



***MORRIS SCHOOL DISTRICT  
COUNTY OF MORRIS, NEW JERSEY***

***AUDITORS' MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS –  
FINANCIAL, COMPLIANCE AND PERFORMANCE  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2021***

MORRIS SCHOOL DISTRICT  
MORRIS COUNTY, NEW JERSEY

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

TABLE OF CONTENTS

|   | <u>PAGE</u> |
|---|-------------|
| Independent Auditors' Report  | 1           |
| Scope of Audit  | 2           |
| Administrative Practices and Procedures   |             |
| Insurance   | 2           |
| Official Bonds  | 2           |
| Tuition Charges   | 2           |
| Examination of Claims   | 2           |
| Financial Planning, Accounting and Reporting  |             |
| Payroll/Payroll Agency Account  | 2           |
| Reserve for Encumbrances and Accounts Payable   | 3           |
| Classification of Expenditures  | 3           |
| Investment of Idle Funds  | 3           |
| Board Secretary's Records   | 3           |
| Elementary and Secondary Education Act of 1965 (E.S.E.A.), as<br>amended by the Every Student Succeeds Act (ESSA) | 4           |
| Other Special Federal and/or State Projects   | 4           |
| T.P.A.F. Reimbursement  | 4           |
| T.P.A.F. Reimbursement to the State for Federal Salary Expenditures   | 4           |
| School Purchasing Programs  |             |
| Contracts and Agreements Requiring Advertisement for Bids   | 4           |
| School Food Service Fund  | 6           |
| Student Activity Funds  | 6           |
| Application for State School Aid  | 7           |
| Pupil Transportation  | 7           |
| Miscellaneous   | 7           |
| Summary of Recommendations  | 7           |
| Follow-up on Prior Year Findings  | 7           |
| Acknowledgment  | 7           |
| Cost of Education per Pupil   | 8           |
| Schedule of Audited Enrollments   | 9           |
| Excess Surplus Calculation  | 12          |
| Summary of Audit Recommendations  | 15          |

Tax ID Number 221946483



## INDEPENDENT AUDITORS' 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 Morris School District in the County of Morris, New Jersey, as of and for the year ended June 30, 2021, and have issued our report thereon dated March 1, 2022.

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's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

*PKF O'Connor Davies, LLP*

Cranford, New Jersey  
March 1, 2022

A handwritten signature in blue ink, appearing to read "A.G. Hodulik".

Andrew G. Hodulik  
Public School Accountant, PSA # 841

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 ACFR. 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/<br>Board Secretary | \$500,000.00 |
|--|--------------|

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 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, including health benefits withholding due to the general fund.

## 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, 2021 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.

### 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 (E.S.E.A.), as amended by the Every Student Succeeds Act (ESSA)

The E.S.E.A. financial exhibits are contained within the Special Revenue Section of the ACFR. This section of the ACFR 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 ACFR.

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 ACFR. This section of the ACFR 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, 2021.

### 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 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 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 quotes. 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, 2020 and thereafter, the bid thresholds in accordance with N.J.S.A. 18A:18A-2 (as amended) and 18A:18A-3(a) are \$44,000 (with a Qualified Purchasing Agent) and \$32,000 (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 \$19,600 for 2020-2021.

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, performed on a test basis, 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.

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

### COVID-19 Emergency

In accordance with the Governor's Declaration of Emergency pertaining to the COVID 19 Virus all Public, Charter, Non-Public schools were ordered to close effective as of March 18, 2020 for an undetermined period to limit the spread of the virus. As a result, School Food Authorities (SFAs) were required to institute alternate procedures to provide meals to eligible students during the period of school closures.

During SY 2020-2021, the public health emergency was still applicable. As a result, School Food Authorities (SFAs) were required to provide meals in accordance with the regulations governing the National School Nutrition Seamless Summer Option (SSO) or the Summer Food Service Program (SFSP) option.

SFAs were authorized to solicit and award emergency noncompetitive procurements and contracts with Food Service Management Companies in accordance with 2 CFR 200.320 and N.J.S.A.18A:18A-7. The SFAs were also authorized to submit contract modifications to their existing Cost Reimbursable or Fixed Price contracts as necessary to ensure the feeding of all children throughout the age of 18, as well as persons over 18 with disabilities as defined in the regulations.

SFAs were notified of the requirement to maintain and report separate meal count records and financial records of all applicable costs incurred in providing meals to all free and reduced price meal eligible students during the emergency.

The school food service program was not 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 School Food Authority (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.

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.

The Statement of Revenues, Expenses, and Changes in Fund Net Position (ACFR Schedule B-5) does separate program and non-program revenue and program and non-program cost of goods sold.

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

## Student Activity Funds

The recordkeeping of the various student activities funds was reviewed for the 2020-2021 school year. The records were maintained in generally good condition.



### Application for State School Aid (ASSA)

Our audit included procedures to test information reported in the October 15, 2020 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 and the following was noted. The total number of Grade 5 students reported on the ASSA as on-roll was under-reported by one student. It was also noted that the supporting documents for LEP eligibility for three sampled students were not available for verification. 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 2020-2021 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report and the following was identified. It was noted that two sampled students for regular public schools were not found on the school registers. 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.

### MISCELLANEOUS

#### Management Suggestions

During our review of Application for State School Aid (ASSA) and District Report of Transported Resident Students (DRTRS), minor errors were noted as previously described. We suggest that the District strengthen its internal controls to ensure that the students listed on the ASSA report and DRTRS are properly supported.

#### SUMMARY OF RECOMMENDATION(S)

None

#### Follow-up on Prior Year Findings

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year recommendations. No recommendations from the prior year are repeated in this year's reporting.

#### ACKNOWLEDGMENT

During the course of our audit, we received the complete cooperation of all the officials of the school district. Every effort was made by the staff to assist us in the completion of our engagement. We greatly appreciate the professionalism of the staff and the courtesies extended to us.

MORRIS SCHOOL DISTRICT  
 COSTS OF EDUCATION PER PUPIL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(MEMORANDUM ONLY)

|                                       |                             |
|---------------------------------------|-----------------------------|
| Costs of Education:                   |                             |
| Instruction:                          |                             |
| Regular Programs                      | \$ 30,893,244               |
| Special Education                     | 7,367,452                   |
| Other Instructional Programs          | <u>4,589,432</u>            |
| <br>Total Instruction                 | <br>42,850,128              |
| <br>Total Undistributed Expenditures* | <br><u>77,989,259</u>       |
| <br>Total Costs of Education          | <br>120,839,387             |
| <br>Average Daily Enrollment          | <br><u>5,020</u>            |
| <br>Costs of Education Per Pupil      | <br><u><u>\$ 24,072</u></u> |

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

\* Includes \$3,273,072 of "on-behalf" payments by State of New Jersey for TPAF social security and \$15,589,116 of "on-behalf" payments for TPAF post retirement medical contribution and TPAF pension contribution.

SCHEDULE OF AUDITED ENROLLMENTS

MORRIS SCHOOL DISTRICT  
 APPLICATION FOR STATE SCHOOL AID SUMMARY  
 ENROLLMENT AS OF OCTOBER 15, 2020

|                            | 2021-2022 Application for State School Aid |        |                                |        |        |        |                                 |        |  |        |        |        | Private Schools for Disabled         |                         |                 |               |
|----------------------------|--|--------|--------------------------------|--------|--------|--------|---------------------------------|--------|--|--------|--------|--------|--------------------------------------|-------------------------|-----------------|---------------|
|                            | Reported on A.S.S.A. On Roll               |        | Reported on Workpapers On Roll |        | Errors |        | Sample Selected From Workpapers |        | Sample for Verification Verified per Registers On Roll |        | Errors |        | Reported on A.S.S.A. Private Schools | Sample for Veri- cation | 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                            | 0.0    | 0.0    | 0.0    | 0.0                             | 0.0    | 0.0  | 0.0    | 0.0    | 0.0    |                                      |                         |                 |               |
| Full Day Preschool         | 106.0                                      | 0.0    | 106.0                          | 0.0    | 0.0    | 0.0    | 0.0                             | 7.0    | 7.0  | 7.0    | 0.0    | 0.0    |                                      |                         |                 |               |
| Full Day Kindergarten      | 302.0                                      | 0.0    | 302.0                          | 0.0    | 0.0    | 0.0    | 0.0                             | 20.0   | 20.0   | 20.0   | 0.0    | 0.0    |                                      |                         |                 |               |
| One                        | 310.0                                      | 0.0    | 310.0                          | 0.0    | 0.0    | 0.0    | 0.0                             | 20.0   | 20.0   | 20.0   | 0.0    | 0.0    |                                      |                         |                 |               |
| Two                        | 328.0                                      | 0.0    | 328.0                          | 0.0    | 0.0    | 0.0    | 0.0                             | 21.0   | 21.0   | 21.0   | 0.0    | 0.0    |                                      |                         |                 |               |
| Three                      | 263.0                                      | 0.0    | 263.0                          | 0.0    | 0.0    | 0.0    | 0.0                             | 17.0   | 17.0   | 17.0   | 0.0    | 0.0    |                                      |                         |                 |               |
| Four                       | 335.0                                      | 0.0    | 335.0                          | 0.0    | 0.0    | 0.0    | 0.0                             | 22.0   | 22.0   | 22.0   | 0.0    | 0.0    |                                      |                         |                 |               |
| Five                       | 265.0                                      | 0.0    | 266.0                          | 0.0    | (1.0)  | 0.0    | 0.0                             | 17.0   | 17.0   | 17.0   | 0.0    | 0.0    |                                      |                         |                 |               |
| Six                        | 296.0                                      | 0.0    | 296.0                          | 0.0    | 0.0    | 0.0    | 0.0                             | 19.0   | 19.0   | 19.0   | 0.0    | 0.0    |                                      |                         |                 |               |
| Seven                      | 321.0                                      | 0.0    | 321.0                          | 0.0    | 0.0    | 0.0    | 0.0                             | 21.0   | 21.0   | 21.0   | 0.0    | 0.0    |                                      |                         |                 |               |
| Eight                      | 322.0                                      | 0.0    | 322.0                          | 0.0    | 0.0    | 0.0    | 0.0                             | 21.0   | 21.0   | 21.0   | 0.0    | 0.0    |                                      |                         |                 |               |
| Nine                       | 379.0                                      | 0.0    | 379.0                          | 0.0    | 0.0    | 0.0    | 0.0                             | 25.0   | 25.0   | 25.0   | 0.0    | 0.0    |                                      |                         |                 |               |
| Ten                        | 439.0                                      | 0.0    | 439.0                          | 0.0    | 0.0    | 0.0    | 0.0                             | 28.0   | 28.0   | 28.0   | 0.0    | 0.0    |                                      |                         |                 |               |
| Eleven                     | 405.0                                      | 7.0    | 405.0                          | 7.0    | 0.0    | 0.0    | 0.0                             | 26.0   | 26.0   | 26.0   | 0.0    | 0.0    |                                      |                         |                 |               |
| Twelve                     | 357.0                                      | 13.0   | 357.0                          | 13.0   | 0.0    | 0.0    | 0.0                             | 23.0   | 23.0   | 23.0   | 0.0    | 0.0    |                                      |                         |                 |               |
| Subtotals                  | 4,428.0                                    | 20.0   | 4,429.0                        | 20.0   | (1.0)  | 0.0    | 287.0                           | 0.0    | 287.0  | 0.0    | 0.0    | 0.0    |                                      |                         |                 |               |
| Special Ed - Elementary    | 252.0                                      | 0.0    | 252.0                          |        | 0.0    | 0.0    | 10                              |        | 10.0   |        | 0.0    | 0.0    | 9.0                                  | 8.0                     | 8.0             | 0.0           |
| Special Ed - Middle School | 168.0                                      | 0.0    | 168.0                          |        | 0.0    | 0.0    | 7                               |        | 7.0  |        | 0.0    | 0.0    | 14.0                                 | 11.0                    | 11.0            | 0.0           |
| Special Ed - High School   | 206.0                                      | 17.0   | 206.0                          | 17.0   | 0.0    | 0.0    | 8                               |        | 8.0  |        | 0.0    | 0.0    | 25.0                                 | 23.0                    | 23.0            | 0.0           |
| Subtotals                  | 626.0                                      | 17.0   | 626.0                          | 17.0   | 0.0    | 0.0    | 25.0                            | 0.0    | 25.0   | 0.0    | 0.0    | 0.0    | 48.0                                 | 42.0                    | 42.0            | 0.0           |
| Totals                     | 5,054.0                                    | 37.0   | 5,055.0                        | 37.0   | (1.0)  | 0.0    | 312.0                           | 0.0    | 312.0  | 0.0    | 0.0    | 0.0    | 48.0                                 | 42.0                    | 42.0            | 0.0           |
| Percentage Error           |  |        |                                |        | -0.02% | 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, 2020

|                       | 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 |
| Full Day Preschool    | 18.0                               | 18.0                                 | 0.0    | 2                               | 2                                    | 0.0           | 0.0   | 0.0   | 0.0           | 0.0                              | 0.0                                 | 0.0           |
| Full Day Kindergarten | 83.0                               | 83.0                                 | 0.0    | 15                              | 15.0                                 | 0.0           | 25.0  | 25.0  | 0.0           | 7.0                              | 7.0                                 | 0.0           |
| One                   | 117.0                              | 117.0                                | 0.0    | 21                              | 21.0                                 | 0.0           | 87.0  | 87.0  | 0.0           | 23.0                             | 23.0                                | 0.0           |
| Two                   | 129.0                              | 129.0                                | 0.0    | 23                              | 23.0                                 | 0.0           | 85.0  | 85.0  | 0.0           | 23.0                             | 23.0                                | 0.0           |
| Three                 | 108.0                              | 108.0                                | 0.0    | 19                              | 19.0                                 | 0.0           | 63.0  | 63.0  | 0.0           | 16.0                             | 16.0                                | 0.0           |
| Four                  | 129.0                              | 129.0                                | 0.0    | 23                              | 23.0                                 | 0.0           | 67.0  | 67.0  | 0.0           | 18.0                             | 18.0                                | 0.0           |
| Five                  | 104.0                              | 104.0                                | 0.0    | 18                              | 18.0                                 | 0.0           | 44.0  | 44.0  | 0.0           | 12.0                             | 12.0                                | 0.0           |
| Six                   | 105.0                              | 105.0                                | 0.0    | 19                              | 19.0                                 | 0.0           | 39.0  | 39.0  | 0.0           | 10.0                             | 10.0                                | 0.0           |
| Seven                 | 118.0                              | 118.0                                | 0.0    | 20                              | 20.0                                 | 0.0           | 35.0  | 35.0  | 0.0           | 9.0                              | 9.0                                 | 0.0           |
| Eight                 | 110.0                              | 110.0                                | 0.0    | 19                              | 19.0                                 | 0.0           | 34.0  | 34.0  | 0.0           | 9.0                              | 9.0                                 | 0.0           |
| Nine                  | 116.0                              | 116.0                                | 0.0    | 21                              | 21.0                                 | 0.0           | 43.0  | 43.0  | 0.0           | 12.0                             | 12.0                                | 0.0           |
| Ten                   | 152.0                              | 152.0                                | 0.0    | 27                              | 27.0                                 | 0.0           | 86.0  | 86.0  | 0.0           | 22.0                             | 22.0                                | 0.0           |
| Eleven                | 104.5                              | 104.5                                | 0.0    | 18                              | 18.0                                 | 0.0           | 38.5  | 38.5  | 0.0           | 10.0                             | 10.0                                | 0.0           |
| Twelve                | 72.0                               | 72.0                                 | 0.0    | 12                              | 12.0                                 | 0.0           | 18.0  | 18.0  | 0.0           | 5.0                              | 5.0                                 | 0.0           |
| Subtotals             | 1,465.5                            | 1,465.5                              | 0.0    | 257                             | 257.0                                | 0.0           | 664.5                                       | 664.5   | 0.0           | 176.0                            | 176.0                               | 0.0           |
| Sp Ed - Elementary    | 120.0                              | 120.0                                | 0.0    | 6                               | 6.0                                  | 0.0           | 39.0  | 39.0  | 0.0           | 10.0                             | 9.0                                 | 1.0           |
| Sp Ed - Middle School | 86.0                               | 86.0                                 | 0.0    | 4                               | 4.0                                  | 0.0           | 22.0  | 22.0  | 0.0           | 6.0                              | 6.0                                 | 0.0           |
| Sp Ed - High School   | 57.5                               | 57.5                                 | 0.0    | 5                               | 5.0                                  | 0.0           | 4.0   | 4.0   | 0.0           | 1.0                              | 1.0                                 | 0.0           |
| Subtotals             | 263.5                              | 263.5                                | 0.0    | 15                              | 15.0                                 | 0.0           | 65.0  | 65.0  | 0.0           | 17.0                             | 16.0                                | 1.0           |
| Totals                | 1,729.0                            | 1,729.0                              | 0.0    | 272.0                           | 272.0                                | 0.0           | 729.5                                       | 729.5   | 0.0           | 193.0                            | 192.0                               | 1.0           |
| Percentage Error      |                                    |                                      | 0.00%  |                                 |                                      | 0.00%         |   |   | 0.00%         |                                  |                                     | 0.52%         |

|                               | Transportation           |                               |        |        |          |        | Reported | Recalculated |
|-------------------------------|--------------------------|-------------------------------|--------|--------|----------|--------|----------|--------------|
|                               | Reported on DRTRS by DOE | Reported on DRTRS by District | Errors | Tested | Verified | Errors |          |              |
| Reg. - Public Schools         | 1,991.0                  | 1,991.0                       | 0.0    | 207.0  | 205.0    | 2.0    |          |              |
| Non-Public Transportation     | 254.0                    | 254.0                         | 0.0    | 26.0   | 26.0     | 0.0    |          |              |
| Non-Public AIL                | 260.0                    | 260.0                         | 0.0    | 27.0   | 27.0     | 0.0    |          |              |
| Reg. Special Educ             | 222.0                    | 222.0                         | 0.0    | 23.0   | 23.0     | 0.0    |          |              |
| Special Educ. - Special Needs | 106.0                    | 106.0                         | 0.0    | 12.0   | 12.0     | 0.0    |          |              |
| Totals                        | 2,833.0                  | 2,833.0                       | 0.0    | 295.0  | 293.0    | 2.0    |          |              |
| Percentage Error              |                          |                               |        |        |          | 0.68%  |          |              |

Ave. Mileage - Regular Inc. PK Students (Part A) 3.8 3.8  
 Ave. Mileage - Regular Exc. PK Students (Part B) 3.8 3.8  
 Ave. Mileage - Special Ed. With Special Needs 10.4 10.4

SCHEDULE OF AUDITED ENROLLMENTS

MORRIS SCHOOL DISTRICT  
 APPLICATION FOR STATE SCHOOL AID SUMMARY  
 ENROLLMENT AS OF OCTOBER 15, 2020

|                       | 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 |
| Full Day Kindergarten | 31.0                                | 31.0                                     | 0.0           | 8.0                              | 8.0                                  | 0.0           |
| One                   | 11.0                                | 11.0                                     | 0.0           | 3.0                              | 2.0                                  | 1.0           |
| Two                   | 10.0                                | 10.0                                     | 0.0           | 3.0                              | 3.0                                  | 0.0           |
| Three                 | 7.0                                 | 7.0                                      | 0.0           | 2.0                              | 2.0                                  | 0.0           |
| Four                  | 6.0                                 | 6.0                                      | 0.0           | 2.0                              | 2.0                                  | 0.0           |
| Five                  | 4.0                                 | 4.0                                      | 0.0           | 1.0                              | 1.0                                  | 0.0           |
| Six                   | 4.0                                 | 4.0                                      | 0.0           | 1.0                              | 1.0                                  | 0.0           |
| Seven                 | 5.0                                 | 5.0                                      | 0.0           | 1.0                              | 1.0                                  | 0.0           |
| Eight                 | 6.0                                 | 6.0                                      | 0.0           | 2.0                              | 2.0                                  | 0.0           |
| Nine                  | 2.0                                 | 2.0                                      | 0.0           | 1.0                              | 1.0                                  | 0.0           |
| Ten                   | 12.0                                | 12.0                                     | 0.0           | 3.0                              | 3.0                                  | 0.0           |
| Eleven                | 17.0                                | 17.0                                     | 0.0           | 5.0                              | 5.0                                  | 0.0           |
| Twelve                | 13.0                                | 13.0                                     | 0.0           | 4.0                              | 4.0                                  | 0.0           |
| Subtotals             | 128.0                               | 128.0                                    | 0.0           | 36.0                             | 35.0                                 | 1.0           |
| Sp Ed - Elementary    | 5.0                                 | 5.0                                      | 0.0           | 1.0                              | 1.0                                  | 0.0           |
| Sp Ed - Middle School | 4.0                                 | 4.0                                      | 0.0           | 1.0                              | 1.0                                  | 0.0           |
| Sp Ed - High School   | 3.0                                 | 3.0                                      | 0.0           | 1.0                              | 0.0                                  | 1.0           |
| Subtotals             | 12.0                                | 12.0                                     | 0.0           | 3.0                              | 2.0                                  | 1.0           |
| Totals                | 140.0                               | 140.0                                    | 0.0           | 39.0                             | 37.0                                 | 2.0           |
| Percentage Error      |                                     |  | 0.00%         |                                  |                                      | 5.13%         |

## EXCESS SURPLUS CALCULATION

### REGULAR DISTRICT

#### SECTION 1

##### A. 4% Calculation of Excess Surplus

|  |    |                             |       |
|--|----|-----------------------------|-------|
| 2020-2021 Total General Fund Expenditures per the ACFR, Ex. C-1      | \$ | <u>124,467,419</u>          | (B)   |
| Increased by:  |    |                             |       |
| Transfer from Capital Outlay to Capital Projects Fund                | \$ | <u>                    </u> | (B1a) |
| Transfer from Capital Reserve to Capital Projects Fund               | \$ | <u>1,603,001</u>            | (B1b) |
| Transfer from General Fund to SRF for PreK-Regular                   | \$ | <u>                    </u> | (B1c) |
| Transfer from General Fund to SRF for PreK-Inclusion                 | \$ | <u>537,277</u>              | (B1d) |
| Decreased by:  |    |                             |       |
| On-Behalf TPAF Pension & Social Security                             | \$ | <u>18,862,188</u>           | (B2a) |
| Assets Acquired Under Capital Leases                                 | \$ | <u>1,537,000</u>            | (B2b) |
| Adjusted 2020-21 General Fund Expenditures [(B)+(B1s)-(B2s)]         | \$ | <u>106,208,509</u>          | (B3)  |
| 4% of Adjusted 2020-21 General Fund Expenditures<br>[(B3) times .04] | \$ | <u>4,248,341</u>            | (B4)  |
| Enter Greater of (B4) or \$250,000                                   | \$ | <u>4,248,341</u>            | (B5)  |
| Increased by: Allowable Adjustment*                                  | \$ | <u>3,928,791</u>            | (K)   |
| Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]   | \$ | <u>8,177,132</u>            | (M)   |

#### SECTION 2

|  |    |                             |      |
|--|----|-----------------------------|------|
| Total General Fund - Fund Balances @ 6/30/2021<br>(Per ACFR Budgetary Comparison Schedule C-1) | \$ | <u>39,961,891</u>           | (C)  |
| Decreased by:  |    |                             |      |
| Year-end Encumbrances  | \$ | <u>552,924</u>              | (C1) |
| Legally Restricted -Designated for Subsequent Year's<br>Expenditures                           | \$ | <u>                    </u> | (C2) |
| Legally Restricted - Excess Surplus - Designated for<br>Subsequent Year's Expenditures **      | \$ | <u>4,716,664</u>            | (C3) |
| Other Restricted Fund Balances****   | \$ | <u>22,138,838</u>           | (C4) |
| Assigned Fund Balance - Unreserved - Designated<br>for Subsequent Year's Expenditures          | \$ | <u>1,014,607</u>            | (C5) |
| Total Unassigned Fund Balance<br>[( C)-(C1)-(C2)-(C3)-(C4)-(C5)]                               | \$ | <u>11,538,858</u>           | (U1) |

**SECTION 3**

Restricted Fund Balance-Excess Surplus \*\*\*[(U1-(M))] IF NEGATIVE ENTER -0- \$ 3,361,726 (E)

**Recapitulation of Excess Surplus as of June 30, 2021**

|   |                                |
|---|--------------------------------|
| Reserved Excess Surplus-Designated for Subsequent Year's Expenditures** | \$ <u>4,716,664</u> (C3)       |
| Reserved Excess Surplus***[(E)]   | \$ <u>3,361,726</u> (E)        |
| Total [(C3) + (E)]  | \$ <u><u>8,078,390</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, 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   | \$ _____ (H)             |
| Sale & Lease-back                                      | \$ _____ (I)             |
| Extraordinary Aid                                      | \$ <u>3,818,738</u> (J1) |
| Additional Nonpublic School Transportation Aid         | \$ <u>110,053</u> (J2)   |
| Current Year School Bus Advertising Revenue Recognized | \$ _____ (J3)            |
| Family Crisis Transportation Aid                       | \$ _____ (J4)            |
| Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)]        | \$ <u>3,928,791</u> (K)  |

\*\* This amount represents the June 30, 2021 Excess Surplus (C3 above) and must be included in the Audit Summary Line 90031.

\*\*\* Amount must agree to the June 30, 2021 ACFR 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**

|   |                    |
|---|--------------------|
| Statutory restrictions:                                       |                    |
| Approved unspent separate proposal                            | \$ _____           |
| Sale/lease-back reserve                                       | \$ _____           |
| Capital reserve   | \$ 15,452,444      |
| Maintenance reserve   | \$ 4,599,716       |
| Emergency reserve   | \$ _____           |
| Unemployment Reserve  | \$ 2,086,678       |
| 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                       | \$ _____           |
| Reserve for Unemployment Fund                                 | \$ _____           |
| [Other Restricted Fund Balance not noted above]****           | \$ _____           |
| Total Other Restricted Fund Balance                           | \$ 22,138,838 (C4) |



MORRIS SCHOOL DISTRICT  
AUDIT RECOMMENDATIONS SUMMARY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

10. Status of Prior Year Audit Findings/Recommendations

No findings/recommendations from the prior year are repeated in this year's reporting.