

***SOUTH ORANGE AND
MAPLEWOOD SCHOOL DISTRICT
COUNTY OF ESSEX, NEW JERSEY***

***AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS –
FINANCIAL, COMPLIANCE AND
PERFORMANCE
FOR THE FISCAL YEAR ENDED
JUNE 30, 2015***

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*CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS
PUBLIC SCHOOL ACCOUNTANTS
HIGHLAND PARK, N.J.*

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ESSEX COUNTY, NEW JERSEY**

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FINANCIAL, COMPLIANCE AND PERFORMANCE**

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INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Education
School District of South Orange and Maplewood
Maplewood, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey, the basic financial statements of the Board of Education of the School District of South Orange and Maplewood, in the County of Essex for the year ended June 30, 2015, and have issued our report thereon dated November 24, 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 Board of Education of the School District of South Orange and Maplewood's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Hodulik & Morrison, P.A.

HODULIK & MORRISON, P.A.
Certified Public Accountants
Public School Accountants

Robert S. Morrison

Robert S. Morrison
Certified Public Accountant
Public School Accountant #871

November 24, 2015
Highland Park, New Jersey

ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING

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, and the records of the various funds and accounts under the auspices of the Board of Education.

The audit did not and could not determine the character of services rendered for which payment had been made nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed. These details were necessarily covered by the approval of such claims. Revenues and receipts were established and verified as to sources and amount only insofar as the records permitted.

ADMINISTRATIVE PRACTICES AND PROCEDURES

Insurance

The District is a member of the New Jersey School Boards Association Insurance Group, a joint insurance fund formed under the provisions of N.J.S.A. 18A:18:b-1 et seq. One of the objectives of a joint insurance fund is to provide a cost effective risk management program. This is accomplished through member risk retention, pooled risk retention through the fund, and the procurement of excess insurance coverage at premiums that reflect the combined purchasing power of all the fund members. The fund's risk management plan, which sets forth limits of coverage, individual member risk retention (per occurrence and aggregate), fund risk retention, is set forth on Exhibit J-20 of the District's CAFR. No attempt was made to determine the adequacy of coverage as part of this report. Adequacy of coverage is the responsibility of the Board of Education.

Official Bonds

The following positions were covered by Surety Bonds:

Ms. Dana Sullivan, Treasurer of School Moneys	\$500,000.00
Ms. Cheryl Schneider, School Business Administrator/ Board Secretary	150,000.00

The Treasurer's bond exceeded the statutory minimum for the 2014-15 school year and is above the minimum required for the 2015-16 school year.

FINANCIAL PLANNING, ACCOUNTING AND REPORTING

Examination of Claims

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

Audit testing identified numerous instances wherein purchase orders were recorded in the accounting system subsequent to the date of vendor invoices. These purchase orders consisted exclusively of billings from professionals and businesses that had been awarded contracts on an hourly or unit price basis, but no estimate of the contract utilization had been recorded as an encumbrance. Discussion with the business office personnel further indicated that these

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (Cont'd.)

contracts and their use are closely monitored, and the business office was satisfied as to the adequacy of internal control over these items. As amounts billed by these vendors were in accordance with approved rates and prices, all purchases of goods or services under these contracts were properly authorized, and no overcommitments of budgetary line-items resulted from the existing conditions, no recommendation is made.

Payroll Account

The Board maintained the Net Payroll and Agency Account method for the depositing and payment of its payrolls. The net payrolls from all sources are deposited in the payroll account and all payroll deductions, together with the Board's share, are deposited to the agency account.

All payrolls were approved by the Superintendent and were certified by the President of the Board and the Board Secretary/School Business Administrator. Tests were made of these records with no exceptions noted.

Salary withholdings were promptly remitted to the proper agencies. Tests of withholdings for the employee share of health benefit costs indicated that amounts withheld were properly calculated in accordance with the governing statute and the provisions of collective bargaining agreements.

Additional tests of pension reports and health benefits rosters indicated that the District enrolled employees timely and removed employees timely upon separation from service.

TPAF Reimbursement to the State for Federal Salary Expenditures

The reimbursement to the State for the amount of the expenditure charged to the current year's Final Report for all federal awards for the District to reimburse the State for the TPAF Pension and Social Security 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.

Reserve for Encumbrances, Liability (Current) for Accounts Payable Classification of Expenditures

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.

Audit tests indicated that management properly identified and recorded accounts payable for goods and services provided or delivered at June 30, 2014 for which payment had not yet been made, and no unrecorded accounts payable were identified by audit testing.

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 individually significant expenditure items and 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 reliability and compliance with *N.J.A.C.* 6A:23A-8.3. As a result of the procedures performed, no errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (Cont'd.)

Board Secretary's Records

The minutes maintained by the Board Secretary were in good condition.

The financial and accounting records maintained by the Board Secretary were found to be in good condition.

During the school year, monthly reports of the Board secretary were prepared and submitted to the Board on a timely basis.

Treasurer's Records

We noted that the Treasurer of School Moneys performed monthly cash reconciliations during the year that resulted in the issuance of reports that were in agreement with the monthly reports of the Board Secretary.

General Fixed Assets

During the period under review the general fixed asset accounting and reporting system was maintained satisfactorily to provide for all the required financial information for the preparation of the statement of changes in general fixed assets.

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. financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the projects under Titles I, II and III of the Elementary and Secondary Education Act as amended. Additional federal funding was received for I.D.E.A. Part B Basic and Preschool programs and Vocational Education programs.

Other Special Federal and/or State Projects

The District's State Special Projects were approved as listed Exhibit 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 which the project was approved.

During the period under review, we noted improvement in the data aggregation process which culminates in the filing of the Extraordinary Aid application. Although the aggregation of tuition, instructional and related services costs is still being done without benefit of a systematized process, tests of the 2012 application data indicated an improved tracking of eligible costs, and no duplications were noted.

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.

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (Cont'd.)

Travel

Tests were performed to determine the existence of required policy documents and the District's compliance with same with respect to the timely approval and appropriate reimbursement rates for approved travel. No exceptions were noted.

T.P.A.F. Social Security/Medicare State Reimbursements

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.

State Audits of Federal Award Programs

During the Spring of 2012, the New Jersey Department of Education performed programmatic and financial audits of the District's federal awards and programs. A preliminary report, which contained several findings and recommendations, was issued during the 2012-13 school year. In response to that report, the District acknowledged concurrence with certain non-financial findings and formally appealed several other findings and submitted additional documentation in support of its position. As of the date of this report, no final report has been received by the District and the matters under appeal remain pending. In the event that the appealed findings are upheld, the District may be required to return grant funds to the state. The range of potential refunds is not such that it would have a material impact on the District's financial position.

SCHOOL PURCHASING PROGRAMS

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A: 18A-3 states"

"a. Any purchase, contract or agreement for the performance of any work or the furnishing or hiring of materials or supplies, the cost or price of which, together with any other sums expended or foreseeably to be expended for the performance of any work or services in connection with the same project or the furnishing of similar materials or supplies during the same fiscal year paid with or out of school funds, does not exceed the total sum of \$17,500.00 or the amount determined pursuant to subsection b. of this section, in the fiscal year or, in the case of purchases that are not annually recurring, in a period of one year may be made negotiated and awarded by a contracting agent when so authorized by resolution of the board of education without public advertising for bids and bidding therefore.

"b. Commencing in the fifth year after the year in which P.L. 1999,c.440 takes effect, and every two 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, to 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.A. 18A:18A-2, 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."

SCHOOL PURCHASING PROGRAMS (Cont'd.)

Contracts and Agreements Requiring Advertisement for Bids (Cont'd.)

N.J.S.A. 18A:18A-4 states, "Every contract or agreement 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."

Effective July 1, 2010 and thereafter the bid thresholds in accordance with N.J.S.A. 18A:18A-2 (as amended) and 18A:18A-3(a) are \$36,000 and \$26,000 respectively. The law regulating bidding for public school transportation contracts under N.J.S.A. 18:39-3 is currently \$18,300.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the fiscal 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.

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. Encumbrances and disbursements were reviewed, however, to determine whether any clear-cut violations existed.

Our tests did not reveal any instances of individual payments, contracts or agreements for the performance of work or the provision of goods or services in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A. 18A:18A-4, amended.

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

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained.

The results of the audit indicated that the existing procurement policies and procedures were generally adequate to identify contemplated purchases that required additional procedures (quotes, bids, etc.) to comply with the provisions of the School Contracts Law, and no instances of non-compliance were identified by the audit.

School Food Service Fund

The financial transactions and statistical records of the school food services were reviewed. The financial accounts, meal count records and eligibility applications were reviewed on a test check basis. The School District is a participant in the School Breakfast and School Lunch programs.

The number of meals claimed for reimbursement was verified against sales and meal count records. Reimbursement vouchers were timely filed, and meals claimed were in agreement 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 was compared to the number of valid applications on file, times the number of operating days, on a school by school basis. The free and reduced price meal was reviewed for uniform administration throughout the school system.

SCHOOL PURCHASING PROGRAMS (Cont'd.)

School Food Service Fund (Cont'd.)

Required verification procedures for free and reduced price applications were reviewed for completeness and availability. No exceptions were noted.

Expenses consist of the salary and benefits for the District's in-house Food Service manager, and billings from a Food Service Management Company (FSMC) engaged by the Board to operate the District's cafeterias. All billings were fully itemized, and audit tests revealed no exceptions to the terms of the contract. The in-house manager for the program oversees the FSMC operations on a daily basis and verifies meal counts, sales, inventories and FSMC employee timesheets on a daily basis.

Amounts collected for food sales are deposited to a Board account. The appropriate revenue and expense 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.

Appropriate records were maintained to substantiate the non-profit status of the Food Service Fund. Net cash resources at June 30, 2015 did not exceed three months average expenses. The District has historically utilized Food Service Fund operating maintain and/or replace to cafeteria equipment and facilities that are nearing the ends of their useful lives. The District has indicated that additional equipment replacements and cafeteria improvements are planned.

U.S.D.A. commodities were received and separate inventory records were maintained by the contractor on a first-in, first-out basis.

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

Student Activity Funds

Our audit of the student activity funds indicated that deposits were made on a timely basis and that supporting documentation was available for items selected for testing. Cash was reconciled on a monthly basis.

Application for State School Aid

Our audit procedures included tests of information reported in the October 15, 2013 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, low income, and bilingual. We also performed a review of the District procedures related to its completion. The information on the A.S.S.A. was compared to the district workpapers without exception. The information that was included on the workpapers was verified without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

The district maintained workpapers on the prescribed state forms or their equivalent.

The district has adequate written procedures for the recording of student enrollment data.

Pupil Transportation

Our procedures included a test of on-roll status reported in the 2013-14 District Report of Resident Transported Students (DRTRS). The information included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the district complied with proper bidding procedures and award of contracts. No exceptions were noted in our review of transportation related purchases of goods and services.

Follow-Up on Prior Years' Findings

In accordance with *Government Auditing Standards*, our procedures included a review of any prior year recommendations. No findings or recommendations were included in the prior report.

SUMMARY OF RECOMMENDATIONS

None

ACKNOWLEDGMENT

During the course of our audit, we received the complete cooperation of all the officials of the school district, and we greatly appreciate the courtesies extended to us.

Respectfully submitted,



HODULIK & MORRISON, P.A.
Certified Public Accountants
Public School Accountants



Robert S. Morrison
Certified Public Accountant
Public School Accountant #871

NET CASH RESOURCE SCHEDULE

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

<u>Net Cash Resources:</u>		Food Service B - 4/5	
CAFR	*	Current Assets	
B-4		Cash & Cash Equiv.	\$ 633,607
B-4		Due from Other Gov'ts	57,638
B-4		Accounts Receivable	4,546
B-4		Investments	
CAFR		Current Liabilities	
B-4		Less Accounts Payable	(7,245)
B-4		Less Accruals	
B-4		Less Due to Other Funds	
B-4		Less Deferred Revenue	<u>(99,236)</u>
		Net Cash Resources	<u>\$ 589,309.11</u> (A)

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.	2,094,289	
B-5	Less Depreciation	<u>(25,723)</u>	
	Adj. Tot. Oper. Exp.	<u>\$ 2,068,565.79</u>	(B)

Average Monthly Operating Expense:

B / 10	<u>\$ 206,856.58</u>	(C)
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Three times monthly Average:

3 X C	<u>\$ 620,569.74</u>	(D)
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TOTAL IN BOX A	\$	589,309.11	
LESS TOTAL IN BOX D	\$	<u>620,569.74</u>	
NET	\$	<u>(31,260.63)</u>	
From above:			
A is greater than D, cash exceeds 3 X average monthly operating expenses.			
D is greater than A, cash does not exceed 3 X average monthly operating expenses.			

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

SOURCE - USDA resource management comprehensive review form

SCHEDULE OF AUDITED ENROLLMENTS

**SOUTH ORANGE & MAPPLEWOOD BOE
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		Reported on Workpapers On Roll		Errors		Sample Selected From Workpapers		Verified per Registers On Roll		Errors		Reported on A.S.S.A. Private Schools	Sample for Veri- fication	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Half Day Preschool 4 Years Old	6.0		6.0													
Full Day Kindergarten	532.0		532.0					15.0		15.0						
One	551.0		551.0					31.0		31.0						
Two	539.0		539.0					32.0		32.0						
Three	485.0		485.0					20.0		20.0						
Four	473.0		473.0					25.0		25.0						
Five	439.0		439.0					17.0		17.0						
Six	479.0		479.0					26.0		26.0						
Seven	443.0		443.0					21.0		21.0						
Eight	442.0		442.0					13.0		13.0						
Nine	486.0		486.0					20.0		20.0						
Ten	394.0		394.0					19.0		19.0						
Eleven	408.0	2.0	408.0	2.0				14.0		14.0						
Twelve	408.0	4.0	408.0	4.0				21.0		21.0						
Subtotals	6,085.0	6.0	6,085.0	6.0				274.0		274.0						
Special Ed - Elementary	342.0		342.0					17.0		17.0			37.0	26.0	26.0	
Special Ed - Middle School	207.0	1.0	207.0	1.0				9.0		16.0			23.5	14.0	14.0	
Special Ed- High School	215.0	19.0	215.0	19.0				12.0		5.0			53.5	38.0	38.0	
Subtotals	764.0	20.0	764.0	20.0				38.0		38.0			114.0	78.0	78.0	
Totals	6,849.0	26.0	6,849.0	26.0				312.0		312.0			114.0	78.0	78.0	
Percentage Error																

SCHEDULE OF AUDITED ENROLLMENTS

**SOUTH ORANGE & MAPLEWOOD BOE
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 Low Income	Reported on Workpapers As Low Income	Errors	Sample Selected From Workpapers	Verified to Application And Register	Sample Errors	Reported on A.S.S.A. as Bilingual Education	Reported on Workpapers as Bilingual Education	Sample Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Half Day Preschool 4 Years Old												
Kindergarten	64	64		13	13		5	5				
One	71	71		13	13		6	6		2	2	
Two	64	64		13	13		6	6				
Three	63	63		12	12		6	6				
Four	67	67		21	21		5	5		2	2	
Five	58	58		20	20		4	4		3	3	
Six	67	67		16	16		3	3		1	1	
Seven	69	69		24	24		5	5		1	1	
Eight	66	66		24	24		7	7		4	4	
Nine	83	83		26	26		4	4				
Ten	77	77		25	25		8	8		5	5	
Eleven	71	71		31	31		4	4		3	3	
Twelve	64.0	64.0		26	26		2	2		2	2	
Subtotals	884.0	884		264	264		65	65		23	23	
Special Ed - Elementary	77	77										
Special Ed - Middle School	84	84										
Special Ed- High School	96.0	96.0										
Subtotals	257.00	257.00										
Sent to RDS												
Sent to CSSD												
Totals	1,141.0	1,141.0		264	264		65.0	65.0		23	23	
Percentage Error												

	Transportation						Reported	Recalculated
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors		
Reg. - Public Schools (col. 1)	385	385		91	91			
Reg - Special Ed. (col.4)	24	24		6	6		Reg. Avg. Mileage - Regular Inc. Grade PK students (Part A)	6.51
Transported - Non-Public (col. 3)	428	428		101	101		Reg. Avg. Mileage - Regular Exc. Grade PK students (Part B)	6.51
Special Needs (col. 6)	242	242		57	57		Spec Avg. Mileage - Special Ed. With Special Needs	9.1
Totals	1,079	1,079		255	255			
Percentage Error								

SCHEDULE OF AUDITED ENROLLMENTS

**SOUTH ORANGE & MAPLEWOOD BOE
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2014**

	Resident LEP NOT Low Income			Sample for Verification		
	Reported on A.S.S.A. Bilingual Education	Reported on Workpapers as Bilingual Education	Errors	Sample Selected From Workpapers	Verified to Test Score and Register	Sample Errors
Kindergarten	1	1				
One	3	3		2	2	
Two	1	1		3	3	
Three				5	5	
Four	2	2		2	2	
Five	1	1		1	1	
Six	1	1				
Seven				2	2	
Eight	2	2		3	3	
Nine				1	1	
Ten				1	1	
Eleven	1	1		1	1	
Twelve						
Subtotals	12	12		21	21	
Special Ed - Elementary						
Special Ed - Middle School	1	1				
Special Ed- High School						
Subtotals	1	1				
Sent to RDS						
Sent to CSSD						
Totals	13.0	13.0		21	21	
Percentage Error						

EXCESS SURPLUS CALCULATION

SECTION 1 - REGULAR DISTRICT

A. 2% Calculation of Excess Surplus

2014-2015 Total General Fund Expenditures per the CAFR "C-1"	\$ <u>122,007,949.71</u> (B)
Increased by Applicable Operating Transfers:	
Transfer from Capital Outlay to Capital Projects Fund	\$ _____ (B1a)
Transfer from Capital Reserve to Capital Projects Fund	\$ _____ (B1b)
Transfer from General Fund to SFR for Pre-K Regular	\$ _____ (B1c)
Transfer from General Fund to SFR for Pre-K Inclusion	\$ _____ (B1d)
Decreased by:	
On-Behalf TPAF Pension & Social Security	\$ <u>10,610,671.73</u> (B2a)
Assets Acquired Under Capital Leases	\$ <u>0.00</u> (B2b)
Adjusted 2014-15 General Fund Expenditures [(B)+(B1s)-B2s]	<u>111,397,277.98</u> (B3)
2% of Adjusted 2013-2014 General Fund Expenditures [(B3) times .02]	\$ <u>2,227,945.56</u> (B4)
Enter Greater of (B4) or \$250,000	\$ <u>2,227,945.56</u> (B5)
Increased by: Allowable Adjustment*	\$ <u>1,190,034.00</u> (K)
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]	\$ <u><u>3,417,979.56</u></u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6/30/15 (Per CAFR Budgetary Comparison schedule/statement)	\$ <u>11,087,879.12</u> (C)
Decreased by:	
Reserve for Encumbrances	\$ <u>1,607,066.17</u> (C1)
Legally Restricted -Designated for Subsequent Year's Expenditures	\$ _____ (C2)
Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ <u>2,471,002.98</u> (C3)
Other Reserved Fund Balances****	\$ <u>1,315,936.00</u> (C4)
Assigned Unreserved Fund Balance - Designated for Subsequent Year's Expenditures	\$ _____ (C5)
Total Unreserved/Undesignated Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	\$ <u><u>5,693,873.97</u></u> (U1)

SECTION 3

Restricted Fund Balance-Excess Surplus ***((U1-(M)) If negative enter -0-	\$ <u>2,275,894.41</u> (E)
<u>Recapitulation of Excess Surplus as of June 30, 2015</u>	
Reserved Excess Surplus-Designated for Subsequent Year's Expenditures**	\$ <u>2,471,002.98</u> (C3)
Reserved Excess Surplus*** (E)	\$ <u>2,275,894.41</u> (E)
Total Excess Surplus [(C3) +(E)]	\$ <u><u>4,746,897.39</u></u> (D)

Footnotes:

*Allowable adjustment to expenditures on line K must be 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 NJSA 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, 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 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 of the fiscal year under audit. Amounts transferred to the reserve are captured on line (C4).
- (I) Sale and Leaseback (Refer to 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 audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid, FamilyCrisis Transportation Aid, and Additional Non public School Transportation Aid

Detail of Allowable Adjustments

Impact Aid	\$	(H)
Sale & Lease-back	\$	(I)
Extraordinary Aid	\$	<u>1,128,028.00</u> (J1)
Additional Nonpublic School Transportation Aid	\$	<u>62,006.00</u> (J2)
Current year School Bus Advertising Rev. Recognized	\$	<u>0.00</u> (J3)
Family Crisis Transportation Aid	\$	(J4)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)]	\$	<u>1,190,034.00</u> (K)

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

*** Amount 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 any 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	\$	
Capital Outlay for a district with a capital outlay SGLA	\$	_____
Sale/lease-back reserve	\$	_____
Capital Reserve	\$	<u>1,315,936.00</u>
Maintenance Reserve	\$	_____
Tuition Reserve	\$	_____
Emergency Reserve	\$	_____
Waiver Offset reserve	\$	_____
(Other Reserved Fund Balance not noted above)****	\$	_____
Total Other Reserved Fund Balance	\$	<u>1,315,936.00</u> (C4)