

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
COUNTY OF SUSSEX  
AUDITORS' MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS - FINANCIAL,  
COMPLIANCE AND PERFORMANCE  
YEAR ENDED JUNE 30, 2015

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
COUNTY OF SUSSEX  
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FINDINGS - FINANCIAL,  
COMPLIANCE AND PERFORMANCE  
YEAR ENDED JUNE 30, 2015  
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October 16, 2015

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, 2015, and have issued our report thereon dated October 16, 2015.

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 October 16, 2015, 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, 2015

Scope of Audit

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

Administrative Practices and Procedures

Insurance

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

Officials in Office and Surety Bonds

<u>Name</u>	<u>Position</u>	<u>Coverage</u>
John W. Waycie	School Business Administrator/Board Secretary	\$ 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.

Finding

Since approximately 1930 the Montague Board of Education has sent its 7th through 12th grade students to neighboring Port Jervis, New York to attend middle school and high school. In 2000 Montague and Port Jervis signed a send-receive contract that then New Jersey Commissioner of Education Hespe approved pursuant to N.J.S.A - 18A:38-10. By the terms of this contract either party could withdraw from the contract on 5 years notice to the other party.

In June 2013 then New Jersey commissioner Cerf withdrew consent of the Port Jervis send- receive contract. In December, 2014 the then members of the Board of Education adopted a "Transition Plan" with Port Jervis which, retroactive to the beginning of the 2014/15 school year, notifies Port Jervis of Montague's intention to phase out the sending of students to Port Jervis and instead send students to High Point Regional in New Jersey to comply with the N.J. Department of Education's directive. In January of 2015 the then Montague Board of Education rescinded the transition plan.

Subsequently multiple law suits have been initiated to either ratify or rescind the N.J. Department of Education's ruling and to determine the legality of the agreements with High Point and Port Jervis. The NJ Department of Education has threatened various punitive measures including loss of state aid if the contract with Port Jervis was not terminated and potential loss of certain licenses of the District's administration (including the superintendent and business administrator) if the Port Jervis tuition for students in grades 7, 9 and 10 is paid.

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
YEAR ENDED JUNE 30, 2015

Administrative Practices and Procedures (Cont'd)

Tuition Charges (Cont'd)

Recommendation

It is recommended that the Board of Education comply with the final determination of all outstanding litigation regarding the placement of all of the District's 7th through 12th grade students when it is obtained and then approved by the N.J. Department of Education.

Managements Response

The district administration will comply with final determination from the Commissioner of Education and litigation.

Financial Planning, Accounting and Reporting

Examination of Claims

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

Payroll Account

The net salaries of employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

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

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

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

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-8.2 as part of our test of transactions of randomly selected expenditure items. In addition to randomly selecting a test sample, we reviewed administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-16.2(f). We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. As a result of the procedures performed, a transaction error rate of 0% was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
YEAR ENDED JUNE 30, 2015  
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

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.

Finding:

There is a deficit fund balance in the Debt Service Fund as a result of sufficient funds not being budgeted for the amount of the note interest payments due on the 2009 roof replacement project. As the District will budget for the amount of the interest payments and the \$2,008 deficit in the Debt Service Fund budget for the fiscal year ended June 30, 2016, no formal recommendation is judged to be 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 herein.

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

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

The study of compliance for the N.C.L.B. indicated some areas of noncompliance as noted below.

Finding:

Based upon the results of our examination, we noted that the District does not approve all staff whose salaries are funded by the N.C.L.B. Title I grants annually in the Board Minutes. Additionally, timesheets were not being prepared and maintained to support all employees' salaries charged to the N.C.L.B. Title I grants.

Recommendation:

It is recommended that all staff charged to the N.C.L.B. Title I grants be approved annually by Board resolution and that all salaries charged to the N.C.L.B. Title I grants are supported by employees' timesheets.

Management Response:

The District will ensure that all staff charged to the N.C.L.B. Title I grants are approved annually by Board resolution and that all salaries charged to the N.C.L.B. Title I grants are supported by employees' timesheets.

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
YEAR ENDED JUNE 30, 2015  
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

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.

Finding:

A review was completed by the State of New Jersey Department of Education, Office of Fiscal Accountability and Compliance for the N.C.L.B. and I.D.E.A. Basic and Preschool for the period July 1, 2013 through March 31, 2014. The District received the consolidated monitoring report in July 2014. The District implemented a state approved corrective action plan in October 2014. In January 2015, the State conducted a follow-up review and determined that the District had successfully implemented the corrective action plan.

T.P.A.F. Reimbursement

Our audit procedures included a test of the bi-weekly reimbursements filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted. The T.P.A.F. Reimbursement to the State for Federal Salary Expenditures was remitted to the State of New Jersey prior to the required deadline of October 1, 2015. 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.

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
YEAR ENDED JUNE 30, 2015  
 (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, 2010 and thereafter, the bid threshold in accordance with N.J.S.A. 18A:18A-3 is \$26,000 and with a qualified purchasing agent and \$36,000 without a Qualified Purchasing Agent, respectively. The regulating bidding for public school student transportation contracts under N.J.S.A 18A:39-3 is currently \$18,300.

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, 2015  
(Continued)

School Food Service

The financial transactions and statistical records of the School Food Service Fund were reviewed. The financial accounts, meal count records, and eligibility applications were reviewed on a test basis. The Food Service accounting records maintained by the District's central administration office were reconciled with the records maintained by the Lafayette Township School.

The number of meals claimed for reimbursement was verified against sales. As part of the claims review process, the Edit Check Worksheet was completed. Reimbursement vouchers were timely filed.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served was compared to the number of valid applications on file, times the number of operating days, on a school by school basis. The free and reduced price meal policy appeared to be uniformly administered throughout the school system. The required verification procedures for free and reduced price applications were completed and available for review.

Expenditures should be separately recorded as food, labor and other costs. Lafayette Township School invoices were reviewed and costs verified on a test basis. Commodity Inventory records on food items were currently maintained and properly applied in determining the cost of food used.

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the nonprofit status of the School Food Service Fund. Net cash resources exceeded three months average expenditures. However, as the District has already taken steps to remedy this situation no formal recommendation is deemed warranted.

Cash receipts and bank records were reviewed for timely deposit.

The District deposited and expended program monies in accordance with N.J.S.A. 18A:17-34, and 19-1 through 19-4.1. Provisions of the Lafayette Township School contract/ addendum were reviewed and audited. The Lafayette Township School contract includes an operating result provision which guarantees that the food service program will break even. The operating provision has been met.

Food Distribution Program commodities were received and a separate inventory was maintained on a first-in, first-out basis. No exceptions were noted.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled "Proprietary Funds", Section G of the CAFR.

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.

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
YEAR ENDED JUNE 30, 2015  
 (Continued)

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2014 Application for State School Aid (A.S.S.A.) for on-roll, bilingual, private school disabled 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 work papers with exceptions as detailed below. 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.

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

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

Finding:

We noted that the District reported a total of 119 students on the low income section of the A.S.S.A. while the supporting work papers listed 127 students.

Recommendation:

It is recommended that the number of students reported on the A.S.S.A. for low income students is supported by the District's work papers.

Management Response:

The District will ensure that A.S.S.A. work papers support the number of low income students reported on the A.S.S.A.

Pupil Transportation

Our audit procedures included a test of on-roll status reported in the 2014-2015 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with some exceptions as detailed on the following page. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the District complied with proper bidding procedures and award of contracts. No exceptions were noted in our review of transportation related purchases of goods and services.

Finding:

The District reported a total of 500 students on the D.R.T.R.S. while the District's supporting documentation totaled 477 students. The District did not maintain on file the original documentation submitted to the State.

Recommendation:

It is recommended the District maintain the original supporting documentation for the students recorded on the District's Report of Transported Resident Students.

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
YEAR ENDED JUNE 30, 2015  
 (Continued)

Pupil Transportation (Cont'd)

Management Response:

The District will ensure that the original DRTRS supporting documentation is maintained on file.

Facilities and Capital Assets

The District currently has no active SDA grants.

Travel Expenses

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. No exceptions were noted in our review of travel expenses.

Management Suggestions

Internal Control

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

Unemployment Compensation Trust

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

Payroll Service Provider

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

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
YEAR ENDED JUNE 30, 2015  
(Continued)

Management Suggestions (Cont'd)

Confirmation of Payroll Taxes Paid by Payroll Service Provider

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

Governmental Accounting Standards Board Statements:

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

Single Audit

Effective for the fiscal year ended June 30, 2016, there will be significant changes to the Single Audit. These changes include the following:

- An increase in the single audit threshold
- Low risk auditee criteria
- Type A and B threshold
- Coverage requirements for major programs tested for both low risk and non-low risk auditees.

Additionally, the cost principles and administrative requirements such as A-87 have been consolidated under the *OMB Uniform Guidance: Cost Principles, Audit and Administrative Requirements for Federal Awards*.

This guidance was effective December 26, 2014 for all new federal awards and for any additional funding for existing awards made after December 26, 2014.

Deferred Compensation Plans

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

Independent Contractors vs. Employees

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

Status of Prior Year Findings/Recommendations

The prior year audit recommendation regarding ASSA low income students improved, but 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 15, 2014

	2015-2016 Application for State School Aid						Sample for Verification					
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Registers On Roll		Errors per Registers On Roll	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Full Day Kindergarten	32		32				32		32			
One	21		21				21		21			
Two	28		28				28		28			
Three	20		20				20		20			
Four	27		27				27		27			
Five	29		29				29		29			
Six	25		25				25		25			
Seven												
Eight												
Subtotal	182		182				182		182			
Special Ed - Elementary	33		33				4		4			
Special Ed - Middle School	4		4				1		1			
Subtotal	37		37				5		5			
Totals	219		219				187		187			
Percentage Error					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, 2014

	Resident Low Income			Sample for Verification		
	Reported on A.S.S.A. as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Kindergarten	15	14	1	1	1	
One	9	9		1	1	
Two	15	13	2	2	2	
Three	11	11		1	1	
Four	13	15	-2	1	1	
Five	11	14	-3	1	1	
Six	16	14	2	2	2	
Subtotal	<u>90</u>	<u>90</u>		<u>9</u>	<u>9</u>	
Special Ed - Elementary	20	33	-13	2	2	
Special Ed - Middle School	9	4	5	1	1	
Subtotal	<u>29</u>	<u>37</u>	<u>-8</u>	<u>3</u>	<u>3</u>	
Totals	<u>119</u>	<u>127</u>	<u>-8</u>	<u>12</u>	<u>12</u>	
Percentage Error			<u>-6.72%</u>			<u>0.00%</u>

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
SCHEDULE OF AUDITED ENROLLMENTS  
ENROLLMENT AS OF OCTOBER 15, 2014

Transportation

	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	355	364	-9	18	18	
Regular - Special Education	28	33	-5	2	2	
Transported - Non-Public	68	41	27	2	2	
AIL - Non-Public	7	7		1	1	
Special Ed - Special Needs	42	32	10	2	2	
Totals	<u>500</u>	<u>477</u>	<u>23</u>	<u>25</u>	<u>25</u>	<u>0.00%</u>
Percentage Error			<u>4.60%</u>			

	Reported	Recalculated
Average Mileage - Regular Including Grade PK Students	12.1	12.1
Average Mileage - Regular Excluding Grade PK Students	12.1	12.1
Average Mileage - Special Education with Special Needs	18.1	18.1

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
EXCESS SURPLUS CALCULATION  
YEAR ENDED JUNE 30, 2015

**EXCESS SURPLUS CALCULATION AT 6/30/15****REGULAR DISTRICT****SECTION 1****A. 2% Calculation of Excess Surplus**

2014-15 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ 9,609,926 (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	\$ 529,809 (B2a)
Assets Acquired Under Capital Leases	\$ -0- (B2b)
Adjusted 14-15 General Fund Expenditures [(B)+(B1's)-(B2's)]	<u>\$ 9,080,117 (B3)</u>
2% of Adjusted 2014-15 General Fund Expenditures [(B3) times .02]	\$ 181,602 (B4)
Enter Greater of (B4) or \$250,000	\$ 250,000 (B5)
Increased by: Allowable Adjustment	\$ 80,483 (K)
Maximum Unassigned Fund Balance [(B5)+(K)]	<u>\$ 330,483 (M)</u>

**SECTION 2**

Total General Fund - Fund Balances @ 6/30/15 (Per CAFR Budgetary Comparison Schedule C-1)	\$ 782,694 (C)
Decreased by:	
Year End Encumbrances	\$ 81,811 (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ -0- (C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures	<u>\$ -0- (C3)</u>
Other Restricted/Reserved Fund Balances	\$ 366,610 (C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	<u>\$ 3,790 (C5)</u>
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	<u>\$ 330,483 (U1)</u>
Increased by:	
Adjustment for Disallowed Transfers per S1701	\$ -0- (C6)
Total Unassigned Fund Balance for Excess Surplus Calculation (U1 + C6)	<u>\$ 330,483 (U2)</u>

**SECTION 3**

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

**Recapitulation of Excess Surplus as of June 30, 2015**

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	\$ -0- (C3)
Reserved Excess Surplus [(E)]	<u>\$ -0- (E)</u>
Total Excess Surplus [(C3)+(E)]	<u>\$ -0- (D)</u>

MONTAGUE TOWNSHIP SCHOOL DISTRICT  
EXCESS SURPLUS CALCULATION  
YEAR ENDED JUNE 30, 2015

Detail of Allowable Adjustments

Impact Aid	\$ -0- (H)
Sale and Lease Back	\$ -0- (I)
Extraordinary Aid	\$ 67,367 (J1)
Additional Nonpublic School Transportation Aid	\$ 13,116 (J2)
Current Year School Bus Advertising Revenue Recognized	\$ -0- (J3)
Family Crisis Transportation Aid	\$ -0- (J4)
 Total Adjustments ((H)+(I)+(J1)+(J2)+(J3)+(J4))	 <u>\$ 80,483 (K)</u>

Detail of Other Restricted Fund Balance

Statutory restrictions:	
Approved unspent separate proposal	\$ -0-
Sale/lease-back reserve	\$ -0-
Capital reserve	\$ 194,966
Maintenance reserve	\$ -0-
Tuition reserve	\$ -0-
School Bus Advertising 50% Fuel Offset Reserve – current year	\$ -0-
School Bus Advertising 50% Fuel Offset Reserve –prior year	\$ -0-
Impact Aid General Fund Reserve (Sections 8002 and 8003)	\$ 171,644
Impact Aid Capital Fund Reserve (Sections 8007 and 8008)	\$ -0-
Emergency reserve	\$ -0-
Other state/governmental mandated reserve	\$ -0-
 Other Restricted Fund Balance not noted above	 <u>\$ -0-</u>
 Total Other Restricted Fund Balance	 <u>\$ 366,610 (C4)</u>

TOWNSHIP OF MONTAGUE SCHOOL DISTRICT  
SUMMARY OF RECOMMENDATIONS  
YEAR ENDED JUNE 30, 2015

It is recommended that:

1. Administrative Practices and Procedures

The Board of Education comply with the final determination of all outstanding litigation regarding the placement of all of the District's 7th through 12th grade students when it is obtained and then approved by the N.J. Department of Education.

2. Financial Planning, Accounting and Reporting

All staff charged to the N.C.L.B. grants be approved annually by Board resolution and that all salaries charged to the N.C.L.B. grants are supported by employees' timesheets.

3. School Purchasing Program

None

4. School Food Service

None

5. Student Body Activities

None

6. Application for State School Aid

The District's work papers support the number of students reported on the ASSA report for low income students.

7. Pupil Transportation

The District maintain the original supporting documentation for the students recorded on the District's Report of Transported Resident Students.

8. Facilities and Capital Assets

None

9. Travel Expenses

None

10. Status of Prior Year's Findings/Recommendations

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