

BOROUGH OF WATCHUNG SCHOOL DISTRICT
COUNTY OF SOMERSET
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2015

BOROUGH OF WATCHUNG SCHOOL DISTRICT
COUNTY OF SOMERSET
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE
FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2015
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Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mt. Arlington, NJ 07856
973-328-1825 | 973-328-0507 Fax
Lawrence Business Center
11 Lawrence Road
Newton, NJ 07860
973-383-6699 | 973-383-6555 Fax

November 24, 2015

The Honorable President and Members
of the Board of Education
Borough of Watchung School District
County of Somerset, 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 financial statements of the Board of Education of the Borough of Watchung School District in the County of Somerset for the fiscal 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 letter does not affect our report dated November 24, 2015, on the financial statements of the Board.

We will review the status of our comments during our next audit engagement. We have already discussed the comments and suggestions with various management personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended for the information of the Borough of Watchung 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.

NISIVOCCIA LLP

A handwritten signature in cursive script that reads "Valerie A. Dolan".

Valerie A. Dolan
Licensed Public School Accountant #2526
Certified Public Accountant

BOROUGH OF WATCHUNG SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2015

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer, the activities of the Board of Education, the records of the various funds under the auspices of the Board of Education.

Administrative Practices and ProceduresInsurance

Multi-peril insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the district's CAFR.

Officials in Office and Surety Bonds

<u>Name</u>	<u>Position</u>	<u>Coverage</u>
Heather Spitzer	Business Administrator/Board Secretary	\$ 225,000
William J. Hance, Jr.	Treasurer of School Moneys	\$ 225,000

The District has Employee Dishonesty and Faithful Performance coverage through the Diploma Joint Insurance Fund for employees not separately bonded as detailed on Exhibit J-20 of the CAFR.

Tuition Charges

The provisions of N.J.A.C. 6A:23-3.1 are not applicable.

Financial Planning, Accounting and ReportingExamination of Claims

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

Payroll Account and Position Control Roster

The net salaries of 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.

All payrolls tested were approved by the Chief School Administrator and certified by the President of the Board and the School Business Administrator and the Chief School Administrator.

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

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

BOROUGH OF WATCHUNG SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2015

Financial Planning, Accounting and Reporting (Cont'd)

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made on a test basis as of June 30, for proper classification of orders as reserve for encumbrances and accounts payable.

Classification of Expenditures – General and Administrative

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6:23A-16.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.2. As a result of the procedures performed, no errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classifications.

Board Secretary's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Board Secretary's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments except as noted below.

Finding

The District did not submit the year end Board Secretary and Treasurer's Report to the County Superintendent by the required deadline of August 1, 2015.

Recommendation

It is recommended that the District file the year end Board Secretary and Treasurer's Report with the County Superintendent by the required deadline.

Management Response

The District will ensure that the District files the year end Board Secretary and Treasurer's Report to the County Superintendent by the required deadline.

Treasurer's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Treasurer's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments except as noted above in the section on Board Secretary records.

No Child Left Behind (N.C.L.B.)

The N.C.L.B. financial exhibits are contained within the Special Revenue Section of the District's CAFR. This section of the CAFR documents the financial position pertaining to projects under Title II of the No Child Left Behind Consolidated Grant.

BOROUGH OF WATCHUNG SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

Other Special Federal and/or State Projects

The District's Special Projects were approved as listed on Schedule A and Schedule B located in the CAFR.

Our audit of the federal and state funds on a test basis indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

T.P.A.F. Reimbursement

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

T.P.A.F. Reimbursement to the State for Federal Salary Expenditures

The T.P.A.F. Reimbursement to the State for Federal Salary Expenditures was remitted to the State of New Jersey prior to the required deadline of October 1, 2015. The reimbursement form was reviewed and no exceptions were noted.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

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 receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L.1971, c. 198 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.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"

N.J.S.A. 18A:18A-4 states, "Every contract for the provision or 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"

BOROUGH OF WATCHUNG SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2015
 (Continued)

School Purchasing Programs (Cont'd)

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

Effective July 1, 2010, 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 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.

As per N.J.S.A. 18A:18A-3(a), the Board passed a resolution authorizing the Business Administrator as a qualified purchasing agent and increasing the bid threshold to \$36,000.

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 Attorney'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. General compliance was noted.

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 Service Fund were reviewed. The financial accounts, milk count records and eligibility applications were reviewed on a test basis.

The number of milks claimed for reimbursement were compared to sales and milk 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 price meals were reviewed for completeness and accuracy. The number of free and paid milks claimed as served was compared to the number valid applications on file, times the number of operating days, on a school by school basis. The free milk policy appeared to be uniformly administered throughout the school system. The required verification procedures for free and reduced price meal applications were completed and available for review.

Expenditures were separately recorded as milk and other costs. Vendor invoices were reviewed and costs verified on a test basis.

Cash receipts and bank records were reviewed for timely deposit.

BOROUGH OF WATCHUNG SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2015
 (Continued)

School Food Service (Cont'd)

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 nonprofit status of the School Food Service Fund. Net cash resources did exceed three months average expenditures by \$1,983. As these funds were expended by the District prior to the start of the following school year, no formal recommendation is deemed warranted.

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

Student Body Activities

In planning and performing our audit of the financial statements of the Board, we considered the condition of the records of the Student Activities Fund for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments except as noted herein.

Application for State School Aid

Our audit procedures included a test of enrollments and related services reported in the October 15, 2014 Application for State School Aid (A.S.S.A.) for on-roll, bilingual education, 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 with no exceptions. The information that was included on the workpapers was verified on a test basis without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

The District did maintain workpapers on the prescribed State forms or their equivalent.

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

Pupil Transportation:

Our audit procedures included a test of on-roll status reported in the 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.

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

Facilities and Capital Assets

Our procedures included a review of the SDA grant agreements for consistency with recording SDA grant revenue and awarding of contracts for eligible facilities construction.

Finding

The District has \$28,801 in SDA receivables that dates back to grants awarded to the District on June 3, 2010 for Bathroom Renovations. Additionally, the District did not file for reimbursement on the Roof Replacement project in the current year. These projects are materially complete and the final submission should be submitted to ensure collection of these funds and to allow for the close-out of the projects.

BOROUGH OF WATCHUNG SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2015
 (Continued)

Facilities and Capital Assets (Cont'd)

Recommendation

It is recommended that final submission be completed on the SDA grants and collection of the receivable balance be pursued.

Management's Response

Administration will continue to review the open SDA Grants related to the Bathroom Renovations and the Roof Replacement project and will pursue final collection of these funds.

Travel Expenses

Travel regulations require each District to adopt a formal policy and procedure pertaining to travel and travel expense reimbursement for its employees and board members. The regulations require the District to establish a maximum travel amount for the year and to account for these expenses within a separate account in the budget to ensure that the maximum is not exceeded. The regulations also require that all travel be approved by the Board prior to the event and that the approval list the event, total event cost and the individuals attending. Employees and board members attending an event are then required to complete a post event report to be submitted to a designated person within the District.

During our testing of the District's travel expenditures, it was noted that the District is in compliance with the current travel regulations.

Miscellaneous

Securities Exchange Commission's ("SEC") Municipalities Continuing Disclosure Cooperation Initiative

The District self-reported under the SEC's Municipalities Continuing Disclosure Cooperative Initiative as the District had failed to provide its annual financial information for the fiscal years ended June 30, 2010, 2011, 2012 and 2013. As the District has since filed the information as required, no formal recommendation is warranted.

Management Suggestions

Single Audit

Effective for the fiscal year ended June 30, 2016, there will be significant changes to the Single Audit. These changes include the following:

- An increase in the single audit threshold
- Low risk auditee criteria
- Type A and B threshold
- Coverage requirements for major programs tested for both low risk and non-low risk auditees.

Additionally, the cost principles and administrative requirements such as A-87 have been consolidated under the *OMB Uniform Guidance: Cost Principles, Audit and Administrative Requirements for Federal Awards*. This guidance was effective December 26, 2014 for all new federal awards and for any additional funding for existing awards made after December 26, 2014.

BOROUGH OF WATCHUNG SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

Governmental Accounting Standards Board Statements:

The next Governmental Accounting Standards Board (“GASB”) statement which will have a significant impact on the District will be GASB#75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, will be effective for the fiscal year ending June 30, 2018. This standard replaces GASB#45, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. It is similar to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* GASB#68 in that successful implementation of this standard will require the provision of certain key financial and non-financial information from the New Jersey Division of Pensions.

Deferred Compensation Plans

The District has a fiduciary responsibility to its employees related to the deferred compensation plans offered by the District. The District should consider a periodic review of the benefits, features, costs, and performance of its deferred compensation plans and make that information available to employees to assist employees in making suitable choices for investing their retirement funds while fulfilling the District’s fiduciary responsibilities.

Independent Contractors vs. Employees

The District should consider reviewing the status of “Independent Contractors” utilized by the District with Internal Revenue Service guidelines for determination of employment status. The IRS has been reviewing employers, including governments, to determine compliance. A proactive approach may help to minimize or eliminate potential penalties related to incorrect employment status determination.

Status of Prior Year's Findings/Recommendations

The District recommendation pertaining to the final submission for reimbursement on the SDA grants for the Bathroom Renovations was not resolved in the current year and is being included in the current year’s report.

BOROUGH OF WATCHUNG SCHOOL DISTRICT
SCHEDULE OF MILK COUNT ACTIVITY
FOOD SERVICE FUND
NUMBER OF MILKS SERVED
ENTERPRISE FUND
FISCAL YEAR ENDED JUNE 30, 2015
(MEMORANDUM ONLY)

NOT APPLICABLE

BOROUGH OF WATCHUNG SCHOOL DISTRICT
SCHEDULE OF NET CASH RESOURCES
FOOD SERVICE FUND
ENTERPRISE FUND
FISCAL YEAR ENDED JUNE 30, 2015
(MEMORANDUM ONLY)

NOT APPLICABLE

BOROUGH OF WATCHUNG SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2014

	2015-2016 Application for State School Aid						Sample for Verification					
	Reported on ASSA On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Registers On Roll		Errors per Registers on Roll	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Full Day Preschool 3 Years Old	8		8					8		8		
Full Day Preschool 4 Years Old	13		13					13		13		
Full Day Kindergarten	51		51					51		51		
Grade One	54		54					54		54		
Grade Two	82		82					82		82		
Grade Three	56		56					56		56		
Grade Four	56		56					56		56		
Grade Five	75		75					75		75		
Grade Six	68		68					68		68		
Grade Seven	67		67					67		67		
Grade Eight	61		61					61		61		
Subtotal	591		591					591		591		
Special Education:												
Elementary School	60		60					6		6		
Middle School	37		37					4		4		
Subtotal	97		97					10		10		
Totals	688		688		-0-	-0-		601		601		-0-
Percentage Error					0.00%	0.00%						0.00%

BOROUGH OF WATCHUNG SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2014

	Private Schools for Disabled					Resident Low Income						
	Reported on ASSA as Private Schools	Reported on Workpapers as Private Schools	Errors	Sample for Verification	Sample Verified	Sample Errors	Reported on ASSA as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Kindergarten							2	2		1	1	
Grade Three							3	3		1	1	
Subtotal							5	5		2	2	
Special Education:												
Elementary School	1	1		1	1		2	2		1	1	
Middle School							1	1		1	1	
Subtotal	1	1		1	1		3	3		2	2	
Totals	1	1		1	1		8	8		4	4	
Percentage Error			<u>0.00%</u>				<u>0.00%</u>			<u>0.00%</u>		<u>0.00%</u>

BOROUGH OF WATCHUNG SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2014

	Resident LEP Low Income					
	Reported on ASSA as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Test Scores, Application and Register	Sample Errors
Half Day Kindergarten						
Grade One						
Grade Two						
Grade Three						
Grade Four						
Grade Five						
Grade Six						
Grade Seven						
Grade Eight						
Grade Nine						
Grade Ten						
Grade Eleven						
Grade Twelve						
Subtotal						
Special Education:						
Elementary School						
Subtotal						
Totals	-0-	-0-	-0-	-0-	-0-	-0-
Percentage Error			0.00%			0.00%

BOROUGH OF WATCHUNG SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2014

	Resident LEP Not Low Income					
	Reported on ASSA as LEP Not Low Income	Reported on Workpapers as LEP Not Low Income	Errors	Sample Selected from Workpapers	Verified to Test Scores and Register	Sample Errors
Grade One	2	2		1	1	
Grade Three	1	1		1	1	
Grade Four	1	1				
Subtotal	<u>4</u>	<u>4</u>		<u>2</u>	<u>2</u>	
Totals	<u>4</u>	<u>4</u>		<u>2</u>	<u>2</u>	
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

BOROUGH OF WATCHUNG SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2014

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	369	369		12	12	
Regular - Special Education	58	58		5	5	
Transported - Non Public	3	3		1	1	
AIL - Non Public	47	47		4	4	
Special Needs - Public	9	9		2	2	
Special Needs - Private	1	1		1	1	
Totals	487	487	-0-	25	25	-0-
Percentage Error			0.00%			0.00%

	Reported	Re- calculated
Average Mileage - Regular Including Grade PK Students	3.7	3.7
Average Mileage - Regular Excluding Grade PK Students	3.7	3.7
Average Mileage - Special Education with Special Needs	4.6	4.6

BOROUGH OF WATCHUNG SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2015

SECTION 1**A. 2% Calculation of Excess Surplus**

2014-2015 Total General Fund Expenditures per the CAFR, Ex. C-1	<u>\$ 11,756,455</u> (B)	
Increased by:		
Transfer from Capital Outlay to Capital Projects Fund	<u>\$ 408,988</u> (B1a)	
Transfer from Capital Reserve to Capital Projects Fund	<u>-0-</u> (B1b)	
Decreased by:		
On-Behalf TPAF Pension and Social Security	<u>\$ 1,025,186</u> (B2a)	
Assets Acquired Under Capital Leases	<u>\$ -0-</u> (B2b)	
Adjustment for Disallowed Expenditures per S1701	<u>\$ -0-</u> (B2c)	
Adjusted 14-15 General Fund Expenditures [(B)+(B1's)-(B2's)]	<u>\$ 11,140,257</u> (B3)	
2% of Adjusted 2014-15 General Fund Expenditures [(B3) times .02]	<u>\$ 222,805</u> (B4)	
Enter Greater of (B4) or \$250,000	<u>\$ 250,000</u> (B5)	
Increased by: Allowable Adjustment	<u>\$ 154,890</u> (K)	
Maximum Unassigned Fund Balance [(B5)+(K)]		<u>\$ 404,890</u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6/30/15 (Per CAFR Budgetary Comparison Schedule C-1)	<u>\$ 3,058,241</u> (C)	
Decreased by:		
Year End Encumbrances	<u>\$ 52,856</u> (C1)	
Legally Restricted - Designated for Subsequent Year's Expenditures	<u>-</u> (C2)	
Legally Restricted Excess Surplus -		
Designated for Subsequent Year's Expenditures	<u>\$ 185,626</u> (C3)	
Other Restricted Fund Balances	<u>\$ 2,226,518</u> (C4)	
Assigned - Designated for Subsequent Year's Expenditures	<u>-</u> (C5)	
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]		<u>\$ 593,241</u> (U1)

BOROUGH OF WATCHUNG SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2015

SECTION 3

Restricted Fund Balance - Excess Surplus [(U2)-(M)] IF NEGATIVE, ENTER -0- \$ 188,351 (E)

Recapitulation of Excess Surplus as of June 30, 2015

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures \$ 185,626 (C3)

Restricted Excess Surplus [(E)] \$ 188,351 (E)

Total [(C3)+(E)] \$ 373,977 (D)

Detail of Allowable Adjustments

Impact Aid \$ -0- (H)

Sale and Lease Back \$ -0- (I)

Extraordinary Aid \$ 146,190 (J1)

Additional Nonpublic School Transportation Aid \$ 8,700 (J2)

Total Adjustments ((H)+(I)+(J1)+(J2)) \$ 154,890 (K)

Detail of Other Restricted Fund Balance

Statutory restrictions:

Approved unspent separate proposal \$ -0-

Sale/lease-back reserve \$ -0-

Capital reserve \$ 1,785,018

Maintenance reserve \$ 441,500

Tuition reserve \$ -0-

Other state/governmental mandated reserve \$ -0-

Total Other Restricted Fund Balance \$ 2,226,518 (C4)

BOROUGH OF WATCHUNG SCHOOL DISTRICT
SUMMARY OF RECOMMENDATIONS
FISCAL YEAR ENDED JUNE 30, 2015

It is recommended that:

1. Administrative Practices and Procedures
None
2. Financial Planning, Accounting and Reporting
The District file the year end Board Secretary and Treasurer's Report with the County Superintendent by the required deadline.
3. School Purchasing Program
None
4. School Food Service
None
5. Student Body Activities
None
6. Application for State School Aid
None
7. Pupil Transportation
None
8. Facilities and Capital Assets
Final submission be completed for the SDA grants and collection of the receivable balance be pursued.
9. Miscellaneous
None
10. Status of Prior Year's Findings/Recommendations
The District recommendation pertaining to the final submission for reimbursement on the SDA grants for the Bathroom Renovations was not resolved in the current year and is being included in the current year's report.