

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

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
COUNTY OF MORRIS  
AUDITORS' MANAGEMENT REPORT  
ON ADMINISTRATIVE FINDINGS –  
FINANCIAL, COMPLIANCE AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2019  
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November 8, 2019

The Honorable President and Members  
of the Board of Education  
Pequannock Township School District  
County of Morris, 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 financial statements of the Board of Education of the Pequannock Township School District in the County of Morris for the fiscal year ended June 30, 2019, and have issued our report thereon dated November 8, 2019.

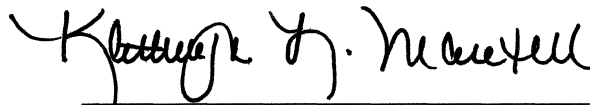
As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents. This letter does not affect our report dated November 8, 2019 on the financial statements of the Board.

We will review the status of our comments, if any, during our next audit engagement. We have already discussed any 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 recommendation.

This report is intended for the information of the Pequannock Township 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



Kathryn L. Mantell  
Licensed Public School Accountant #884  
Certified Public Accountant

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

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer, 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>
Raymond G. Karaty	Treasurer	\$ 275,000
Kateryna W. Bechtel	School Business Administrator/Board Secretary (To 4/28/19)	275,000
Joseph Bellino	School Business Administrator/Board Secretary (From 5/2/19 To 6/17/19)	275,000
James Olobardi	School Business Administrator/Board Secretary (From 6/17/19)	275,000

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.

Payroll Account and Position Control Register

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 tested were approved by the Superintendent and were certified by the Board President, the School Business Administrator, and the Superintendent.

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

The required certification (E-CERT 1) of compliance with all documentation prepared for income tax related purposes of administrators (superintendent, assistant superintendent and business administrator) complying with the requirements of federal and state laws and regulations, was completed and submitted to the NJ Department of Treasury by the due date of March 15.

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

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 General and Administrative 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 reviewed administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.2. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. As a result of the procedures performed, no errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

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 no comments.

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.

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 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.

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

Financial Planning, Accounting and Reporting (Cont'd)

T.P.A.F. Reimbursement

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

T.P.A.F. Reimbursement to the State for Federal Salary Expenditures

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.

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 \$19,000 for 2018-19.

PEQUANNOCK TOWNSHIP 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 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.

School Food Service

The School Food Service Program was not selected as a major federal and/or state program. However, the program expenditures exceeded \$100,000 in federal and/or State support.

The District did not participate in the National School Lunch Program but did participate in the Food Distribution Program.

The value of the Food Distribution Program commodities utilized was reflected as a non-reimbursable program.

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 the disabled, low income and bilingual 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 with four minor exceptions. The information that was included on the workpapers was verified on a test basis without exception. 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 Districts written procedures appear to be adequate for the recording of student enrollment data.

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

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 without exception. 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. The bid specifications for the purchase of buses were in compliance with applicable statutes. No exceptions were noted in our review of transportation related purchases of goods and services.

Facilities and Capital Assets

Our procedures included a review of the SDA grant agreements for consistency with recording of the revenue and awarding of contracts for eligible facilities construction. Based on these procedures, we have no comments except as noted below.

Finding:

At June 30, 2019, the District has outstanding grants receivable from 2014 in the amount of \$2,336,746 from the Schools Development Authority.

Recommendation:

It is recommended that the District review the status of grant expenditures and submit all the required project cost documentation to the Schools Development Authority for reimbursement.

Management Response:

The District will review the status of grant expenditures and will submit all of the required project cost documentation to the Schools Development Authority for reimbursement.

Travel Expense and 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 require the District to establish a maximum travel amount for the year and to ensure that the maximum is not exceeded. The regulations also require that all travel be approved prior by the Board of Education and that the approval must be itemized by event, event total cost, and individuals attending.

Our review of the travel policies and records revealed that the District is in general compliance with the travel regulations.

Testing for Lead of All Drinking Water in Educational 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).



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

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.

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's Findings/Recommendations

There were no recommendations in the prior year.

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF MEAL COUNT ACTIVITY  
FOOD SERVICE FUND  
NUMBER OF MEALS SERVED  
ENTERPRISE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(MEMORANDUM ONLY)

NOT APPLICABLE

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF NET CASH RESOURCES  
FOOD SERVICE FUND  
ENTERPRISE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(MEMORANDUM ONLY)

NOT APPLICABLE

PEQUANNOCK 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		
	A.S.A. On Roll	Shared	Workpapers On Roll	Shared	Full	Shared	Selected from Workpapers	Full	Shared	Registers On Roll	Shared	Registers On Roll	Shared
Half Day Preschool 3 Years Old	7		7				7			7		7	
Half Day Preschool 4 Years Old	10		10				10			10		10	
Full Day Preschool 3 Years Old	5		5				5			5		5	
Full Day Preschool 4 Years Old	8		8				8			8		8	
Full Day Kindergarten	123		123				123			123		123	
Grade One	147		147				147			147		147	
Grade Two	135		135				135			135		135	
Grade Three	128		128				128			128		128	
Grade Four	149		147		2		147			147		147	
Grade Five	136		136				136			136		136	
Grade Six	146		144		2		144			144		144	
Grade Seven	127		127				127			127		127	
Grade Eight	130		130				130			130		130	
Grade Nine	146		146				146			146		146	
Grade Ten	142		142				142			142		142	
Grade Eleven	116	14	116	14			116	14	14	116	14	116	14
Grade Twelve	149	6	149	6			149	6	6	149	6	149	6
Subtotal	1,804	20	1,800	20	4		1,800	20	20	1,800	20	1,800	20
Special Ed - Elementary	95		95				9			9		9	
Special Ed - Middle School	56		56				6			6		6	
Special Ed - High School	114	14	114	14			12			12		12	
Subtotal	265	14	265	14			27			27		27	
Totals	2,069	34	2,065	34	4	-0-	1,827	20	20	1,827	20	1,827	-0-
Percentage Error					0.19%	0.00%							0.00%

PEQUANNOCK 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.A. as Private Schools	Sample for Verification	Sample Verified	Sample Errors	Reported on A.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									
Grade One					3	3			
Grade Two					4	4			
Grade Three					6	6	1	1	
Grade Four					5	5			
Grade Five					5	5	1	1	
Grade Six					3	3			
Grade Seven					5	5			
Grade Eight					6	6	1	1	
Grade Nine					6	7			
Grade Ten					3	3			
Grade Eleven					4	4			
Grade Twelve					6	6	1	1	
Subtotal					63	63	6	6	
Special Ed - Elementary	1				10	10	2	2	
Special Ed - Middle School	4	1	1		2	2			
Special Ed - High School	12	4	4		3	3			
Subtotal	17	5	5		15	15	2	2	
Totals	17	5	5	-0-	78	78	8	8	-0-
Percentage Error				0.00%					0.00%

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

	<u>Resident LEP Low Income</u>					
	<u>Reported on A.S.S.A. as LEP Low Income</u>	<u>Reported on Workpapers LEP Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Test Scores, Application and Register</u>	<u>Sample Errors</u>
Grade Three	1	1		1	1	
Subtotal	<u>1</u>	<u>1</u>		<u>1</u>	<u>1</u>	
Totals	<u>1</u>	<u>1</u>	<u>-0-</u>	<u>1</u>	<u>1</u>	<u>-0-</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

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

	Resident LEP Not Low Income					
	Reported on A.S.S.A. as LEP Not Low Income	Reported on Workpapers LEP Not Low Income	Errors	Sample Selected from Workpapers	Verified to Test Scores and Register	Sample Errors
Half Day Kindergarten	2	2		1	1	
Grade One	4	4		1	1	
Grade Two	3	3		1	1	
Grade Four	1	1				
Grade Five	1	1				
Grade Eight	1	1		1	1	
Grade Nine	1	1				
Subtotal	<u>13</u>	<u>13</u>		<u>4</u>	<u>4</u>	
Special Ed - Elementary	<u>1</u>	<u>1</u>		<u>1</u>	<u>1</u>	
Subtotal	<u>1</u>	<u>1</u>		<u>1</u>	<u>1</u>	
Totals	<u>14</u>	<u>14</u>	<u>-0-</u>	<u>5</u>	<u>5</u>	<u>-0-</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

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

	Transportation					
	<u>Reported on DRTRS by DOE</u>	<u>Reported on DRTRS by District</u>	<u>Errors</u>	<u>Tested</u>	<u>Verified</u>	<u>Errors</u>
Regular - Public Schools	109	109		11	11	
Regular - Special Education	15	15		4	4	
Transported - Non Public	29	29		5	5	
AIL - Non Public	95	95		10	10	
Special Needs - Public	5	5		2	2	
Special Needs - Private	15	15		5	5	
Totals	<u>268</u>	<u>268</u>	<u>-0-</u>	<u>37</u>	<u>37</u>	<u>-0-</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

	<u>Reported</u>	<u>Recalculated</u>
Average Mileage - Regular Including Grade PK Students	8.6	8.6
Average Mileage - Regular Excluding Grade PK Students	8.6	8.6
Average Mileage - Special Education with Special Needs	12.8	12.8



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

**EXCESS SURPLUS CALCULATION**

**Section 1 - REGULAR DISTRICT**

2018-2019 Total General Fund Expenditures per the CAFR	<u>\$ 42,913,989</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>\$ 800,000</u> (B1b)	
Decreased by:		
On-Behalf TPAF Pension and Social Security	<u>\$ 5,717,550</u> (B2a)	
Assets Acquired Under Capital Leases	<u>\$ -0-</u> (B2b)	
Adjusted 2018-2019 General Fund Expenditures [(B)+(B1's)-(B2's)]	<u>\$ 37,996,439</u> (B3)	
2% of Adjusted 2018-2019 General Fund Expenditures [(B3) times .02]	<u>\$ 759,929</u> (B4)	
Enter Greater of (B4) or \$250,000	<u>\$ 759,929</u> (B5)	
Increased by: Allowable Adjustment	<u>\$ 27,550</u> (K)	
Maximum Unassigned Fund Balance [(B5)+(K)]		<u>\$ 787,479</u> (M)

**Section 2**

Total General Fund - Fund Balances @ 6/30/2019 (Per CAFR Budgetary Comparison Schedule C-1)	<u>\$ 7,962,149</u> (C)	
Decreased by:		
Year-End Encumbrances	<u>\$ 953,613</u> (C1)	
Legally Restricted - Designated for Subsequent Year's Expenditures	<u>\$ -0-</u> (C2)	
Excess Surplus - Designated for Subsequent Year's Expenditures	<u>\$ 1,000,000</u> (C3)	
Other Restricted Fund Balances	<u>\$ 4,137,862</u> (C4)	
Assigned - Designated for Subsequent Year's Expenditures	<u>\$ -0-</u> (C5)	
Additional Assigned Fund Balance - Designated for Subsequent Year's Expenditures July 1, 2019 - August 1, 2019	<u>\$ -0-</u> (C6)	
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]		<u>\$ 1,870,674</u> (U1)

PEQUANNOCK TOWNSHIP SCHOOL DISTRICT  
EXCESS SURPLUS CALCULATION  
FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

**Section 3**

Restricted Fund Balance-Excess Surplus [(U1)-(M)] IF NEGATIVE, ENTER -0- \$ 1,083,195 (E)

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

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures \$ 1,000,000 (C3)  
Restricted Excess Surplus [(E)] \$ 1,083,195 (E)

Total [(C3)+(E)+(F)] \$ 2,083,195 (D)

**Detail of Allowable Adjustments**

Impact Aid \$ -0- (H)  
Sale and Lease Back \$ -0- (I)  
Extraordinary Aid \$ -0- (J1)  
Additional Nonpublic School Transportation Aid \$ 27,550 (J2)

Total Adjustments [(H)+(I)+(J1)+(J2)] \$ 27,550 (K)

**Detail of Other Restricted Fund Balance**

Statutory Restrictions \$ -0-  
Approved Unspent Separate Proposal \$ -0-  
Capital Outlay for a District with a Capital Outlay SGLA \$ -0-  
Sale/Lease-Back Reserve \$ -0-  
Capital Reserve \$ 3,261,862  
Emergency Reserve \$ -0-  
Maintenance Reserve \$ 876,000  
Tuition Reserve \$ -0-  
Other State/Governmental Mandated Reserve \$ -0-  
Other Restricted Fund Balance not Noted Above \$ -0-

Total Other Restricted Fund Balance \$ 4,137,862

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

It is recommended that:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

None

3. School Purchasing Program

None

4. School Food Service

None

5. Student Body Activities

None

6. Application for State School Aid

None

7. Pupil Transportation

None

8. Facilities and Capital Assets

The District review the status of grant expenditures and submit all the required project cost documentation to the Schools Development Authority for reimbursement.

9. Status of Prior Year's Findings/Recommendations

There were no recommendations in the prior year.