

**AUDITORS MANAGEMENT REPORT
ON ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
SCHOOL DISTRICT OF
BOROUGH OF CLIFFSIDE PARK
COUNTY OF BERGEN, NEW JERSEY
JUNE 30, 2016**

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REPORT OF INDEPENDENT AUDITORS

Honorable President and
Members of the Board of Education
Borough of Cliffside Park School District
County of Bergen, 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 Borough of Cliffside Park School District in the County of Bergen for the year ended June 30, 2016, and have issued our report thereon dated October 21, 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 report is intended for the information of the Borough of Cliffside Park Board of Education's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

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October 21, 2016

**ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING**

GENERAL COMMENTS

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, and the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

Fire insurance coverage was carried in the amounts as detailed on Exhibit J-20 of the District's CAFR.

Officials Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Louis Alfano	Board Secretary/School Business Administrator	\$50,000
Frank Berardo	Treasurer	275,000

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs exceeded the estimated costs. The Board made the proper adjustments to the billings to sending districts for the increase in per pupil costs in accordance with N.J.A.C. 6A:23A-3.1(f)3.

Examination of Claims

An examination of claims paid during the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

Payroll Account

The net salaries of all 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.

All payrolls were approved by the Superintendent and were certified by the President of the Board, the Board Secretary/School Business Administrator and the Chief School Administrator.

Financial Planning, Accounting and Reporting, (continued)

Payroll Account, (continued)

Salary withholdings were promptly remitted to the proper agencies, including health benefits withholding due to the General Fund.

Payrolls were delivered to the Treasurer of School Moneys with a warrant made to his order for the full amount of each payroll.

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (superintendent, assistant superintendents, and business administrator) to the NJ Department of Treasury was filed by the March 15 due date.

Reporting of employee compensation for income tax related purposes did comply with federal and state regulations regarding the compensation which is required to be reported.

The Board of Education made a merit bonus payment that a quantitative merit criterion or a qualitative merit criterion had been satisfied with prior approval by the district Board of Education and Executive County Superintendent, as required by N.J.A.C.6A:23-A-3.1(e)10.iv.

Position Control Roster

The Position Control Roster was reviewed and compared to payroll records, employee benefit records and charges made to the general ledger to ensure proper and consistent financial reporting and that employee benefits are only offered to current employees.

Reserve for Encumbrances, Liability for Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, for goods not yet received or services not yet rendered and it was determined that no blanket purchase orders were included in the balance of the reserves for encumbrances. Also, unpaid purchase orders included in the balance of accounts payable were reviewed for propriety and to determine that goods were received and services were rendered, as of June 30.

Classification of Expenditures

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, our sample selection specifically targeted administrative coding classifications to determine overall compliance with N.J.A.C. 6A:23A-8.3. As a result of the procedures performed, a transaction error rate of 1.52% was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Financial Planning, Accounting and Reporting, (continued)

Classification of Expenditures, (continued)

Finding 2016-01: Expenditures in the following categories were not charged to the appropriate line item account in accordance with The Uniform Minimum Chart of Accounts for New Jersey Public Schools: Unused Sick Time payouts.

Recommendation: The District should reference *The Uniform Minimum Chart of Accounts for New Jersey Public Schools, 2016 Edition* and other available reference materials, such as the Budget Guidelines for the proper classifications required to be in compliance with N.J.A.C. 6A:23-2.3(f).

Board Secretary's Records

The Board Secretary's records were found to be in good order.

Fixed Assets

The general fixed asset records were updated for the additions and disposals of general fixed assets made during the year.

Treasurer's Records

The Treasurer's records were in agreement with the records of the Board Secretary.

Elementary and Secondary Education Act (E.S.E.A.)/Improving America's School Act (IASA) as Reauthorized by the No Child Left Behind Act of 2001 (NCLB)

The E.S.E.A./NCLB financial exhibits contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the projects under Title I, Title II and Title III of the Elementary and Secondary Education Act, as amended.

The study of compliance for E.S.E.A. indicated that there were no areas of noncompliance and/or questionable costs.

Other Special Federal and/or State Projects

The District's Special Projects were approved as listed on Schedule K-3 and Schedule K-4 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 the 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.

The study of compliance for the special projects indicated that there were no areas of noncompliance.

Financial Planning, Accounting and Reporting, (continued)

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursements filed with the Department of Education for the 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 amount of the expenditure charged to the current year's Final Reports for all federal awards for the school district to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds was made prior to the end of the 90 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

Nonpublic State Aid

Project completion reports were finalized and transmitted to the State Department of Education by the due date.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-2 contains definitions for terms used throughout N.J.S.A. 18A:18A-1 et seq. It includes as subsection (p) the term 'competitive contracting', which is defined as "the method described in N.J.S.A. 18A:18A-4.1 through 18A:18A-4.5 and in rules promulgated by DCA at N.J.A.C. 5:34-4 of contracting for specialized goods and services in which formal proposals are solicited from vendors; formal proposals are evaluated by the purchasing agent or counsel or school business administrator; and the board of education awards a contract to a vendor or vendors from among the formal proposals received." Also, subsection (aa) defines the term 'concession' to exclude vending machines.

N.J.S.A. 18A:18A-3(a) sets forth the bid threshold and requires award by board resolution. There is a higher threshold when there is a "Qualified Purchasing Agent" (QPA) in the district as defined at N.J.A.C. 5:34-1.1 and certified upon approval of an application submitted to DCA. Pursuant to N.J.S.A. 18A:18A-3(b), the bid threshold may be adjusted by the Governor, in consultation with the Department of Treasury, every five years.

N.J.S.A. 18A:18A-4.4 provides boards of education the authority to pass a resolution authorizing the use of competitive contracting. "In order to initiate competitive contracting, the board of education shall pass a resolution authorizing the use of competitive contracting each time specialized goods or services enumerated in sections 45 of L. 1999, c.440 are desired to be contracted."

School Purchasing Programs, (continued)

Contracts and Agreements Requiring Advertisement for Bids, (continued)

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 Agency) 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 Solicitor's opinion should be sought before a commitment is made.

The results of our examination indicated that an individual payment, contract, or agreement was 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 contract or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

Finding 2016-02: (Schedule of Findings and Questioned Costs Finding 2016-01): The District did not adopt a resolution authorizing the purchase of computers from a vendor which the price was less than 10% of the price under a County Cooperative pricing agreement.

Recommendation: In the event the District is going to purchase any items for which a County Cooperative contract has been issued pursuant to N.J.S.A. 18A:18A-10, and the lowest responsible quotation is at least 10% less than the price the board would be charged for the identical materials, supplies or equipment, in the same quantities, under the County Cooperative contract a contract or agreement may be made, negotiated or awarded only upon adoption of a resolution by the affirmative vote of two-thirds of the full membership of the board.

School Food Service

The financial transactions and statistical records of the School Food Service Fund were reviewed. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

Cash receipts and bank records were reviewed for timely deposit.

The number of meals claimed for reimbursement was verified against sales and meal count records. As part of the claims review process the edit check worksheet was completed. Reimbursement claims were submitted/certified in a timely manner.

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

School Food Service, (continued)

The District utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34 and 19-1 through 19-4.1. Provisions of the FSMC contract/addendum were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will return a profit of at least \$200,000. The operating results provision has been met.

Expenditures were separately recorded for food purchases and other costs. Vendor invoices were reviewed and costs verified. 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.

Net cash resources did not exceed three months average expenditures.

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 non-profit status of the school food service.

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

The school district food management company maintains the detailed revenue and expenditure information necessary in order to execute the USDA mandated Non-Program Food Revenue Tool at least annually.

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

Student Body Activities

During our review of the student activity funds, no exceptions were noted.

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, and bilingual. 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 without exception. The information that was included on the workpapers was verified without exception. The results of our procedures are presented in the Schedule of Audited Enrollment.

The District maintained workpapers on the prescribed state forms or their equivalents.

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

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. 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. The bid specifications for the purchase of buses were in compliance with applicable statutes. No exceptions were noted in our review of transportation related purchases of goods and services.

Status of Prior Year Audit Findings/Recommendation

In accordance with Government Auditing Standards, our procedures included a review on all prior year recommendations and corrective action was taken on all, except those marked with an “*”.

Acknowledgment

We received the complete cooperation of all the officials of the school district and we greatly appreciate the courtesies extended to the members of the audit team.

Respectfully submitted,

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SCHEDULE OF MEAL COUNT ACTIVITY

**BOROUGH OF CLIFFSIDE PARK SCHOOL DISTRICT
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIMED - FEDERAL
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

		sub reim					
<u>Program</u>	<u>Meal Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>(Over)/ Under Claim</u>
National School Lunch (High Rate)	Paid	89,658	89,658	89,658		0.310	\$
National School Lunch (High Rate)	Reduced	25,387	25,387	25,387		2.690	
National School Lunch (High Rate)	Free	<u>186,927</u>	<u>186,927</u>	<u>186,927</u>		3.090	
	Total	<u>301,972</u>	<u>301,972</u>	<u>301,972</u>			
National School Lunch (Healthy Hunger-Free Kids Act)	HHFKA	<u>301,972</u>	<u>301,972</u>	<u>301,972</u>		0.06	
School Breakfast (Severe Needs Rate)	Paid	10,030	10,030	10,030		0.29	
	Reduced	3,965	3,965	3,965		1.69	
	Free	<u>44,964</u>	<u>44,964</u>	<u>44,964</u>		1.99	
	Total	<u>58,959</u>	<u>58,959</u>	<u>58,959</u>			
After School Snacks	Free	<u>63,399</u>	<u>63,399</u>	<u>63,399</u>		0.84	
	Total						
Total (Over)/Under Claim							\$ <u> </u>

SCHEDULE OF MEAL COUNT ACTIVITY

**BOROUGH OF CLIFFSIDE PARK SCHOOL DISTRICT
 FOOD SERVICE FUND
 NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIMED - STATE
 ENTERPRISE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Program</u>	<u>Meal Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>(Over)/ Under Claim</u>
State Reimbursement - National School Lunch (High Rate)	Paid	89,658	89,658	89,658		0.040	\$
State Reimbursement - National School Lunch (High Rate)	Reduced	25,387	25,387	25,387		0.055	
State Reimbursement - National School Lunch (High Rate)	Free	<u>186,927</u>	<u>186,927</u>	<u>186,927</u>	_____	0.055	_____
	Total	<u>301,972</u>	<u>301,972</u>	<u>301,972</u>	_____		_____
Total (Over)/Under Claim							\$ _____

**BOROUGH OF CLIFFSIDE PARK
BOARD OF EDUCATION**

Net cash resources did not exceed three months of expenditures
Proprietary Funds - Food Service
Year ended June 30, 2016

<u>Net Cash Resources:</u>		Food Service B - 4/5	
CAFR	*	Current Assets	
B-4		Cash & Cash Equiv.	\$ 73,406
B-4		Due from Other Gov'ts	45,479
CAFR		Current Liabilities	
B-4		Less Accounts Payable	(2,304)
B-4		Less Due to Other Funds	(261,283)
		Net Cash Resources	<u><u>\$ (144,702)</u></u> (A)

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.	1,703,223	
B-5	Less Depreciation	(4,465)	
	Adj. Tot. Oper. Exp.	<u><u>\$ 1,698,758</u></u>	(B)

Average Monthly Operating Expense:

B / 10	<u><u>\$ 169,876</u></u>	(C)
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Three times monthly Average:

3 X C	<u><u>\$ 509,627</u></u>	(D)
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TOTAL IN BOX A	\$	(144,702.00)	
LESS TOTAL IN BOX D	\$	509,627.40	
NET	\$	<u><u>(654,329.40)</u></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.

SCHEDULE OF AUDITED ENROLLMENTS

**BOROUGH OF CLIFFSIDE PARK
BOARD OF EDUCATION**

**Application for State School Aid Summary
Enrollment as of October 15, 2015**

Year ended June 30, 2016

Enrollment Category	2016-2017 Application for State School Aid						Sample for Verification						Private Schools for Disabled														
	Reported on On Roll			Workpapers On Roll			Errors			Sample Selected from Workpapers			per Registers On Roll			Reported on ASSA as Schools			Sample for Verification			Errors					
	Full	Shared		Full	Shared		Full	Shared		Full	Shared		Full	Shared		Full	Shared		Full	Shared		Full	Shared		Full	Shared	
Half Day Preschool	89			89						89						89											
Full Day Kindergarten	208			208			208			208			208			208											
One	220			220			220			220			220			220											
Two	173			173			173			173			173			173											
Three	148			148			148			148			148			148											
Four	164			164			164			164			164			164											
Five	159			159			159			159			159			159											
Six	164			164			164			164			164			164											
Seven	135			135			135			135			135			135											
Eight	143			143			143			143			143			143											
Nineth	259			259			259			259			259			259											
Tenth	258			258			258			258			258			258											
Eleventh	221			221			221			221			221			221											
Twelfth	214			214			214			214			214			214											
Subtotal	2,555			2,555			2,555			2,555			2,555			2,555											
Special Ed. Elementary	176			176			176			176			176			176											
Special Ed. Middle	95			95			95			95			95			95											
Special Ed. High School	174			174			174			174			174			174											
Subtotal	445			445			445			445			445			445											
Totals	3,000			3,000			3,000			3,000			3,000			3,000											
Percentage Error																											

SCHEDULE OF AUDITED ENROLLMENTS

**BOROUGH OF CLIFFSIDE PARK
BOARD OF EDUCATION**

**Application for State School Aid Summary
Enrollment as of October 15, 2015**

Year ended June 30, 2016

Enrollment category	Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on A.S.S.A. as Low Income	Reported on workpapers as Low Income	Errors	Sample selected from workpapers	Verified to Application and Register	Errors	Reported on A.S.S.A as LEP low Income	Reported on Workpapers LEP low Income	Errors	Sample Selected from Workpapers	Verified to Test score and Register	Sample Errors
Half Day Preschool	99	99		27	27		22	22		7	7	
Full Day Kindergarten	121	121		31	31		27	27		5	5	
One	102	102		22	22		16	16		16	16	
Two	87	87		14	14		4	4		2	2	
Three	99	99		18	18		11	11		9	9	
Four	100	100		18	18		6	6		3	3	
Five	105	105		17	17		6	6		4	4	
Six	78	78		13	13		7	7		3	3	
Seven	88	88		11	11		13	13		9	9	
Eight	80	80		34	34		16	16		16	16	
Ninth	98	98		24	24		16	16		11	11	
Tenth	84	84		17	17		7	7		5	5	
Eleventh	69	69		10	10		8	8		7	7	
Twelfth	130	130		2	2		2	2		2	2	
Special Ed. Elementary	72	72		2	2							
Special Ed. Middle School	77	77		2	2		1	1		1	1	
Special Ed. High School	1,489	1,489		262	262		162	162		100	100	
	1,489	1,489		262	262		162	162		100	100	

Percentage

Category	Transportation			Reported on DRTS by DOE/county	Reported on DRTS by District	Errors	Tested	Verified	Errors	Reported	Re-calc.
	Reported on DRTS by DOE/county	Reported on DRTS by District	Errors								
Regular - Public Schools, col. 1	60	60		46	46					3.9	3.9
Regular Special Education	78	78		59	59						
Transported Non-Public											
Special needs, col. 6	78	78		59	59					7.4	7.4
Totals	216	216		164	164						

Percentage

SCHEDULE OF AUDITED ENROLLMENTS

**BOROUGH OF CLIFFSIDE PARK
BOARD OF EDUCATION**

**Application for State School Aid Summary
Enrollment as of October 15, 2015**

Year ended June 30, 2016

Enrollment category	Resident LEP Not Low Income			Sample for Verification		
	Reported on A.S.S.A as LEP Not low Income	Reported on Workpapers LEP Not low Income	Errors	Sample Selected from Workpapers	Verified to Test score and Register	Sample Errors
Half Day Preschool	23	23				
Full Day Kindergarten	12	12		12	12	
One	5	5		11	11	
Two				4	4	
Three						
Four	2	2		2	2	
Five	4	4		1	1	
Six	1	1		2	2	
Seven	4	4		4	4	
Eight	7	7		6	6	
Ninth	14	14		11	11	
Tenth	6	6		6	6	
Eleventh	1	1		1	1	
Twelfth	2	2		2	2	
Special Ed. Elementary						
Special Ed. Middle School						
Special Ed. High School						
	<u>81</u>	<u>81</u>		<u>62</u>	<u>62</u>	
	<u>81</u>	<u>81</u>		<u>62</u>	<u>62</u>	
Percentage						

CLIFFSIDE PARK BOARD OF EDUCATION
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>46,819,702</u>	(B)
Increased by:			
Transfer from Capital Outlay to Capital Projects Fund	\$	<u> </u>	(B1a)
Transfer from Capital Reserve to Capital Projects Fund	\$	<u> </u>	(B1b)
Transfer from General Fund to SRF for PreK-Regular	\$	<u> </u>	(B1c)
Transfer from General Fund to SRF for PreK-Inclusion	\$	<u> </u>	(B1d)
Decreased by:			
On-Behalf TPAF Pension & Social Security	\$	<u>4,653,441</u>	(B2a)
Assets Acquired Under Capital Leases	\$	<u> </u>	(B2b)
Adjusted 15-16 General Fund Expenditures [(B)+(B1's)-(B2's)]	\$	<u>42,166,261</u>	(B3)
2% of Adjusted 2015-16 General Fund Expenditures [(B3) times .02]	\$	<u>843,325</u>	(B4)
Enter Greater of (B4) or \$250,000	\$	<u>843,325</u>	(B5)
Increased by: Allowable Adjustment *	\$	<u>42,453</u>	(K)
Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]	\$	<u><u>885,778</u></u>	(M)

SECTION 2

Total General Fund - Fund Balances @ 6-30-16 (Per CAFR Budgetary Comparison Schedule C-1))	\$	<u>9,425,883</u>	(C)
Decreased by:			
Year-end Encumbrances	\$	<u>1,057,887</u>	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$	<u> </u>	(C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	\$	<u>1,845,421</u>	(C3)
Other Restricted Fund Balances****	\$	<u>4,112,162</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><u>2,410,413</u></u>	(U1)

SECTION 3

Restricted Fund Balance - Excess Surplus*** [(U1)-(M)] IF NEGATIVE ENTER -0- \$ 1,524,635 (E)

Recapitulation of Excess Surplus as of June 30, 2016

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ <u>1,845,421</u> (C3)
Reserved Excess Surplus ***[(E)]	\$ <u>1,524,635</u> (E)
Total [(C3) + (E)]	\$ <u>3,370,056</u> (D)

* Allowable adjustment to expenditures on line K must be detailed as follows. This adjustment line (as detailed below) is to be utilized when applicable for:

- (H) Federal Impact Aid. The passage of P.L.2015, c.46 amended N.J.S.A. 18A:7F-41 to permit a board of education to appropriate federal impact aid funds to establish or supplement a federal impact aid legal reserve in the general fund. Accordingly, effective for the year ending June 30, 2016 the Federal Impact Aid adjustment to expenditures is limited to the portion of Federal Impact Aid Section 8002 and Section 8003 received during the fiscal year and recognized as revenue on the General Fund Budgetary Comparison Schedule, but not transferred to the Federal Impact Aid Reserve - General (8002 or 8003) by board resolution during June 1 to June 30 of the fiscal year under audit. Amounts transferred to the reserve are captured on line (C4);
- (I) Sale and Lease-back (Refer to the Audit Program Section II, Chapter 10);
- (J1) Extraordinary Aid;
- (J2) Additional Nonpublic School Transportation Aid;
- (J3) Recognized current year School Bus Advertising Revenue; and
- (J4) Family Crisis Transportation Aid

Notes to auditor: Refer to the Audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid, Family Crisis Transportation Aid, and Additional Nonpublic School Transportation Aid.

Detail of Allowable Adjustments

Impact Aid	\$ _____ (H)
Sale & Lease-back	\$ _____ (I)
Extraordinary Aid	\$ <u>29,220</u> (J1)
Additional Nonpublic School Transportation Aid	\$ _____ (J2)
Current Year School Bus Advertising Revenue Recognized	\$ _____ (J3)
Family Crisis Transportation Aid	\$ _____ (J4)
SEMI 2013-14 Cost Settlement	\$ <u>13,233</u> (J4)
Total Adjustments [(H)+{I)+(J1)+(J2)+(J3)+(J4)]	\$ <u>42,453</u> (K)

** This amount represents the June 30, 2016 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

*** Amounts must agree to the June 30, 2016 CAFR and the sum of the two lines must agree to Audit Summary Worksheet Line 90030.

**** Amount for Other Reserved Fund Balances must be detailed for each source. Use in the excess surplus calculation of any legal reserve that is not state mandated or that is not legally imposed by an other type of government, such as the judicial branch of government, must have Departmental approval. District requests should be submitted to the Division of Finance prior to September 30.

Detail of Other Reserved Fund Balance

Statutory restrictions:	
Approved unspent separate proposal	\$ _____
Sale/Lease-back reserve	\$ _____
Capital Reserve	\$ <u>4,112,162</u>
Maintenance Reserve	\$ _____
Emergency Reserve	\$ _____
Tuition Reserve	\$ _____
School Bus Advertising 50% Fuel Offset Reserve - current year	\$ _____
School Bus Advertising 50% Fuel Offset Reserve - prior year	\$ _____
Impact Aid General Fund Reserve (Sections 8002 and 8003)	\$ _____
Impact Aid Capital Fund Reserve (Sections 8007 and 8008)	\$ _____
Other state/government mandated reserve	\$ _____
 [Other Restricted Fund Balance not noted above]****	 \$ _____
 Total Other Restricted Fund Balance	 \$ <u>4,112,162</u> (C4)