

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
COUNTY OF SUSSEX  
AUDITORS' MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS - FINANCIAL,  
COMPLIANCE AND PERFORMANCE  
YEAR ENDED JUNE 30, 2017

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
COUNTY OF SUSSEX  
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE  
FINDINGS - FINANCIAL,  
COMPLIANCE AND PERFORMANCE  
YEAR ENDED JUNE 30, 2017  
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November 28, 2017

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, 2017, and have issued our report thereon dated November 28, 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 letter does not affect our report dated November 28, 2017, 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, 2017

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>
Christopher Lessard	School Business Administrator/Board Secretary (until 12/31/16)	\$ 200,000
Tina Palecek	School Business Administrator/Board Secretary (from 1/1/2017)	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 did not indicate any discrepancies with respect to signatures, certification or supporting documentation, except as noted below.

Finding:

During the course of our audit, it was noted that several purchase orders did not have a claimant signature or a superintendent signature prior to the payment of bills.

Recommendation:

It is recommended that all authorizing signatures be obtained prior to the payment of bills.

Management Response:

All authorizing signatures will be obtained prior to the payment of bills.

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
YEAR ENDED JUNE 30, 2017

Financial Planning, Accounting and Reporting (Cont'd)

Payroll Account and Position Control Roster

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

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.

Findings:

During our review of the payroll records, it was noted that:

- 1.) The incorrect health benefit contribution percentage was used in calculating an employee's health benefit contribution deduction.
- 2.) Position control roster was not prepared by the District for the 2016-2017 school year budget.
- 3.) An analysis of balance of the Flexible Spending Trust at June 30, 2017 was not prepared by the District.

Recommendations:

It is recommended that:

- 1.) Greater care be taken when calculating the required employee health benefit contribution for individuals.
- 2.) A position control roster be prepared to ensure that employee salaries are charged to the proper budget account line.
- 3.) An analysis of balance of the Flexible Spending Trust be prepared.

Management Responses:

- 1.) Greater care will be taken when calculating the required employee health benefit contribution for individuals.
- 2.) A position control roster will be prepared to ensure that employee salaries are charged to the proper budget account line.
- 3.) An analysis of balance of the Flexible Spending Trust will be prepared.

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
YEAR ENDED JUNE 30, 2017

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.

Findings:

- 1.) The Board Secretary's and Treasurer's reports and bank reconciliations for March through June 2017 were not completed prepared until November 2017. Also, the annual report was not submitted to the board and the executive county superintendent by August 1, pursuant to N.J.S.A. 18A:17-10.
- 2.) During the course of our audit, it was noted that the District did not obtain County Superintendent approval for transfers from general fund appropriation account lines that on a cumulative basis exceed 10 percent of the amount of the account included in the budget certified for taxes as per N.J.A.C. 6A:23A-13.3(g).

Recommendations:

It is recommended that:

- 1.) Monthly bank reconciliations, Board Secretary's reports and Treasurer's reports be prepared in a timely manner and that the Annual Report is submitted to the board and the executive County Superintendent by August 1.
- 2.) The District obtain County Superintendent approval for transfers from general fund appropriation account lines that on a cumulative basis exceed 10 percent of the amount of the account included in the budget certified for taxes as per N.J.A.C. 6A:23A-13.3(g).

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
YEAR ENDED JUNE 30, 2017

Financial Planning, Accounting and Reporting (Cont'd)

Board Secretary's Records (Cont'd)

Management Responses:

- 1) The monthly bank reconciliations, Board Secretary's reports and Treasure's reports will be prepared in a timely manner and the Annual Report will be submitted to the board and the executive County Superintendent by August 1.
- 2) The District will obtain County Superintendent approval for transfers from general fund appropriation account lines that on a cumulative basis exceed 10 percent of the amount of the account included in the budget certified for taxes as per N.J.A.C. 6A:23A-13.3(g).

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 on the previous page.

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 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.

Findings:

- 1.) Expenditures per the final expenditure reports for the fiscal years 2015-2016 and 2016-2017 N.C.L.B. grant programs do not agree to the District's accounting records. Certain discrepancies were due to the revision of the T.P.A.F. FICA reimbursement payable to the State.
- 2.) During the course of our audit, it was noted that the District did not obtain the 90 percent return rate of parental consent forms for all Medicaid eligible students as set forth in N.J.A.C. 6A:23A-5.3(e).
- 3.) The 2016-2017 Extraordinary Aid application was not prepared and submitted to the State. As a result, the District was not awarded any Extraordinary Aid Funding.

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
YEAR ENDED JUNE 30, 2017  
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Other Special Federal and/or State Projects (Cont'd)

Recommendations:

It is recommended that:

- 1.) Expenditures reported on the grant final expenditure reports are reconciled to the District's accounting records.
- 2.) The District obtain the 90 percent return rate of parental consent forms for all Medicaid eligible students as set forth in N.J.A.C. 6A:23A-5.3(e).
- 3.) The Extraordinary Aid application be prepared and submitted to the State in future years.

Management Response:

- 1.) Expenditures reported on the grant final expenditure reports will be reconciled to the District's accounting records.
- 2.) The District will obtain the 90 percent return rate of parental consent forms for all Medicaid eligible students as set forth in N.J.A.C. 6A:23A-5.3(e).
- 3.) The Extraordinary Aid application will be prepared and submitted to the State in future years.

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 form was reviewed and no exceptions were noted except as noted below.

Finding:

The District did not submit the T.P.A.F. reimbursement to the State of New Jersey by the October 1, 2017 deadline.

Recommendation:

It is recommended that the District submit the T.P.A.F. reimbursement to the State of New Jersey by the October 1 deadline.

Management Response:

The District will submit the T.P.A.F. reimbursement to State of New Jersey by the October 1 deadline.



TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
YEAR ENDED JUNE 30, 2017  
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

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.

Finding:

Our review of travel expenses revealed that employee travel expenditures did not have prior approval by a majority of the full voting membership of the board. Furthermore, brief reports required by N.J.S.A 18A:11-12(d) to substantiate the purpose and relevance of non-regular travel were not obtained.

Recommendation:

It is recommended that employee travel expenditures have prior approval by a majority of the full voting membership of the board and that the District maintain brief reports required by N.J.S.A 18A:11-12(d) that substantiate the purpose and relevance of non-regular travel.

Management Response:

Employee travel expenditures will have prior approval by a majority of the full voting membership of the board. The District will maintain brief reports required by N.J.S.A 18A:11-12(d) that substantiate the purpose and relevance of non-regular travel.

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, 2017  
(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 at its August 5, 2016 meeting, 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, 2017  
(Continued)

School Food Service

The school food service program was not selected as a major federal and/or state program. We inquired of school management, or the appropriate school food service personnel, as to whether the SFA had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted.

We also inquired of school management, or appropriate school food service personnel, as to whether the SFA's expenditures of school food service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

Non-program foods were purchased, prepared or offered for sale. The Statement of Revenue, Expenses and Changes in Net Position in the CAFR Schedule B-5 does separate program and non-program revenue and program and non-program cost of goods sold.

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 14, 2016 Application for State School Aid (A.S.S.A.) for on-roll, private schools for disabled, bilingual education students and low income students. We also performed a review of the District procedures related to its completion. We were not able to compare the information on the A.S.S.A. to the District workpapers, as detailed. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

Finding:

The District did not maintain workpapers to substantiate the information reported on the District's A.S.S.A.

Recommendation:

It is recommended that the District maintain workpapers to substantiate the enrollments reported on the District's A.S.S.A.

Management Response:

The District will maintain workpapers to substantiate the enrollments reported on the District's A.S.S.A.

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
YEAR ENDED JUNE 30, 2017  
(Continued)

Pupil Transportation

Our audit procedures included a test of on-roll status reported in the 2016-2017 District Report of Transported Resident Students (DRTRS). We could not verify the information that was included on the DRTRS to the DRTRS Eligibility Summary Report. The results of our procedures are presented in the Schedule of Audited Enrollment.

Finding:

The District's 2016-2017 DRTRS Eligibility Summary Report could not be located.

Recommendation:

It is recommended that the District maintain on file the DRTRS Eligibility Summary Report.

Management Response:

The District will maintain on file the DRTRS Eligibility Summary Report.

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.

Finding:

The District failed to obtain the services of an independent capital assets appraisal company to update its capital assets inventory records for the fiscal year ended June 30, 2017. However, the District provided a list of current year capital assets additions and deletions, which have been included in their district-wide financial statements.

Recommendation:

It is recommended that the District update its capital assets inventory records.

Management Response:

The District will obtain the services of an independent capital asset appraisal company to update its capital assets inventory records.

Other

Finding:

During our review of the District's Board meeting minutes, it was noted that the minutes from September through December 2016 were not maintained.

Recommendation:

It is recommended that the District maintain monthly written Board meeting minutes.

Management Response:

The District will maintain monthly Board meeting minutes.

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
YEAR ENDED JUNE 30, 2017  
(Continued)

Management Suggestions

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 # 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.

Student Activities

It has recently been determined that certain School District personnel may not be completely aware of the limitations and restrictions on the use of Student Activity Funds. We believe it is important that the District be aware that any pupil organization which is part of the activity program of the School District, places at least indirect responsibility for supervision and control of that organization with the Board of Education. We suggest that the Board formally approve each school club or activity. As directed by the New Jersey Department of Education, collections related to fund raising for outside organizations should not be maintained in the District's Student Activity Funds.

Additionally, the District should ensure that District-wide standard policies and procedures are implemented for all Student Activity Funds. These policies should indicate the student activities funds are to be utilized for the benefit of the student activity or club and not to be utilized for enhancement of instructional programs or school facilities. The District should at least at a minimum communicate to school personnel on an annual basis the District's policies and procedures regarding Student Activity Funds. We suggest that these policies include guidance regarding timely deposits of funds and the safeguarding of funds prior to deposit as well as the appropriate purchasing guidelines for student activities disbursements.

Status of Prior Year Findings/Recommendations

The prior year audit recommendation regarding ASSA low income students was not fully 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 14, 2016

2017-2018 Application for State School Aid

	Reported on			Reported on			Errors			Sample			Verified per			Errors per		
	A.S.A.			Workpapers			On Roll			Selected from			Registers			Registers		
	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 3 Years Old	12																	
Half Day Preschool 4 Years Old	10																	
Full Day Kindergarten	19																	
One	23																	
Two	22																	
Three	20																	
Four	24																	
Five	20																	
Six	14																	
Seven	24																	
Eight	18																	
Subtotal	206	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Special Ed - Elementary	25																	
Special Ed - Middle School	16																	
Subtotal	41	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Totals	247	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Percentage Error							100.00%										0.00%	0.00%

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
 APPLICATION FOR STATE SCHOOL AID SUMMARY  
 SCHEDULE OF AUDITED ENROLLMENTS  
 ENROLLMENT AS OF OCTOBER 14, 2016

	Private Schools for Disabled				Resident Low Income				
	Reported on A.S.S.A. as Private Schools	Reported on Workpapers as Private Schools	Sample Verifi- cation	Sample Verifi- ed	Sample Errors	Reported on A.S.S.A. as Low Income	Reported on Workpapers as Low Income	Sample Selected from Workpapers	Sample Errors
Full Day Kindergarten									
One						3			3
Two						8			8
Three						8			8
Four						8			8
Five						15			15
Six						9			9
Seven						6			6
Eight						10			10
Nine						9			9
Ten						7			7
Eleven						4			4
Twelve						5			5
Subtotal						7			7
						99			99
						-0-			-0-
Special Ed - Elementary	1					18			18
Special Ed - Middle School	1					10			10
Special Ed - High School	2					16			16
Subtotal	4					44			44
						-0-			-0-
Totals	4					143			143
						-0-			-0-
Percentage Error						100.00%			100.00%
									0.00%

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
SCHEDULE OF AUDITED ENROLLMENTS  
ENROLLMENT AS OF OCTOBER 14, 2016

	Resident LEP Low Income			Sample for Verification		
	Reported on A.S.A. as LEP low Income	Reported on Workpapers as LEP low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Full Day Kindergarten						
One						
Two						
Three						
Four						
Five						
Six						
Seven	1		1			
Eight						
Nine						
Ten						
Eleven						
Twelve						
Totals	1	-0-	1	-0-	-0-	-0-
Percentage Error			100.00%			0.00%



MONTAGUE TOWNSHIP SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
SCHEDULE OF AUDITED ENROLLMENTS  
ENROLLMENT AS OF OCTOBER 14, 2016

	Transportation						
	Reported on DRTRS by DOE	305	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	305		305				
Regular - Special Education	35		35				
Transported - Non-Public	31		31				
AIL - Non-Public	20		20				
Special Ed - Special Needs	57		57				
Totals	448	-0-	448	-0-	-0-	-0-	-0-
Percentage Error			100.00%				0.00%

	Reported	Recalculated
Average Mileage - Regular Including Grade PK Students	12.4	-0-
Average Mileage - Regular Excluding Grade PK Students	12.4	-0-
Average Mileage - Special Education with Special Needs	19.2	-0-

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
EXCESS SURPLUS CALCULATION  
YEAR ENDED JUNE 30, 2017

**EXCESS SURPLUS CALCULATION AT 6/30/2017**

**REGULAR DISTRICT**

**SECTION 1**

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

2016-2017 Total General Fund Expenditures per the CAFR, Ex. C-1	\$	<u>9,063,928</u>	(B)
Increased by:			
Transfer from Capital Outlay to Capital Projects Fund	\$	<u>-0-</u>	(B1a)
Transfer from Capital Reserve to Capital Projects Fund	\$	<u>-0-</u>	(B1b)
Transfer from General Fund to SRF for PreK-Regular	\$	<u>-0-</u>	(B1c)
Transfer from General Fund to SRF for PreK-Inclusion	\$	<u>-0-</u>	(B1d)
Decreased by:			
On-Behalf TPAF Pension and Social Security	\$	<u>647,097</u>	(B2a)
Assets Acquired Under Capital Leases	\$	<u>7,644</u>	(B2b)
Adjusted 2016-2017 General Fund Expenditures [(B)+(B1's)-(B2's)]	\$	<u><u>8,409,187</u></u>	(B3)
2% of Adjusted 2016-2017 General Fund Expenditures [(B3) times .02]	\$	<u>168,184</u>	(B4)
Enter Greater of (B4) or \$250,000	\$	<u>250,000</u>	(B5)
Increased by: Allowable Adjustment	\$	<u>3,480</u>	(K)
Maximum Unassigned Fund Balance [(B5)+(K)]			<u><u>\$ 253,480</u></u> (M)

**SECTION 2**

Total General Fund - Fund Balances @ 6/30/2017 (Per CAFR Budgetary Comparison Schedule C-1)	\$	<u>946,685</u>	(C)
Decreased by:			
Year End Encumbrances	\$	<u>253,951</u>	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$	<u>-0-</u>	(C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures	\$	<u>-0-</u>	(C3)
Other Restricted/Reserved Fund Balances	\$	<u>258,364</u>	(C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	\$	<u>-0-</u>	(C5)
Additional Assigned Fund Balance: Unreserved - Designated for Subsequent Year's Expenditures July 1, 2017 - August 1, 2017	\$	<u>-0-</u>	(C6)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]			<u><u>\$ 434,370</u></u> (U)

Increased by:

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
EXCESS SURPLUS CALCULATION  
YEAR ENDED JUNE 30, 2017  
(Continued)

**SECTION 3**

Restricted Fund Balance - Excess Surplus [(U2)-(M)] IF NEGATIVE, ENTER -0- \$ 180,890 (E)

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

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

Reserved Excess Surplus [(E)] \$ 180,890 (E)

Total Excess Surplus [(C3)+(E)] \$ 180,890 (D)

**Detail of Allowable Adjustments**

Impact Aid \$ -0- (H)

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

Extraordinary Aid \$ -0- (J1)

Additional Nonpublic School Transportation Aid \$ 3,480 (J2)

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

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

Total Adjustments ((H)+(I)+(J1)+(J2)+(J3)+(J4)) \$ 3,480 (K)

**Detail of Other Restricted Fund Balance**

Statutory restrictions:

Approved unspent separate proposal \$ -0-

Sale/lease-back reserve \$ -0-

Capital reserve \$ 28,325

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) \$ 230,039

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 \$ 258,364 (C4)

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
SUMMARY OF RECOMMENDATIONS  
YEAR ENDED JUNE 30, 2017

It is recommended that:

1. Administrative Practices and Procedures  
None
2. Financial Planning, Accounting and Reporting
  - 1) All authorizing signatures be obtained prior to the payment of bills.
  - 2) Greater care be taken when calculating the required employee health benefit contribution for individuals.
  - 3) A position control roster be prepared to ensure that employee salaries are charged to the proper budget account line.
  - 4) An analysis of balance of the Flexible Spending Trust be prepared.
  - 5) Monthly bank reconciliations, Board Secretary's reports and Treasure's reports be prepared in a timely manner and that the Annual Report is submitted to the board and the executive County Superintendent by August 1.
  - 6) The District obtain prior County Superintendent approval for transfers from general fund appropriation account lines that on a cumulative basis exceed 10 percent of the amount of the account included in the budget certified for taxes as per N.J.A.C. 6A:23A-13.3(g).
  - 7) Expenditures reported on the grant final expenditure reports are reconciled to the District's accounting records.
  - 8) The District obtain the 90 percent return rate of parental consent forms for all Medicaid eligible students as set forth in N.J.A.C. 6A:23A-5.3(e).
  - 9) The Extraordinary Aid application will be prepared and submitted to the State in future years
  - 10) The District submit the T.P.A.F reimbursement to the State of New Jersey by the October 1 deadline.
3. School Purchasing Program  
None
4. School Food Service  
None
5. Student Body Activities  
None

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
SUMMARY OF RECOMMENDATIONS  
YEAR ENDED JUNE 30, 2017

It is recommended that (Cont'd)

6. Application for State School Aid

The District maintain workpapers to substantiate the enrollments reported on the District's A.S.S.A.

7. Pupil Transportation

The District maintain on file the DRTRS Eligibility Summary Report.

8. Facilities and Capital Assets

The District update its capital assets inventory records.

9. Travel Expenses

Employee travel expenditures have prior approval by a majority of the full voting membership of the board and that the District maintain brief reports required by N.J.S.A 18A:11-12(d) that substantiate the purpose and relevance of non-regular travel.

10. Other

That the District maintain monthly written Board meeting minutes.

11. Status of Prior Year's Findings/Recommendations

The prior year audit recommendation regarding maintaining professional service files in order to demonstrate compliance with Pay-to-Play regulations has been resolved in the current year. The prior year audit recommendations regarding County Superintendent's approval for transfers from any general fund appropriation account that exceeded 10% and A.S.S.A. reporting have not been resolved in the current year and remain as current year recommendations.