

BOROUGH OF MADISON SCHOOL DISTRICT  
COUNTY OF MORRIS  
AUDITORS' MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS - FINANCIAL,  
COMPLIANCE AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2017

BOROUGH OF MADISON SCHOOL DISTRICT  
COUNTY OF MORRIS  
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE  
FINDINGS - FINANCIAL,  
COMPLIANCE AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2017  
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October 18, 2017

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, 2017, and have issued our report thereon dated October 18, 2017.

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, 2017, 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.

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, 2017

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, 2017  
(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.

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, 2017  
(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, 2017. 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, 2017  
(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. 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.

We also 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.

Non-program foods were purchased, prepared or offered for sale. The Statement of Revenue, Expenses and Changes in Net Position in the CAFR Schedule B-5 does separate program and non-program revenue and program and non-program cost of goods sold.

BOROUGH OF MADISON SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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 below.

Finding:

Records show a cash deficit of \$2,512 in the Student Activity Athletic Account.

Recommendation:

It is recommended that greater care is taken in monitoring expenditures to ensure cash deficits in the Student Activity Athletic Account do not occur.

Management's Response:

The District will monitor expenditures to cash deficits do not occur in the Student Activity Athletic Account.

Application for State School Aid

Our audit procedures included a test of information reported in the October 14, 2016 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 two exceptions. The information that was included on the workpapers was verified on a test basis with minor 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



BOROUGH OF MADISON SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

Pupil Transportation

Our audit procedures included a test of on-roll status reported in the 2016-2017 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with no exceptions. 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. The exceptions were noted in our review of transportation related purchases of goods and services shown below.

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 except for the recommendation of the following page.

Finding:

It was noted that the District charges some travel expenses to non-travel expenditure lines.

Recommendation:

It is recommended that all travel expense be segregated from all other activities and charged to the 580 account line to ensure that the total amount of travel expenses for the year does not exceed the maximum amount approved in the minutes.

Management's Response:

The District will make every effort to ensure that travel is charged to the correct line item and travel approvals are documented in the Board minutes.

BOROUGH OF MADISON SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

Management Suggestions

Surety Bond

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.

Student Activity Account

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. It has recently been determined that School District personnel may not be completely aware of the limitations and restrictions on the use of Student Activity Funds. We believe it is important that the District be aware that any pupil organization which is part of the activity program of the School District, places at least indirect responsibility for supervision and control of that organization with the Board of Education. We suggest that the Board formally approve each school club or activity. As directed by the New Jersey Department of Education, collections related to fund raising for outside organizations should not be maintained in the District's Student Activity Funds.

Additionally, the District should ensure that District-wide standard policies and procedures are implemented for all Student Activity Funds. These policies should indicate the student activities funds are to be utilized for the benefit of the student activity or club and not to be utilized for enhancement of instructional programs or school facilities. The District should at least at a minimum communicate to school personnel on an annual basis the District's policies and procedures regarding Student Activity Funds. We suggest that these policies include guidance regarding timely deposits of funds and the safeguarding of funds prior to deposit as well as the appropriate purchasing guidelines for student activities disbursements. The exceptions were noted in our review of Student Activates related to the account status shown below.

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 No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which will be effective for the fiscal year ending June 30, 2018. This standard replaces GASB No. 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* 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

There were no prior year recommendations.

BOROUGH OF MADISON SCHOOL DISTRICT  
SCHEDULE OF AUDITED ENROLLMENT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 14, 2016

	2017-2018 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	6		6				6		6			
4 Years Old	5		5				5		5			
Half Day Kindergarten	131		131				131		131			
Grade One	179		179				179		179			
Grade Two	178		178				178		178			
Grade Three	157		157				157		157			
Grade Four	173		173				173		173			
Grade Five	157		157				157		157			
Grade Six	166		165		1		165		165			
Grade Seven	164		164				164		164			
Grade Eight	157		157				157		157			
Grade Nine	176		176				176		176			
Grade Ten	200		200				200		200			
Grade Eleven	170	3	170	3			170	3	170	3		
Grade Twelve	174		174				174		174			
Subtotal	<u>2,193</u>	<u>3</u>	<u>2,192</u>	<u>3</u>	<u>1</u>		<u>2,192</u>	<u>3</u>	<u>2,192</u>	<u>3</u>		
Special Education:												
Elementary School	150		150				15		15			
Middle School	148		149		-1		15		15			
High School	109	2	109	2			10		10			
Subtotal	<u>407</u>	<u>2</u>	<u>408</u>	<u>2</u>	<u>-1</u>		<u>40</u>		<u>40</u>			
Totals	<u>2,600</u>	<u>5</u>	<u>2,600</u>	<u>5</u>	<u>-0-</u>	<u>-0-</u>	<u>2,232</u>	<u>3</u>	<u>2,232</u>	<u>3</u>	<u>-0-</u>	<u>-0-</u>
Percentage Error					<u>0.00%</u>	<u>0.00%</u>					<u>0.00%</u>	<u>0.00%</u>

	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	4	4		1	1	
Middle School	6	5	1	1	1	
High School	8	9	-1	2	2	
Totals	<u>18</u>	<u>18</u>	<u>-0-</u>	<u>4</u>	<u>4</u>	<u>-0-</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

BOROUGH OF MADISON SCHOOL DISTRICT  
SCHEDULE OF AUDITED ENROLLMENT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 14, 2016

	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	9	9		1	1	
Grade One	6	7	-1	1	1	
Grade Two	6	6		1	1	
Grade Three	3	3				
Grade Four	7	6	1	1	1	
Grade Five	1		1			
Grade Six	7	7		1	1	
Grade Seven	5	5				
Grade Eight	5	5				
Grade Nine	7	8	-1	1	1	
Grade Ten	9	9		1	1	
Grade Eleven	9	10	-1	1	1	
Grade Twelve	11	12	-1	1	1	
Subtotal	<u>85</u>	<u>87</u>	<u>-2</u>	<u>9</u>	<u>9</u>	<u>-0-</u>
Special Education:						
Elementary School	15	15		1	1	
Middle School	17	17		2	2	
High School	11	8	3	1	1	
Subtotal	<u>43</u>	<u>40</u>	<u>3</u>	<u>4</u>	<u>4</u>	<u>-0-</u>
Totals	<u>128</u>	<u>127</u>	<u>1</u>	<u>13</u>	<u>13</u>	<u>-0-</u>
Percentage Error			<u>0.78%</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	2	2		1	1	
Grade One	2	2		1	1	
Grade Three	1	1				
Grade Four	1	1				
Grade Six	1	1				
Grade Eight	1	1				
Grade Nine	1	1				
Grade Ten	1	1				
Grade Eleven	3	3		1	1	
Totals	<u>13</u>	<u>13</u>	<u>-0-</u>	<u>3</u>	<u>3</u>	<u>-0-</u>
Special Education:						
Middle School	1	1		1	1	
Subtotal	<u>1</u>	<u>1</u>		<u>1</u>	<u>1</u>	<u>-0-</u>
Totals	<u>14</u>	<u>14</u>	<u>-0-</u>	<u>4</u>	<u>4</u>	<u>-0-</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

BOROUGH OF MADISON SCHOOL DISTRICT  
SCHEDULE OF AUDITED ENROLLMENT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 14, 2016

	<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						
Grade One	6	6		1	1	
Grade Two	6	6		1	1	
Grade Three	4	4				
Grade Four	1	1				
Grade Five	2	2				
Grade Seven	2	2				
Grade Nine	3	3		1	1	
Grade Ten	5	6	-1	1	1	
Subtotal	<u>29</u>	<u>30</u>	<u>(1)</u>	<u>5</u>	<u>5</u>	
Special Education:						
Elementary School	1	1		1	1	
Subtotal	<u>1</u>	<u>1</u>	<u>-0-</u>	<u>1</u>	<u>1</u>	<u>-0-</u>
Totals	<u>30</u>	<u>31</u>	<u>(1)</u>	<u>6</u>	<u>6</u>	<u>-0-</u>
Percentage Error			<u>3.23%</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	63	63		6	6	
Regular - Special Ed	13	13		4	4	
Transported - Non Public	95	95		10	10	
AIL	126	126		13	13	
Special Needs - Public	23	23		5	5	
Special Needs - Private	17	17		4	4	
Totals	<u>337</u>	<u>337</u>	<u>-0-</u>	<u>42</u>	<u>42</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	5.8	5.8
Regular Excluding Grade PK Students	5.8	5.8
Special Education with Special Needs	7.9	7.9

BOROUGH OF MADISON SCHOOL DISTRICT  
EXCESS SURPLUS CALCULATION  
FISCAL YEAR ENDED JUNE 30, 2017

**REGULAR DISTRICT**

**SECTION 1**

**2% Calculation of Excess Surplus**

2016-2017 Total General Fund Expenditures per the CAFR, Ex. C-1	<u>\$ 48,533,540 (B)</u>
Increased by:	
Transfer from Capital Outlay to Capital Projects Fund	<u>\$ _____ (B1a)</u>
Transfer from Capital Reserve to Capital Projects Fund	<u>\$ _____ (B1b)</u>
Transfer from General Fund to SRF for PreK - Regular	<u>\$ _____ (B1c)</u>
Transfer from General Fund to SRF for PreK - Inclusion	<u>\$ _____ (B1d)</u>
Decreased by:	
On-Behalf TPAF Pension and Social Security	<u>\$ 5,348,044 (B2a)</u>
Assets Acquired Under Capital Leases	<u>\$ _____ (B2b)</u>
Adjustment for Disallowed Expenditures per S1701	<u>\$ _____ (B2c)</u>
Adjusted 2016-2017 General Fund Expenditures [(B)+(B1's)-(B2's)]	<u>\$ 43,185,496 (B3)</u>
2% of Adjusted 2016-2017 General Fund Expenditures [(B3) times .02]	<u>\$ 863,709 (B4)</u>
Enter Greater of (B4) or \$250,000	<u>\$ 863,709 (B5)</u>
Increased by: Allowable Adjustments	<u>\$ 112,698 (K)</u>
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]	<u>\$ 976,407</u>

**SECTION 2**

Total General Fund - Fund Balances @ 6/30/2017 (Per CAFR Budgetary Comparison Schedule C-1)	<u>\$ 14,407,968 (C )</u>
Decreased by:	
Year-End Encumbrances	<u>\$ 1,738,758 (C1)</u>
Legally Restricted:	
Designated for Subsequent Year's Expenditures	<u>\$ _____ (C2)</u>
Excess Surplus - Designated for Subsequent Year's Expenditures	<u>\$ _____ (C3)</u>
Other Restricted Fund Balances	<u>\$ 11,542,803 (C4)</u>
Assigned - Designated for Subsequent Year's Expenditures	<u>\$ 150,000 (C5)</u>
Additional Assigned Fund Balance - Designated for Subsequent Year's Expenditures July 1, 2017 - August 1, 2017	<u>_____ (C6)</u>
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	<u>\$ 976,407</u>

BOROUGH OF MADISON SCHOOL DISTRICT  
EXCESS SURPLUS CALCULATION  
FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

**SECTION 3**

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

**Recapitulation of Excess Surplus as of June 30, 2017**

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 \$ 80,783 (J1)  
Additional Nonpublic School Transportation Aid \$ 31,915 (J2)  
Current Year School Bus Advertising Revenue Realized \$ -0- (J3)  
Family Crisis Transportation Aid \$ -0- (J4)

Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)] \$ 112,698 (K)

**Detail of Other Restricted Fund Balances**

Statutory Restrictions:

Approved Unspent Separate Proposal \$ -0-  
Sale/Lease-back Reserve \$ -0-  
Capital Reserve \$ 10,548,629  
Maintenance Reserve \$ 994,174  
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 \$ 11,542,803 (C4)

BOROUGH OF MADISON SCHOOL DISTRICT  
SUMMARY OF RECOMMENDATIONS  
FISCAL YEAR ENDED JUNE 30, 2017

It is recommended that:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

None

3. School Purchasing Program

All travel expense be segregated from all other activities and charged to the 580 account line to ensure that the total amount of travel expenses for the year does not exceed the maximum amount approved in the minutes.

4. School Food Service

None

5. Student Body Activities

Greater care is taken in monitoring expenditures to ensure cash deficits do not occur in the Student Activity Athletic Account.

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

None