# AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE, AND PERFORMANCE

## Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Report of Independent Auditors</td>
<td>1</td>
</tr>
<tr>
<td>Scope of Audit</td>
<td>2</td>
</tr>
<tr>
<td>Administrative Practices and Procedures</td>
<td>2</td>
</tr>
<tr>
<td>Insurance</td>
<td>2</td>
</tr>
<tr>
<td>Official Bonds</td>
<td>2</td>
</tr>
<tr>
<td>Tuition Charges</td>
<td>2</td>
</tr>
<tr>
<td>Financial Planning, Accounting, and Reporting</td>
<td>2</td>
</tr>
<tr>
<td>Examination of Claims</td>
<td>2</td>
</tr>
<tr>
<td>Payroll Account</td>
<td>2</td>
</tr>
<tr>
<td>Employee Position Control Roster</td>
<td>3</td>
</tr>
<tr>
<td>Unemployment Compensation Trust Fund</td>
<td>3</td>
</tr>
<tr>
<td>Reserve for Encumbrances and Accounts Payable</td>
<td>3</td>
</tr>
<tr>
<td>Obligations of Federal Grant Awards and Requests for Reimbursement of Expenditures Against Those Federal Grant Awards</td>
<td>N/A</td>
</tr>
<tr>
<td>Travel</td>
<td>3</td>
</tr>
<tr>
<td>Classification of Expenditures</td>
<td>3</td>
</tr>
<tr>
<td>Board Secretary’s Records</td>
<td>3-4</td>
</tr>
<tr>
<td>Treasurer’s Records</td>
<td>4</td>
</tr>
<tr>
<td>Elementary and Secondary Education Act (ESEA), as Amended by the Every Student Succeeds Act (ESSA)</td>
<td>4</td>
</tr>
<tr>
<td>Other Special Federal and/or State Projects</td>
<td>4</td>
</tr>
<tr>
<td>TPAF Reimbursement</td>
<td>4</td>
</tr>
<tr>
<td>TPAF Reimbursement to the State for Federal Salary Expenditures</td>
<td>4</td>
</tr>
<tr>
<td>School Purchasing Programs</td>
<td>5</td>
</tr>
<tr>
<td>Contracts and Agreements Requiring Advertisement for Bids</td>
<td>5</td>
</tr>
<tr>
<td>School Food Service</td>
<td>6-7</td>
</tr>
<tr>
<td>Student Body Activities</td>
<td>7</td>
</tr>
<tr>
<td>Application for State School Aid</td>
<td>7</td>
</tr>
<tr>
<td>Charter School Enrollment System/Charter School Aid</td>
<td>N/A</td>
</tr>
<tr>
<td>Renaissance School Project Enrollment Work Papers and Aid Calculation</td>
<td>N/A</td>
</tr>
<tr>
<td>Pupil Transportation</td>
<td>7</td>
</tr>
<tr>
<td>Facilities and Capital Assets</td>
<td>N/A</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>7</td>
</tr>
<tr>
<td>Follow-up on Prior Year Findings</td>
<td>7</td>
</tr>
<tr>
<td>Acknowledgement</td>
<td>7</td>
</tr>
<tr>
<td>Schedule of Meal Count Activity</td>
<td>N/A</td>
</tr>
<tr>
<td>Net Cash Resource Schedule</td>
<td>N/A</td>
</tr>
<tr>
<td>Schedule of Audited Enrollments</td>
<td>8-9</td>
</tr>
<tr>
<td>Excess Surplus Calculation</td>
<td>10-11</td>
</tr>
<tr>
<td>Audit Recommendations Summary</td>
<td>12</td>
</tr>
</tbody>
</table>
REPORT OF INDEPENDENT AUDITORS

Honorable President and
Members of the Board of Education
Delsea Regional High School District
242 Fries Mill Road
P.O. Box 405
Franklinville, New Jersey 08322

We have audited, in accordance with generally accepted audit standards and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Delsea Regional High School District in the County of Gloucester for the year ended June 30, 2018, and have issued our report thereon dated January 23, 2019.

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 solely for the information and use of the management of the Delsea Regional High School District, the New Jersey Department of Education, others within the organization and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

PETRONI & ASSOCIATES LLC

Nick L. Petroni
Certified Public Accountant
Licensed Public School Accountant #542
Glassboro, New Jersey

January 23, 2019
Administrative Findings – Financial, Compliance, and Performance

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

Administrative Practices and Procedures

Insurance
Fire insurance coverage was carried in the amounts as detailed on Exhibit J-20; Insurance Schedule contained in the District’s CAFR.

Official Bonds

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joseph M. Collins, CPA</td>
<td>Business Administrator/Board Secretary</td>
<td>$35,000</td>
</tr>
<tr>
<td>Angela M. Gregory</td>
<td>Treasurer of School Monies</td>
<td>$250,000</td>
</tr>
</tbody>
</table>

Tuition Charges
A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs of the items tested were less than the estimated costs charged.

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.

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.

Payrolls were approved by the Superintendent and were certified by the President of the Board, the Board Secretary/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 (Superintendent, Assistant Superintendents, and Business Administrator) to the NJ Department of Treasury was filed by the March 15 due date.

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

The certifying officer maintained documentation of their analysis of the District’s decision to classify a professional service provider (defined at NJSA 18A:18A-2(h) as an employee of the School District.

The Board of Education did not make merit bonus payments.
Employee Position Control Roster
An inquiry and subsequent review of the Position Control Roster found the payroll records and the general ledger accounts to where wages are posted were in agreement the Position Control Roster. There are internal control procedures in place to ensure that employee benefits are offered only to current employees and their eligible relations.

Unemployment Compensation Trust Fund
The Board adopted the direct reimbursement method and has established an Unemployment Compensation Trust Fund.

Reserve for Encumbrances and 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. District personnel performed an analysis of outstanding purchase orders at June 30 and prepared separate listings of purchase orders comprising the balance sheet account balances for accounts payable and reserve for encumbrances.

Travel
The District has an approved Board travel policy as required by NJAC 6A:23a-6.13 and NJSA 18A:11-12.

Classification of Expenditures
The coding of expenditures was tested for proper classification in accordance with NJAC 6A:23-2.2(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 classification to determine overall reliability and compliance with NJAC 6A:23-8.2. As a result of the procedures performed, we found no errors in the classification of expenditures and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary’s Records
The monthly certification of positive line item account status by the Board Secretary and monthly certification that sufficient funds are available to meet the District’s financial obligations by the Board were filed during the year and made a part of the recorded minutes.

Budgetary line accounts were not over-expended during the fiscal year or at June 30th.

Payments to vendors were made after the receipt of goods.

The capital asset records were updated for the additions and disposals of capital assets made during the year

Purchase orders were charged to the appropriate line item accounts in accordance with the State prescribed Uniform Minimum Chart of Accounts for New Jersey Public Schools.

Acknowledgement of the Board’s receipt of the Board Secretary’s and Treasurer’s monthly financial reports was included in the minutes.

The District maximized its efforts under the Special Education Medicaid Initiative (SEMI) Program for obtaining federal funding for special education services.
Board Secretary’s Records (Continued)
The District made Board approved line-item transfers during the year and maintained monthly transfer reports and year-to-date transfers in a format prescribed by the Commissioner or approved by the Executive County Superintendent.

Monthly bank reconciliations were reviewed and certified for the general operating account, payroll account, and payroll agency account (NJSA 18A:17-36).

The District does not have a potential liability or loss contingency relating to ongoing labor contract negotiations.

The Board Secretary deposited all funds of the District in a timely manner in accordance with NJSA 18A:17-34.

Treasurer’s Records
Monthly bank reconciliations were prepared by the Treasurer for the general operating account, payroll account, and payroll agency account (NJSA 18A-17-36).

Elementary and Secondary Education Act (ESEA), as Amended by the Every Student Succeeds Act (ESSA)
The ESEA 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 and VI of the Elementary and Secondary Education Act as amended.

Other Special Federal and/or State Projects
The District’s Special Projects were approved as listed on Schedule A and Schedule B located in the Single Audit Section of the District’s 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.

The study of compliance for the special projects indicated no areas of noncompliance and/or questionable costs.

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

TPAF Reimbursement to the State for Federal Salary Expenditures
The amount of the expenditure charged to the current year’s Final Report for all federal awards for the School District to reimburse the State for the TPAF/FICA payments made by the State on behalf of the School District for those employees whose salaries are identified as being paid from federal funds was made prior to the end of the 60 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.
School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids
NJSA 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 (C40A:11-9), the Board of Education may establish that the bid threshold may be up to $29,000. 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 NJSA 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 1st of every fifth year. The adjustment shall become effective on July 1 of the year in which it is made.

NJSA 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 advertisement for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law.”

The bid thresholds in accordance with NJSA 18A:18A-2 and 18A:39-3(a) are $40,000 (with a Qualified Purchasing Agent) and $29,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contract under NJSA 18A:39-3 is currently $19,000.

The District 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.

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

The results of our examination did not indicate any instances of noncompliance.

Resolutions were adopted authorizing the awarding of contracts or agreements for “Professional Services” per NJSA 18A:18A-5.
School Food Service

The School Food Service Program was not selected as a major federal and/or state program. However, the program expenditures exceeded $100,000 in federal and/or state support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether the SFA had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions noted.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets (CAFR Schedule B-5) does separate program and non-program revenue and program and non-program cost of goods sold.

The financial transactions and statistical records of the school food services were maintained in good condition. The financial accounts, meal count records, and eligibility applications were reviewed on a test-check basis.

Cash receipts and bank records were reviewed for timely deposit.

The District utilizes a food service management company and is depositing and expending program monies in accordance with NJSA 18A:17-34 and 19-1 through 19-4.1. Provisions of the FSMC contract/addendum were reviewed and audited.

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

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.

Payroll records were maintained on all school food service employees authorized by the Board of Education. No exceptions were noted.

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 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 and/or to the list of directly certified students on file, times the number of operating days, on a school-by-school basis. The free and reduced price meal and free milk policy was reviewed for uniform administration throughout the school system. Sites approved to participate in Provisions I and II were examined for compliance with all counting and claiming requirements. The required verification procedures for free and reduced price applications were reviewed for completed and available for review. No exceptions noted.

USDA Food Distribution Program commodities were received and a single inventory was maintained on a first-in, first-out basis. No exceptions were noted.
School Food Service (Continued)
The School District maintains the detailed revenue and expenditure information necessary in order to execute the USDA mandated Non-Program Food Revenue Tool at least annually.

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

Student Body Activities
A review of the Student Activity Funds disclosed that cash receipts were deposited in a timely manner and cash disbursements contained proper supporting documentation.

Application for State School Aid
Our audit procedures included a test of information reported in the October 15, 2017, Application for State School Aid (ASSA) for on-roll, private schools for the handicapped, low-income, and bilingual. We also performed a review of the District’s procedures related to its completion. The information on the ASSA was compared to the District’s work papers. The information that was included on the work papers was verified. The results of the procedures are presented in the Schedule of Audited Enrollments.

The District maintained work papers 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 2017-2018 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation-related contracts and purchases. No exceptions were noted in our review of transportation-related purchases of goods and services.

Miscellaneous
The School District complied with continuing disclosure agreements made in relation to prior year’s bond issuances. This obligation included filing audit reports on the Electronic Municipal Market Access (EMMA).

Testing for Lead of All Drinking Water in Educational Facilities
The School District adhered to all the requirements of NJAC 26-1.2 and 12.4 related to the testing for lead of all drinking water in educational facilities.

The School District submitted the annual Statement of Assurance to the Department of Education, pursuant to NJAC 6A:26-12.4(g).

Follow-up on Prior Year Findings
In accordance with government auditing standards, our procedures included a review of all prior year recommendations including findings. Corrective action had been taken on all prior year findings.

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.
<table>
<thead>
<tr>
<th></th>
<th>2018-2019 Application for State School Aid</th>
<th>Sample for Verification</th>
<th>Private Schools for Disabled</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Reported on ASSA Work Papers</td>
<td>Sample Selected from Work Papers</td>
<td>Sample Selected from Private Schools</td>
</tr>
<tr>
<td></td>
<td>Full Shared</td>
<td>Full Shared</td>
<td>Full Shared</td>
</tr>
<tr>
<td>Seven</td>
<td>230</td>
<td>38</td>
<td></td>
</tr>
<tr>
<td>Eight</td>
<td>224</td>
<td>38</td>
<td></td>
</tr>
<tr>
<td>Nine</td>
<td>203</td>
<td>38</td>
<td></td>
</tr>
<tr>
<td>Ten</td>
<td>210</td>
<td>38</td>
<td></td>
</tr>
<tr>
<td>Eleven</td>
<td>251</td>
<td>38</td>
<td></td>
</tr>
<tr>
<td>Twelve</td>
<td>257</td>
<td>38</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1,375</td>
<td>228</td>
<td></td>
</tr>
<tr>
<td>Special Ed. - Middle School</td>
<td>72</td>
<td>22</td>
<td>7</td>
</tr>
<tr>
<td>Special Ed. - High School</td>
<td>155</td>
<td>22</td>
<td>15</td>
</tr>
<tr>
<td>Total</td>
<td>227</td>
<td>44</td>
<td>22</td>
</tr>
<tr>
<td>Resident Low Income</td>
<td>1,602</td>
<td>272</td>
<td>22</td>
</tr>
<tr>
<td>Percentage Error</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2018-2019 Application for State School Aid</th>
<th>Sample for Verification</th>
<th>Private Schools for Disabled</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Reported on ASSA Work Papers</td>
<td>Sample Selected from Work Papers</td>
<td>Sample Selected from Private Schools</td>
</tr>
<tr>
<td></td>
<td>Full Shared</td>
<td>Full Shared</td>
<td>Full Shared</td>
</tr>
<tr>
<td>Seven</td>
<td>67</td>
<td>22</td>
<td>1</td>
</tr>
<tr>
<td>Eight</td>
<td>50</td>
<td>22</td>
<td>1</td>
</tr>
<tr>
<td>Nine</td>
<td>42</td>
<td>22</td>
<td>1</td>
</tr>
<tr>
<td>Ten</td>
<td>36</td>
<td>22</td>
<td>1</td>
</tr>
<tr>
<td>Eleven</td>
<td>44</td>
<td>22</td>
<td>1</td>
</tr>
<tr>
<td>Twelve</td>
<td>37</td>
<td>22</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>276</td>
<td>132</td>
<td>1</td>
</tr>
<tr>
<td>Special Ed. - Middle School</td>
<td>78</td>
<td>38</td>
<td>1</td>
</tr>
<tr>
<td>Special Ed. - High School</td>
<td>78</td>
<td>38</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>354</td>
<td>170</td>
<td>1</td>
</tr>
<tr>
<td>Percentage Error</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
</tbody>
</table>
DELSEA REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2017
(CONTINUED)

Resident LEP NOT Low Income | Sample for Verification
-------------------------------|-----------------------------
Reported on ASSA as NOT Low Income | Reported on Work Papers as NOT Low Income | Errors | Sample Selected from Work Papers | Verified to Application and Registers | Sample Errors
Seven | 2 | 2 | 2 | 2
Eight | 1 | 1 | 1 | 1
Nine | | | | |
Ten | | | | |
Eleven | | | | |
Twelve | | | | |
Subtotal | 3 | 3 | 0 | 3 | 3 | 0
Special Ed. - Elementary
Subtotal | 0 | 0 | 0 | 0 | 0 | 0
Special Ed. - Middle School
Totals | 3 | 3 | 0 | 3 | 3 | 0
Percentage Error | 0.00% | 0.00%

Transportation

<table>
<thead>
<tr>
<th>Reported on DTRS by DOE/County</th>
<th>Reported on DTRS by District</th>
<th>Errors</th>
<th>Tested</th>
<th>Verified</th>
<th>Errors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular Public Schools</td>
<td>959</td>
<td>959</td>
<td>254</td>
<td>254</td>
<td></td>
</tr>
<tr>
<td>Regular Special Education</td>
<td>153</td>
<td>153</td>
<td>95</td>
<td>95</td>
<td></td>
</tr>
<tr>
<td>Transported Nonpublic</td>
<td>32</td>
<td>32</td>
<td>28</td>
<td>28</td>
<td></td>
</tr>
<tr>
<td>Special Needs - Public</td>
<td>104</td>
<td>104</td>
<td>71</td>
<td>71</td>
<td></td>
</tr>
<tr>
<td>AIL Nonpublic School Students</td>
<td>43</td>
<td>43</td>
<td>37</td>
<td>37</td>
<td></td>
</tr>
<tr>
<td>Transported Nonpublic &gt; 30 Miles</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>AIL Nonpublic 20.1-30 Miles</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Totals</td>
<td>1,290</td>
<td>1,290</td>
<td>0</td>
<td>485</td>
<td>485</td>
</tr>
</tbody>
</table>
Percentage Error | 0.00% | 0.00%

Reg. Avg. (Mileage) = Regular Including Grade PK (Part A) 6.2 6.2
Reg. Avg. (Mileage) = Regular Excluding Grade PK (Part B) 6.2 6.2
Spec Avg. = Special Ed. with Special Needs 9.4 9.4
SECTION 1

A. 2% Calculation of Excess Surplus

2017-2018 Total General Fund Expenditures per the CAFR, Ex. C-1 $ 37,910,808 (B)

Increased by:
- Transfer from Capital Outlay to Capital Projects Fund $ (B1a)
- Transfer from Capital Reserve to Capital Projects Fund $ 73,286 (B1b)
- Transfer from General Fund to SRF for Pre-K - Regular $ (B1c)
- Transfer from General Fund to SRF for Pre-K - Inclusion $ (B1d)

Decreased by:
- On-Behalf TPAF Pension & Social Security $ 3,666,656 (B2a)
- Assets Acquired Under Capital Leases $ 761,576 (B2b)

Adjusted 2017-2018 General Fund Expenditures [(B)+(B1s)-(B2s)] $ 33,555,862 (B3)

2% of Adjusted 2017-2018 General Fund Expenditures
[(B3) times .02] $ 671,117 (B4)

Enter Greater of (B4) or $250,000 $ 671,117 (B5)

Increased by: Allowable Adjustment * $ 170,452 (K)

Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)] $ 841,569 (M)

SECTION 2

Total General Fund - Fund Balances @ 6-30-2018 $ 6,944,202 (C)

(Per CAFR Budgetary Comparison Schedule C-1)

Decreased by:
- Year-end Encumbrances $ 522,946 (C1)
- Legally Restricted - Designated for Subsequent Year's Expenditures $ (C2)
- Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures** $ 1,313,122 (C3)
- Other Restricted Fund Balances**** $ 1,819,093 (C4)
- Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures** $ 500,004 (C5)
- Additional Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures July 1, 2018 - August 1, 2018***** $ (C6)

Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)] $ 2,789,037 (U1)
SECTION 3
Restricted Fund Balance - Excess Surplus*** [(U1)-(M)] IF NEGATIVE ENTER -0- $ 1,947,468 (E)

Recapitulation of Excess Surplus as of June 30, 2018
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures** $ 1,313,122 (C3)
Reserved Excess Surplus*** [(E)] $ 1,947,468 (E)
Total [(C3)+(E)] $ 3,260,590 (D)

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

Detail of Allowable Adjustments
Impact Aid $ (H)
Sale & Lease-back $ (I)
Extraordinary Aid $ 148,992 (J1)
Additional Nonpublic School Transportation Aid $ 21,460 (J2)
Current Year School Bus Advertising Revenue Recognized $ (J3)
Family Crisis Transportation Aid $ (J4)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)] $ 170,452 (K)

** This amount represents the June 30, 2018, Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

*** Amounts must agree to the June 30, 2018, 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 another type of government, such as the judicial branch of government, must have Departmental approval. District requests should be submitted to the Division of Finance prior to September 30.

***** Increase in Assigned Fund Balance-Unreserved-Designated for Subsequent Year’s expenditures July 1, 2018 to August 1, 2018, resulting from decrease in state aid after adoption of 2018-19 budget. Refer to the Commissioner’s Broadcast of July 13, 2018, at the NJDOE Broadcast webpage: https://homeroom5.doe.state.nj.us/broadcasts and to pages 1-4.2 of this Audit Program.

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 $ 1,819,093
Maintenance Reserve $________
Emergency Reserve $________
Waiver Offset Revenue $________
Tuition Reserve $________
School Bus Advertising 50% Fuel Offset Reserve - Current Year $________
School Bus Advertising 50% Fuel Offset Reserve - Prior Year $________
Other State/Government Mandated Reserve $________
[Other Restricted Fund Balance not Noted Above]**** $________
Total Other Restricted Fund Balance $ 1,819,093 (C4)
Recommendations:

1. Administrative Practices and Procedures
   None

2. Financial Planning, Accounting, and Reporting
   None

3. School Purchasing Programs
   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
   None

9. Miscellaneous
   None

10. Status of Prior Year Audit Findings/Recommendations
    Corrective action was taken for all prior year recommendations.