

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT
COUNTY OF SUSSEX
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
YEAR ENDED JUNE 30, 2016

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT
COUNTY OF SUSSEX
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE
FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
YEAR ENDED JUNE 30, 2016
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November 18, 2016

The Honorable President and Members
of the Board of Education
Township of Montague School District
County of Sussex, NJ

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 Township of Montague School District in the County of Sussex for the year ended June 30, 2016, and have issued our report thereon dated November 18, 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 letter does not affect our report dated November 18, 2016, on the financial statements of the Board.

We will review the status of the comments during our next audit engagement. We have already discussed these comments and suggestions with various management personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended for the information of the Township of Montague School District's Board of Education, management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

NISIVOCCIA LLP

William F. Schroeder
Licensed Public School Accountant #2112
Certified Public Accountant

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
YEAR ENDED JUNE 30, 2016

Scope of Audit

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

Administrative Practices and Procedures

Insurance

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

Officials in Office and Surety Bonds

<u>Name</u>	<u>Position</u>	<u>Coverage</u>
John W. Waycie	School Business Administrator/Board Secretary (until 2/29/16)	\$ 200,000
Janet MacKenzie	School Business Administrator/Board Secretary (from 3/1/16)	200,000
Michelle La Starza	Treasurer of School Monies	200,000

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were different than estimated costs. The Board made a proper adjustment to the billings to sending districts for the change in per pupil costs in accordance with N.J.A.C. 6A:23A-3.1(f)3.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid, on a test basis, during the period under review indicated no discrepancies with respect to signatures, certification and supporting documentation.

Payroll Account

The net salaries of 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 approved by the Superintendent and were certified by the Board President and the Board Secretary/School Business Administrator and the Chief School Administrator.

Salary withholdings were promptly remitted to the proper agencies, including health benefits withholding to the General Fund.

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (superintendent, assistant superintendents and business administrators) to the NJ Department of Treasury was filed by the March 15 due date.

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
YEAR ENDED JUNE 30, 2016

Financial Planning, Accounting and Reporting (Cont'd)

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made on a test basis as of June 30, for proper classification of orders as reserve for encumbrances and accounts payable.

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-8.2. Overall compliance was noted.

Board Secretary's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Board Secretary's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have the following comments and recommendations.

Finding:

The District did not obtain the County Superintendent's approval for transfers from any general fund appropriation account that exceeded 10 percent of the budgeted amount; nor did the District obtain the County Superintendent's approval for transfers to an administration appropriation account that exceeded 10 percent of the budgeted amount. County Superintendent approval is required as per N.J.A.C. 6A:23A-13.

Recommendation:

It is recommended that the District obtain County Superintendent's approval for transfers from any general fund appropriation account that exceeded 10 percent of the budgeted amount and for transfers to an administration appropriation account that exceeded 10 percent of the budgeted amount as per N.J.A.C. 6A:23A-13.

Management Response:

The District will obtain County Superintendent's approval for transfers from any general fund appropriation account that exceeded 10 percent of the budgeted amount and for transfers to an administration appropriation account that exceeded 10 percent of the budgeted amount as per N.J.A.C. 6A:23A-13.

Treasurer's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Treasurer's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments except as noted herein.

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
YEAR ENDED JUNE 30, 2016
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

No Child Left Behind (N.C.L.B.)

The N.C.L.B. financial exhibits are contained herein within the Special Revenue Section of the District's CAFR. This section of the CAFR documents the financial position pertaining to projects under Title I and Title II of the No Child Left Behind Act.

Other Special Federal and/or State Projects

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

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

The financial exhibits are contained within the Special Revenue Section of the CAFR.

This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

T.P.A.F. Reimbursement

Our audit procedures included a test of the bi-weekly reimbursements filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

The T.P.A.F. Reimbursement to the State for Federal Salary Expenditures was remitted to the State of New Jersey prior to the required deadline of October 1, 2016. The reimbursement form was reviewed and no exceptions were noted.

Travel Expenses and Travel Reimbursement Policy

Travel regulations require each District to adopt a formal policy and procedure pertaining to travel and expense reimbursement for its employees and board members. The regulations include requirements for the District to establish a maximum travel amount for the year and to ensure that the maximum amount is not exceeded. The regulations also require that all travel must be preapproved by the Board of Education and Superintendent and that a brief report detailing the key issues addressed at the travel event must be submitted after the travel event has occurred. Overall compliance was noted in our testing.

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, 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 quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L.1971, c. 198 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 a general delegation of the power to negotiate and award such contracts pursuant to this section.

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
YEAR ENDED JUNE 30, 2016
 (Continued)

School Purchasing Programs (Cont'd)

Contracts and Agreements Requiring Advertisement for Bids (Cont'd)

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 or 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.A. 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"

N.J.S.A. 18A:18A-4 states, "Every contract for the provision or 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 and 18A:18A-3(a) are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under *N.J.S.A.* 18A:39-3 is currently \$18,800.

As per N.J.S.A. 18A:18A-3, the Board passed a resolution, authorizing the Business Administrator as a qualified purchasing agent and increasing the bid threshold to \$40,000.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Attorney'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. General compliance was noted.

The results of our 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.

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
YEAR ENDED JUNE 30, 2016
(Continued)

School Purchasing Programs (Cont'd)

Contracts and Agreements Requiring Advertisement for Bids (Cont'd)

Finding:

The District did not maintain required documents to demonstrate compliance with Pay-to-Play regulations for professional service contracts.

Recommendation:

It is recommended that the required professional service documents are maintained in order to demonstrate compliance with Pay-to-Play regulations for professional service contracts.

Management's Response:

The District will ensure that the required professional service documents are maintained in order to demonstrate compliance with Pay-to-Play regulations for professional service contracts.

School Food Service

The school food service was not selected as a major federal and/or state program and state and federal program expenditures did not exceed \$100,000 in federal and/or state support.

Student Body Activities

In planning and performing our audit of the financial statements of the Board, we considered the condition of the records of the Student Activities Fund for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments.

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 and low income students. We also performed a review of the District work papers related to its completion. The information on the A.S.S.A. was compared to the District work papers with on-roll and low income exceptions as detailed below and on the following page. The information that was included on the workpapers was verified with exceptions as detailed on the following page. The results of our procedures are presented in the Schedule of Audited Enrollments.

The District maintained workpapers on the prescribed State forms or their equivalent.

The District's written procedures appear to be adequate for the recording of student enrollment data.

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
YEAR ENDED JUNE 30, 2016
(Continued)

Application for State School Aid (Cont'd)

Finding:

We noted that the District reported a total of 116 students on the low income section of the A.S.S.A. while the supporting workpapers listed 102 students. Additionally, some students reported as low income on the A.S.S.A. either did not have a 2015-2016 application for free and reduced price meals or were incorrectly determined to be eligible for free or reduced price meals.

Recommendation:

It is recommended that the number of students reported on the A.S.S.A. for low income students is supported by the District's workpapers. It is also recommended that extra care be taken to ensure a current year application for free and reduced price meals is maintained on file for all students reported as low income and that income eligibility is correctly determined for all students reported as low income on the A.S.S.A.

Management Response:

The District will ensure that the number of students reported on the A.S.S.A. for low income students is supported by the District's workpapers, that extra care be taken to ensure a current year application for free and reduced price meals is maintained on file for all students reported as low income and that income eligibility is correctly determined for all students reported as low income on the A.S.S.A.

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 verified to the DRTRS Eligibility Summary Report with two minor exceptions. 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.

Facilities and Capital Assets

The District currently has no active SDA grants.

Management Suggestions

Capital Projects

It is suggested that the remaining balance in the Capital Projects Fund be reviewed for cancellation.

Internal Control

Continuing efforts should be made to ensure that all purchase orders are approved prior to when orders for goods are received or services are provided.

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
YEAR ENDED JUNE 30, 2016
(Continued)

Management Suggestions (Cont'd)

Unemployment Compensation Trust

The payroll service provider turns over the entire amount of the employee withholdings for State Unemployment Insurance to the State of New Jersey. The payroll service provider should be retaining the required percentage of the withholdings in the District's Unemployment Trust Fund (as they fund the unemployment benefit claims under the Benefit Reimbursement Method) and be remitting the required percentage of withholdings to the State of New Jersey. We suggest the District contact the payroll service provider to ensure that the withholdings are turned over to the District as required. We also suggest the District contact the State of New Jersey to verify if there are any overpayments credits due back to the District.

Payroll Service Provider

The Type 1 SOC 1 (Service Organization Controls Report) report obtained by the District's payroll service provider only provides a limited review of the provider's internal controls. This report does not test the provider's controls unlike a Type 2 report which tests to determine whether the service provider's controls are operating effectively. We suggest that the District require the payroll service provider to obtain a Type 2 SOC 1 report.

Confirmation of Payroll Taxes Paid by Payroll Service Provider

Documentation of the confirmation with the federal government that the District's payroll taxes are being properly remitted to the government agency on a quarterly basis be maintained on file for audit review.

Governmental Accounting Standards Board Statements:

The next Governmental Accounting Standards Board ("GASB") statement which will have a significant impact on the District will be GASB#75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, will be effective for the fiscal year ending June 30, 2018. This standard replaces GASB#45, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. It is similar to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* GASB#68 in that successful implementation of this standard will require the provision of certain key financial and non-financial information from the New Jersey Division of Pensions.

Cyber Security

Cyber-crime has become much more prevalent in the last few years. Websites and internal networks, including personally identifiable information ("PII"), have been hacked and resulted in significant losses to organizations, both financial and reputational. We suggest that the District consider options to test and protect the District from cyber-crime.

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
YEAR ENDED JUNE 30, 2016
(Continued)

Management Suggestions (Cont'd)

Deferred Compensation Plans

The District has a fiduciary responsibility to its employees related to the deferred compensation plans offered by the District. The District should consider a periodic review of the benefits, features, costs, and performance of its deferred compensation plans and make that information available to employees to assist employees in making suitable choices for investing their retirement funds while fulfilling the District's fiduciary responsibilities.

Independent Contractors vs. Employees

The District should consider reviewing the status of "Independent Contractors" utilized by the District with Internal Revenue Service guidelines for determination of employment status. The IRS has been reviewing employers, including governments, to determine compliance. A proactive approach may help to minimize or eliminate potential penalties related to incorrect employment status determination.

Status of Prior Year Findings/Recommendations

The prior year audit recommendation regarding ASSA low income students was not resolved and remains as a current year recommendation.

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

	2016-2017 Application for State School Aid						Sample for Verification					
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Registers On Roll		Errors per Registers On Roll	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Half Day Preschool 4 Years Old	1		1				1		1			
Full Day Kindergarten	26		26				26		26			
One	25		25				25		25			
Two	20		20				20		20			
Three	22		22				22		22			
Four	20		20				20		20			
Five	21		21				21		21			
Six	26		26				26		26			
Seven	18		18				18		18			
Eight												
Subtotal	179		179				179		179			
Special Ed - Elementary	28		27		1		4		4			
Special Ed - Middle School	10		10				1		1			
Subtotal	38		37		1		5		5			
Totals	217		216		1		184		184			
Percentage Error					0.46%		0.00%				0.00%	0.00%

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

	<u>Resident Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on A.S.S.A. as Low Income</u>	<u>Reported on Workpapers as Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Application and Register</u>	<u>Sample Errors</u>
Half Day Preschool 4 Years Old		1	-1			
Full Day Kindergarten	13	11	2	1	1	
One	11	11		1		1
Two	9	9		1	1	
Three	14	13	1	2	2	
Four	9	10	-1	1	1	
Five	10	9	1	1	1	
Six	8	8		1		1
Seven	12	7	5	1		1
Subtotal	<u>86</u>	<u>79</u>	<u>7</u>	<u>9</u>	<u>6</u>	<u>3</u>
Special Ed - Elementary	19	17	2	2	2	
Special Ed - Middle School	11	6	5	1	1	
Subtotal	<u>30</u>	<u>23</u>	<u>7</u>	<u>3</u>	<u>3</u>	
Totals	<u>116</u>	<u>102</u>	<u>14</u>	<u>12</u>	<u>9</u>	<u>3</u>
Percentage Error			<u>12.07%</u>			<u>25.00%</u>

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

Transportation

	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	358	356	2	19	19	
Regular - Special Education	36	36		2	2	
AIL - Non-Public	9	9		1	1	
Special Ed - Special Needs	58	58		3	3	
Totals	<u>461</u>	<u>459</u>	<u>2</u>	<u>25</u>	<u>25</u>	
Percentage Error			<u>0.43%</u>			<u>0.00%</u>

	Reported	Recalculated
Average Mileage - Regular Including Grade PK Students	12.6	12.6
Average Mileage - Regular Excluding Grade PK Students	12.6	12.6
Average Mileage - Special Education with Special Needs	18.5	18.5

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
YEAR ENDED JUNE 30, 2016

EXCESS SURPLUS CALCULATION AT 6/30/16

REGULAR DISTRICT

SECTION 1

A. 2% Calculation of Excess Surplus

2015-16 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ 9,492,969 (B)	
Increased by:		
Transfer from Capital Outlay to Capital Projects Fund	\$ -0- (B1a)	
Transfer from Capital Reserve to Capital Projects Fund	\$ -0- (B1b)	
Transfer from General Fund to SRF for PreK-Regular	\$ -0- (B1c)	
Transfer from General Fund to SRF for PreK-Inclusion	\$ -0- (B1d)	
Decreased by:		
On-Behalf TPAF Pension and Social Security	\$ 615,703 (B2a)	
Assets Acquired Under Capital Leases	\$ -0- (B2b)	
Adjusted 15-16 General Fund Expenditures [(B)+(B1's)-(B2's)]	<u>\$ 8,877,266 (B3)</u>	
2% of Adjusted 2015-16 General Fund Expenditures [(B3) times .02]	\$ 177,545 (B4)	
Enter Greater of (B4) or \$250,000	\$ 250,000 (B5)	
Increased by: Allowable Adjustment	<u>\$ 181,878 (K)</u>	
Maximum Unassigned Fund Balance [(B5)+(K)]		<u>\$ 431,878 (M)</u>

SECTION 2

Total General Fund - Fund Balances @ 6/30/16 (Per CAFR Budgetary Comparison Schedule C-1)	\$ 647,606 (C)	
Decreased by:		
Year End Encumbrances	\$ 134,827 (C1)	
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ -0- (C2)	
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures	<u>\$ -0- (C3)</u>	
Other Restricted/Reserved Fund Balances	\$ 214,962 (C4)	
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	<u>\$ 84,273 (C5)</u>	
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]		<u>\$ 213,544 (U1)</u>
Increased by:		
Adjustment for Disallowed Transfers per S1701		<u>\$ -0- (C6)</u>
Total Unassigned Fund Balance for Excess Surplus Calculation (U1 + C6)		<u>\$ 213,544 (U2)</u>

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
YEAR ENDED JUNE 30, 2016
(Continued)

SECTION 3

Restricted Fund Balance - Excess Surplus [(U2)-(M)] IF NEGATIVE, ENTER -0- \$ -0- (E)

Recapitulation of Excess Surplus as of June 30, 2016

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures \$ -0- (C3)

Reserved Excess Surplus [(E)] \$ -0- (E)

Total Excess Surplus [(C3)+(E)] \$ -0- (D)

Detail of Allowable Adjustments

Impact Aid \$ 171,213 (H)

Sale and Lease Back \$ -0- (I)

Extraordinary Aid \$ -0- (J1)

Additional Nonpublic School Transportation Aid \$ 10,665 (J2)

Current Year School Bus Advertising Revenue Recognized \$ -0- (J3)

Family Crisis Transportation Aid \$ -0- (J4)

Total Adjustments ((H)+(I)+(J1)+(J2)+(J3)+(J4)) \$ 181,878 (K)

Detail of Other Restricted Fund Balance

Statutory restrictions:

Approved unspent separate proposal \$ -0-

Sale/lease-back reserve \$ -0-

Capital reserve \$ 43,318

Maintenance reserve \$ -0-

Tuition reserve \$ -0-

School Bus Advertising 50% Fuel Offset Reserve – current year \$ -0-

School Bus Advertising 50% Fuel Offset Reserve –prior year \$ -0-

Impact Aid General Fund Reserve (Sections 8002 and 8003) \$ 171,644

Impact Aid Capital Fund Reserve (Sections 8007 and 8008) \$ -0-

Emergency reserve \$ -0-

Other state/governmental mandated reserve \$ -0-

Other Restricted Fund Balance not noted above \$ -0-

Total Other Restricted Fund Balance \$ 214,962 (C4)

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT
SUMMARY OF RECOMMENDATIONS
YEAR ENDED JUNE 30, 2016

It is recommended that:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

The District obtain County Superintendent's approval for transfers from any general fund appropriation account that exceeded 10 percent of the budgeted amount and for transfers to an administration appropriation account that exceeded 10 percent of the budgeted amount as per N.J.A.C. 6A:23A-13.

3. School Purchasing Program

The required professional service files are maintained in order to demonstrate compliance with Pay-to-Play regulations for professional service contracts.

4. School Food Service

None

5. Student Body Activities

None

6. Application for State School Aid

The number of students reported on the A.S.S.A. for low income students is supported by the District's workpapers. It is also recommended that extra care be taken to ensure a current year application for free and reduced price meals is maintained on file for all students reported as low income and that income eligibility is correctly determined for all students reported as low income on the A.S.S.A.

7. Pupil Transportation

None

8. Facilities and Capital Assets

None

9. Travel Expenses

None

10. Status of Prior Year's Findings/Recommendations

The prior year audit recommendation regarding ASSA low income students was not resolved and remains as a current year recommendation.