

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2022

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2022
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February 15, 2023

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, 2022, and have issued our report thereon dated February 15, 2023.

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 February 15, 2023, 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, 2022

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 ACFR.

Officials in Office and Surety Bonds

<u>Name</u>	<u>Position</u>	<u>Coverage</u>
Andrea Del Guercio	Treasurer of School Monies	\$ 456,000
Nicholas Cipriano	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 not include all health benefit plans offered by the school district.

The school district data certification was not completed by the chief school administrator. The school district Chapter 44 data was not submitted timely. The original data submission required significant revision due to errors or omissions on the part of the District.

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.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

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 2022-001:

During the course of our audit testing, we noted that employment contracts were not executed for the unaffiliated employees for the 2021-2022 year.

Finding 2022-002:

During the course of our audit, we noted that the compensated absence liability was not updated.

Recommendations:

It is recommended that employment contracts are executed annually for the unaffiliated employees.

It is recommended that the compensated absence liability is updated annually.

Management Responses:

The District will ensure that procedures with regard to employment contracts are followed to ensure employment contracts are executed annually for all employees including the unaffiliated and that a payroll agency analysis of balance is properly maintained and that the compensated absence liability is updated annually.

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.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2022
(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.

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.

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.

The New Jersey Department of Education (DOE) conducted a collaborative federal desk monitoring of the District's ESEA, IDEA and ESSER grants for the project period beginning July 1, 2021. DOE issued a report dated June 21, 2022 which included findings. The District has filed a corrective action plan which has been reviewed and accepted by the DOE. The DOE has noted in their corrective action plan close out report that the findings have all been resolved.

Finding 2022-003:

During our review of the District's Extraordinary Aid application, we noted that the IEPs for 6 out of 15 students selected for testing did not include 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.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

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

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.

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, 2022. 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 . . ."

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 . . ."

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

School Purchasing Programs (Cont'd)

Contracts and Agreements Requiring Advertising for Bids (Cont'd)

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 2021-2022.

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 financial transactions and statistical records at the School Food Service Fund were reviewed. The financial account, and meal count records were reviewed on a test-check basis. No exception noted.

Cash receipts and bank records were reviewed for timely deposit. No exceptions were noted.

The District utilizes a food service management company (FMSC) 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 FMSC Cost Reimbursable Fixed Price contract/addendum were reviewed and audited. The FMSC contract does not include an operating results provision which guarantees that the food service program will breakeven. The operating results provision has been met. No exceptions were noted.

All vendor discounts, rebates and credits from vendors and/or the FSMC were tracked and credited to the Food Service account and reconciled to supporting documentation at least annually. No exceptions were noted.

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. No exceptions were noted.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

School Food Service (Cont'd)

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. No exceptions were noted.

The SFA recorded and maintained separate supporting documentation for additional costs (food, supplies, transportation, etc.) applicable to the implementation of the COVID-19 meal service under SSO or SFSP program requirements.

The FSMC did not apply for and receive a loan in accordance with the Payroll Protection Plan. Net cash resources did not exceed three months average expenditures. Net cash resources did not exceed three months average expenditures.

Time sheets and labor costs provided to the District by the Food Service contractor were reviewed on a test basis without exception. Payroll records were maintained on all School Food Service employees authorized by the Board of Education. No exceptions were noted.

The number of meals claimed for reimbursement was compared to sales and meal count records on a test basis. As part of the claims review process, the Edit Check Worksheet was completed. Reimbursement claims were submitted/certified in a timely manner. No exceptions were noted.

Applications for free and reduced-price meals were reviewed for completeness and accuracy. The number of free and reduced-price meals claimed as served was compared to the number of valid applications/or to the list of directly certified students on file, times the number of operating days, on a school-by-school basis.

The free and reduced-price meal and milk (modify as needed) policy was reviewed for uniform administration throughout the school district. Sites approved to participate in Provisions I and II were examined for compliance with all counting and claiming requirements. The required verification procedures for free and reduced-price applications were completed and available for review. No exceptions were noted.

U.S.D.A. Food Distribution Program commodities (food and/or commodities) were received and a single inventory was maintained on a first-in, first-out basis. 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.

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

School Food Service (Cont'd)

Finding 2022-004:

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 \$72,562 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 2022-005:

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. Buzz Aldrin Middle School and the High School Athletics monthly bank reconciliations were not prepared throughout the year or 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, and Montclair High School 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 timely of deposit could not be determined.
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. Renaissance Middle School and Buzz Aldrin Middle School student activity account payment vouchers did not have payment signature approvals and supporting documentation.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

Student Body Activities (Cont'd)

Finding 2022-005: (Cont'd)

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.

Application for State School Aid (ASSA)

Our audit procedures included a test of information reported in the October 15, 2021 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 without 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. See exception noted below.

Finding 2022-006:

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 several free and reduced applications were not able to be located.

Recommendation:

It is recommended that the District use on-roll registers to report students for the ASSA or maintain a listing of adjustments to the reports to ensure student counts are accurately reported and maintain free and reduced application files.

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 2021-2022 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.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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 2022-007:

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.

Recommendation

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

Management's Response

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.

Finding 2022-008:

The District has \$2,299,174 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, 2022
(Continued)

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

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.

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.

Payroll Analysis of Balance

During the course of our audit testing, we noted that a payroll agency analysis of balance was not maintained and updated on a monthly basis. It is suggested that a payroll agency analysis of balance is reconciled with the cash activity 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 recommendations regarding employment contracts, collection or cancellation of the students' food service accounts receivable, student activities and a capital asset inventory update were not resolved and are included in the current year's findings.

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, 2022

<u>Program</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>(Over)/ Under Claim</u>
School Breakfast:						
Seamless Summer Option:						
July to Dec. 2021	13,134	3,310	3,310	-0-	\$2.46	\$-0-
January to June 2022	14,064	1,833	1,833	-0-	\$2.61	\$-0-
School Lunch:						
Seamless Summer Option:						
July to Dec. 2021	134,393	68,858	68,858	-0-	\$4.32	\$-0-
January to June 2022	233,364	48,331	48,331	-0-	\$4.56	\$-0-

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF NET CASH RESOURCES
FOOD SERVICE FUND
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

			<u>Food Service</u>
<u>Net Cash Resources:</u>			
CAFR	*	Current Assets	
B-4		Cash & Cash Equiv.	\$ 146,843
B-4		Due from Other Gov'ts	385,641
B-4		Accounts Receivable	15,000
B-4		Interfund Receivable	4,945
CAFR		Current Liabilities	
B-4		Less Accounts Payable	(113,208)
B-4		Less Unearned Revenue	(70,620)
		Net Cash Resources	<u>\$ 368,601</u> (A)

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.	\$ 1,822,462	
B-5	Less Depreciation	(31,144)	
	Adj. Tot. Oper. Exp.	<u>\$ 1,791,318</u>	(B)

Average Monthly Operating Expense:

	B / 10	<u>\$ 179,132</u>	(C)
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Three times monthly Average:

	3 X C	<u>\$ 537,395</u>	(D)
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TOTAL IN BOX A	\$ 368,601		(A)
LESS TOTAL IN BOX D	537,395		(D)
NET	<u>\$ (168,794)</u>		

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.

SOURCE - USDA resource management comprehensive review form

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2021

	2022-2023 Application for State School Aid													
	Reported on				Errors				Sample		Sample for Verification			
	Revised ASSA		Workpapers		Full		Shared		Selected from		Registers		Errors	
On Roll	Shared	Full	Shared	On Roll	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Full Day Preschool - 3 Year	3		3	1					3		3			
Full Day Preschool - 4 Year	6		7		(1)				7		7			
Full Day Kindergarten	379		378		1				378		378			
Grade One	362		362						362		362			
Grade Two	407		407						407		407			
Grade Three	375		373		2				373		373			
Grade Four	368		368						368		368			
Grade Five	352		352						352		352			
Grade Six	369		369						369		369			
Grade Seven	396		396						396		396			
Grade Eight	391		391						391		391			
Grade Nine	439		439						439		439			
Grade Ten	409		408		1				408		408			
Grade Eleven	396		396						396		396			
Grade Twelve	399		399						399		399			
Subtotal	5,051		5,048	1	3				5,048		5,048			
Special Education:														
Elementary	371		372		(1)				12		12			
Middle	276		275		1				6		6			
High	353	4	352	3	1	1			7		7			
Subtotal	1,000	4	999	3	1	1			25		25			
Totals	6,051	4	6,047	4	4	1			5,073		5,073			
Percentage Error					0.07%	25.00%							0.00%	0.00%

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2021

	Private Schools for Disabled			Resident Low Income					
	Reported on ASSA as Private Schools	Sample for Verification	Sample Verified	Sample Errors	Reported on ASSA as Low Income	Reported on Workpapers as Low Income	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Kindergarten					29	30	(1)		
Grade One					42	43	(1)	1	1
Grade Two					49	50	(1)	1	1
Grade Three					38	38		2	1
Grade Four					51	53	(2)		1
Grade Five					33	33		1	1
Grade Six					38	39	(1)	4	4
Grade Seven					57	56	1	2	2
Grade Eight					45	45		3	3
Grade Nine					56	54	2	2	2
Grade Ten					48	48		2	2
Grade Eleven					48	48		1	1
Grade Twelve					43	42	1	2	1
Subtotal					577	579	(2)	21	19
Special Education:									
Elementary School	15	1	1		81	78	3	2	3
Middle School	22	2	2		66	67	(1)	2	1
High School	36	6	6		101	103	(2)	2	1
Subtotal	73	9	9		248	248		6	5
Totals	73	9	9	-0-	825	827	(2)	27	24
Percentage Error				0.00%			-0.24%		11.11%

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2021

	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	3	(1)			
Grade One	6	1	5	1	1	
Grade Two	2	4	(2)	1	1	
Grade Three	6	1	5			
Grade Four	1	1				
Grade Five		1	(1)	1	1	
Grade Six	1	1				
Grade Seven	3	2	1	1	1	
Grade Eight	4		4			
Grade Nine	1	4	(3)	2	1	1
Grade Ten	4	4				
Grade Eleven	3	2	1			
Grade Twelve	1	2	(1)	1	1	
Subtotal	34	26	8	7	6	1
Special Education:						
Elementary School	10	8	2			
Middle School	2	2				
High School	3	1	2	1		1
Subtotal	15	9	6	1		1
Totals	49	35	14	8	6	2
Percentage Error			28.57%			25.00%

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2021

	Reported on ASSA as LEP Not Low Income	Reported on Workpapers as LEP Not Low Income	Resident LEP Not Low Income Errors	Sample Selected from Workpapers	Verified to Test Scores and Register	Sample Errors
Full Day Kindergarten	1	2	1			
Grade One	5	5				
Grade Two	5	5		1	1	
Grade Three	3	3		1	1	
Grade Four	2	2				
Grade Five	4	2	(2)			
Grade Six	2	2				
Grade Seven	1	2	1			
Grade Eight	2	2		1	1	
Grade Nine	3	3		1	1	
Grade Ten	2	2				
Grade Twelve	3	3		2	2	
Subtotal	33	33		6	6	
Special Education:						
Elementary School	3	3				
Middle School	1		1			
High School	2		2			
Subtotal	6	3	3			
Totals	39	36	3	6	6	-0-
Percentage Error			7.69%			0.00%

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2021

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	1,299	1,299		25	25	
Regular - Special Education	28	28		5	5	
AIL - Non Public	245	245		25	25	
Special Needs - Public	136	136		14	14	
Special Needs - Private	112	112		11	11	
Totals	1,820	1,820	-0-	80	80	-0-
Percentage Error			0.00%			0.00%

	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	5.0	5.0

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2022

REGULAR DISTRICT

SECTION 1

4% Calculation of Excess Surplus

2021-2022 Total General Fund Expenditures per the ACFR, Ex. C-1	<u>\$ 170,518,175</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>\$ 60,699</u>	(B1b)
Decreased by:		
On-Behalf TPAF Pension and Social Security	<u>\$ 32,295,083</u>	(B2a)
Assets Acquired Under Leases and Financed Purchases	<u>\$ -0-</u>	(B2b)
Adjusted 2021-2022 General Fund Expenditures [(B)+(B1's)-(B2's)]	<u>\$ 138,283,791</u>	(B3)
4% of Adjusted 2021-2022 General Fund Expenditures [(B3) times .04]	<u>\$ 5,531,352</u>	(B4)
Enter Greater of (B4) or \$250,000	<u>\$ 5,531,352</u>	(B5)
Increased by: Allowable Adjustments	<u>\$ 2,551,563</u>	(K)
Maximum Unassigned Fund Balance [(B5)+(K)]		<u>\$ 8,082,915</u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6/30/2022 (Per ACFR Budgetary Comparison Schedule C-1)	<u>\$ 10,267,239</u>	(C)
Decreased by:		
Year-End Encumbrances	<u>\$ 1,138,292</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>\$ 2,615,854</u>	(C4)
Assigned Fund Balance:		
Designated for Subsequent Year's Expenditures	<u>\$ 4,000,000</u>	(C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]		<u>\$ 2,513,093</u> (U1)

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

SECTION 3

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

Recapitulation of Excess Surplus as of June 30, 2022

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

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

Total Excess Surplus [(C3)+(E)] \$ -0- (D)

Detail of Allowable Adjustments

Impact Aid \$ -0- (H)

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

Extraordinary Aid \$ 2,480,513 (J1)

Additional Nonpublic School Transportation Aid \$ 71,050 (J2)

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

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

Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)] \$ 2,551,563 (K)

Detail of Other Restricted Fund Balances

Statutory Restrictions:

Approved Unspent Separate Proposal \$ -0-

Sale/Lease-back Reserve \$ -0-

Capital Reserve \$ 1,240,213

Maintenance Reserve \$ 584,278

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 \$ 593,341

Workers Compensation Reserve \$ 198,022

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

Total Other Restricted Fund Balances \$ 2,615,854 (C4)

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SUMMARY OF RECOMMENDATIONS
FISCAL YEAR ENDED JUNE 30, 2022

It is recommended that:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

Finding 2022-001: Employment contracts are executed annually for the unaffiliated employees.

Finding 2022-002: The compensated absence liability is updated annually.

Finding 2022-003: 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.

3. School Purchasing Program

None

4. School Food Service

Finding 2022-004: The District evaluate and collect or cancel the students' food service accounts receivable at year end.

5. Student Body Activities

Finding 2022-005: 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

Finding 2022-006: The District use on-roll registers to report students for the ASSA or maintain a listing of adjustments to the reports to ensure student counts are accurately reported and maintain free and reduced application files.

7. Pupil Transportation

None

8. Travel Expense and Reimbursement Policy

None

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SUMMARY OF RECOMMENDATIONS
FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

It is recommended that: (Cont'd)

9. Facilities and Capital Assets

Finding 2022-07: 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, student activities and a capital asset inventory update were not resolved and are included in the current year's findings.