

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
COUNTY OF SUSSEX  
AUDITORS' MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS - FINANCIAL,  
COMPLIANCE AND PERFORMANCE  
YEAR ENDED JUNE 30, 2019

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
COUNTY OF SUSSEX  
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE  
FINDINGS - FINANCIAL,  
COMPLIANCE AND PERFORMANCE  
YEAR ENDED JUNE 30, 2019  
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November 8, 2019

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, 2019, and have issued our report thereon dated November 8, 2019.

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 8, 2019, 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, 2019

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>
Tina Palecek	School Business Administrator/Board Secretary (until 10/21/18)	\$ 200,000
George Hagl	Acting School Business Administrator/Board Secretary (from 11/1/18)	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 discrepancies with respect to signatures, certification or supporting documentation, as noted below.

Finding:

During the course of our audit, it was noted that several purchase orders did not have a superintendent's signature and/or receipt of goods signature prior to the payment of bills.

Recommendation:

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

Management's 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, 2019

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 and certified by the Superintendent, the Board President and the Board Secretary/School Business 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 not filed by the March 15 due date.

Finding:

It was noted that the required certification (E-CERT1) report of compliance with requirements for income tax on compensation of administrators was not filed with the NJ Department of Treasury by March 15th. However, since the required certification was subsequently submitted after the deadline, no formal recommendation is deemed warranted.

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.

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
YEAR ENDED JUNE 30, 2019

Financial Planning, Accounting and Reporting (Cont'd)

Board Secretary's Records (Cont'd)

Findings:

- 1.) The Board Secretary's and Treasurer's reports for December 2018 were not submitted to the executive county superintendent within 60 days of the December month-end, pursuant to *N.J.A.C. 6A:23A-16.10(c)(4)(iv)*. However, as the annual report was submitted to the executive county superintendent by August 1, pursuant to *N.J.S.A. 18A:17-10*, no formal recommendation is deemed warranted.
- 2.) The Board Secretary's and Treasurer's reports for July 2018 – March 2019 were not approved in the Minutes. However, as April – June 2019 were properly approved in the Minutes, no formal recommendation is deemed warranted.

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 above.

Elementary and Secondary Education Act (E.S.E.A.) as amended by the Every Student Succeeds Act (ESSA)

The E.S.E.A. 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 Titles I, II and IV of the Elementary and Secondary Education Act as amended and reauthorized.

The study of compliance for the E.S.E.A. did not indicate any area of noncompliance.

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.

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
YEAR ENDED JUNE 30, 2019  
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

T.P.A.F. Reimbursement (Cont'd)

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, 2019. 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.

Findings:

- 1.) All travel expenses were not accounted for separately as required by N.J.S.A. 18A:11-12.
- 2.) The District did not establish an annual travel maximum as per N.J.A.C. 6A:23A-7.3. However, as an annual travel maximum has been established for fiscal year 2019-2020, no formal recommendation is deemed warranted.

Recommendations:

It is recommended that All travel expenses be accounted for separately from all other activities and be charged to the 580 account line.

Management's Responses:

The District will make every effort to ensure that travel expenses are accounted for separately from all other activities and charged to the 580 account line.

Testing for Lead of All Drinking Water in Education Facilities

The District did submit the annual Statement of Assurance to the NJ Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
YEAR ENDED JUNE 30, 2019  
(Continued)

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.

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 \$19,000 for 2018-2019.

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 except as noted.



TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
YEAR ENDED JUNE 30, 2019  
(Continued)

School Purchasing Programs (Cont'd)

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

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. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. General compliance was noted.

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 15, 2018 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. The information on the A.S.S.A. was compared to the District workpapers without exception. The information that was included on the workpapers was verified without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
YEAR ENDED JUNE 30, 2019  
(Continued)

Application for State School Aid (Cont'd)

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

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

Pupil Transportation

Our audit procedures included a test of on-roll status reported in the 2018-2019 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with no exceptions. The results of our procedures are presented in the Schedule of Audited Enrollment.

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 except as noted below.

Finding:

Our testing revealed that not all transportation contracts were approved by the County Superintendent.

Recommendation:

It is recommended that all transportation contracts be approved by the County Superintendent.

Management's Response:

All transportation contracts will be approved by the County Superintendent.

Facilities and Capital Assets

The District currently has no active SDA grants.

Management Suggestions

New Jersey Earned Sick Leave Law

The New Jersey Earned Sick Leave Law was effective October 29, 2018. This law allows employees to accrue 1 hour of earned sick leave for every 30 hours worked, up to 40 hours each calendar year. We suggest that Districts perform a review each year to determine if there are any employees not previously eligible to receive earned sick leave who are now entitled to under this law and that adequate records are maintained for the accrual of the earned sick leave.

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
YEAR ENDED JUNE 30, 2019  
(Continued)

Management Suggestions (Cont'd)

Governmental Accounting Standards Board (GASB) Statements

The next GASB Statement which will have an impact on the District's financial statements is GASB Statement No. 84, *Fiduciary Activities*, which is effective for the fiscal year ended June 30, 2020. This Statement establishes criteria for identifying fiduciary activities. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The Statement will likely have an impact on the financial statement presentation of the Payroll Agency Fund and may have an impact on the presentation of the Student Activities Agency Fund and Trust Funds such as the Private Purpose Scholarship Trust and Unemployment Trust Fund.

Status of Prior Year Findings/Recommendations

The prior year recommendations regarding the discontinued use of the debit card, the required certification (E-CERT1) being filed annually by March 15<sup>th</sup>, expenses charged to the proper budget line item accounts in accordance with the "Uniform Minimum Chart of Accounts for the New Jersey Public Schools" and the "Budget Guidelines", Board Secretary and Treasurer month-end reports and the Annual Report being submitted to the executive County Superintendent in a timely manner, obtaining County Superintendent approval for all transfers as required by N.J.S.A. 6A:23A-13.3, monitoring budget expenditures to ensure budget line item accounts are not over-expended, the District obtaining a 90 percent return rate of parental consent forms for all Medicaid eligible students, expenditures reported on the grant final expenditure reports reconciling to the District's accounting records, the District submitting the T.P.A.F. reimbursement to the State of New Jersey by the October 1 deadline, travel expenditures having prior approval by the full voting membership of the board, maintaining brief reports that substantiate the purpose and relevance of non-regular travel, establishing an annual travel maximum, maintaining business registration certificates, monitoring expenditures in the Food Service Fund to ensure cash deficits do not occur, reviewing student payment on account balances, free and reduced meals being accurately reported for reimbursement and not exceeding the average number of applications on file, maintaining proper documentation to support the District's internal verification procedures, implementing procedures to ensure that monthly meal claims for low income students are submitted for reimbursement, the District maintaining workpapers to substantiate the enrollments reported on the A.S.S.A., submitting and maintaining copies of B7T forms for aid in lieu students and the District updating its capital assets inventory records were fully resolved.

The prior year audit recommendations regarding obtaining authorizing signatures prior to the payment of bills and all transportation contracts be filed with the County for approval by the County Superintendent were not resolved and remain as current year recommendations.

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
SCHEDULE OF AUDITED ENROLLMENTS  
ENROLLMENT AS OF OCTOBER 15, 2018

	2019-2020 Application for State School Aid						Sample for Verification					
	Reported on		Reported on		Errors		Sample		Verified per		Errors per	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Half Day Preschool 3 Years Old	8	-0-	8	-0-	-0-	-0-	8	-0-	8	-0-	-0-	-0-
Half Day Preschool 4 Years Old	14	-0-	14	-0-	-0-	-0-	14	-0-	14	-0-	-0-	-0-
Full Day Preschool 3 Years Old	1	-0-	1	-0-	-0-	-0-	1	-0-	1	-0-	-0-	-0-
Full Day Preschool 4 Years Old	2	-0-	2	-0-	-0-	-0-	2	-0-	2	-0-	-0-	-0-
Full Day Kindergarten	36	-0-	36	-0-	-0-	-0-	36	-0-	36	-0-	-0-	-0-
One	27	-0-	27	-0-	-0-	-0-	27	-0-	27	-0-	-0-	-0-
Two	21	-0-	21	-0-	-0-	-0-	21	-0-	21	-0-	-0-	-0-
Three	20	-0-	20	-0-	-0-	-0-	20	-0-	20	-0-	-0-	-0-
Four	22	-0-	22	-0-	-0-	-0-	22	-0-	22	-0-	-0-	-0-
Five	18	-0-	18	-0-	-0-	-0-	18	-0-	18	-0-	-0-	-0-
Six	13	-0-	13	-0-	-0-	-0-	13	-0-	13	-0-	-0-	-0-
Seven	12	-0-	12	-0-	-0-	-0-	12	-0-	12	-0-	-0-	-0-
Eight	15	-0-	15	-0-	-0-	-0-	15	-0-	15	-0-	-0-	-0-
Subtotal	209	-0-	209	-0-	-0-	-0-	209	-0-	209	-0-	-0-	-0-
Special Ed - Elementary	30	-0-	30	-0-	-0-	-0-	5	-0-	5	-0-	-0-	-0-
Special Ed - Middle School	10	-0-	10	-0-	-0-	-0-	1	-0-	1	-0-	-0-	-0-
Subtotal	40	-0-	40	-0-	-0-	-0-	6	-0-	6	-0-	-0-	-0-
Totals	249	-0-	249	-0-	-0-	-0-	215	-0-	215	-0-	-0-	-0-
Percentage Error					0.00%	0.00%				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, 2018

	Private Schools for Disabled				Resident Low Income					
	Reported on A.S.S.A. as Private Schools	Reported on Workpapers as Private Schools	Sample for Verifi- cation	Sample Verified	Sample Errors	Reported on A.S.S.A. as Low Income	Reported on Workpapers as Low Income	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Kindergarten										
One						11	11	1	1	
Two						16	16	1	1	
Three						6	6	1	1	
Four						6	6	2	2	
Five						9	9	1	1	
Six						11	11	1	1	
Seven						9	9	1	1	
Eight						10	10	1	1	
Subtotal						88	88	10	10	
Special Ed - Elementary										
Special Ed - Middle School	2	2	1	1		23	23	3	3	
Special Ed - High School	3	3	1	1		12	12	2	2	
Subtotal	5	5	2	2	-0-	35	35	5	5	-0-
Totals	5	5	2	2	-0-	123	123	15	15	-0-
Percentage Error					0.00%					0.00%

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
SCHEDULE OF AUDITED ENROLLMENTS  
ENROLLMENT AS OF OCTOBER 15, 2018

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	291	291		19	19	
Regular - Special Education	46	46		3	3	
Transported - Non-Public						
AIL - Non-Public	13	13		1	1	
Special Needs- Public	16	16		1	1	
Special Needs Private	4	4		1	1	
Totals	<u>370</u>	<u>370</u>		<u>25</u>	<u>25</u>	
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

	Reported	Recalculated
Average Mileage - Regular Including Grade PK Students	12.0	12.0
Average Mileage - Regular Excluding Grade PK Students	12.0	12.0
Average Mileage - Special Education with Special Needs	15.0	15.0

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
EXCESS SURPLUS CALCULATION  
YEAR ENDED JUNE 30, 2019

**EXCESS SURPLUS CALCULATION AT 6/30/2019**

**REGULAR DISTRICT**

**SECTION 1**

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

2018-2019 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ 10,156,367 (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	\$ 757,451 (B2a)	
Assets Acquired Under Capital Leases	\$ -0- (B2b)	
Adjusted 2018-2019 General Fund Expenditures [(B)+(B1's)-(B2's)]	<u>\$ 9,398,916 (B3)</u>	
2% of Adjusted 2018-2019 General Fund Expenditures [(B3) times .02]	\$ 187,978 (B4)	
Enter Greater of (B4) or \$250,000	\$ 250,000 (B5)	
Increased by: Allowable Adjustment	<u>\$ 110,140 (K)</u>	
Maximum Unassigned Fund Balance [(B5)+(K)]		<u>\$ 360,140 (M)</u>

**SECTION 2**

Total General Fund - Fund Balances @ 6/30/2019 (Per CAFR Budgetary Comparison Schedule C-1)	<u>\$ 976,904 (C)</u>	
Decreased by:		
Year End Encumbrances	\$ -0- (C1)	
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ -0- (C2)	
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures	\$ -0- (C3)	
Other Restricted/Reserved Fund Balances	<u>\$ 386,274 (C4)</u>	
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	<u>\$ 96,973 (C5)</u>	
Additional Assigned Fund Balance:		
Unreserved - Designated for Subsequent Year's Expenditures July 1, 2019 - August 1, 2019	<u>\$ -0- (C6)</u>	
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]		<u>\$ 493,657 (U1)</u>

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
EXCESS SURPLUS CALCULATION  
YEAR ENDED JUNE 30, 2019  
(Continued)

**SECTION 3**

Restricted Fund Balance - Excess Surplus [(U2)-(M)] IF NEGATIVE, ENTER -0- \$ 133,517 (E)

**Recapitulation of Excess Surplus as of June 30, 2019**

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures \$ -0- (C3)  
Reserved Excess Surplus [(E)] \$ 133,517 (E)

Total Excess Surplus [(C3)+(E)] \$ 133,517 (D)

Detail of Allowable Adjustments

Impact Aid \$ -0- (H)  
Sale and Lease Back \$ -0- (I)  
Extraordinary Aid \$ 106,370 (J1)  
Additional Nonpublic School Transportation Aid \$ 3,770 (J2)  
Current Year School Bus Advertising Revenue Recognized \$ -0- (J3)  
Family Crisis Transportation Aid \$ -0- (J4)

Total Adjustments ((H)+(I)+(J1)+(J2)+(J3)+(J4)) \$ 110,140 (K)

Detail of Other Restricted Fund Balance

Statutory restrictions:

Approved unspent separate proposal \$ -0-  
Sale/lease-back reserve \$ -0-  
Capital reserve \$ 378,486  
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) \$ 7,788  
Impact Aid Capital Fund Reserve (Sections 8007 and 8008) \$ -0-  
Emergency reserve \$ -0-  
Waiver offset reserve \$ -0-  
Other state/governmental mandated reserve \$ -0-

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

Total Other Restricted Fund Balance \$ 386,274 (C4)



TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
SUMMARY OF RECOMMENDATIONS  
YEAR ENDED JUNE 30, 2019

It is recommended that:

1. Administrative Practices and Procedures  
None
2. Financial Planning, Accounting and Reporting  
All authorizing signatures be obtained prior to the payment of bills.
3. Travel Expenses and Travel Reimbursement Policy  
All travel expenses be accounted for separately from all other activities and be charged to the 580 account line.
4. School Purchasing Programs  
None
5. School Food Service  
None
6. Student Body Activities  
None
7. Application for State School Aid  
None
8. Pupil Transportation  
All transportation contracts be filed with the County for approval by the County Superintendent.
9. Facilities and Capital Assets  
None

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
SUMMARY OF RECOMMENDATIONS  
YEAR ENDED JUNE 30, 2019

10. Status of Prior Year's Findings/Recommendations

The prior year recommendations regarding the discontinued use of the debit card, the required certification (E-CERT1) being filed annually by March 15<sup>th</sup>, expenses charged to the proper budget line item accounts in accordance with the "Uniform Minimum Chart of Accounts for the New Jersey Public Schools" and the "Budget Guidelines", Board Secretary and Treasurer month-end reports and the Annual Report being submitted to the executive County Superintendent in a timely manner, obtaining County Superintendent approval for all transfers as required by N.J.S.A. 6A:23A-13.3, monitoring budget expenditures to ensure budget line item accounts are not over-expended, the District obtaining a 90 percent return rate of parental consent forms for all Medicaid eligible students, expenditures reported on the grant final expenditure reports reconciling to the District's accounting records, the District submitting the T.P.A.F. reimbursement to the State of New Jersey by the October 1 deadline, travel expenditures having prior approval by the full voting membership of the board, maintaining brief reports that substantiate the purpose and relevance of non-regular travel, establishing an annual travel maximum, maintaining business registration certificates, monitoring expenditures in the Food Service Fund to ensure cash deficits do not occur, reviewing student payment on account balances, free and reduced meals being accurately reported for reimbursement and not exceeding the average number of applications on file, maintaining proper documentation to support the District's internal verification procedures, implementing procedures to ensure that monthly meal claims for low income students are submitted for reimbursement, the District maintaining workpapers to substantiate the enrollments reported on the A.S.S.A., submitting and maintaining copies of B7T forms for aid in lieu students and the District updating its capital assets inventory records were fully resolved.

The prior year audit recommendations regarding obtaining authorizing signatures prior to the payment of bills and all transportation contracts be filed with the County for approval by the County Superintendent were not resolved and remain as current year recommendations.