

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE
FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
YEAR ENDED JUNE 30, 2017
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Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mt. Arlington, NJ 07856
973-328-1825 | 973-328-0507 Fax
Lawrence Business Center
11 Lawrence Road
Newton, NJ 07860
973-383-6699 | 973-383-6555 Fax

November 9, 2017

The Honorable President and Members
of the Board of Education
Montclair Township School District
County of Essex, New Jersey

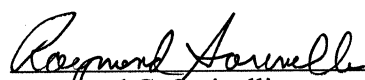
We have audited, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Montclair Township School District in the County of Essex for the fiscal year ended June 30, 2017, and have issued our report thereon dated November 9, 2017.

As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents. This letter does not affect our report dated November 9, 2017, on the financial statements of the Board.

We will review the status of the comments during our next audit engagement. We have already discussed these comments and suggestions with various management personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended for the information of the Montclair Township School District's 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


Raymond G. Sarinelli
Licensed Public School Accountant #864
Certified Public Accountant

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

Scope of Audit

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

Administration 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.

<u>Name</u>	<u>Position</u>	<u>Coverage</u>
Michael Zazzarino	Treasurer of School Monies	\$ 450,000
Ronald Bolandi	School Business Administrator/Board Secretary	430,000
Steven DiGeronimo	School Business Administrator/Board Secretary	430,000

There is a Public Employees' Dishonesty Blanket Bond with the General Security Property and Casualty Company covering all other employees with multiple coverage of \$1,000,000. Although not required it is suggested that the Surety Bond Coverage of the Business Administrator be increased to the same level as the Treasurer of School Monies.

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. Based on the results of our testing, we have no comments.

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

All payrolls tested were approved by the Superintendent and certified by the President of the Board and the School Business Administrator.

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

(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Payroll Account and Position Control Roster (Cont'd)

Finding:

During the course of our audit, we noted that the bank reconciliations for the Payroll account were not prepared on a monthly basis.

It is recommended that the bank reconciliations for the Payroll account be prepared on a monthly basis.

Management Response:

The District will ensure that the bank reconciliations for the Payroll account are prepared on a monthly basis.

Finding:

During the course of our audit, we noted that the District's 1099's were not timely filed.

It is recommended that the District ensure that the annual filing of 1099's is completed in a timely manner.

Management Response:

The District will ensure that the annual filing of 1099's is completed in a timely manner and is currently in the process of appealing to the IRS to consider waiving or reducing the penalties.

The required certification (E-Cert1) of compliance with requirements for income tax on compensation of administrators (superintendent, assistant superintendents, and business administrator) to the New Jersey Department of Treasury was filed by the March 15th 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.

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

Financial Planning, Accounting and Reporting (Cont'd)

Classification of Expenditures – General Classifications and Administrative Classifications

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, we reviewed administrative coding classifications to determine overall reliability and compliance with N.J.A.C 6A:23A-8.2. As a result of the procedures performed, no errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classifications.

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.

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, Title II and Title III of the No Child Left Behind Act. The study of compliance for the N.C.L.B. 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.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2017
(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, 2017. The reimbursement form was reviewed and no exceptions were noted.

School Purchasing Programs

Contracts and Agreements Requiring Advertising 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"

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

School Purchasing Programs (Cont'd)

Effective July 1, 2015 and thereafter the bid thresholds in accordance with *N.J.S.A.* 18A:18A-2 and 18A:18A-3(a) are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under *N.J.S.A.* 18A:39-3 is currently \$18,800.

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, as 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.

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 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.

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

School Food Service (Cont'd)

Finding:

During our review of the Food Service Fund financials our audit revealed a large student accounts receivable at year end. This was due to student lunch accounts being charged on account and not being collected. Due to the District's uncertainty as to the collectability of the receivable an allowance for doubtful accounts for \$107,382 was established in the Food Service Fund in the prior year.

It is recommended that the District evaluate and collect or cancel the students' food service accounts receivable at year end.

Management Response:

The District has initiated a procedure during the 2017/2018 school year to mitigate the students' food service accounts receivable from increasing in future years. Administration will also review all open balances for collection or cancellation in the 2017/2018 school year.

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 except as noted herein.

Finding:

Our audit included a review of the records maintained for the student activity funds at the various schools. Our review of the Renaissance Middle, Bradford Elementary and Nishuane Elementary Schools revealed that, for student body activities collections, the actual date of receipt was not recorded in all cases.

It is recommended that the District evaluate and continue to communicate policies for the student activity funds to standardize the process at each school to ensure that the above items are resolved.

Management Response:

The Administration has already provided face-to-face training for all principals and all secretaries on the District's policies and best practices with respect to student activity funds. The Administration will continue to work with the custodians of the school accounts to reinforce these policies and best practices.

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

Student Body Activities (Cont'd)

Finding:

During the course of our audit testing, we noted that the Nishuane Elementary School student activity account had an expenditure which should have been charged to general appropriations.

It is recommended that the procedures with regard to expenditures from the student activity accounts are reviewed to ensure the proper classification of expenditures.

Management Response:

The District will ensure the procedures with regard to expenditures from the student activity accounts are reviewed to ensure the proper classification of expenditures.

Application for State School Aid

Our audit procedures included a test of information reported in the October 14, 2016 Application for State School Aid (A.S.S.A.) for on-roll students, private schools for disabled students, low income students 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 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 has adequate written procedures for the recording of student enrollment data.

Finding:

Our review of the District's 2017-2018 Application for State School Aid revealed that the District did not accurately report the number of on-roll students (40 errors, net), low-income students (17 errors) and limited English proficient (LEP) students (2 errors, net); a total of 49 errors, net, as compared to the District's supporting workpapers.

It is recommended that greater care be taken to ensure the accuracy of reporting the counts for the on-roll, low-income and LEP students in the District's Application for State School Aid (ASSA).

Management's Response:

The District will implement procedures to ensure the accuracy of the counts reported for on-roll, low-income and LEP students in the District's Application for State School Aid (ASSA).

Pupil Transportation

Our audit procedures included a test of on-roll status reported in the 2016-2017 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.

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

Pupil Transportation (Cont'd)

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. Our review of transportation related purchases of goods and services revealed an exception as noted herein.

Finding:

The audit revealed that, due to personnel changes in the transportation department, the District's transportation contracts were not submitted to the Executive County Superintendent of Schools for approval.

It is recommended that, in accordance with N.J.A.C. 6A:27-9, the District submit all contracts for transportation to the Executive County Superintendent of Schools for approval within 30 days of the award of the contract or by September 1 of the school year in which transportation is to be provided.

Management Response:

The District will implement procedures to ensure that all contracts are sent to the Executive County Superintendent within 30 days of the award or before September 1 of the school year in which transportation is to be provided for approval.

Facilities and Capital Assets

Our procedures included a review of the SDA grant agreements 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.

Finding:

Our review of the Capital Projects Fund and the School Development Authority ("SDA") grants awarded revealed that the accounting records were not maintained in accordance with the *Uniform Minimum Chart to Accounts for New Jersey Public Schools, 2008 Edition* and that School Development Authority ("SDA") grants awarded to the District were not maintained within the accounting records of the District. SDA grants should be detailed in the accounting records to ensure the accuracy of the grant expenditures and provide support for the SDA submissions.

It is recommended that the accounting records be maintained in accordance with the *Uniform Minimum Chart to Accounts for New Jersey Public Schools, 2008 Edition* and that all SDA grants be included in the accounting records of the District to ensure support is available for the submission to the SDA.

Management Response

The District continues the process of breaking out the hard and soft costs associated with the newest capital projects in a manner that will comply with the *Uniform Minimum Chart of Accounts for New Jersey Public Schools, 2008 Edition* within the District's accounting records during the 2017-2018 fiscal year. The District also procured the services of an accounting consultant to assist with the review of the District's older SDA grants for collectability and the processing of the SDA ROD grant applications to expedite the payment of grant fund to the District.

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

Management Suggestions

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 Statement No. 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 Statement No. 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* in that successful implementation of this standard will require the provision of certain key financial and non-financial information from the New Jersey Division of Pensions.

Student Activities

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

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

Payroll

During our review of the net payroll account, it was noted that several reconciling items have been outstanding for a number of years. It is suggested that the District eliminate outstanding reconciling items that are no longer valid.

Federal Grants Receivable

During our review of grant receivable, it was noted that federal grant reimbursement requests were submitted infrequently during the fiscal year resulting in significant receivable balances at year-end and a reduction in the District’s cash flow. It is suggested that federal grant reimbursement requests be submitted on a more frequent basis.

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

Status of Prior Year's Findings/Recommendations

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year recommendations. The prior year recommendations regarding the preparation and approval of purchase orders, budget overexpenditures, Montclair High School student activity deposit backup and disbursement approval, and fixed assets were resolved. The remaining prior year recommendations regarding student activity dating of receipts at the Renaissance Middle, Bradford Elementary and Nishuane Elementary Schools, the evaluation and collection or cancellation of the students' food service accounts receivable at year end, and the accounting records for Capital Projects were not resolved and are included in the current year's findings.

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

	2017-2018 Application for State School Aid						Sample for Verification					
	Reported on Revised ASSA		Reported on Workpapers		Errors		Sample Selected from Workpapers		Verified per Registers		Errors	
	On Roll		On Roll		Full	Shared	Full	Shared	Full	Shared	Full	Shared
	Full	Shared	Full	Shared								
Half Day Preschool - 4 Year Old												
Full Day Preschool - 3 Year	3		3					3		3		
Full Day Preschool - 4 Year	4		4					4		4		
Full Day Kindergarten	401		401					401		401		
Grade One	406		405		1			405		405		
Grade Two	447		447					447		447		
Grade Three	441		441					441		441		
Grade Four	456		457		(1)			457		457		
Grade Five	458		458					458		458		
Grade Six	429		429					429		429		
Grade Seven	399		399					399		399		
Grade Eight	460		460					460		460		
Grade Nine	435		435					435		435		
Grade Ten	411		411					411		411		
Grade Eleven	409		409					409		409		
Grade Twelve	421		420		1			420		420		
Subtotal	<u>5,580</u>		<u>5,579</u>		<u>1</u>			<u>5,579</u>		<u>5,579</u>		
Special Education:												
Elementary	393		357		36			10		10		
Middle	300		299		1			7		7		
High	353	9	351	9	2			8		8		
Subtotal	<u>1,046</u>		<u>1,007</u>		<u>39</u>			<u>25</u>		<u>25</u>		
Totals	<u>6,626</u>	<u>-0-</u>	<u>6,586</u>	<u>-0-</u>	<u>40</u>	<u>-0-</u>		<u>5,604</u>	<u>-0-</u>	<u>5,604</u>	<u>-0-</u>	<u>-0-</u>
Percentage Error					<u>0.60%</u>	<u>0.00%</u>					<u>0.00%</u>	<u>0.00%</u>

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

	<u>Private Schools for Disabled</u>				<u>Resident Low Income</u>					
	<u>Reported on ASSA as Private Schools</u>	<u>Sample for Verification</u>	<u>Sample Verified</u>	<u>Sample Errors</u>	<u>Reported on ASSA as Low Income</u>	<u>Reported on Workpapers as Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Application and Register</u>	<u>Sample Errors</u>
Full Day Kindergarten					56	56		2	2	
Grade One					50	50		2	2	
Grade Two					63	60	3	2	2	
Grade Three					53	53		2	2	
Grade Four					51	51		2	2	
Grade Five					47	47		1	1	
Grade Six					60	60		2	2	
Grade Seven					52	52		2	2	
Grade Eight					51	51		2	2	
Grade Nine					54	54		2	2	
Grade Ten					47	47		2	2	
Grade Eleven					47	47		2	2	
Grade Twelve					49	48	1	2	2	
Subtotal					<u>680</u>	<u>676</u>	<u>4</u>	<u>25</u>	<u>25</u>	
Special Education:										
Elementary School	14	1	1		102	93	9	4	4	
Middle School	11	1	1		99	98	1	3	3	
High School	37	4	4		81	78	3	3	3	
Subtotal	<u>62</u>	<u>6</u>	<u>6</u>		<u>282</u>	<u>269</u>	<u>13</u>	<u>10</u>	<u>10</u>	
Totals	<u>62</u>	<u>6</u>	<u>6</u>	<u>-0-</u>	<u>962</u>	<u>945</u>	<u>17</u>	<u>35</u>	<u>35</u>	<u>-0-</u>
Percentage Error				<u>0.00%</u>			<u>1.77%</u>			<u>0.00%</u>

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

Resident LEP Low Income

	Reported on ASSA as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Test Scores, Application and Register	Sample Errors
Full Day Kindergarten	2	2				
Grade One	4	4		1	1	
Grade Two	2	2				
Grade Three	4	4		1	1	
Grade Four	1	1				
Grade Five	1		1			
Grade Seven	2	2		1	1	
Grade Eight	2	1	1			
Grade Nine	1	1				
Grade Ten	2	2		1	1	
Grade Eleven	1	2	(1)			
Grade Twelve	3	3		1	1	
Subtotal	<u>25</u>	<u>24</u>	<u>1</u>	<u>5</u>	<u>5</u>	
Totals	<u>25</u>	<u>24</u>	<u>1</u>	<u>5</u>	<u>5</u>	<u>-0-</u>
Percentage Error			<u>4.00%</u>			<u>0.00%</u>

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

Resident LEP Not Low Income

	Reported on ASSA as LEP Not Low Income	Reported on Workpapers as LEP Not Low Income	Errors	Sample Selected from Workpapers	Verified to Test Scores and Register	Sample Errors
Full Day Kindergarten	1	1				
Grade One	1	2	(1)			
Grade Two	2	2		1	1	
Grade Three	3	1	2	1	1	
Grade Four	2	1	1			
Grade Six	2	3	(1)			
Grade Eight	3	3		1	1	
Grade Nine	1	1				
Grade Ten	1	1				
Subtotal	<u>16</u>	<u>15</u>	<u>1</u>	<u>3</u>	<u>3</u>	
Totals	<u>16</u>	<u>15</u>	<u>1</u>	<u>3</u>	<u>3</u>	<u>-0-</u>
Percentage Error			<u>6.67%</u>			<u>0.00%</u>

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

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	1,459	1,459		25	25	
Regular - Special Education	8	8		3	3	
AIL - Non Public	291	291		25	25	
Special Needs - Public	76	76		8	8	
Special Needs - Private	66	66		7	7	
Totals	1,900	1,900	-0-	68	68	-0-
Percentage Error			0.00%			0.00%

	Reported	Recalculated
Average Mileage - Regular Including Grade PK Students	3.63	3.63
Average Mileage - Regular Excluding Grade PK Students	3.63	3.63
Average Mileage - Special Education with Special Needs	8.86	8.86

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF MEAL COUNT ACTIVITY
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOT APPLICABLE

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF NET CASH RESOURCES
FOOD SERVICE FUND
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOT APPLICABLE

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2017

REGULAR DISTRICT

SECTION 1

2% Calculation of Excess Surplus

2016-17 Total General Fund Expenditures per the CAFR, Ex. C-1	<u>\$ 134,363,639</u> (B)
Increased by:	
Transfer from Capital Outlay to Capital Projects Fund	<u>\$</u> (B1a)
Transfer from Capital Reserve to Capital Projects Fund	<u>\$</u> (B1b)
Transfer from General Fund to SRF for PreK - Regular	<u>\$</u> (B1c)
Transfer from General Fund to SRF for PreK - Inclusion	<u>\$</u> (B1d)
Decreased by:	
On-Behalf TPAF Pension and Social Security	<u>\$ 15,318,463</u> (B2a)
Assets Acquired Under Capital Leases	<u>\$ 97,140</u> (B2b)
Adjusted 2016-17 General Fund Expenditures [(B)+(B1's)-(B2's)]	<u>\$ 118,948,036</u> (B3)
2% of Adjusted 2016-17 General Fund Expenditures [(B3) times .02]	<u>\$ 2,378,961</u> (B4)
Enter Greater of (B4) or \$250,000	<u>\$ 2,378,961</u> (B5)
Increased by: Allowable Adjustments	<u>\$ 538,211</u> (K)
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]	<u>\$ 2,917,172</u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6/30/2017 (Per CAFR Budgetary Comparison Schedule C-1)	<u>\$ 4,686,881</u> (C)
Decreased by:	
Year-End Encumbrances	<u>\$ 392,636</u> (C1)
Legally Restricted:	
Designated for Subsequent Year's Expenditures	<u>\$</u> (C2)
Excess Surplus - Designated for Subsequent Year's Expenditures	<u>\$</u> (C3)
Other Restricted Fund Balances	<u>\$ 1,243,992</u> (C4)
Assigned Fund Balance:	
Unreserved - Designated for Subsequent Year's Expenditures	<u>\$ 100,000</u> (C5)
Additional Assigned Fund Balance:	
Unreserved - Designated for Subsequent Year's Expenditures July 1, 2017 - August 1, 2017	<u>\$</u> (C6)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]	<u>\$ 2,950,253</u> (U1)

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

SECTION 3

Restricted Fund Balance - Excess Surplus [(U1)-(M)] IF NEGATIVE, ENTER -0- \$ 33,081 (E)

Recapitulation of Excess Surplus as of June 30, 2017

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

Restricted Excess Surplus [(E)] \$ 33,081 (E)

Total Excess Surplus [(C3)+(E)] \$ 33,081 (D)

Detail of Allowable Adjustments

Impact Aid \$ -0- (H)

Sale & Lease-back \$ -0- (I)

Extraordinary Aid \$ 487,577 (J1)

Additional Nonpublic School Transportation Aid \$ 50,634 (J2)

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

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

Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)] \$ 538,211 (K)

Detail of Other Restricted Fund Balances

Statutory Restrictions:

Approved Unspent Separate Proposal \$ -0-

Sale/Lease-back Reserve \$ -0-

Capital Reserve \$ 493,992

Maintenance Reserve \$ 750,000

Emergency 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) \$ -0-

Impact Aid General Fund Reserve (Sections 8007 and 8008) \$ -0-

Other State/Government Mandated Reserve \$ -0-

Other Restricted Fund Balances Not Noted Above \$ -0-

Total Other Restricted Fund Balances \$ 1,243,992 (C4)

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SUMMARY
JULY 1, 2016 THROUGH JUNE 30, 2017
(Continued)

It is recommended that:

1. Administrative Practices and Procedures
None
2. Financial Planning, Accounting and Reporting
 - a) The bank reconciliations for the Payroll account be prepared on a monthly basis.
 - b) The District ensure that the annual filing of 1099's is completed in a timely manner.
3. School Purchasing Program
None
4. School Food Service
The District evaluate and collect or cancel the students' food service accounts receivable at year end.
5. Student Body Activities
 - a) The District evaluate and communicate policies for the student activity funds to standardize the process at each school.
 - b) The procedures with regard to expenditures from the student activity accounts are reviewed to ensure the proper classification of expenditures.
6. Application for State School Aid
Greater care be taken to ensure the accuracy of reporting the counts for the on-roll, low-income and LEP students in the District's Application for State School Aid (ASSA).
7. Pupil Transportation
In accordance with N.J.A.C. 6A:27-9, the District submit all contracts for transportation to the Executive County Superintendent of Schools for approval within 30 days of the award of the contract or by September 1 of the school year in which transportation is to be provided.
8. Facilities and Capital Assets
The accounting records be maintained in accordance with the *Uniform Minimum Chart to Accounts for New Jersey Public Schools, 2008 Edition* and that all SDA grants be included in the accounting records of the District to ensure support is available for the submission to the SDA.
9. Status of Prior Year's Findings/Recommendations
In accordance with *Government Auditing Standards*, our procedures included a review of all prior year recommendations. The prior year recommendations regarding the preparation and approval of purchase orders, budget overexpenditures, Montclair High School student activity deposit backup and disbursement approval, and fixed assets were resolved. The remaining prior year recommendations regarding student activity dating of receipts at the Renaissance Middle, Bradford Elementary and Nishuane Elementary Schools, the evaluation and collection or cancellation of the students' food service accounts receivable at year end, and the accounting records for Capital Projects were not resolved and are included in the current year's findings.