

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
COUNTY OF ESSEX  
AUDITORS' MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS - FINANCIAL,  
COMPLIANCE AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2023

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
COUNTY OF ESSEX  
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS - FINANCIAL,  
COMPLIANCE AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2023  
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January 10, 2024

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, 2023, and have issued our report thereon dated January 10, 2024.

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 10, 2024, 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*

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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, 2023

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Monies, 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 ACFR.

Officials in Office and Surety Bonds

<u>Name</u>	<u>Position</u>	<u>Coverage</u>
Andrea Del Guercio	Treasurer of School Monies (To 9/7/2023)	\$ 600,000
Beth Brooks	Treasurer of School Monies (From 9/8/2023)	600,000
Edwin Brown	Assistant School Business Administrator/Board Secretary	250,000
Christina Hunt	School Business Administrator/Board Secretary	550,000

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.

P.L. 2021, Chapter 44

Our audit procedures included an inquiry and subsequent review of health benefit data required per N.J.S.A. 18A:16-13.3 (Chapter 44) submitted for the year on audit. The Chapter 44 summary report was reviewed for reasonableness and timeliness.

The data submitted did include all health benefit plans offered by the school district.

The school district data certification was completed by the chief school administrator. The school district Chapter 44 data was submitted timely

Tuition Charges

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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 2023-001:

During our review of the District records it was noted that the prepared analysis of the Payroll Agency balance was not accurate by each individual agency. As the District is currently working on reviewing the agency balance, no formal recommendation is deemed warranted at this time.

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.

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.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

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 except as noted below.

Finding 2023-002:

There were several line items within the budget that were over-expended as of June 30, 2023. These over-expenditures mainly arose as a result of the state aid debit/credit memos for payments made on behalf of the district not being posted along with the improper posting of a refund to the health benefits line. Budget transfers were made from these accounts because it appeared there was an excess of funds remaining.

Recommendation:

It is recommended that greater care be taken when monitoring the budget and recording transactions including the state aid debit and credit memos to ensure that appropriation lines are not over-expended.

Management Responses:

The District will ensure that the budget and recording daily transactions are monitored to prevent appropriation line over-expenditures.

Finding 2023-003:

Our audit revealed numerous mispostings of revenue/receipts and expenditures in the various funds maintained by the District.

Recommendation:

It is recommended that greater care over financial reporting be taken to ensure all revenue/receipts and all expenditures are properly recorded.

Management Responses:

The District will ensure the accuracy of the financial records.

Finding 2023-004:

During our review of the Board Secretary and Treasurer's report it was noted they were not completed and submitted to the County Superintendent on a timely basis for both December 2022 and June 2023.

Recommendation:

It is recommended that the Board Secretary and Treasurer's reports be completed and submitted to the County Superintendent on a timely basis.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

Board Secretary's Records (Cont'd)

Management Responses:

The District will ensure that the Board Secretary and Treasurer's reports for December 2022 and June 2023 are timely filled with the County Superintendent.

Finding 2023-005:

During our review of the June transfer report for the General Fund, it was noted that transfers in excess of 10% were made without the required approval of the County Superintendent.

Recommendation:

It is recommended that the County Superintendent approval be obtained for all required transfers in the General Fund excess of 10%.

Management Responses:

The District will ensure that the required approvals for transfers in the General Fund are obtained from the County Superintendent.

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 ACFR. This section of the ACFR 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.

Finding 2023-006:

During our review of the District's Title I grant, it was noted that salaries charged to the grant were not always supported by the appropriate documentation.

Recommendation:

It is recommended that all salaries charged to Title I be supported with appropriate documentation.

Management Response:

The District will ensure that all required supporting documentation is maintained for Title I salaries.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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 ACFR.

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 ACFR. This section of the ACFR documents the financial position pertaining to the aforementioned special projects.

Finding 2023-007:

The District did not obtain the required 90% return rate of parental consent forms for the Special Education Medicaid Initiative ("SEMI") Medicaid Program or meet the 100% budgeted revenue benchmark for complying with all program requirements set forth in N.J.A.C.6A:23A-5.3. As the District currently is working on obtaining all parental consent, no formal recommendation is deemed warranted as this time.

Finding 2023-008:

During our review of the District's Extraordinary Aid application, we noted that the IEPs were not utilized for the intensive service(s) claimed on the Extraordinary Aid application.

Recommendation:

It is recommended that all students' IEPs include intensive service(s) to be provided and selected on the Extraordinary Aid application and extra care be taken to ensure that all costs reported on the Extraordinary Aid application are calculated correctly and reviewed for accuracy.

Management Response:

The District will ensure that all students' IEPs include intensive service(s) to be provided and selected on the Extraordinary Aid application and extra care be taken to ensure that all costs reported on the Extraordinary Aid application are calculated correctly and reviewed for accuracy.

Finding 2023-009:

During our review of the District's federal grants, it was noted that reimbursement requests were not submitted on a monthly or at least quarterly basis. As the district is actively pursuing the grant funds, no format recommendation is deemed necessary.

Finding 2023-010:

During our review of the District's Preschool Education Expansion Aid, it was noted that the final budget approved by the State was not reflected accurately in the financial records of the District. As a result, there was an over-expenditure of a budget line item for which a transfer was not made. In addition, it was noted that not all Preschool Education Expansion Aid grant documents were maintained per grant requirements.



MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

Other Special Federal and/or State Projects (Cont'd)

Recommendation:

It is recommended that the budget for Preschool Education Expansion Aid be properly recorded to ensure that necessary transfers are made to ensure that over-expenditures of the line items do not occur and that all required grant documents are maintained.

Management Response:

The District will ensure to accurately reflect the grant budget and obtain any necessary transfers to ensure over-expenditures do not occur and ensure that grant documentation is maintained.

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, 2023. 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 AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2023  
(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 . . ."

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 \$20,200 for 2022-2023.

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. 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 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 ACFR Schedule B-5 does separate program and non-program revenue and program and non-program cost of goods sold.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

School Food Service (Cont'd)

We inquired of management about the public health emergency 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. We also inquired if the FSMC received a loan in accordance with the Payroll Protection Plan and whether the funds were used to pay for costs applicable to the Food Service Programs. We also inquired if the PPP Loan was subsequently forgiven and the FSMC refunded or credited the applicable amounts to the SFA if the FSMC received a PPP loan

Finding 2023-011:

Our review of the Food Service Fund records 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 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 continued their procedures 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.

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 2023-012:

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. Watchung, Hillside, Nishuane, Charles H Bullock Elementary Schools, Renaissance and Glenfield Middle Schools, Montclair High School and Athletic accounts did not maintain supporting documentation or make timely deposits for receipts.
2. Nishuane, Charles H. Bullock and Watchung Elementary Schools, Buzz Aldrin and Glenfield Middle Schools did not adhere to the purchasing requirements of adequate support and approvals for disbursements.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

Student Body Activities (Cont'd)

Finding 2023-012 (Cont'd)

3. Monthly bank reconciliations are not being prepared for Watchung Elementary School, Buzz Aldrin and Glenfield Middle Schools, and Athletics student activity bank accounts.
4. Charles H. Bullock Elementary School, Buzz Aldrin Middle School, Renaissance Middle School, Nishuane Elementary School, Montclair High School and Glenfield Middle School were not making deposits in a timely manner.
5. Monthly bank reconciliations include a large number of stale dated outstanding checks and reconciling items for Edgemont Elementary School and Buzz Aldrin, Renaissance and Glenfield Middle Schools.
6. An analysis of student activities balances by club or activities 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.

Application for State School Aid (ASSA)

Our audit procedures included a test of information reported in the October 15, 2022 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 without exceptions. 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 has adequate written procedures for the recording of student enrollment data

Finding 2023-013:

During our review of the ASSA report, we noted several errors when comparing the LEP low-income students reported to the on-roll report of LEP low-income students and reported private school disabled students to workpapers. The District reduced students were not accurately reported as low income for grades 5 through 12 and Special Education.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

Recommendation:

It is recommended that the District take greater care when preparing the Application for State School Aid.

Management Response:

The District will continue to improve upon record keeping practices to reduce ASSA errors in the future.

Pupil Transportation

Our audit procedures included a test of travel reimbursements reported in the 2022-2023 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.

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 2023-014:

During our review of Capital Assets records, it was noted that the formal consolidated capital asset accounting records were not updated to include additions, deletions and other adjustments. The District was able to provide a detailed listing of the additions, deletions and other adjustments, which has been included in their district-wide financial statements. As the District has begun a major referendum project district-wide. Administration has determined that a reappraisal of assets will be completed after the referendum. Administration will continue to keep an updated list of additions and deletions to be available for audit review until the reappraisal is complete, no formal recommendation is warranted.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

Facilities and Capital Assets (Cont'd)

Finding 2023-015:

The District has \$2,023,548 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.

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 Suggestion:

COVID-19 Federal Funding

It is likely that the District will undergo some review of its COVID-19 federal funding if only at a desk review level by state and/or federal agencies. We strongly suggest that the District ensures that these funds are utilized in accordance with the applicable federal requirements especially with respect to procurement. Additionally, we strongly suggest that the District ensures that these funds are accounted for in the state account numbers designated by the NJ Department of Education and that any applicable Board policies are current with respect to federal grant requirements.

Reconciling Food Service Management Contractor's Operating Statement with District Records

It is suggested that the District reconcile the revenue and expenses per the Food Service Management Contractor's Operating Statement with the District's records on a monthly 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 recommendation regarding employment contracts and compensated absences were resolved. The prior year recommendations regarding collection or cancellation of the students' food service accounts receivable, student activities, Extraordinary Aid applications, ASSA documentation, and a capital asset inventory update 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, 2022

	2023-2024 Application for State School Aid						Sample for Verification					
	Reported on		Reported on		Errors		Sample Selected from		Verified per		Errors	
	Revised ASSA	On Roll	Workpapers	On Roll	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Full Day Preschool - 3 Year	18		18				18				18	
Full Day Preschool - 4 Year	22		22				22				22	
Full Day Kindergarten	407		407				407				407	
Grade One	397		397				397				397	
Grade Two	379		379				379				379	
Grade Three	399		399				399				399	
Grade Four	371		371				371				371	
Grade Five	363		363				363				363	
Grade Six	349		349				349				349	
Grade Seven	374		374				374				374	
Grade Eight	383		383				383				383	
Grade Nine	382		381			1	381				381	
Grade Ten	425		425				425				425	
Grade Eleven	404		404				404				404	
Grade Twelve	385		384			1	384				384	
Subtotal	5,058		5,056			2	5,056				5,056	
Special Education:												
Elementary	377		376			1	9				9	
Middle	265		267			(2)	7				7	
High	368	5	369	5		(1)	9				9	
Subtotal	1,010	5	1,012	5		(2)	25				25	
Totals	6,068	5	6,068	5			5,081				5,081	
Percentage Error						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, 2022

	Private Schools for Disabled					Resident Low Income						
	Reported on ASOA as Private Schools	Reported on Private Schools	Errors	Sample Selected for Verification	Sample Verified	Sample Errors	Reported on ASOA as Low Income	Reported on ASOA as Low Income	Errors	Sample Selected from Verification	Sample Verified to Application and Register	Sample Errors
Full Day Kindergarten							23	23		1	1	
Grade One							32	32		1	1	
Grade Two							37	37		1	1	
Grade Three							40	40		2	2	
Grade Four							37	37		1	1	
Grade Five							48	50	(2)	2	2	
Grade Six							24	33	(9)	1	1	
Grade Seven							34	43	(9)	2	2	
Grade Eight							54	58	(4)	2	2	
Grade Nine							39	49	(10)	1	1	
Grade Ten							52	62	(10)	2	2	
Grade Eleven							42	51	(9)	2	2	
Grade Twelve							39	45	(6)	1	1	
Subtotal							501	560	(59)	19	19	
Special Education:												
Elementary School	18	20	(2)	2	2		81	92	(11)	2	2	
Middle School	16	19	(3)	2	2		66	86	(20)	2	2	
High School	43	49	(6)	5	5		101	110	(9)	2	2	
Subtotal	77	88	(11)	9	9		248	288	(40)	6	6	
Totals	77	88	(11)	9	9	-0-	749	848	(99)	25	25	-0-
Percentage Error			-14.29%			0.00%			-13.22%			0.00%



MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF AUDITED ENROLLMENT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2022

	Resident LEP Low Income					
	Reported on ASSA as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Test Scores, Application and Register	Sample Errors
Full Day Kindergarten	2	2				
Grade One	6	6		1	1	
Grade Two	2	3	(1)			
Grade Three	6	6		1	1	
Grade Four	1	1				
Grade Six	1	1				
Grade Seven	3	3				
Grade Eight	4	4		1	1	
Grade Nine	1	1				
Grade Ten	4	4		1	1	
Grade Eleven	3	3				
Grade Twelve	1	1				
Subtotal	34	35	(1)	4	4	
Special Education:						
Elementary School	10	11	(1)	1	1	
Middle School	2	2				
High School	3	3		1	1	
Subtotal	15	16	(1)	2	2	
Totals	49	51	(2)	6	6	-0-
Percentage Error			4.08%			0.00%

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF AUDITED ENROLLMENT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2022

	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	7	7				
Grade One	10	10		1	1	
Grade Two	3	2	(1)			
Grade Three	6	6		1	1	
Grade Four	7	7		1	1	
Grade Five	2	2				
Grade Six	4	4		1	1	
Grade Seven	4	4				
Grade Eight	1	1				
Grade Nine	2	2		1	1	
Grade Ten	1	1				
Grade Eleven	2	2				
Grade Twelve	2	2		1	1	
Subtotal	51	50	(1)	6	6	
Special Education:						
Elementary School	2	1	(1)			
Subtotal	2	1	(1)			
Totals	53	51	(2)	6	6	-0-
Percentage Error			-3.77%			0.00%

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF AUDITED ENROLLMENT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2022

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Tested	Verified	Errors	Errors
Regular - Public Schools	1,312	1,312	18	18		
Regular - Special Education	23	23	1	1		
AIL - Non Public	201	201	3	3		
Special Needs - Public	141	141	2	2		
Special Needs - Private	37	37	1	1		
Totals	<u>1,714</u>	<u>1,714</u>	<u>25</u>	<u>25</u>	<u>-0-</u>	<u>-0-</u>
Percentage Error					<u>0.00%</u>	<u>0.00%</u>

	Reported	Recalculated
Average Mileage - Regular Including Grade PK Students	3.4	3.4
Average Mileage - Regular Excluding Grade PK Students	3.4	3.4
Average Mileage - Special Education with Special Needs	3.5	3.5

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
EXCESS SURPLUS CALCULATION  
FISCAL YEAR ENDED JUNE 30, 2023

**REGULAR DISTRICT**

**SECTION 1**

**2% Calculation of Excess Surplus**

2022-2023 Total General Fund Expenditures per the ACFR, Ex. C-1	<u>\$ 174,057,124</u> (B)
Increased by:	
Transfer from Capital Outlay to Capital Projects Fund	<u>\$ -0-</u> (B1a)
Transfer from Capital Reserve to Capital Projects Fund	<u>\$ -0-</u> (B1b)
Decreased by:	
On-Behalf TPAF Pension and Social Security	<u>\$ 33,005,474</u> (B2a)
Assets Acquired Under Leases and Financed Purchases	<u>\$ -0-</u> (B2b)
Adjusted 2022-2023 General Fund Expenditures [(B)+(B1's)-(B2's)]	<u>\$ 141,051,650</u> (B3)
2% of Adjusted 2022-2023 General Fund Expenditures [(B3) times .02]	<u>\$ 2,821,033</u> (B4)
Enter Greater of (B4) or \$250,000	<u>\$ 2,821,033</u> (B5)
Increased by: Allowable Adjustments	<u>\$ 2,621,671</u> (K)
Maximum Unassigned Fund Balance [(B5)+(K)]	<u>\$ 5,442,704</u> (M)

**SECTION 2**

Total General Fund - Fund Balances @ 6/30/2023 (Per ACFR Budgetary Comparison Schedule C-1)	<u>\$ 9,217,262</u> (C )
Decreased by:	
Year-End Encumbrances	<u>\$ 1,302,415</u> (C1)
Legally Restricted:	
Designated for Subsequent Year's Expenditures	<u>\$ -0-</u> (C2)
Excess Surplus - Designated for Subsequent Year's Expenditures	<u>\$ -0-</u> (C3)
Other Restricted Fund Balances	<u>\$ 1,734,383</u> (C4)
Assigned Fund Balance:	
Designated for Subsequent Year's Expenditures	<u>\$ -0-</u> (C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	<u>\$ 6,180,464</u> (U1)

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
EXCESS SURPLUS CALCULATION  
FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

**SECTION 3**

Restricted Fund Balance - Excess Surplus [(U1)-(M)] IF NEGATIVE, ENTER -0- \$ 737,760 (E)

**Recapitulation of Excess Surplus as of June 30, 2023**

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

Restricted Excess Surplus [(E)] \$ 737,760 (E)

Total Excess Surplus [(C3)+(E)] \$ 737,760 (D)

**Detail of Allowable Adjustments**

Impact Aid \$ -0- (H)

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

Extraordinary Aid \$ 2,558,959 (J1)

Additional Nonpublic School Transportation Aid \$ 62,712 (J2)

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

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

Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)] \$ 2,621,671 (K)

**Detail of Other Restricted Fund Balances**

Statutory Restrictions:

Approved Unspent Separate Proposal \$ -0-

Sale/Lease-back Reserve \$ -0-

Capital Reserve \$ 896,270

Maintenance Reserve \$ 184,278

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-

Unemployment Compensation Reserve \$ 506,934

Workers Compensation Reserve \$ 146,901

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

Total Other Restricted Fund Balances \$ 1,734,383 (C4)

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
SUMMARY OF RECOMMENDATIONS  
FISCAL YEAR ENDED JUNE 30, 2023

It is recommended that:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

Finding 2023-002: Greater care be taken when monitoring the budget and recording transactions including the state aid debit and credit memos to ensure that appropriation lines are not over-expended.

Finding 2023-003: Greater care over financial reporting be taken to ensure all revenue/receipts and all expenditures are properly recorded.

Finding 2023-004: The Board Secretary and Treasurer's reports be completed and submitted to the County Superintendent on a timely basis.

Finding 2023-005: The County Superintendent approval be obtained for all required transfers in the General Fund excess of 10%.

Finding 2023-006: It is recommended that all salaries charged to Title I be supported with appropriate documentation.

Finding 2023-008: All students' IEPs include intensive service(s) to be provided and selected on the Extraordinary Aid application and extra care be taken to ensure that all costs reported on the Extraordinary Aid application are calculated correctly and reviewed for accuracy.

Finding 2023-010: It is recommended that the budget for Preschool Education Expansion Aid be properly recorded to ensure that necessary transfers are made to ensure that over-expenditures of the line items do not occur and that all required grant documents are maintained.

3. School Purchasing Program

None

4. School Food Service

Finding 2023-011: The District evaluate and collect or cancel the students' food service accounts receivable at year end.

5. Student Body Activities

Finding 2023-012: The District continue to communicate District-wide standard policies and procedures for all student activity funds to ensure that they are adhered to.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT  
SUMMARY OF RECOMMENDATIONS  
FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

It is recommended that: (Cont'd)

6. Application for State School Aid

Finding 2023-013: District take greater care when preparing the Application for State School Aid.

7. Pupil Transportation

None

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 recommendation regarding employment contracts and compensated absences were resolved. The prior year recommendations regarding collection or cancellation of the students' food service accounts receivable, student activities extraordinary aid applications, ASSA documentation, and a capital asset inventory update were not resolved and are included in the current year's findings.