

Auditor's Management Report

for the

*City of Linden
School District*

in the

*County of Union
New Jersey*

for the

*Fiscal Year Ended
June 30, 2018*

**AUDITOR'S MANAGEMENT REPORT OF ADMINISTRATIVE
FINDINGS-FINANCIAL AND COMPLIANCE**

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Tax ID Number 22-6002033



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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
City of Linden School District
Linden, New Jersey 07036

We have audited, in accordance with U.S. generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the City of Linden School District in the County of Union for the year ended June 30, 2018, and have issued our report dated February 5, 2019.

As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended solely for the information of the City of Linden School District, County of Union, New Jersey, the New Jersey Department of Education and federal and state audit awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.


CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 962

February 5, 2019

Independent Auditor's Management Report of Administrative Findings – Financial and Compliance

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and the activities of the City of Linden - Board of Education, the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

Fire insurance coverage was carried in the amounts as detailed on the Insurance Schedule (Exhibit J-20) contained in the District's Comprehensive Annual Financial Report (CAFR).

Official Bonds (N.J.S.A. 18A:17-26, 17-32)

<u>Name</u>	<u>Position</u>	<u>Amount of Bonds</u>
Kathleen A. Gaylord	Business Administrator/Board Secretary	\$500,000.00
Danny A. Robertozzi	Superintendent	\$500,000.00

Financial Planning, Accounting and Reporting

Examination of Claims

Our audit of claims paid during the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

Payroll Accounts

The net salaries of all employees of the Board were deposited in the Net Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

All payrolls tested were approved by the Superintendent and were certified by the President of the Board, the Board Secretary/Business Administrator and the Chief School Administrator.

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

Payrolls were delivered to the secretary of the board with a warrant made to her order for the full amount of each payroll.

Finding: We noted that salaries paid to several employees tested were not in agreement with the salary records maintained by the Personnel Department. This resulted from employees' salary cards not being updated for additional educational credits earned.

Recommendation: That detailed employees' salary records be maintained on a current basis.

**Independent Auditor's Management Report of Administrative
Findings – Financial and Compliance**

Financial Planning, Accounting and Reporting (Continued)

Position Control Roster

The Position Control Roster was reviewed and compared to payroll records, employee benefit records and charges made to the general ledger to ensure proper and consistent financial reporting and that employee benefits are only offered to current employees.

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 reserve for encumbrances. Also, unpaid purchase orders included in the balance of accounts payable were reviewed for propriety and to determine that goods were received and services were rendered, as of June 30.

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, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3. As a result of the procedures performed, no errors were noted and no additional procedures were deemed necessary to the test the propriety of expenditure classification.

Board Secretary's Records

The financial records of the Board Secretary were maintained in satisfactory condition.

**Independent Auditor's Management Report of Administrative
Findings – Financial and Compliance**

Elementary and Secondary Education Act (E.S.E.A.) as amended by the Every Student Succeeds Act (E.S.S.A.)

The E.S.E.A. 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 Title I, Title II and Title 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 Exhibits K-3 and K-4 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.

T.P.A.F. Reimbursement

Our audit procedures included a test of the semi-monthly reimbursement filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund. No Exceptions were noted.

The amount of the expenditure charged to the current year's Final Report(s) for all federal awards for the school district to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds was made prior to the end of the 90 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement. No Exceptions were noted.

**Independent Auditor's Management Report of Administrative
Findings – Financial and Compliance**

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 \$29,000.00, 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 therefor, 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. (pending before the Legislature as section 15 of this bill) 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 \$40,000.00. Such authorization may be granted for each contract for 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 \$1,000.00. 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 every 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.A. 18A:18A-5 may be awarded for a period not exceeding 12 consecutive months."

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 therefor, except as is provided otherwise in this chapter or specifically by any other law.

The Board of Education may, by resolution, approve by the majority of the board of education and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the board of education finds that it has had negative prior experience with the bidder."

Effective July 1, 2015, the bid threshold in accordance with N.J.S.A. 18A:18A-3(a) and (c) is \$29,000.00. In accordance with N.J.S.A. 40A:11-9 (b) the bid threshold for all purchases made by the District's qualified purchasing agent is \$40,000.00. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18:39-3 is currently \$19,000.00.

Independent Auditor's Management Report of Administrative Findings – Financial and Compliance

School Purchasing Programs (Continued)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

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 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 provisions 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. Our examination did reveal however, that the district made purchases through the use of state contracts.

School Food Service

The school food service program was selected as a major federal and/or State program. However, the program expenditures exceeded \$100,000 in federal and/or State support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether the SFA had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted.

The school food service program was selected as a major federal and/or State program. However, the program expenditures exceeded \$100,000 in federal and/or State support. Accordingly, we inquired of school management, or 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. The financial transactions and statistical records of the School Food Services were maintained in satisfactory condition. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

**Independent Auditor's Management Report of Administrative
Findings – Financial and Compliance**

School Food Service (Continued)

The number of meals claimed for reimbursement was verified against sales and meal count records. As part of the claims review process the edit check worksheet was completed. Reimbursement vouchers were timely filed, and meals claimed agreed with meal count records.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served did not exceed the number of valid applications on file, times the number of operating days, on a school by school basis. The free and reduced priced meal policy is uniformly administered throughout the school system. The required verification procedures for free and reduced price applications were completed and available for review.

Expenditures were separately recorded as food, labor 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.

The cash disbursements records reflected expenditures for program related goods and services. The District is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34 and 19-1 through 19-4.1. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service. Provisions of the FSMC contract/addendum were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will return an operating profit of at least \$78,000.00. The operating results provision has been met.

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all School Food Service employees. No exceptions were noted.

Cash receipts and bank records were reviewed for timely deposit.

National Food Distribution Commodities were received and an inventory was maintained on a first-in, first-out basis.

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

Student Body Activities

The records for the Student Body Activities were maintained in satisfactory condition.

Independent Auditor's Management Report of Administrative Findings – Financial and Compliance

Application for State School Aid

Our audit procedures included a test of information reported in the October 13, 2017 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, low-income and bilingual. 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 minor exceptions. The information that was included on the workpapers was verified with 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 had written procedures for the recording of student enrollment.

Pupil Transportation

Our audit procedures included a test of on-roll status reported in the 2017-2018 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with an exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the district complied with proper bidding procedures and award of contracts. The bid specifications for the purchase of buses were in compliance with applicable statutes. No exceptions were noted in our review of transportation related purchases of goods and services.

Capital Assets and Facilities

Our procedures included a review of the SDA grant agreements for consistency with recording of SDA revenue, transfer of local funds from the general or capital reserve account, and awarding of contracts for eligible facilities construction.

Testing for Lead of Drinking Water in Educational Facilities

We were advised that the school district adhered to the requirements of N.J.A.C. 26-1.2 and 12.4 related to the testing for lead of all drinking water in educational facilities.

The school district submitted the annual assurance to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g)

Follow-Up Prior Year's Findings

In accordance with governmental auditing standards, our procedures included a review of all prior year recommendations. There were no prior year audit findings.

Independent Auditor's Management Report of Administrative Findings – Financial and Compliance

Recommendations

Administrative Practices and Procedures

None

Financial Planning, Accounting and Reporting

That detailed employees' salary records be maintained on a current basis.

School Purchasing Program

None

School Food Service

None

Student Body Activities

None

Application for State School Aid

None

Pupil Transportation

None

Capital Assets and Facilities

None

Testing for Lead of Drinking Water in Educational Facilities

None

Prior Year Audit Findings

None

SCHEDULE OF MEAL COUNT ACTIVITY

CITY OF LINDEN SCHOOL DISTRICT

FOOD SERVICE FUND

CITY OF LINDEN SCHOOL DISTRICT
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM- FEDERAL
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

<u>PROGRAM</u>	<u>MEAL CATEGORY</u>	<u>MEALS CLAIMED</u>	<u>MEALS TESTED</u>	<u>MEALS VERIFIED</u>	<u>DIFFERENCE</u>	<u>RATE (a)</u>	<u>(OVER) UNDER CLAIM (b)</u>
National School Lunch (Severe Rate)	Paid	212,957	89,935	89,935	0	3.25	0.00
	Reduced	85,639	36,425	36,425	0	2.85	0.00
	Free	372,283	158,737	158,737	0	0.33	0.00
	TOTAL	670,879	285,097	285,097			0.00
School Breakfast (Severe Rate)	Paid	21,410	9,452	9,452	0	2.09	0.00
	Reduced	15,407	6,690	6,690	0	1.79	0.00
	Free	103,588	45,286	45,286	0	0.30	0.00
	TOTAL	140,405	61,428	61,428			0.00
School Breakfast (Regular Rate)	Paid	1,960	840	840	0	1.75	0.00
	Reduced	634	250	250	0	1.45	0.00
	Free	3,235	1,289	1,289	0	0.30	0.00
	TOTAL	5,829	2,379	2,379			0.00
Special Milk	Paid				0	0.2075	0.00
After School Snacks	Free (Area Eligible)	15,344	6,107	6,107	0	0.88	0.00
	TOTAL	15,344	6,107	6,107			0.00
	Total Net Overclaim (Underclaim)						0.00

FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM -STATE
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

<u>PROGRAM</u>	<u>MEAL</u> <u>CATEGORY</u>	<u>MEALS</u> <u>CLAIMED</u>	<u>MEALS</u> <u>TESTED</u>	<u>MEALS</u> <u>VERIFIED</u>	<u>DIFFERENCE</u>	<u>RATE (a)</u>	<u>(OVER)</u> <u>UNDER</u> <u>CLAIM (b)</u>
State Reimbursement - National School Lunch (Regular Rate)	Paid	212,957	89,935	89,935	0	0.55	0.00
State Reimbursement - National School Lunch (Regular Rate)	Reduced	85,639	36,425	36,425	0	0.55	0.00
State Reimbursement - National School Lunch (Regular Rate)	Free	372,283	158,737	158,737	0	0.05	0.00
	TOTAL	<u>670,879</u>	<u>285,097</u>	<u>285,097</u>			
						Total Net Overclaim (Underclaim)	<u><u>0.00</u></u>

**CITY OF LINDEN SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 13 2017**

	Resident Low Income			Sample for Verification			Resident ELL 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 ELL Low Income	Reported on Workpapers as ELL Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Kindergarten												
One	221	229	0	20	20	0	34	34	0	10	10	0
Two	240	219	-2	20	20	0	25	25	0	10	10	0
Three	188	240	0	20	20	0	32	32	0	10	10	0
Four	230	188	0	20	20	0	17	17	0	5	5	0
Five	214	230	0	20	20	0	12	12	0	2	2	0
Six	203	214	0	20	20	0	8	8	0	2	2	0
Seven	239	203	0	20	20	0	12	12	0	5	5	0
Eight	191	239	0	15	15	0	16	16	0	5	5	0
Nine	172	191	0	20	20	0	15	15	0	5	5	0
Ten	210	172	0	20	20	0	12	12	0	5	5	0
Eleven	184.5	210	0	15	15	0	19	19	0	5	5	0
Twelve	171	184.5	1	15	15	0	15	15	0	5	5	0
Subtotal	2692.5	2692.5	0	245	245	0	237	237	0	71	71	0
SpEd Elementary	290	290	0	20	20	0	22	22	0	4	4	0
SpEd Middle School	173	171	-2	15	15	0	0	0	0	0	0	0
SpEd High School	166.5	171.0	4.5	15	15	0	3	3	0	0	0	0
Subtotal	629.5	632	3	50	50	0	25	28	3	4	4	0
Totals	3322	3324.5	2.5	295	295	0	262	265	3	75	75	0
Percentage Error			0.08%			0.00%			1.15%			0.00%

	Transportation		
	Reported on DRTS by DOE	Reported on DRTS by District	Errors
Reg Public Schools, col.1	764	764	0
Transported - Non-Public, col.2	68	14	0
Nonpublic - All, col.3	138	25	0
Reg. - SpEd, col.4	232	42	0
Special Ed Spec, col.6	146	28	0
Totals	1348	261	3
Percentage Error			1.14%

**CITY OF LINDEN SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 13, 2017**

	2018-19 Application for State School Aid						Sample for Verification						Private School for Handicapped							
	Reported on A.S.S.A. as on Roll		Reported on Workpapers on Roll		Errors		Sample Selected from Workpapers		Verified per Registers on Roll		Errors per Registers on Roll		Reported as Private Schools		Sample for Verification		Sample Verified			
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared		
Half Day Pre-School	14		14		0		2		2		0		0		0		0		0	
Full Day Pre-School	324		324		0		16		16		0		0		0		0		0	
Full Day Kindergarten	418		418		0		21		21		0		0		0		0		0	
One	391		391		0		21		21		0		0		0		0		0	
Two	397		397		0		20		20		0		0		0		0		0	
Three	357		357		0		20		20		0		0		0		0		0	
Four	400		400		0		20		20		0		0		0		0		0	
Five	368		368		0		19		19		0		0		0		0		0	
Six	363		363		0		21		21		0		0		0		0		0	
Seven	390		390		0		19		19		0		0		0		0		0	
Eight	371		371		0		16		16		0		0		0		0		0	
Nine	303		303		0		19		19		0		0		0		0		0	
Ten	378		378		0		16		16		0		0		0		0		0	
Eleven	317	6	317	6	0	0	19	0	19	0	0	0	0	0	0	0	0	0	0	
Twelve	350	13	350	13	0	0	19	0	19	0	0	0	0	0	0	0	0	0	0	
Subtotal	5,141	19	5,141	19	0	0	268	0	268	0	0	0	0	0	0	0	0	0	0	
SpEd Elementary (PK-5)	444		444		0		21		21		0		0		23		15		15	0
SpEd Middle School (6-8)	231		231		0		11		11		0		0		18		15		15	0
SpEd High School	221	31	221	35	0	-4	12	-4	12	0	0	0	0	45.5	0	35	0	35	0	
Subtotal	896	31	896	35	0	-4	44	-4	44	0	0	0	0	86.5	65	65	65	65	0	
Totals	6,037	50	6,037	54	0	-4	312	-4	312	0	0	0	0	87	65	65	65	65	0	
Percentage					0.00%					0.00%					0.00%					0.00%

**CITY OF LINDEN SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 13,2017**

	Resident ELL NOT Low Income			Sample for Verification		
	Reported on A.S.S.A. as NOT Low Income	Reported on Workpapers as NOT Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Half Day Pre-School						
Full Day Pre-School						
Full Day Kindergarten	19	19	0	16	16	0
One	23	23	0	16	16	0
Two	15	15	0	12	12	0
Three	10	10	0	6	6	0
Four	3	3	0	1	1	0
Five	3	3	0	1	1	0
Six	7	7	0	5	5	0
Seven	3	3	0	1	1	0
Eight	8	8	0	6	6	0
Nine	5	5	0	4	4	0
Ten	11	11	0	5	5	0
Eleven	9	9	0	5	5	0
Twelve	4	4	0	3	3	0
Subtotal	120	120	0	81	81	0
SpEd Elementary	5	6	1	4	4	0
SpEd Middle School	1	1	0	1	1	0
SpEd High School	0	0	0	0	0	0
Subtotal	6	7	1	5	5	0
Totals	126	127	1	86	86	0
Percentage Error			0.00%			0.00%

EXCESS SURPLUS CALCULATION

SECTION 1

General Fund Expenditures: Fiscal Year Ended June 30, 2018	\$	132,056,027.68
Add: Transfer from Capital Reserve to Capital Projects		<u>132,056,027.68</u>
Less: Reimbursed TPAF Pension and Social Security Reimbursement		<u>15,170,415.92</u>
Adjusted General Fund Expenditures	\$	116,885,611.76
Excess Surplus Percentage		<u>0.02</u>
Maximum Unreserved/Undesignated Fund Balance	\$	2,337,712.24
Allowable Adjustments:		
Extraordinary Aid	\$	281,047.00
Nonpublic School Transportation Aid		<u>56,261.00</u>
		<u>337,308.00</u>
Maximum Unreserved/Undesignated Fund Balance	\$	<u><u>2,675,020.24</u></u>

SECTION 2

Total General Fund Balance	\$	25,980,902.57
Decreased By:		
Year End Encumbrances		2,523,092.20
Legally Restricted Excess Surplus- Designated for Subsequent Year's Expenditures		2,885,600.97
Other Reserved Fund Balances:		
Capital Reserve	14,743,453.09	
Emergency Reserve	926,230.41	
Assigned Fund Balance-Unreserved-Designated for Subsequent Year's Expenditures		<u>0.03</u>
Total Unreserved/Undesignated Fund Balance	\$	<u>4,902,525.87</u>
Restricted Excess Surplus (June 30, 2018)		<u><u>2,227,505.63</u></u>

SECTION 3

Recapitulation of Excess Surplus as of June 30, 2018

Restricted Excess Surplus	\$	2,227,505.63
Restricted Excess Surplus - Designated for Subsequent Year's Expenditures		<u>2,885,600.97</u>
Total Excess Surplus	\$	<u><u>5,113,106.60</u></u>

