

***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, 2017***

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PUBLIC SCHOOL ACCOUNTANTS
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MORRIS SCHOOL DISTRICT
MORRIS COUNTY, NEW JERSEY

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

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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 auditing 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 Morris School District in the County of Morris, New Jersey, as of and for the year ended June 30, 2017, and have issued our report thereon dated November 30, 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 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.

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



Robert S. Morrison
Certified Public Accountant
Public School Accountant #841

Highland Park, New Jersey
November 30, 2017

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, 2017 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 \$100,040 and expenditures, which consist primarily of reimbursements to the New Jersey Unemployment Insurance Fund, amounted to \$86,675. Funds available at June 30, 2017 to pay future claims amounted to \$2,078,737. The cash balance in the Unemployment Compensation Insurance Trust Fund at June 30, 2017 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, 2017.

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 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 2016-17.

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 financial transactions and statistical records of the school food service fund were reviewed. The financial accounts, meal count records and eligibility applications were reviewed on a test check basis. There were no exceptions noted for those items reviewed.

Cash receipts and bank records were reviewed for timely deposit.

The district utilizes a food service management company (FSMC) 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. Provisions of the FSMC contract were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will return a profit of at least \$153,000. The operating results provision has been met.

Expenses were separately recorded as food, labor, benefits and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food and supply items were currently maintained 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.

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 matter. No exceptions noted.

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 was reviewed for uniform administration throughout the school system. The required verification procedures for free and reduced price applications were completed and available for review. No exceptions noted.

U.S.D.A. Food Distribution Program (food and/or commodities) were received and single inventory was maintained on a first-in, first-out basis. No exceptions noted.

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

The State of Revenues, Expenses, and Changes in Fund Net Assets does separate program and non-program revenue and program and non-program cost of goods sold.

Student Activity Funds

The recordkeeping of the various student activities funds was reviewed for the 2016-2017 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, 2016 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 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. 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.

MORRIS SCHOOL DISTRICT
AUDIT RECOMMENDATIONS SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

MORRIS SCHOOL DISTRICT
AUDIT RECOMMENDATIONS SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

10. Status of Prior Year Audit Findings/Recommendations

There were no prior year recommendations as a result no correction action was required.

Acknowledgement

During the course of our audit, we received the complete cooperation of all the officials of the school district, and we greatly appreciate the courtesies extended to us.

Respectively submitted,

Hodulik & Morrison, P.A.

Hodulik & Morrison, P.A.
Certified Public Accountants
Public School Accountants



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

MORRIS SCHOOL DISTRICT
 COSTS OF EDUCATION PER PUPIL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(MEMORANDUM ONLY)

Costs of Education:	
Instruction:	
Regular Programs	\$ 28,789,446
Special Education	6,421,612
Other Instructional Programs	<u>3,424,671</u>
Total Instruction	38,635,729
Total Undistributed Expenditures*	<u>66,507,428</u>
Total Costs of Education	105,143,157
Average Daily Enrollment	<u>5,198</u>
Costs of Education Per Pupil	<u><u>\$ 20,228</u></u>

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

* Includes \$2,900,758 of "on-behalf" payments by State of New Jersey for TPAF social security and \$7,931,711 of "on-behalf" payments for TPAF post retirement medical contribution and TPAF pension contribution.

SCHEDULE OF MEAL COUNT ACTIVITY

MORRIS SCHOOL DISTRICT
 FOOD SERVICE FUND
 NUMBER OF MEALS SERVED AND (OVER)/UNDER CLAIM - FEDERAL
 ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

<u>PROGRAM</u>	<u>MEAL CATEGORY</u>	<u>MEALS CLAIMED</u>	<u>MEALS TESTED</u>	<u>MEALS VERIFIED</u>	<u>DIFFERENCE</u>	<u>RATE</u>	<u>(OVER)/ UNDER- CLAIM</u>
National School Lunch: (Regular Rate)	Paid	110,873	110,873	110,873	-0-	0.320	\$ -0-
	Reduced	29,091	29,091	29,091	-0-	2.780	-0-
	Free	<u>190,161</u>	<u>190,161</u>	<u>190,161</u>	<u>-0-</u>	3.180	<u>-0-</u>
Total		<u>330,125</u>	<u>330,125</u>	<u>330,125</u>	<u>-0-</u>		<u>\$ -0-</u>
National School Lunch:	HHFKA - PB Lunch Only	<u>330,125</u>	<u>330,125</u>	<u>330,125</u>	<u>-0-</u>	0.060	<u>\$ -0-</u>
School Breakfast: (Severe Need Rates)	Paid	6,154	6,154	6,154	-0-	0.290	\$ -0-
	Reduced	6,262	6,262	6,262	-0-	1.740	-0-
	Free	<u>129,561</u>	<u>129,561</u>	<u>129,561</u>	<u>-0-</u>	2.040	<u>-0-</u>
Total		<u>141,977</u>	<u>141,977</u>	<u>141,977</u>	<u>-0-</u>		<u>\$ -0-</u>

SCHEDULE OF MEAL COUNT ACTIVITY

MORRIS SCHOOL DISTRICT
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDER CLAIM - STATE
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

<u>PROGRAM</u>	<u>MEAL CATEGORY</u>	<u>MEALS CLAIMED</u>	<u>MEALS TESTED</u>	<u>MEALS VERIFIED</u>	<u>DIFFERENCE</u>	<u>RATE</u>	<u>(OVER)/ UNDER- CLAIM</u>
State Reimbursement National School Lunch: (Regular Rate)	Paid	110,873	110,873	110,873	-0-	0.040	\$ -0-
	Reduced	29,091	29,091	29,091	-0-	0.055	-0-
	Free	<u>190,161</u>	<u>190,161</u>	<u>190,161</u>	<u>-0-</u>	0.055	<u>-0-</u>
Total		<u>330,125</u>	<u>330,125</u>	<u>330,125</u>	<u>-0-</u>		<u>\$ -0-</u>

NET CASH RESOURCE SCHEDULE

Net cash resources did/did not exceed three months of expenditures Proprietary Funds - Food Service FYE 2017

<u>Net Cash Resources:</u>		Food Service B - 4/5	
CAFR	*	Current Assets	
B-4		Cash & Cash Equiv.	\$ 3,190
B-4		Due from Other Gov'ts	207,383
B-4		Accounts Receivable	24,396
B-4		Investments	
CAFR		Current Liabilities	
B-4		Less Accounts Payable	(139,224)
B-4		Less Accruals	
B-4		Less Due to Other Funds	(38,299)
B-4		Less Deferred Revenue	(21,307)
		Net Cash Resources	<u>\$ 36,139</u> (A)

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.	1,685,054	
B-5	Less Depreciation	(8,808)	
	Adj. Tot. Oper. Exp.	<u>\$ 1,676,246</u>	(B)

Average Monthly Operating Expense:

B / 10		<u>\$ 167,625</u>	(C)
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Three times monthly Average:

3 X C		<u>\$ 502,874</u>	(D)
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TOTAL IN BOX A	\$	36,139	
LESS TOTAL IN BOX D	\$	502,874	
NET	\$	<u>(466,735)</u>	

From above:

**A is greater than D, cash exceeds 3 X average monthly operating expenses.
D is greater than A, cash does not exceed 3 X average monthly operating expenses.**

* Inventories are not to be included in total current assets.

SOURCE - USDA resource management comprehensive review form

SCHEDULE OF AUDITED ENROLLMENTS

MORRIS SCHOOL DISTRICT
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 15, 2016

	2017-2018 Application for State School Aid						Sample for Verification						Private Schools for Disabled				
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected From Workpapers		Verified per Registers On Roll		Errors		Reported on A.S.S.A. Private Schools	Sample for Veri- fication	Sample Verified	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared					
Half Day Preschool					0.0				0		0.0						0.0
Full Day Preschool	72.0		72.0		0.0				4		4.0						0.0
Full Day Kindergarten	349.0		349.0		0.0				21		21.0						0.0
One	312.0		312.0		0.0				18		18.0						0.0
Two	315.0		315.0		0.0				19		19.0						0.0
Three	341.0		341.0		0.0				20		20.0						0.0
Four	333.0		333.0		0.0				20		20.0						0.0
Five	290.0		290.0		0.0				17		17.0						0.0
Six	302.0		302.0		0.0				18		18.0						0.0
Seven	339.0		339.0		0.0				20		20.0						0.0
Eight	335.0		335.0		0.0				20		20.0						0.0
Nine	406.0		406.0		0.0				24		24.0						0.0
Ten	426.0		426.0		0.0				25		25.0						0.0
Eleven	353.0	11.0	353.0	11.0	0.0	11.0			22		22.0						0.0
Twelve	400.0	4.0	400.0	4.0	0.0	4.0			24		24.0						0.0
Subtotals	4,573.0	15.0	4,573.0	15.0	0.0	0.0	272.0		272.0		0.0	0.0					
Special Ed - Elementary	257.0		257.0		0.0	0.0	16		16.0		0.0	0.0	14.0	11.0	11.0		0.0
Special Ed - Middle School	144.0		144.0		0.0	0.0	9		9.0		0.0	0.0	15.0	11.0	11.0		0.0
Special Ed - High School	223.0	11.0	223.0	11.0	0.0	11.0	15		15.0		0.0	0.0	58.0	44.0	44.0		0.0
Subtotals	624.0	11.0	624.0	11.0	0.0	11.0	40.0		40.0		0.0	0.0	87.0	66.0	66.0		0.0
Totals	5,197.0	26.0	5,197.0	26.0	0.0	0.0	312.0		312.0		0.0	0.0	87.0	66.0	66.0		0.0
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, 2016

	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on A.S.S.A. As Low Income	Reported on Workpapers As Low Income	Errors	Sample Selected From Workpapers	Verified to Application And Register	Sample Errors	Reported on A.S.S.A. As Bilingual Education	Reported on Workpapers As Bilingual Education	Sample Errors	Sample Selected from Work papers	Verified to Test Score and Register	Sample Errors
Half Day Preschool												
Full Day Preschool												
Half Day Kindergarten												
Full Day Kindergarten	133.0	133.0	0.0	21	21.0	0.0	59.0	60.0	(1.0)	26.0	26.0	0.0
One	122.0	122.0	0.0	19	19.0	0.0	39.0	39.0	0.0	17.0	17.0	0.0
Two	121.0	121.0	0.0	19	19.0	0.0	49.0	49.0	0.0	22.0	22.0	0.0
Three	137.0	137.0	0.0	22	22.0	0.0	49.0	49.0	0.0	22.0	22.0	0.0
Four	115.0	115.0	0.0	18	18.0	0.0	41.0	41.0	0.0	18.0	18.0	0.0
Five	106.0	106.0	0.0	17	17.0	0.0	15.0	14.0	1.0	6.0	6.0	0.0
Six	106.0	106.0	0.0	17	17.0	0.0	9.0	9.0	0.0	4.0	4.0	0.0
Seven	101.0	101.0	0.0	16	16.0	0.0	13.0	13.0	0.0	6.0	6.0	0.0
Eight	89.0	89.0	0.0	14	14.0	0.0	13.0	13.0	0.0	6.0	6.0	0.0
Nine	91.0	91.0	0.0	14	14.0	0.0	24.0	24.0	0.0	11.0	11.0	0.0
Ten	117.0	117.0	0.0	19	19.0	0.0	41.0	41.0	0.0	18.0	18.0	0.0
Eleven	74.0	74.0	0.0	12	12.0	0.0	36.0	36.0	0.0	16.0	16.0	0.0
Twelve	105.5	105.5	0.0	17	17.0	0.0	31.0	31.0	0.0	14.0	14.0	0.0
Subtotals	1,417.5	1,417.5	0.0	225	225.0	0.0	419.0	419.0	0.0	186.0	186.0	0.0
Sp Ed - Elementary	144.0	144.0	0.0	23	23.0	0.0	26.0	26.0	0.0	11.0	11.0	0.0
Sp Ed - Middle School	62.0	62.0	0.0	10	10.0	0.0	1.0	1.0	0.0	0.0	0.0	0.0
Sp Ed - High School	88.5	88.5	0.0	14	14.0	0.0			0.0			0.0
Subtotals	294.5	294.5	0.0	47	47.0	0.0	27.0	27.0	0.0	11.0	11.0	0.0
Totals	1,712.0	1,712.0	0.0	272.0	272.0	0.0	446.0	446.0	0.0	197.0	197.0	0.0
Percentage Error			0.00%			0.00%			0%			0.00%

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	Transportation						Reported	Recalculated
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors		
Reg. - Public Schools	2,042.0	2,042.0	0.0	223.0	223.0	0.0		
Non-Public Transportation	169.0	169.0	0.0	18.0	18.0	0.0	Ave. Mileage - Regular Inc. PK Students (Part A)	3.7
Non-Public ALL	365.0	365.0	0.0	40.0	40.0	0.0	Ave. Mileage - Regular Exc. PK Students (Part B)	3.7
Reg. Special Educ	1.0	1.0	0.0	1.0	1.0	0.0	Ave. Mileage - Special Ed. With Special Needs	2.2
Special Educ. - Special Needs	82.0	82.0	0.0	9.0	9.0	0.0		
Totals	2,659.0	2,659.0	0.0	291.0	291.0	0.0		
Percentage Error						0.00%		

SCHEDULE OF AUDITED ENROLLMENTS

MORRIS SCHOOL DISTRICT
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 15, 2016

	Resident LEP NOT Low Income			Sample for Verification		
	Reported on A.S.S.A. NOT Low Income	Reported on Workpapers as NOT Low Income	Sample Errors	Sample Selected from Work papers	Verified to Application and Register	Sample Errors
Half Day Preschool						
Full Day Preschool						
Half Day Kindergarten						
Full Day Kindergarten	11.0	11.0	0.0	9.0	9.0	0.0
One	1.0	1.0	0.0	1.0	1.0	0.0
Two	5.0	5.0	0.0	4.0	4.0	0.0
Three	1.0	1.0	0.0	1.0	1.0	0.0
Four	3.0	3.0	0.0	2.0	2.0	0.0
Five	4.0	4.0	0.0	3.0	3.0	0.0
Six	0.0	0.0	0.0	0.0	0.0	0.0
Seven	1.0	1.0	0.0	1.0	1.0	0.0
Eight	3.0	3.0	0.0	2.0	2.0	0.0
Nine	20.0	20.0	0.0	16.0	16.0	0.0
Ten	12.0	12.0	0.0	9.0	9.0	0.0
Eleven	11.0	11.0	0.0	8.0	8.0	0.0
Twelve	2.0	2.0	0.0	1.0	1.0	0.0
Subtotals	74.0	74.0	0.0	57.0	57.0	0.0
Sp Ed - Elementary	2.0	2.0	0.0	1.0	1.0	0.0
Sp Ed - Middle School	0.0	0.0	0.0	0.0	0.0	0.0
Sp Ed - High School	0.0	0.0	0.0	0.0	0.0	0.0
Subtotals	2.0	2.0	0.0	1.0	1.0	0.0
Totals	76.0	76.0	0.0	58.0	58.0	0.0
Percentage Error			0.00%			0.00%

EXCESS SURPLUS CALCULATION

REGULAR DISTRICT/CHARTER SCHOOL/RENAISSANCE SCHOOL PROJECT

SECTION 1

A. 2% Calculation of Excess Surplus

2016-2017 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ <u>108,617,675</u> (B)
Increased by:	
Transfer from Capital Outlay to Capital Projects Fund	\$ _____ (B1a)
Transfer from Capital Reserve to Capital Projects Fund	\$ <u>3,157,288</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>10,832,469</u> (B2a)
Assets Acquired Under Capital Leases	\$ <u>2,864,620</u> (B2b)
Adjusted 2016-17 General Fund Expenditures [(B)+(B1s)-(B2s)]	\$ <u>98,077,874</u> (B3)
2% of Adjusted 2016-17 General Fund Expenditures [(B3) times .02]	\$ <u>1,961,557</u> (B4)
Enter Greater of (B4) or \$250,000	\$ <u>1,961,557</u> (B5)
Increased by: Allowable Adjustment*	\$ <u>668,846</u> (K)
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]	\$ <u>2,630,403</u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6/30/2017 (Per CAFR Budgetary Comparison Schedule C-1)	\$ <u>31,043,644</u> (C)
Decreased by:	
Year-end Encumbrances	\$ <u>2,999,118</u> (C1)
Legally Restricted -Designated for Subsequent Year's Expenditures	\$ _____ (C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ <u>4,859,323</u> (C3)
Other Restricted Fund Balances****	\$ <u>14,151,167</u> (C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	\$ <u>1,594,444</u> (C5)
Additional Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures July 1, 2017-August 1, 2017	\$ _____ (C6)*****
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]	\$ <u>7,439,592</u> (U1)

SECTION 3

Restricted Fund Balance-Excess Surplus ***[(U1-(M)] IF NEGATIVE ENTER -0- \$ 4,809,189 (E)

Recapitulation of Excess Surplus as of June 30, 2017

Reserved Excess Surplus-Designated for Subsequent Year's Expenditures**	\$ <u>4,859,323</u> (C3)
Reserved Excess Surplus***[(E)]	\$ <u>4,809,189</u> (E)
Total [(C3) + (E)]	\$ <u><u>9,668,512</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>10,546</u> (H)
Sale & Lease-back	\$ <u> </u> (I)
Extraordinary Aid	\$ <u>580,253</u> (J1)
Additional Nonpublic School Transportation Aid	\$ <u>78,047</u> (J2)
Current Year School Bus Advertising Revenue Recognized	\$ <u> </u> (J3)
Family Crisis Transportation Aid	\$ <u> </u> (J4)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)]	\$ <u><u>668,846</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

*****Increase in Assigned Fund Balance-Unreserved-Designated for Subsequent Year's expenditures
July 1, 2017 to August 1, 2017 resulting from decrease in state aid after adoption of 2017-18 district
budget. Refer to Commissioner's Broadcast and to page I-4.2 of this Audit Program.

Statutory restrictions:

Approved unspent separate proposal	\$ _____
Sale/lease-back reserve	\$ _____
Capital reserve	\$ <u>11,057,972</u>
Maintenance reserve	\$ <u>3,093,195</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>14,151,167 (C4)</u>