).

**Recommendation:** The District reevaluate its meal count procedures and implement policies that will allow for the accurate recording of all meals served and the proper classification of free and reduced priced meals served.

Expenditures were separately recorded for food purchases and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food supply items were currently maintained and properly applied in determining the cost of food and supplies used.

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service. Net cash resources did 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 Comprehensive Annual Financial Report.

## **After School Child Care**

The Board operates an After School Child Care program for Palisades Park residents. The operations of the program were reviewed and no exceptions were noted.

## **Student Body Activities**

**Finding 2015-09:** There were several instances in which cash receipts for the High School Activity Account were not promptly deposited as required by N.J.S.A. 18A:17-34, 18A:17-9.1

**Recommendation:** That cash receipts be promptly deposited.

**Finding 2015-10:** Accurate bank reconciliations are not being performed for the High School Activity Account on a monthly basis.

**Recommendation:** That bank reconciliations be performed accurately on a monthly basis.

## **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 with exception. The information that was included on the workpapers was verified with 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.

**\*Finding 2015-11:** A number of exceptions were noted regarding free and reduced price meal applications. Applications were not properly completed or eligibility determination was incorrect. The resulting errors have been identified by the auditor on the Schedule of Audited Enrollments.

**Recommendation:** Free and reduced price meal applications be thoroughly reviewed for completeness and eligibility determinations be made in accordance with USDA guidelines.

**Recommendation:** District officials develop better procedures concerning the compilation of student data and confirmation of enrollment, special education and free or reduced status prior to submitting the finalized Application for State School Aid.

## **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.

**Pupil Transportation, (continued)**

Our procedures 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.

**Status of Prior Year Audit Findings/Recommendations**

A review was performed on all prior year recommendations and corrective action had been taken on all prior year findings with the exception of those marked with an “\*”.

**Suggestions to Management:**

1. The stale dated outstanding checks being carried as reconciling items in the High School Student Activity Account be cancelled via resolution.

**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 PALISADE PARK 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	84,880	84,880	110,545	(25,665)	0.280	\$ 7,186	
National School Lunch (Regular Rate)	Reduced	18,703	18,703	11,696	7,007	2.580	(18,078)	
National School Lunch (Regular Rate)	Free	<u>75,096</u>	<u>75,096</u>	<u>56,596</u>	<u>18,500</u>	2.980	<u>(55,130)</u>	
	Total	<u>178,679</u>	<u>178,679</u>	<u>178,837</u>	<u>(158)</u>		<u>(66,022)</u>	
National School Lunch (Healthy Hunger-Free Kids Act)	HHFKA	<u>178,679</u>	<u>59,967</u>	<u>60,125</u>	<u>(158)</u>	0.06	<u>9</u>	
School Breakfast (Regular Needs Rate)	Paid	1,294	423	423		0.28		
	Reduced	233	85	85		1.32		
	Free	<u>528</u>	<u>167</u>	<u>167</u>		1.62		
	Total	<u>2,055</u>	<u>675</u>	<u>675</u>				
School Breakfast (Severe Needs Rate)	Paid	3,541	1,137	1,138	(1)	0.28	0	
	Reduced	2,446	831	837	(6)	1.63	10	
	Free	<u>16,481</u>	<u>5,372</u>	<u>5,338</u>	<u>34</u>	1.93	<u>(66)</u>	
	Total	<u>22,468</u>	<u>7,340</u>	<u>7,313</u>	<u>27</u>		<u>(56)</u>	
Total (Over)/Under Claim							\$	<u>(66,068)</u>

Source: Edit Check Worksheets and Meal Count Records

The above schedule of meal count activity reflects the application errors noted during the course of our audit as well as incorporates those application errors noted during a State administrative review conducted in July of 2015. The findings associated with the State review determined that there were numerous instances in which free and reduced priced applications utilized by district staff for the fiscal year 2015 were erroneously approved and/or incomplete thereby invalidating the benefits provided over the course of the school year. Those errors are reflected in the over claim and extrapolated over 180 serving days or from the day the application was approved if known. Audit staff reviewed meals claimed to meal count records for three months. Discrepancies noted during the review of meal count records for the sample selected are included in the above calculated (Over)/Underclaim) however, those discrepancies were deemed immaterial in nature.

**SCHEDULE OF MEAL COUNT ACTIVITY**

**BOROUGH OF PALISADE PARK 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	84,880	84,880	110,545	(25,665)	0.040	\$ 1,027
State Reimbursement - National School Lunch (Regular Rate)	Reduced	18,703	18,703	11,696	7,007	0.055	(385)
State Reimbursement - National School Lunch (Regular Rate)	Free	<u>75,096</u>	<u>75,096</u>	<u>56,596</u>	<u>18,500</u>	0.055	<u>(1,018)</u>
	Total	<u>178,679</u>	<u>178,679</u>	<u>178,837</u>	<u>(158)</u>		<u>(376)</u>
Total (Over)/Under Claim							\$ <u><u>(376)</u></u>

Source: Edit Check Worksheets and Meal Count Records

The above schedule of meal count activity reflects the application errors noted during the course of our audit as well as incorporates those application errors noted during a State administrative review conducted in July of 2015. The findings associated with the State review determined that there were numerous instances in which free and reduced priced applications utilized by district staff for the fiscal year 2015 were erroneously approved and/or incomplete thereby invalidating the benefits provided over the course of the school year. Those errors are reflected in the over claim and extropoliated over 180 serving days or from the day the application was approved if known. Audit staff reviewed meals claimed to meal count records for three months. Discrepancies noted during the review of meal count records for the sample selected are included in the above calculated (Over)/Underclaim) however, those discrepancies were deemed immaterial in nature.

# NET CASH RESOURCE SCHEDULE

## PALISADES PARK BOARD OF EDUCATION

### Net cash resources did/did not exceed three months of expenditures Proprietary Funds - Food Service FYE 2015

<u>Net Cash Resources:</u>		<b>Food Service B - 4/5</b>	
<b>CAFR</b>	*	<b>Current Assets</b>	
B-4		Cash & Cash Equiv.	\$ 30,065
B-4		Due from Other Gov'ts	64,776
B-4		Accounts Receivable	34,492
B-4		Investments	
<b>CAFR</b>		<b>Current Liabilities</b>	
B-4		Less Accounts Payable	(75,455)
B-4		Less Accruals	
B-4		Less Due to Other Funds	
B-4		Less Deferred Revenue	_____
		<b>Net Cash Resources</b>	<b><u>\$ 53,878</u></b> (A)

**Net Adj. Total Operating Expense:**

B-5		Tot. Operating Exp.	724,018	
B-5		Less Depreciation	(3,183)	
		Adj. Tot. Oper. Exp.	<b><u>\$ 720,835</u></b>	(B)

**Average Monthly Operating Expense:**

B / 10		<b><u>\$ 72,084</u></b>	(C)
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**Three times monthly Average:**

3 X C		<b><u>\$ 216,251</u></b>	(D)
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TOTAL IN BOX A	\$	53,878	
LESS TOTAL IN BOX D	\$	216,251	
NET	\$	<b><u>(162,373)</u></b>	
From above:			
<b>A is greater than D, cash exceeds 3 X average monthly operating expenses.</b>			
<b>D is greater than A, cash does not exceed 3 X average monthly operating expenses.</b>			

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

SOURCE - USDA resource management comprehensive review form

**BOROUGH OF PALISADES PARK SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY -  
ENROLLMENT AS OF OCTOBER 15, 2014**

Enrollment Category	2015-2016 Application for State School Aid						Sample for Verification						Private Schools for Disabled			
	Reported on on ASSA		Workpapers On Roll		Errors		Sample Workpapers		per Registers On Roll		Errors		Reported on ASSA as	Sample for	Verified	Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Schools	Verification	Verified	Errors
Full Day Kindergarten	157		157				157		157							
One	163		163				163		163							
Two	138		138				138		138							
Three	111		111				111		111							
Four	104		104				104		104							
Five	114		114				114		114							
Six	88		88				88		88							
Seven	96		96				96		96							
Eight	86		86				86		86							
Nineth	96		96				96		96							
Tenth	102		102				102		102							
Eleventh	100		100				100		100							
Twelfth	95		95				95		95							
Subtotal	1,450		1,450				1,450		1,450							
Special Ed. Elementary	83		83				46		46			2	2	2		
Special Ed. Middle	26		26				20		20			3	2	2		
Special Ed. High School	43		43				28		28			2	2	2		
Subtotal	152		152				94		94			7	6	6		
Totals	1,602		1,602				1,544		1,544			7	6	6		
Percentage Error																

**SCHEDULE OF AUDITED ENROLLMENTS**

**BOROUGH OF PALISADES PARK  
BOARD OF EDUCATION**

**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	Errors	Sample Selected from Workpapers	Verified to Test score and Register	Sample Errors
Full Day Kindergarten	30	30		18	18	
One	21	21		11	11	
Two	11	11		9	9	
Three	4	4		4	4	
Four	2	2		1	1	
Five	6	6		5	5	
Six	3	3		1	1	
Seven	2	2		2	2	
Eight	2	2		1	1	
Ninth	6	6		5	5	
Tenth	8	8		5	5	
Eleventh	7	7		6	6	
Twelfth	4	4		3	3	
Special Ed. Elementary	2	2		2	2	
Special Ed. Middle School						
Special Ed. High School						
	<u>108</u>	<u>108</u>		<u>73</u>	<u>73</u>	
	<u>108</u>	<u>108</u>		<u>73</u>	<u>73</u>	
<b>Percentage</b>						

**SCHEDULE OF AUDITED ENROLLMENTS**

**BOROUGH OF PALISADES PARK  
BOARD OF EDUCATION**

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

Year ended June 30, 2015

Enrollment category	Reported on A.S.S.A. as Low Income		Low Income		Sample for Verification			Resident LEP Low Income		Sample for Verification		
	Income	workpapers	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	Sample Selected from Workpapers	Verified to Test score and Register	Sample Errors
Half Day Kindergarten/Preschool	41	19	41		19	15	4	15	15	15	15	
One	61	10	61		10	7	3	18	18	11	11	
Two	61	28	61		28	23	5	24	24	13	13	
Three	52	32	52		32	30	2	8	8	5	5	
Four	54	27	54		27	24	3	6	6	4	4	
Five	58	22	58		22	17	5	5	5	4	4	
Six	52	20	52		20	12	8	7	7	4	4	
Seven	41	19	41		19	17	2	3	3	1	1	
Eight	27	4	27		4	4	4	3	3	3	3	
Ninth	37	5	37		5	4	1	6	6	3	3	
Tenth	44	6	44		6	5	1	8	8	6	6	
Eleventh	33	2	33		2	2	2	3	3	2	2	
Twelfth	30	3	30		3	1	2	3	3	2	2	
Special Ed. Elementary	39	7	39		7	7	7	3	3	3	3	
Special Ed. Middle School	13	4	13		4	4	4	1	1	1	1	
Special Ed. High School	24	1	24		1	1	1	1	1	1	1	
	667	209	667		209	173	36	110	110	75	75	
<b>Percentage</b>							17%					

Category	Transportation			Reported	Re-
	Reported on DRTRS by DOE/county	Reported on DRTRS by District	Errors		
Regular - Public Schools, col. 1	47	47	40	5.7	5.7
Special needs, col. 6	7	7	6	14.8	14.8
<b>Totals</b>	54	54	46		
<b>Percentage</b>					

**PALISADES PARK 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>24,582,361</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 & Social Security	\$ <u>2,327,158</u>	(B2a)
Assets Acquired Under Capital Leases	\$ _____	(B2b)
Adjusted 2014-15 General Fund Expenditures [(B)+(B1's)-(B2's)]	\$ <u>22,255,203</u>	(B3)
2% of Adjusted 2014-15 General Fund Expenditures [(B3) times .02]	\$ <u>445,104</u>	(B4)
Enter Greater of (B4) or \$250,000	\$ <u>445,104</u>	(B5)
Increased by: Allowable Adjustment *	\$ <u>78,464</u>	(K)
Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]		\$ <u>523,568</u> (M)

**SECTION 2**

Total General Fund - Fund Balances @ 6/30/15 (Per CAFR Budgetary Comparison Schedule C-1))	\$ <u>1,953,309</u>	(C)
Decreased by:		
Year-end Encumbrances	\$ <u>121,010</u>	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ <u>-</u>	(C2)
Legally Restricted - Excess Surplus Designated for Subsequent Year's Expenditures **	\$ <u>326,588</u>	(C3)
Other Restricted Fund Balances****	\$ <u>591,569</u>	(C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	\$ _____	(C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]		\$ <u>914,142</u> (U1)

**SECTION 3**

Restricted Fund Balance - Excess Surplus\*\*\* [(U1)-(M)] IF NEGATIVE ENTER -0- \$ 390,574 (E)

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

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ <u>326,588</u>	(C3)
Reserved Excess Surplus ***[(E)]	\$ <u>390,574</u>	(E)
Total Excess Surplus [(C3) + (E)]	\$ <u><u>717,162</u></u>	(D)

Footnotes:

\* This adjustment line (as detailed below) is to be utilized when applicable for: Impact Aid, Sale and Lease-back (Refer to the Audit Program Section II, chapter 10), Extraordinary Aid, Additional Nonpublic School Transportation Aid, and recognized current year School Bus Advertising Revenue. Refer to the Audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid and Additional Nonpublic School Transportation Aid.)

**Detail of Allowable Adjustments**

Impact Aid	\$ _____	(H)
Sale & Lease-back	\$ _____	(I)
Extraordinary Aid	\$ <u>78,464</u>	(J1)
Additional Nonpublic School Transportation Aid	\$ _____	(J2)
Current Year School Bus Advertising Revenue Recognized	\$ _____	(J3)
Total Adjustments [(H)+{I)+(J1)+(J2)+(J3)]	\$ <u>78,464</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 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 and Regulatory Compliance prior to September 30.

**Detail of Other Restricted Fund Balance**

Statutory restrictions:

Approved unspent separate proposal	\$ _____	
Capital outlay for a district with a capital outlay cap waiver	\$ _____	
Sale/Lease-back reserve	\$ _____	
Capital reserve	\$ <u>591,569</u>	
Maintenance reserve	\$ _____	
Emergency reserve	\$ _____	
Waiver offset reserve	\$ _____	
Tuition reserve	\$ _____	
Other state/government mandated reserve	\$ _____	
[Other Restricted Fund Balance not noted above]****	\$ _____	
Total Other Restricted Fund Balance	\$ <u>591,569</u>	(C4)