

BOROUGH OF MADISON SCHOOL DISTRICT  
COUNTY OF MORRIS  
AUDITORS' MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS - FINANCIAL,  
COMPLIANCE AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2020

BOROUGH OF MADISON SCHOOL DISTRICT  
COUNTY OF MORRIS  
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE  
FINDINGS - FINANCIAL,  
COMPLIANCE AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2020  
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Independent Member  
BKR International

December 14, 2020

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, 2020, and have issued our report thereon dated December 14, 2020.

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 December 14, 2020, 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*  
NISIVOCCIA LLP

*Man C Lee*  
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Man C. Lee  
Licensed Public School Accountant #2527  
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BOROUGH OF MADISON SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2020

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Monies, 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 (until 9/30/19)	\$ 300,000
John Griffin	Treasurer of School Monies (from 1/1/20)	300,000
Eulalis Gillis	Acting School Business Administrator/Board Secretary (to 9/30/19)	250,000
Vincent Occhino	Interim School Business Administrator/Board Secretary (from 10/1/19 to 2/29/20)	250,000
Danielle Mancuso	Business Administrator/Board Secretary (from 2/18/20)	300,000

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, except as follows.

Finding:

During our review of purchase orders, we noted several instances where the requisitions were approved after the invoices were received.

Recommendation:

It is recommended that extra care be taken to ensure that requisitions are approved prior to orders being placed.

BOROUGH OF MADISON SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Examination of Claims (Cont'd)

Management's Response:

The District will ensure that requisitions are approved prior to orders being placed.

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.

Finding:

The Net Payroll and Payroll Agency bank reconciliations have several stale dated outstanding checks.

Recommendation:

It is recommended that stale dated outstanding checks on the Net Payroll and Payroll Agency bank reconciliations be reviewed for cancellation.

Management's Responses:

The District has passed a Resolution in the subsequent fiscal year to cancel stale dated outstanding checks on the Net Payroll and Payroll Agency bank reconciliations.

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.

BOROUGH OF MADISON SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

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.

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

The E.S.E.A. 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, III and IV of the Elementary and Secondary Education Act as amended and authorized.

The study of compliance for the E.S.E.A. 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:

The District did not obtain the required 90% return rate of parental consent forms for the Special Education Medicaid Initiative ("SEMI") Medicaid Program.

Recommendation:

It is recommended that the District make every effort to obtain the required 90% return rate of parental consent forms for the Special Education Medicaid Program in accordance with N.J.A.C.6A:23A-5.3(d).

Management Response:

Due to the school closure in March as a result of the pandemic, the District was not able to obtain the required percentage of parental consent forms. However, the District will make every effort to do so in fiscal year 2021.

BOROUGH OF MADISON SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

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, 2020. 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 \$19,000 for 2019-2020.

BOROUGH OF MADISON SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

School Purchasing Programs (Cont'd)

Contracts and Agreements Requiring Advertisement for Bids (Cont'd)

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.

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.

We also inquired of management about the emergency COVID-19 procedures/practices that the SFA instituted to provide meals to eligible students, maintenance of all applicable production records, meal counts, noncompetitive procurements, modification of existing contracts and applicable financial records to document the specific costs applicable to the emergency operations.



BOROUGH OF MADISON SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2020  
(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 the following comments.

During the course of our testing, the following was noted:

Findings:

- 1.) Several student activities purchase orders did not have a claimant signature or receipt of goods signature. Additionally, it was noted that Athletics purchase orders did not have a supervisory review signature.
- 2.) Certain clubs/activities on the High School student activities account's analysis of balance had deficit balances. Furthermore, an analysis of balance for the Central Avenue School student activities account was not prepared.

Recommendations:

It is recommended that:

- 1.) All required signatures be obtained prior to the payment of bills.
- 2.) The District review the individual clubs/activities' balances in the High School student activities account on a periodic basis to ensure there are no deficit balances and an analysis of balance for the Central Avenue School student activities account be prepared.

Management's Response:

- 1.) All required signatures will be obtained prior to the payment of bills.
- 2.) The District will review the balances in the High School clubs/activities on a periodic basis to ensure there are no deficit balances and will ensure that an analysis of balance for the Central Avenue School student activities account be prepared.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2019 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 exceptions, as detailed on the following page. The information that was included on the workpapers was verified on a test basis with no 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.

BOROUGH OF MADISON SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

Application for State School Aid (Cont'd)

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

Finding:

It was noted that the District's documentation for students who were reported as Private School for Disabled, Resident Low Income and Resident LEP Not Low Income did not agree to the Application for State School Aid (A.S.S.A.).

Recommendation:

It is recommended that extra care be taken to ensure that the number of students reported on the A.S.S.A. agrees to the District's workpapers.

Management's Response:

The District will ensure that better care be taken.

Pupil Transportation

Our audit procedures included a test of on-roll status reported in the 2019-2020 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. The bid specifications for the purchase of buses were in compliance with applicable statutes.

Facilities and Capital Assets

The District currently has no active SDA grants.

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 as noted below.

Finding:

It was noted that the District charged certain travel expenses to non-travel expenditure lines.

BOROUGH OF MADISON SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

Travel Expense and Reimbursement Policy (Cont'd)

Recommendation:

It is recommended that all travel expenses 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 580 account line.

Testing for Lead of All Drinking Water in Educational Facilities

The District did submit the annual Statement of Assurance to the NJ Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

Management Suggestions

Governmental Accounting Standards Board (GASB) Statements

Due to COVID-19, the GASB postponed the implementation of GASB Statement No. 84, *Fiduciary Activities*, until the fiscal year ended June 30, 2021. Based on guidance from the NJ Department of Education and GASB, the activity for student activities, payroll agency, unemployment compensation trust, flexible spending trust and private purpose scholarship trust funds will no longer be reported in the Fiduciary Fund financial statements. This activity will now be reported in the General (payroll agency, flexible spending and unemployment compensation) and Special Revenue (student activities and scholarship) Funds.

Effect on Internal Controls due to COVID-19

With the increase in employees working remotely due to COVID-19 especially those in the Business Office it is vital that the District routinely reviews the internal controls in place especially with respect to security of passwords as well as access rights to accounting software and bank information including bank wire transfers and the timely back-up of records.

Status of Prior Year's Findings/Recommendations

The prior year recommendations regarding an analysis of balance for the Net Payroll and Flexible Spending Trust accounts, the cash deficit in the Student Activity Athletic account and overtime for facilities being properly approved were resolved in the current year.

The prior year recommendations regarding stale dated checks on the Net Payroll and Payroll Agency bank reconciliations, the deficit balances in the High School clubs/activities and travel expenditures being properly segregated to ensure travel expenses do not exceed the maximum amount approved were not resolved and remain as current year recommendations.

BOROUGH OF MADISON SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
SCHEDULE OF AUDITED ENROLLMENTS  
ENROLLMENT AS OF OCTOBER 15, 2019

	2020-2021 Application for State School Aid						Sample for Verification					
	Reported on		Reported on		Errors		Sample		Verified per		Errors per	
	A.S.S.A.		Workpapers				Selected from		Registers		Registers	
	On Roll	On Roll	On Roll	On Roll	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Half Day Preschool - 3YR	1	1					1		1			
Half Day Preschool - 4YR	5	5					5		5			
Full Day Kindergarten	130	130					130		130			
Grade One	157	157					157		157			
Grade Two	170	170					170		170			
Grade Three	162	162					162		162			
Grade Four	168	168					168		168			
Grade Five	166	166					166		166			
Grade Six	155	155					155		155			
Grade Seven	165	165					165		165			
Grade Eight	183	183					183		183			
Grade Nine	169	169					169		169			
Grade Ten	165	165					165		165			
Grade Eleven	184	184					184		184			
Grade Twelve	184	184					184		184			
Subtotal	2,164	2,164					2,164		2,164			
Special Ed - Elementary	157	157					9		9			
Special Ed - Middle School	112	112					7		7			
Special Ed - High School	164	171			(7)		9		9			
Subtotal	433	440			(7)		25		25			
Totals	2,597	2,604			(7)		2,189		2,189			
Percentage Error					-0.27%						0.00%	0.00%

BOROUGH OF MADISON SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
SCHEDULE OF AUDITED ENROLLMENTS  
ENROLLMENT AS OF OCTOBER 15, 2019

	Private Schools for Disabled				Resident Low Income					
	Reported on A.S.S.A. as Private Schools	Reported on Workpapers as Private Schools	Sample for Verification	Sample Verified	Sample Errors	Reported on A.S.S.A. as Low Income	Reported on Workpapers as Low Income	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Half Day Kindergarten										
Full Day Kindergarten										
Grade One						8	8			
Grade Two						4	4			
Grade Three						3	3			
Grade Four						13	13	1	1	1
Grade Five						7	7	1	1	1
Grade Six						7	7			
Grade Seven						11	11	1	1	1
Grade Eight						12	12	2	2	2
Grade Nine						5	5			
Grade Ten						14	8	6	2	2
Grade Eleven						5	2	3		
Grade Twelve						8	5	3	1	1
Subtotal						14	10	4	1	1
						111	95	16	9	9
Special Ed - Elementary	5	6	(1)	1	1	19	13	6	1	1
Special Ed - Middle School	5	18	(13)	2	2	17	16	1	1	1
Special Ed - High School	14	5	9			19	20	(1)	1	1
Subtotal	24	29	(5)	3	3	55	49	6	3	3
Totals	24	29	(5)	3	3	166	144	22	12	12
Percentage Error			-20.83%					13.25%		0.00%

BOROUGH OF MADISON SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
SCHEDULE OF AUDITED ENROLLMENTS  
ENROLLMENT AS OF OCTOBER 15, 2019

	Resident LEP Low Income					
	Reported on A.S.S.A. as LEP Low Income	Reported on Workpapers LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Test Scores, Application and Register	Sample Errors
Half Day Kindergarten						
Full Day Kindergarten	4	4				
Grade One	2	3	(1)			
Grade Two						
Grade Three	4	4		1	1	
Grade Four	3	4	(1)			
Grade Five	2	1	1			
Grade Six	4	5	(1)	1	1	
Grade Seven	3	3				
Grade Eight		1	(1)			
Grade Nine	3	3				
Grade Ten	1	1				
Grade Eleven	1	1				
Grade Twelve	3	1	2			
Subtotal	<u>30</u>	<u>31</u>	<u>(1)</u>	<u>2</u>	<u>2</u>	
Special Ed - Elementary	7	6	1	1	1	
Special Ed - Middle School						
Special Ed - High School	2	2				
Subtotal	<u>9</u>	<u>8</u>	<u>1</u>	<u>1</u>	<u>1</u>	
Totals	<u><u>39</u></u>	<u><u>39</u></u>		<u><u>3</u></u>	<u><u>3</u></u>	
Percentage Error			<u><u>0.00%</u></u>			<u><u>0.00%</u></u>

BOROUGH OF MADISON SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
SCHEDULE OF AUDITED ENROLLMENTS  
ENROLLMENT AS OF OCTOBER 15, 2019

	Resident LEP Not Low Income					
	Reported on A.S.S.A. as LEP Not Low Income	Reported on Workpapers LEP Not Low Income	Errors	Sample Selected from Workpapers	Verified to Test Scores and Register	Sample Errors
Half Day Kindergarten						
Full Day Kindergarten	4	5	(1)			
Grade One	5	5		1	1	
Grade Two	5	7	(2)	1	1	
Grade Three	3	3		1	1	
Grade Four	7	10	(3)	1	1	
Grade Five	3	4	(1)			
Grade Six	2	1	1			
Grade Seven	3	3				
Grade Eight	3	3				
Grade Nine	2	2				
Grade Ten	1	1				
Grade Eleven	2	2				
Grade Twelve	1	3	(2)			
Subtotal	41	49	(8)	4	4	
Special Ed - Elementary	5	4	1			
Special Ed - Middle School						
Special Ed - High School						
Subtotal	5	4	1			
Totals	46	53	-7	4	4	
Percentage Error			-15.22%			0.00%

BOROUGH OF MADISON SCHOOL DISTRICT  
SCHEDULE OF AUDITED ENROLLMENT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2019

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	70	70		6	6	
Regular - Special Education	18	18		2	2	
Transported - Non Public	119	119		6	6	
AIL - Non Public	142	142		7	7	
Special Needs - Public	20	20		2	2	
Special Needs - Private	18	18		2	2	
Totals	<u>387</u>	<u>387</u>		<u>25</u>	<u>25</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				6.1	6.1	
Average Mileage - Regular Excluding Grade PK Students				6.1	6.1	
Average Mileage - Special Education with Special Needs				6.5	6.5	



BOROUGH OF MADISON SCHOOL DISTRICT  
EXCESS SURPLUS CALCULATION  
FISCAL YEAR ENDED JUNE 30, 2020

**REGULAR DISTRICT**

**SECTION 1**

**2% Calculation of Excess Surplus**

2019-2020 Total General Fund Expenditures per the CAFR, Ex. C-1	<u>\$ 56,605,253</u> (B)
Increased by:	
Transfer from Capital Outlay to Capital Projects Fund	<u>\$ -0-</u> (B1a)
Transfer from Capital Reserve to Capital Projects Fund	<u>\$ -0-</u> (B1b)
Transfer from General Fund to SRF for PreK - Regular	<u>\$ -0-</u> (B1c)
Transfer from General Fund to SRF for PreK - Inclusion	<u>\$ -0-</u> (B1d)
Decreased by:	
On-Behalf TPAF Pension and Social Security	<u>\$ 7,445,964</u> (B2a)
Assets Acquired Under Capital Leases	<u>\$ -0-</u> (B2b)
Adjustment for Disallowed Expenditures per S1701	<u>\$ -0-</u> (B2c)
Adjusted 2019-2020 General Fund Expenditures [(B)+(B1's)-(B2's)]	<u>\$ 49,159,289</u> (B3)
2% of Adjusted 2019-2020 General Fund Expenditures [(B3) times .02]	<u>\$ 983,186</u> (B4)
Enter Greater of (B4) or \$250,000	<u>\$ 983,186</u> (B5)
Increased by: Allowable Adjustments	<u>\$ 325,949</u> (K)
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]	<u>\$ 1,309,135</u> (M)

**SECTION 2**

Total General Fund - Fund Balances @ 6/30/2020 (Per CAFR Budgetary Comparison Schedule C-1)	<u>\$ 5,904,167</u> (C)
Decreased by:	
Year-End Encumbrances	<u>\$ 361,047</u> (C1)
Legally Restricted:	
Designated for Subsequent Year's Expenditures	<u>\$ -0-</u> (C2)
Excess Surplus - Designated for Subsequent Year's Expenditures	<u>\$ 134,978</u> (C3)
Other Restricted Fund Balances	<u>\$ 3,455,560</u> (C4)
Assigned - Designated for Subsequent Year's Expenditures	<u>\$ 143,447</u> (C5)
Additional Assigned Fund Balance - Designated for Subsequent Year's Expenditures July 1, 2020 - August 1, 2020	<u>\$ -0-</u> (C6)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	<u>\$ 1,809,135</u> (U1)

BOROUGH OF MADISON SCHOOL DISTRICT  
EXCESS SURPLUS CALCULATION  
FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

**SECTION 3**

Restricted Fund Balance - Excess Surplus [(U1)-(M)] IF NEGATIVE, ENTER -0- \$ 500,000 (E)

**Recapitulation of Excess Surplus as of June 30, 2020**

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures \$ 134,978 (C3)

Restricted Excess Surplus [(E)] \$ 500,000 (E)

Total Excess Surplus [(C3)+(E)] \$ 634,978 (D)

**Detail of Allowable Adjustments**

Impact Aid \$ -0- (H)

Sale & Lease-back \$ -0- (I)

Extraordinary Aid \$ 325,949 (J1)

Additional Nonpublic School Transportation Aid \$ -0- (J2)

Current Year School Bus Advertising Revenue Realized \$ -0- (J3)

Family Crisis Transportation Aid \$ -0- (J4)

Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)] \$ 325,949 (K)

**Detail of Other Restricted Fund Balances**

Statutory Restrictions:

Approved Unspent Separate Proposal \$ -0-

Sale/Lease-back Reserve \$ -0-

Capital Reserve \$ 1,867,585

Maintenance Reserve \$ 1,587,975

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 \$ 3,455,560 (C4)

BOROUGH OF MADISON SCHOOL DISTRICT  
SUMMARY OF RECOMMENDATIONS  
FISCAL YEAR ENDED JUNE 30, 2020

It is recommended that:

1. Administrative Practices and Procedures  
None
2. Financial Planning, Accounting and Reporting
  - a. Extra care be taken to ensure that requisitions are approved prior to orders being placed.
  - b. Stale dated outstanding checks on the Net Payroll and Payroll Agency bank reconciliations be reviewed for cancellation.
  - c. The District make every effort to obtain the required 90% return rate of parental consent forms for the Special Education Medicaid Program in accordance with N.J.A.C.6A:23A-5.3(d).
3. School Purchasing Program  
None
4. School Food Service  
None
5. Student Body Activities
  - a. All required signatures be obtained prior to the payment of bills.
  - b. The District review the individual clubs/activities' balances in the High School student activities account on a periodic basis to ensure there are no deficit balances and an analysis of balance for the Central Avenue School student activities account be prepared.
6. Application for State School Aid
  - a. Extra care be taken to ensure that the number of students reported on the A.S.S.A. agrees to the District's workpapers.
7. Pupil Transportation  
None
8. Facilities and Capital Assets  
None
9. Travel Expense and Reimbursement Policy
  - a. All travel expenses 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.

BOROUGH OF MADISON SCHOOL DISTRICT  
SUMMARY OF RECOMMENDATIONS  
FISCAL YEAR ENDED JUNE 30, 2020

10. Status of Prior Year's Findings/Recommendations

The prior year recommendations regarding an analysis of balance for the Net Payroll and Flexible Spending Trust accounts, the cash deficit in the Student Activity Athletic account and overtime for facilities being properly approved were resolved in the current year. The prior year recommendations regarding stale dated checks on the Net Payroll and Payroll Agency bank reconciliations, the deficit balances in the High School clubs/activities and travel expenditures being properly segregated to ensure travel expenses do not exceed the maximum amount approved were not resolved and remain as current year recommendations.