

***MORRIS SCHOOL DISTRICT  
COUNTY OF MORRIS, NEW JERSEY***

***AUDITOR'S MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS –  
FINANCIAL, COMPLIANCE AND  
PERFORMANCE  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2016***

***HODULIK & MORRISON, P.A.***  
*CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS  
PUBLIC SCHOOL ACCOUNTANTS  
HIGHLAND PARK, N.J.*

MORRIS SCHOOL DISTRICT  
MORRIS COUNTY, NEW JERSEY

AUDITORS MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS -  
FINANCIAL, COMPLIANCE AND PERFORMANCE

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Tax ID Number 221946483

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REGISTERED MUNICIPAL ACCOUNTANTS OF N.

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Education  
Morris School District  
Morris County, New Jersey

We have audited, in accordance with generally accepted audit standards and *Government Auditing Standards* issued by the Comptroller General of the United States of, the basic financial statements of the Board of Education of the Morris School District in the County of Morris, New Jersey, as of and for the year ended June 30, 2016, and have issued our report thereon dated November 28, 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 report is intended for the information of the Morris School District Board of Education's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.



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



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

Highland Park, New Jersey  
November 28, 2016

ADMINISTRATIVE FINDINGS  
FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING

Scope of Audit

The audit covered the financial transactions of the Board Secretary/ Business Administrator for Business Services, 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

Fire insurance coverage was carried in amounts as detailed on Exhibit J-20 of the District's CAFR. The details of the various additional insurance coverages carried by the Board are also presented on this Exhibit. 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 position was covered by Surety Bonds:

Anthony LoFranco, Business Administrator/ Board Secretary	\$420,000.00
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The Surety Bond coverage for the School Business Administrator/Board Secretary exceeded the minimum requirement as promulgated by the Department of Education.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. Differences in actual costs, as certified by the Department of Education pursuant to the provisions of N.J.A.C. 6:20-3.1, from estimated costs billed by the Board during the period were adjusted as required.

Examination of Claims

Claims were examined for the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

Payroll/Payroll Agency 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.

## FINANCIAL PLANNING, ACCOUNTING AND REPORTING

### Reserve for Encumbrances and Accounts Payable

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. Our review indicated that outstanding issued purchase orders were properly classified at June 30, 2015 based upon accounting principles generally accepted in the United States of America.

The use of blanket orders during the school year was based on operating efficiencies, and controls over their utilization were good.

### Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f). Our testing included random sampling procedures as well as a full review of items determined to be individually significant. 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. We noted no errors in the test population relating to the proper classification of expenditures.

### Unemployment Compensation Insurance Trust Fund

The Board has adopted the direct reimbursement method and has established an Unemployment Compensation Insurance Trust Fund. Exhibit "H-2" sets forth the activity of this fund for the period under review. Total revenue, which consisted of interest earnings, employee contributions and board contributions, amounted to \$92,140 and expenditures, which consist primarily of reimbursements to the New Jersey Unemployment Insurance Fund, amounted to \$83,647. Funds available at June 30, 2016 to pay future claims amounted to \$2,065,372. The cash balance in the Unemployment Compensation Insurance Trust Fund at June 30, 2016 is sufficient, without additional interest earnings, to cover actual claims reimbursed to the State during the year then ended. Unfortunately, the District is not permitted under existing law and regulations to utilize this excess funding of a self-insured risk for any other purpose.

### Investment of Idle Funds

During the period under audit, the Board had all of the idle funds in its governmental fund types invested in interest bearing accounts. Based on an agreement with its official depository, the Board receives interest, calculated using the federal funds rate, on its bank balance in the general account. Additional funds were held in certificates of deposit. The existing practices allow the Board to maximize investment income without exposing Board funds to market related risks to investment principal.

### Board Secretary's Records

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

The financial records maintained by the Board Secretary were found to be a complete and accurate reporting of the transactional record for the period. Information provided to the Board of Education and Management in the form of monthly financial reports was found to be timely and reliable. The implementation of the "Administrative Manual for Business Office Procedures" during the 1998-99 school year has formalized the various functions and tasks, resulting in an improved internal control environment.

Elementary and Secondary Education Act of 1965 (E.S.E.A.)/Improving America's Schools Act (IASA) as reauthorized by the No Child Left Behind Act of 2001.

The E.S.E.A./NCLB financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the projects under Titles I, II and III of the Elementary and Secondary Education Act, as amended and reauthorized.

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.

The examination 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 Fund Section of the CAFR. This section of the CAFR documents the revenues and expenditures pertaining to the aforementioned special projects on a grant accounting budgetary basis and reports the financial position of the fund on a GAAP basis at June 30, 2015.

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly 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 for items tested.

TPAF Reimbursement to the State for Federal Salary Expenditures

The amount of the expenditure charged to the current year's Final Report(s) for all federal awards for the school district (or charter school or renaissance school project) to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district (or charter school or renaissance school project) 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

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 \$17,500.00, 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 quotes. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (C.40A: 11-9) 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 general delegation of the power to negotiate and award such contracts pursuant to this section."

## SCHOOL PURCHASING PROGRAMS (CONT'D.)

### Contracts and Agreements Requiring Advertisement for Bids (cont'd)

"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 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. 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."

"Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection a. of N.J.S.18A:18A-5 may be awarded for a period not exceeding 12 consecutive months."

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, 2015 and thereafter the bid thresholds in accordance with N.J.S.A. 18A:18A-2 (as amended) and 18A:18A-3(a) are \$40,000.00 (with a Qualified Purchasing Agent) and \$29,000.00 (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 for 2015-16.

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. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

The results of the 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.

State approved contracts were issued for vendors throughout the year for state contracts that were awarded over the bid threshold as required under Administrative Code section 5:34-7.29.

### School Food Service Fund

The school food service program was not selected as a major federal or state program. However, the program expenditures exceeded \$100,000 in federal support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether a) the SFA had any Child Nutrition Program reimbursement overclaims or underclaims and b) the SFA's expenditures of school service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

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

Cash receipts and bank records were reviewed for timely deposit.

The number of meals claimed for reimbursement was verified against sales and meal count records. Reimbursement claims were submitted/certified in a timely manner. No exceptions noted for items tested.

The district utilizes a food service management company and is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34, and 19-1 through 19-4.1. No exceptions noted for items tested.

Expenses were separately recorded as food, labor, benefits and other costs. Vendor invoices were reviewed and costs verified. Inventory records were maintained current and properly applied in determining the cost of food and supplies used. No exceptions noted.

The cash disbursement records reflected expenditures for program and 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.

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/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 is uniformly administered throughout the School System. The required verification policy procedures for free and reduced price applications were completed and available for review. No exceptions noted.

U.S.D.A. commodities were received and single inventory records were maintained 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

The recordkeeping of the various student activities funds were reviewed for the 2015-2016 school year. The records were maintained in generally good condition.



### Application for State School Aid

Our audit included procedures to test information reported in the October 15, 2015 Application for State School Aid (ASSA) for on-roll, private schools for the handicapped and low-income. We also performed a review of District procedures relating to its completion. The information contained in the ASSA was compared to the District workpapers without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

The district maintained workpapers on the prescribed state form 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. 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.

SUMMARY OF RECOMMENDATION(S)

None

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

During the course of our audit, we received the complete cooperation of all the officials of the school district. Every effort was made by the staff to assist us in the completion of our engagement. We greatly appreciate the professionalism of the staff and the courtesies extended to us.

Respectfully submitted,



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



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

MORRIS SCHOOL DISTRICT  
 COSTS OF EDUCATION PER PUPIL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
 (MEMORANDUM ONLY)

Costs of Education:	
Instruction:	
Regular Programs	\$ 27,569,631
Special Education	6,859,529
Other Instructional Programs	<u>3,285,881</u>
Total Instruction	37,715,041
Total Undistributed Expenditures*	<u>62,642,162</u>
Total Costs of Education	100,357,203
Average Daily Enrollment	<u>5,249</u>
Costs of Education Per Pupil	<u><u>\$ 19,119</u></u>

Note: The above calculation excludes capital outlay expenditures, including the costs of instructional equipment.

\* Includes \$2,884,027 of "on-behalf" payments by State of New Jersey for TPAF social security and \$6,659,703 of "on-behalf" payments for TPAF post retirement medical contribution and TPAF pension contribution.

**SCHEDULE OF AUDITED ENROLLMENTS**

**MORRIS SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENTS AS OF OCTOBER 15, 2015**

	2016-2017 Application for State School Aid				Sample for Verification				Private Schools for Disabled					
	Reported on A.S.S.A. On Roll		Workpapers On Roll		Sample Selected From Workpapers		Registers On Roll		Reported on A.S.S.A. Private Schools		Sample Verification		Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Half Day Preschool	83		83		6		6		0		0		0	
Full Day Preschool	19		19		2		2		0		0		0	
Full Day Kindergarten	308		308		18		18		0		0		0	
One	327		327		21		21		0		0		0	
Two	347		347		18		18		0		0		0	
Three	344		344		21		21		0		0		0	
Four	302		302		17		17		0		0		0	
Five	308		308		21		21		0		0		0	
Six	336		336		20		20		0		0		0	
Seven	335		335		22		22		0		0		0	
Eight	319		319		20		20		0		0		0	
Nine	417		417		26		26		0		0		0	
Ten	380		380		24		24		0		0		0	
Eleven	410	7	410	7	25		25		0		0		0	
Twelve	346	1	346	1	21		21		0		0		0	
Subtotals	4,581	8	4,581	8	282		282		0		0		0	
Special Ed - Elementary	276		276		17		17		14		11		11	
Special Ed - Middle School	156		156		10		10		8		6		6	
Special Ed - High School	215	11	215	11	13		13		39.5		30		30	
Subtotals	647	11	647	11	40		40		61.5		47		47	
Totals	5,228	19	5,228	19	322		322		61.5		47		47	
Percentage Error					0.00%		0.00%		0.00%		0.00%		0.00%	

**SCHEDULE OF AUDITED ENROLLMENTS**

**MORRIS SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2015**

	Resident Low Income		Sample for Verification		Resident LEP Low Income		Sample for Verification	
	Reported on A.S.S.A. As Low Income	Workpapers As Low Income	Sample Selected From Workpapers	Verified to Application And Register	Reported on A.S.S.A. As Bilingual Education	Workpapers As Bilingual Education	Sample Selected From Workpapers	Verified to Test Score and Register
Pre K	122	122	19	19	35	35	17	17
Kindergarten	129	129	20	20	53	53	26	26
One	142	142	22	22	56	56	27	27
Two	120	120	19	19	49	49	24	24
Three	118	118	18	18	28	28	14	14
Four	111	111	17	17	10	10	5	5
Five	96	96	15	15	7	7	3	3
Six	107	107	17	17	17	17	8	8
Seven	92	92	14	14	8	8	4	4
Eight	130	130	20	20	29	29	14	14
Nine	96	96	15	15	46	46	23	23
Ten	105	105	16	16	36	36	17	17
Eleven	92	92	14	14	15	15	7	7
Twelve								
Subtotals	1460	1460	226	226	389	389	189	189
Sp Ed - Elementary	136	136	21	21	15	15	7	7
Sp Ed - Middle School	76	76	12	12	1	1	1	1
Sp Ed - High School	85	85	13	13	0	0	0	0
Subtotals	297	297	46	46	16	16	8	8
Totals	1757	1757	272	272	405	405	197	197
Percentage Error			0.00%		0.00%		0.00%	

	Transportation		Reported	
	Reported on DRTS by DOE	Reported on DRTS by District	Errors	Reported
Reg. - Public Schools	1775	1775	204	204
Non-Public Transportation	317	317	37	37
Non-Public AIL	324	324	37	37
Reg. Special Educ	14	14	2	2
Special Educ - Special Needs	96	96	11	11
Totals	2526	2526	291	291
Percentage Error			0.00%	

Reg. Avg. Mileage - Regular Including Grade PK Students (Part A) 3.8  
 Reg. Avg. Mileage - Regular Excluding Grade PK Students (Part B) 3.8  
 Spec. Avg. - Special Ed. With Special Needs 12.1

SCHEDULE OF AUDITED ENROLLMENTS

MORRIS SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2015

	Reported on		Resident LEP NOT Low Income		Sample for Verification		
	A.S.A. NOT Low Income	Workpapers NOT Low Income	Workpapers NOT Low Income	Sample Errors	Sample Selected from Work papers	Verified to Application and Register	Sample Errors
Pre K	0	0	0	0	0	0	0
Kindergarten	4	4	4	0	4	4	0
One	3	3	3	0	3	3	0
Two	4	4	4	0	4	4	0
Three	2	2	2	0	1	1	0
Four	0	0	0	0	0	0	0
Five	1	1	1	0	1	1	0
Six	1	1	1	0	1	1	0
Seven	0	0	0	0	0	0	0
Eight	9	9	9	0	7	7	0
Nine	10	10	10	0	8	8	0
Ten	6	6	6	0	5	5	0
Eleven	3	3	3	0	3	3	0
Twelve							
Subtotals	43	43	43	0	37	37	0
Sp Ed - Elementary	1	1	1	0	1	1	0
Sp Ed - Middle School	0	0	0	0	0	0	0
Sp Ed - High School	0	0	0	0	0	0	0
Subtotals	1	1	1	0	1	1	0
Totals	44	44	44	0	38	38	0
Percentage Error				0.00%			0.00%

**EXCESS SURPLUS CALCULATION**

**REGULAR DISTRICT/CHARTER SCHOOL/RENAISSANCE SCHOOL PROJECT**

**SECTION 1**

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

2015-2016 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ <u>101,137,220</u> (B)
Increased by:	
Transfer from Capital Outlay to Capital Projects Fund	\$ <u>84,388</u> (B1a)
Transfer from Capital Reserve to Capital Projects Fund	\$ <u>1,051,510</u> (B1b)
Transfer from General Fund to SRF for PreK-Regular	\$ _____ (B1c)
Transfer from General Fund to SRF for PreK-Inclusion	\$ _____ (B1d)
Decreased by:	
On-Behalf TPAF Pension & Social Security	\$ <u>9,543,730</u> (B2a)
Assets Acquired Under Capital Leases	\$ <u>76,074</u> (B2b)
Adjusted 2015-16 General Fund Expenditures [(B)+(B1s)-(B2s)]	\$ <u>92,653,314</u> (B3)
2% of Adjusted 2015-16 General Fund Expenditures [(B3) times .02]	\$ <u>1,853,066</u> (B4)
Enter Greater of (B4) or \$250,000	\$ <u>1,853,066</u> (B5)
Increased by: Allowable Adjustment*	\$ <u>889,561</u> (K)
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]	\$ <u>2,742,627</u> (M)

**SECTION 2**

Total General Fund - Fund Balances @ 6/30/2016 (Per CAFR Budgetary Comparison Schedule C-1)	\$ <u>27,724,934</u> (C)
Decreased by:	
Year-end Encumbrances	\$ <u>538,983</u> (C1)
Legally Restricted -Designated for Subsequent Year's Expenditures	\$ _____ (C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ <u>5,440,252</u> (C3)
Other Restricted Fund Balances****	\$ <u>13,303,749</u> (C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	\$ <u>840,000</u> (C5)
Total Unassigned Fund Balance [( C)-(C1)-(C2)-(C3)-(C4)-(C5)]	\$ <u>7,601,950</u> (U1)

**SECTION 3**

Restricted Fund Balance-Excess Surplus \*\*\*[(U1-(M)] IF NEGATIVE ENTER -0- \$ 4,859,323 (E)

**Recapitulation of Excess Surplus as of June 30, 2016**

Reserved Excess Surplus-Designated for Subsequent Year's Expenditures**	\$ <u>5,440,252</u> (C3)
Reserved Excess Surplus***[(E)]	\$ <u>4,859,323</u> (E)
Total [(C3) + (E)]	\$ <u><u>10,299,575</u></u> (D)

**Footnotes:**

\* Allowable adjustment to expenditures on line K must be detailed 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 N.J.S.A. 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, effective for the year ending June 30, 2016 the Federal Impact Aid adjustment to expenditures is limited to the portion of Federal Impact Aid Section 8002 and Section 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 1 to June 30 of the fiscal year under audit. Amounts transferred to the reserve are captured on line (C4);

(I) Sale and Lease-back (Refer to the 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

**Detail of Allowable Adjustments**

Impact Aid	\$ <u>2,702</u> (H)
Sale & Lease-back	\$ _____ (I)
Extraordinary Aid	\$ <u>805,603</u> (J1)
Additional Nonpublic School Transportation Aid	\$ <u>81,256</u> (J2)
Current Year School Bus Advertising Revenue Recognized	\$ _____ (J3)
Family Crisis Transportation Aid	\$ _____ (J4)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)]	\$ <u><u>889,561</u></u> (K)

\*\* This amount represents the June 30, 2016 Excess Surplus (C3 above) and must be included in the Audit Summary Line 90031.

\*\*\* Amount must agree to the June 30, 2016 CAFR and must agree to Audit Summary Line 90030.

\*\*\*\* Amount for Other Restricted 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 Administration and Finance prior to September 30.



**Detail of Other Reserved Fund Balance**

Statutory restrictions:

Approved unspent separate proposal	\$ _____
Sale/lease-back reserve	\$ _____
Capital reserve	\$ <u>10,711,599</u>
Maintenance reserve	\$ <u>2,592,150</u>
Emergency reserve	\$ _____
Tuition reserve	\$ _____
School Bus Advertising 50% Fuel Offset Reserve - current year	\$ _____
School Bus Advertising 50% Fuel Offset Reserve - prior year	\$ _____
Impact Aid General Fund Reserve (Sections 8002 and 8003)	\$ _____
Impact Aid Capital Fund Reserve (Sections 8007 and 8008)	\$ _____
Other state/government mandated reserve	\$ _____
[Other Restricted Fund Balance not noted above]****	\$ _____
 Total Other Restricted Fund Balance	 \$ <u>13,303,749 (C4)</u>