

**MANCHESTER TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS –  
FINANCIAL, COMPLIANCE AND PERFORMANCE  
JUNE 30, 2017**

**AUDITOR’S MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS –  
FINANCIAL, COMPLIANCE AND PERFORMANCE**

**TABLE OF CONTENTS**

	<u>Page No.</u>
Independent Auditors’ Report.....	1
Scope of Audit.....	2
Administrative Practices and Procedures	
Insurance .....	2
Official Bonds.....	2
Tuition Charges .....	2
Financial Planning, Accounting and Reporting	
Examination of Claims .....	2
Payroll Account and Position Control Roster .....	2
Reserve for Encumbrances and Accounts Payable .....	3
Classification of Expenditures .....	3
General Classifications	
Administrative Classifications	
Board Secretary’s Records.....	3
Treasurer’s Records .....	3
Elementary and Secondary Education Act/Improving America’s Schools	
Act as reauthorized by the No Child Left Behind Act of 2001 .....	3
Other Special Federal and/or State Projects .....	3
T.P.A.F. Reimbursement .....	3
School Purchasing Programs	
Contracts and Agreements Requiring Advertisement for Bids .....	4
School Food Service.....	4
Student Body Activities .....	5
Application for State School Aid.....	5
Pupil Transportation.....	6
Follow-up on Prior Year’s Findings.....	6
Acknowledgment.....	6
Schedule of Meal Count Activity .....	7
Net Cash Resource Schedule.....	9
Schedule of Audited Enrollments.....	10
Excess Surplus Calculation .....	13



## INDEPENDENT AUDITORS' REPORT

Honorable President and Members  
of the Board of Education  
Manchester Township School District  
County of Ocean, 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 Manchester Township School District, County of Ocean as of and for the year ended June 30, 2017, and have issued our report thereon dated November 3, 2017.

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

This report is intended solely for the information and use of the Manchester Township Board of Education'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  
November 3, 2017

A handwritten signature in black ink that reads "David J. Gannon".

David J. Gannon  
Licensed Public School Accountant  
No. 2305

## Scope of Audit

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

## Administrative Practices and Procedures

### Insurance

Fire insurance coverage was carried in the amounts as detailed on J-20, Insurance Schedule contained in the District's CAFR.

### Official Bonds N.J.S.A. 18A:17-26, 18A:17-32, & 18A:13-13

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Craig Lorentzen	Board Secretary/School Business Administrator	\$ 120,000

There is a Public Employees' Faithful Performance Blanket Position Bond with the Western Surety Company covering all other employees with multiple coverage of \$1,000,000.

### Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were less than estimated costs. The 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*.

## Financial Planning, Accounting and Reporting

### 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

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.

#### 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.)/Improving America's Schools Act (IASA) as reauthorized by the No Child Left Behind Act of 2001

The E.S.E.A./NCLB financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the projects under Title I 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 A (K-3) and B (K-4) located in the CAFR.

Our audit of the federal and state funds on a test basis, indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

#### T.P.A.F. Reimbursement

Our audit procedures included a test of the 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.

### 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.

### Nonpublic State Aid

Not applicable to the District as it does not receive any nonpublic funds.

### **School Purchasing Programs**

#### Contracts and Agreements Requiring Advertisement for Bids

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 currently \$18,800.

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, we 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**

The financial transactions and statistical records of the school food service fund were reviewed. The financial accounts, meal count records and eligibility applications 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 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 \$45,000. The operating results provision has been met.

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.

Net cash resources did not exceed three months average expenditures.

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all School Food Services employees authorized by the board of education/board of trustees. 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 (CAFR Schedule B-5) does separate program and non-program revenue and program and non-program cost of goods sold.

The school district did provide the detailed revenue and expenditure information necessary in order to execute the USDA mandated Non-Program Food Revenue Tool at least annually.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Section B of the CAFR

### **Student Body Activities**

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

### **Application for State School Aid**

Our audit procedures included a test of information reported in the October 15, 2016 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, low-income and bilingual. We also performed a review of the District procedures related to its completion. The information on the A.S.S.A.

was compared to the District work papers without exception. The information that was included on the work papers was verified without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

The District maintained work papers on the prescribed state forms or their equivalent.

The District has adequate written procedures for the recording of student enrollment data.

### **Pupil Transportation**

Our audit procedures included a test of on-roll status reported in the 2016-2017 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the District complied with proper bidding procedures and award of contracts. 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.

### **Follow-up on Prior Year's Findings**

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year's recommendations. Corrective action has been taken on all prior year findings.

### **Acknowledgment**

We received the complete cooperation of all the officials of the School District and we greatly appreciate the courtesies extended to the members of the audit team.



**MANCHESTER TOWNSHIP 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, 2017**

<u>PROGRAM</u>	<u>MEAL CATEGORY</u>	<u>MEALS CLAIMED</u>	<u>MEALS TESTED</u>	<u>MEALS VERIFIED</u>	<u>DIFFERENCE</u>	<u>RATE (a)</u>	<u>(OVER) UNDER CLAIM (b)</u>
National School Lunch (Regular Rate)	Paid	81,600	81,600	81,600	0	0.30	0.00
National School Lunch (Regular Rate)	Reduced	27,308	27,308	27,308	0	2.76	0.00
National School Lunch (Regular Rate)	Free	94,768	94,768	94,768	0	3.16	0.00
	<b>TOTAL</b>	<b>203,676</b>	<b>203,676</b>	<b>203,676</b>			<b>0.00</b>
School Breakfast (Regular Rate)	Paid	13,298	13,298	13,298	0	0.29	0.00
	Reduced	6,607	6,607	6,607	0	1.41	0.00
	Free	40,818	40,818	40,818	0	1.71	0.00
	<b>TOTAL</b>	<b>60,723</b>	<b>60,723</b>	<b>60,723</b>			<b>0.00</b>
	<b>Total Net Overclaim</b>						<b>0.00</b>

**Auditor Notation:**

(a) Reimbursement rates are subject to annual change. Rates indicated in this sample schedule are for illustrative purposes only. Refer to the detailed schedule of reimbursement rates presented on page II-60.27 of this Audit Program. (b) Overclaims or underclaims must be reflected by program on the Schedule of Findings and Questioned Costs (where applicable) and in the AMR. (c) If underclaims are identified and total \$100.00 or more by program, please contact the DOA for requirements to request reimbursement from USDA. Underclaim requests may or may not be approved by USDA for reimbursement. (d) Child and Adult Care Food Program-(CACFP)-At-Risk Dinners

**MANCHESTER TOWNSHIP 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, 2017**

<u>PROGRAM</u>	<u>MEAL CATEGORY</u>	<u>MEALS CLAIMED</u>	<u>MEALS TESTED</u>	<u>MEALS VERIFIED</u>	<u>DIFFERENCE</u>	<u>RATE (a)</u>	<u>(OVER) UNDER CLAIM (b)</u>
State Reimbursement - National School Lunch (Regular Rate)	Paid	81,600	81,600	81,600	0	0.040	0.00
State Reimbursement - National School Lunch (Regular Rate)	Reduced	27,308	27,308	27,308	0	0.055	0.00
State Reimbursement - National School Lunch (Regular Rate)	Free	94,768	94,768	94,768	0	0.055	0.00
	<b>TOTAL</b>	<u>203,676</u>	<u>203,676</u>	<u>203,676</u>			

**Total Net Overclaim**

0.00

**Auditor Notation:**

(a) Reimbursement rates are subject to annual change. Rates indicated in this sample schedule are for illustrative purposes only. Refer to the detailed schedule of reimbursement rates presented on page II-60.27 of this Audit Program. (b) Overclaims or underclaims must be reflected by program on the Schedule of Findings and Questioned Costs (where applicable) and in the AMR. (c) State underclaims identified are not eligible for reimbursement.

**MANCHESTER TOWNSHIP SCHOOL DISTRICT**

**Net cash resources did/did not exceed three months of expenditures**

**Proprietary Funds - Food Service**

**FYE 2017**

		<b>Food Service</b>	
		<b>B - 4/5</b>	
<b><u>Net Cash Resources:</u></b>			
<b>CAFR</b>	<b>*</b>	<b>Current Assets</b>	
B-4		Cash & Cash Equiv.	
B-4		Due from Other Gov'ts	37,597
B-4		Accounts Receivable	16,910
B-4		Investments	
<b>CAFR</b>		<b>Current Liabilities</b>	
B-4		Less Accounts Payable	16,351
B-4		Less Accruals	
B-4		Less Due to Other Funds	
B-4		Less Unearned Revenue	<u>11,672</u>
		<b>Net Cash Resources</b>	<b><u>\$ 26,484.00</u></b> (A)

**Net Adj. Total Operating Expense:**

B-5	Tot. Operating Exp.	1,353,564	
B-5	Less Depreciation	<u>(3,196)</u>	
	Adj. Tot. Oper. Exp.	<b><u>\$ 1,350,368.00</u></b>	(B)

**Average Monthly Operating Expense:**

B / 10	<b><u>\$ 135,036.80</u></b>	(C)
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**Three times monthly Average:**

3 X C	<b><u>\$ 405,110.40</u></b>	(D)
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TOTAL IN BOX A	<u>\$ 26,484.00</u>
LESS TOTAL IN BOX D	<u>\$ 405,110.40</u>
NET	<u>\$ (378,626.40)</u>

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

**MANCHESTER TOWNSHIP SCHOOL DISTRICT**

**SCHEDULE OF AUDITED ENROLLMENTS**

**APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2016**

	2016-2017 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 per Registers On Roll		Reported on A.S.S.A. as 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																
Full Day Preschool	10		10		-			10		10						
Half Day Kindergarten	-		-					-		-						
Full Day Kindergarten	153		153		-			25		25						
One	179		179		-			28		28						
Two	162		162		-			76		76						
Three	186		186		-			84		84						
Four	185		185		-			63		63						
Five	207		207		-			74		74						
Six	172		172		-			172		172						
Seven	193		193		-			193		193						
Eight	189		189		-			189		189						
Nine	214		214		-			214		214						
Ten	203		203		-			203		203						
Eleven	188	33.0	188	33.0	-			188	33.0	188	33.0					
Twelve	178	23.0	178	23.0	-			178	23.0	178	23.0					
Post-Graduate																
Adult H.S. (15+CR.)																
Adult H.S. (1-14 CR.)																
Subtotal	<u>2,419.0</u>	<u>56.0</u>	<u>2,419.0</u>	<u>56.0</u>	<u>-</u>	<u>-</u>	<u>1,697.0</u>	<u>56.0</u>	<u>1,697.0</u>	<u>56.0</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Special Ed - Elementary	174		174		-		49		49				4.0	3	3	-
Special Ed - Middle School	114		114		-		113		113				3.0	5	5	-
Special Ed - High School	126	55.0	126	55.0	-		129	55.0	129	55.0			11.0	8	8	-
Subtotal	<u>414.0</u>	<u>55.0</u>	<u>414.0</u>	<u>55.0</u>	<u>-</u>	<u>-</u>	<u>291.0</u>	<u>55.0</u>	<u>291.0</u>	<u>55.0</u>	<u>-</u>	<u>-</u>	<u>18.0</u>	<u>16.0</u>	<u>16.0</u>	<u>-</u>
Co. Voc. - Regular																
Co. Voc. Ft. Post Sec.																
Totals	<u>2,833.0</u>	<u>111.0</u>	<u>2,833.0</u>	<u>111.0</u>	<u>-</u>	<u>-</u>	<u>1,988.0</u>	<u>111.0</u>	<u>1,988.0</u>	<u>111.0</u>	<u>-</u>	<u>-</u>	<u>18.0</u>	<u>16.0</u>	<u>16.0</u>	<u>-</u>
Percentage Error					<u>0.00%</u>	<u>0.00%</u>					<u>0.00%</u>	<u>0.00%</u>				<u>0.00%</u>

SCHEDULE OF AUDITED ENROLLMENTS

MANCHESTER TOWNSHIP SCHOOL DISTRICT  
 APPLICATION FOR STATE SCHOOL AID SUMMARY  
 ENROLLMENT AS OF OCTOBER 15, 2016

	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 LEP low Income	Reported on Workpapers as LEP low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Half Day Preschool												
Full Day Preschool												
Half Day Kindergarten												
Full Day Kindergarten	43.0	43.0	-	14.0	14.0	-	2.0	2.0	-	1.0	1.0	-
One	65.0	65.0	-	21.0	21.0	-	3.0	3.0	-	3.0	3.0	-
Two	60.0	60.0	-	17.0	17.0	-			-			-
Three	70.0	70.0	-	17.0	17.0	-	2.0	2.0	-	2.0	2.0	-
Four	74.0	74.0	-	18.0	18.0	-	2.0	2.0	-	2.0	2.0	-
Five	73.0	73.0	-	20.0	20.0	-			-			-
Six	51.0	51.0	-	23.0	23.0	-	1.0	1.0	-	1.0	1.0	-
Seven	65.0	65.0	-	16.0	16.0	-	1.0	1.0	-	1.0	1.0	-
Eight	59.0	59.0	-	18.0	18.0	-	1.0	1.0	-	1.0	1.0	-
Nine	73.0	73.0	-	19.0	19.0	-	1.0	1.0	-	1.0	1.0	-
Ten	64.0	64.0	-	15.0	15.0	-			-			-
Eleven	69.0	69.0	-	16.0	16.0	-	0.5	0.5	-			-
Twelve	55.0	55.0	-	14.0	14.0	-	1.0	1.0	-	1.0	1.0	-
Post-Graduate												
Adult H.S. (15+CR.)												
Adult H.S. (1-14 CR.)												
Subtotal	821.0	821.0	-	228.0	228.0	-	14.5	14.5	-	13.0	13.0	-
Special Ed - Elementary	62.0	62.0	-	14.0	14.0	-						
Special Ed - Middle	46.0	46.0	-	6.0	6.0	-	1.0	1.0				
Special Ed - High	62.5	62.5	-	6.0	6.0	-						
Subtotal	170.5	170.5	-	26	26	-	1	1	-	-	-	-
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Totals	991.5	991.5	-	254	254	-	16	16	-	13	13	-
Percentage Error			0.00%			0.00%			0.00%			0.00%

Transportation

	Reported on DRTRS by DOE/county	Reported on DRTRS by District		Tested	Verified	Errors
		Difference				
Reg. - Public Schools	1,932.0	1,932.0	-	244	244	-
Reg -SpEd	93.0	93.0	-	10	10	-
Transported - Non-Public	80.0	80.0	-	9	9	-
AtL - Non-Public	39.0	39.0	-	4	4	-
Special Ed Spec	263.0	263.0	-	28	28	-
Totals	2,407	2,407	-	295	295	-
Percentage Error						0.00%

	Reported	Recalculated
Reg Avg.(Mileage) = Regular Including Grade PK students (Part A)	4.5	4.5
Reg Avg.(Mileage) = Regular Excluding Grade PK students (Part B)	4.5	4.5
Spec Avg. = Special Ed with Special Needs	6.6	6.6

**SCHEDULE OF AUDITED ENROLLMENTS**

**MANCHESTER TOWNSHIP SCHOOL DISTRICT**  
**APPLICATION FOR STATE SCHOOL AID SUMMARY**  
**ENROLLMENT AS OF OCTOBER 15, 2016**

	<b>Resident LEP NOT Low Income</b>			<b>Sample for Verification</b>		
	<b>Reported on A.S.S.A. as NOT Low Income</b>	<b>Reported on Workpapers as NOT Low Income</b>	<b>Errors</b>	<b>Sample Selected from Workpapers</b>	<b>Verified to Application and Register</b>	<b>Sample Errors</b>
Half Day Preschool			-			-
Full Day Preschool						
Half Day Kindergarten						
Full Day Kindergarten						
One	2.0	2.0	-	1.0	1.0	-
Two			-			-
Three			-			-
Four			-			-
Five	1.0	1.0	-	1.0	1.0	-
Six			-			-
Seven			-			-
Eight			-			-
Nine	1.0	1.0	-	1.0	1.0	-
Ten	2.0	2.0	-	2.0	2.0	-
Eleven	1.0	1.0	-	1.0	1.0	-
Twelve			-			-
Post-Graduate						
Adult H.S. (15+CR.)						
Adult H.S. (1-14 CR.)						
Subtotal	<u>7.0</u>	<u>7.0</u>	<u>-</u>	<u>6.0</u>	<u>6.0</u>	<u>-</u>
Special Ed - Elementary						
Special Ed - Middle						
Special Ed - High						
Subtotal	<u>0.0</u>	<u>0.0</u>	<u>-</u>	<u>0.0</u>	<u>0.0</u>	<u>-</u>
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	<u>7.0</u>	<u>7.0</u>	<u>-</u>	<u>6.0</u>	<u>6.0</u>	<u>-</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

**MANCHESTER TOWNSHIP SCHOOL DISTRICT**

**EXCESS SURPLUS CALCULATION**

**JUNE 30, 2017**

**SECTION 1 - Regular District**

**B. 2% Calculation of Excess Surplus**

2016-17 Total General Fund Expenditures per the CAFR, Ex. C-1	<u>\$ 57,337,892</u>	(B)
Increased by Applicable Operating Transfers:		
Transfer from Capital Outlay to Capital Projects Fund	\$ _____	- (B1a)
Transfer from Capital Reserve to Capital Projects Fund	\$ _____	- (B1b)
Transfer from General Fund to SRF for PreK-Regular	\$ _____	- (B1c)
Transfer from General Fund to SRF for PreK-Inclusion	\$ _____	- (B1d)
Decreased by:		
On-Behalf TPAF Pension & Social Security	<u>\$ 6,253,496</u>	(B2a)
Assets Acquired Under Capital Leases	\$ _____	- (B2b)
Adjusted 2016-17 General Fund Expenditures [(B) + (B1s) - (B2s)]	<u>\$ 51,084,396</u>	(B3)
2% of Adjusted 2016-17 General Fund Expenditures [(B3) times .02]	<u>\$ 1,021,688</u>	(B4)
Enter Greater of (B4) or \$250,000	<u>\$ 1,021,688</u>	(B5)
Increased by: Allowable Adjustment*	<u>\$ 202,107</u>	(K)
Maximum Unassigned/Undesignated - Unreserved Fund Balance [(B5) + (K)]	<u>\$ 1,223,795</u>	(M)

**SECTION 2**

Total General Fund - Fund Balances at 6-30-17 (Per CAFR Budgetary Comparison Schedule C-1)	<u>\$ 3,209,535</u>	(C)
Decreased by:		
Year-end Encumbrances	<u>\$ 8,644</u>	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ _____	- (C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**	<u>\$ 621,752</u>	(C3)
Other Restricted Fund Balances****	<u>\$ 1,223,391</u>	(C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	\$ _____	- (C5)
Additional Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures July 1, 2017 - August 1, 2017 *****	\$ _____	- (C6)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]	<u>\$ 1,355,748</u>	(U1)

**MANCHESTER TOWNSHIP SCHOOL DISTRICT**

**EXCESS SURPLUS CALCULATION**

**JUNE 30, 2017**

**SECTION 3**

Restricted Fund Balance - Excess Surplus \*\*\*  
 [(U1)-(M)] IF NEGATIVE ENTER -0- \$ 131,953 (E)

**Recapitulation of Excess Surplus as of June 30, 2017**

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ <u>621,752</u> (C3)
Reserved Excess Surplus *** [(E)]	\$ <u>131,953</u> (E)
<b>Total Excess Surplus [(C3)+(E)]</b>	<b>\$ <u>753,705</u> (D)</b>

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, effective for the year ending June 30, 2016 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)
Sales & Lease-back	\$ - (I)
Extraordinary Aid	\$ <u>194,728</u> (J1)
Additional Nonpublic School Transportation Aid	\$ <u>7,379</u> (J2)
Current Year School Bus Advertising Revenue Recognized	\$ - (J3)
Family Crisis Transportation Aid	\$ - (J4)
<b>Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)]</b>	<b>\$ <u>202,107</u> (K)</b>

\*\* This amount represents the June 30, 2016 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

\*\*\* Amount must agree to the June 30, 2017 CAFR 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.

\*\*\*\*\* Increase in Assigned Fund Balance-Unreserved-Designated for Subsequent Year's expenditures July 1, 2017 to August 1, 2017 resulting from decrease in state aid after adoption of 2017-18 district budget. Refer to Commissioner's Broadcast and to page of the Audit Program.



MANCHESTER TOWNSHIP SCHOOL DISTRICT

EXCESS SURPLUS CALCULATION

JUNE 30, 2017

**Detail of Other Restricted Fund Balance**

Statutory restrictions:	
Approved unspent separate proposal	\$ -
Sale/lease-back reserve	\$ -
Capital reserve	\$ 700,000
Maintenance reserve	\$ 523,391
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 reserves	\$ -
Other Restricted Fund Balance not noted above	\$ -
Total Other Restricted Fund Balance	\$ 1,223,391 (C4)