

**THE PUBLIC SCHOOLS
Montclair, New Jersey**

AUDITOR'S REPORT FISCAL YEAR 2017-2018 AND CORRECTIVE ACTION PLAN

WHEREAS, New Jersey Statutes 18A:23-5 states that "Within 30 days following the receipt of the report of the annual audit the board of education of the district shall, at a regularly scheduled public meeting, cause the recommendations of the auditor to be read and to be discussed and the discussion duly noted on the minutes of said board", and

WHEREAS, the firm of Nisivoccia, LLP has forwarded the annual Audit Report for the school fiscal year, July 1, 2017, to June 30, 2018, to the Board of Education and administration and has forwarded the Comprehensive Annual Financial Report to the Department of Education,

RESOLVED that upon the recommendation of the Superintendent, the Montclair Board of Education acknowledges receipt of the Audit Report for the School Fiscal Year July 1, 2017, to June 30, 2018, and directs the Administration to implement the recommendations of the Auditor as shown in the Corrective Action Plan.

Adopted by Action of the
Montclair Board of Education
February 19, 2019

Emidio D'Andrea Business Administrator

REPORT OF AUDIT
MONTCLAIR TOWNSHIP SCHOOL DISTRICT
COUNTY OF ESSEX
YEAR ENDED JUNE 30, 2018

S U M M A R Y

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS:				
Cash and Cash Equivalents	\$ 7,041,062	\$ 49,162		\$ 7,090,224
Interfund Receivable	378,664			378,664
Receivables From Federal Government		542,774		542,774
Receivables From State Government	1,642,049	8,818		1,650,867
Accounts Receivable - Other	474,938			474,938
Restricted Cash and Cash Equivalents	2,582,924			2,582,924
Total Assets	\$ 12,119,637	\$ 600,754	\$ -0-	\$ 12,720,391
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	\$ 1,811,160	\$ 297,405		\$ 2,108,565
Accrued Liability for Health Benefit Claims	2,153,168			2,153,168
Interfund Payable	2,199		\$ 378,664	380,863
Unearned Revenue		268,206		268,206
Payable to Federal Government		1,542		1,542
Payable to State Government		33,601		33,601
Total Liabilities	3,966,527	600,754	378,664	4,945,945
Fund Balances:				
Restricted/(Deficit):				
Capital Reserve	1,498,646			1,498,646
Maintenance Reserve	1,084,278			1,084,278
Excess Surplus	567,021			567,021
Excess Surplus - For Subsequent Year's Expenditures	33,081			33,081
Assigned:				
Year-End Encumbrances	1,782,865			1,782,865
For Subsequent Year's Expenditures	466,919			466,919
Unassigned/(Deficit)	2,720,300		(378,664)	2,341,636
Total Fund Balances/(Deficit)	8,153,110		(378,664)	7,774,446
Total Liabilities and Fund Balances	\$ 12,119,637	\$ 600,754	\$ -0-	\$ 12,720,391

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUE:				
Local Sources:				
Local Tax Levy	\$ 112,636,548			\$ 112,636,548
Tuition	167,105			167,105
Interest Earned on Capital Reserve Funds	4,654			4,654
Rents and Royalties	100,965			100,965
Miscellaneous	564,703	\$ 278,365	\$ 2,438	845,506
Total - Local Sources	113,473,975	278,365	2,438	113,754,778
State Sources	25,646,240	629,608		26,275,848
Federal Sources	66,578	2,283,119		2,349,697
Total Revenue	139,186,793	3,191,092	2,438	142,380,323
EXPENDITURES:				
Current:				
Regular Instruction	38,647,659	593,088		39,240,747
Special Education Instruction	9,561,839	370,704		9,932,543
Other Special Instruction	1,951,708			1,951,708
School Sponsored Instruction	1,454,363			1,454,363
Support Services and Undistributed Costs:				
Tuition	4,919,402	1,041,047		5,960,449
Student & Instruction Related Services	21,351,852	1,152,518		22,504,370
General Administration Services	1,879,769			1,879,769
School Administration Services	4,578,561			4,578,561
Central Services	1,314,916			1,314,916
Administration Information Technology	798,073			798,073
Plant Operations and Maintenance	8,027,385			8,027,385
Pupil Transportation	4,702,946			4,702,946
Unallocated Benefits	35,503,265			35,503,265
Capital Outlay	119,873	33,735	2,027,796	2,181,404
Charter School	33,016			33,016
Total Expenditures	134,844,627	3,191,092	2,027,796	140,063,515
Excess (Deficiency) of Revenues				
Over/(Under) Expenditures	4,342,166		(2,025,358)	2,316,808
OTHER FINANCING SOURCES/(USES):				
Montclair Improvement Authorization			1,993,588	1,993,588
Transfers In	2,438			2,438
Transfers Out	(224,425)		(2,438)	(226,863)
Total Other Financing Sources/(Uses)	(221,987)		1,991,150	1,769,163
Net Change in Fund Balances	4,120,179		(34,208)	4,085,971
Fund Balance (Deficit)—July 1	4,032,931		(344,456)	3,688,475
Fund Balance (Deficit)—June 30	\$ 8,153,110	\$ -0-	\$ (378,664)	\$ 7,774,446

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SUMMARY
JULY 1, 2017 THROUGH JUNE 30, 2018
(Continued)

It is recommended that:

1. Administrative Practices and Procedures
None
2. Financial Planning, Accounting and Reporting
Procedures with regard to employment contracts are followed to ensure employment contracts are executed annually for all employees.
3. School Purchasing Program
None
4. School Food Service
The District evaluate and collect or cancel the students' food service accounts receivable at year end.
5. Student Body Activities
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
Greater care be taken to ensure the accuracy of reporting the counts for the on-roll, low-income and LEP students in the District's Application for State School Aid (ASSA).
7. Pupil Transportation
Greater care be exercised in reporting the on-roll status in the DRTRS to ensure accurate reporting in all categories.
8. Facilities and Capital Assets
None
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 recommendations regarding payroll reconciliations and timely 1099 filings, pupil transportation contracts and accounting records for capital projects were resolved. The remaining prior year recommendations regarding collection or cancellation of the students' food service accounts receivable, student activities and the application for state school aid were not resolved and are included in the current year's findings.

NAME OF SCHOOL:
TYPE OF AUDIT:
DATE OF BOARD MEETING:
CONTACT PERSON:
TELEPHONE NUMBER:

Montclair Board of Education
 Annual Report on Examination of Accounts
 February 19, 2019
 Emidio D'Andrea
 973-509-4050

COUNTY: Essex

FINDING/RECOMMENDATION NUMBER	CORRECTIVE ACTION APPROVED BY THE BOARD/METHOD OF IMPLEMENTATION	INDIVIDUAL RESPONSIBLE FOR IMPLEMENTATION	COMPLETION DATE OF IMPLEMENTATION
<u>School Food Service</u> 1. The District evaluate and collect or cancel the students' food service accounts receivable at year end.	The District will continue to seek collection of the open balances from parents/guardians and will review open balances for possible cancellation in the future.	Business Administrator, Supervisor of Accounting, Building Principals	June 2019
<u>Student Body Activities</u> 1. The District continue to communicate district wide standard policies and procedures for all student activity funds to ensure that they are adhered to.	The Business Office will continue to provide face-to-face training for all custodians of the school accounts on the District's policies and best practices with respect to student activity funds based upon the establish student activity manual.	Principals, Principal Secretaries	September 2018
<u>Application for State School Aid</u> 1. Greater care be taken to ensure the accuracy of reporting the counts for the on-roll, low-income and LEP students in the districts Application for State School Aid (ASSA).	Greater care will be taken to ensure the accuracy of reporting on the ASSA and supporting documentation be maintained to support reported student counts.	Director of Operations and School Support Services, Director of Pupil Services	June 2019
<u>Pupil Transportation</u> 1. Greater care be exercised in reporting the on-roll status in the DRTRS to ensure accurate reporting in all categories.	Greater care will be taken to ensure the accuracy of reporting on the DRTRS and supporting documentation be maintained to support reported student counts.	Business Administrator, Transportation Supervisor	December 2018
<u>Financial Planning, Accounting and Reporting</u> 1. Procedures with regard to employment contracts are followed to ensure employment contracts are executed annually for all employees.	Employment contracts will be issued to all employees of the school district.	Personnel Manager	June 2019

CHIEF SCHOOL ADMINISTRATOR _____ **DATE** _____ **BUSINESS ADMINISTRATOR** _____ **DATE** _____