



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

***AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS –
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2022***

MORRIS SCHOOL DISTRICT
MORRIS COUNTY, NEW JERSEY

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

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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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Morris School District, County of Morris as of and for the year ended June 30, 2022, and have issued our report thereon dated March 7, 2023.

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 solely for the information and use of the Morris School District's management, Board of Education members, others within the entity, and the New Jersey Department of Education and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

PKF O'Connor Davies, LLP

Cranford, New Jersey
March 7, 2023

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

Andrew G. Hodulik, CPA
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.

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 District are also presented on this Exhibit. No attempt was made to determine the adequacy of coverage as part of this report. Adequacy of coverage is the responsibility of the Board of Education.

Official Bonds

The following position was covered by Surety Bonds:

Anthony LoFranco, Business Administrator/ Board Secretary	\$521,000
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The Surety Bond coverage for the School Business Administrator/Board Secretary exceeded the minimum requirement as promulgated by the Department of Education.

P.L.2020,c.44

Our audit procedures included an inquiry and subsequent review of health benefit data required per *N.J.S.A. 18A:16-13.3* (Chapter 44) submitted for the year on audit. The Chapter 44 summary report was reviewed for reasonableness and timeliness.

The data submitted did include all health benefit plans offered by school district.

The school district project data certification was completed by the chief school administrator. The school district project Chapter 44 data was submitted timely.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were less than estimated costs. The District made a proper adjustment to the billings to sending Districts for the increase (decrease) in per pupil costs in accordance with *N.J.A.C. 6A:23A-17.1(f)3*.

Examination of Claims

An examination of claims paid during the period did not indicate any discrepancies with respect to signatures, certification, or supporting documentation and no discrepancies or exceptions were noted.

Payroll Account and Employee Position Control Roster

The net salaries of all 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/Business Administrator, and the Chief School Administrator.

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

Payrolls were delivered to the secretary of the board who then deposited with warrants in separate bank accounts for net payroll and withholdings.

An inquiry and subsequent review of the position control roster found no inconsistencies between the payroll records, employee benefit records (e.g., pension reports and health benefit coverage reports), and the general ledger accounts to where wages are posted (administrative versus instruction).

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 proper classification of orders as reserve for encumbrances and accounts payable and no exceptions were noted.

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 our randomly selected test samples, 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, a transaction error rate of 0% overall was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

Our review of the financial and accounting records maintained by the Board Secretary disclosed no exceptions.

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. The study of compliance for E.S.E.A indicated no instances of noncompliance and/or questionable costs.

Other Special Federal and/or State Projects

The District's special projects were approved as listed on Schedules (K-3) and (K-4) located in the ACFR.

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 Fund Section of the ACFR. This section of the ACFR documents the financial position pertaining to the aforementioned special projects.

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.

T.P.A.F. 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

Effective July 1, 2020 and thereafter, the bid thresholds in accordance with *N.J.S.A. 18A:18A-2* 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 \$20,200 for 2021-2022.

The District 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 solicitor's opinion should be sought before a commitment is made.

The results of our examination, performed on a test basis, did not note any individual payments, contracts, or agreements made for the performance of any work or goods or services, 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*.

School Food Service Fund

Public Health Emergency

In accordance with the Governor's Declaration of Emergency pertaining to the public health emergency 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. Governor Murphy's emergency declaration ended June 4, 2021; however, the United States Department of Agriculture's federal waiver continued through June 30, 2022. Food Service Agencies operated under this federal waiver.

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). SFAs could also choose to participate in the National School Lunch Program utilizing standard counting and claiming practices.

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 financial transactions and statistical records of the school food service fund were reviewed. The financial accounts, meal count records were reviewed on a test-check basis. Cash receipts and bank records were reviewed for timely deposit.

The District utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with *N.J.S.A. 18A:17-34*, and *19-1* through *19-4.1*. Provisions of the FSMC Cost Reimbursable Fixed Price or Non-Competitive Emergency Procurement contract/addendum were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will return a profit of at least \$182,000. The operating results provision has been met. All vendor discounts, rebates, and credits from vendors and/or the FSMC were tracked and credited to the Food Service Account and reconciled to supporting documentation at least annually.

Expenditures should be 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 appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service.

The SFA recorded and maintained separate supporting documentation for additional costs (food, supplies, transportation, etc.) applicable to the implementation of the COVID-19 meal service under SSO or SFSP program requirements.

We inquired if the FSMC received a loan in accordance with the Payroll Protection Plan and whether the funds were used to pay for costs applicable to the Food Service Programs. We also inquired if the PPP loan was subsequently forgiven and the FSMC refunded or credited the applicable amount to the SFA.

Net cash resources did exceed three months average expenditures, which was a result of the COVID-19 pandemic and therefore no formal finding and recommendation was included. The District is aware of the condition and will continue to invest in its Food Service Program until the appropriate amount of net cash resources is depleted.

Time sheets were reviewed, and labor costs verified. Payroll records were maintained on all School Food Services employees authorized by the Board of Education. No exceptions were noted.

The number of meals claimed for reimbursement was compared to sales and meal count records. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement claims were submitted/certified in a timely manner.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served was compared to the number of valid applications or to the list of directly certified students on file, times the number of operating days, on a school-by-school basis. The free and reduced price meal and free milk policy was reviewed for uniform administration throughout the school system. Sites approved to participate in Provisions I and II were examined for compliance with all counting and claiming requirements. The required verification procedures for free and reduced price applications were completed and available for review.

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

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 B of the ACFR.

Student Activity Funds

During our audit of the student activity funds, we did not note any exceptions.

Application for State School Aid (ASSA)

Our audit included procedures to review information reported in the October 15, 2021 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 Special Education Middle School students reported on the ASSA as on-roll was over-reported by one student. 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 2021-2022 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. No exceptions were noted in our review of transportation related purchases of goods and services.

Testing for Lead of All Drinking Water in Educational Facilities

The School District adhered to all 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 Statement of Assurance to the Department of Education, pursuant to *N.J.A.C. 6A:26-12.4(g)*.

Follow-up on Prior Year Findings

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year recommendations. There were no prior year findings and therefore no corrective action was required.

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
FOOD SERVICE FUND

SCHEDULE OF MEAL COUNT ACTIVITY

NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM -FEDERAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

PROGRAM	MEAL CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE (a)	(OVER) UNDER CLAIM (b)	
National School Lunch (High Rate)	Paid	-	-	-	-	0.37	-	
National School Lunch (High Rate)	Reduced	-	-	-	-	3.28	-	
National School Lunch (High Rate)	Free	-	-	-	-	3.68	-	
	TOTAL	-	-	-	-		-	
School Breakfast (Severe Need Rate)	Paid	-	-	-	-	0.33	-	
School Breakfast (Severe Need Rate)	Reduced	-	-	-	-	2.05	-	
School Breakfast (Severe Need Rate)	Free	-	-	-	-	2.35	-	
	TOTAL	-	-	-	-		-	
After School Snacks	Paid	-	-	-	-	1.00	-	
After School Snacks	Reduced	-	-	-	-	1.00	-	
After School Snacks	Free (Area Eligible)	30,973	30,973	30,973	-	1.00	-	
	TOTAL	30,973	30,973	30,973	-		-	
Seamless Summer Option (SSO)								
Breakfast (July thru December)	Free	80,258	80,258	80,258	-	2.4625	-	
Breakfast (January thru June)	Free	128,732	128,732	128,732	-	2.6050	-	
Lunch (July thru December)	Free	172,174	172,174	172,174	-	4.3175	-	
Lunch (January thru June)	Free	277,337	277,337	277,337	-	4.5625	-	
	TOTAL	658,501	658,501	658,501	-		-	
Total Net Overclaim								-

MORRIS SCHOOL DISTRICT
FOOD SERVICE FUND

SCHEDULE OF MEAL COUNT ACTIVITY

NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM -STATE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

PROGRAM	MEAL CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE (a)	(OVER) UNDER CLAIM (b)
State Reimbursement - National School Lunch (Regular Rate)	Paid	-	-	-	-	0.100	-
State Reimbursement - National School Lunch (Regular Rate)	Reduced	-	-	-	-	0.105	-
State Reimbursement - National School Lunch (Regular Rate)	Free	-	-	-	-	0.105	-
	TOTAL	-	-	-			
Seamless Summer Option (SSO)							
Lunch	Free	449,511	449,511	449,511	-	0.105	-
	Total Net Overclaim						-

MORRIS SCHOOL DISTRICT

**Net cash resources did exceed three months of expenditures
Proprietary Funds - Food Service
FYE 2022**

<u>Net Cash Resources:</u>		Food Service B - 4/5	
CAFR	*	Current Assets	
B-4		Cash & Cash Equiv.	\$ 951,276
B-4		Due from Other Gov'ts	207,497
B-4		Accounts Receivable	19,283
CAFR		Current Liabilities	
B-4		Less Accounts Payable	174,579
B-4		Less Unearned Revenue	33,733
		Net Cash Resources	\$ 969,744 (A)

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.	2,252,256	
B-5	Less Depreciation	(16,857)	
	Adj. Tot. Oper. Exp.	\$ 2,235,399 (B)	

Average Monthly Operating Expense:

	B / 10	\$ 223,540 (C)
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Three Times Monthly Average:

	3 X C	\$ 670,620 (D)
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TOTAL IN BOX A	\$	969,744	
LESS TOTAL IN BOX D	\$	670,620	
NET	\$	299,124	
From above:			
A is greater than D, cash exceeds 3 X average monthly operating expenses.			
D is greater than A, cash does not exceed 3 X average monthly operating expenses.			

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

SOURCE - USDA resource management comprehensive review form

SCHEDULE OF AUDITED ENROLLMENTS

MORRIS SCHOOL DISTRICT
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 15, 2021

Note: Detailed testing over ASSA was not performed for the fiscal year ended June 30, 2022 as the General State Aid Cluster was not tested as major program in the current year for Single Audit.

	2022-2023 Application for State School Aid							Sample for Verification						Private Schools for Disabled			
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected From Workpapers		Verified per Registers On Roll		Errors		Reported on A.S.S.A. Private Schools	Sample for Verifi-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											
Full Day Preschool	119.0	0.0	119.0	0.0	0.0	0.0											
Full Day Kindergarten	309.0	0.0	309.0	0.0	0.0	0.0											
One	321.0	0.0	321.0	0.0	0.0	0.0											
Two	303.0	0.0	303.0	0.0	0.0	0.0											
Three	311.0	0.0	311.0	0.0	0.0	0.0											
Four	257.0	0.0	257.0	0.0	0.0	0.0											
Five	325.0	0.0	325.0	0.0	0.0	0.0											
Six	260.0	0.0	260.0	0.0	0.0	0.0											
Seven	295.0	0.0	295.0	0.0	0.0	0.0											
Eight	315.0	0.0	315.0	0.0	0.0	0.0											
Nine	413.0	0.0	413.0	0.0	0.0	0.0											
Ten	355.0	0.0	355.0	0.0	0.0	0.0											
Eleven	406.0	6.0	406.0	6.0	0.0	0.0											
Twelve	388.0	6.0	388.0	6.0	0.0	0.0											
Subtotals	4,377.0	12.0	4,377.0	12.0	0.0	0.0											
Special Ed - Elementary	285.0	0.0	285.0	0.0	0.0	0.0							14.0				
Special Ed - Middle School	170.0	0.0	169.0	0.0	1.0	0.0							7.0				
Special Ed - High School	212.0	17.0	212.0	17.0	0.0	0.0							24.0				
Subtotals	667.0	17.0	666.0	17.0	1.0	0.0							45.0				
Totals	5,044.0	29.0	5,043.0	29.0	1.0	0.0							45.0				
Percentage Error					0.02%	0.00%											

SCHEDULE OF AUDITED ENROLLMENTS

MORRIS SCHOOL DISTRICT
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 15, 2021

	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	28.0	28.0	0.0				0.0	0.0	0.0			
Full Day Kindergarten	85.0	85.0	0.0				52.0	52.0	0.0			
One	91.0	91.0	0.0				40.0	40.0	0.0			
Two	118.0	118.0	0.0				89.0	89.0	0.0			
Three	123.0	123.0	0.0				78.0	78.0	0.0			
Four	106.0	106.0	0.0				56.0	56.0	0.0			
Five	132.0	132.0	0.0				55.0	55.0	0.0			
Six	95.0	95.0	0.0				24.0	24.0	0.0			
Seven	101.0	101.0	0.0				34.0	34.0	0.0			
Eight	113.0	113.0	0.0				36.0	36.0	0.0			
Nine	136.0	136.0	0.0				45.0	45.0	0.0			
Ten	98.0	98.0	0.0				28.0	28.0	0.0			
Eleven	118.0	118.0	0.0				59.0	59.0	0.0			
Twelve	97.0	97.0	0.0				34.0	34.0	0.0			
Subtotals	1,441.0	1,441.0	0.0				630.0	630.0	0.0			
Sp Ed - Elementary	150.0	150.0	0.0				53.0	53.0	0.0			
Sp Ed - Middle School	77.0	77.0	0.0				22.0	22.0	0.0			
Sp Ed - High School	84.5	84.5	0.0				7.0	7.0	0.0			
Subtotals	311.5	311.5	0.0				82.0	82.0	0.0			
Totals	1,752.5	1,752.5	0.0				712.0	712.0	0.0			
Percentage Error			0.00%						0.00%			

	Transportation						Reported	Recalculated	
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors			
Reg. - Public Schools	1,848.0	1,848.0	0.0	205.0	204.0	1.0	Ave. Mileage - Regular Inc. PK Students (Part A)	3.7	3.7
Non-Public Transportation	163.0	163.0	0.0	18.0	18.0	0.0	Ave. Mileage - Regular Exc. PK Students (Part B)	3.8	3.8
Non-Public AIL	207.0	207.0	0.0	23.0	23.0	0.0	Ave. Mileage - Special Ed. With Special Needs	6.2	6.2
Reg. Special Educ	214.0	214.0	0.0	24.0	24.0	0.0			
Special Educ. - Special Needs	196.0	196.0	0.0	21.0	21.0	0.0			
Totals	2,628.0	2,628.0	0.0	291.0	290.0	1.0			
Percentage Error						0.34%			

SCHEDULE OF AUDITED ENROLLMENTS

MORRIS SCHOOL DISTRICT
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 15, 2021

	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	35.0	35.0	0.0		
One	45.0	45.0	0.0			
Two	18.0	18.0	0.0			
Three	14.0	14.0	0.0			
Four	9.0	9.0	0.0			
Five	5.0	5.0	0.0			
Six	10.0	10.0	0.0			
Seven	9.0	9.0	0.0			
Eight	9.0	9.0	0.0			
Nine	41.0	41.0	0.0			
Ten	12.0	12.0	0.0			
Eleven	19.0	19.0	0.0			
Twelve	8.0	8.0	0.0			
Subtotals	234.0	234.0	0.0			
Sp Ed - Elementary	6.0	6.0	0.0			
Sp Ed - Middle School	6.0	6.0	0.0			
Sp Ed - High School	2.0	2.0	0.0			
Subtotals	14.0	14.0	0.0			
Totals	248.0	248.0	0.0			
Percentage Error			0.00%			

MORRIS SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
JUNE 30, 2022

SECTION 1 - Regular District

B. 4% Calculation of Excess Surplus

2021-22 Total General Fund Expenditures per the ACFR, Ex. C-1	\$ 131,264,121 (B)
Increased by:	
Transfer from Capital Outlay to Capital Projects Fund	\$ - (B1a)
Transfer from Capital Reserve to Capital Projects Fund	\$ 7,505,071 (B1b)
Transfer from General Fund to SRF for PreK-Regular	\$ - (B1c)
Transfer from General Fund to SRF for PreK-Inclusion	\$ 1,197,203 (B1d)
Decreased by:	
On-Behalf TPAF Pension, Post-Retirement Contributions, Long-Term Disability Insurance and Social Security	\$ 24,081,196 (B2a)
Financed Purchases Leases	\$ 128,579 (B2b)
Adjusted 2021-22 General Fund Expenditures [(B) + (B1s) - (B2s)]	\$ 115,756,620 (B3)
4% of Adjusted 2021-22 General Fund Expenditures [(B3) times .04]	\$ 4,630,265 (B4)
Enter Greater of (B4) or \$250,000	\$ 4,630,265 (B5)
Increased by: Allowable Adjustment*	\$ 5,765,767 (K)
Maximum Unassigned/Undesignated - Unreserved Fund Balance [(B5) + (K)]	\$ 10,396,032 (M)

SECTION 2

Total General Fund - Fund Balances at 6-30-22 (Per ACFR Budgetary Comparison Schedule C-1)	\$ 40,216,597 (C)
Decreased by:	
Year-end Encumbrances	\$ 176,493 (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ - (C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ 3,361,726 (C3)
Other Restricted Fund Balances****	\$ 18,646,584 (C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	\$ 3,342,489 (C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]	\$ 14,689,305 (U1)

MORRIS SCHOOL DISTRICT

EXCESS SURPLUS CALCULATION

JUNE 30, 2022

SECTION 3

Restricted Fund Balance - Excess Surplus *** [(U1)-(M)] IF NEGATIVE ENTER -0-	\$ <u>4,293,273</u> (E)
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Recapitulation of Excess Surplus as of June 30, 2022

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ <u>3,361,726</u> (C3)
Reserved Excess Surplus *** [(E)]	\$ <u>4,293,273</u> (E)
 Total Excess Surplus [(C3)+(E)]	 \$ <u>7,654,999</u> (D)

- * 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.
 - (J5) Maintenance of Equity Aid and State Military Impact Aid received July 2022

Detail of Allowable Adjustments

Impact Aid	\$ - (H)
Sales & Lease-back	\$ - (I)
Extraordinary Aid	\$ <u>3,811,768</u> (J1)
Additional Nonpublic School Transportation Aid	\$ <u>93,995</u> (J2)
Current Year School Bus Advertising Revenue Recognized	\$ - (J3)
Family Crisis Transportation Aid	\$ - (J4)
Maintenance of Equity Aid and State Military Impact Aid Received July 2022	\$ <u>1,860,004</u> (J5)
 Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)+(J5)]	 \$ <u>5,765,767</u> (K)

** This amount represents the June 30, 2022 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

*** Amount must agree to the June 30, 2022 ACFR and must agree to Audit Summary Worksheet 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 Finance prior to September 30.

MORRIS SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
JUNE 30, 2022

Detail of Other Restricted Fund Balance

Statutory Restrictions:	
Approved Unspent Separate Proposal	\$ -
Sale/Lease-Back Reserve	\$ -
Capital Reserve	\$ 11,954,628
Maintenance Reserve	\$ 4,601,918
Emergency Reserve	\$ -
Tuition Reserve	\$ -
School Bus Advertising 50% Fuel Offset Reserve - Current Year	\$ -
School Bus Advertising 50% Fuel Offset Reserve - Prior Year	\$ -
Impact Aid General Fund Reserve	\$ -
Impact Aid Capital Fund Reserve	\$ -
Other State/Government Mandated Reserve	\$ -
Reserve for Unemployment	\$ 2,090,038
Other Restricted Fund Balance not noted above	\$ -
 Total Other Restricted Fund Balance	 \$ 18,646,584 (C4)

MORRIS SCHOOL DISTRICT
AUDIT RECOMMENDATIONS SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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.