

BOROUGH OF MADISON SCHOOL DISTRICT
COUNTY OF MORRIS
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016

BOROUGH OF MADISON SCHOOL DISTRICT
COUNTY OF MORRIS
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE
FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016
TABLE OF CONTENTS

	<u>Page</u>
Cover Letter	1
General Comments:	2
Scope of Audit	2
Administrative Practices and Procedures:	2
Insurance	2
Officials in Office and Surety Bonds	2
Tuition Charges	2
Financial Planning, Accounting and Reporting:	2
Examination of Claims	2
Payroll Account and Position Control Roster	2
Reserve for Encumbrances and Accounts Payable	3
Classification of Expenditures	3
Board Secretary's Records	3
Treasurer's Records	3
No Child Left Behind (N.C.L.B.)	3
Other Special Federal and/or State Projects	3
T.P.A.F. Reimbursement	4
T.P.A.F. Reimbursement to the State for Federal Salary Expenditures	4
School Purchasing Programs:	4
Contracts and Agreements Requiring Advertisement for Bids	4
School Food Service Fund	5
Student Body Activities	5
Application for State School Aid	6
Pupil Transportation	6
Facilities and Capital Assets	6
Travel Expense and Reimbursement Policy	6
Management Suggestions	7
Miscellaneous	7
Status of Prior Year's Findings/Recommendations	7
Schedule of Meal/Milk Count Activity (Not Applicable)	
Schedule of Net Cash Resources (Not Applicable)	
Schedule of Audited Enrollments	8
Excess Surplus Calculation	11
Summary of Recommendations	13



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

October 18, 2016

The Honorable President and Members
of the Board of Education
Borough of Madison School District
County of Morris, NJ

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 Madison School District in the County of Morris for the fiscal year ended June 30, 2016, and have issued our report thereon dated October 18, 2016.

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 October 18, 2016, on the financial statements of the Board.

We will review the status of the comments during our next audit engagement. We have already discussed these 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, if any.

This report is intended for the information of the Borough of Madison School District's Board of Education, 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

William F. Schroeder
Licensed Public School Accountant #2112
Certified Public Accountant

BOROUGH OF MADISON SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016

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

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>
Abigail E. Kutz	Treasurer of School Monies	\$ 265,000
Gary S. Lane	School Business Administrator/Board Secretary	250,000

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 a proper adjustment to the billings to sending districts for the change 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 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 were approved by the Superintendent and were certified by the President of the Board, the Board Secretary/School Business Administrator and the Chief School Administrator.

Salary withholdings were promptly remitted to the proper agencies, including health benefit withholdings due to the General Fund.

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (superintendent, assistant superintendent, and business administrator) to the NJ Department of Treasury was filed in a timely manner.

BOROUGH OF MADISON SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

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. In addition to randomly selecting a test sample, we reviewed administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.2. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. As a result of the procedures performed, no errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

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 herein.

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 herein.

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

The N.C.L.B. financial exhibits are contained herein within the Special Revenue Section of the District's CAFR. This section of the CAFR documents the financial position pertaining to projects under Titles I, II and III of the No Child Left Behind Act.

The study of compliance for the N.C.L.B. did not indicate any area of noncompliance.

Other Special Federal and/or State Projects

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

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

BOROUGH OF MADISON SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

T.P.A.F. Reimbursement

Our audit procedures included a test of the 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, 2016. 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"

Effective July 1, 2015 and thereafter the bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-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 contracts under N.J.S.A. 18A:39-3 is currently \$18,800.

As per N.J.S.A. 18A:18A-3, the Board passed a resolution authorizing the Business Administrator as a qualified purchasing agent and increasing the bid threshold to \$40,000.

BOROUGH OF MADISON SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

School Purchasing Programs (Cont'd)

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

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 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 the appropriate school food service personnel, as to whether the SFA had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted.

Additionally, we inquired of school management, or appropriate school food service personnel, as to whether the SFA's expenditures of school food service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

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.

BOROUGH OF MADISON SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2015 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the disabled, low income and bilingual students. 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 three 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 maintained workpapers on the prescribed State forms or their equivalent.

The District's written procedures appear to be adequate for the recording of student enrollment data.

Pupil Transportation

Our audit procedures included a test of on-roll status reported in the 2015-2016 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. Based on our review, the District complied with proper bidding procedures and award of contracts. The bid specifications for the purchase of buses were in compliance with applicable statutes. 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 revenue, transfer of local funds from the General Fund or from the Capital Reserve Account and awarding of contracts for eligible facilities construction.

Travel Expense and Reimbursement Policy

Travel regulations require each District to adopt a formal policy and procedure pertaining to travel and 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 prior by the Board of Education and Superintendent and that the approval must be itemized by event, event total cost, and individuals attending.

Our review of the travel policies and records revealed that the District is in general compliance with the travel regulations.

BOROUGH OF MADISON SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016
 (Continued)

Management Suggestions

1. The duties of the Business Administrator have evolved over the last few decades into a position that is responsible for the collection, disbursement and investment of the School's main funds. At the time of the passage of the statute delineating the duties of the Treasurer of School Monies, the aforementioned duties were to be the responsibility of the Treasurer. Also, the statute established the requirement for the amount of the Treasurer's bond did not contemplate the evolution of the Business Administrator's position. It is suggested the Business Administrator's surety bond coverage be increased to the same amount as the Treasurer's.
2. The District's Student and Athletic Activities disbursements be included in the monthly bills list approved by the Board of Education and included in the Board minutes.
3. Cyber Security

Cybercrime has become much more prevalent in the last few years. Websites and internal networks, including personally identifiable information ("PII"), have been hacked and resulted in significant losses to organizations, both financial and reputational. We suggest that the District consider options to test and protect the District from cybercrime.

4. Capital Projects and Related SDA Grants

We have noted that the three projects contained within the Capital Projects Fund are fully completed. These projects are funded in part with Schools Development Authority ("SDA") grants. The District should review the projects and file as soon as possible all grant reimbursements and address the balances remaining in the projects that are completed and return the remaining funds to the appropriate fund. The Capital Projects Fund should only contain active projects and all completed projects should be removed from the fund.

Miscellaneous

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.

Status of Prior Year's Findings/Recommendations

The prior year audit finding with regard to expenditures reported on the final completion report for the I.D.E.A. Part B, Basic Regular grant was resolved in the current year.

BOROUGH OF MADISON SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015

	2016-2017 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
Half Day Preschool:												
3 Years Old	1		1				1	1	1			
4 Years Old	3		3				3	3	3			
Half Day Kindergarten	132		132				132	132	132			
Grade One	181		181				181	181	181			
Grade Two	171		171				171	171	171			
Grade Three	172		172				172	172	172			
Grade Four	162		162				162	162	162			
Grade Five	149		149				149	149	149			
Grade Six	162		162				162	162	162			
Grade Seven	159		159				159	159	159			
Grade Eight	159		159				159	159	159			
Grade Nine	197		197				197	197	197			
Grade Ten	170		170				170	170	170			
Grade Eleven	176		176				176	176	176			
Grade Twelve	188	2	188	2			188	2	188	2		
Subtotal	2,182	2	2,182	2			2,182	2	2,182	2		
Special Education:												
Elementary School	140		140				14	14	14			
Middle School	130		130				13	13	13			
High School	113	3	113	3			10	1	10	1		
Subtotal	383	3	383	3			37	1	37	1		
Totals	2,565	5	2,565	5	-0-	-0-	2,219	3	2,219	3	-0-	-0-
Percentage Error					0.00%	0.00%					0.00%	0.00%

Private Schools for Disabled

	Reported on ASSA as Private Schools	Reported on Work- papers as Private Schools	Errors	Sample for Verifi- cation	Sample Verified	Sample Errors
	Special Education:					
Elementary School	3	3		1	1	
Middle School	5	5		1	1	
High School	8	8		1	1	
Totals	16	16	-0-	3	3	-0-
Percentage Error			0.00%			0.00%

BOROUGH OF MADISON SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015

	Resident Low Income			Sample for Verification		
	Reported on ASSA as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Half Day Kindergarten	3	3		1	1	
Grade One	7	7		1	1	
Grade Two	6	6		1	1	
Grade Three	12	12		1	1	
Grade Four	10	10		1	1	
Grade Five	6	6		1	1	
Grade Six	6	6				
Grade Seven	8	8		1	1	
Grade Eight	6	6				
Grade Nine	9	9		1	1	
Grade Ten	6	6		1	1	
Grade Eleven	12	12		1	1	
Grade Twelve	7	7		1	1	
Subtotal	<u>98</u>	<u>98</u>	<u>-0-</u>	<u>11</u>	<u>11</u>	<u>-0-</u>
Special Education:						
Elementary School	11	11		1	1	
Middle School	14	14		1	1	
High School	13	12	1	1	1	
Subtotal	<u>38</u>	<u>37</u>	<u>1</u>	<u>3</u>	<u>3</u>	<u>-0-</u>
Totals	<u>136</u>	<u>135</u>	<u>1</u>	<u>14</u>	<u>14</u>	<u>-0-</u>
Percentage Error			<u>0.74%</u>			<u>0.00%</u>

	Resident LEP Low Income			Sample for Verification		
	Reported on ASSA as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Test Scores and Register	Sample Errors
Half Day Kindergarten	1	1		1	1	
Grade One	1	1				
Grade Two	1	1				
Grade Three	1	1		1	1	
Grade Six	1		1			
Grade Seven	1	1				
Grade Nine	2	2		1	1	
Totals	<u>8</u>	<u>7</u>	<u>1</u>	<u>3</u>	<u>3</u>	<u>-0-</u>
Percentage Error			<u>12.50%</u>			<u>0.00%</u>

BOROUGH OF MADISON SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015

	<u>Resident LEP NOT Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on ASSA as LEP NOT Low Income</u>	<u>Reported on Workpapers as LEP NOT Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Test Scores and Register</u>	<u>Sample Errors</u>
Half Day Kindergarten	4	4				
Grade One	7	7		1	1	
Grade Two	5	5		1	1	
Grade Three	4	5	(1)			
Grade Four	3	3		1	1	
Grade Five	4	4				
Grade Eight	3	3		1	1	
Grade Nine	2	2				
Grade Ten	1	1				
Totals	<u>33</u>	<u>34</u>	<u>(1)</u>	<u>4</u>	<u>4</u>	<u>-0-</u>
Percentage Error			<u>2.94%</u>			<u>0.00%</u>

	<u>Transportation</u>					
	<u>Reported on DRTRS by DOE</u>	<u>Reported on DRTRS by District</u>	<u>Errors</u>	<u>Tested</u>	<u>Verified</u>	<u>Errors</u>
Regular - Public Schools	82	82		8	8	
Regular - Special Ed	11.5	11.5		3	3	
Transported - Non Public	90	90		9	9	
AIL	128	128		13	13	
Special Needs - Public	27.5	27.5		4	4	
Special Needs - Private	12	12		3	3	
Totals	<u>351</u>	<u>351</u>	<u>-0-</u>	<u>40</u>	<u>40</u>	<u>-0-</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

	<u>Reported</u>	<u>Re- calculated</u>
Average Mileage:		
Regular Including Grade PK Students	5.6	5.6
Regular Excluding Grade PK Students	5.6	5.6
Special Education with Special Needs	5.8	5.8

BOROUGH OF MADISON SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2016

REGULAR DISTRICT**SECTION 1****2% Calculation of Excess Surplus**

2015-16 Total General Fund Expenditures per the CAFR, Ex. C-1	<u>\$ 45,444,197</u> (B)
Increased by:	
Transfer from Capital Outlay to Capital Projects Fund	<u>\$</u> (B1a)
Transfer from Capital Reserve to Capital Projects Fund	<u>\$</u> (B1b)
Transfer from General Fund to SRF for PreK - Regular	<u>\$</u> (B1c)
Transfer from General Fund to SRF for PreK - Inclusion	<u>\$</u> (B1d)
Decreased by:	
On-Behalf TPAF Pension and Social Security	<u>\$ 4,757,505</u> (B2a)
Assets Acquired Under Capital Leases	<u>\$</u> (B2b)
Adjustment for Disallowed Expenditures per S1701	<u>\$</u> (B2c)
Adjusted 2015-16 General Fund Expenditures [(B)+(B1's)-(B2's)]	<u>\$ 40,686,692</u> (B3)
2% of Adjusted 2015-16 General Fund Expenditures [(B3) times .02]	<u>\$ 813,734</u> (B4)
Enter Greater of (B4) or \$250,000	<u>\$ 813,734</u> (B5)
Increased by: Allowable Adjustments	<u>\$ 86,376</u> (K)
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]	<u>\$ 900,110</u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6/30/2016 (Per CAFR Budgetary Comparison Schedule C-1)	<u>\$ 15,112,118</u> (C)
Decreased by:	
Year-End Encumbrances	<u>\$ 1,251,219</u> (C1)
Legally Restricted:	
Designated for Subsequent Year's Expenditures	<u>\$</u> (C2)
Excess Surplus - Designated for Subsequent Year's Expenditures	<u>\$</u> (C3)
Other Restricted Fund Balances	<u>\$ 12,810,789</u> (C4)
Assigned Fund Balance:	
Unreserved - Designated for Subsequent Year's Expenditures	<u>\$ 150,000</u> (C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	<u>\$ 900,110</u> (U1)

BOROUGH OF MADISON SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

SECTION 3

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

Recapitulation of Excess Surplus as of June 30, 2016

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures \$ -0- (C3)

Restricted Excess Surplus [(E)] \$ -0- (E)

Total Excess Surplus [(C3)+(E)] \$ -0- (D)

Detail of Allowable Adjustments

Impact Aid \$ -0- (H)

Sale & Lease-back \$ -0- (I)

Extraordinary Aid \$ 53,246 (J1)

Additional Nonpublic School Transportation Aid \$ 33,130 (J2)

Current Year School Bus Advertising Revenue Realized \$ -0- (J3)

Family Crisis Transportation Aid \$ -0- (J4)

Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)] \$ 86,376 (K)

Detail of Other Restricted Fund Balances

Statutory Restrictions:

Approved Unspent Separate Proposal \$ -0-

Sale/Lease-back Reserve \$ -0-

Capital Reserve \$ 10,459,120

Maintenance Reserve \$ 2,351,669

Emergency Reserve \$ -0-

Tuition Reserve \$ -0-

School Bus Advertising 50% Fuel Offset Reserve - Current Year \$ -0-

School Bus Advertising 50% Fuel Offset Reserve - Prior Year \$ -0-

Impact Aid General Fund Reserve (Sections 8002 and 8003) \$ -0-

Impact Aid General Fund Reserve (Sections 8007 and 8008) \$ -0-

Other State/Government Mandated Reserve \$ -0-

Other Restricted Fund Balances Not Noted Above \$ -0-

Total Other Restricted Fund Balances \$ 12,810,789 (C4)

BOROUGH OF MADISON SCHOOL DISTRICT
SUMMARY OF RECOMMENDATIONS
FISCAL YEAR ENDED JUNE 30, 2016

It is recommended that:

1. Administrative Practices and Procedures
None
2. Financial Planning, Accounting and Reporting
None
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
None
9. Status of Prior Year's Findings/Recommendations

The prior year audit finding with regard to expenditures reported on the final completion report for the I.D.E.A. Part B, Basic Regular grant was resolved in the current year.