

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

BOROUGH OF MOUNT ARLINGTON 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 30, 2017

The Honorable President and Members
of the Board of Education
Borough of Mount Arlington 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 basic financial statements of the Board of Education of the Borough of Mount Arlington School District in the County of Morris for the fiscal year ended June 30, 2017, and have issued our report thereon dated October 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 letter does not affect our report dated October 30, 2017, on the financial statements of the Board.

We will review the status of the comments and suggestions 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 Mount Arlington 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

Valerie A. Dolan
Licensed Public School Accountant #2526
Certified Public Accountant

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCALYEAR ENDED JUNE 30, 2017

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator, 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>
Tonya M. Flowers	School Business Administrator/Board Secretary	\$ 300,000
Michael Donow	Treasurer of School Money	\$ 300,000

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were less than estimated costs. The Board made a proper adjustment to the billings to sending districts for the decrease in per pupil costs in accordance with N.J.A.C.6A:23A-17.1(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 approved by the Superintendent and were certified by the Board President, the Board Secretary/School Business Administrator and the Superintendent.

Salary withholdings were promptly remitted to the proper agencies including health benefits withholdings due to the general fund.

The required certification (ECERT1) of compliance with requirements for income tax on compensation of administrators (superintendent, assistant superintendents and business administrators) to the NJ Department of Treasury was filed in a timely manner.

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

Financial Planning, Accounting and Reporting (Cont'd)

Payroll Account and Position Control Roster (Cont'd)

Finding:

During our review of the Payroll Agency Fund it was noted that the account analysis of balance was not in agreement with the reconciled bank balance.

Recommendation:

It is recommended that the District reconcile the Payroll Agency Fund account analysis of balance to ensure it is in agreement with the reconciled bank balance.

Management's Response:

The District will ensure the reconciled bank balance be in agreement with the account analysis of balance.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made on a test basis as of June 30, 2016 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. 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, we reviewed administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A-23A-16.2(f). As a result of the procedures performed, no errors were found 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.

Finding:

During our review of the monthly Board Secretary's Report it revealed several posting errors throughout the year. The Board Secretary reviewed the financials and revised all reports as of June 30, 2017 to ensure their accuracy.

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

Financial Planning, Accounting and Reporting (Cont'd)

Board Secretary's Records (Cont'd)

Recommendation:

It is recommended that the monthly financial statements accurately reflect the financials of the District.

Management's Response:

The District will ensure the accuracy of the monthly financial statements in the future

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 Title I, Title II, and Title 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.

Finding:

During our review of the federal and state grants, it was noted that the District has not requested reimbursement for federal grant expenditures in a timely manner. As a result, the district has a large receivable for federal grants on the Special Revenue Fund balance sheet at year end.

Recommendation:

It is recommended that the District request reimbursement for the grant expenditures on a regular basis to limit the effect on cash flow and receivable balance at year end.

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

Financial Planning, Accounting and Reporting (Cont'd)

Other Special Federal and/or State Projects (Cont'd)

Management Response:

The District will submit for the collection of the grant funds and ensure that funds are requested in a more timely fashion in the future.

T.P.A.F. Reimbursement

Our audit procedures included a test of the bi-weekly 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 not remitted to the State of New Jersey prior to the required deadline of October 1, 2017. The reimbursement form was reviewed and based on these procedures, we have no comments except as noted herein.

Finding:

During our review of the T.P.A.F. Reimbursement, it was noted that the District did not submit the reimbursement to the State of New Jersey by the October 1, 2017 deadline. The Reimbursement was submitted by the District on October 17, 2017.

Recommendation:

It is recommended that the District submit the reimbursement by the October 1st deadline.

Management Response:

The District will ensure the timely submission in the future.

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 a. "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.

BOROUGH OF MOUNT ARLINGTON 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)

- 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, 2010 and thereafter the bid thresholds in accordance with N.J.S.A. 18 A: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.

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, as amended.

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.

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

School Purchasing Programs (Cont'd)

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.

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.

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 a few minor exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments.

The District maintained workpapers on the prescribed State forms or their equivalent.

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

Pupil Transportation

Our audit procedures included a test of on-roll status reported in the 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 without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the District complied with proper bidding procedures and award of contracts. No exceptions were noted in our review of transportation related purchases of goods and services.

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

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 Expenses

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 include requirements for the District to establish a maximum travel amount for the year and to ensure that the maximum amount is not exceeded. The regulations also require that all travel must be preapproved by the Board of Education and Superintendent and that a brief report detailing the key issues addressed at the travel event must be submitted after the travel event has occurred. No exceptions were noted in our review of travel expenses.

Management Suggestions

Governmental Accounting Standards Board Statements:

The next Governmental Accounting Standards Board (“GASB”) statement which will have a significant impact on the District will be GASB#75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, will be effective for the fiscal year ending June 30, 2018. This standard replaces GASB#45, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. It is similar to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* 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.

Student Activities

It has recently been determined that certain 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.

Status of Prior Year's Findings/Recommendations

There were no prior year audit recommendations.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
SCHEDULE OF MEAL COUNT ACTIVITY
FOOD SERVICE FUND
NUMBER OF MEALS SERVED
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(MEMORANDUM ONLY)

NOT APPLICABLE

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
SCHEDULE OF NET CASH RESOURCES
FOOD SERVICE FUND
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(MEMORANDUM ONLY)

NOT APPLICABLE

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

	2017-2018 Application for State School Aid						Sample for Verification					
	Reported on A.S.A. 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
Full Day Kindergarten	32		32				32		32			
One	36		36				36		36			
Two	15		15				15		15			
Three	40		39		1		39		39			
Four	34		35		-1		35		35			
Five	32		32				32		32			
Six	31		31				31		31			
Seven	35		35				35		35			
Eight	29		29				29		29			
Subtotal	284		284				284		284			
Special Ed - Elementary	44		44				44		44			
Special Ed - Middle School	24		24				24		24			
Subtotal	68		68				68		68			
Totals	352	-0-	352	-0-	-0-	-0-	352	-0-	352	-0-	-0-	-0-
Percentage Error					0.00%	0.00%					0.00%	0.00%

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

	Private Schools for Disabled				Resident Low Income						
	Reported on ASSA as Private Schools	Reported on Workpapers as Private Schools	Sample for Verification	Sample Verified	Sample Errors	Reported on ASSA as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Kindergarten						#	8		1	1	
Grade One						#	6	1	1	1	
Grade Two						#	7	-1			
Grade Three						#	2		1	1	
Grade Four						#	7				
Grade Five							2		1	1	
Grade Six							7	-1	1	1	
Grade Seven							7	-1	1	1	
Grade Eight							3				
Subtotal							49	-2	6	6	
Special Education:											
Elementary School							15		2	2	
Middle School							8		1	1	
Subtotal							23	-0-	3	3	-0-
Totals							72	(2.0)	9	9	-0-
Percentage Error								-2.78%			0.00%

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

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	179	179		15	15	
Regular - Special Education	14	14		2	2	
Transported - Non-Public	6	6		1	1	
AIL - Non-Public	16	16		3	3	
Special Needs - Public	30	30		3	3	
Special Needs - Private	5	5		1	1	
Totals	250	250	-0-	25	25	-0-
Percentage Error			0.00%			0.00%

	Reported	Recalculated
Average Mileage - Regular Including Grade PK Students	5.8	5.8
Average Mileage - Regular Excluding Grade PK Students	5.8	5.8
Average Mileage - Special Education with Special Needs	7.5	7.5

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
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>\$ 11,169,959</u> (B)
Increased by:	
Transfer from Capital Outlay to Capital Projects Fund	<u>\$</u> (B1a)
Transfer from Capital Reserve to Capital Projects Fund	<u> </u> (B1b)
Decreased by:	
On-Behalf TPAF Pension and Social Security	<u>\$ 849,621</u> (B2a)
Assets Acquired Under Capital Leases	<u>\$</u> (B2b)
Adjusted 2016-2017 General Fund Expenditures [(B)+(B1's)-(B2's)]	<u>\$ 10,320,338</u> (B3)
2% of Adjusted 2016-2017 General Fund Expenditures [(B3) times .02]	<u>\$ 206,407</u> (B4)
Enter Greater of (B4) or \$250,000	<u>\$ 250,000</u> (B5)
Increased by: Allowable Adjustments	<u>\$ 173,782</u> (K)
Maximum Unassigned Fund Balance [(B5)+(K)]	<u>\$ 423,782</u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6/30/2017 (Per CAFR Budgetary Comparison Schedule C-1)	<u>\$ 3,737,505</u> (C)
Decreased by:	
Year End Encumbrances	<u>\$ 624,452</u> (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	<u>\$ -0-</u> (C2)
Excess Surplus - Designated for Subsequent Year's Expenditures	<u>\$ 555,755</u> (C3)
Other Restricted Fund Balance	<u>\$ 1,596,990</u> (C4)
Assigned - Designated for Subsequent Year's Expenditures	<u>\$ 131,399</u> (C5)
Additional Assigned Fund Balance - Designated for Subsequent Year's Expenditures - July 1, 2017-August 1, 2017	<u>\$ -0-</u> (C6)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]	<u>\$ 828,909</u> (U1)

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
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>\$ 11,169,959</u>	(B)
Increased by:		
Transfer from Capital Outlay to Capital Projects Fund	\$ _____	(B1a)
Transfer from Capital Reserve to Capital Projects Fund	_____	(B1b)
Decreased by:		
On-Behalf TPAF Pension and Social Security	\$ 849,621	(B2a)
Assets Acquired Under Capital Leases	\$ _____	(B2b)
Adjusted 2016-2017 General Fund Expenditures [(B)+(B1's)-(B2's)]	<u>\$ 10,320,338</u>	(B3)
2% of Adjusted 2016-2017 General Fund Expenditures [(B3) times .02]	<u>\$ 206,407</u>	(B4)
Enter Greater of (B4) or \$250,000	<u>\$ 250,000</u>	(B5)
Increased by: Allowable Adjustments	<u>\$ 173,782</u>	(K)
Maximum Unassigned Fund Balance [(B5)+(K)]		<u>\$ 423,782</u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6/30/2017 (Per CAFR Budgetary Comparison Schedule C-1)	<u>\$ 3,737,505</u>	(C)
Decreased by:		
Year End Encumbrances	\$ 624,452	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ -0-	(C2)
Excess Surplus - Designated for Subsequent Year's Expenditures	\$ 555,755	(C3)
Other Restricted Fund Balance	\$ 1,596,990	(C4)
Assigned - Designated for Subsequent Year's Expenditures	\$ 131,399	(C5)
Additional Assigned Fund Balance - Designated for Subsequent Year's Expenditures - July 1, 2017-August 1, 2017	\$ -0-	(C6)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]		<u>\$ 828,909</u> (U1)

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

SECTION 3

Restricted Fund Balance - Excess Surplus [(U1)-(M)] IF NEGATIVE, ENTER -0-	<u>\$ 405,127 (E)</u>
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Recapitulation of Excess Surplus as of June 30, 2017

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures	<u>\$ 555,755 (C3)</u>
Restricted Excess Surplus [(E)]	<u>\$ 405,127 (E)</u>
 Total [(C3)+(E)]	 <u>\$ 960,882 (D)</u>

Detail of Allowable Adjustments

Impact Aid	<u>\$ -0- (H)</u>
Sale & Lease-back	<u>\$ -0- (I)</u>
Extraordinary Aid	<u>\$ 170,279 (J1)</u>
Additional Nonpublic School Transportation Aid	<u>\$ 3,503 (J2)</u>
 Total Adjustments [(H)+(I)+(J1)+(J2)]	 <u>\$ 173,782 (K)</u>

Detail of Other Restricted Fund Balance

Statutory Restrictions:	
Approved Unspent Separate Proposal	<u>\$ -0-</u>
Capital Outlay for a District with a Capital Outlay SGLA	<u>\$ -0-</u>
Sale/Lease-back Reserve	<u>\$ -0-</u>
Capital Reserve	<u>\$ 1,496,990</u>
Maintenance Reserve	<u>\$ 50,000</u>
Emergency Reserve	<u>\$ -0-</u>
Tuition Reserve	<u>\$ 50,000</u>
Other State/Government Mandated Reserve	<u>\$ -0-</u>
 [Other Restricted Fund Balance Not Noted Above]	 <u>\$ -0-</u>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
SUMMARY OF RECOMMENDATIONS
YEAR ENDED JUNE 30, 2017

It is recommended that:

1. Administrative Practices and Procedures
None
2. Financial Planning, Accounting and Reporting
 - 1) The District reconcile the Payroll Agency Fund account analysis of balance to ensure it is in agreement with the reconciled bank balance.
 - 2) The monthly financial statements accurately reflect the financials of the District.
 - 3) The District request reimbursement for the grant expenditures on a regular basis to the limit the effect on cash flow and receivable balance at year end.
 - 4) The District submit the T.P.A.F. reimbursement by the October 1st deadline.
3. School Purchasing Program
None
4. School Food Service
None
5. Student Body Activities
None
6. Application for State School Aid
None
7. Pupil Transportation
None
8. Facilities and Capital Assets
None
9. Miscellaneous
None
10. Status of Prior Year's Findings/Recommendations
There were no prior year audit recommendations.