

**AUDITORS MANAGEMENT REPORT
ON ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
SCHOOL DISTRICT OF
BOROUGH OF CLIFFSIDE PARK
COUNTY OF BERGEN, NEW JERSEY
JUNE 30, 2017**

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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, 2017, and have issued our report thereon dated October 9, 2017.

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 9, 2017

**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 proper classification of orders as reserve for encumbrances and accounts payable.

Finding 2017-01: There were instances in which amounts were improperly recorded as encumbrances/accounts payable as of June 30, 2017.

Recommendation: Purchase orders should be reviewed for proper classification at June 30 as accounts payable or reserve for encumbrances based upon whether the goods have been received or the services rendered.

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 0% was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Financial Planning, Accounting and Reporting, (continued)

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 and reauthorized.

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.

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.

Financial Planning, Accounting and Reporting, (continued)

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

The District did not receive any Nonpublic State Aid in the current year.

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."

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.

School Purchasing Programs, (continued)

Contracts and Agreements Requiring Advertisement for Bids, (continued)

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.

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.

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.

Timesheets were reviewed and labor costs verified. Payroll records were maintained on all School Food Services employees authorized by the Board of Education. No exceptions were noted.

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.

School Food Service, (continued)

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 Statement of Revenues, Expenses, and Changes in Fund Net Position does separate program and non-program revenue and program and non-program cost of goods sold.

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, the following items were noted:

Finding 2017-02: There were instances in which schools did not maintain proper supporting documentation for receipts and disbursements in accordance with Board Policy 6660 and N.J.A.C. 6A:23A-16.12.

Recommendation: Proper supporting documentation should be maintained for all cash receipts and disbursements in accordance with Board Policy 6660 and N.J.A.C. 6A:23A-16.12.

Finding 2017-03: There were instances in which disbursements made from the Student Activity Accounts were for items not related to original collections intended purpose.

Recommendation: Disbursements from the Student Activity Accounts be related to the original collection purpose.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2016 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 2016-2017 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, 2017**

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	85,008	85,008	85,008	0	0.320	\$ 0
National School Lunch (High Rate)	Reduced	23,891	23,891	23,891	0	2.780	0
National School Lunch (High Rate)	Free	<u>197,229</u>	<u>197,229</u>	<u>197,229</u>	<u>0</u>	3.180	<u>0</u>
	Total	<u>306,128</u>	<u>306,128</u>	<u>306,128</u>	<u>0</u>		<u>0</u>
National School Lunch (Healthy Hunger-Free Kids Act)	HHFKA	<u>306,128</u>	<u>306,128</u>	<u>306,128</u>	<u>0</u>	0.06	<u>0</u>
School Breakfast (Severe Needs Rate)	Paid	8,650	8,650	8,650	0	0.29	0
	Reduced	3,822	3,822	3,822	0	1.74	0
	Free	<u>47,294</u>	<u>47,294</u>	<u>47,294</u>	<u>0</u>	2.04	<u>0</u>
	Total	<u>59,766</u>	<u>59,766</u>	<u>59,766</u>	<u>0</u>		<u>0</u>
After School Snacks	Paid	0	0		0		0
	Reduced	0	0		0		0
	Free	<u>63,648</u>	<u>63,648</u>	<u>63,648</u>	<u>0</u>	0.86	<u>0</u>
	Total	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>		<u>0</u>
Total (Over)/Under Claim							<u>\$ 0</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, 2017**

<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	85,008	85,008	85,008	0	0.040	\$ 0
State Reimbursement - National School Lunch (High Rate)	Reduced	23,891	23,891	23,891	0	0.055	0
State Reimbursement - National School Lunch (High Rate)	Free	<u>197,229</u>	<u>197,229</u>	<u>197,229</u>	<u>0</u>	0.055	<u>0</u>
	Total	<u>306,128</u>	<u>306,128</u>	<u>306,128</u>	<u>0</u>		<u>0</u>
Total (Over)/Under Claim							\$ <u><u>0</u></u>

**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, 2017**

<u>Net Cash Resources:</u>		Food Service B - 4/5	
CAFR	*	Current Assets	
B-4		Cash & Cash Equiv.	\$ 144,540
B-4		Due from Other Gov'ts	54,017
CAFR		Current Liabilities	
B-4		Less Accounts Payable	(13,223)
B-4		Less Due to Other Funds	(105,574)
			(105,574)
		Net Cash Resources	\$ 79,760 (A)

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.	1,815,217	
B-5	Less Depreciation	(5,581)	
		(5,581)	
	Adj. Tot. Oper. Exp.	\$ 1,809,636	(B)

Average Monthly Operating Expense:

	B / 10	\$ 180,964	(C)
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Three times monthly Average:

	3 X C	\$ 542,891	(D)
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TOTAL IN BOX A	\$ 79,760.00	
LESS TOTAL IN BOX D	\$ 542,890.80	
NET	\$ (463,130.80)	
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.

SOURCE - USDA resource management comprehensive review form

SCHEDULE OF AUDITED ENROLLMENTS

**BOROUGH OF CLIFFSIDE PARK SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 14, 2016**

Year Ended June 30, 2017

Enrollment Category	2017-2018 Application for State School Aid						Sample for Verification				Errors per Registers			Private Schools for Disabled						
	Reported on ASOA		Reported on Workpapers		Errors		Sample Workpapers		Verified per Registers		Full		On Roll	Shared	Shared	Sample for Verification	Reported on ASOA as Private Schools	Sample Verified	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Half Day Preschool	86		86				86			86										
Full Day Kindergarten	208		208				208			208										
One	203		203				203			203										
Two	197		197				197			197										
Three	169		169				169			169										
Four	148		148				148			148										
Five	159		159				159			159										
Six	152		152				152			152										
Seven	164		164				164			164										
Eight	141		141				141			141										
Nine	279		279				279			279										
Ten	238		238				238			238										
Eleven	261		261				261			261										
Twelve	214		214				214			214										
Subtotal	2,619		2,619				2,619			2,619										
Special Ed. Elementary	186		186				81			81							2			2
Special Ed. Middle	105		105				45			45							1			1
Special Ed. High School	164		164				71			71							4			3
Subtotal	455		455				197			197							7			6
Totals	3,074		3,074				2,816			2,816							7			6
Percentage Error																				

SCHEDULE OF AUDITED ENROLLMENTS

**BOROUGH OF CLIFFSIDE PARK
BOARD OF EDUCATION**

Application for State School Aid Summary
Enrollment as of October 14, 2016

Year ended June 30, 2017

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	Sample selected from workpapers	Verified to Application and Register	Reported on A.S.S.A as LEP low Income	Reported on Workpapers LEP low Income	Sample Selected from Workpapers	Verified to Test score and Register
Full Day Kindergarten	120	120	19	19	26	26	19	19
One	124	124	20	20	20	20	14	14
Two	110	110	17	17	15	15	10	10
Three	100	100	16	16	7	7	5	5
Four	90	90	14	14	2	2	1	1
Five	93	93	15	15	10	10	7	7
Six	88	88	14	14	5	5	3	3
Seven	94	94	15	15	7	7	5	5
Eight	74	74	12	12	10	10	7	7
Nine	163	163	26	26	18	18	12	12
Ten	131	131	21	21	11	11	7	7
Eleven	153	153	24	24	9	9	6	6
Twelve	125	125	20	20	2	2	1	1
Special Ed. Elementary	122	122	19	19	3	3	2	2
Special Ed. Middle School	77	77	11	11	2	2	1	1
Special Ed. High School	107	107	16	16				
	1771	1771	279	279	147	147	100	100
	1771	1771	279	279	147	147	100	100

Percentage

Category	Transportation			Reported	Re-calc.
	Reported on DRTS by DOE/county	Reported on DRTS by District	Errors		
Regular - Public Schools, col. 1	48.0	48.0	41	3.6	3.6
Transported- Non-Public	69.5	69.5	53	3.6	3.6
Regular - Special Education, col. 4					
Special needs, col. 6	77.5	77.5	59	6.9	6.9
Totals	195.0	195.0	153		

Percentage

**BOROUGH OF CLIFFSIDE PARK
BOARD OF EDUCATION**

SCHEDULE OF AUDITED ENROLLMENTS

Application for State School Aid Summary
Enrollment as of October 14, 2016

Year ended June 30, 2017

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
Full Day Kindergarten	15	15		12	12	
One	12	12		9	9	
Two	7	7		5	5	
Three	1	1		1	1	
Four	2	2		2	2	
Five	4	4		3	3	
Six	3	3		2	2	
Seven	4	4		3	3	
Eight	9	9		7	7	
Nine	8	8		6	6	
Ten	5	5		4	4	
Eleven	7	7		5	5	
	<u>77</u>	<u>77</u>		<u>59</u>	<u>59</u>	
Sent to BCSS						
	<u>77</u>	<u>77</u>		<u>59</u>	<u>59</u>	
Percentage						

CLIFFSIDE PARK BOARD OF EDUCATION
EXCESS SURPLUS CALCULATION

REGULAR DISTRICT

SECTION 1

A. 2% Calculation of Excess Surplus

2016-17 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ <u>49,374,536</u>	(B)
Increased by:		
Transfer from Capital Outlay to Capital Projects Fund	\$ _____	(B1a)
Transfer from Capital Reserve to Capital Projects Fund	\$ _____	(B1b)
Transfer from General Fund to SRF for PreK-Regular	\$ _____	(B1c)
Transfer from General Fund to SRF for PreK-Inclusion	\$ _____	(B1d)
Decreased by:		
On-Behalf TPAF Pension & Social Security	\$ <u>5,319,425</u>	(B2a)
Assets Acquired Under Capital Leases	\$ <u>127,050</u>	(B2b)
Adjusted 16-17 General Fund Expenditures [(B)+(B1's)-(B2's)]	\$ <u>43,928,061</u>	(B3)
2% of Adjusted 2016-17 General Fund Expenditures [(B3) times .02]	\$ <u>878,561</u>	(B4)
Enter Greater of (B4) or \$250,000	\$ <u>878,561</u>	(B5)
Increased by: Allowable Adjustment *	\$ <u>144,124</u>	(K)
Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]		\$ <u><u>1,022,685</u></u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6-30-17 (Per CAFR Budgetary Comparison Schedule C-1))	\$ <u>9,700,787</u>	(C)
Decreased by:		
Year-end Encumbrances	\$ <u>1,646,249</u>	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ _____	(C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ <u>1,524,635</u>	(C3)
Other Restricted Fund Balances****	\$ <u>4,269,904</u>	(C4)
Assigned Fund Balance - Unreserved -- Designated for Subsequent Year's Expenditures - ARRA/SEMI	\$ <u>3,602</u>	(C5)
Additional Assigned Fund Balance - Unreserved- Designated for Subsequent Year's Expenditures July 1, 2017 - August 1, 2017	\$ _____	(C6)*****
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]		\$ <u><u>2,256,397</u></u> (U1)

SECTION 3

Restricted Fund Balance - Excess Surplus*** [(U1)-(M)] IF NEGATIVE ENTER -0- \$ 1,233,712 (E)

Recapitulation of Excess Surplus as of June 30, 2017

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ <u>1,524,635</u> (C3)
Reserved Excess Surplus ***[(E)]	\$ <u>1,233,712</u> (E)
Total [(C3) + (E)]	\$ <u>2,758,347</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>144,124</u> (J1)
Additional Nonpublic School Transportation Aid	\$ _____ (J2)
Current Year School Bus Advertising Revenue Recognized	\$ _____ (J3)
Family Crisis Transportation Aid	\$ _____ (J4)
Total Adjustments [(H)+{I)+(J1)+(J2)+(J3)+(J4)]	\$ <u>144,124</u> (K)

** This amount represents the June 30, 2017 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

*** Amounts must agree to the June 30, 2017 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.

***** Increase in Assigned Fund Balance - Unreserved-Designated for Subsequent Year's expenditures July 1, 2017 to August 1, 2017 resulting from decrease in state aid after adoption of 2017-18 district budget.

Detail of Other Reserved Fund Balance

Statutory restrictions:		
Approved unspent separate proposal	\$	_____
Sale/Lease-back reserve	\$	_____
Capital Reserve	\$	<u>4,269,904</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>4,269,904</u> (C4)

**BOROUGH OF CLIFFSIDE PARK
BOARD OF EDUCATION**

AUDIT RECOMMENDATIONS SUMMARY

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

Finding 2017-01: There were instances in which amounts were improperly recorded as encumbrances/accounts payable as of June 30, 2017.

Recommendation: Purchase orders should be reviewed for proper classification at June 30 as accounts payable or reserve for encumbrances based upon whether the goods have been received or the services rendered.

3. School Purchasing Programs

None

4. School Food Service

None

5. Student Body Activities

Finding 2017-02: There were instances in which schools did not maintain proper supporting documentation for receipts and disbursements in accordance with Board Policy 6660 and N.J.A.C. 6A:23A-16.12.

Recommendation: Proper supporting documentation should be maintained for all cash receipts and disbursements in accordance with Board Policy 6660 and N.J.A.C. 6A:23A-16.12.

Finding 2017-03: There were instances in which disbursements made from the Student Activity Accounts were for items not related to original collections intended purpose.

Recommendation: Disbursements from the Student Activity Accounts be related to the original collection purpose.

**BOROUGH OF CLIFFSIDE PARK
BOARD OF EDUCATION**

**AUDIT RECOMMENDATIONS SUMMARY
(CONTINUED)**

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

6. Application for State School Aid

None

7. Pupil Transportation

None

8. Facilities and Capital Assets

None

9. Miscellaneous

None

10. Status of Prior Year Audit Findings/Recommendations

A review was performed on the prior year recommendations and corrective action was taken on all prior year findings.