

***SOUTH ORANGE AND
MAPLEWOOD SCHOOL DISTRICT
COUNTY OF ESSEX, NEW JERSEY***

***AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS –
FINANCIAL, COMPLIANCE AND
PERFORMANCE
FOR THE FISCAL YEAR ENDED
JUNE 30, 2017***

HODULIK & MORRISON, P.A.
*CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS
PUBLIC SCHOOL ACCOUNTANTS
HIGHLAND PARK, N.J.*

SOUTH ORANGE & MAPLEWOOD SCHOOL DISTRICT
ESSEX COUNTY, NEW JERSEY

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

TABLE OF CONTENTS

| | <u>PAGE</u> |
|--|--------------------|
| Independent Auditor's Report | 1 |
| Scope of Audit | 2 |
| Administrative Practices and Procedures | |
| Insurance | 2 |
| Official Bonds | 2 |
| Tuition Charges | 2 |
| Examination of Claims | 2 - 3 |
| Financial Planning, Accounting and Reporting | |
| Payroll Account | 3 |
| Reserve for Encumbrances and Accounts Payable | 3 |
| Classification of Expenditures | 4 |
| Board Secretary's Records | 4 |
| Treasurer's Records | 4 |
| General Fixed Assets | 4 |
| Elementary and Secondary Education Act (E.S.E.A.)/Improving America's School Act (IASA) as reauthorized by the No Child Left Behind Act (NCLB) of 2001 | 4 |
| Other Special Federal and/or State Projects | 5 |
| Travel | 5 |
| T.P.A.F. Reimbursement | 5 |
| State Audits of Federal Award programs | 5 |
| School Purchasing Programs | |
| Contracts and Agreements Requiring Advertisement for Bids | 5 - 7 |
| School Food Service Fund | 7 - 8 |
| Student Activity Funds | 8 |
| Application for State School Aid | 8 - 9 |
| Pupil Transportation | 9 |
| Review of Prior Year Findings | 9 |
| Summary of Recommendations | 10 |
| Acknowledgment | 10 |
| Schedule of Audited Enrollments | 11 - 13 |
| Excess Surplus Calculation | 14 - 15 |

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INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Education
South Orange and Maplewood School District
Essex County, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey, the basic financial statements of the Board of Education of the School District of South Orange and Maplewood in the County of Essex for the year ended June 30, 2017, and have issued our report thereon dated November 30, 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 for the information of the Board of Education of South Orange and Maplewood's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.



HODULIK & MORRISON, P.A.
Certified Public Accountants
Public School Accountants



Robert s. Morrison
Certified Public Accountant
Public School Accountant #871

November 30, 2017
Highland Park, New Jersey

ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Moneys, 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

The District is a member of the New Jersey School Boards Association Insurance Group, a joint insurance fund formed under the provisions of N.J.S.A. 18A:18:b-1 et seq. One of the objectives of a joint insurance fund is to provide a cost-effective risk management program. This is accomplished through member risk retention, pooled risk retention through the fund, and the procurement of excess insurance coverage at premiums that reflect the combined purchasing power of all the fund members. The fund's risk management plan, which sets forth limits of coverage, individual member risk retention (per occurrence and aggregate), fund risk retention, is set forth on Exhibit J-20 of the District's CAFR. 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 positions were covered by Surety Bonds:

| | |
|--|--------------|
| Ms. Dana Sullivan, Treasurer of School Moneys | \$500,000.00 |
| Mr. Paul Roth, School Business Administrator/ Board Secretary | 150,000.00 |

The Treasurer's bond exceeded the statutory minimum for the 2016-17 school year and is above the minimum required for the 2017-18 school year.

FINANCIAL PLANNING, ACCOUNTING AND REPORTING

Examination of Claims

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

Audit testing identified several instances wherein purchase orders were recorded in the accounting system subsequent to the date of vendor invoices. These purchase orders consisted exclusively of billings from professionals and businesses that had been awarded contracts on an hourly or unit price basis, but no estimate of the contract utilization had been recorded as an encumbrance. Discussion with the business office personnel further indicated that these

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (Cont'd.)

Examination of Claims (Cont'd.)

contracts and their use are closely monitored, and the business office was satisfied as to the adequacy of internal control over these items. As amounts billed by these vendors were in accordance with approved rates and prices, all purchases of goods or services under these contracts were properly authorized, and no overcommitments of budgetary line-items resulted from the existing conditions, no recommendation is made.

Payroll 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. Tests of withholdings for the employee share of health benefit costs indicated that amounts withheld were properly calculated in accordance with the governing statute and the provisions of collective bargaining agreements.

Additional tests of pension reports and health benefits rosters indicated that the District enrolled employees timely and removed employees timely upon separation from service.

The District maintains a detailed payroll deductions ledger which identifies any balance in the account and purpose for which it was deducted. The balance in the payroll deductions ledger is proved to the Treasurer prepared account reconciliation on a monthly basis.

TPAF Reimbursement to the State for Federal Salary Expenditures

The reimbursement to the State for the amount of the expenditure charged to the current year's Final Report for all federal awards for the District to reimburse the State for the TPAF Pension and Social Security 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 60-day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

Reserve for Encumbrances, Liability (Current) for Accounts Payable Classification of Expenditures

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.

Audit tests indicated that management properly identified and recorded accounts payable for goods and services provided or delivered at June 30, 2017 for which payment had not yet been made, and no unrecorded accounts payable were identified by audit testing.

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (Cont'd.)

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 individually significant expenditure items and randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with *N.J.A.C. 6A:23A-8.3*. As a result of the procedures performed, no errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

The minutes maintained by the Board Secretary were in good condition.

The financial and accounting records maintained by the Board Secretary were found to be in good condition.

During the school year, monthly reports of the Board secretary were prepared and submitted to the Board on a timely basis.

Treasurer's Records

We noted that the Treasurer of School Moneys performed monthly cash reconciliations during the year that resulted in the issuance of reports that were in agreement with the monthly reports of the Board Secretary.

General Fixed Assets

The District adequately identified all capital outlay expenditures during the current fiscal year for addition to its record of general fixed assets. However, as noted in our previous report, it has been several years since a physical inventory of the District's assets was prepared, and during this period it is entirely likely that significant amounts of the reported machinery and equipment values have in fact become obsolete, been traded-in or been scrapped. Accordingly, with each passing year it becomes inherently more likely that both the value of the assets in service and the accumulated depreciation are misstated as a result of unrecorded deletions. To alleviate this potential reporting problem, the Board engaged an outside company to perform an inventory and valuation of the District's general fixed assets and develop a revised depreciation schedule based upon the updated inventory. This work was intended to produce documentation for inclusion in the June 30, 2017 financial statements. However, due to the significant time lag between physical inventories, the contractor was unable to produce reports for inclusion in the audited financial statements. This issue will resolve itself upon the filing of the contractor's report, and no additional recommendation is required at this time.

Elementary and Secondary Education Act (E.S.E.A.)/Improving America's Schools Act (I.A.S.A.) as reauthorized by the No Child Left Behind Act of 2001

The E.S.E.A. financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the projects under Titles I, II and III of the Elementary and Secondary Education Act as amended and reauthorized. Additional federal funding was received for I.D.E.A. Part B Basic and Preschool programs, Carol M. White Physical Education Program and Vocational Education programs.

Other Special Federal and/or State Projects

The District's State Special Projects were approved as listed Exhibit 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 on a grant accounting budgetary basis and reports the financial position of the fund on a GAAP basis at June 30, 2017.

Travel

Tests were performed to determine the existence of required policy documents and the District's compliance with same with respect to the timely approval and appropriate reimbursement rates for approved travel. No exceptions were noted.

T.P.A.F. Social Security/Medicare State Reimbursements

Our audit procedures included a test of the semi-monthly 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.

State Audits of Federal Award Programs

During the Spring of 2012, the New Jersey Department of Education performed programmatic and financial audits of the District's federal awards and programs. A preliminary report, which contained several findings and recommendations, was issued during the 2012-13 school year. In response to that report, the District acknowledged concurrence with certain non-financial findings and formally appealed several other findings and submitted additional documentation in support of its position. As of the date of this report, no final report has been received by the District and the matters under appeal remain pending. In the event that the appealed findings are upheld, the District may be required to return grant funds to the state. The range of potential refunds is not such that it would have a material impact on the District's financial position.

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 \$17,500.00, the contract may be awarded by a purchasing agent when so authorized by resolution of the board of education without public advertising for bids and bidding 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

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A: 18A-3 states"

"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, 2015 and thereafter the bid thresholds in accordance with N.J.S.A. 18A:18A-2 (as amended) and 18A:18A-3(a) are \$40,000.00 (with a Qualified Purchasing Agent) and \$29,000.00 (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 for 2015-16.

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 indicated that no individual payments, contracts or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies," in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A. 18A:18A-4.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained.

SCHOOL PURCHASING PROGRAMS

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A: 18A-3 states"

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.

The results of the audit indicated that the existing procurement policies and procedures were generally adequate to identify contemplated purchases that required additional procedures (quotes, bids, etc.) to comply with the provisions of the School Contracts Law, and no instances of non-compliance were identified by the audit.

School Food Service Fund

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 District management as to whether the District had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted.

We also inquired of District management as to whether the District's expenditures of food service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

The financial transactions and statistical records of the school food services were reviewed. The financial accounts, meal count records and eligibility applications were reviewed on a test check basis. The School District is a participant in the School Breakfast and School Lunch programs.

Cash receipts and bank records were reviewed for timely deposit.

The District utilizes a food service management company (FMC) and is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34, and 19-1 through 19-4.1. No exceptions noted for items tested. The operating results of the FMC contract were met.

The number of meals claimed for reimbursement was verified against sales and meal count records. Reimbursement vouchers were timely filed, and meals claimed were in agreement with meal count records.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served was compared to the number of valid applications on file, times the number of operating days, on a school by school basis. The free and reduced price meal was reviewed for uniform administration throughout the school system. Required verification procedures for free and reduced price applications were reviewed for completeness and availability. No exceptions were noted.

Expenses consist of the salary and benefits for the District's in-house Food Service manager, and billings from a Food Service Management Company (FSMC) engaged by the Board to operate the District's cafeterias. All billings were fully itemized, and audit tests revealed no exceptions to the terms of the contract. The in-house manager for the program oversees the FSMC operations on a daily basis and verifies meal counts, sales, inventories and FSMC employee timesheets on a daily basis.

SCHOOL PURCHASING PROGRAMS

School Food Service Fund (Cont'd.)

Amounts collected for food sales are deposited to a Board account. The appropriate revenue and expense 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. The District has historically utilized favorable Food Service Fund operating variances to maintain and/or replace cafeteria equipment and facilities that are nearing the ends of their useful lives. The District has indicated that additional equipment replacements and cafeteria improvements are planned.

U.S.D.A. commodities were received and separate inventory records were maintained by the contractor on a first-in, first-out basis.

We noted that the District has established an on-line prepayment system for its food service program and has acquired the requisite software to permit the tracking of account balances. However, the FSMC has not modified its monthly reporting to provide a tracking of monthly prepayment receipts, sales against these accounts, and proofs of the monthly balances (prepaid and overdrawn) reported by the software. We suggest that the FMC be contacted and that the necessary steps be taken to permit both the segregation of cash sales from prepayment transactions and a reporting of monthly prepayment account transactions and balances.

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

Student Activity Funds

Our audit of the student activity funds indicated that deposits were made on a timely basis and that supporting documentation was available for items selected for testing. Cash was reconciled on a monthly basis. The records of the Columbia High School accounts were maintained on QuickBooks, and the records of cash received and disbursed were found to be complete. However, in the subsidiary record of account balances by club, program or activity, we noted minor discrepancies between audited balances and those appearing in the records. The true balances were provided to the fund treasurer, and the subsidiary record should be revised accordingly.

The District may wish to consider the establishment of a uniform set of standards for each school fund to follow in their accounting and reporting function. The use of a single software package, with a uniform chart of accounts, and standard forms for cash deposits, disbursement requests and monthly cash reconciliations and balance reporting, coupled with the development of an operations manual and staff training that emphasizes proper accounting techniques and appropriate internal controls, would improve the level of accountability. However, and perhaps of greater significance, it would also serve to minimize the declines in the quality of the records that often occurs when there is a change in the personnel at each school who maintain these records.

Application for State School Aid

Our audit procedures included tests of information reported in the October 15, 2015 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, low income, and bilingual. We also performed a review of the District procedures related to its completion. The information on the A.S.S.A. was compared to the district workpapers without exception. The information that was included on the workpapers was verified without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

SCHOOL PURCHASING PROGRAMS

Application for State School Aid (Cont'd.)

The district maintained workpapers on the prescribed state forms or their equivalent.

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

Pupil Transportation

Our procedures included a test of on-roll status reported in the 2015-16 District Report of Resident Transported Students (DRTRS). The information 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. No exceptions were noted in our review of transportation related purchases of goods and services.

Follow-Up on Prior Years' Findings

In accordance with *Government Auditing Standards*, our procedures included a review of any prior year recommendations. No findings or recommendations were included in the prior report.

SUMMARY OF RECOMMENDATIONS

SUMMARY OF RECOMMENDATIONS

1. Administrative Practices and Procedures – NONE
2. Financial Planning, Accounting and Reporting – NONE
3. School Purchasing Programs – NONE
4. School Food Services – NONE
5. Student Body Activities – NONE
6. Application for State School Aid (ASSA) - NONE
7. Pupil Transportation – None
8. Facilities and Capital Assets – NONE
9. Miscellaneous - NONE

Status of Prior Year Findings:

Not Applicable

ACKNOWLEDGMENT

During the course of our audit, we received the complete cooperation of all the officials of the school district, and we greatly appreciate the courtesies extended to us.

Respectfully submitted,



HODULIK & MORRISON, P.A.
Certified Public Accountants
Public School Accountants



Robert S. Morrison
Certified Public Accountant
Public School Accountant #871

SCHEDULE OF AUDITED ENROLLMENTS

**SOUTH ORANGE & MAPLEWOOD BOE
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENTS AS OF OCTOBER 15, 2016**

| | 2017-2018 Application for State School Aid | | | | | | Sample for Verification | | | | | | Private Schools for Disabled | | | | | | | |
|----------------------------------|--|--------|--------------------|--------|--------|--------|--------------------------|--------|-------------------|--------|--------|--------|--------------------------------------|--------|-------------------------|--------|---------------|--------|-----|-----|
| | Reported on A.S.S.A. On Roll | | Workpapers On Roll | | Errors | | Selected From Workpapers | | Registers On Roll | | Errors | | Reported on A.S.S.A. Private Schools | | Sample for Verification | | Sample Errors | | | |
| | Full | Shared | Full | Shared | Full | Shared | Full | Shared | Full | Shared | Full | Shared | Full | Shared | Full | Shared | Full | Shared | | |
| Half Day Preschool 3 Years Old | 4.0 | | 4.0 | | 0% | | 1.0 | | 1.0 | | 0 | | 0 | | 0 | | | | | |
| Full Day Preschool 3 Years Old | 21.0 | | 21.0 | | 0% | | 1.0 | | 1.0 | | 0.0 | | 0.0 | | 0.0 | | | | | |
| Half Day Preschool 4 Years Old | 0.0 | | 0.0 | | 0% | | | | | | | | | | | | | | | |
| Full Day Preschool 4 Years Old | 28.0 | | 28.0 | | 0% | | 1.0 | | 1.0 | | 0.0 | | 0.0 | | 0.0 | | | | | |
| Full Day Kindergarten | 533.0 | | 533.0 | | 0% | | 23.0 | | 23.0 | | 0.0 | | 0.0 | | 0.0 | | | | | |
| One | 524.0 | | 524.0 | | 0% | | 20.0 | | 20.0 | | 0.0 | | 0.0 | | 0.0 | | | | | |
| Two | 525.0 | | 525.0 | | 0% | | 25.0 | | 25.0 | | 0.0 | | 0.0 | | 0.0 | | | | | |
| Three | 510.0 | | 510.0 | | 0% | | 34.0 | | 34.0 | | 0.0 | | 0.0 | | 0.0 | | | | | |
| Four | 493.0 | | 493.0 | | 0% | | 15.0 | | 15.0 | | 0.0 | | 0.0 | | 0.0 | | | | | |
| Five | 475.0 | | 475.0 | | 0% | | 18.0 | | 18.0 | | 0.0 | | 0.0 | | 0.0 | | | | | |
| Six | 445.0 | | 445.0 | | 0% | | 24.0 | | 24.0 | | 0.0 | | 0.0 | | 0.0 | | | | | |
| Seven | 419.0 | | 419.0 | | 0% | | 19.0 | | 19.0 | | 0.0 | | 0.0 | | 0.0 | | | | | |
| Eight | 465.0 | | 465.0 | | 0% | | 24.0 | | 24.0 | | 0.0 | | 0.0 | | 0.0 | | | | | |
| Nine | 454.0 | | 454.0 | | 0% | | 17.0 | | 17.0 | | 0.0 | | 0.0 | | 0.0 | | | | | |
| Ten | 417.0 | 2.0 | 417.0 | 2.0 | 0% | | 21.0 | | 21.0 | | 0.0 | | 0.0 | | 0.0 | | | | | |
| Eleven | 451.0 | 2.0 | 451.0 | 2.0 | 0% | | 18.0 | | 18.0 | | 0.0 | | 0.0 | | 0.0 | | | | | |
| Twelve | 353.0 | 3.0 | 353.0 | 3.0 | 0% | | 17.0 | | 17.0 | | 0.0 | | 0.0 | | 0.0 | | | | | |
| Adult High School (15+ credits) | | | | | 0% | | | | | | 0% | | | | | | | | | |
| Adult High School (1-14 credits) | | | | | 0% | | | | | | 0% | | | | | | | | | |
| Subtotals | 6,117.0 | 7.0 | 6,117.0 | 7.0 | 0% | | 278.0 | 0.0 | 278.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Special Ed - Elementary | 349.0 | 1.0 | 349.0 | 1.0 | 0% | | 15.0 | 0.0 | 15.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 21.0 | 21.0 | 0.0 | |
| Special Ed - Middle School | 238.0 | 0.0 | 238.0 | 0.0 | 0% | | 11.0 | 0.0 | 11.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 22.0 | 22.0 | 0.0 | |
| Special Ed - High School | 231.0 | 17.0 | 231.0 | 17.0 | 0% | | 8.0 | 0.0 | 8.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 34.0 | 34.0 | 0.0 | |
| Subtotals | 818.0 | 18.0 | 818.0 | 18.0 | 0% | | 34.0 | 0.0 | 34.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 77.0 | 77.0 | 0.0 | |
| Totals | 6,935.0 | 25.0 | 6,935.0 | 25.0 | 0% | | 312.0 | 0.0 | 312.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 117.0 | 117.0 | 0.0 | |
| Percentage Error | | | | | 0% | | | | | | 0% | | | | | | 0.0 | | | 0.0 |

SCHEDULE OF AUDITED ENROLLMENTS

**SOUTH ORANGE & MAPLEWOOD BOE
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 | Workpapers As Low Income | Sample Selected From Workpapers | Verified to Application And Register | Reported on A.S.S.A. as Bilingual Education | Workpapers as Bilingual Education | Sample Selected from Workpapers and Register | Verified to Test Score and Register |
| Half Day Preschool 3 Years Old | 0 | 0 | 19 | 19 | 5 | 5 | 5 | 5 |
| Full Day Preschool 3 Years Old | 0 | 0 | 18 | 18 | 7 | 7 | 6 | 6 |
| Half Day Preschool 4 Years Old | 0 | 0 | 19 | 19 | 1 | 1 | 0 | 0 |
| Full Day Preschool 4 Years Old | 0 | 0 | 15 | 15 | 5 | 5 | 4 | 4 |
| Kindergarten | 72 | 72 | 12 | 12 | 2 | 2 | 2 | 2 |
| One | 84 | 84 | 10 | 10 | 1 | 1 | 1 | 1 |
| Two | 86 | 86 | 16 | 16 | 1 | 1 | 0 | 0 |
| Three | 68 | 68 | 14 | 14 | 0 | 0 | 0 | 0 |
| Four | 74 | 74 | 27 | 27 | 2 | 2 | 1 | 1 |
| Five | 77 | 77 | 13 | 13 | 4 | 4 | 5 | 5 |
| Six | 68 | 68 | 20 | 20 | 0 | 0 | 2 | 2 |
| Seven | 71 | 71 | 13 | 13 | 4 | 4 | 0 | 0 |
| Eight | 80 | 80 | 8 | 8 | 0 | 0 | 0 | 0 |
| Nine | 110 | 110 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ten | 74.5 | 74.5 | 0 | 0 | 0 | 0 | 0 | 0 |
| Eleven | 84 | 84 | 0 | 0 | 0 | 0 | 0 | 0 |
| Twelve | 85.5 | 85.5 | 0 | 0 | 0 | 0 | 0 | 0 |
| Subtotals | 1,034.0 | 1,034.0 | 210 | 210 | 39 | 39 | 28 | 28 |
| Special Ed - Elementary | 99 | 99 | 22 | 22 | 0 | 0 | 0 | 0 |
| Special Ed - Middle School | 74 | 74 | 10 | 10 | 1 | 1 | 1 | 1 |
| Special Ed - High School | 98.0 | 98.0 | 22 | 22 | 0 | 0 | 0 | 0 |
| Subtotals | 271.00 | 271.00 | 54 | 54 | 1 | 1 | 1 | 1 |
| Sent to CO. VOC. - Regular | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sent to CSSD | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Totals | 1,306.0 | 1,306.0 | 264 | 264 | 40.0 | 40.0 | 29 | 29 |
| Percentage Error | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

| | Transportation | | | Reported | Recalculated |
|-----------------------------------|--------------------------|-------------------------------|--------|----------|--------------|
| | Reported on DTRIS by DOE | Reported on DTRIS by District | Errors | | |
| Reg. - Public Schools (col. 1) | 440 | 440 | 0.0 | 6.2 | 6.2 |
| Transported - Non-Public (col. 2) | 377 | 377 | 0.0 | 6.2 | 6.2 |
| ALL Non-Public (col. 3) | 370 | 370 | 0.0 | 10.7 | 10.7 |
| Reg. - Special Ed. (col. 4) | 52 | 52 | 0.0 | 6.2 | 6.2 |
| Special Needs (col. 6) | 236 | 236 | 0.0 | 6.2 | 6.2 |
| Totals | 1,475 | 1,475 | 0 | 6.2 | 6.2 |
| Percentage Error | 0.0% | 0.0% | 0.0% | 6.2 | 6.2 |
| Transported - Non-Public (col. 2) | | | | 10.7 | 10.7 |

SCHEDULE OF AUDITED ENROLLMENTS

**SOUTH ORANGE & MAPLEWOOD BOE
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2016**

| | Reported on | | Resident LEP NOT Low Income | | Sample for Verification | | |
|----------------------------|---|--|-----------------------------|---------------------------------------|---|------------------|--|
| | Reported on A.S.S.A. Bilingual Education | Reported on Workpapers as Bilingual Education | Errors | Sample Selected From Workpapers | Verified to Test Score and Register | Sample Errors | |
| Kindergarten | 1 | 1 | 0 | 0 | 0 | 0 | |
| One | 3 | 3 | 0 | 3 | 3 | 0 | |
| Two | 2 | 2 | 0 | 2 | 2 | 0 | |
| Three | 4 | 4 | 0 | 4 | 4 | 0 | |
| Four | 2 | 2 | 0 | 2 | 2 | 0 | |
| Five | 2 | 2 | 0 | 2 | 2 | 0 | |
| Six | 1 | 1 | 0 | 1 | 1 | 0 | |
| Seven | 1 | 1 | 0 | 1 | 1 | 0 | |
| Eight | 1 | 1 | 0 | 1 | 1 | 0 | |
| Nine | 0 | 0 | 0 | 0 | 0 | 0 | |
| Ten | 1 | 1 | 0 | 1 | 1 | 0 | |
| Eleven | 0 | 0 | 0 | 0 | 0 | 0 | |
| Twelve | 0 | 0 | 0 | 0 | 0 | 0 | |
| Subtotals | 18 | 18 | 0 | 15 | 15 | 0 | |
| Special Ed - Elementary | 0 | 0 | 0 | 0 | 0 | 0 | |
| Special Ed - Middle School | 0 | 0 | 0 | 0 | 0 | 0 | |
| Special Ed - High School | 0 | 0 | 0 | 0 | 0 | 0 | |
| Subtotals | 0 | 0 | 0 | 0 | 0 | 0 | |
| Sent to RDS | | | | | | | |
| Sent to CSSD | | | | | | | |
| Totals | 18.0 | 18.0 | 0 | 15 | 15 | 0 | |
| Percentage Error | | | 0.0% | | | 0.0% | |

EXCESS SURPLUS CALCULATION

SECTION 1 - REGULAR DISTRICT

A. 2% Calculation of Excess Surplus

| | |
|--|-----------------------------------|
| 2016-17 Total General Fund Expenditures per the CAFR "C-1" | \$ <u>128,300,650.61</u> (B) |
| Increased by Applicable Operating Transfers: | |
| Transfer from Capital Outlay to Capital Projects Fund | \$ <u>0.00</u> (B1a) |
| Transfer from Capital Reserve to Capital Projects Fund | \$ <u>1,900,000.00</u> (B1b) |
| Transfer from General Fund to SFR for Pre-K Regular | \$ <u>0.00</u> (B1c) |
| Transfer from General Fund to SFR for Pre-K Inclusion | \$ <u>0.00</u> (B1d) |
| Decreased by: | |
| On-Behalf TPAF Pension & Social Security | \$ <u>13,387,888.21</u> (B2a) |
| Assets Acquired Under Capital Leases | \$ _____ (B2b) |
| Adjusted 2016-17 General Fund Expenditures [(B)+(B1s)-B2s)] | <u>116,812,762.40</u> (B3) |
| 2% of Adjusted 2016-17 General Fund Expenditures [(B3) times .02] | \$ <u>2,336,255.25</u> (B4) |
| Enter Greater of (B4) or \$250,000 | \$ <u>2,336,255.25</u> (B5) |
| Increased by: Allowable Adjustment* | \$ <u>607,446.00</u> (K) |
| Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)] | \$ <u><u>2,943,701.25</u></u> (M) |

SECTION 2

| | |
|--|------------------------------------|
| Total General Fund - Fund Balances @ 6/30/17 (Per CAFR Budgetary Comparison schedule/statement) | \$ <u>12,473,181.05</u> (C) |
| Decreased by: | |
| Reserve for Encumbrances | \$ <u>1,905,619.37</u> (C1) |
| Legally Restricted -Designated for Subsequent Year's Expenditures | \$ _____ (C2) |
| Excess Surplus - Designated for Subsequent Year's Expenditures ** | \$ <u>2,389,338.21</u> (C3) |
| Other Reserved Fund Balances**** | \$ <u>2,845,184.00</u> (C4) |
| Assigned Unreserved Fund Balance - Designated for Subsequent Year's Expenditures | \$ _____ (C5) |
| Total Unreserved/Undesignated Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)] | \$ <u><u>5,333,039.47</u></u> (U1) |

SECTION 3

| | |
|---|------------------------------------|
| Restricted Fund Balance-Excess Surplus ***((U1-(M)) If negative enter -0- <u>Recapitulation of Excess Surplus as of June 30, 2017</u> | \$ <u><u>2,389,338.22</u></u> (E) |
| Reserved Excess Surplus-Designated for Subsequent Year's Expenditures** | \$ <u><u>2,389,338.21</u></u> (C3) |
| Reserved Excess Surplus*** (E) | \$ <u><u>2,389,338.22</u></u> (E) |

Total Excess Surplus [(C3) +(E)]

\$ 4,778,676.43 (D)

Footnotes:

*Allowable adjustment to expenditures on line K must be 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 NJSA 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, for the year ending June 30, 2015, the Federal Impact Aid adjustment to expenditures is limited to the portion of Federal Impact Aid Section 8002 and 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 of the fiscal year under audit. Amounts transferred to the reserve are captured on line (C4).

(I) Sale and Leaseback (Refer to 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

Notes to auditor: Refer to audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid, Family Crisis Transportation Aid, and Additional Non public School Transportation Aid

Detail of Allowable Adjustments

| | |
|---|---------------------------|
| Impact Aid | \$ _____ (H) |
| Sale & Lease-back | \$ _____ (I) |
| Extraordinary Aid | \$ <u>515,536.00</u> (J1) |
| Additional Nonpublic School Transportation Aid | \$ <u>91,910.00</u> (J2) |
| Current year School Bus Advertising Rev. Recognized | \$ _____ (J3) |
| Family Crisis Transportation Aid | \$ _____ (J4) |
| Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)] | \$ <u>607,446.00</u> (K) |

** This amount represents the June 30, 2017 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 Reserved 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.

Detail of Other Reserved Fund Balance

Statutory restrictions:

| | |
|--|-----------------------------|
| Approved unspent separate proposal | \$ _____ |
| Capital Outlay for a district with a capital outlay SGLA | \$ _____ |
| Sale/lease-back reserve | \$ _____ |
| Capital Reserve | \$ <u>1,845,184.00</u> |
| Maintenance Reserve | \$ <u>1,000,000.00</u> |
| Tuition Reserve | \$ _____ |
| Emergency Reserve | \$ _____ |
| Waiver Offset reserve | \$ _____ |
| (Other Reserved Fund Balance not noted above)**** | \$ _____ |
| Total Other Reserved Fund Balance | \$ <u>2,845,184.00</u> (C4) |