

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
YEAR ENDED JUNE 30, 2016

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE
FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
YEAR ENDED JUNE 30, 2016
TABLE OF CONTENTS

Cover Letter	1
Scope of Audit	2
Administrative Practices and Procedures	2
Insurance.....	2
Tuition Charges.....	2
Financial Planning, Accounting and Reporting	2
Examination of Claims	2
Payroll Account and Position Control Roster.....	3
Reserve for Encumbrances and Accounts Payable.....	3
Classification of Expenditures - General Classifications and Administrative Classifications	3
Board Secretary's Records.....	3
Treasurer's Records	4
No Child Left Behind (NCLB)	4
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	5
Contracts and Agreements Requiring Advertisement for Bids.....	5
School Food Service	6
Student Body Activities.....	7
Application for State School Aid.....	7
Pupil Transportation.....	8
Facilities and Capital Assets	8
Management Suggestions	9
Status of Prior Year's Findings/Recommendations.....	9
Schedule of Meal Count Activity (Not Applicable)	
Schedule of Net Cash Resources (Not Applicable)	
Schedule of Audited Enrollments	10
Excess Surplus Calculation.....	15
Summary of Recommendations.....	17



Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mt. Arlington, NJ 07856
973-328-1825 | 973-328-0507 Fax

Lawrence Business Center
11 Lawrence Road
Newton, NJ 07860
973-383-6699 | 973-383-6555 Fax

November 9, 2016

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, 2016, and have issued our report thereon dated November 9, 2016.

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 November 9, 2016, 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, if applicable.

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, 2016

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	School Business Administrator/Board Secretary	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 Business Administrator 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 except as noted below.

Finding:

During the course of our audit testing, we noted a few instances where purchases were made prior to the preparation/approval of purchase orders.

Recommendation:

It is recommended that all purchase orders are prepared/approved prior to the purchase of goods or services to ensure the availability of funds, and to be in accordance with New Jersey State Statute.

Management's Response:

All purchase orders will be prepared/approved prior to the purchase of goods or services to ensure the availability of funds, in accordance with N.J.S.A. 18A.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016
 (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.

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 except as noted herein.

Finding:

Due to the settlement after the end of the school year of bargaining unit contracts salary line items were overexpended.

Recommendation:

It is recommended that budget overexpenditures do not occur.

Management's Response:

The District will ensure that overexpenditures will not occur.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016
(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.

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.

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, 2016. The reimbursement form was reviewed and no exceptions were noted.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016
 (Continued)

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, 2015 and thereafter the bid thresholds in accordance with *N.J.S.A.* 18A:18A-2 and 18A:18A-3(a) are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (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 \$18,800.

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.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

School Purchasing Programs (Cont'd)

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

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

School Food Service

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

Additionally, we 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.

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

Finding:

During our review of the Food Service Fund financials our audit revealed a large 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 \$75,000 was established in the Food Service Fund in the prior year.

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 has initiated a procedure during the 2016/2017 school year to mitigate the students' food service accounts receivable from increasing in future years. Administration will also review all open balances for collection or cancellation in the 2016/2017 school year.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016
(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. Our review of the Montclair High School, Renaissance Middle School, Bradford Elementary School and Nishuane Elementary School revealed that they are not maintaining a standardized process in accordance with school district policies for student activities.

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. 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, 2015 Application for State School Aid (A.S.S.A.) 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 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 2016-2017 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, 2016
(Continued)

Pupil Transportation

Our audit procedures included a test of on-roll status reported in the 2015-2016 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with one minor exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the District complied with proper bidding 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 of the Capital Projects Fund and the School Development Authority ("SDA") grants awarded revealed that the accounting records were not maintained in accordance with the *Uniform Minimum Chart to Accounts for New Jersey Public Schools, 2008 Edition* and that School Development Authority ("SDA") grants awarded to the District were not maintained within the accounting records of the District. SDA grants should be detailed in the accounting records to ensure the accuracy of the grant expenditures and provide support for the SDA submissions.
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 the accounting records be maintained in accordance with the *Uniform Minimum Chart to Accounts for New Jersey Public Schools, 2008 Edition* and that all SDA grants be included in the accounting records of the District to ensure support is available for the submission to the SDA.
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 District continues the process of breaking out the hard and soft costs associated with the newest capital projects in a manner that will comply with the *Uniform Minimum Chart of Accounts for New Jersey Public Schools, 2008 Edition* within the District's accounting records during the 2016-2017 fiscal year. The District also procured the services of an accounting consultant to assist with the review of the District's older SDA grants for collectability and the processing of the SDA ROD grant applications to expedite the payment of grant fund to the District. The District will also review procuring a full asset appraisal within the District during the 2017-2018 budget cycle and will provide training and reinforce the procedures for disposal and/or relocation of capital assets with District staff.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

Management Suggestions

Governmental Accounting Standards Board Statements

The next Governmental Accounting Standards Board (“GASB”) statement which will have a significant impact on the District will be GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, will be effective for the fiscal year ending June 30, 2018. This standard replaces GASB Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. It is similar to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* in that successful implementation of this standard will require the provision of certain key financial and non-financial information from the New Jersey Division of Pensions.

Cyber Security

Cyber-crime has become much more prevalent in the last few years. Websites and internal networks, including personally identifiable information (“PII”), have been hacked and resulted in significant losses to organizations, both financial and reputational. We suggest that the District consider options to test and protect the District from cyber-crime.

Payroll

During our review of the net payroll account, it was noted that several reconciling items have been outstanding for a number of years. It is suggested that the District eliminate outstanding reconciling items that are no longer valid.

Federal Grants Receivable

During our review of grant receivable, it was noted that federal grant reimbursement requests were submitted infrequently during the fiscal year resulting in significant receivable balances at year-end and a reduction in the District’s cash flow. It is suggested that federal grant reimbursement requests be submitted on a more frequent basis.

Status of Prior Year’s Findings/Recommendations

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year recommendations. The prior year recommendation regarding IDEA timesheets was resolved. The remaining prior year recommendations regarding the accounting records for Capital Projects, student activity deposit backup and disbursement approval and the capital assets notification 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, 2015

	2016-2017 Application for State School Aid						Sample for Verification					
	Reported on Revised ASSA On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Registers On Roll		Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Half Day Preschool - 4 Year Old	2				2							
Full Day Preschool - 3 Year	4		2		2		2		2			
Full Day Preschool - 4 Year	4		9		(5)		9		9			
Full Day Kindergarten	390		382		8		382		382			
Grade One	465		460		5		460		460			
Grade Two	462		449		13		449		449			
Grade Three	464		456		8		456		456			
Grade Four	472		462		10		462		462			
Grade Five	431		430		1		430		430			
Grade Six	397		396		1		396		396			
Grade Seven	463		459		4		459		459			
Grade Eight	439		438		1		438		438			
Grade Nine	419		418		1		418		418			
Grade Ten	405		404		1		404		404			
Grade Eleven	425		423		2		423		423			
Grade Twelve	413		412		1		412		412			
Subtotal	5,655		5,600		55		5,600		5,600			
Special Education:												
Elementary	408		408				10		10			
Middle	276		276				7		7			
High	356	6	356	6			7	1	7	1		
Subtotal	1,040		1,040				24	1	24	1		
Totals	6,695	-0-	6,640	-0-	55	-0-	5,624	1	5,624	1	-0-	-0-
Percentage Error					0.82%	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, 2015

	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	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Kindergarten					54	54		1	1	
Grade One					79	79		2	2	
Grade Two					66	66		2	2	
Grade Three					72	72		2	2	
Grade Four					72	72		2	1	1
Grade Five					73	73		2	2	
Grade Six					62	62		2	2	
Grade Seven					71	71		2	2	
Grade Eight					71	71		2	2	
Grade Nine					80	80		2	2	
Grade Ten					59	59		2	2	
Grade Eleven					61	61		2	2	
Grade Twelve					50	50		2	2	
Subtotal					870	870		25	24	1
Special Education:										
Elementary School	7	1	1		123	122	1	8	8	
Middle School	12	1	1		114	111	3	8	8	
High School	42	4	4		135	122	13	9	7	2
Subtotal	61	6	6		372	355	17	25	23	2
Totals	61	6	6	-0-	1,242	1,225	17	50	47	3
Percentage Error				0.00%			1.37%			6.00%

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015

	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
Grade One	6	6		2	2	
Grade Three	3	3				
Grade Four	3	3		1	1	
Grade Six	2	2				
Grade Seven	3	3		1	1	
Grade Nine	5	5		1	1	
Grade Ten	1	1				
Grade Eleven	2	3	(1)			
Totals	<u>25</u>	<u>26</u>	<u>(1)</u>	<u>5</u>	<u>5</u>	<u>-0-</u>
Percentage Error			<u>4.00%</u>			<u>0.00%</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015

	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
Grade Two	5	6	(1)	1	1	
Grade Four	2	1	1	1	1	
Grade Five		2	(2)			
Grade Seven	1	2	(1)	1	1	
Subtotal	<u>8</u>	<u>11</u>	<u>(3)</u>	<u>3</u>	<u>3</u>	
High School	1		1			
Subtotal	<u>1</u>		<u>1</u>			
Totals	<u>9</u>	<u>11</u>	<u>(2)</u>	<u>3</u>	<u>3</u>	<u>-0-</u>
Percentage Error			<u>18.18%</u>			<u>0.00%</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	1,495	1,495		25	24	1
Regular - Special Education	53	53		5	5	
AIL - Non Public	286	286		25	25	
Special Needs - Public	128	128		13	13	
Special Needs - Private	59	59		6	6	
Totals	2,021	2,021	-0-	74	73	1
Percentage Error			0.00%			1.35%

	Reported	Recalculated
Average Mileage - Regular Including Grade PK Students	3.6	3.6
Average Mileage - Regular Excluding Grade PK Students	3.6	3.6
Average Mileage - Special Education with Special Needs	7.0	7.0

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2016

REGULAR DISTRICT

SECTION 1

2% Calculation of Excess Surplus

2015-2016 Total General Fund Expenditures per the CAFR, Ex. C-1	<u>\$ 127,407,926</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>\$ 10,959</u> (B1b)
Transfer from General Fund to SRF for PreK - Regular	<u>\$ -0-</u> (B1c)
Transfer from General Fund to SRF for PreK - Inclusion	<u>\$ -0-</u> (B1d)
Decreased by:	
On-Behalf TPAF Pension and Social Security	<u>\$ 13,197,862</u> (B2a)
Assets Acquired Under Capital Leases	<u>\$ 269,429</u> (B2b)
Adjusted 2015-16 General Fund Expenditures [(B)+(B1's)-(B2's)]	<u>\$ 113,951,594</u> (B3)
2% of Adjusted 2015-16 General Fund Expenditures [(B3) times .02]	<u>\$ 2,279,032</u> (B4)
Enter Greater of (B4) or \$250,000	<u>\$ 2,279,032</u> (B5)
Increased by: Allowable Adjustments	<u>\$ 223,057</u> (K)
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]	<u>\$ 2,502,089</u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6/30/2016 (Per CAFR Budgetary Comparison Schedule C-1)	<u>\$ 5,316,871</u> (C)
Decreased by:	
Year-End Encumbrances	<u>\$ 989,770</u> (C1)
Legally Restricted:	
Designated for Subsequent Year's Expenditures	<u> </u> (C2)
Excess Surplus - Designated for Subsequent Year's Expenditures	<u>\$ 1,271,271</u> (C3)
Other Restricted Fund Balances	<u>\$ 741,819</u> (C4)
Assigned Fund Balance:	
Unreserved - Designated for Subsequent Year's Expenditures	<u> </u> (C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	<u>\$ 2,314,011</u> (U1)

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

SECTION 3

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

Recapitulation of Excess Surplus as of June 30, 2016

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures \$ 1,271,271 (C3)

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

Total Excess Surplus [(C3)+(E)] \$ 1,271,271 (D)

Detail of Allowable Adjustments

Impact Aid \$ -0- (H)

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

Extraordinary Aid \$ 173,293 (J1)

Additional Nonpublic School Transportation Aid \$ 49,764 (J2)

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

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

Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)] \$ 223,057 (K)

Detail of Other Restricted Fund Balances

Statutory Restrictions:

Approved Unspent Separate Proposal \$ -0-

Sale/Lease-back Reserve \$ -0-

Capital Reserve \$ 491,819

Maintenance Reserve \$ 250,000

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 General Fund Reserve (Sections 8007 and 8008) \$ -0-

Other State/Government Mandated Reserve \$ -0-

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

Total Other Restricted Fund Balances \$ 741,819 (C4)

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SUMMARY OF RECOMMENDATIONS
FISCAL YEAR ENDED JUNE 30, 2016

It is recommended that:

1. Administrative Practices and Procedures
None
2. Financial Planning, Accounting and Reporting
 - a) All purchase orders are prepared/approved prior to the purchase of goods or services to ensure the availability of funds, and to be in accordance with New Jersey State Statute.
 - b) Budget overexpenditures do not occur.
3. School Purchasing Program
None
4. School Food Service
 - a) The District evaluate and collect or cancel the students' food service accounts receivable at year end.
5. Student Body Activities
 - a) The District evaluate and communicate policies for the student activity funds to standardize the process at each school.
6. Application for State School Aid
None
7. Pupil Transportation
None
8. Facilities and Capital Assets
 - a) The accounting records be maintained in accordance with the *Uniform Minimum Chart to Accounts for New Jersey Public Schools, 2008 Edition* and that all SDA grants be included in the accounting records of the District to ensure support is available for the submission to the SDA.
 - 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.
9. Status of Prior Year's Findings/Recommendations

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year recommendations. The prior year recommendation regarding IDEA timesheets was resolved. The remaining prior year recommendations regarding the accounting records for Capital Projects, student activity deposit backup and disbursement approval and the capital assets notification were not resolved and are included in the current year's findings.