

**TOWNSHIP OF MIDDLE
SCHOOL DISTRICT**

**AUDITOR'S MANAGEMENT REPORT
ON ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2016**

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

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FORD - SCOTT

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November 28, 2016

REPORT OF INDEPENDENT AUDITORS

Honorable President and
Members of the Board of Education
Township of Middle School District
County of Cape May, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Middle Township School District in the County of Cape May for the year ended June 30, 2016, and have issued our report thereon dated November 28, 2016.

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 Middle Township Board of Education's management and the New Jersey Department of Education and is not intended and should not be used by anyone other than these parties.

Ford, Scott & Associates, L.L.C.

FORD, SCOTT & ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

Leon P. Costello

Leon P. Costello

Certified Public Accountant

Licensed Public School Accountant

No. 767

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ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE

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 Exhibit 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>
Diane Fox	Board Secretary / Business Administrator	\$ 275,000.00

There is Crime Coverage through the Atlantic and Cape May Counties Association of School Business Officials Joint Insurance Fund of \$250,000.00

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The Board made an adjustment to the billings to sending districts for the change 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 under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

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 with the exception of three pay periods were approved by the Superintendent and were certified by the President of the Board and the Board Secretary/School Business Administrator.

Salary withholdings were promptly remitted to the proper agencies, including health benefit premium amounts withheld 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 withholding.

Finding 2016-1:

Our audit of payroll noted several inconsistencies:

- We noted one employee who was no longer eligible to receive benefits as of July 1, 2015; however, benefits were not terminated until April 1, 2016. This employee had resigned however was not removed from the District billing timely.
- One ineligible employee was included on the District's TPAF FICA reimbursement claims submitted to the State of New Jersey.
- Proper amounts are not being transferred to the districts unemployment trust account. To take corrective action the district will be adding the unemployment trust fund to their accounting system Systems 3000 beginning in fiscal year 2017.
- Two pay periods in fiscal year 2016 were not certified by all required parties.
- We noted several errors in which healthcare deductions withheld from employee paychecks were incorrectly calculated.
- We noted several errors in which employees were over and underpaid due to miscalculation of retro pay.

Recommendation:

We recommend that the District review their procedures over payroll and correct all inconsistencies noted.

Employee Position Control Roster

An inquiry and subsequent review of the Position Control Roster found no inconsistencies between the payroll records, employee benefit records, the general ledger accounts to where wages are posted, and the Position Control Roster.

Reserve for Encumbrances, Liability for 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. No discrepancies were noted. The purchase orders noted have been liquidated after June 30.

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 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, a transaction error rate of zero 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 the following items:

- The Board Secretary's records were in satisfactory condition.
- Bids received were summarized in the minutes (*N.J.S.A. 18A:18A-21*).
- Acknowledgement of the Board's receipt of the Board Secretary's and the Treasurer's monthly financial reports were included in the minutes.
- Budget appropriations were not greater than realized revenues and Board authorized use of surplus.

- No budgetary line accounts were over-expended during the fiscal year end at June 30 (*N.J.A.C. 6A:23A-16.10*)
- Payments made to vendors were not made until the receipt of goods.
- Capital asset records were updated for the additions and disposals of capital assets made during the year.
- Budget transfers were approved by two-thirds affirmative vote of the authorized membership of the school board (*N.J.A.C. 6A:23A-13.3(f)*)
- Purchase orders were charged to the appropriate line accounts in accordance with State prescribed Uniform Minimum Chart of Accounts (Handbook 2R2), for New Jersey Public Schools.

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. 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 and VI of the Elementary and Secondary Education Act as amended and reauthorized.

The study of compliance for E.S.E.A. did not indicate any areas of noncompliance or questionable costs.

Other Special Federal and/or State Projects

The District's Special Projects were approved as listed on the Schedule A and Schedule B 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.

The study of compliance for Special Federal and/or State Projects revealed no areas of noncompliance and/or questionable costs.

TPAF 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. One exception was noted above in Finding 2016-1.

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 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

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. Township of Middle Board of Education has a Qualified Purchasing Agent therefore the bid threshold was \$40,000 for fiscal year 2016.

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.

The results of my examination found no instances where individual payments, contracts, or agreements were made for the performance of 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 Food Service Fund had an operating deficit in net position at June 30, 2016 of \$38,295.61.

The school food service program was not selected as a major federal or State program. However, the program expenditures exceeded \$100,000 in federal and State support. Accordingly, we inquired of School Business Administrator, as to whether the SFA had any Child Nutrition Program reimbursement overclaims or underclaims. Exceptions were noted below in Finding 2016-2 below.

The school food service program was not selected as a major federal or State program. However, the program expenditures exceeded \$100,000 in federal and State support. Accordingly, we inquired of School Business Administrator, as to whether the SFA's expenditures of school 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. Exception noted below in Finding 2016-2.

Cash receipts and bank records were reviewed for timely deposits. No exceptions noted.

The District utilizes a food service management company and is depositing and expending program funds in accordance with *N.J.S.A. 18A:17-34*, and 19-1 through 19-4.1. Provisions of the FSMC contract were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program bottom line on the operational report for the school year will be a return no less than \$25,000.00. The operating provision has been met.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food supply items were currently maintained and properly applied in determining the cost of food and supplies used. No exceptions were noted.

The cash disbursement records reflected expenditures for program related goods and services. Deposits and expenditures of program moneys are in accordance with *N.J.S.A. 18A:17-34* and 19-1 through 19-4.1. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service. No exceptions noted.

Net cash resources did not exceed three months' average expenditures.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served did not exceed 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 and free milk policy is uniformly administered throughout the school system. The required verification procedures for free and reduced price applications were completed and available for review. No exceptions noted.

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

The number of meals claimed for reimbursement was verified against sales and meal count records. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement vouchers were filed timely.

Finding 2016-2:

Meals claimed for reimbursement for the months of September 2015 and June 2016 did not agree with meal count records resulting in an over-claim.

Recommendation:

Prior to submitting claims to the NJ Department of Agriculture, meals claimed for reimbursement should be verified with the meal count activity records and the Edit Claim Worksheet.

Performing Arts Center (PAC)

The Performing Arts Center had an operating deficit in net position at June 30, 2016 of \$52,997.76.

All cash receipts were promptly deposited into the Ticket Account. No exceptions noted.

Student Body Activities

The records of the Student Activity Fund were in satisfactory condition.

Application for State School Aid

Our audit procedures included a test 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. The information that was included on the workpapers was verified. The results of our procedures are presented below and in the Schedule of Audited Enrollments.

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 audit procedures included a test of on roll status reported in the 2015-2016 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was compared to the DRTRS Eligibility Summary Report (DOE/County). The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also include 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.

Finding 2016-3:

We were only able to view the signed B8T's for aid-in-lieu nonpublic students. The district did not have signed B8T's on file for transported nonpublic students.

Recommendation:

Completed B8T forms should be maintained by the District to support a student's attendance at a nonpublic school.

Facilities and Capital Assets

Our procedures included a review of the SDA grant agreements for consistency with recording SDA revenue, transfer of local funds from the general fund or from the capital reserve account, and awarding of contracts for eligible facilities construction. There was no SDA Grant activity in FY 2016.

Follow-Up on Prior Year Findings

In accordance with government auditing standards, our procedures included a review of all prior year recommendations. Corrective action had been taken on all prior year recommendations.

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.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Leon P. Costello

Leon P. Costello
Certified Public Accountant
Licensed Public School Accountant
No. 853

November 28, 2016

**MIDDLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015**

	2016-2017 Application for State School Aid						Sample for Verification						Private Schools for Disabled									
	Reported on A.S.A. On Roll			Errors			Reported on Selected from Workpapers			Verified per Registers On Roll			Errors per Registers On Roll			Reported on A.S.A. as Private Schools			Sample Verification			
	Full	Shared	On Roll	Full	Shared	On Roll	Full	Shared	On Roll	Full	Shared	On Roll	Full	Shared	On Roll	Full	Shared	On Roll	Full	Shared	On Roll	
Half Day Preschool 4 Yrs	126		126	-	-	15	-	-	15	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool 4 Yrs				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Kindergarten				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	162		162	-	-	19	-	-	19	-	-	-	-	-	-	-	-	-	-	-	-	-
One	189		189	-	-	21	-	-	21	-	-	-	-	-	-	-	-	-	-	-	-	-
Two	149		149	-	-	17	-	-	17	-	-	-	-	-	-	-	-	-	-	-	-	-
Three	145		145	-	-	16	-	-	16	-	-	-	-	-	-	-	-	-	-	-	-	-
Four	152		152	-	-	17	-	-	17	-	-	-	-	-	-	-	-	-	-	-	-	-
Five	141		141	-	-	16	-	-	16	-	-	-	-	-	-	-	-	-	-	-	-	-
Six	139		139	-	-	16	-	-	16	-	-	-	-	-	-	-	-	-	-	-	-	-
Seven	136		136	-	-	15	-	-	15	-	-	-	-	-	-	-	-	-	-	-	-	-
Eight	154		154	-	-	18	-	-	18	-	-	-	-	-	-	-	-	-	-	-	-	-
Nine	149	17	149	-	-	17	-	-	17	-	-	-	-	-	-	-	-	-	-	-	-	-
Ten	119	12	119	-	-	14	-	-	14	-	-	-	-	-	-	-	-	-	-	-	-	-
Eleven	128	7	128	-	-	15	-	-	15	-	-	-	-	-	-	-	-	-	-	-	-	-
Twelve	140	2	140	-	-	16	-	-	16	-	-	-	-	-	-	-	-	-	-	-	-	-
Post-Graduate				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (15+CR.)				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (1-14+CR.)				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	2,029	38	2,029	38	-	232	4	-	232	4	-	4	-	-	4	-	-	-	-	-	-	-
Special Ed - Elementary	178		178	-	-	19	-	-	19	-	-	-	-	-	-	-	-	-	-	-	-	-
Special Ed - Middle School	120		120	-	-	14	-	-	14	-	-	-	-	-	-	-	-	-	-	-	-	-
Special Ed - High School	139	55	139	-	-	16	6	-	16	6	-	6	-	-	6	-	-	-	-	-	-	-
Subtotal	437	55	437	55	-	49	6	-	49	6	-	6	-	-	6	-	-	-	-	-	-	-
Co. Voc. - Regular				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Co. Voc. - FT Post Sec.				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	2,466	93	2,466	93	-	281	10	(a)	281	10	(a)	10	-	-	10	-	-	-	-	-	-	6
Percentage Error				0.00%		0.00%			0.00%			0.00%			0.00%							0.00%

**MIDDLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015**

	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 LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Half Day Preschool 4 Yrs	1	1.0	-	-	-	-	-	-	-	-	-	-
Full Day Preschool 4 Yrs	66.0	66.0	-	16.00	16.00	-	-	-	-	-	-	-
Half Day Kindergarten	97.00	97.0	-	24.00	24.00	-	-	-	-	-	-	-
Full Day Kindergarten	75.00	75.0	-	19.00	19.00	-	3	3	-	3	3	-
One	73.00	73.0	-	18.00	18.00	-	3	3	-	6	6	-
Two	64.00	64.0	-	16.00	16.00	-	6	6	-	5	5	-
Three	61.00	61.0	-	16.00	16.00	-	2	2	-	2	2	-
Four	43.00	43.0	-	12.00	12.00	-	2	2	-	2	2	-
Five	56.00	56.0	-	14.00	14.00	-	1	1	-	1	1	-
Six	46.00	46.0	-	12.00	12.00	-	-	-	-	-	-	-
Seven	51.50	51.5	-	12.00	12.00	-	-	-	-	-	-	-
Eight	30.00	30.0	-	7.00	7.00	-	-	-	-	-	-	-
Nine	34.50	34.5	-	9.00	9.00	-	-	-	-	-	-	-
Ten	36.50	36.5	-	9.00	9.00	-	1	1	-	1	1	-
Eleven	-	-	-	-	-	-	-	-	-	-	-	-
Twelve	-	-	-	-	-	-	-	-	-	-	-	-
Post-Graduate	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (15+CR.)	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (1-14+CR.)	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	734.5	734.5	-	184.0	184.0	-	25	25	-	23	23	(0)
Special Ed - Elementary	99.00	99.00	-	23.0	23.0	-	3	3	-	3	3	-
Special Ed - Middle School	83.00	83.00	-	22.0	22.0	-	3	3	-	2	2	-
Special Ed - High School	97.00	97.00	-	24.0	24.0	-	1	1	-	1	1	-
Subtotal	279.0	279.0	-	69.0	69.0	-	7	7	-	6	6	-
Train Sch/Secure Care	2.00	2	-	1.0	1	-	-	-	-	-	-	-
Res. Mental Health Ctr	2.00	2	-	-	-	-	-	-	-	-	-	-
Juvenile Detention Ctr	4.00	4	-	-	-	-	-	-	-	-	-	-
Totals	1,021.5	1,021.5	-	254.0	254.0	-	32	32	-	29	29	(0)
Percentage Error			0.00%			0.00%			0.00%			0.00%

Transportation

	Reported on DRTS by DOE/County		Reported on DRTS by District		Sample for Verification		Errors	
	Reported	Errors	Reported	Errors	Tested	Verified	Tested	Verified
Reg. - Public Schools, col. 1	1,762	-	1,762	-	211	211	-	-
Reg. - Sp Ed, col. 4	305	-	305	-	37	37	-	-
Transported - Non-Public, col. 3	164	-	164	-	20	20	-	-
AIL - Non Public	4	-	4	-	3	3	-	-
Special Ed Spec, col. 6	137	-	137	-	13	13	-	-
Totals	2,372	-	2,372	-	284	284	-	-
Percentage Error							7.04%	

Reported **Recalculated**
5.2 5.2
5.2 5.4
5.4 5.4

Reg Avg. (Mileage) = Regular Including Grade PK Students
Reg Avg. (Mileage) = Regular Excluding Grade PK Students
Spec Avg. = Special Ed with Special Needs

**MIDDLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015**

	Resident LEP NOT Low Income		Sample for Verification	
	Reported on A.S.A as LEP Not Low Income	Reported on Workpapers LEP Not Low Income	Sample Selected from Workpapers	Verified to Application and Register
Half Day Preschool 4 Yrs	-	-	-	-
Full Day Preschool 4 Yrs	-	-	-	-
Half Day Kindergarten	-	-	-	-
Full Day Kindergarten	3	3	3	3
One	-	-	-	-
Two	1	1	1	1
Three	-	-	-	-
Four	3	3	2	2
Five	-	-	-	-
Six	-	-	-	-
Seven	-	-	-	-
Eight	-	-	-	-
Nine	2	2	2	2
Ten	-	-	-	-
Eleven	-	-	-	-
Twelve	-	-	-	-
Post-Graduate	-	-	-	-
Adult H.S. (15+CR.)	-	-	-	-
Adult H.S. (1-14+CR.)	-	-	-	-
Subtotal	9	9	8	8
Special Ed - Elementary	-	-	-	-
Special Ed - Middle School	-	-	-	-
Special Ed - High School	-	-	-	-
Subtotal	-	-	-	-
Co. Voc. - Regular	-	-	-	-
Co. Voc. - FT Post Sec.	-	-	-	-
Totals	9	9	8	8
Percentage Error		0.00%		0.00%

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FOR THE YEAR ENDED JUNE 30, 2016**

REGULAR DISTRICT

SECTION 1

A. 2% Calculation of Excess Surplus

2015-16 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ <u>45,775,914.39</u>	(B)
Increased by:		
Transfer from Capital Outlay to Capital Projects Fund	\$ <u>-</u>	(B1a)
Transfer from Capital Reserve to Capital Projects Fund	\$ <u>-</u>	(B1b)
Transfer from General Fund to SRF for PreK-Regular	\$ <u>-</u>	(B1c)
Transfer from General Fund to SRF for PreK-Inclusion	\$ <u>-</u>	(B1d)
Decreased By:		
On-Behalf TPAF Pension & Social Security	\$ <u>4,027,107.29</u>	(B2a)
Assets Acquired Under Capital Leases	<u>591,256.00</u>	(B2b)
Adjusted 2015-16 General Fund Expenditures [(B)+(B1's)-(B2's)]	\$ <u><u>41,157,551.10</u></u>	(B3)
2% of Adjusted 2015-16 General Fund Expenditures [(B3) times .02]	\$ <u>823,151.02</u>	(B4)
Enter Greater of (B4) or \$250,000	\$ <u>823,151.02</u>	(B5)
Increased by: Allowable Adjustment*	\$ <u>195,579.00</u>	(K)
Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]	\$ <u><u>1,018,730.02</u></u>	(M)

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FOR THE YEAR ENDED JUNE 30, 2016**

SECTION 2

Total General Fund - Fund Balances @ 06/30/16 (Per CAFR Budgetary Comparison schedule/statement C-1)	\$ <u>5,238,578.63</u> (C)
Decreased by:	
Year-end Encumbrances	\$ <u>233,901.40</u> (C1)
Legally Restricted-Designated for Subsequent Year's Expenditures	\$ _____ (C2)
Legally Restricted-Excess Surplus - Designated for Subsequent Year's Expenditures ***	\$ <u>890,470.00</u> (C3)
Other Restricted Fund Balances ***	\$ <u>2,151,150.82</u> (C4)
Assigned Fund Balance-Unreserved Designated for Subsequent Year's Expenditures	\$ <u>81,074.00</u> (C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	\$ <u>1,881,982.41</u> (U1)

SECTION 3

Restricted Fund Balance - Excess Surplus *** [(U1)-(M)] IF NEGATIVE ENTER - 0 -	\$ <u>863,252.39</u> (E)
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Recapitulation of Excess Surplus as of June 30, 2016:

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ <u>890,470.00</u> (C3)
Reserved Excess Surplus ***	\$ <u>863,252.39</u> (E)
Total [(C3) + (E)]	\$ <u>1,753,722.39</u> (D)

* This adjustment line (as detailed below) is to be utilized for Impact Aid (when applicable), Sale and Lease-back (Refer to the Audit Program Section II, Chapter 10), and Extraordinary Aid, Additional Nonpublic School Transportation Aid and Unbudgeted TPAF Wage Freeze Grant Funding. (Refer to the Audit Program Section II, Chapter 10 for restrictions on the inclusion Extraordinary Aid and Additional Nonpublic School Transportation Aid.)

Detail of Allowable Adjustment

Impact Aid	\$ _____ (H)
Sale & Lease-back	\$ _____ (I)
Extraordinary Aid	\$ <u>171,015.00</u> (J1)
Additional Nonpublic School Transportation Aid	\$ <u>24,564.00</u> (J2)
Total Adjustments [(H)+(I)+(J1) + (J2)]	\$ <u>195,579.00</u> (K)

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

*** Amounts must agree to the June 30, 2016 CAFR and the sum of the two lines 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 an 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.

**TOWNSHIP OF MIDDLE SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FOR THE YEAR ENDED JUNE 30, 2016**

Detail of Other Restricted Fund Balance

Statutory restrictions:		
Approved unspent separate proposal	\$	
Capital outlay for a district with a capital outlay cap waiver	\$	
Sale/lease-back reserve	\$	
Capital reserve	\$	112,548.28
Maintenance reserve	\$	2,038,602.54
Emergency reserve	\$	
Waiver offset reserve	\$	
Tuition reserve	\$	
Other state/government mandated reserve	\$	
[Other Restricted Fund Balance not noted above]****	\$	
 Total Other Restricted Fund Balance	 \$	 2,151,150.82 (C4)