

Auditor's Management Report

for the

***Township of Montgomery
School District***

in the

*County of Somerset
New Jersey*

for the

*Fiscal Year Ended
June 30, 2022*

AUDITOR'S MANAGEMENT REPORT OF ADMINISTRATIVE FINDINGS-FINANCIAL AND COMPLIANCE

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Township of Montgomery School District
County of Somerset
Skillman, New Jersey 08558

We have audited, in accordance with U.S. generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Township of Montgomery School District in the County of Somerset for the year ended June 30, 2022, and have issued our report dated February 17, 2023.

As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended solely for the information of the Township of Montgomery School District, County of Somerset, New Jersey, the New Jersey Department of Education and federal and state audit awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



CERTIFIED PUBLIC ACCOUNTANTS



PUBLIC SCHOOL ACCOUNTANT NO. 948

February 17, 2023

**Independent Auditor's Management Report of Administrative
Findings • Financial and Compliance**

SCOPE OF AUDIT

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

ADMINISTRATIVE PRACTICES AND PROCEDURES

Insurance (N.J.S.A. 18A:17-26. 18A: 17-32)

Insurance coverage was carried in the amounts as detailed in the District's Annual Comprehensive Financial Report (ACFR) (See Exhibit "J-20").

Official Bonds

<u>NAME</u>	<u>POSITION</u>	<u>AMOUNT OF BONDS</u>
Alicia Schauer	Board Secretary/School Business Administrator	\$415,000.00

There is a Public Employees' Faithful Performance Blanket Position Bond with SAIF covering all other employees with coverage of \$500,000.00.

Adequacy of insurance coverage is the responsibility of the Board of Education.

P.L. 2020, c.44

Our audit procedures included an inquiry and subsequent review of health benefit data required per N.J.S.A. 18A:16-13.3 (Chapter 44) submitted for the year on audit. The Chapter 44 summary report was reviewed for reasonableness and timeliness.

The data submitted did include all health benefit plans offered by school district. The school district data certification was completed by the chief school administrator. The school district Chapter 44 data was submitted timely.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs differed from the estimated costs. The Board made a proper adjustment to the billings to sending Districts for the difference in per pupil costs in accordance with N.J.A.C. 6A-23A-17.1(f)3.

**Independent Auditor's Management Report of Administrative
Findings - Financial and Compliance**

FINANCIAL PLANNING, ACCOUNTING AND REPORTING

Examination of Claims

An examination of claims paid during the period under review did not indicate any discrepancies with respect to signatures or supporting documentation.

Payroll Account

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

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

Salary withholdings were properly remitted to the proper agencies, including health benefits withholdings due to the general fund.

Payrolls were delivered to the secretary of the board who then deposited with warrants in separate bank accounts for net payroll and withholdings.

Position Control Roster

The Position Control Roster was reviewed and compared to payroll records, employee benefit records and charges made to the general ledger to ensure proper and consistent financial reporting and that employee benefits are only offered to current employees.

Reserve for Encumbrances. Liability (Current) for Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, for goods not yet received or services not yet rendered and it was determined that no blanket purchase orders were included in the balance of the reserve for encumbrances. Also, unpaid purchase orders included in the balance of accounts payable were reviewed for propriety and to determine that goods were received and services were rendered, as of June 30.

**Independent Auditor's Management Report of Administrative
Findings - Financial and Compliance**

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 specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3. 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

The records maintained by the Board Secretary were in agreement with the records maintained by the Reconciler of School Monies.

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

The E.S.S.A./NCLB financial exhibits are contained within the Special Revenue Section of the ACFR. This section of the ACFR documents the financial position pertaining to projects under Title I and VI of the Elementary and Secondary Education Act as amended and reauthorized.

Other Special Federal and State Projects

The District's Special Projects were approved as listed on Exhibits K-3 and K-4 located in the ACFR.

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

T.P.A.F. Reimbursement

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

**Independent Auditor's Management Report of Administrative
Findings • Financial and Compliance**

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

The amount of the expenditure charged to the current year's Final Report(s) for all federal awards for the school district to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds was made prior to the end of the 90 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement. 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 \$32,000.00, 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 therefor, 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. (pending before the Legislature as section 15 of this bill) of section 9 of P.L. 1971 c. 198 (C.40A:11-9) the board of education may establish that the bid threshold may be up to \$44,000.00. 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 \$1,000.00. 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 every year in which it is made. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection a. of N.J.S.A. 18A:18A-5 may be awarded for a period not exceeding 12 consecutive months."

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 therefor, except as is provided otherwise in this chapter or specifically by any other law.

**Independent Auditor's Management Report of Administrative
Findings - Financial and Compliance**

SCHOOL PURCHASING PROGRAMS (CONTINUED)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

The board of education may, by resolution approve by the majority of the board of education and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the board of education finds that it has had negative prior experience with the bidder:

Effective July 1, 2020 and thereafter, the bid thresholds in accordance with N.J.S.A. 18A:18A-3(a) are \$44,000.00 (with a Qualified Purchasing Agent), \$32,000.00 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18:39-3 is currently \$20,200.00.

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

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 provisions of N.J.S.A. 18A:18A-4, amended.

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. Our audit did reveal however, that the District did make purchases under State contracts and cooperative purchasing agreements.

**Independent Auditor's Management Report of Administrative
Findings • Financial and Compliance**

FOOD SERVICE FUND

COVID-19 EMERGENCY

In accordance with the Governor's Declaration of Emergency pertaining to the COVID 19 Virus all Public, Charter and Non-Public schools were ordered to close effective as of March 18, 2020 for an undetermined period to limit the spread of the virus. As a result, School Food Authorities (SFA) were required to institute alternate procedures to provide meals to eligible students during the period of school closures. Governor Murphy's emergency declaration ended June 4, 2021; however, the United States Department of Agriculture's federal waiver continued through June 30, 2022. Food Service Agencies operated under this federal waiver.

As a result, School Food Authorities (SFAs) were required to provide meals in accordance with the regulations governing the National School Nutrition Seamless Summer Option (SSO) or the Summer Food Service Program (SFSP) option. SFAs could also choose to participate in the National School Lunch Program utilizing standard counting and claiming practices.

SFAs were authorized to solicit and award emergency noncompetitive procurements and contracts with Food Service Management Companies in accordance with 2 CFR 200.320 and N.J.S.A. 18A:18A-7. The SFAs were also authorized to submit contract modifications to their existing Cost Reimbursable or Fixed Price contracts as necessary to ensure the feeding of all children throughout the age of 18, as well as persons over 18 with disabilities as defined in the regulations.

SFAs were notified of the requirement to maintain and report separate meal count records and financial records of all applicable costs incurred in providing meals to all students during the emergency.

The financial transactions and statistical records of the school food service fund were reviewed. The financial accounts, meal count records were reviewed on a test-check basis. No exceptions were noted.

Cash receipts and bank records were reviewed for timely deposit. No exceptions noted.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food and supply items were currently maintained and properly applied in determining the cost of food and supplies used. No exceptions were noted.

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 non-profit status of the school food service.

**Independent Auditor's Management Report of Administrative
Findings • Financial and Compliance**

School Food Service (Continued)

The district utilizes a food service management company (FSMC) and is depositing and expending monies in accordance with N.J.S.A. 18A:17-34 and 19-1 through 19-4.1. Provisions of the FSMC contract/addendum were reviewed and audited. The FSMC contract does not include an operating results provision which guarantees that the food service program will return a profit.

The SFA recorded and maintained separate supporting documentation for additional costs (food, supplies, transportation, etc.) applicable to the implementation of the COVID-19 meal service under SSO or SFSP program requirements.

The FSMC did not apply for and receive a loan in accordance with the Payroll Protection Plan.

Net cash resources did exceed three months average expenditures.

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all School Food Service employees. No exceptions were noted.

The number of meals claimed for reimbursement was verified against sales and meal count records. As part of the claims review process the edit check worksheet was completed. Reimbursement claims were submitted in a timely manner. No exceptions were noted.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served did not exceed the number of valid applications on file, times the number of operating days, on a school by school basis. The free and reduced priced meal policy is uniformly administered throughout the school system. The required verification procedures for free and reduced price applications were completed and available for review. No exceptions were noted.

USDA Food Distribution Program (food and/or commodities) were received and a single inventory was maintained on a first-in, first-out basis. No exceptions were noted.

The statement of revenues, expenses and charges in fund net position (ACFR exhibit B-5) does separate program and non-program revenue and program and non-program costs of goods sold.

STUDENT BODY ACTIVITIES

The records for the Student Body Activities were maintained in satisfactory condition.

**Independent Auditor's Management Report of Administrative
Findings • Financial and Compliance**

APPLICATION FOR STATE SCHOOL AID

Our audit procedures included a test of information reported in the October 15, 2021 Application for State School Aid (A.S.S.A) for on-roll, private schools for the handicapped, low-income and bilingual. We also performed a review of the district procedures related to its completion. 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. Minor exceptions were noted.

The district has adequate procedures for the recording of student enrollment data.

PUPIL TRANSPORTATION

Our audit procedures included a test of on roll status reported in the 2021-22 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. Minor exceptions were noted in our review of transportation related purchases of goods and services.

FACILITIES

Our procedures included review of the SDA grant agreement for consistency with recording SDA revenue, transfer of local funds from the general fund or from the capital reserve account, and awarding of contracts for eligible facilities construction. No exceptions were noted.

TESTING FOR LEAD OF ALL DRINKING WATER IN EDUCATIONAL FACILITIES

The school district adhered to the requirements of N.J.A.C. 26-1.2 and 12.4 related to the testing for lead of all drinking water in educational facilities.

The school district submitted the annual Statement of Assurance to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

FOLLOW-UP ON PRIOR YEAR'S FINDINGS

Not applicable

Independent Auditor's Management Report of Administrative
Findings • Financial and Compliance

RECOMMENDATIONS

Administrative Practices and Procedures

None

Financial Planning, Accounting and Reporting

None

School Purchasing Program

None

School Food Service

None

Student Body Activities

None

Application for State School Aid

None

Pupil Transportation

None

Facilities and Capital Assets

None

Prior Year's Findings/Recommendations

None

SCHEDULE OF MEAL COUNT ACTIVITY
TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
FOOD SERVICE FUND

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
SCHEDULE OF MEAL COUNT ACTIVITY
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

<u>PROGRAM</u>	<u>MEAL CATEGORY</u>	<u>MEALS CLAIMED</u>	<u>MEALS TESTED</u>	<u>MEALS VERIFIED</u>	<u>DIFFERENCE</u>	<u>RATE (a)</u>	<u>(OVER) UNDER CLAIM (b)</u>
National School Lunch – SSO (8/21-12/21)	Free	133,393	49,328	49,328	0	4.3175	0.00
National School Lunch – SSO (1/22 – 6/22)	Free	290,504	116,135	116,135	0	4.5625	0.00
	TOTAL	133,393	49,328	49,328			0.00
School Breakfast – SSO (8/21-12/21)	Free	133,393	49,328	49,328	0	2.4626	0.00
School Breakfast – SSO (1/22-6/22)	Free	290,504	116,135	116,135	0	2.6050	0.00
	TOTAL	423,897	165,463	165,463			0.00
Total Net Overclaim (Underclaim)							0.00

Auditor Notation:

(a) Reimbursement rates are subject to annual change. Rates indicated in this sample schedule are for illustrative purposes only, refer to the detailed schedule of reimbursement rates presented on page II-60.15 of this Audit Program. (b) Overclaims or underclaims must be reflected by program on the Schedule of Findings and Questioned Costs (where applicable) and in the AMR.

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
SCHEDULE OF NET CASH RESOURCES
FOOD SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

ACFR	Current Assets		
B-4	Cash & Cash Equiv.	\$747,871.62	
B-4	Due from Other Gov'ts		
B-4	Accounts Receivable	261,712.88	
B-4	Prepaid Expenses		
ACFR	Current Liabilities		
B-4	Less Accounts Payable		
B-4	Less Accruals		
B-4	Less Due to Other Funds		
B-4	Less Unearned Revenue	(84,190.77)	
	Net Cash Resources	<u>\$925,393.73</u>	(A)
<u>Net Adj. Total Operating Expense:</u>			
B-5	Tot. Operating Exp.	\$2,096,200.80	
B-5	Less Depreciation	<u>(39,670.91)</u>	
	Adj. Tot. Oper. Exp.	\$2,056,529.89	(B)
<u>Average Monthly Operating Expense:</u>			
	B / 10	<u>\$205,652.99</u>	(C)
<u>Three times monthly Average:</u>			
	3 X C	<u>\$616,958.97</u>	(D)

TOTAL IN BOX A	<u>\$925,393.73</u>
LESS TOTAL IN BOX D	<u>\$616,958.97</u>
NET	<u>\$308,434.76</u>

A is greater than D, cash exceeds 3 X average monthly operating expenses.

D is greater than A, cash does not exceed 3 X average monthly operating expenses

* Inventories are not to be included in total current assets.

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2021

	2022-2023 Application for State School Aid						Sample for Verification						Private School for Handicapped			
	Reported on A.S.S.A. as on Roll		Reported on Workpapers on Roll		Errors		Sample Selected from Workpapers		Verified for Registers on Roll		Errors per Registers on Roll		Reported on A.S.S.A. as Private Schools	Sample for Verification	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Half Day Preschool	28		28		-	-	2		2		-	-				
Half Day Kindergarten	152		152		-	-	10		10		-	-				
One	252		252		-	-	17		17		-	-				
Two	251		251		-	-	17		17		-	-				
Three	279		279		-	-	19		19		-	-				
Four	297		297		-	-	20		20		-	-				
Five	330		330		-	-	22		22		-	-				
Six	315		315		-	-	21		21		-	-				
Seven	375		375		-	-	25		25		-	-				
Eight	347		347		-	-	23		23		-	-				
Nine	360		360		-	-	24		24		-	-				
Ten	329		329		-	-	22		22		-	-				
Eleven	347		347		-	-	23		23		-	-				
Twelve	327		327		-	-	22		22		-	-				
Subtotal	3989	0	3989	0	0	0	267	0	267		0	0				
SpEd Elementary	192		192		-	-	13		13		-	-	7	6	6	0
SpEd Middle School	144		144		-	-	10		10		-	-	7	6	6	0
SpEd High School	199		199		-	-	13		13		-	-	14	12	10	2
Subtotal	535	0	535	0	0	0	36	0	36	0	0	0	28	24	22	2
Totals	4524	0	4524	0	0	0	303	0	303	0	0	0	28	24	22	2
Percentage					0.00%	0.00%					0.00%	0.00%				8.33%

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15 2011

	Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on A.S.S.A Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on A.S.S.A. as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Half Day Preschool			-			-			-			-
Half Day Kindergarten			-			-			-			-
One	15	15	-	9	9	-			-			-
Two	11	11	-	7	7	-			-			-
Three	17	17	-	10	10	-	1	1	-	1	1	-
Four	13	13	-	7	7	-	1	1	-	2	2	-
Five	11	11	-	5	5	-	3	3	-	2	2	-
Six	11	11	-	6	6	-	1	1	-	1	1	-
Seven	13	13	-	8	8	-			-	0	0	-
Eight	13	13	-	8	8	-			-	0	0	-
Nine	20	20	-	11	11	-	2	2	-	2	2	-
Ten	15	15	-	7	7	-	1	1	-	2	2	-
Eleven	8	8	-	6	6	-			-	0	0	-
Twelve	10	10	-	6	6	-	1	1	-	1	1	-
Subtotal	157	157	0	90	90	0	10	10	0	11	11	0
SpEd Elementary	16	16	-	9	9	-	1	1	-	1	1	-
SpEd Middle School	17	17	-	10	10	-			-			-
SpEd High School	18	18	-	10	10	-	1	1	-	1	1	-
Subtotal	51	51	0	29	29	0	2	2	0	2	2	0
Totals	208	208	0	119	119	0	12	12	0	13	13	0

Percentage Error

0.00%

0.00%

0.00%

0.00%

Transportation

	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg. Public Schools, col.1	3,670	3,670	0	253	251	(2)
Reg. – SpEd, Col. 4	1	1	0	0	0	0
ALL – Non-Public, col.3	372	372	0	26	26	0
Transported – Non-Public, col 2	335.5	332.5	(1)	23	23	0
Special Ed Spec, col 6	27.5	27.5	0	2	2	0
Totals	4,404	4,403	(1)	304	302	(2)

Percentage Error

(0.02%)

(0.66%)

Township of Montgomery School District
Schedule of Audited Enrollments
Application for State School Aid Summary
Enrollment as of October 15, 2021

	Resident LEP NOT Low Income			Sample for Verification		
	Reported on A.S.S.A. as NOT Low Income	Reported on workpapers as NOT Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Half Day Preschool			-			-
Half Day Kindergarten	9	9	-	7	7	-
One	12	12	-	9	9	-
Two	10	10	-	8	8	-
Three	5	5	-	4	4	-
Four	2	2	-	1	1	-
Five	6	6	-	4	4	-
Six	5	5	-	3	3	-
Seven	2	2	-	1	1	-
Eight	5	5	-	4	4	-
Nine	14	14	-	10	10	-
Ten	1	1	-	1	1	-
Eleven	1	1	-	1	1	-
Twelve	4	4	-	2	2	-
Subtotal	76	76	0	55	55	0
SpEd Elementary	1	1	-	1	1	-
SpEd Middle School	1	1	-	1	1	-
SpEd High School	3	3	-	2	2	-
Subtotal	5	5	0	4	4	0
Totals	81	81	0	59	59	0
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

MONTGOMERY SCHOOL DISTRICT
SCHEDULE OF CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

REGULAR DISTRICT

SECTION 1

4% Calculation of Excess Surplus

2021 - 2022 Total General Fund Expenditures per the ACFR, Ex. C-1	\$	<u>109,914,094.64</u>	
Increased by:			
Transfer from Capital Outlay to Capital Projects Fund			
Transfer from Capital Reserve to Capital Projects Fund			
Decreased by:			
On-Behalf TPAF Pension & Social Security	\$	<u>21,210,034.65</u>	
Assets acquired under Installment Purchase Contracts		<u>200,670.00</u>	
Adjusted 2021 - 2022 General Fund Expenditures			\$ 88,503,389.99
4% of Adjusted 2021 - 2022 General Fund Expenditures			\$ <u>3,540,135.60</u>
Greater of line above or \$250,000.00			\$ <u>3,540,135.60</u>
Increased by: Allowable Adjustment			\$ <u>2,063,451.00</u>
Maximum Unreserved/Undesignated Fund Balance			\$ <u>5,603,586.60</u>

SECTION 2

Total General Fund - Fund Balances @ 06/30/2022	\$	<u>24,592,824.46</u>	
Decreased by:			
Year-end Encumbrances	\$	<u>652,255.34</u>	
Legally Restricted-Designated for Subsequent Year's Expenditures	\$		
Legally Restricted-Excess Surplus-Designated for Subsequent Year's Expenditures	\$	<u>3,809,656.00</u>	
Other Restricted Fund Balances:			
Emergency Reserve	\$	<u>274,983.39</u>	
Maintenance Reserve	\$	<u>3,000,000.00</u>	
Capital Reserve	\$	<u>6,718,278.22</u>	
Reserve for Unemployment Claims	\$	<u>732,883.19</u>	
Assigned Fund Balance - Unreserved-Designated for Subsequent Year's Expenditures	\$	<u>1,691.96</u>	
Total Unassigned Fund Balance			\$ <u>9,403,076.36</u>

SECTION 3

Restricted Fund Balance-Excess Surplus	\$ <u>3,799,489.76</u>
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Recapitulation of excess surplus as of June 30, 2022

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	\$ <u>3,809,656.00</u>
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Reserved Excess Surplus	\$ <u>3,799,489.76</u>
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Total Excess Surplus	\$ <u>7,609,145.76</u>
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Detail of Allowable Adjustments

Extraordinary Aid	\$ 2,054,281.00
Additional Non-Public School Transportation Aid	<u>9,170.00</u>

	\$ <u>3,809,656.00</u>
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