

***MONTVALE BOARD OF EDUCATION
AUDITOR'S MANAGEMENT REPORT
FISCAL YEAR ENDED JUNE 30, 2021***

***Barre & Company LLC
Certified Public Accountants & Consultants***

MONTVALE BOARD OF EDUCATION

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

Table of Contents

	Page No.
Report of Independent Auditors	1
Scope of Audit.....	2
Administrative Practices and Procedures	2
Insurance	2
Official Bonds.....	2
Tuition Charges.....	2
Financial Planning, Accounting and Reporting	2
Examination of Claims	2
Payroll Account	2
Employee Position Control Roster.....	3
Reserve for Encumbrances and Accounts Payable.....	3
Classification of Expenditures	3
• General Classifications	3
• Administrative Classifications.....	3
Board Secretary's Records	3
Financial Planning, Accounting and Reporting (Continued).....	4
Elementary and Secondary Education Act (E.S.E.A.) as Amended by the Every Student Succeeds Act (ESSA)	4
Other Special Federal and/or State Projects	4
T.P.A.F. Reimbursement.....	4
TPAF Reimbursement to the State for Federal Salary Expenditures	4
School Purchasing Programs.....	5
Contracts and Agreements Requiring Advertisement for Bids	5
School Food Service	5
Special Milk Program	6
Montvale Summer Institute.....	6
Montvale Child Care	6
Student Body Activities	6
Enrollment Counts and Submissions to the Department	N/A
Application for State School Aid	6
Pupil Transportation.....	7
Facilities and Capital Assets	7
Testing for Lead of all Drinking Water in Educational Facilities	7
Miscellaneous	7
Follow-up on Prior Year Findings	7
Acknowledgment.....	7
Schedule of Meal Count Activity.....	N/A
Schedule of Audited Enrollments	8
Excess Surplus Calculation.....	12
Net Cash Resource Schedule	N/A
Audit Recommendations Summary	16

BARRE & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS
2204 Morris Avenue, Suite 206
Union, New Jersey 07083
908-686-3484
FAX – 908-686-6055
www.cpa-bc.com ♦ info@cpa-bc.com

Report of Independent Auditors


Honorable President and
Members of the Board of Education
Montvale Board of Education
County of Bergen, New Jersey

We have audited, in accordance with generally accepted audit standards and *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Montvale Board of Education in the County of Bergen for the year ended June 30, 2021, and have issued our report thereon dated March 15, 2022.

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 report is intended for the information of the Montvale Board of Education Board of Education's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.


BARRE & COMPANY LLC
Certified Public Accountants
Public School Accountants


Richard M. Barre, CPA
Public School Accountant
PSA Number CS-O1181

Union, New Jersey
March 15, 2022

Administrative Findings – Financial, Compliance and Performance

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and the Treasurer of School Moneys, 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, Insurance Schedule contained in the school district's CAFR.

Official Bonds (N.J.S.A. 18A:17-26, 18A:17-32, 18A:13-13)

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Andrea Wasserman	Board Secretary/School Business Administrator	\$ 225,000.00

There is a Public Employee's Dishonesty coverage with the School Alliance Insurance Fund covering all other employees with multiple coverage of \$500,000.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges for the school year 2018-2019 was made. The Board did not make adjustments to the billings to sending districts in accordance with an agreement among the districts comprising the Pascack Valley Regional High School District.

Financial Planning, Accounting and Reporting

Examination of Claims

Claims paid during the period under review were examined on a test basis to determine that they are submitted on Board vouchers, itemized, signed by the officials as to approval for payment, endorsement for receipt of materials, allocated to the proper accounts, charged to the proper fiscal period and in agreement with bill list set forth in the approved minutes of the Board.

The review and inquiry indicate good scrutiny on the part of the Board and Board Officials regarding expenditures.

Payroll Account

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

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

Administrative Findings – Financial, Compliance and Performance

Financial Planning, Accounting and Reporting (Continued)

Payroll Account (Continued)

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

Employee Position Control Roster

An inquiry and subsequent review of the Position Control Roster found no inconsistencies between the payroll records, employee benefit records (e.g. pension reports and health benefit coverage reports), the general ledger accounts to where wages are posted (administrative versus instruction), and the Position Control Roster.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30 for proper classification of orders as reserve for encumbrances and accounts payable. No exceptions were noted during our review.

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 the 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:23A-8.3*. As a result of the procedures performed, no errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

A. General Classification Findings

No exceptions or discrepancies were noted in the general classification of expenditures.

B. Administrative Classification Findings

No exceptions or discrepancies were noted in the administrative classification of expenditures.

Board Secretary's Records

Our review of the financial and accounting records maintained by the board secretary disclosed the following items.

Finding 2021-001:

Generally, the Board Office is responsible for maintaining and updating the ASL (Approved Supplier List). The District should establish criteria for selection, evaluation, and re-evaluation of suppliers.

Recommendation:

The District should establish criteria for the selection, evaluation and re-evaluation of vendors. An up-to-date ASL (Approved Supplier List) should be maintained.

Administrative Findings – Financial, Compliance and Performance

Financial Planning, Accounting and Reporting (Continued)

Board Secretary's Records (Continued)

Finding 2021-002:

The check voucher usually explains the purpose and contents of the check. To maintain a system of check voucher, all relevant documents, such as invoices, receipts, and orders must be attached for processing of payment.

Recommendation:

The District should attach the check voucher to the voucher package to ensure the completeness of documents, organized filing, easier internal review and audit and tracking of outstanding and paid checks.

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

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

The study of compliance for E.S.E.A. did not indicate any areas of noncompliance and/or questionable cost.

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 the 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.

The study of compliance for the special projects did not indicate any areas of noncompliance.

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursements (electronic, but districts can print out the DOENET screen for an auditor) filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

TPAF Reimbursement to the State for Federal Salary Expenditures

The amount of the expenditure charged to the current year's Final Report(s) for all federal awards for the school district to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds was made prior to the end of the 90 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

Administrative Findings – Financial, Compliance and Performance

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-1 et seq. (Public School Contracts Law), the associated rules and related information on the statute, and school contracts in general is available on the NJ Local Agency Procurement Laws webpage:

<http://www.state.nj.us/dca/divisions/dlgs/programs/lpcl.html>.

Current statute is posted on the New Jersey Legislature (<http://www.njleg.state.nj.us/>) website.

Auditors should refer to Section I, Chapter 5, Bids & Contracts/Purchasing for highlights of *N.J.S.A. 18A:18A-3 and 4*.

The bid thresholds in accordance with *N.J.S.A. 18A:18A-2 and 18A:18A-3(a)* are \$44,000 (with a Qualified Purchasing Agent) and \$32,000 (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 \$19,600.

The district 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 Solicitor's opinion should be sought before a commitment is made.

Based on the results of our examination, we did not note any individual payments, contracts, or agreements made for the performance of any work or goods or services, in excess of the statutory thresholds where there had been no advertising for bids in accordance 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*.

School Food Service

PUBLIC HEALTH EMERGENCY

In accordance with the Governor's Declaration of Emergency pertaining to the public health emergency all Public, Charter, 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.

During SY 2020-2021 the public health emergency was still applicable. As a result, SFAs were required to provide meals in accordance with the regulations governing the National School Nutrition Seamless Summer Option (SSo) or the Summer Food Service Program (SFSP) option.

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

Administrative Findings – Financial, Compliance and Performance

School Food Service (Continued)

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

Special Milk Program

There were no activity in the Milk Program for 2020-2021 school year because of the virtual learning placed during the pandemic.

Montvale Summer Institute

The financial records of the Montvale Summer Institute are maintained in fair condition.

Montvale Child Care

The financial records of the Montvale Child Care are maintained in fair condition.

Student Body Activities

A cash receipt and disbursement records were maintained in satisfactory condition.

All receipts were promptly deposited in the bank.

Payment authorizations were presented for audit and vendor invoices were available for examination.

The Board is in the process of amending its policy to include that all financial and bookkeeping controls are adequate to ensure appropriate fiscal accountability and sound business practices.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2020 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, low-income, and bilingual. We also performed a review of the district procedures related to its completion. The information on the A.S.S.A. was compared to the district workpapers without exception. The information that was included on the workpapers was verified without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

The district written procedures appear to be adequate for the recording of student enrollment data.

Administrative Findings – Financial, Compliance and Performance

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2020-2021 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 proper bidding procedures and award of contracts. The bid specifications for the purchase of buses were in compliance with applicable statutes. 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 SDA grant agreement for consistency with recording SDA revenue, transfer of local funds from the general fund or from the capital reserve account, and awarding of contracts for eligible facilities construction.

Testing for Lead of All Drinking Water in Educational Facilities

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

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

Miscellaneous

The school district complied with continuing disclosure agreements made in relation to prior year's bond issuances.

Follow-up on Prior Year Findings

Not Applicable

Acknowledgment

We received the complete cooperation of all the officials of the school district and we greatly appreciate the courtesies extended to the members of the audit team.

	2021-2022 Application for State School Aid				Sample for Verification				Private School for Disabled					
	Reported on A.S.S.A. on Roll		Workpapers On Roll		Sample Selected from Workpapers		Verified per Registers On Roll		Reported on A.S.S.A. as Private Schools		Sample for Verification		Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Half Day Preschool	5		5											
Full Day Preschool														
Half Day Kindergarten	82		82											
Full Day Kindergarten	76		76											
One	94		94											
Two	91		91											
Three	87		87											
Four	91		91											
Five	104		104											
Six	99		99											
Seven	98		98											
Eight														
Nine														
Ten														
Eleven														
Twelve														
Post-Graduate														
Adult H.S. (15+CR.)														
Adult H.S. (1-14 CR.)														
Subtotal	827	-	827	-	-	-	-	-	-	-	-	-	-	-
Special Ed - Elementary	62		62											
Special Ed - Middle	46		46											
Special Ed - High														
Subtotal	108	-	108	-	-	-	-	-	-	-	-	-	-	-
Co. Voc. - Regular														
Co. Voc. Ft. Post Sec.														
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	935	-	935	-	-	-	-	-	-	-	-	-	-	-
Percentage Error			0.00%		0.00%		0.00%		0.00%		0.00%		0.00%	0.00%

	Resident Low Income		Sample for Verification		Resident LEP Low Income		Sample for Verification	
	Reported on A.S.S.A. as Low Income	Reported on Workpapers as Low Income	Sample Selected from Workpapers	Verified to Application and Register	Reported on A.S.S.A. as LEP Low Income	Workpapers as LEP Low Income	Sample Selected from Workpapers	Verified to Application and Register
Half Day Preschool								
Full Day Preschool								
Half Day Kindergarten								
Full Day Kindergarten								
One	1	1						
Two	3	3			1	1		
Three	1	1						
Four	1	1						
Five	2	2						
Six								
Seven								
Eight								
Nine								
Ten								
Eleven								
Twelve								
Post-Graduate								
Adult H.S. (15+CR.)								
Adult H.S. (1-14 CR.)								
Subtotal	8	8	-	-	1	1	-	-
Special Ed - Elementary	5	5						
Special Ed - Middle	3	3						
Special Ed - High								
Subtotal	8	8	-	-	-	-	-	-
Co. Voc. - Regular								
Co. Voc. Ft. Post Sec.								
Subtotal	-	-	-	-	-	-	-	-
Totals	16	16	-	-	1	1	-	-
Percentage Error			0.00%				0.00%	0.00%

	Reported Income as NOT Low	Reported on A.S.S.A. Workpapers as NOT Low Income	Errors	Sample Selected from Workpapers	Sample for Verification Verified to Application and Register	Sample Errors
Half Day Preschool						
Full Day Preschool						
Half Day Kindergarten						
Full Day Kindergarten	3	3				
One						
Two	2	2				
Three	2	2				
Four	1	1				
Five						
Six						
Seven						
Eight	2	2				
Nine						
Ten						
Eleven						
Twelve						
Post-Graduate						
Adult H.S. (15+CR.)						
Adult H.S. (1-14 CR.)						
Subtotal	10	10	-	-	-	-
Special Ed - Elementary	1	1				
Special Ed - Middle						
Special Ed - High	1	1				
Subtotal						
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Subtotal						
Totals	11	11	-	-	-	-
Percentage Error			0.00%			0.00%

	Transportation					
	Reported on DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools, col. 1	326	326				
Reg. - SpEd, col. 4	1	1				
Transported - Non-Public, col. 3	23	23				
Special Ed Spec, col. 6						
Totals	350	350	-	-	-	-
Percentage Error						0.00%

Reg Avg. (Mileage) = Regular Including Grade PK students (Part A) 2.8
 Reg Avg. (Mileage) = Regular Excluding Grade PK students (Part B) If Applicable 4.8
 Spec Avg. = Special Ed with Special Needs 4.8

EXCESS SURPLUS CALCULATION

N.J.S.A. 18A:7F-7 requires that excess surplus for regular school districts and charter schools/renaissance school projects is calculated using 2% for June 30, 2005 and thereafter. Due to the financial impacts of the public health emergency, P.L.2021, c.35, approved March 15, 2021 authorizes school districts other than a county vocational school districts to maintain surplus up to the greater of four percent or \$250,000 for 2020-2021 and 2021-2022 school years. Pursuant to P.L. 2007, c.62, the minimum is \$250,000, effective with the year ending June 30, 2007. The Board decided to keep the 2% excel surplus calculation rate for 2020-2021.

Charter schools and renaissance school projects are not subject to the excess surplus limitations. Charter school auditors are required to document the calculation of excess surplus pursuant to *N.J.S.A. 18A:7F-7* solely for the purpose of adherence to *N.J.A.C. 6A:23A-22.4(e)*, which provides that a district board of education may petition the Commissioner to pay a lower per-pupil rate if the charter school spends "significantly less than budgeted and has accumulated a sizable surplus."

CALCULATION:

Complete Sections 1 and 2. If the total of Section 2 is **greater** than the applicable portion of Section 1, enter the difference in Section 3. If the difference results in a negative, enter a zero in Section 3. The applicable sections are to be submitted as part of the Auditor's Management Report.

Note that beginning with the excess surplus calculation for the year ending June 30, 2012 the transfer to food services is not an allowable adjustment (increase) to total general fund expenditures.

School Bus Advertising Revenue:

Districts were provided guidance to budget and recognize current year school bus advertising revenue on line 315, 10-1992. Under *N.J.S.A. 18A:7F-7.1* and *N.J.S.A. 18A:39-31*, an adjustment to the audited excess surplus calculation is permitted in the year revenue earned under a school bus advertising contract is recognized by the district. The statute doesn't state that the district is limited to the amount not used to reduce fuel costs; accordingly, the full amount may be used as an adjustment to excess surplus in the year of recognition/receipt only. Refer to illustration on page III-4.39 – Line (J3).

N.J.S.A. 18A:39-31 requires that 50 percent (50%) of recognized school bus advertising revenue be used to offset the fuel costs of providing pupil transportation services. Of the total revenue recognized, any portion of the 50% required by statute to be used as an offset to fuel costs in the year of revenue recognition, but not used for that purpose must be established as a restricted fund balance at year end. Report the restricted year end balances on Audsum lines 90028 (Bus Advertising Revenue Reserved for Fuel Costs – Current Year Adjustment), and Audsum 90029 (Bus Advertising Revenue Reserved for Fuel Costs – Prior Year Adjustment). Include the amount(s) as adjustments in the "Detail of Other Restricted Fund Balance" calculation (refer to illustration on page III-4.34 of this Audit Program). Note that the school district budget software will preload these amounts from Audsum onto the Recapitulation of Balances Line 15 in the columns for the respective years. The prior year balance in this reserve (Audsum line 90029) was budgeted in the subsequent year's budget (2020-2021) and the

current year balance in this reserve (Audsum line 90028) must be budgeted in the 2nd subsequent year's budget (2021-2022). An edit will verify that the amounts on lines 90028 and 90029 are budgeted as a revenue source. Line 90028 will preload onto Line D-2 of the budgetary calculation of Additional Excess Surplus report in the 2021-2022 budget software.

In the recapitulation of fund balance reported at the end of the Budgetary Comparison Schedule (Exhibit C-1), the reserve for each of two possible years should be reported separately. Separate lines are provided in the Audsum data collection (line 90028 for current year and line 90029 for subsequent year) for each applicable year's reserve. GASBS No. 54 requires the further categorization of the bus advertising reserve for fuel costs account balance on the Governmental Funds Balance Sheet (Exhibit B-1). Based upon the withdrawal requirements, the bus advertising reserve for fuel costs has significant externally imposed restrictions on its use and should be categorized as "Restricted" fund balance. The same categorization is applicable to the General Fund Budgetary Comparison Schedule (Exhibit C-1).

EXCESS SURPLUS CALCULATION

MONTVALE BOARD OF EDUCATION

SECTION 1

A. 2% Calculation of Excess Surplus

2020-21 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ 21,098,300 (B)
Increased by:	
Transfer from Capital Outlay to Capital Projects Fund	- (B1a)
Transfer from Capital Reserve to Capital Projects Fund	- (B1b)
Transfer from General Fund to SRF for PreK-Regular	- (B1c)
Transfer from General Fund to SRF for PreK-Inclusion	- (B1d)
Decreased by:	
Oh-Behalf TPAF Pension & Social Security	(3,554,512) (B2a)
Assets Acquired Under Capital Leases	<u>- (B2b)</u>
Adjusted 2020-21 General Fund Expenditures	<u>17,543,788 (B3)</u>
2% of Adjusted 2020-21 General Fund Expenditures	<u>350,876 (B4)</u>
Enter Greater of (B4) or \$250,000	350,876 (B5)
Increased by: Allowable Adjustment *	<u>195,079 (K)</u>
Maximum Unassigned Fund Balance/Undesignated-Unreserved Fund Balance	<u>\$ 545,955 (M)</u>

SECTION 2

Total General Fund - Fund Balance @ 6/30/2021 (Per CAFR Budgetary Comparison Schedule C-1)	\$ 4,461,970 (C)
Decrease by:	
Year-end Encumbrances	(38,022) (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	- (C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	(400,000) (C3)
Other Restricted Fund Balances ****	(2,961,145) (C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	<u>(116,848) (C5)</u>
Total Unassigned Fund Balance	<u>945,955 (U1)</u>

SECTION 3

Restricted Fund Balance - Excess Surplus ***	<u>\$ 400,000 (E)</u>
--	-----------------------

Recapitulation of Excess Surplus as of June 30, 2021

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ 400,000 (C3)
Reserved Excess Surplus ***	<u>400,000 (E)</u>
Total Excess Surplus	<u>800,000 (D)</u>

EXCESS SURPLUS CALCULATION

MONTVALE BOARD OF EDUCATION

Footnotes:

* Allowable adjustment to expenditures on line K must be detailed as follows. This adjustment line (as detailed below) is to be utilized when applicable for:

(H) Federal Impact Aid. The passage of P.L. 2015, c.46 amended N.J.S.A. 18A:7F-41 to permit a board of education to appropriate federal impact aid funds to establish or supplement a federal impact aid legal reserve in the general fund. Accordingly, the Federal Impact Aid adjustment to expenditures is limited to the portion of Federal Impact Aid Section 8002 and Section 8003 received during the fiscal year and recognized as revenue on the General Fund Budgetary Comparison Schedule, but not transferred to the Federal Impact Aid Reserve - General (8002 or 8003) by board resolution during June 1 to June 30 of the fiscal year under audit. Amounts transferred to the reserve are captured on line (C4);

(I) Sale and Lease-Back (Refer to the Audit Program Section II, Chapter 10);

(J1) Extraordinary Aid;

(J2) Additional Nonpublic School Transportation Aid;

(J3) Recognized Current Year School Bus Advertising Revenue; and

(J4) Family Crisis Transportation Aid.

Notes to auditor: Refer to the Audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid, Family Crisis Transportation Aid, and Additional Nonpublic School Transportation Aid.

Detail of Allowable Adjustments

Impact Aid	\$	-	(H)
Sale & Lease-Back		-	(I)
Extraordinary Aid		189,279	(J1)
Additional Nonpublic School Transportation Aid		5,800	(J2)
Current Year School Bus Advertising Revenue Recognized		-	(J3)
Family Crisis Transportation Aid		-	(J4)
		<hr/>	
Total Adjustments	\$	195,079	(K)

** This amount represents the June 30, 2021 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

*** Amounts must agree to the June 30, 2021 CAFR and must agree to Audit Summary Worksheet Line 90030.

**** Amount for Other Reserved Fund Balances must be detailed for each source. Use in the excess surplus calculation of any legal reserve that is not state mandated or that is not legally imposed by an other type of government, such as the judicial branch of government, must have departmental approval. District requests should be submitted to the Division of Administration and Finance prior to September 30.

Detail of Other Restricted Fund Balance

Statutory restrictions:			
Approved unspent separate proposal	\$	-	
Sale/lease-back reserve		-	
Capital reserve		(2,711,810)	
Maintenance reserve		(74,797)	
Emergency reserve		-	
Tuition reserve		-	
School Bus Advertising 50% Fuel Offset Reserve - current year		-	
School Bus Advertising 50% Fuel Offset Reserve - prior year		-	
Impact Aid General Fund Reserve (Sections 8002 and 8003)		-	
Impact Aid Capital Fund Reserve (Sections 8007 and 8008)		-	
Other state/government mandated reserve		-	
Reserve for Unemployment Fund		(174,538)	
[Other Restricted Fund Balance not noted above] ****		-	
		<hr/>	
Total Other Restricted Fund Balance	\$	(2,961,145)	(C4)

MONTVALE BOARD OF EDUCATION
AUDIT RECOMMENDATIONS SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Findings and Recommendations:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

Board Secretary Records:

Finding Item#2021-001:

Generally, the Board Office is responsible for maintaining and updating the ASL (Approved Supplier List). The District should establish criteria for selection, evaluation, and re-evaluation of suppliers.

Recommendation:

The District should establish criteria for the selection, evaluation and re-evaluation of vendors. An up-to-date ASL (Approved Supplier List) should be maintained.

Finding Item#2021-002:

The check voucher usually explains the purpose and contents of the check. To maintain a system of check voucher, all relevant documents, such as invoices, receipts, and orders must be attached for processing of payment.

Recommendation:

The District should attach the check voucher to the voucher package to ensure the completeness of documents, organized filing, easier internal review and audit and tracking of outstanding and paid checks.

3. School Purchasing Programs

None

4. School Food Service

None

5. Montvale Summer Institute

None

6. Montvale Child Care

None

7. Student Body Activities

None

MONTVALE BOARD OF EDUCATION
AUDIT RECOMMENDATIONS SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Findings and Recommendations (Continued):

8. Application for State School Aid/Charter School Enrollment System/Charter School Aid

None

9. Pupil Transportation

None

10. Facilities and Capital Assets

None

11. Miscellaneous

None

12. Status of Prior Year Audit Findings/Recommendations

None