

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

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
COUNTY OF ESSEX
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE
FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2016
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December 8, 2016

The Honorable President and Members
 of the Board of Education
 Caldwell-West Caldwell School District
 County of Essex, NJ

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 financial statements of the Caldwell-West Caldwell School District in the County of Essex for the fiscal year ended June 30, 2016, and have issued our report thereon dated December 8, 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 December 8, 2016, on the financial statement 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 Caldwell-West Caldwell 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

Kathryn L. Mantell

Kathryn L. Mantell
 Licensed Public School Accountant #884
 Certified Public Accountant

CALDWELL-WEST CALDWELL 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, 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.

Officials in Office and Surety Bonds

<u>Name</u>	<u>Position</u>	<u>Coverage</u>
Thomas Lambe	Business Administrator/Board Secretary	\$ 100,000
Michael Falkowski	Treasurer of School Monies	300,000

The District has a \$50,000 Crime (Employee Dishonesty) policy through School Alliance Insurance Fund that covers employees not separately bonded as detailed on Exhibit J-20 of the CAFR.

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 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.

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (superintendent, assistant superintendent, and business administrator) to the NJ Department of Treasury was filed in a timely manner.

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

Payroll Account and Position Control Roster (Cont'd)

Findings:

Payrolls were not approved by the Superintendent nor certified by the Board President, the Board Secretary/Business Administrator and the Superintendent in writing.

The District did not prepare an analysis of the balance in the Payroll Agency account during the year, but prepared an analysis of the balance for June 30, 2016; therefore, a formal recommendation is judged to be unwarranted.

Recommendation:

It is recommended that payrolls are approved by the Superintendent and certified by the Board President, Board Secretary/Business Administrator and Superintendent in writing.

Management's Response:

The Business Office will ensure that all payrolls are approved by the Superintendent and certified by the Board President, Board Secretary/Business Administrator and Superintendent in writing.

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 and Administrative

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 also reviewed administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.2. Overall compliance was noted.

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.

Finding:

We noted that certain local grant receipts and enterprise fund program fees collected were recorded in the General Fund as appropriation refunds rather than as revenue. Under the direction of the Business Administrator, these items were properly reclassified as revenue; therefore, a formal recommendation is judged to be unwarranted.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
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FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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. No exceptions were noted.

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 and Title II 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 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.

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.

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 of 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 - no exceptions were noted.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement 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.

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

School Purchasing Programs (Cont'd)

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

N.J.S.A. 18A:18A-3 states:

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.

As per N.J.S.A. 18A:18A-3, the Board passed a resolution at its January 24, 2011 meeting, authorizing the Business Administrator as a qualified purchasing agent and increasing the bid threshold to \$36,000.

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. No exceptions were noted.

Based upon the results of our examination, we did not note any individual payments, contracts, or agreements for the performance of any work or goods or services, 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, 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.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
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FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

School Food Service

The school food service was not selected as a major federal and/or state program and state and federal program expenditures did not exceed \$100,000 in federal and/or state support.

Finding:

The Food Service Enterprise Fund has incurred operating deficits for the past several years. During the current fiscal year, the operating deficit created a cash deficit and a deficit in unrestricted and total net position. The District has taken several measures to improve the operating results and the annual deficits have been reduced over the past three fiscal years.

Recommendation:

It is recommended that the District continue to implement measures to eliminate the operating and cash deficit in the Food Service Enterprise Fund.

Management's Response:

The District will continue to monitor the operations of the Food Service Enterprise Fund and take measures to eliminate the operating and cash deficit.

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.

Findings:

- 1.) In certain instances, the Athletic account vouchers contain an administrator's or receipts of goods signatures.
- 2.) The analysis of the balance (by clubs or activities) in all of the student activities accounts was not prepared during the fiscal year. Under the Direction of the Business Administrator, the balances in the various Student Activities accounts were identified (by clubs or activities) as of June 30, 2016; therefore, no formal recommendation is judged to be warranted.

Recommendations:

It is recommended that:

- 1.) All Athletic account vouchers contain an administrator and receipt of goods signature before checks are released for payment.

Management's Responses:

- 1.) The District's policy to ensure that all Athletic account vouchers contain an administrator's and receipt of goods signatures prior to payment will be enforced.

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

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, private schools for the handicapped, low income students and bilingual education. 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 one minor exception. The information that was included on the workpapers was verified on a test basis without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

The District maintained workpapers on the prescribed State forms or their equivalent.

The District's written procedures for the recording of student enrollment data appear to be adequate.

Pupil Transportation

Our audit procedures included a test of on-roll status reported on 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 without 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 grant revenue and awarding contracts for eligible facilities construction costs.

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 require the District to establish maximum travel for the year and to account separately that the maximum is not exceeded. The regulations also require that all travel be approved prior by the Board of Education and that the approval must be itemized by event, event total cost, and individuals attending.

Our review of the travel policies and records revealed that the District is in general compliance with the travel regulations.

Continuing Education

Our procedures included a review of the Continuing Education account records. Based on these procedures, we have no comments except as noted as follows:

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

Continuing Education (Cont'd)

Finding:

In certain instances, the vouchers did not contain an administrator's or receipts of goods signatures.

Recommendation:

It is recommended that all Continuing Education vouchers contain an administrator and receipt of goods signature before checks are released for payment.

Management's Response:

The District's policy to ensure Continuing Education vouchers include the administrator's and receipt of goods signatures prior to payment will be enforced.

Management Suggestions

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.

Independent Contractors vs. Employees

The District should consider reviewing the status of "Independent Contractors" utilized by the District with Internal Revenue Service guidelines for determination of employment status. The IRS has been reviewing employers, including governments, to determine compliance. A proactive approach may help to minimize or eliminate potential penalties related to incorrect employment status determination.

Miscellaneous

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#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#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* GASB#68 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.

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

Follow-up on Prior Year Findings

The prior year recommendations regarding all Athletic account and Continuing Education program vouchers containing an administrator's and receipt of goods signature before checks are released for payment were not resolved during the current year and are included in the current year's findings.

CALDWELL-WEST CALDWELL 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		Reported on		Errors		Sample		Verified per		Errors	
	ASSA		Workpapers				Selected from		Registers			
	On Roll		On Roll		Workpapers		On Roll					
Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	
Half Day Kindergarten	158		158				158		158			
Grade One	170		170				170		170			
Grade Two	144		144				144		144			
Grade Three	198		198				198		198			
Grade Four	174		174				174		174			
Grade Five	157		157				157		157			
Grade Six	197		197				197		197			
Grade Seven	167		167				167		167			
Grade Eight	172		172				172		172			
Grade Nine	163		163				163		163			
Grade Ten	183	1	183	1			183	1	183	1		
Grade Eleven	157		157				157		157			
Grade Twelve	167	1	167	1			167	1	167	1		
Subtotal	2,207	2	2,207	2			2,207	2	2,207	2		
Special Education:												
Elementary	178		178				178		178			
Middle	97		97				97		97			
High	125	5	125	5			125	5	125	5		
Subtotal	400	5	400	5			400	5	400	5		
Totals	2,607	7	2,607	7	-0 -	-0 -	2,607	7	2,607	7	-0 -	-0 -
Percentage Error					0.00%	0.00%					0.00%	0.00%

CALDWELL-WEST CALDWELL 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	Reported on Workpapers as Private Schools	Errors	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
Half Day Kindergarten							6	6		1	1	
Grade One							11	11		4	4	
Grade Two							4	4		2	2	
Grade Three							10	10		4	4	
Grade Four							13	13		1	1	
Grade Five							6	6				
Grade Six	1	1					23	22	(1)			
Grade Seven							14	14				
Grade Eight							7	7		2	2	
Grade Nine							8	8				
Grade Ten							5	5		1	1	
Grade Eleven							5	5				
Grade Twelve							8	8				
Subtotal	1	1					120	119	(1)	15	15	
Special Education:												
Elementary School	6	6		1	1		35	35		1	1	
Middle School	9	9		2	2		14	14		1	1	
High School	24	24		4	4		16	16		1	1	
Subtotal	39	39		7	7		65	65		3	3	
Totals	40	40	-0-	7	7	-0-	185	184	(1)	18	18	-0-
Percentage Error			0.00%			0.00%			-0.54%			0.00%

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015

	Resident LEP Low Income					Resident LEP Not Low Income				
	Reported on ASSA as LEP Low Income	Reported on Workpapers as LEP Low Income	Sample Selected from Workpapers	Verified to Test Scores, Application and Register	Sample Errors	Reported on ASSA as LEP Not Low Income	Reported on Workpapers as LEP Not Low Income	Sample Selected from Workpapers	Verified to Test Scores and Register	Sample Errors
Half Day Kindergarten	2	2	1	1		4	4	2	2	
Grade One	4	4	2	2		5	5	2	2	
Grade Two	1	1								
Grade Three	3	3	1	1		1	1	1	1	
Grade Four	1	1								
Grade Six	1	1								
Grade Ten						2	2	1	1	
Grade Twelve						1	1			
Subtotal	12	12	4	4		13	13	6	6	
Special Education:										
Elementary School	6	6	3	3		5	5			
Subtotal	6	6	3	3		5	5			
Totals	18	18	7	7	-0-	18	18	6	6	-0-
Percentage Error			0.00%		0.00%			0.00%		0.00%

CALDWELL-WEST CALDWELL 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	88	88		7	7	
AIL - Non Public	161	161		12	12	
Special Needs - Public	35	35		3	3	
Special Needs - Private	38	38		3	3	
Totals	<u>322</u>	<u>322</u>	<u>-0 -</u>	<u>25</u>	<u>25</u>	<u>-0 -</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

	<u>Reported</u>	<u>Recalculated</u>
Average Mileage - Regular Including Grade PK Students	6.7	6.68
Average Mileage - Regular Excluding Grade PK Students	6.7	6.68
Average Mileage - Special Education with Special Needs	9.0	8.97

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2016

EXCESS SURPLUS CALCULATION**REGULAR DISTRICT****SECTION 1****A. 2% Calculation of Excess Surplus**

2015-16 Total General Fund Expenditures per the CAFR, Ex. C-1	<u>\$ 45,715,106</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)
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>\$ 4,232,313</u> (B2a)
Assets Acquired Under Capital Leases	<u>\$ -0-</u> (B2b)
Adjustment for Disallowed Expenditures per S1701	<u>\$ -0-</u> (B2c)
Adjusted 15-16 General Fund Expenditures [(B)+(B1's)-(B2's)]	<u>\$ 41,482,793</u> (B3)
2% of Adjusted 2015-16 General Fund Expenditures [(B3) times .02]	<u>\$ 829,656</u> (B4)
Enter Greater of (B4) or \$250,000	<u>\$ 829,656</u> (B5)
Increased by: Allowable Adjustment	<u>\$ 290,603</u> (K)
Maximum Unassigned Fund Balance [(B5)+(K)]	<u>\$ 1,120,259</u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6/30/16 (Per CAFR Budgetary Comparison Schedule C-1)	<u>\$ 3,157,608</u> (C)
Decreased by:	
Year End Encumbrances	<u>\$ 248,298</u> (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	<u>\$ -0-</u> (C2)
Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures	<u>\$ 300,000</u> (C3)
Other Restricted Fund Balances	<u>\$ 1,188,419</u> (C4)
Assigned - Designated for Subsequent Year's Expenditures	<u>\$ -0-</u> (C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	<u>\$ 1,420,891</u> (U1)
Increased by:	
Adjustment for Disallowed Transfers per S1701	<u>\$ -0-</u> (C6)
Total Unassigned Fund Balance for Excess Surplus Calculation (U1 + C6)	<u>\$ 1,420,891</u> (U2)

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

SECTION 3

Restricted Fund Balance - Excess Surplus [(U2)-(M)] IF NEGATIVE, ENTER -0- \$ 300,632 (E)

Recapitulation of Excess Surplus as of June 30, 2016

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures	<u>\$ 300,000 (C3)</u>
Restricted Excess Surplus [(E)]	<u>\$ 300,632 (E)</u>
Fund Balance Restricted for 2014-15 per S1701	<u>\$ -0- (F)</u>
 Total [(C3)+(E)+(F)]	 <u>\$ 600,632 (D)</u>

Detail of Allowable Adjustments

Impact Aid	<u>\$ -0- (H)</u>
Sale and Lease Back	<u>\$ -0- (I)</u>
Extraordinary Aid	<u>\$ 262,589 (J1)</u>
Additional Nonpublic School Transportation Aid	<u>\$ 28,014 (J2)</u>
Current Year School Bus Advertising Revenue Recognized	<u>\$ -0- (J3)</u>
 Total Adjustments ((H)+(I)+(J1)+(J2)+(J3))	 <u>\$ 290,603 (K)</u>

Detail of Other Restricted Fund Balance

Statutory restrictions:	
Approved unspent separate proposal	<u>\$ -0-</u>
Sale/lease-back reserve	<u>\$ -0-</u>
Capital reserve	<u>\$ 888,419</u>
Maintenance reserve	<u>\$ 300,000</u>
Emergency reserve	<u>\$ -0-</u>
Tuition reserve	<u>\$ -0-</u>
School Bus Advertising 50% Fuel Offset Reserve - current year	<u>\$ -0-</u>
School Bus Advertising 50% Fuel Offset Reserve - prior year	<u>\$ -0-</u>
Other state/governmental mandated reserve	<u>\$ -0-</u>
 Other Restricted Fund Balance not noted above	 <u>\$ -0-</u>
 Total Other Restricted Fund Balance	 <u>\$ 1,188,419 (C4)</u>

CALDWELL-WEST CALDWELL 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
Payrolls are approved by the Superintendent and certified by the Board President, Board Secretary/Business Administrator and Superintendent in writing.
3. School Purchasing Program
None
4. School Food Service
Continued measures are implemented to eliminate the operating and cash deficit.
5. Student Body Activities
All Athletic account vouchers contain an administrator's and receipt of goods signature before checks are released for payment.
6. Application for State School Aid
None
7. Pupil Transportation
None
8. Facilities and Capital Assets
None
9. Continuing Education
All Continuing Education vouchers contain an administrator's and receipt of goods signature before checks are released for payment.
10. Status of Prior Year's Findings/Recommendations
The prior year recommendations regarding all Athletic account and Continuing Education program vouchers containing an administrator's and receipt of goods signature before checks are released for payment were not resolved during the current year and are included in the current year's findings.