

**INDEPENDENT AUDITORS' MANAGEMENT
REPORT ON ADMINISTRATIVE FINDINGS**

**FINANCIAL, COMPLIANCE AND
PERFORMANCE**

**MARION P. THOMAS CHARTER SCHOOLS
COUNTY OF ESSEX, NEW JERSEY**

JUNE 30, 2015

**GALLEROS KOH LLP
CERTIFIED PUBLIC ACCOUNTANTS**

**MARION P. THOMAS CHARTER SCHOOLS
COUNTY OF ESSEX, NEW JERSEY**

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INDEPENDENT AUDITORS' REPORT

Honorable President and
Members of Board of Trustees
Marion P. Thomas Charter Schools
County of Essex, 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 Trustees of the Marion P. Thomas Charter Schools (the "Charter School" or "MPTCS") in the County of Essex, State of New Jersey for the year ended June 30, 2015, and have issued our report thereon dated December 17, 2015.

As part of our audit, we performed procedures required by the State of 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 Charter School Board of Trustees' management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Leonora Galleros, CPA
Licensed Public School Accountant
No. No. 20CS002239400

December 17, 2015
Freehold, New Jersey

**MARION P. THOMAS CHARTER SCHOOLS
COUNTY OF ESSEX, NEW JERSEY**

**ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE - CONTINUED**

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and the Treasurer of School Moneys, the activities of the Board of Trustees of Marion P. Thomas Charter School (the "Charter School"), and the records of the various funds under the auspices of the Board of Trustees.

Insurance

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

Official Bonds (N.J.S.A. 18A:17-26, 18A:17-32)

School Leaders Errors and Omissions Liability Insurance Coverage were carried for all members of the board of Trustees with coverage for each wrongful act of \$1,000,000. There is a Public Officials Bond covering the Superintendent, Board Secretary and Treasurer for \$500,000 each.

Tuition Charges

A review of the financial statements indicated that the Charter School charged no tuition for any student attending the Charter School.

Financial Planning, Accounting, and Reporting

Examination of Claims

An examination of claims paid during the period under review we noted that claims were approved by designated individuals, certified and supporting documents were maintained.

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 designee of the Charter School and were certified by the President of the Board and the Chief Executive Officer. In addition, salary withholdings were remitted to the proper agencies. However, we noted the exception below:

Finding 2015-001*

The Charter School does not have a separate fund accounting trial balance for Fund 91 (Payroll Agency). However, it has a separate bank account for payroll agency fund recorded in Fund 90.

**MARION P. THOMAS CHARTER SCHOOLS
COUNTY OF ESSEX, NEW JERSEY**

**ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE - CONTINUED**

Financial Planning, Accounting, and Reporting - Continued

Recommendation

We recommend that the Charter School, account payroll withholdings and remittances in a separate fund.

Management's Response

Payroll activities are currently tracked along with other withholdings in MPTCS Accounting System We have contacted our service provider to extract and report separately the Payroll Agency Account in System 3000 to appropriately track activities in the payroll agency account.

Reserve for Encumbrances and Accounts Payable

A review of outstanding purchase orders was made as of June 30, 2015, for proper classification of purchase orders as Reserved for Encumbrances or Accounts Payable. No exception was noted in this area.

Finding 2015-002

The Charter School personnel did not perform a comprehensive analysis of outstanding purchase orders at June 30, specifically for Special Revenue Fund, and prepare a separate listing of purchase orders comprising the balance sheet account balances for accounts payable, reserve for encumbrances, or cancellations. Adjustments were needed to process some subsequent payments against purchase orders that were not properly closed in the system.

Recommendation

Purchase orders should be reviewed for proper classification at June 30 as accounts payable or reserve for encumbrances based upon whether the goods have been received or the services rendered. All orders that will not be liquidated within the suggested time frame of 60 to 90 days of year-end should be cancelled. Reconciliations of the adjusted June 30 balances for accounts payable and reserve for encumbrances should be performed and the required schedules be prepared for the year-end audit.

Management's Response

Management accepts the recommendation and will ensure that outstanding Purchase Orders are reconciled on a timely manner.

Travel Policy

A travel policy was adopted in 2007 as required by *N.J.A.C. 6A:23A A-6.13* and *N.J.S.A. 18A:11-12*.

**MARION P. THOMAS CHARTER SCHOOLS
COUNTY OF ESSEX, NEW JERSEY**

**ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE - CONTINUED**

Financial Planning, Accounting, and Reporting - Continued

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23-2.2(g) and line item details as described in the Budget Summary Key as part of our test of transactions of judgmentally selected expenditure items. We also reviewed coding of all expenditures included in our Compliance and Single Audit testing procedures. In addition to the selected expenditures items, we specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23-8.2. As a result of the procedures performed, a minimal transaction error rate of 0.02% was noted and no additional procedures were deemed necessary to test the propriety of expenditure classifications.

Board Secretary's Records

Our review of the financial and accounting records maintained by the Business Office disclosed that monthly reports are provided to the Board in a timely manner. We did note an exception as follows:

Finding 2015-003*

During the audit, we noted that the Charter School has several interfund transactions. These interfund accounts were not periodically reconciled during the fiscal year. As a result, adjusting journal entries were needed to correct the balances of certain reciprocal interfund activities. We also noted an insurance payment that was incorrectly recorded as an interfund transaction instead of an expense in the General Fund. An adjusting journal entry was also proposed to record the expense.

Recommendation

We recommend a more frequent analyses of interfund activities during the fiscal year and a final analysis at year-end as part of the closing process to minimize year-end audit journal entries.

Management's Response

The Business office carries out reconciliation of the Interfund Accounts every quarter. The business office carried out the reconciliation of the last quarter in the School Year but did not affect the needed postings of reconciling items in a timely manner. The Business Office will endeavor to insure that reconciling items are posted timely.

Treasurer's Records

Monthly reports and reconciliation of accounts were prepared and were presented to the Board. No exceptions noted.

**MARION P. THOMAS CHARTER SCHOOLS
COUNTY OF ESSEX, NEW JERSEY**

**ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE - CONTINUED**

Financial Planning, Accounting, and Reporting – Continued

Elementary and Secondary Education Act (ESEA)/ Improving America's Schools Act (IASA) as reauthorized by the No Child Left Behind Act of 2001

The ESEA/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 Titles I and IV of the Elementary and Secondary Education Act as amended and reauthorized.

Finding 2015-004 (CAFR Finding 2015-001)

During our review of the time and activity reports of some Title I funded personnel which demonstrate the percentage of time chargeable to the federal program, we noted that the activity report percentages did not support the allocation of salary charges in the Special Revenue Fund payroll expense accounts.

Recommendation

The Charter School should ensure that recording of Title I salaries are in accordance with the approved time and activity reports.

Management's Response

Management will properly educate staff on the portion of salary being charged to grants to insure it reflects the percentage on the time sheet submitted to the Business Office at regular interval.

Other Special Federal and/or State Projects

The Charter School's special projects were approved as listed on Schedules A and 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.

Teachers' Pension Annuity Fund (TPAF) Reimbursement

Our audit procedures included a test of the electronic reimbursements filed with the Department of Education for Charter School employees who are members of the Teacher's Pension Annuity Fund. We noted no exceptions.

**MARION P. THOMAS CHARTER SCHOOLS
COUNTY OF ESSEX, NEW JERSEY**

**ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE - CONTINUED**

Financial Planning, Accounting, and Reporting – Continued

TPAF Reimbursements to State for Federal Salary Expenditures

The Charter School had reimbursed the State for the amount of the expenditure charged to the current year's Final Report(s) for all federal awards for the school district (or charter school or renaissance school project) to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district (or charter school or renaissance school project) for those employees whose salaries are identified as being paid from federal funds.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-3 (a) sets forth the bid threshold and requires award by board resolution. The statute was amended in 1999 to provide for an even higher threshold when there is a "Qualified Purchasing Agent" in the charter school as defined at N.J.A.C. 5:34-1.1 and certified upon approval of an application submitted to DCA. Pursuant to N.J.S.A. 18a:18a-3(B), the bid threshold was raised to \$26,000, effective July 1, 2010. For charter schools with a qualified purchasing agent, the bid threshold was raised to \$36,000.

"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 \$26,000 the contract may be awarded by a purchasing agent when so authorized by resolution of the board without public advertising for bids and bidding therefore, except that the board may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations."

N.J.S.A. 18A:18A-37 describes the awarding of contracts below the bid threshold. Subsection (a) describes the requirements for awarding contracts below the bid threshold.

"For all contracts that in the aggregate are less than the bid threshold but 15 percent or more of that amount, and for those contracts that are for subject matter enumerated in subsection (a) of N.J.S.A. paragraph (3) of that subsection concerning work by employees of the board, the purchasing agent shall award the contract after soliciting at least two competitive quotations, if practicable."

Subsection (c) describes the requirements for small purchases.

"If authorized by the board resolution, all contracts that are in the aggregate less than 15 percent of the bid threshold may be awarded by the purchasing agent without soliciting competitive quotations."

**MARION P. THOMAS CHARTER SCHOOLS
COUNTY OF ESSEX, NEW JERSEY**

**ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE - CONTINUED**

School Purchasing Programs - Continued

Based on the results of our tests, we did note any individual payments, contracts, or agreements made for the performance of any work or goods or services in excess of statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A. 18A:18A-4, as amended.

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

School Food Service

The financial transactions and statistical records of the Charter High School food services were maintained in satisfactory condition. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis. The number of meals claimed for reimbursements was verified against sales and meal count records. Reimbursement vouchers were filed electronically on a timely basis.

Cash receipts and bank records were reviewed for timely deposit.

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 Charter High School food service. Vendor invoices were reviewed and costs verified with no exceptions noted.

Timesheets were reviewed and labor costs verified. Payroll records were maintained on all School Food Service employees authorized by the Board. No exceptions were noted.

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

**MARION P. THOMAS CHARTER SCHOOLS
COUNTY OF ESSEX, NEW JERSEY**

**ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE - CONTINUED**

School Food Service - Continued

Net cash resources did not exceed three months average expenditures as described below:

**NET CASH RESOURCE SCHEDULE
Proprietary Funds - Food Service
FYE 2015**

		Food Service B - 4/5	
<u>Net Cash Resources:</u>			
CAFR	* Current Assets		
B-4	Cash and cash equivalents		
B-4	Accounts Receivable	53,844	
CAFR	Current Liabilities		
B-4	Less Accounts Payable	(68,146)	
B-4	Less Due to Other Funds	<u>(380,552)</u>	
	Net Cash Resources	<u>\$ (394,854)</u>	(A)
<u>Net Adj. Total Operating Expense:</u>			
B-5	Tot. Operating Exp.	\$ 820,026	
B-5	Less Depreciation	<u>-</u>	
	Adj. Tot. Oper. Exp.	<u>\$ 820,026</u>	(B)
<u>Average Monthly Operating Expense:</u>			
	B / 10	<u>\$ 82,003</u>	(C)
<u>Three times monthly Average:</u>			
	3 X C	<u>\$ 246,009</u>	(D)

Total in Box A	\$ (394,854)
Less: Total in Box D	<u>(246,009)</u>
NET	<u>\$ (640,863)</u>
From above:	
D is greater than A, cash does not exceed 3 X average monthly operating expenses.	

**MARION P. THOMAS CHARTER SCHOOLS
COUNTY OF ESSEX, NEW JERSEY**

**ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE - CONTINUED**

School Food Service - Continued

We did note that the School Food Service has continued to incur operating losses. As of June 30, 2015, the accumulated deficit is at \$423,703. Increasing the appropriation in the general fund for a budgetary transfer out to the Food Service Fund should be considered during fiscal year 2015 if other revenue sources will not increase.

Applications for free and reduce meals were reviewed for completeness and accuracy. The number of free and reduce price meals claimed as served was compared to the number of valid applications and/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 reduce price applications were completed and available for review. We did note exceptions as described below.

Finding 2015-005* (CAFR Finding 2015-002)

In our review of free and reduced lunch applications, we noted applications that were placed in incorrect categories.

- a. 23 students were classified as "free" but should have been classified under "reduced" or "denied" categories.
- b. 192 students with "denied" application should have been classified under "free."
- c. 12 students with "denied" application should have been classified under "reduced."
- d. 23 students with "reduced" application should have been classified under "free."

Recommendation

We recommend that free and reduced applications and entries in the Charter School Enrollment System should be reviewed by the Charter School personnel to ensure proper classification of applications into the categories of free, reduced, or paid. Completed applications should be maintained and available for review.

Management's Response

Some of the errors were noted arose from Parents that submitted their lunch application after the due date with data which might be different from the data on their children already in REAL Time software that manages Food service of the School. However, the School is unable to update the data in Charter School Enrollment System (CHE) for any changes because the system had closed. Management has put in place a process that would insure prompt update of student's lunch application as status changes in REAL Time and subsequently CHE when it reopens. However, the basis of reimbursement for meals served was on the data in updated REAL Time System and not the CHE System.

**MARION P. THOMAS CHARTER SCHOOLS
COUNTY OF ESSEX, NEW JERSEY**

**ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE - CONTINUED**

Enrollment Count and Submission to the Department

Our audit procedures included tests of information reported on October 15th and the last day of the school year for enrolled, special education, bilingual and low income students. We also performed a review of the Charter School's procedures related to its completion.

Finding 2015-006*

In our review of enrollment information as reported in the Charter School Enrollment System ("System") and as per school records, we noted that there were 2 students attending special education classes who were not classified under "Special Education" in the System. There were also three (3) students enrolled per CHE but "no show" per attendance summary. Correcting entries in the System were in progress as of the report date.

Recommendation

We recommend that the Charter School reviews the System entries for accurate posting of student information in the System. Reconciliation and review procedures of information should also be conducted on a periodic basis.

Management's Response

MPTCS will conduct more regular reconciliation of the School attendance record and the CHE system to ensure accuracy of the demographic of the students and their special needs Status in the CHE.

Student Body Activities

Student activities during the fiscal year ended June 30, 2015 were accounted for. No exceptions were noted in this area.

Facilities and Capital Assets

The Charter School had engaged an appraisal company to account for its fixed assets for insurance purposes and update its fixed assets records.

Follow-up on Prior Year's Findings

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year recommendations. Corrective actions had been completed or are still in process on prior year findings, with the exception of those that are identified as repeat or partially similar to findings in this year's recommendation.

**MARION P. THOMAS CHARTER SCHOOLS
COUNTY OF ESSEX, NEW JERSEY**

**ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE - CONTINUED**

Acknowledgment

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

Respectfully submitted,

A handwritten signature in cursive script that reads "Leonora Galleros".

Leonora Galleros, CPA
Licensed Public School Accountant
No. 20CS002239400

December 17, 2015
Freehold, New Jersey

School Food Service

SCHEDULE OF MEAL COUNT ACTIVITY

MARION P. THOMAS CHARTER SCHOOL

FOOD SERVICE FUND

NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM -Federal

ENTERPRISE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

PROGRAM	MEAL CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE (a)	(OVER) UNDER CLAIM (b)
National School Lunch (High Rate)	Paid	18,234	18,234	18,234	-	0.30	-
National School Lunch (High Rate)	Reduced	11,814	11,814	11,814	-	2.60	-
National School Lunch (High Rate)	Free	108,904	108,904	108,904	-	3.00	-
	TOTAL	<u>138,952</u>	<u>138,952</u>	<u>138,952</u>			<u>-</u>
National School Lunch	HHFKA - PB Lunch Only	<u>138,952</u>	<u>138,952</u>	<u>138,952</u>	-	0.06	-
School Breakfast (Regular Rate)	Paid	3,597	3,597	3,597	-	0.28	-
	Reduced	1,572	1,572	1,572	-	1.32	-
	Free	10,169	10,169	10,169	-	1.62	-
	TOTAL	<u>15,338</u>	<u>15,338</u>	<u>15,338</u>			<u>-</u>
School Breakfast (Severe Need Rate)	Paid	8,901	8,901	8,901	-	0.28	-
	Reduced	9,553	9,553	9,553	-	1.63	-
	Free	87,213	87,213	87,213	-	1.93	-
	TOTAL	<u>105,667</u>	<u>105,667</u>	<u>105,667</u>			<u>-</u>
Special Milk	Paid	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	-	0.23	-
After School Snacks	Paid	-	-	-	-	0.07	-
	Reduced	-	-	-	-	0.41	-
	Free (Area Eligible)	<u>12,752.00</u>	<u>12,752.00</u>	<u>12,752.00</u>	-	0.82	-
	TOTAL	<u>12,752.00</u>	<u>12,752.00</u>	<u>12,752.00</u>			<u>-</u>
CACFP (d) - Food	Free	<u>-</u>	<u>-</u>	<u>-</u>	-	2.98	-
CACFP (d) - Cash-in- lieu of USDA Foods	Free	<u>-</u>	<u>-</u>	<u>-</u>	-	0.2475	-
	Total Net Underclaim (Overclaim)						<u><u>-</u></u>

School Food Service

SCHEDULE OF MEAL COUNT ACTIVITY

MARION P. THOMAS CHARTER SCHOOL

FOOD SERVICE FUND

NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM -STATE

ENTERPRISE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

PROGRAM	MEAL CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE (a)	(OVER) UNDER CLAIM (b)
State Reimbursement - National School Lunch (Regular Rate)	Paid	2,432	2,432	2,432	-	\$ 0.040	\$ -
State Reimbursement - National School Lunch (Regular Rate)	Reduced	3,902	3,902	3,902	-	0.055	-
State Reimbursement - National School Lunch (Regular Rate)	Free	41,152	41,152	41,152	-	0.055	-
	TOTAL	<u>47,486</u>	<u>47,486</u>	<u>47,486</u>			

Total Net Underclaim (Overclaim)

\$ -

**Marion P. Thomas Charter School
APPLICATION FOR CHARTER SCHOOL AID
ENROLLMENT COUNT AS OF OCTOBER 15, 2014**

Grades	Submission to		Sample											
	DOE reported On Roll	Reported on workpapers	Verified signed registration forms	Verified # Errors	Verified # days enrolled	Special Ed/ Bilingual	Verified documentation	Verified # days Errors	Service Provided	Low Income	Verified documentation	Errors	Errors	Errors
Pre-Kindergarten	68	68	68	-	190	-	-	-	-	-	-	-	-	-
Kindergarten	69	69	69	-	190	-	1	1	-	-	60	60	-	-
First	78	78	78	-	190	-	2	2	-	-	21	19	2	-
Second	73	73	73	-	190	-	5	5	-	-	34	31	3	-
Third	75	75	75	-	190	-	8	8	-	-	43	40	3	-
Fourth	94	94	94	-	190	-	9	9	-	-	63	56	7	-
Fifth	81	81	81	-	190	-	11	10	1	-	53	53	-	-
Sixth	98	98	98	-	190	-	11	10	1	-	56	52	4	-
Seven	90	90	90	-	190	-	13	13	-	-	61	61	-	-
Eight	55	55	55	-	190	-	5	5	-	-	26	26	-	-
Ninth	160	160	160	-	190	-	24	20	4	-	66	66	-	-
Tenth	156	156	156	-	190	-	24	20	4	-	106	105	1	-
Eleventh	87	87	87	-	190	-	16	14	2	-	46	44	2	-
Twelfth	98	98	98	-	190	-	12	12	-	-	67	66	1	-
Total	1,282	1,282	1,282	-	2,660	-	141	129	12	-	702	679	23	-
Percentage				0.0%		0.0%			8.5%		0.0%			3.3%

**Marion P. Thomas Charter School
APPLICATION FOR CHARTER SCHOOL AID
ENROLLMENT COUNT AS OF JUNE 30, 2015**

Grades	Submission to	Sample												
	DOE reported	Reported on	Verified signed	Verified #		Special Ed/	Verified	Verified # days		Low	Verified		Errors	
On Roll	workpapers	registration forms	Errors	days enrolled	Errors	Bilingual	documentation	Errors	Service Provided	Errors	Income	documentation	Errors	
Pre-Kindergarten	68	68	68	-	190	-	-	-	-	-	-	-	-	-
Kindergarten	69	69	69	-	190	-	1	1	-	-	60	60	-	-
First	77	77	77	-	190	-	2	2	-	-	21	19	2	-
Second	71	71	71	-	190	-	5	5	-	-	34	31	3	-
Third	74	74	74	-	190	-	8	8	-	-	43	40	3	-
Fourth	93	93	93	-	190	-	9	9	-	-	63	56	7	-
Fifth	80	80	80	-	190	-	11	10	1	-	53	53	-	-
Sixth	97	97	97	-	190	-	11	10	1	-	56	52	4	-
Seven	89	89	89	-	190	-	13	13	-	-	61	61	-	-
Eight	55	55	55	-	190	-	5	5	-	-	26	26	-	-
Ninth	160	160	160	-	190	-	24	20	4	-	66	66	-	-
Tenth	154	154	154	-	190	-	24	20	4	-	106	105	1	-
Eleventh	86	86	86	-	190	-	16	14	2	-	46	44	2	-
Twelfth	98	98	98	-	190	-	12	12	-	-	67	66	1	-
Total	1,271	1,271	1,271	-	2,660	-	141	129	12	-	-	702	679	23
Percentage				0.0%		0.0%			8.5%		0.0%			3.3%

**MARION P. THOMAS CHARTER SCHOOLS
(COUNTY OF ESSEX, NEW JERSEY)**

EXCESS SURPLUS CALCULATION

June 30, 2015

SECTION 1

A. 2% Calculation of Excess Surplus

2014-15 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ 18,361,199 (B)
Increased by:	
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	\$ 963,859 (B2a)
Assets Acquired Under Capital Leases	\$ _____ - (B2b)
Adjusted 2014-15 General Fund Expenditures [(B)+(B1s)-(B2s)]	<u>\$ 17,397,340 (B3)</u>
2% of Adjusted 2013-14 General Fund Expenditures [(B3) times .02]	\$ 347,947 (B4)
Enter Greater of (B4) or \$250,000	<u>\$ 347,947 (B5)</u>
Increased by: Allowable Adjustment *	<u>\$ _____ - (K)</u>
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]	<u>\$ 347,947 (M)</u>

SECTION 2

Total General Fund - Fund Balances @ 6/30/2015 (Per CAFR Budgetary Comparison Schedule C-1)	\$ 6,724,939 (C)
Decreased by:	
Year-end Encumbrances	\$ 894,209 (C1)
Legally Restricted – Designated for Subsequent Year's Expenditures	\$ _____ - (C2)
Legally Restricted - Excess Surplus – Designated for Subsequent Year's Expenditures **	\$ _____ - (C3)
Other Restricted Fund Balances ****	\$ _____ - (C4)
Assigned Fund Balance – Unreserved- Designated for Subsequent Year's Expenditures	\$ _____ - (C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	<u>\$ 5,830,730 (U1)</u>
Excess Surplus at June 30, 2014	<u>\$ 5,482,783</u>

SECTION 3

Restricted Fund Balance – Excess Surplus*** [(U1)-(M)] IF NEGATIVE ENTER -0-	<u>\$ _____ - (E)</u>
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Recapitulation of Excess Surplus as of June 30, 2014

Reserved Excess Surplus – Designated for Subsequent Year's Expenditures **	\$ _____ - (C3)
Reserved Excess Surplus ***[(E)]	\$ _____ - (E)
Total Excess Surplus [(C3) + (E)]	<u>\$ _____ - (D)</u>

Charter schools are not subject to the excess surplus limitations. Charter schools auditors are required to document the calculation of excess surplus pursuant to N.J.S.A. 18A:7F-7 solely for the purpose of adherence to N.J.A.C. 6A:23A-22.4(e), which provides that a district board of education may petition the Commissioner to pay a lower per-pupil rate if the charter schools spends "significantly less than budgeted and has accumulated a sizeable surplus."