

**CLIFTON BOARD OF EDUCATION
AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL COMPLIANCE AND PERFORMANCE
JUNE 30, 2016**

**CLIFTON BOARD OF EDUCATION
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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AUDITOR'S MANAGEMENT REPORT

Honorable President and
Members of the Board of Trustees
Clifton Board of Education
Clifton, 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 Clifton Board of Education as of and for the fiscal year ended June 30, 2016, and have issued our report thereon dated November 15, 2016.

As part of our audit, we performed procedures required by the Office of School Finance, Department of Education, State of New Jersey and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended solely for the information and use of management, the Board of Trustees, others within the District and the New Jersey State Department of Education. However, this report is a matter of public record and its distribution is not limited.

LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants

Gary J. Vinci
Certified Public Accountant
Public School Accountant

Fair Lawn, New Jersey
November 15, 2016

**CLIFTON BOARD OF EDUCATION
 ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
 FOR THE 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

Fire insurance coverage was carried in the amounts as detailed on the Insurance Schedule, contained in the district's CAFR.

Official Bonds (N.J.S.A. 18A:17-26, 18A:17-32, 18A:13-13)

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Karen L. Perkins	Board Secretary/School Business Administrator (7/1/15-6/1/16)	\$10,000
Carolina Rodriquez	Assistant Board Secretary/ School Business Administrator (7/1/15-2/15/16)	\$10,000
Raymond R. Jacobus	Treasurer of School Monies	\$575,000

There is a Public Employees' Faithful Performance Blanket Position Bond with Zurich Insurance Co. covering all other employees with multiple coverage of \$500,000.

Finding – We noted the surety bond coverage of the Treasurer was not adequate as required by N.J.S.A. 18A:17-32.

Recommendation – The District increase the surety bond coverage of the Treasurer as required by N.J.S.A. 18A:17-32.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The Board made a proper adjustment to the billings to sending districts for the adjustment in per pupil costs in accordance with N.J.A.C. 6A:23A-17.1(f)3.

Financial Planning, Accounting and Reporting

Examination of Claims

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

**CLIFTON BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Financial Planning, Accounting and Reporting (Continued)

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 tested were certified by the President of the Board and the Board Secretary/School Business Administrator and approved by the Chief School Administrator.

Salary withholdings were promptly remitted to the proper agencies, including health benefits premium withholdings due to the general fund.

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.

The Board has implemented and maintains a personnel tracking and accounting (Position Control) system.

Reserve for Encumbrances and 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 reserve 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.

Finding (CAFR Finding 2016-001) – Our audit of year end open purchase orders in the General, Special Revenue, Capital Projects and Food Service Funds revealed certain encumbrances should have been classified as accounts payable and certain accounts payable were deemed overstated at June 30, 2016.

Recommendation – Procedures be reviewed and revised to ensure open purchase orders are reviewed at year end for appropriateness and proper classification as accounts payable or encumbrances and invalid balances be cancelled at year end.

Travel

Finding – The District did not approve through board resolution the maximum school district travel in compliance with N.J.A.C. 6A:23A-7.3.

Recommendation – The District should approve through board resolution the maximum school district travel in compliance with N.J.A.C. 6A:23A-7.3.

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 reliability and compliance with N.J.A.C. 6A:23A-8.3. 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.

**CLIFTON BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Financial Planning, Accounting and Reporting (Continued)

Board Secretary's Records

The financial records, books of account and minutes maintained by the Board Secretary were in very good condition.

Acknowledgment of the Board's receipt of the Board Secretary and Treasurer's monthly financial reports was included in the minutes.

The Board Secretary did file other financial reports with the Board which contained schedules similar to those reported in the State prescribed report.

Bids received were summarized in the minutes (N.J.S.A. 18A:18A-21).

The pre-numbered contractual order system was followed.

Our review of the financial and accounting records maintained by the Board Secretary disclosed the following items:

Treasurer's Records

The following items were noted during our review of the records of the Treasurer.

The Treasurer did perform cash reconciliations for the general operating account and payroll accounts (N.J.S.A. 18A:17-9).

All cash receipts were promptly deposited.

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

Unemployment Compensation Insurance Trust Fund

The Board has adopted the direct reimbursement method and has established an Unemployment Compensation Insurance Trust Fund. The financial transactions of this fund are reported in the Fiduciary Fund.

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

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

Our examination 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.

**CLIFTON BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Financial Planning, Accounting and Reporting (Continued)

Other Special Federal and/or State Projects

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

Finding (CAFR 2016-002 and 2016-003) - The District's various grant budget accounts relating to Preschool Expansion Aid, IDEA Basic and 21st Century were not in agreement with approved grant budgets plus amendments. In addition, various grant budget accounts relating to Preschool Expansion Aid, IDEA Basic, Title IIA and 21st Century were over expended at June 30, 2016.

Recommendation - Districts budget reports be amended to be in agreement with all federal grant budgets plus amendments and internal controls be enhanced to prevent budgetary overexpenditures under the federal grant programs.

T.P.A.F. Reimbursements

Our audit procedures included a test of the semi-monthly 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 reimbursement to 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 subsequent to the 90 days required by N.J.S.A. 18A:66-90.

Nonpublic State Aid

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

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

Effective July 1, 2015 and thereafter, the bid thresholds in accordance with N.J.S.A. 18A:18A-2 (as amended) 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 adopted a resolution appointing the Business Administrator as the Qualified Purchasing Agent, therefore increasing the District's bid threshold to \$40,000.

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

**CLIFTON BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

School Purchasing Programs (Continued)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or goods or service, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

The results of our examination indicated that no individual payments, contracts, or agreements were made 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. Our examination did reveal, however, that the district purchase items through the use of State contracts.

Food Service Fund

The financial transactions and statistical records of the school food services were maintained in satisfactory condition. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

The number of meals claimed for reimbursement was compared to 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 price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served was compared to the number of valid applications on file, times the number of operating days, on a school by school basis. The free and reduced price meal policy is uniformly administered through the school system. The required verification procedures for free and reduced price application were completed and available for review.

Expenditures were separately recorded as food, labor 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.

The cash disbursement 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.

Cash receipts and bank records were reviewed for timely deposit.

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

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 which guarantees that the Food Service will return a profit. The operating results provision has been met.

**CLIFTON BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Food Service Fund (Continued)

Net cash resources were not in excess of three months average expenditures.

Payroll records were maintained on all school food services employees authorized by the board of education. No exceptions were noted.

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

The school district/charter school/renaissance school project maintains the detailed revenue and expenditure information necessary in order to execute the USDA mandated Non-Program Food Revenue Tool at least annually.

Extensions Child Care Program

Finding – Our audit revealed a deficit of \$33,563 in net position at June 30, 2016.

Recommendation – Appropriate action be taken to eliminate the deficit in the Extension Child Care Program.

Student Activity/Athletic Accounts

The Board has a policy which clearly established the regulation of student activity and athletic accounts.

Cash reports and cash disbursements were maintained in satisfactory condition.

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, related services 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 immaterial exceptions. The information that was included on the workpapers was verified with immaterial exceptions. 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 has adequate written procedures for the recording of student enrollment data.

**CLIFTON BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2015/16 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with no exception. The information that was included in the district workpapers was verified with one isolated 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 contracts. No exceptions were noted in our review of transportation related purchases of goods and services.

Follow-Up on Prior Year Finding

In accordance with government auditing standards, our procedures included a review of all prior year recommendations.

Corrective action was taken on all prior year findings, except for the items denoted with an asterisk.

**CLIFTON BOARD OF EDUCATION
FOOD SERVICE ENTERPRISE FUND
SCHEDULE OF MEAL COUNT ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Program</u>	<u>Meals Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>Under (Over) Claim</u>
National School Lunch (High Rate)	Paid	289,118	139,457	139,457	-	\$ 0.31	-
	Reduced	85,749	40,629	40,629	-	2.69	-
	Free	<u>629,531</u>	<u>297,945</u>	<u>297,945</u>	<u>-</u>	3.09	<u>-</u>
	Total Lunch	<u>1,004,398</u>	<u>478,031</u>	<u>478,031</u>	<u>-</u>		<u>-</u>
National School Lunch	HHFKA-PB Lunch Only	<u>1,004,398</u>	<u>478,031</u>	<u>478,031</u>	<u>-</u>	0.06	<u>-</u>
School Breakfast (Severe Needs Rate)	Paid	45,182	21,148	21,148	-	0.29	-
	Reduced	15,319	7,161	7,161	-	1.69	-
	Free	<u>148,997</u>	<u>70,116</u>	<u>70,116</u>	<u>-</u>	1.99	<u>-</u>
	Total Breakfast	<u>209,498</u>	<u>98,425</u>	<u>98,425</u>	<u>-</u>		<u>-</u>
School Breakfast (Regular Rates)	Paid	1,097	525	525	-	0.29	-
	Reduced	888	450	450	-	1.36	-
	Free	<u>13,428</u>	<u>6,865</u>	<u>6,865</u>	<u>-</u>	1.66	<u>-</u>
	Total Breakfast	<u>15,413</u>	<u>7,840</u>	<u>7,840</u>	<u>-</u>		<u>-</u>
School Snacks (At Risk/Area Eligible)	Paid						
	Reduced						
	Free	<u>21,103</u>	<u>10,491</u>	<u>10,491</u>	<u>-</u>	0.84	<u>\$ -</u>
	Total Snacks	<u>21,103</u>	<u>10,491</u>	<u>10,491</u>	<u>-</u>		<u>-</u>
		<u>2,239,397</u>	<u>1,064,978</u>	<u>1,064,978</u>	<u>-</u>		<u>\$ -</u>

**CLIFTON BOARD OF EDUCATION
FOOD SERVICE ENTERPRISE FUND
CALCULATION OF NET CASH RESOURCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Current Assets	
Cash and Cash Equivalents	\$ 1,084,897
Due from Other Governments	546,324
Accounts Receivable	84,093
Current Liabilities	<u>(914,101)</u>
Net Cash Resources	<u>\$ 801,213</u>
 <u>Adjusted Total Operating Expense:</u>	
Total Operating Expenses	\$ 4,407,804
Less Depreciation	<u>(46,190)</u>
Adjusted Total Operating Expense	<u>\$ 4,361,614</u>
 <u>Average Monthly Operating Expense:</u>	 <u>\$ 436,161</u>
 <u>Three Times Monthly Average:</u>	 <u>\$ 1,308,484</u>
Total Net Cash Resources	\$ 801,213
Three Times Monthly Average	<u>1,308,484</u>
Excess(Deficit) Cash Resources	<u>\$ (507,271)</u>

**CLIFTON BOARD OF EDUCATION
A.S.S.A.
SCHEDULE OF AUDITED ENROLLMENTS
OCROBER 15TH 2015**

	2016-2017 Application for State School Aid						Sample for Verification						Private Schools for Disabled				
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Reported on Workpapers On Roll		Errors		Reported on A.S.S.A. as Private Schools	Reported on Workpapers Private Schools	Sample for Verifi- cation	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared					
Half Day Preschool - 3 years					-	-			-	-	-	-					
Half Day Preschool - 4 years	139	-	139	-	-	-	84	-	84	-	-	-					
Half Day Kindergarten					-	-											
Full Day Kindergarten	734	-	734	-	-	-	62	-	62	-	-	-					
1st Grade	773	-	773	-	-	-	52	-	52	-	-	-					
2nd Grade	827	-	827	-	-	-	32	-	32	-	-	-					
3rd Grade	794	-	794	-	-	-	63	-	63	-	-	-					
4th Grade	748	-	748	-	-	-	59	-	59	-	-	-					
5th Grade	703	-	703	-	-	-	38	-	38	-	-	-					
6th Grade	715	-	715	-	-	-	353	-	353	-	-	-					
7th Grade	672	-	672	-	-	-	324	-	324	-	-	-					
8th Grade	672	-	672	-	-	-	345	-	345	-	-	-					
9th Grade	657	-	657	-	-	-	657	-	657	-	-	-					
10th Grade	705	-	705	-	-	-	705	-	705	-	-	-					
11th Grade	662	-	662	-	-	-	662	-	662	-	-	-					
12th Grade	633	-	633	-	-	-	633	-	633	-	-	-					
Subtotal	9,434	-	9,434	-	-	-	4,069	-	4,069	-	-	-	-	-	-	-	-
Spec Ed - Elementary	712	-	712	-	-	-	34	-	34	-	-	-	22	22	12	12	-
Spec Ed - Middle School	342	-	342	-	-	-	17	-	17	-	-	-	17	17	9	9	-
Spec Ed - High School	379	-	379	-	-	-	18	-	18	-	-	-	50	50	28	28	-
Subtotal	1,433	-	1,433	-	-	-	69	-	69	-	-	-	89	89	49	49	-
Totals	10,867	-	10,867	-	-	-	4,138	-	4,138	-	-	-	89	89	49	49	-
Percentage Error					0.00%					0.00%							0.00%

**CLIFTON BOARD OF EDUCATION
A.S.S.A.
SCHEDULE OF AUDITED ENROLLMENTS
OCTOBER 15TH 2015**

	Resident 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	Sample Errors	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	Sample Errors
Half Day Pre-School (3 Yrs)	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Pre-School (4 Yrs)	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	311.0	310.0	1	6.0	6.0	-	44	44	-	7	7	-
1st Grade	420.0	420.0	-	9.0	9.0	-	60	59	1	10	10	-
2nd Grade	459.0	458.0	1	10.0	10.0	-	57	57	-	9	9	-
3rd Grade	465.0	465.0	-	11.0	11.0	-	29	28	1	5	5	-
4th Grade	428.0	428.0	-	11.0	11.0	-	19	19	-	3	3	-
5th Grade	384.0	384.0	-	9.0	9.0	-	16	16	-	2	2	-
6th Grade	423.0	423.0	-	10.0	10.0	-	16	16	-	2	2	-
7th Grade	408.0	407.0	1	10.0	10.0	-	27	27	-	4	4	-
8th Grade	415.0	413.0	2	10.0	10.0	-	25	25	-	4	4	-
9th Grade	387.0	387.0	-	9.0	9.0	-	26	26	-	4	4	-
10th Grade	409.0	409.0	-	10.0	10.0	-	29	30	(1)	4	4	-
11th Grade	335.0	335.0	-	8.0	8.0	-	24	24	-	4	4	-
12th Grade	308.0	308.0	-	8.0	8.0	-	5	5	-	1	1	-
Subtotal	5,152.0	5,147.0	5	121	121	-	377	376	1	59	59	-
Spec Ed - Elementary	447.0	447.0	-	8	8	-	1	1	-	1	1	-
Spec Ed - Middle School	226.0	226.0	-	5	5	-	2	2	-	1	1	-
Spec Ed - High School	263.0	262.0	1	6	6	-	1	1	-	1	1	-
Subtotal	936.0	935.0	1	19	19	-	4	4	-	3	3	-
Totals	6,088.0	6,082.0	6	140	140	-	381	380	1	62	62	-
Percentage Error			<u>0.10%</u>			<u>0.00%</u>			<u>0.26%</u>			<u>0.00%</u>

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	2,060.5	2,060.5	-	40.0	40.0	-
Transported - Non-Public	386.5	386.5	-	8.0	8.0	-
Regular - Spec.	488.0	488.0	-	10.0	9.0	1
Special Needs - Public	207.0	207.0	-	4.0	4.0	-
Totals	3,142.0	3,142.0	-	62.0	61.0	1
			<u>0.00%</u>			<u>1.61%</u>

**CLIFTON BOARD OF EDUCATION
A.S.S.A.
SCHEDULE OF AUDITED ENROLLMENTS
OCTOBER 15TH 2015**

	Resident LEP Not 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 Register	Sample Errors
Half Day Pre-School (3 Yrs)	-	-	-	-	-	-
Half Day Pre-School (4 Yrs)	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-
Full Day Kindergarten	31	31	-	10	10	-
1st Grade	16	16	-	5	5	-
2nd Grade	17	17	-	6	6	-
3rd Grade	12	12	-	4	4	-
4th Grade	10	10	-	3	3	-
5th Grade	10	10	-	3	3	-
6th Grade	5	5	-	2	2	-
7th Grade	5	5	-	2	2	-
8th Grade	6	6	-	2	2	-
9th Grade	11	11	-	4	4	-
10th Grade	9	9	-	3	3	-
11th Grade	12	12	-	4	4	-
12th Grade	1	1	-	1	1	-
Subtotal	145	145	-	49	49	-
Spec Ed - Elementary	-	-	-	-	-	-
Spec Ed - Middle School	-	-	-	-	-	-
Spec Ed - High School	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
Totals	145	145	-	49	49	-
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

**CLIFTON BOARD OF EDUCATION
CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

2015-2016 Total General Fund Expenditures per the CAFR	\$ 172,290,260
Decreased by:	
On-Behalf TPAF Pension & Social Security	17,214,682
Assets Acquired Under Capital Leases	<u>362,000</u>
Adjusted 2015-2016 General Fund Expenditures	<u>154,713,578</u>
2% of Adjusted 2015-2016 General Fund Expenditures	3,094,272
Increased by: Allowable Adjustment	<u>98,970</u>
Maximum Unassigned Fund Balance	<u>\$ 3,193,242</u>
Total General Fund - Fund Balance at June 30, 2016 (Per CAFR Budgetary Comparison Schedule/Statement)	\$ 15,372,567
Decreased by:	
Year End Encumbrances	911,379
Excess Surplus - Designated for Subsequent Year's Expenditures	250,197
Other Restricted Fund Balance	9,341,650
ARRA/SEMI - Unreserved - Designated for Subsequent Year's Expenditures	128,263
SEMI 2013-2014 Cost Settlement Revenue	47,836
Assigned Fund Balance- Unreserved- Designated for Subsequent Year's Expenditures	<u>1,500,000</u>
Total Unassigned Fund Balance	<u>\$ 3,193,242</u>
Restricted Fund Balance - Excess Surplus	<u>\$ 0</u>
<u>Recapitulation of Excess Surplus as of June 30, 2016</u>	
Excess Surplus- Designated for Subsequent Year's Expenditures	\$ 250,197
Excess Surplus	<u>0</u>
Total Excess Surplus	<u>\$ 250,197</u>
<u>Detail of Allowable Adjustments</u>	
Additional Nonpublic School Transportation Aid	<u>\$ 98,970</u>
Total Adjustment	<u>\$ 98,970</u>
<u>Detail of Other Restricted Fund Balance</u>	
Capital Reserve	\$ 7,841,650
Maintenance Reserve	<u>1,500,000</u>
Total Other Restricted Fund Balance	<u>\$ 9,341,650</u>

**CLIFTON BOARD OF EDUCATION
RECOMMENDATIONS**

I. Administrative Practices and Procedures

It is recommended that the District increase the surety bond coverage of the Treasurer as required by N.J.S.A. 18A:17-32.

II. Financial Planning, Accounting and Reporting

It is recommended that:

1. Procedures be reviewed and revised to ensure open purchase orders are reviewed at year end for appropriateness and proper classification as accounts payable or encumbrances and invalid balances be cancelled at year end.
2. The District should approve through board resolution the maximum school district travel in compliance with N.J.A.C. 6A:23A-7.3.
3. Districts budget accounts be amended to be in agreement with all federal grant budgets plus amendments and internal controls be enhanced to prevent budgetary overexpenditures under the federal grant programs.

III. School Purchasing Program

There are none.

IV. Food Service Fund

There are none.

V. Extensions Child Care Program

It is recommended that appropriate action be taken to eliminate the deficit in the Extension Child Care Program.

VI. Student Activity/Athletic Accounts

There are none.

VII. Application for State School Aid

There are none.

VIII. Pupil Transportation

There are none.

IX. Facilities and Capital Assets

There are none.

X. Miscellaneous

There are none.

**CLIFTON BOARD OF EDUCATION
RECOMMENDATIONS**

X. Status of Prior Years' Audit Findings/Recommendations

A review was performed on all prior years' recommendations. Corrective action was taken on all prior year recommendations.

ACKNOWLEDGEMENT

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

Respectfully submitted,
LERCH, VINCI & HIGGINS, LLP



Gary J. Vinci
Certified Public Accountant
Public School Accountant