

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
COUNTY OF ESSEX  
AUDITORS' MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS - FINANCIAL,  
COMPLIANCE AND PERFORMANCE  
YEAR ENDED JUNE 30, 2018

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
COUNTY OF ESSEX  
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE  
FINDINGS - FINANCIAL,  
COMPLIANCE AND PERFORMANCE  
YEAR ENDED JUNE 30, 2018  
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January 18, 2019

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, 2018, and have issued our report thereon dated January 18, 2019.

As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents. This letter does not affect our report dated January 18, 2019, on the financial statements of the Board.

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

This report is intended for the information of the 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

A handwritten signature in black ink, appearing to read "Raymond G. Sarinelli", is written over a horizontal line.

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, 2018

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>
Andrea Del Guercio	Treasurer of School Monies	\$ 456,000
Emidio D'Andrea	School Business Administrator/Board Secretary	456,000

There is a Public Employees' Dishonesty Blanket Bond with the American Alternative Insurance Company covering all other employees with multiple coverage of \$1,000,000.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were different than estimated costs. The Board made a proper adjustment to the billings to sending districts for the change in per pupil costs in accordance with N.J.A.C. 6A:23A-3.1(f)3.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid on a test basis, during the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation. 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, 2018  
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Payroll Account and Position Control Roster (Cont'd)

*Finding:*

During the course of our audit testing, we noted that employment contracts were not executed for tenured employees for the 2017-18 year.

It is recommended that procedures with regard to employment contracts are followed to ensure employment contracts are executed annually for all employees.

*Management Response:*

The District will ensure that procedures with regard to employment contracts are followed to ensure employment contracts are executed annually for all employees.

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 15<sup>th</sup> 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 – 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.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

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

The E.S.E.A. financial exhibits are contained herein within the Special Revenue Section of the District's CAFR. This section of the CAFR documents the financial position pertaining to projects under Title I, Title II, Title III and Title IV of the Elementary and Secondary Education Act as amended and reauthorized. The study of compliance for the E.S.E.A. did not indicate any area of noncompliance.

Other Special Federal and/or State Projects

The District's Special Projects were approved as listed on Schedule A and Schedule B located in the CAFR.

Our audit of the federal and state funds on a test basis indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

*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. grant programs for the period July 1, 2016 through June 30, 2017. The District received the consolidated monitoring report in December 2018, which yielded the following findings:

- a) Adequate documentation was not provided which demonstrates expenditures totaling \$2,522.67 were incurred and charged to the FY 2016-2017 Title I, Part A program and which do not represent allowable costs.
- b) Title I funded personnel did not prepare detailed time and activity reports in a manner consistent with the requirements of UGG, 2 C.F.R. § 200.430(i) and department guidelines.
- c) Certain records were not maintained in accordance with departmental and federal guidelines. The District did not maintain a log evidencing equipment items charged to federal programs and did not properly label items as belonging to the federal program.

The District submitted a corrective action plan to the New Jersey Department of Education, which was reviewed and found to be acceptable, except in relation to the disallowable costs of \$2,522.67. Since the District remitted the recoveries for these disallowed costs to the New Jersey Department of Education, the corrective action plan was accepted in its entirety and was not required to be revised.

During the course of the audit, we ensured that the District had adhered to the NJ DOE's requirement for time and activity reports for the Title I. We also reviewed capital assets and found that the District is now tracking all equipment by grant and is in the process of tagging all of its capital assets. No recommendations are judged to be warranted.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
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FISCAL YEAR ENDED JUNE 30, 2018  
(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, 2018. 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 . . . ."

Effective July 1, 2015 and thereafter the bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is \$19,000 for 2017-18.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
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FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

School Purchasing Programs (Cont'd)

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Attorney's opinion should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. General compliance was noted.

The results of our examination indicated that no individual payments, contracts, or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies", in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A. 18A:18A-4, 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.

Finding:

During our review of the Food Service Fund financial statements our audit revealed a large amount of 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 \$99,097 was established in the Food Service Fund in the prior year.



MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

School Food Service (Cont'd)

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 2018/2019 school year to mitigate the students' food service accounts receivable from increasing in future years. Administration has also implemented a procedure that reviews all open balances bi-monthly for collection or cancellation in the 2018/2019 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. This review revealed instances where District-wide standard policies and procedures were not followed with regard to collections and disbursements and included lack of detail supporting deposits, expenditures which should have been charged to general appropriations, ordering and making purchases prior to signatures and authorizations being obtained and checks written out to cash.

It is recommended that the District continue to communicate District-wide standard policies and procedures for all student activity funds to ensure that they are adhered to.

Management Response:

In the Spring of 2018, Administration implemented a new procedures manual for all District employees. 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.

Application for State School Aid (ASSA)

Our audit procedures included a test of information reported in the October 13, 2017 ASSA 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 ASSA was compared to the District workpapers with exceptions. The information that was included on the workpapers was verified on a test basis with exceptions. 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, 2018  
(Continued)

Application for State School Aid (ASSA) (Cont'd)

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

Finding:

Our review of the District's 2018-2019 Application for State School Aid (ASSA) revealed that the District did not accurately report the number of on-roll students (12 errors, net), resident low-income students (6 errors, net); a total of 18 errors, net, as compared to the District's supporting workpapers. There were also 9 errors identified in the sample of resident low-income students reported selected from the District's workpapers for verification to the supporting application and register.

It is recommended that greater care be taken to ensure the accuracy of reporting the counts for the on-roll and resident low-income 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 and resident low-income 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 2017-2018 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. 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 inadvertently omitted reporting the on-roll status of special needs - private students. The District estimates that about 60-70 students should have been reported in this category.

It is recommended that greater care be exercised in reporting the on-roll status in the DRTRS to ensure accurate reporting in all categories.

Management Response:

The District will implement procedures to ensure the on-roll status in the DRTRS is accurately reported in all categories.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

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.

Testing for Lead of All Drinking Water in Educational Facilities

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

Management Suggestions

SOC 1 (System and Organization Controls) Reports

Many school districts contract with service providers to perform functions such as the processing of payroll and provision of food service management services. In conjunction with these services, the service provider will engage an auditor to perform a SOC 1 (System and Organization Controls) engagement which results in a SOC 1 report. There are two different types of SOC 1 reports - a Type 1 and a Type 2 report. Both report on the fairness of the presentation of management's description of the service organization's system and the design of the controls to achieve the related control objectives. The Type 1 report is through a specific period. The Type 2 report also reviews the operating effectiveness of the controls included in the description throughout a specified period. Included in the Type 2 report will be the individual controls, what was tested and the results of the testing.

We suggest that the District review these SOC 1 reports to determine if there are any exceptions noted in the opinion in the Independent Auditors' Report. Additionally, for SOC 1 Type 2 reports we suggest that the District review the test results related to the individual control testing to determine if there were any exceptions noted. If exceptions are noted in the report the District should contact the service provider and inquire what steps the service provider is taking to address these exceptions.

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 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.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

Management Suggestions (Cont'd)

Capital Projects

As a Type I School District, capital projects funded by the issuance of debt are authorized by the Board of School Estimate and provided for by Township ordinance. There are several older capital projects provided for by Township ordinance with unexpended balances at June 30, 2018. It is suggested that the District and the Township review these older capital projects to determine they are in overall agreement and also to identify unexpended balances eligible to be canceled and consolidated in a new ordinance.

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.

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 payroll reconciliations and timely 1099 filings, pupil transportation contracts and accounting records for capital projects were resolved. The remaining prior year recommendations regarding collection or cancellation of the students' food service accounts receivable, student activities and the application for state school aid 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 13, 2017

	2018-2019 Application for State School Aid						Sample for Verification					
	Reported on		Reported on		Errors		Sample		Verified per		Errors	
	Revised ASSA	On Roll	Workpapers	On Roll	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Full Day Preschool - 3 Year	10		3		7		3		3			
Full Day Preschool - 4 Year	9		6		3		6		6			
Full Day Kindergarten	410		410				410		410			
Grade One	404		404				404		404			
Grade Two	399		399				399		399			
Grade Three	436		437		(1)		437		437			
Grade Four	440		440				440		440			
Grade Five	452		451		1		451		451			
Grade Six	452		452				452		452			
Grade Seven	433		433				433		433			
Grade Eight	410		410				410		410			
Grade Nine	455		456		(1)		456		456			
Grade Ten	443		443				443		443			
Grade Eleven	416		415		1		415		415			
Grade Twelve	412		412				412		412			
Subtotal	5,581		5,571		10		5,571		5,571			
Special Education:												
Elementary	438		438				10		10			
Middle	284		284				5		5			
High	375	5	373	5	2		10		10			
Subtotal	1,097		1,095		2		25		25			
Totals	6,678	-0-	6,666	-0-	12	-0-	5,596	-0-	5,596	-0-	-0-	-0-
Percentage Error					0.18%	0.00%				0.00%	0.00%	0.00%

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF AUDITED ENROLLMENT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 13, 2017

	Private Schools for Disabled			Resident Low Income					
	Reported on ASSA as Private Schools	Sample for Verification	Sample Verified	Sample Errors	Reported on ASSA as Low Income	Reported on Workpapers as Low Income	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Kindergarten					63	63	2	2	
Grade One					58	58	2	1	1
Grade Two					55	57	(2)	4	4
Grade Three					69	67	2	1	1
Grade Four					61	61	2	2	2
Grade Five					55	55	1	1	1
Grade Six					62	62	1	1	1
Grade Seven					67	67	3	3	3
Grade Eight					54	54	2	1	1
Grade Nine					50	50	2	2	2
Grade Ten					59	61	(2)	2	1
Grade Eleven					61	64	(3)	1	1
Grade Twelve					58	59	(1)	1	1
Subtotal					772	778	(6)	25	19
									6
Special Education:									
Elementary School	10	2	2		131	117	14	3	2
Middle School	14	2	2		95	107	(12)	3	2
High School	48	3	3		120	122	(2)	4	3
Subtotal	72	7	7		346	346		10	7
Totals	72	7	7	-0-	1,118	1,124	(6)	35	26
Percentage Error				0.00%			-0.54%		25.71%

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF AUDITED ENROLLMENT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 13, 2017

	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
Grade One	3	3		1		1
Grade Two	1	1				
Grade Three	1	1				
Grade Four	3	3		1	1	
Grade Eight	2	2		1	1	
Grade Nine	1	1				
Grade Ten	3	3		1	1	
Grade Eleven	2	2				
Grade Twelve	3	3		1	1	
Subtotal	19	19		5	4	1
Special Education:						
High School	1	1				
Subtotal	1	1				
Totals	20	20	-0-	5	4	1
Percentage Error			0.00%			20.00%

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF AUDITED ENROLLMENT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 13, 2017

	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						
Grade One	2	2		1	1	
Grade Two	1	1				
Grade Three	3	3		1	1	
Grade Seven	1	1				
Grade Nine	2	2		1	1	
Grade Ten	1	1				
Grade Eleven	2	2		1	1	
Subtotal	14	14		4	4	
Totals	14	14	-0-	4	4	-0-
Percentage Error			0.00%			0.00%



MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF AUDITED ENROLLMENT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 13, 2017

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	1,462	1,462		25	25	
Regular - Special Education	41	41		7	6	1
AIL - Non Public	279	279		25	23	2
Special Needs - Public	13	13		3	3	
Special Needs - Private	*	*	*	*	*	*
Totals	<u>1,795</u>	<u>1,795</u>	<u>-0-</u>	<u>60</u>	<u>57</u>	<u>3</u>
Percentage Error			<u>0.00%</u>			<u>5.00%</u>

\* - The District inadvertently omitted the reporting of Special Needs - Private students at the time of DRTRS submission on October 13, 2017. The District estimates that about 60-70 students should have been reported in this category.

	Reported	Recalculated
Average Mileage - Regular Including Grade PK Students	3.50	3.50
Average Mileage - Regular Excluding Grade PK Students	3.50	3.50
Average Mileage - Special Education with Special Needs	1.80	1.80

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
EXCESS SURPLUS CALCULATION  
FISCAL YEAR ENDED JUNE 30, 2018

**REGULAR DISTRICT**

**SECTION 1**

**2% Calculation of Excess Surplus**

2017-18 Total General Fund Expenditures per the CAFR, Ex. C-1	<u>\$ 134,844,627</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>\$ 17,330,325</u> (B2a)
Assets Acquired Under Capital Leases	<u>\$</u> (B2b)
Adjusted 2017-18 General Fund Expenditures [(B)+(B1's)-(B2's)]	<u>\$ 117,514,302</u> (B3)
2% of Adjusted 2017-18 General Fund Expenditures [(B3) times .02]	<u>\$ 2,350,286</u> (B4)
Enter Greater of (B4) or \$250,000	<u>\$ 2,350,286</u> (B5)
Increased by: Allowable Adjustments	<u>\$ 1,035,461</u> (K)
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]	<u>\$ 3,385,747</u> (M)

**SECTION 2**

Total General Fund - Fund Balances @ 6/30/2018 (Per CAFR Budgetary Comparison Schedule C-1)	<u>\$ 8,818,557</u> (C)
Decreased by:	
Year-End Encumbrances	<u>\$ 1,782,865</u> (C1)
Legally Restricted:	
Designated for Subsequent Year's Expenditures	<u>\$</u> (C2)
Excess Surplus - Designated for Subsequent Year's Expenditures	<u>\$ 33,081</u> (C3)
Other Restricted Fund Balances	<u>\$ 2,582,924</u> (C4)
Assigned Fund Balance:	
Unreserved - Designated for Subsequent Year's Expenditures	<u>\$ 466,919</u> (C5)
Additional Assigned Fund Balance:	
Unreserved - Designated for Subsequent Year's Expenditures July 1, 2018 - August 1, 2018	<u>\$</u> (C6)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]	<u>\$ 3,952,768</u> (U1)

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
EXCESS SURPLUS CALCULATION  
FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

**SECTION 3**

Restricted Fund Balance - Excess Surplus [(U1)-(M)] IF NEGATIVE, ENTER -0- \$ 567,021 (E)

**Recapitulation of Excess Surplus as of June 30, 2018**

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures \$ 33,081 (C3)

Restricted Excess Surplus [(E)] \$ 567,021 (E)

Total Excess Surplus [(C3)+(E)] \$ 600,102 (D)

**Detail of Allowable Adjustments**

Impact Aid \$ -0- (H)

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

Extraordinary Aid \$ 954,551 (J1)

Additional Nonpublic School Transportation Aid \$ 80,910 (J2)

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

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

Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)] \$ 1,035,461 (K)

**Detail of Other Restricted Fund Balances**

Statutory Restrictions:

Approved Unspent Separate Proposal \$ -0-

Sale/Lease-back Reserve \$ -0-

Capital Reserve \$ 1,498,646

Maintenance Reserve \$ 1,084,278

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 Capital 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 \$ 2,582,924 (C4)

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
SUMMARY OF RECOMMENDATIONS  
FISCAL YEAR ENDED JUNE 30, 2018

It is recommended that:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

Procedures with regard to employment contracts are followed to ensure employment contracts are executed annually for all employees.

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

The District continue to communicate District-wide standard policies and procedures for all student activity funds to ensure that they are adhered to.

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

Greater care be exercised in reporting the on-roll status in the DRTRS to ensure accurate reporting in all categories.

8. Facilities and Capital Assets

None

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 payroll reconciliations and timely 1099 filings, pupil transportation contracts and accounting records for capital projects were resolved. The remaining prior year recommendations regarding collection or cancellation of the students' food service accounts receivable, student activities and the application for state school aid were not resolved and are included in the current year's findings.