

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
INDEPENDENT AUDITOR'S MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS -  
FINANCIAL, COMPLIANCE AND PERFORMANCE  
JUNE 30, 2020**

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
TABLE OF CONTENTS**

**AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS  
- FINANCIAL, COMPLIANCE AND PERFORMANCE**

	<u>Page No.</u>
Report of Independent Auditor's	1
Scope of Audit	2
Administrative Practices and Procedures	2
Financial Planning, Accounting and Reporting	2-4
School Purchasing Programs	4
School Food Service	5
Student Body Activity	5
Application for State School Aid	6
Pupil Transportation	6
Facilities and Capital Assets	6
Testing for Lead of All Drinking Water in Educational Facilities	6
Follow-up on Prior Year Findings	6
Schedule of Meal Count Activity / Net Cash Resources – Not Applicable	7
Schedule of Net Cash Resources – Not Applicable	7
Schedule of Audited Enrollments	8-10
Calculation of Excess Surplus	11
Recommendations	12
Acknowledgement	12



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
JULIUS B. CONSONI, CPA, PSA  
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
RALPH M. PICONE, III, CPA, RMA, PSA  
DONNA L. JAPHET, CPA, PSA  
DEBRA GOLLE, CPA  
MARK SACO, CPA  
ROBERT LERCH, CPA  
CHRIS SOHN, CPA  
CHRISTOPHER M. VINCI, CPA

Honorable President and Members  
of the Board of Education  
Montville Township Public Schools  
Montville, 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 Montville Township Public Schools as of and for the fiscal year ended June 30, 2020, and have issued our report thereon dated January 11, 2021.

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

This report is intended solely for the information and use of management, the Board of Trustees, others within the District and the New Jersey State Department of Education. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

LERCH, VINCI & HIGGINS, LLP

Gary J. Vinci  
Public School Accountant  
PSA CS00829

Fair Lawn, New Jersey  
January 11, 2021

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Scope of Audit**

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

**Administrative Practices and Procedures**

**Insurance**

Fire insurance coverage was carried in the amounts as detailed on Exhibit J-20, "Schedule of Insurance", as presented in the District's Comprehensive Annual Financial Report (the "CAFR").

**Official Bonds**

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Katine M. Slunt	School Business Administrator	\$400,000

There is a Public Employees' Faithful Performance Blanket Position Bond with General Security Property and Casualty Company covering all other employees with multiple coverage of \$250,000.

**Financial Planning, Accounting and Reporting**

**Examination of Claims**

An examination of claims paid during the period under review did not reveal any discrepancies with respect to signature certification, proper itemization or supporting documentation.

**Payroll Account**

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

All payrolls tested were certified by the President of the Board, Board Secretary/School Business Administrator and Chief School Administrator.

Salary withholdings were promptly remitted to the proper agencies, including health benefits contribution withholdings due to the General Fund. The School Business Administrator completed and filed the required Certification of Compliance with Federal and State Law respecting the reporting of compensation for certain employees.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Financial Planning, Accounting and Reporting (Continued)**

Employee Position Control Roster

The District has implemented and maintains a personnel tracking and accounting (Position Control) system.

Reserve for Encumbrances and Accounts Payable

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

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23-8.3.

Board Secretary's Records

The financial records, books of account and minutes maintained by the Board Secretary were in very good condition.

The prescribed contractual order system was followed.

Acknowledgment of the Board's receipt of the Board Secretary's monthly financial reports was included in the minutes.

**Finding** – Our audit indicated that the contract awarded for the Energy Savings Program was not encumbered in the District's financial reporting system. In addition, payments related to the Energy Savings Program were not included on the monthly bills list approved by the Board.

**Recommendation** – Purchase orders be issued for contracts awarded for the Energy Savings Program and payments for such services be included on the monthly bills list submitted to the Board for approval.

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./E.S.S.A. financial exhibits are contained within the Special Revenue section of the CAFR. This section of the CAFR documents the financial position pertaining to projects under Titles I, II, III and IV of the Elementary and Secondary Education Act, as amended.

Our examination indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

Other Special Federal and/or State Projects

The district's Special Projects were approved as listed on Exhibit K-3 and Exhibit K-4 located in the Single Audit Section of 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.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Financial Planning, Accounting and Reporting (Continued)**

Other Special Federal and/or State Projects (Continued)

The financial exhibits contained herein represent a true statement of the financial position pertaining to the aforementioned special projects.

T.P.A.F. Reimbursements

Our audit procedures included a test of the semi-monthly reimbursement forms 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 amount of the expenditure charged to the current year's Final Reports for all federal awards for the school district to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds was made prior to the end of the 60 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

**School Purchasing Programs**

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) \$40,000 (with a Qualified Purchasing Agent) on \$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 \$19,000.

If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (C.40A:11-9), the Board of Education may establish that the bid threshold may be up to \$40,000. 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. The Board has designated the School Business Administrator as the qualified purchasing agent.

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 Board 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.

The results of our examination did not indicate any individual payments, contracts or agreements which were made "for the performance of any work or the furnishing of any materials or supplies," in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A. 18A:18A-4.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained; however, our testing revealed that the District utilized State contracts and New Jersey purchasing consortiums during 2019/20.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**School Food Service**

In accordance with the Governor's Declaration of Emergency pertaining to COVID-19, all public, charter and non-public schools were ordered to close effective as of March 18, 2020 for an undetermined period to limit the spread of the virus. As a result, School Food Authorities (SFA) were required to institute alternate procedures to provide meals to free and reduced price eligible students during the period of school closures.

Therefore, SFA's were authorized to solicit and award emergency noncompetitive procurements and contracts with Food Service Management Companies in accordance with 2 CFR 200.320 and N.J.S.A. 18A:18A-7. The SFA's were also authorized to submit contract modifications to their existing cost reimbursable or fixed price contracts as necessary to ensure the feeding of free and reduce priced meal eligible students.

SFA's were notified of the requirement to maintain and report separate meal count records and financial records of all applicable costs incurred in providing meals to all free and reduced price meal eligible students during the emergency.

The financial transactions and statistical records of the school food services were maintained in satisfactory condition.

Expenditures were separately recorded as food, labor and other costs. Inventory records on food supply items were currently maintained and properly applied in determining the cost of food and supplies used.

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service. Net cash resources did not exceed three months average expenditures.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds.

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.

The District does not participate in the National School Lunch Program and has contracted with Pomptonian to operate and manage its food service program for 2019/20.

Provisions of the food service management company (FSMC) contract/addendum were reviewed and audited.

**Finding** – Our audit indicated that the unrestricted net position of the Food Service Enterprise Fund was in a deficit position at year end in the amount of \$46,693. This deficit occurred in a prior year and the District continues to make efforts to fund this deficit on an annual basis, therefore no audit recommendation is warranted.

**Student Body Activity**

The Board has a policy, which clearly established the regulation of student activity funds.

Cash receipts and disbursements records for all schools were maintained in satisfactory condition.

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Application for State School Aid**

Our audit procedures included a test of information reported in the October 15, 2019 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the disabled, low-income and bilingual. 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. The results of our procedures are presented in the Schedule of Audited Enrollments.

The district did maintain workpapers on the prescribed state forms or their equivalent.

**Pupil Transportation**

Our audit procedures included a test of on roll status reported in the 2019-20 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 included a review of transportation related contracts and purchases. Based on our review, the district complied with proper bidding procedures and award of contracts. No exceptions were noted in our review of transportation related purchases of goods and services.

**Facilities and Capital Assets**

Our procedures included a review of the School Development Authority (the "SDA") grant agreements for consistency in recording SDA revenue and the awarding of contracts for eligible facilities construction.

**Finding** – Our audit indicated that purchase orders were reduced for unused contract contingencies. However, contractor certificates did not indicate a corresponding reduction in remaining contract balances.

**Recommendation** – Revised contractor certificates be obtained for reductions as a result of unused contingencies.

**Testing for Lead of All Drinking Water in Educational Facilities**

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

**Follow-up on Prior Year Findings**

In accordance with government auditing standards, our procedures included a review of all prior year recommendations including findings. Corrective action had been taken on the prior year finding.



**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
FOOD SERVICE ENTERPRISE FUND  
NUMBER OF MILK SERVED AND (OVER)/UNDERCLAIM  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOT APPLICABLE**

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
FOOD SERVICE ENTERPRISE FUND  
NET CASH RESOURCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOT APPLICABLE**

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
APPLICATION FOR STATE SCHOOL AID (A.S.S.A.)  
SCHEDULE OF AUDITED ENROLLMENTS  
OCTOBER 15, 2019**

8

	2020-2021 Application for State School Aid						Sample for Verification						Private Schools for Disabled			
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Register On Roll		Errors per Registers On Roll		Reported on A.S.S.A. as Private Schools	Sample for Verifi- cation	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Half Day Preschool - 3 years	13		13					13		13						
Half Day Preschool - 4 years																
Full Day Preschool - 3 years	19		19					19		19						
Full Day Preschool - 4 years																
Half Day Kindergarten																
Full Day Kindergarten	234		234					62		62						
One	205		205					31		31						
Two	214		214					49		49						
Three	199		199					49		49						
Four	190		190					33		33						
Five	221		221					58		58						
Six	248		248					248		248						
Seven	229		229					229		229						
Eight	223		223					223		223						
Nine	233		233					233		233						
Ten	199		199					199		199						
Eleven	231	7	231	7				231		231						
Twelve	262	3	262	3	-	-		262	-	262	-	-	-	-	-	-
Subtotal	2,920	10	2,920	10	-	-		1,939	-	1,939	-	-	-	-	-	-
Spec Ed - Elementary	223		223		-			23		23			5.0	1.0	1.0	
Spec Ed- Middle School	175		175					20		20			11.0	3.0	3.0	-
Spec Ed - High School	183	11	183	11	-	-		21		21			27.0	1.0	1.0	-
Subtotal	581	11	581	11	-	-		64	-	64	-	-	43.0	5.0	5.0	-
Totals	3,501	21	3,501	21	-	-		2,003	-	2,003	-	-	43.0	5.0	5.0	-
Percentage Error					0.00%	0.00%							0.00%	0.00%		0.00%

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
APPLICATION FOR STATE SCHOOL AID (A.S.S.A.)  
SCHEDULE OF AUDITED ENROLLMENTS  
OCTOBER 15, 2019**

	Low Income			Sample for Verification			LEP Low Income			Sample for Verification		
	Reported on A.S.S.A as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on A.S.S.A as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
	Half Day Pre-School (3 Yrs)											
Half Day Pre-School (4 Yrs)												
Full Day Preschool - 3 years												
Full Day Preschool - 4 years												
Half Day Kindergarten												
Full Day Kindergarten												
One	3	3		2	2							
Two	3	3		2	2		1	1				
Three	2	2		1	1							
Four	2	2		2	2		1	1	1	1		
Five	3	3		2	2							
Six	3	3		2	2		1	1				
Seven	1	1		1	1							
Eight	7	7		5	5							
Nine	3	3		2	2							
Ten	9	9		7	7							
Eleven	4	4		3	3							
Twelve	5	5	-	4	4	-	1	1		1	1	-
Subtotal	48	48	-	35	35	-	4	4	-	2	2	-
Spec Ed - Elementary	8	8		5	5							
Spec Ed- Middle School	10	10		8	8							
Spec Ed - High School	11	11	-	6	6	-	-	-	-	-	-	-
Subtotal	29	29	-	19	19	-	-	-	-	-	-	-
Totals	77	77	-	54	54	-	4	4	-	2	2	-
Percentage Error			0.00%			0.00%			0.00%			0.00%

	Transportation					
	Reported on DRTRS by County	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular- Public Schools	1184.0	1184.0	-	54.0	54.0	-
Transported- Non- Public	22.0	22.0	-	1.0	1.0	-
Sp. Ed. (w/o sp. needs) in district	202.0	202.0	-	9.0	9.0	-
Sp. Ed (with sp. needs)	130.0	130.0	-	6.0	6.0	-
Totals	1,538.0	1,538.0	-	70.0	70.0	-
			0.00%			0.00%

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
APPLICATION FOR STATE SCHOOL AID (A.S.S.A.)  
SCHEDULE OF AUDITED ENROLLMENTS  
OCTOBER 15, 2019**

	Resident LEP Not Low Income			Sample for Verification		
	Reported on A.S.S.A as Not Low Income	Reported on Workpapers as Not Low Income	Errors	Sample Selected from Workpapers	Verified to Register	Sample Errors
Half Day Pre-School (3 Yrs)						
Half Day Pre-School (4 Yrs)						
Full Day Pre-School (3 Yrs)						
Full Day Pre-School (4 Yrs)						
Half Day Kindergarten						
Full Day Kindergarten	14	14		11	11	
One	10	10		8	8	
Two	4	4		3	3	
Three	8	8		6	6	
Four						
Five	4	4		3	3	
Six						
Seven						
Eight	2	2		2	2	
Nine	1	1		1	1	
Ten	3	3		2	2	
Eleven						
Twelve	4	3	(1)	2	2	-
Subtotal	<u>50</u>	<u>49</u>	<u>(1)</u>	<u>38</u>	<u>38</u>	<u>-</u>
Spec Ed - Elementary	5	5		4	4	
Spec Ed- Middle School	1	1		1	1	
Spec Ed - High School	2	2	-	2	2	-
Subtotal	<u>8</u>	<u>8</u>	<u>-</u>	<u>7</u>	<u>7</u>	<u>-</u>
Totals	<u>58</u>	<u>57</u>	<u>(1)</u>	<u>45</u>	<u>45</u>	<u>-</u>
Percentage Error			<u>-1.72%</u>			<u>0.00%</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
CALCULATION OF EXCESS SURPLUS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

2019-2020 Total General Fund Budgetary Expenditures		\$ 86,332,302
Increased by:		
Transfer to Food Service Enterprise Fund		44,378
Decreased by:		
Acquisitions Under Capital Lease	\$ (524,421)	
On-Behalf TPAF Pension & Social Security	<u>(12,719,990)</u>	
		<u>(13,244,411)</u>
Adjusted 2019-2020 General Fund Expenditures		<u>\$ 73,132,269</u>
2% of Adjustment 2019-2020 General Fund Expenditures	\$ 1,462,645	
Increased by Allowable Adjustments		
Extraordinary Aid	598,860	
Non Public Transportation	<u>763</u>	
Maximum Unassigned Fund Balance		<u>\$ 2,062,268</u>
Total General Fund - Fund Balance at June 30, 2020 (Per CAFR Budgetary Comparison Schedule C-1)		\$ 11,950,223
Decreased by:		
Encumbrances	\$ 1,299,571	
Excess Surplus - Designated for Subsequent Year's Budget	1,000,000	
Restricted Fund Balance		
Capital Reserve	5,052,646	
Maintenance Reserve	1,001,000	
Capital Lease Obligations	466,402	
Assigned - Designated for Subsequent Year's Budget	<u>19,112</u>	
		<u>8,838,731</u>
Total Unassigned Fund Balance		<u>3,111,492</u>
Fund Balance - Excess Surplus		<u>\$ 1,049,224</u>
<b><u>Recapitulation of Excess Surplus at June 30, 2020</u></b>		
Excess Surplus - Designated for Subsequent Year's Budget		\$ 1,000,000
Excess Surplus		<u>1,049,224</u>
		<u>\$ 2,049,224</u>

**MONTVILLE TOWNSHIP PUBLIC SCHOOLS  
RECOMMENDATIONS**

**I. Administrative Practices and Procedures**

There are none.

**II. Financial Planning, Accounting and Reporting**

It is recommended that purchase orders be issued for contracts awarded for the Energy Savings Program and payments for such services be included on the monthly bills list submitted to the Board for approval.

**III. School Purchasing Program**

There are none.

**IV. School Food Services**

There are none.

**V. Student Body Activity**

There are none.

**VI. Application for State School Aid**

There are none.

**VII. Pupil Transportation**

There are none.

**VIII. Facilities and Capital Assets**

It is recommended that revised contractor certificates be obtained for reductions as a result of unused contingencies.

**IX. Status of Prior Years' Audit Findings/Recommendations**

There were no recommendations in the prior year audit.

**ACKNOWLEDGEMENT**

We received the complete cooperation of all the officials of the school district and would like to thank the Business Office, Superintendent's Office and their staff for the courtesies extended to us.