

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

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

Cover Letter.....	1
Scope of Audit.....	2
Administrative Practices and Procedures.....	2
Insurance.....	2
Officials in Office and Surety Bonds.....	2
Tuition Charges.....	2
Financial Planning, Accounting and Reporting.....	2
Examination of Claims.....	2
Payroll Account and Position Control Roster.....	2
Reserve for Encumbrances and Accounts Payable.....	3
Classification of Expenditures - General Classifications and Administrative Classifications.....	3
Board Secretary's Records.....	3
Treasurer's Records.....	3
Elementary and Secondary Education Act (E.S.E.A.) as amended by the Every Student Succeeds Act.....	3
Other Special Federal and/or State Projects.....	4
T.P.A.F Reimbursement.....	4
T.P.A.F Reimbursement to the State for Federal Salary Expenditures.....	4
School Purchasing Programs.....	4
Contracts and Agreements Requiring Advertisement for Bids.....	4
School Food Service.....	6
Student Body Activities.....	7
Application for State School Aid.....	8
Pupil Transportation.....	8
Travel Expense and Reimbursement Policy.....	8
Facilities and Capital Assets.....	8
Testing for Lead of all Drinking Water in Educational Facilities.....	9
Management Suggestions.....	9
Status of Prior Year's Findings/Recommendations.....	10
Schedule of Meal Count Activity (Not Applicable)	
Schedule of Net Cash Resources (Not Applicable)	
Schedule of Audited Enrollments.....	11
Excess Surplus Calculation.....	16
Summary of Recommendations.....	18



200 Valley Road, Suite 300
Mt. Arlington, NJ 07856
973.298.8500

11 Lawrence Road
Newton, NJ 07860
973.383.6699

nisivoccia.com

Independent Member
BKR International

January 31, 2022

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, 2021, and have issued our report thereon dated January 31, 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 letter does not affect our report dated January 31, 2022, on the financial statements of the Board.

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

This report is intended for the information of the Montclair Township School District’s management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Nisivoccia LLP
NISIVOCCIA LLP

Valerie A. Dolan

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2021

Scope of Audit

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

Administration Practices and Procedures

Insurance

Multi-peril insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the district's CAFR.

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

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

Tuition Charges

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

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid on a test basis, during the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation. Based on the results of our testing, we have no comments 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 2021-001:

During the course of our audit testing, we noted that employment contracts were not executed for all employees for the 2020-2021 year.

Recommendation:

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Payroll Account and Position Control Roster (Cont'd)

Management Response:

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

The required certification (E-Cert1) of compliance with requirements for income tax on compensation of administrators (superintendent, assistant superintendents, and business administrator) to the New Jersey Department of Treasury was filed by the March 15th due date.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made on a test basis as of June 30, for proper classification of orders as reserve for encumbrances and accounts payable.

Classification of Expenditures – General Classifications and Administrative Classifications

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, we reviewed administrative coding classifications to determine overall reliability and compliance with N.J.A.C 6A:23A-8.2. As a result of the procedures performed, no errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classifications.

Board Secretary's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Board Secretary's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments.

Treasurer's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Treasurer's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments.

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Other Special Federal and/or State Projects

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

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

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

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursements filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

T.P.A.F. Reimbursement to the State for Federal Salary Expenditures

The T.P.A.F. Reimbursement to the State for Federal Salary Expenditures was remitted to the State of New Jersey prior to the required deadline of October 1, 2021. 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, 2021
(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 \$19,600 for 2020-21.

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

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

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

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

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

School Food Service

The school food service program was not selected as a major federal and/or state program. However, the program expenditures exceeded \$100,000 in federal and/or state support. Accordingly, we inquired of school management, or the appropriate school food service personnel, as to whether the School Food Authority (“SFA”) had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted.

We also inquired of school management, or appropriate school food service personnel, as to whether the SFA’s expenditures of school food service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

Non-program foods were purchased, prepared or offered for sale. The Statement of Revenue, Expenses and Changes in Net Position in the CAFR Schedule B-5 does separate program and non-program revenue and program and non-program cost of goods sold.

We inquired of management about the public health emergency procedures/practices that the SFA instituted to provide meals to all 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.

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

Finding 2021-002

During our review of the Food Service Fund financial statements our audit revealed a large amount of student accounts receivable at year end. This was due to student lunch accounts being charged on account and not being collected. Due to the District’s uncertainty as to the collectability of the receivable an allowance for doubtful accounts for \$74,930 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.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

Student Body Activities

In planning and performing our audit of the financial statements of the Board, we considered the condition of the records of the Student Activities Fund for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have the following comments.

Finding 2021-003

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. Renaissance Middle School bank reconciliations were not maintained throughout the year and did not clearly identify outstanding checks and the ending reconciled cash balance.
2. Bank reconciliations for Hillside Elementary School, Watchung Elementary School, Renaissance Middle School, Buzz Aldrin Middle School, Montclair High School and Montclair Athletics contained many reconciling items and stale dated checks which should be resolved.
3. Bradford Elementary School receipt journals which indicate the date of receipt were not maintained, therefore, the timeliness of deposit could not be determined.
4. Charles H. Bullock Elementary School, Buzz Aldrin Middle School, Renaissance Middle School and Glenfield Middle School were not making deposits in a timeliness manner.
5. Edgemont Montessori School, Renaissance Middle School and Buzz Aldrin Middle School student activity account payment vouchers did not have payment signature approvals and supporting documentation.
6. An analysis of student activities balances is not maintained.

Recommendation:

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

Management Response:

In the Spring of 2018, Administration implemented a new procedures manual for all District employees. The Administration has already provided face-to-face training for all principals and all secretaries on the District's policies and best practices with respect to student activity funds. The Administration will continue to work with the custodians of the school accounts to reinforce these policies and best practices.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

Application for State School Aid (ASSA)

Our audit procedures included a test of information reported in the October 15, 2020 ASSA for on-roll students, private schools for disabled students, low income students and bilingual students. We also performed a review of the District procedures related to its completion. The information on the ASSA was compared to the District workpapers with exceptions as detailed below. The information that was included on the workpapers was verified on a test basis with minor errors. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

Pupil Transportation

Our audit procedures included a test of travel reimbursements 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.

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 2021-004:

The District has \$1,889,650 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.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

Facilities and Capital Assets (Cont'd)

Finding 2021-005:

During our review of Capital Assets records, it was noted that the formal consolidated fixed 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.

Recommendation

It is recommended that the District update its capital asset inventory records.

Management's Response

Administration will research and contract with an outside appraisal company to prepare an updated inventory of capital assets..

Testing for Lead of All Drinking Water in Educational Facilities

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

Management Suggestions

Governmental Accounting Standards Board (GASB) Statements

GASB Statement No. 87, *Leases*, is effective for the fiscal year ended June 30, 2022. Under this statement, the District will be required to recognize a lease liability and an intangible right-to-use asset for each lease agreement with a lease term in excess of 12 months. This statement will enhance the comparability of financial statements among governments by requiring the reporting of leases under a single model. Additionally, certain leases that are currently not reported will be under this statement.

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.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

Management Suggestions (Cont'd)

Sick and Vacation Leave

It is suggested that the District consult with its attorney to ensure that its negotiated labor contracts, individual employee agreements and employee policies, as applicable, are in accordance with New Jersey statutes regarding unused sick and vacation leave.

Status of Prior Year's Findings/Recommendations

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year recommendations. The prior year recommendations regarding employment contracts, collection or cancellation of the students' food service accounts receivable, student activities 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, 2020

	2021-2022 Application for State School Aid						Sample for Verification					
	Reported on		Reported on		Errors		Sample		Verified per		Errors	
	Revised ASSA	On Roll	Workpapers	On Roll	Full	Shared	Workpapers	Shared	Full	Shared	On Roll	Shared
Full Day Preschool - 3 Year	19	1	19	1			19	1	19	1		
Full Day Preschool - 4 Year	41		41				41		41			
Full Day Kindergarten	363		363				363		363			
Grade One	442		442				442		442			
Grade Two	422		422				422		422			
Grade Three	398		398				398		398			
Grade Four	371		371				371		371			
Grade Five	381		381				381		381			
Grade Six	423		423				423		423			
Grade Seven	406		406				406		406			
Grade Eight	450		450				450		450			
Grade Nine	440		440				440		440			
Grade Ten	399		399				399		399			
Grade Eleven	403		403				403		403			
Grade Twelve	431		431				431		431			
Subtotal	5,389	1	5,389	1			5,389	1	5,389	1		
Special Education:												
Elementary	377		377				12		12			
Middle	278		278				6		6			
High	352	3	352	3			7		7			
Subtotal	1,007	3	1,007	3			25		25			
Totals	6,396	4	6,396	4			5,414	1	5,414	1		
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, 2020

	Private Schools for Disabled			Resident Low Income						
	Reported on ASOA as Private Schools	Sample for Verification	Sample Verified	Sample Errors	Reported on ASOA as Low Income	Workpapers as Low Income	Reported on ASOA as Low Income	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Kindergarten										
Grade One					38	39	(1)	1	1	
Grade Two					51	50		1	1	
Grade Three					50	63	(1)	2	2	
Grade Four					62	42	(1)			
Grade Five					41	50		1	1	
Grade Six					50	57	1	4	4	
Grade Seven					58	50		2	2	
Grade Eight					50	63		3	3	
Grade Nine					63	56		2	2	
Grade Ten					56	53		2	2	
Grade Eleven					53	47		1	1	
Grade Twelve					47	54	(1)	2	2	
Subtotal					672	675	(3)	21	21	
Special Education:										
Elementary School	11	11	12	1	86	84	2	3	3	
Middle School	20	20	20		88	88		1	1	
High School	40	40	43	3	123	119	4	3	3	
Subtotal	71	71	75	4	297	291	6	7	7	
Totals	71	71	75	4	969	966	3	28	28	-0-
Percentage Error							0.26%			0.00%

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2020

	Resident LEP Low Income					
	Reported on ASSA as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Test Scores, Application and Register	Sample Errors
Full Day Kindergarten						
Grade One	2	2				
Grade Two	7	7				
Grade Three	5	3	2	1	1	
Grade Four	2	2				
Grade Five	1	1		1	1	
Grade Six	2	1	1			
Grade Seven	3	2	1	1	1	
Grade Eight	4	4		1	1	
Grade Nine	2	2		1	1	
Grade Ten	2	2				
Grade Eleven	4	2	2			
Grade Twelve	1	1	1			
Subtotal	35	28	7	5	5	
Special Education:						
Elementary School	2	2				
Middle School		2	(2)			
High School	4	3	1	1	1	
Subtotal	6	7	(1)	1	1	
Totals	41	35	6	6	6	-0-
Percentage Error			14.63%			0.00%

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2020

	Resident LEP Not Low Income					
	Reported on ASSA as LEP Not Low Income	Reported on Workpapers as LEP Not Low Income	Errors	Sample Selected from Workpapers	Verified to Test Scores and Register	Sample Errors
Full Day Kindergarten						
Grade One	3	3				
Grade Two	5	5				
Grade Three	5	5		1	1	
Grade Four	3	3		1	1	
Grade Seven	1	1				
Grade Eight	3	3				
Grade Nine	4	4		1	1	
Grade Ten	1	1				
Grade Eleven	3	3		1	1	
Grade Twelve	1	1				
Subtotal	4	4		1	1	
	33	33		5	5	
Totals	33	33	-0-	5	5	-0-
Percentage Error			0.00%			0.00%

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2020

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	1,333	1,333		25	25	
Regular - Special Education	28	28		5	5	
AIL - Non Public	319	319		25	25	
Special Needs - Public	95	95		10	10	
Special Needs - Private	75	75		9	9	
Totals	1,850	1,850	-0-	74	74	-0-
Percentage Error			0.00%			0.00%

	Reported	Recalculated
Average Mileage - Regular Including Grade PK Students	3.8	3.8
Average Mileage - Regular Excluding Grade PK Students	3.8	2.9
Average Mileage - Special Education with Special Needs	5.8	5.8

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2021

REGULAR DISTRICT

SECTION 1

4% Calculation of Excess Surplus

2020-21 Total General Fund Expenditures per the CAFR, Ex. C-1	<u>\$ 152,196,424</u> (B)
Increased by:	
Transfer from Capital Outlay to Capital Projects Fund	<u>\$</u> (B1a)
Transfer from Capital Reserve to Capital Projects Fund	<u>\$ 159,738</u> (B1b)
Transfer from General Fund to SRF for PreK - Regular	<u>\$</u> (B1c)
Transfer from General Fund to SRF for PreK - Inclusion	<u>\$</u> (B1d)
Decreased by:	
On-Behalf TPAF Pension and Social Security	<u>\$ 24,808,864</u> (B2a)
Assets Acquired Under Capital Leases	<u>\$</u> (B2b)
Adjusted 2020-21 General Fund Expenditures [(B)+(B1's)-(B2's)]	<u>\$ 127,547,298</u> (B3)
4% of Adjusted 2020-21 General Fund Expenditures [(B3) times .04]	<u>\$ 5,101,892</u> (B4)
Enter Greater of (B4) or \$250,000	<u>\$ 5,101,892</u> (B5)
Increased by: Allowable Adjustments	<u>\$ 933,570</u> (K)
Maximum Unassigned Fund Balance [(B5)+(K)]	<u>\$ 6,035,462</u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6/30/2021 (Per CAFR Budgetary Comparison Schedule C-1)	<u>\$ 13,207,314</u> (C)
Decreased by:	
Year-End Encumbrances	<u>\$ 1,838,389</u> (C1)
Legally Restricted:	
Designated for Subsequent Year's Expenditures	<u>\$</u> (C2)
Excess Surplus - Designated for Subsequent Year's Expenditures	<u>\$ 1,001,058</u> (C3)
Other Restricted Fund Balances	<u>\$ 2,833,463</u> (C4)
Assigned Fund Balance:	
Designated for Subsequent Year's Expenditures	<u>\$ 1,498,942</u> (C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	<u>\$ 6,035,462</u> (U1)

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

SECTION 3

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

Recapitulation of Excess Surplus as of June 30, 2021

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures \$ 1,001,058 (C3)

Restricted Excess Surplus [(E)] \$ -0- (E)

Total Excess Surplus [(C3)+(E)] \$ 1,001,058 (D)

Detail of Allowable Adjustments

Impact Aid \$ -0- (H)

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

Extraordinary Aid \$ 841,060 (J1)

Additional Nonpublic School Transportation Aid \$ 92,510 (J2)

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

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

Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)] \$ 933,570 (K)

Detail of Other Restricted Fund Balances

Statutory Restrictions:

Approved Unspent Separate Proposal \$ -0-

Sale/Lease-back Reserve \$ -0-

Capital Reserve \$ 1,298,525

Maintenance Reserve \$ 884,278

Emergency Reserve \$ -0-

Tuition Reserve \$ -0-

School Bus Advertising 50% Fuel Offset Reserve - Current Year \$ -0-

School Bus Advertising 50% Fuel Offset Reserve - Prior Year \$ -0-

Impact Aid General Fund Reserve (Sections 8002 and 8003) \$ -0-

Impact Aid Capital Fund Reserve (Sections 8007 and 8008) \$ -0-

Other State/Government Mandated Reserve \$ -0-

Unemployment Compensation Reserve \$ 488,601

Workers Compensation Reserve \$ 162,059

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

Total Other Restricted Fund Balances \$ 2,833,463 (C4)

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SUMMARY OF RECOMMENDATIONS
FISCAL YEAR ENDED JUNE 30, 2021

It is recommended that:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

Finding 2021-001: Procedures with regard to employment contracts are followed to ensure employment contracts are executed annually for all employees.

3. School Purchasing Program

None

4. School Food Service

Finding 2021-002: The District evaluate and collect or cancel the students' food service accounts receivable at year end.

5. Student Body Activities

Finding 2021-003: The District continue to communicate District-wide standard policies and procedures for all student activity funds to ensure that they are adhered to.

6. Application for State School Aid

None

7. Pupil Transportation

None

8. Travel Expense and Reimbursement Policy

None

9. Facilities and Capital Assets

Finding 2021-005: It is recommended that the District update its capital asset inventory records.

10. Status of Prior Year's Findings/Recommendations

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year recommendations. The prior year recommendations regarding employment contracts, collection or cancellation of the students' food service accounts receivable, and student activities were not resolved and are included in the current year's findings.