

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
YEAR ENDED JUNE 30, 2020

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE
FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
YEAR ENDED JUNE 30, 2020
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January 18, 2021

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, 2020, and have issued our report thereon dated January 18, 2021.

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, 2021, 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
NISIVOCCIA LLP

Valerie A. Dolan

Valerie A. Dolan
Licensed Public School Accountant #2526
Certified Public Accountant

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2020

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.

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 except as noted herein.

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.

Finding:

During the course of our audit testing, we noted that employment contracts were not executed for tenured employees for the 2019-2020 year.

Recommendation:

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Payroll Account and Position Control Roster (Cont'd)

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 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.

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.

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.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
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FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Other Special Federal and/or State Projects

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

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

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

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, 2020. 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"

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
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FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

School Purchasing Programs (Cont'd)

Contracts and Agreements Requiring Advertising for Bids (Cont'd)

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 2019-20.

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.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
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FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

School Food Service

The school food service program was not selected as a major federal and/or state program. However, the program expenditures exceeded \$100,000 in federal and/or state support. Accordingly, we inquired of school management, or the appropriate school food service personnel, as to whether the School Food Authority (“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, prepared 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.

We also inquired of management about the emergency COVID-19 procedures/practices that the SFA instituted to provide meals to eligible students, maintenance of all applicable production records, meal counts, noncompetitive procurements, modification of existing contracts and applicable financial records to document the specific costs applicable to the emergency operations.

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

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 \$151,638 was established in the Food Service Fund.

Recommendation:

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

Management Response:

The District initiated a procedure during the 2019/2020 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 and several accounts were collected or canceled in the current year.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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 the following comments.

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.

1. Buzz Aldrin Middle School bank reconciliations were not maintained throughout the year and did not clearly identify outstanding checks and the ending reconciled cash balance. During the course of our audit, it was noted that some checks were issued where the vendor was paid through electronic funds transfer.
2. Bradford Elementary School and Charles H. Bullock Elementary School receipt journals which indicate the date of receipt were not maintained, therefore, the timeliness of deposit could not be determined.
3. Renaissance Middle School did not adhere to the District-wide standard policies and procedures with regard to timely turnover and deposit of student activity funds.
4. Charles H. Bullock Elementary School, Nishuane Elementary School, Edgemont Montessori School, Bradford Elementary School, Buzz Aldrin Middle School and the Athletics student activity account payment vouchers did not have payment signature approvals.
5. No voucher or invoice was provided for the three Athletic account disbursements tested and for two of three deposits selected for testing.
6. 'Request for Check' forms are not utilized by the Nishuane Elementary School and Bradford Elementary School to ensure required approvals are obtained prior to payment.
7. One of three cash receipts tested for the Edgemont Montessori School and Glenfield Middle School student activities accounts were not turned over for deposit in a timely manner.
8. An analysis of student activities balances is not maintained.

Recommendation:

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.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

Application for State School Aid (ASSA)

Our audit procedures included a test of information reported in the October 15, 2019 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 as detailed below. The information that was included on the workpapers was verified on a test basis with exceptions as detailed below. 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 2020-2021 ASSA revealed that the District did not accurately report the number of resident low-income students (7 errors, net), resident LEP low-income students ((2) errors, net); a total of 9 errors, net, as compared to the District's supporting workpapers.

Recommendation:

It is recommended that greater care be taken to ensure the accuracy of reporting the counts for the resident low income and resident LEP 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 resident low-income and resident LEP low-income students in the District's ASSA.

Pupil Transportation

Our audit procedures included a test of travel reimbursements reported in the 2019-2020 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.

Finding:

Our review of the District's 2019-2020 DRTRS revealed that the District inadvertently omitted reporting regular – special education and aid in lieu – nonpublic students transported.

Recommendation:

It is recommended that greater care be taken to ensure accurate reporting of transported students in all categories, including the omitted regular – special education and aid in lieu – nonpublic students transported on the District Report of Transported Resident Students (DRTRS).

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

Pupil Transportation (Cont'd)

Management's Response:

The District will make every effort to ensure that the District Report of Transported Students accurately reflects transported students in all categories. Additionally, the District will review and update its policies and/or procedures to ensure compliance with state grant requirements.

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.

Travel Expense and Reimbursement Policy

Travel regulations require each District to adopt a formal policy and procedure pertaining to travel and expense reimbursement for its employees and board members. The regulations include requirements for the District to establish a maximum travel amount for the year and to ensure that the maximum amount is not exceeded. The regulations also require that all travel must be preapproved by the Board of Education and Superintendent and that a brief report detailing the key issues addressed at the travel event must be submitted after the travel event has occurred.

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

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

The District has \$1,901,570 in SDA receivables related to projects that are complete or materially complete and there are older District funded projects that should be reviewed for close-out. The District should submit the reimbursement requests for these projects as soon as possible to ensure collection of these funds and to allow for the close-out of the projects and review older District funded projects for close-out. As the District has made a continuing effort in pursuing the assistance needed to file the reimbursement requests for the projects and is in the process of reviewing older District funded projects for close-out, no formal recommendation is judged to be warranted.

Finding

The District received an updated appraisal report for its capital assets as of June 30, 2020 after the date of this report. As the delay in receiving the updated appraisal report is directly related to COVID-19, no formal recommendation is judged to be warranted.

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).

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

Management Suggestions

Governmental Accounting Standards Board (GASB) Statements

Due to COVID-19, the GASB postponed the implementation of GASB Statement No. 84, *Fiduciary Activities*, until the fiscal year ended June 30, 2021. Based on guidance from the NJ Department of Education and GASB, the activity for student activities, payroll agency, unemployment compensation trust, flexible spending trust and private purpose scholarship trust funds will no longer be reported in the Fiduciary Fund financial statements. This activity will now be reported in the General (payroll agency, flexible spending and unemployment compensation) and Special Revenue (student activities and scholarship) Funds.

Effect on Internal Controls due to COVID-19

With the increase in employees working remotely due to COVID-19 especially those in the Business Office it is vital that the District routinely reviews the internal controls in place especially with respect to security of passwords as well as access rights to accounting software and bank information including bank wire transfers and the timely back-up of records.

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 employment contracts, 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 15, 2019

	2020-2021 Application for State School Aid				Sample for Verification							
	Reported on Revised ASSA On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Registers On Roll		Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Full Day Preschool - 3 Year	6		6				6		6			
Full Day Preschool - 4 Year	8		9		(1)		9		9			
Full Day Kindergarten	457		457				457		457			
Grade One	453		453				453		453			
Grade Two	413		413				413		413			
Grade Three	383		383				383		383			
Grade Four	399		399				399		399			
Grade Five	428		428				428		428			
Grade Six	400		400				400		400			
Grade Seven	451		451				451		451			
Grade Eight	458		458				458		458			
Grade Nine	406		406				406		406			
Grade Ten	409		409				409		409			
Grade Eleven	456		456				456		456			
Grade Twelve	411		411				411		411			
Subtotal	5,538		5,539		(1)		5,539		5,539			
Special Education:												
Elementary	427		426		1		10		10			
Middle	271		271				5		5			
High	353	6	353	5			10		10			
Subtotal	1,051	6	1,050	5	1		25		25			
Totals	6,589	6	6,589	5	-0-	-0-	5,564	-0-	5,564	-0-	-0-	-0-
Percentage Error					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 15, 2019

	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	Workpapers as Low Income	Sample Selected from Workpapers	Errors	Verified to Application and Register	Sample Errors
Full Day Kindergarten					46	46	1			1
Grade One					44	43	1		2	
Grade Two					51	51			3	
Grade Three					39	40	(1)		2	
Grade Four					45	45			2	
Grade Five					49	49			3	
Grade Six					37	38	(1)		2	
Grade Seven					52	52			3	
Grade Eight					55	56	(1)		1	
Grade Nine					50	49	1		2	
Grade Ten					37	38	(1)		1	
Grade Eleven					50	51	(1)		2	
Grade Twelve					40	39	1		1	
Subtotal					595	597	(2)		24	1
Special Education:										
Elementary School	15	2	2		99	94	5		3	1
Middle School	15	2	2		78	77	1		2	
High School	55	5	5		93	90	3		4	
Subtotal	85	9	9		270	261	9		9	1
Totals	85	9	9	-0-	865	858	7		33	2
Percentage Error				0.00%			0.81%			5.71%

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2019

	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						
Grade One	3	4	(1)			
Grade Two	2	3	(1)			
Grade Four	1	1		1	1	
Grade Five	1	1				
Grade Six	2	2		1	1	
Grade Seven	1	1				
Grade Eight	4	4		1	1	
Grade Nine	1	1				
Grade Ten	2	2		1	1	
Grade Eleven	2	2		1	1	
Subtotal	1	1				
	20	22	(2)	5	5	
Special Education:						
High School	1	1				
Subtotal	1	1				
Totals	21	23	(2)	5	5	-0-
Percentage Error			9.52%			0.00%

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2019

	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	3	3				
Grade Two	5	5				
Grade Three	5	5		1	1	
Grade Four	3	3		1	1	
Grade Five	1	1				
Grade Six	3	3				
Grade Seven	4	4		1	1	
Grade Eight	1	1				
Grade Nine	3	3		1	1	
Grade Ten	1	1				
Grade Eleven	4	4		1	1	
Grade Twelve						
Subtotal	33	33		5	5	
Totals	33	33	-0-	5	5	-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 15, 2019

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	1,447	1,447		25	25	
Regular - Special Education **						
AIL - Non Public **						
Special Needs - Public	142	142		15	15	
Special Needs - Private	104	104		11	11	
Totals	<u>1,693</u>	<u>1,693</u>	<u>-0-</u>	<u>51</u>	<u>51</u>	<u>-0-</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

** - The District inadvertently omitted the reporting of Regular - Special Education and AIL - Non Public students at the time of DRTRS submission on October 15, 2019. The District reported 64 and 251 students, respectively, in these categories in the prior year.

	Reported	Recalculated
Average Mileage - Regular Including Grade PK Students	2.9	2.9
Average Mileage - Regular Excluding Grade PK Students	2.9	2.9
Average Mileage - Special Education with Special Needs	4.5	4.5

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2020

REGULAR DISTRICT

SECTION 1

2% Calculation of Excess Surplus

2019-20 Total General Fund Expenditures per the CAFR, Ex. C-1	<u>\$ 149,019,148</u> (B)
Increased by:	
Transfer from Capital Outlay to Capital Projects Fund	<u>\$</u> (B1a)
Transfer from Capital Reserve to Capital Projects Fund	<u>\$ 8,037</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>\$ 21,015,757</u> (B2a)
Assets Acquired Under Capital Leases	<u>\$ 360,000</u> (B2b)
Adjusted 2019-20 General Fund Expenditures [(B)+(B1's)-(B2's)]	<u>\$ 127,651,428</u> (B3)
2% of Adjusted 2019-20 General Fund Expenditures [(B3) times .02]	<u>\$ 2,553,029</u> (B4)
Enter Greater of (B4) or \$250,000	<u>\$ 2,553,029</u> (B5)
Increased by: Allowable Adjustments	<u>\$ 1,037,639</u> (K)
Maximum Unassigned Fund Balance [(B5)+(K)]	<u>\$ 3,590,668</u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6/30/2020 (Per CAFR Budgetary Comparison Schedule C-1)	<u>\$ 9,372,075</u> (C)
Decreased by:	
Year-End Encumbrances	<u>\$ 506,106</u> (C1)
Legally Restricted:	
Designated for Subsequent Year's Expenditures	<u>\$</u> (C2)
Excess Surplus - Designated for Subsequent Year's Expenditures	<u>\$ 260,986</u> (C3)
Other Restricted Fund Balances	<u>\$ 2,274,243</u> (C4)
Assigned Fund Balance:	
Designated for Subsequent Year's Expenditures	<u>\$ 1,739,014</u> (C5)
Additional Assigned Fund Balance:	
Designated for Subsequent Year's Expenditures July 1, 2020 - August 1, 2020	<u>\$</u> (C6)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]	<u>\$ 4,591,726</u> (U1)

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

SECTION 3

Restricted Fund Balance - Excess Surplus [(U1)-(M)] IF NEGATIVE, ENTER -0- \$ 1,001,058 (E)

Recapitulation of Excess Surplus as of June 30, 2020

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures \$ 260,986 (C3)

Restricted Excess Surplus [(E)] \$ 1,001,058 (E)

Total Excess Surplus [(C3)+(E)] \$ 1,262,044 (D)

Detail of Allowable Adjustments

Impact Aid \$ -0- (H)

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

Extraordinary Aid \$ 1,037,639 (J1)

Additional Nonpublic School Transportation Aid \$ -0- (J2)

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

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

Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)] \$ 1,037,639 (K)

Detail of Other Restricted Fund Balances

Statutory Restrictions:

Approved Unspent Separate Proposal \$ -0-

Sale/Lease-back Reserve \$ -0-

Capital Reserve \$ 1,389,965

Maintenance Reserve \$ 884,278

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 \$ 2,274,243 (C4)

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SUMMARY OF RECOMMENDATIONS
FISCAL YEAR ENDED JUNE 30, 2020

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 resident low-income and resident LEP low-income students in the District's Application for State School Aid (ASSA).
7. Pupil Transportation
Greater care be taken to ensure accurate reporting of transported students in all categories, including the omitted regular – special education and aid in lieu – nonpublic students transported on the District Report of Transported Resident Students (DRTRS).
8. Travel Expense and Reimbursement Policy
None
9. Facilities and Capital Assets
None
10. 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 employment contracts, 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.