

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
YEAR ENDED JUNE 30, 2014

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE
FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
YEAR ENDED JUNE 30, 2014
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October 17, 2014

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, 2014, and have issued our report thereon dated October 17, 2014.

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 October 17, 2014, 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

Raymond G. Sarinelli
Licensed Public School Accountant #864
Certified Public Accountant

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2014

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.

Administrative 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>
Michael Zazzarino	Treasurer of School Monies	\$ 450,000
Brian Fleischer	Chief Operating Officer	100,000

There is a Public Employees' Dishonesty Blanket Bond with the General Security Property and Casualty Company covering all other employees with multiple coverage of \$1,000,000. Although not required it is suggested that the Surety Bond Coverage of the Chief Operating Officer be increased to the same level as the Treasurer of School Monies

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were different than estimated costs. The Board made a proper adjustment to the billings to sending districts for the change in per pupil costs 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.

Payroll Account

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.

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.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

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 except as noted.

Findings:

1. Our review revealed that the District should take greater care in the recording of the revenue and expenditure details for the capital projects. Currently, the District is not separating by project revenue and expenditures classification within the accounting records.
2. The District did not submit the year end Board Secretary and Treasurer's Report to the County Superintendent by the required deadline of August 1, 2014. The report was filed with the County on August 21, 2014. No formal recommendation deemed necessary as the report was completed but not submitted by the due date.

Recommendations:

It is recommended that the District review and modify the current accounting records to properly detail the revenue and expenditures for the capital projects by project.

Management's Response:

The District maintains all revenue and expenditure details for capital projects on subsidiary ledgers but due to software limitations is unable to detail the projects on the Board Secretary's report. The District is working with the software vendor to correct the issue on future Board Secretary's reports.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

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 except as noted herein.

No Child Left Behind (N.C.L.B.)

The N.C.L.B. 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 and Title III of the No Child Left Behind Act.

The study of compliance for the N.C.L.B. did not indicate any area of noncompliance.

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.

Finding:

During our testing of the IDEA Grants it was noted that timesheets are not being prepared and maintained for employees to support all the salaries being charged to the IDEA Grants, and approved in the minutes.

Recommendation:

It is recommended that all staff charged to the IDEA Grants be supported by a timesheet and have Board approval.

Management's Response

The Administration has already initiated a process for disseminating and collection Personnel Activity Reports for staff charged to the IDEA grant to comport with time and effort reporting requirements, and will obtain Board approval.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2014
 (Continued)

Financial Planning, Accounting and Reporting (Cont'd)

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.

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"

N.J.S.A. 18A:18A-4 states, "Every contract for the provision or performance of any goods or services the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the Board of Education to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law"

Effective July 1, 2010 and thereafter the bid thresholds in accordance with N.J.S.A. 18 A:18A-2 and 18A:18A-3(a) are \$36,000 (with a Qualified Purchasing Agent) and \$26,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$18,300.

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.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

School Purchasing Programs (Cont'd)

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 financial transactions and statistical records of the School Food Service Fund were reviewed. The financial accounts were reviewed on a test basis. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis. Food Service accounting records maintained by the District's central administration office were reconciled with the records maintained by the food service contractor.

Cash receipts and bank records were reviewed for timely deposit.

The District utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34, and 19-1 through 19-4.1. Provisions of the FSMC contract/addendum were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program guarantees the loss will not exceed \$115,000. The operating results provision has been met.

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

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the nonprofit status of the School Food Service Fund. Net cash resources did not exceed three months average expenditures.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

School Food Service (Cont'd)

Time sheets and payroll records provided to the District from the Food Service contractor were reviewed on a test basis.

The number of meals claimed for reimbursement was verified against sales. As part of the claims review process, the Edit Check Worksheet was completed. Reimbursement vouchers claims were submitted/certified in a timely manner.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served did not exceed the number of valid applications on file, multiplied by the number of operating days, on a school by school basis. The free and reduced price meal policy is uniformly administered throughout the school system. The required verification procedures for free and reduced price applications were completed and available for review.

Food Distribution Program Commodities were received and a separate inventory was maintained on a first-in, first-out basis. No exceptions were noted.

The District has a Type 2 SOC I report (Service Organization Controls Report) of the food service management company on file as required by state requirements.

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

Finding:

Our audit of the records revealed that the District is not always receiving details of the Operating Statements from the Food Service Provider prior to the release of payments. However, the District has improved from the prior year.

Recommendation:

It is recommended that the Operating Statements from the Food Service Provider be verified to supporting documentation prior to the release of payment.

Management Response:

The District initiated a procedure in the 2013/2014 school year to verify a selection of the detailed billings listed on the food service management company's operating ledger but will expand the scope of the verification going forward prior to the release of payment.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2014
(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 no comments except as noted below.

Finding:

Our audit included a review of the records maintained for the student activity funds at the various schools. Although there was an improvement from the prior year, one school was not maintaining a proper detail of all receipts and all disbursements along with an accurate monthly bank reconciliation. Our review also revealed that several schools are not making deposits in a timely manner and disbursements are not supported by proper documentation and approval.

Recommendation:

It is recommended that the District evaluate and continue to communicate policies for the student activity funds to standardize the process at each school to ensure that the above items are resolved.

Management Response:

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, and provided all schools with a standard template for completing bank reconciliations to standardize the process across schools. 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

Our audit procedures included a test of information reported in the October 15, 2013 Application for State School Aid (A.S.S.A.) for on-roll students, private schools for the handicapped students, low income students and bilingual students. 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 with exceptions. The information that was included on the workpapers was verified on a test basis with exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

Finding:

Our audit included a review of the 2013-2014 Application for State School Aid. This review revealed minor reporting errors; therefore no formal recommendation is judged to be warranted.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

Pupil Transportation

Our audit procedures included a test of on-roll status reported in the 2013-2014 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with minor exceptions. 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 procedures and award of contracts. No exceptions were noted in our review of transportation related purchases of goods and services.

Facilities and Capital Assets

Our procedures included a review of the 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.

Findings:

1. Our review revealed that the SDA grants awarded to the District were not maintained within the accounting records of the District.
2. During our testing of capital assets, it was noted that the assets are being disposed of and/or moved throughout the District without proper notification to the Board Office.

Recommendations:

1. It is recommended that all SDA grants be included and maintained in the accounting records of the District.
2. It is recommended that the District evaluate and communicate policies for the capital assets at each school to ensure that the capital assets accounting and reporting system is accurate.

Managements Response

The Administration is already including and maintaining its SDA grants within the accounting records for the 2014-2015 fiscal year. The Administration provided training to principals and secretaries regarding procedures for disposal and/or relocation of capital assets and will continue to reinforce those procedures.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

Miscellaneous

Travel

Travel regulations require each District to adopt a formal policy and procedures pertaining to travel and expense reimbursements for its employee and board members. The regulations require the District to establish a maximum travel amount for the year and to ensure that the maximum is not exceeded. The regulations also require that all travel be preapproved by the Board of Education and the Superintendent and that the approval must be itemized by event, event total cost, and individuals attending. Based on our audit procedures, we have noted the following:

Finding:

Although there was significant improvement from the prior year, our review of the travel records revealed that the required subsequent travel reports for conference/training were not always being obtained.

Recommendation:

It is recommended that the District fully implement the travel regulations and make necessary changes in their policy to ensure compliance.

Managements Response

The Administration revised its travel and conference forms and has taken several additional steps to communicate to staff the requirement regarding subsequent travel reports. Additionally, in Spring 2015, a staff member within the Business Office was explicitly assigned and trained to monitor and ensure compliance with the travel regulations.

Management Suggestion

GASB Statement No. 68

Governmental Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, are effective for fiscal years beginning after June 15, 2014. The primary objective of GASB Statement No. 68 is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governments about financial support for pensions provided by other entities. Additionally, this statement establishes standards for measuring and recognizing pension liabilities of the District in the financial statements and details the information to be included in the note disclosure and required supplementary information on pensions. Successful implementation of these standards will require the provision of certain key financial and non-financial information from the New Jersey Division of Pensions.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

Internal Controls

It has come to our attention that a number of school districts in New Jersey are being cited by the State Department of Education for the purchasing of goods or services prior to the issuance of an approved purchase order. This issue appears to be primarily related to maintenance and buildings and grounds expenditures. We are taking this opportunity to reiterate to our clients that a valid, approved purchase order must be prepared prior to obligating the District to a purchase of goods or services to be in compliance with requirements of the State. This includes blanket purchase orders, as it is required to have all signatures on each transaction before purchasing the goods or services.

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 current accounting records for Capital Projects, supporting documentation for the food service operating statements, student activity process, and implementation of travel regulations were not corrected in the current year and are included in the current year's audit. However, the Transportation Aid amounts charged to the Aid in Lieu account have been corrected and the meals reported on the edit check worksheets are in agreement with the District's records.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF MEAL COUNT ACTIVITY
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

<u>Program</u>	<u>Meal Category</u>	<u>Meal Claimed</u>	<u>Meal Tested</u>	<u>Meal Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>(Over) Underclaim</u>
National School Lunch	Paid	116,842	61,744	61,744	-0-	0.028	-0-
	Reduced	15,943	8,432	8,432	-0-	2.530	-0-
(Regular Rate)	Free	104,752	55,118	55,118	-0-	2.930	-0-
		<u>237,537</u>	<u>125,294</u>	<u>125,294</u>	<u>-0-</u>		<u>-0-</u>
TOTAL NET (OVER) / UNDERCLAIM							<u>\$ -0-</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF NET CASH RESOURCES
FOOD SERVICE FUND
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Food Service	
<u>Net Cash Resources:</u>		
CAFR *		Current Assets
B-4	\$ 370,115	Cash & Cash Equiv.
B-4	85,905	Due from Other Gov'ts
B-4	6,357	Accounts Receivable
CAFR		Current Liabilities
B-4	(294,328)	Less Accounts Payable
B-4	(43,411)	Less Deferred Revenue
	\$ 124,638	Net Cash Resources
		(A)
<u>Net Adj. Total Operating Expense:</u>		
B-5	\$ 1,204,386	Tot. Operating Exp.
B-5	(21,925)	Less Depreciation
	\$ 1,182,461	Adj. Tot. Oper. Exp.
		(B)
<u>Average Monthly Operating Expense:</u>		
B / 10	\$ 118,246	
		(C)
<u>Three times monthly Average:</u>		
3 X C	\$ 354,738	
		(D)

TOTAL IN BOX A	\$ 124,638
LESS TOTAL IN BOX D	354,738
NET	\$ (230,100)

From above:

A is greater than D, cash exceeds 3 X average monthly operating expenses.

D is greater than A, cash does not exceed 3 X average monthly operating expenses.

* Inventories are not to be included in total current assets.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2013

	2014-2015 Application for State School Aid						Sample for Verification					
	Reported on Revised ASSA		Reported on Workpapers		Errors		Sample Selected from Workpapers		Verified per Registers		Errors	
	On Roll		On Roll		Full	Shared	Full	Shared	Full	Shared	Full	Shared
	Full	Shared	Full	Shared								
Half Day Preschool - 3 Year Old	5		4		1			5		4		
Half Day Preschool - 4 Year Old	4		5		(1)			4		5		
Full Day Kindergarten	445		441		4			445		441		4
Grade One	469		464		5			469		464		5
Grade Two	487		487					487		487		
Grade Three	448		445		3			448		445		3
Grade Four	417		417					417		417		
Grade Five	474		474					474		474		
Grade Six	443		443					443		443		
Grade Seven	403		403					403		403		
Grade Eight	431		431					431		431		
Grade Nine	430		430					430		430		
Grade Ten	412		412					412		412		
Grade Eleven	392		392					392		392		
Grade Twelve	433		433					433		433		
Subtotal	5,693		5,681		12			5,693		5,681		12
Special Education:												
Elementary	434		434					43		43		
Middle	276		276					28		28		
High	342		340		2			34		34		
Subtotal	1,052		1,050		2			105		105		
Totals	6,745	-0-	6,731	-0-	14	-0-		5,798	-0-	5,786	-0-	12
Percentage Error					0.21%	0.00%						0.21%

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2013

	<u>Private Schools for Disabled</u>				<u>Resident Low Income</u>					
	<u>Reported on ASSA as Private Schools</u>	<u>Sample for Verification</u>	<u>Sample Verified</u>	<u>Sample Errors</u>	<u>Reported on ASSA as Low Income</u>	<u>Reported on Workpapers as Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Application and Register</u>	<u>Sample Errors</u>
Full Day Kindergarten					69	69		7	7	
Grade One					79	79		8	8	
Grade Two					74	74		8	8	
Grade Three					74	72	2	8	8	
Grade Four					65	65		7	7	
Grade Five					84	81	3	8	8	
Grade Six					77	75	2	7	7	
Grade Seven					81	81		8	8	
Grade Eight					81	81		8	8	
Grade Nine					80	79	1	8	8	
Grade Ten					83	85	(2)	8	8	
Grade Eleven					101	98	3	10	10	
Grade Twelve					91	88	3	9	9	
Subtotal					<u>1,039</u>	<u>1,027</u>	<u>12</u>	<u>104</u>	<u>104</u>	
Special Education:										
Elementary School	10	3	3		145	139	6	15	15	
Middle School	15	4	4		127	123	4	12	12	
High School	46	8	8		145	145		15	15	
Subtotal	<u>71</u>	<u>15</u>	<u>15</u>		<u>417</u>	<u>407</u>	<u>10</u>	<u>42</u>	<u>42</u>	
Totals	<u>71</u>	<u>15</u>	<u>15</u>	<u>-0-</u>	<u>1,456</u>	<u>1,434</u>	<u>22</u>	<u>146</u>	<u>146</u>	<u>-0-</u>
Percentage Error				<u>0.00%</u>			<u>1.51%</u>			<u>0.00%</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2012

	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		1	1	
Grade One	2	3	(1)	1	1	
Grade Two	2		2			
Grade Three	1	1		1	1	
Grade Four	2	2		1	1	
Grade Five	1	1				
Grade Six	1	1				
Grade Seven	2	2		1	1	
Grade Eight	1	1				
Grade Nine	2	2		1	1	
Grade Ten	1	1		1	1	
Grade Eleven		1	(1)			
Subtotal	17	17		9	9	
Special Education:						
Elementary School						
Middle School						
High School						
Subtotal						
Totals	17	17	-0-	9	9	-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, 2013

	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	2	4	2	2	2	
Grade One	1	1		1	1	
Grade Two	1	3	2			
Grade Three	2	2		1	1	
Grade Four	1	1				
Grade Five	1	1		1	1	
Grade Six						
Grade Seven	2	2		1	1	
Grade Eight						
Grade Nine	3	3		1	1	
Grade Ten	1	1				
Grade Eleven	3	3		1	1	
Subtotal	17	21	4	8	8	
Special Education:						
Elementary School						
Middle School						
High School						
Subtotal						
Totals	17	21	4	8	8	-0-
Percentage Error			19.05%			0.00%

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2013

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	1,491	1,491		150	141	9
Regular - Special Education	109	109		10	10	
Transported - Non Public	19	19		5	5	
AIL - Non Public	284	284		28	28	
Special Needs - Public	109	109		11	11	
Special Needs - Private	66	66		6	6	
Totals	2,078	2,078	-0-	210	201	9
Percentage Error			0.00%			4.29%

	Reported	Recalculated
Average Mileage - Regular Including Grade PK Students	3.5	3.5
Average Mileage - Regular Excluding Grade PK Students	3.5	3.5
Average Mileage - Special Education with Special Needs	7.0	7.0

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2014

Section 1 - REGULAR DISTRICT

2013-14 Total General Fund Expenditures per the CAFR	<u>\$ 119,499,184</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>\$ 9,822,977</u> (B2a)	
Assets Acquired Under Capital Leases	<u>\$ -0-</u> (B2b)	
Adjusted 13-14 General Fund Expenditures [(B)+(B1's)-(B2's)]	<u>\$ 109,676,207</u> (B3)	
2% of Adjusted 2013-14 General Fund Expenditures [(B5) times .02]	<u>\$ 2,193,524</u> (B4)	
Enter Greater of (B4) or \$250,000	<u>\$ 2,193,524</u> (B5)	
Increased by: Allowable Adjustment	<u>\$ 51,215</u> (K)	
Maximum Unassigned Fund Balance [(B5)+(K)]		<u>\$ 2,244,739</u> (M)

Section 2

Total General Fund - Fund Balances @ 6/30/14 (Per CAFR Budgetary Comparison Schedule C-1)	<u>\$ 9,011,030</u> (C)	
Decreased by:		
Assigned Year End Encumbrances	<u>\$ 1,343,119</u> (C1)	
Legally Restricted - Designated for Subsequent Year's Expenditures	<u>\$ -0-</u> (C2)	
Excess Surplus - Designated for Subsequent Year's Expenditures	<u>\$ 2,259,622</u> (C3)	
Other Restricted Fund Balances	<u>\$ 3,128,648</u> (C4)	
Assigned Designated for Subsequent Year's Expenditures	<u>\$ 1,500,000</u> (C5)	
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]		<u>\$ 779,641</u> (U1)

Section 3

Reserved Fund Balance-Excess Surplus [(U1)-(M)] IF NEGATIVE, ENTER -0-	<u>\$ -0-</u> (E)
--	-------------------

Recapitulation of Excess Surplus as of June 30, 2014

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures	<u>\$ 2,259,622</u> (C3)
Restricted Excess Surplus [(E)]	<u>\$ -0-</u> (E)
Total [(C3)+(E)+(F)]	<u>\$ 2,259,622</u> (D)

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

Detail of Allowable Adjustments

Impact Aid	\$ -0- (H)
Sale and Lease Back	<u>\$ -0- (I)</u>
Extraordinary Aid	<u>(J1)</u>
Additional Nonpublic School Transportation Aid	<u>\$ 51,215 (J2)</u>
Total Adjustments [(H)+(I)+(J1)+(J2)]	<u>\$ 51,215 (K)</u>

Detail of Other Restricted Fund Balance

Statutory Restrictions:

Approved Unspent Separate Proposal	\$ -0-
Capital Outlay for a District with a Capital Outlay SGLA	<u>\$ -0-</u>
Sale/Lease-Back Reserve	<u>\$ -0-</u>
Capital Reserve	<u>\$ 2,878,648</u>
Maintenance Reserve	<u>\$ 250,000</u>
Emergency Reserve	<u>\$ -0-</u>
Tuition Reserve	<u>\$ -0-</u>
Other State/Governmental Mandated Reserve	<u>\$ -0-</u>
Other Restricted Fund Balance not Noted Above	<u>\$ -0-</u>
Total Other Reserved Fund Balance	<u>\$ 3,128,648</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SUMMARY OF RECOMMENDATIONS
FISCAL YEAR ENDED JUNE 30, 2014

It is recommended that:

1. Administrative Practices and Procedures
None
2. Financial Planning, Accounting and Reporting
 - a) The District review and modify the current accounting records to properly detail the revenue and expenditures for the capital projects by project.
 - b) All staff charged to the IDEA Grants be supported by a timesheet and have Board Approval.
3. School Purchasing Program
None
4. School Food Service
 - a) The Operating Statements from the Food Service Provider be verified to supporting documentation prior to the release of payment.
5. Student Body Activities
The District evaluate and communicate policies for the student activity funds to standardize the process at each school.
6. Pupil Transportation
None
7. Facilities and Capital Assets
 - a) All SDA grants be included and maintained in the accounting records of the District.
 - b) The District evaluate and communicate policies for the capital assets at each school to ensure that the fixed assets accounting and reporting system is accurate.
8. Miscellaneous
The District fully implement the travel regulations and make necessary changes in their policy to ensure compliance.
9. Status of Prior Year's Findings/Recommendations
The prior year recommendations regarding current accounting records for Capital Projects, supporting documentation for food service operating statement, student activity process, ASSA supporting documentation, collection of SDA Grant receivable, and implementation of travel regulation were not corrected in the current year and are included in the current year's audit. However, the Transportation Aid amounts charged to the Aid in Lieu account have been corrected and the meals reported on the edit check worksheets are in agreement with the District's records.