

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

**SCHOOL DISTRICT OF THE BOROUGH OF RAMSEY**  
**COUNTY OF BERGEN, NEW JERSEY**

**AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS**  
**- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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## REPORT OF INDEPENDENT AUDITORS

Honorable President and  
Members of the Board of Education  
Ramsey 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 Ramsey School District in the County of Bergen for the year ended June 30, 2017, and have issued our report thereon dated November 21, 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 Ramsey 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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November 21, 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, 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, Insurance Schedule contained in the District's CAFR.

Officials Bonds

| <u>Name</u>      | <u>Position</u>                        | <u>Amount</u> |
|------------------|--|---------------|
| Thomas W. O'Hern | Business Administrator/Board Secretary | (A)           |

(A) There is a Public Employees' Faithful Performance Blanket Position Bond with Western Surety Company covering all other employees with multiple coverage of \$10,000. There is also an employee dishonesty crime coverage with the School Alliance Insurance Fund covering all employees with coverage of \$500,000.

Tuition Charges

A comparison of tentative charges and actual certified tuition charges was made. The actual costs were more than estimated costs. The Board made a proper adjustment to the billings to sending districts for the increase 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 indicate any discrepancies with respect to signatures, certification or supporting documentation.

## **Financial Planning, Accounting and Reporting, (continued)**

### **Payroll Account and Position Control Roster**

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 and the Board Secretary/School Business Administrator.

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

Payrolls were delivered to the Secretary of the Board who then deposited with warrants in separate bank accounts for net payroll and withholdings.

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:23A-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.

**Finding 2017-001:** There were instances in which amounts were improperly recorded as encumbrances as of June 30, 2017. Amounts should have been recorded as accounts payable.

**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.

## **Financial Planning, Accounting and Reporting, (continued)**

### **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 to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3. As a result of the procedures performed, a transaction error rate of 0.59% was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

**Finding 2017-002:** During our test of transactions it was noted that the District misclassified and misbudgeted expenditures for the following: Required Maintenance and Tuition.

**Recommendation:** The District should reference The *Uniform Minimum Chart of Accounts for New Jersey Public Schools, 2017 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**

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

**Finding 2017-003:** The District is not liquidating interfunds in a timely manner.

**Recommendation:** That all interfunds be liquidated in a timely manner.

**\*Finding 2017-004:** The District is reporting amounts from prior years as accounts receivable.

**Recommendation:** That old accounts receivable be reviewed for collectability and cancelled by resolution, if necessary.

**Finding 2017-005 (CAFR Finding 2017-001):** There was an instance in which a budgetary line account was over-expended due to the misposting of a cash receipt.

**Recommendation:** More care be taken to ensure that reimbursements for prior year expenses be recorded as revenue rather than budget reimbursements.

### **Fixed Assets**

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

## **Financial Planning, Accounting and Reporting, (continued)**

### **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 are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the projects under Titles I, II and II of the Elementary and Secondary Education Act as amended and reauthorized.

The study of compliance for E.S.E.A. indicated 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 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.

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 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.

### **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.”

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 no individual payments, contracts or agreements were made for the performance of any work, goods or services in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provisions of N.J.S.A. 18A:18A-4.

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.



## **School Food Service, (continued)**

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. During our review of meals claimed, no exceptions were noted.

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 times the number of operating days, on a school by school basis. The free and reduced price meal was reviewed for uniform administration throughout the school system. The required verification procedures for free and reduced price 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 \$10,000. The operating results provision has been met.

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. 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. Net cash resources did not exceed three months average expenditures.

The Statement of Revenues, Expenses, and Changes in Fund Net Position (CAFR Schedule B-5) does separate program and non-program revenue and program and non-program cost of goods sold.

U.S.D.A. Food Distribution Program commodities were received and a separate inventory was maintained on a first-in, first-out basis. No exceptions were noted.

The school district maintains the detailed revenue and expenditure information necessary in order to executive the U.S.D.A. 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 of the CAFR.

## **Student Body Activities**

The following items were noted during our review of the Student Activity Funds:

**Finding 2017-006:** There were instances in which checks issued from the Dater Elementary School Student Activity Accounts contained only one authorizing signature.

**Recommendation:** That all disbursements made by check from the student activity account should have at least two signatures as authorized and approved by the Board of Education resolution in accordance with the District's policy.

## **Student Body Activities**, (continued)

**Finding 2017-007**: There were instances in which goods and services were purchased prior to being approved by the principal in the following School Student Activity Accounts:

Tisdale Elementary School  
Dater Elementary School  
Hubbard Elementary School  
Smith Middle School  
High School General Organization

**Recommendation**: That all goods and services be approved prior to being purchased.

## **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, bi-lingual and low-income. 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 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.

## **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 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.

## **Follow-up on Prior Year Findings**

In accordance with government auditing standards, our procedures included a review of all prior year recommendations. Corrective action had been taken on all prior year findings, with the exception of the comments preceded 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,

*Steven D. Wielkocz*

Steven D. Wielkocz, C.P.A.  
Public School Accountant

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Pompton Lakes, New Jersey

**SCHEDULE OF AUDITED ENROLLMENTS**

**BOROUGH OF RAMSEY 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         |        |                        |        |                      |        | Private Schools for Disabled        |        |                         |        |               |        |  |
|-------------------------|--|--------|------------|--------|--------|--------|---------------------------------|--------|------------------------|--------|----------------------|--------|-------------------------------------|--------|-------------------------|--------|---------------|--------|--|
|                         | Reported on ASOA                           |        | Workpapers |        | Errors |        | Sample Selected from Workpapers |        | Verified per Registers |        | Errors per Registers |        | Reported on ASOA as Private Schools |        | Sample for Verification |        | Sample Errors |        |  |
|                         | On Roll                                    | Shared | Full       | Shared | Full   | Shared | Full                            | Shared | Full                   | Shared | Full                 | Shared | Full                                | Shared | Full                    | Shared | Full          | Shared |  |
| Half Day Preschool      | 24   |        | 24         |        |        |        | 24                              |        | 24                     |        |                      |        |                                     |        |                         |        |               |        |  |
| Full Day Preschool      | 169  |        | 169        |        |        |        | 169                             |        | 169                    |        |                      |        |                                     |        |                         |        |               |        |  |
| Half Day Kindergarten   | 152  |        | 152        |        |        |        | 152                             |        | 152                    |        |                      |        |                                     |        |                         |        |               |        |  |
| One                     | 187  |        | 187        |        |        |        | 187                             |        | 187                    |        |                      |        |                                     |        |                         |        |               |        |  |
| Two                     | 157  |        | 157        |        |        |        | 157                             |        | 157                    |        |                      |        |                                     |        |                         |        |               |        |  |
| Three                   | 187  |        | 187        |        |        |        | 187                             |        | 187                    |        |                      |        |                                     |        |                         |        |               |        |  |
| Four                    | 183  |        | 183        |        |        |        | 183                             |        | 183                    |        |                      |        |                                     |        |                         |        |               |        |  |
| Five                    | 216  |        | 216        |        |        |        | 216                             |        | 216                    |        |                      |        |                                     |        |                         |        |               |        |  |
| Six                     | 242  |        | 242        |        |        |        | 242                             |        | 242                    |        |                      |        |                                     |        |                         |        |               |        |  |
| Seven                   | 209  |        | 209        |        |        |        | 209                             |        | 209                    |        |                      |        |                                     |        |                         |        |               |        |  |
| Eight                   | 180  |        | 180        |        |        |        | 180                             |        | 180                    |        |                      |        |                                     |        |                         |        |               |        |  |
| Nine                    | 196  |        | 196        |        |        |        | 196                             |        | 196                    |        |                      |        |                                     |        |                         |        |               |        |  |
| Ten                     | 174  |        | 174        |        |        |        | 174                             |        | 174                    |        |                      |        |                                     |        |                         |        |               |        |  |
| Eleven                  | 192  |        | 192        |        |        |        | 192                             |        | 192                    |        |                      |        |                                     |        |                         |        |               |        |  |
| Twelve                  |  |        |            |        |        |        |                                 |        |                        |        |                      |        |                                     |        |                         |        |               |        |  |
| Subtotal                | 2,468                                      |        | 2,468      |        |        |        | 2,468                           |        | 2,468                  |        |                      |        |                                     |        |                         |        |               |        |  |
| Special Ed. Elementary  | 109  |        | 109        |        |        |        | 60                              |        | 60                     |        |                      |        |                                     |        |                         |        |               |        |  |
| Special Ed. Middle      | 88   |        | 88         |        |        |        | 43                              |        | 43                     |        |                      |        |                                     |        |                         |        |               |        |  |
| Special Ed. High School | 104  |        | 104        |        |        |        | 53                              |        | 53                     |        |                      |        |                                     |        |                         |        |               |        |  |
| Subtotal                | 301  |        | 301        |        |        |        | 156                             |        | 156                    |        |                      |        |                                     |        |                         |        |               |        |  |
| Totals                  | 2,769                                      |        | 2,769      |        |        |        | 2,624                           |        | 2,624                  |        |                      |        |                                     |        |                         |        |               |        |  |
| Percentage Error        |  |        |            |        |        |        |                                 |        |                        |        |                      |        |                                     |        |                         |        |               |        |  |

**SCHEDULE OF AUDITED ENROLLMENTS**

**BOROUGH OF RAMSEY  
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 | 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        | 9                                  | 9                                    |        | 6                               | 6                                    |        | 9                                     | 9                                     |        | 8                               | 8                                   |               |
| Full Day Preschool        |                                    |                                      |        |                                 |                                      |        |                                       |                                       |        |                                 |                                     |               |
| Half Day Kindergarten     | 12                                 | 12                                   |        | 6                               | 6                                    |        | 4                                     | 4                                     |        | 3                               | 3                                   |               |
| Full Day Kindergarten     | 12                                 | 12                                   |        | 8                               | 8                                    |        | 5                                     | 5                                     |        | 5                               | 5                                   |               |
| One                       | 7                                  | 7                                    |        | 4                               | 4                                    |        | 1                                     | 1                                     |        | 1                               | 1                                   |               |
| Two                       | 7                                  | 7                                    |        | 4                               | 4                                    |        | 1                                     | 1                                     |        | 1                               | 1                                   |               |
| Three                     | 10                                 | 10                                   |        | 8                               | 8                                    |        | 1                                     | 1                                     |        | 1                               | 1                                   |               |
| Four                      | 10                                 | 10                                   |        | 7                               | 7                                    |        | 1                                     | 1                                     |        | 1                               | 1                                   |               |
| Five                      | 8                                  | 8                                    |        | 7                               | 7                                    |        |                                       |                                       |        |                                 |                                     |               |
| Six                       | 8                                  | 8                                    |        | 7                               | 7                                    |        |                                       |                                       |        |                                 |                                     |               |
| Seven                     | 4                                  | 4                                    |        | 5                               | 5                                    |        | 1                                     | 1                                     |        | 1                               | 1                                   |               |
| Eight                     | 9                                  | 9                                    |        | 9                               | 9                                    |        | 1                                     | 1                                     |        | 1                               | 1                                   |               |
| Nine                      | 8                                  | 8                                    |        | 7                               | 7                                    |        | 1                                     | 1                                     |        | 1                               | 1                                   |               |
| Ten                       | 6                                  | 6                                    |        | 3                               | 3                                    |        | 1                                     | 1                                     |        | 1                               | 1                                   |               |
| Eleven                    | 7                                  | 7                                    |        | 6                               | 6                                    |        |                                       |                                       |        |                                 |                                     |               |
| Twelve                    | 13                                 | 13                                   |        | 11                              | 11                                   |        |                                       |                                       |        |                                 |                                     |               |
| Special Ed. Elementary    | 5                                  | 5                                    |        | 5                               | 5                                    |        |                                       |                                       |        |                                 |                                     |               |
| Special Ed. Middle School | 3                                  | 3                                    |        | 3                               | 3                                    |        |                                       |                                       |        |                                 |                                     |               |
| Special Ed. High School   |                                    |                                      |        |                                 |                                      |        |                                       |                                       |        |                                 |                                     |               |
|                           | 130                                | 130                                  |        | 99                              | 99                                   |        | 24                                    | 24                                    |        | 22                              | 22                                  |               |

**Percentage**

| Category                            | Transportation                 |                              |            | Re-cal. |
|-------------------------------------|--------------------------------|------------------------------|------------|---------|
|                                     | Reported on DTRS by DOE/county | Reported on DTRS by District | Errors     |         |
| Regular - Public Schools, col. 1    | 239                            | 239                          |            | 3.9     |
| Transported- Non-Public             | 77                             | 77                           |            | 3.9     |
| Regular - Special Education, col. 4 | 58                             | 58                           |            | 10.7    |
| Special needs, col. 6               | 39                             | 39                           |            |         |
| <b>Totals</b>                       | <b>413</b>                     | <b>413</b>                   | <b>274</b> |         |

**Percentage**

**BOROUGH OF RAMSEY  
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.A as LEP Not low Income | Reported on Workpapers LEP Not low Income | Sample Selected from Workpapers | Verified to Test score and Register | Sample Errors |
| Half Day Preschool        |   |   |                                 |                                     |               |
| Full Day Preschool        |   |   |                                 |                                     |               |
| Half Day Kindergarten     |   |   |                                 |                                     |               |
| Full Day Kindergarten     | 2                                       | 2   | 2                               | 2                                   |               |
| One                       | 1                                       | 1   | 1                               | 1                                   |               |
| Two                       | 2                                       | 2   | 2                               | 2                                   |               |
| Three                     | 1                                       | 1   | 1                               | 1                                   |               |
| Four                      |   |   |                                 |                                     |               |
| Five                      | 1                                       | 1   | 1                               | 1                                   |               |
| Six                       |   |   |                                 |                                     |               |
| Seven                     | 1                                       | 1   | 1                               | 1                                   |               |
| Eight                     |   |   |                                 |                                     |               |
| Nine                      | 2                                       | 2   | 1                               | 1                                   |               |
| Ten                       |   |   |                                 |                                     |               |
| Eleven                    |   |   |                                 |                                     |               |
| Twelve                    | 1                                       | 1   | 1                               | 1                                   |               |
| Special Ed. Elementary    |   |   |                                 |                                     |               |
| Special Ed. Middle School |   |   |                                 |                                     |               |
| Special Ed. High School   |   |   |                                 |                                     |               |
|                           | <u>11</u>                               | <u>11</u>                                 | <u>10</u>                       | <u>10</u>                           |               |
| Sent to BCSS              |   |   |                                 |                                     |               |
|                           | <u>11</u>                               | <u>11</u>                                 | <u>10</u>                       | <u>10</u>                           |               |

**Percentage**

**RAMSEY 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>60,779,129</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>6,893,535</u> (B2a) |
| Assets Acquired Under Capital Leases                                 | \$ _____ (B2b)            |
| Adjusted 16-17 General Fund Expenditures [(B)+(B1's)-(B2's)]         | \$ <u>53,885,594</u> (B3) |
| 2% of Adjusted 2016-17 General Fund Expenditures<br>[(B3) times .02] | \$ <u>1,077,712</u> (B4)  |
| Enter Greater of (B4) or \$250,000                                   | \$ <u>1,077,712</u> (B5)  |
| Increased by: Allowable Adjustment *                                 | \$ _____ - (K)            |
| Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]              | \$ <u>1,077,712</u> (M)   |

**SECTION 2**

|  |                          |
|--|--------------------------|
| Total General Fund - Fund Balances @ 6-30-17<br>(Per CAFR Budgetary Comparison Schedule C-1))                                    | \$ <u>15,328,759</u> (C) |
| Decreased by:  |                          |
| Year-end Encumbrances  | \$ <u>845,233</u> (C1)   |
| Legally Restricted - Designated for Subsequent Year's<br>Expenditures  | \$ _____ (C2)            |
| Legally Restricted - Excess Surplus - Designated for<br>Subsequent Year's Expenditures **  | \$ <u>2,527,933</u> (C3) |
| Other Restricted Fund Balances****   | \$ <u>8,369,487</u> (C4) |
| Assigned Fund Balance - Unreserved -- Designated<br>for Subsequent Year's Expenditures - ARRA                                    | \$ <u>493</u> (C5)       |
| Additional Assigned Fund Balance - Unreserved-<br>Designated for Subsequent Year's Expenditures<br>July 1, 2017 - August 1, 2017 | \$ _____ (C6)*****       |
| Total Unassigned Fund Balance [( C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]   | \$ <u>3,585,613</u> (U1) |

**SECTION 3**

|  |                         |
|--|-------------------------|
| Restricted Fund Balance - Excess Surplus*** [(U1)-(M)] IF NEGATIVE ENTER -0- | \$ <u>2,507,901</u> (E) |
|--|-------------------------|

**Recapitulation of Excess Surplus as of June 30, 2017**

|   |                          |
|---|--------------------------|
| Reserved Excess Surplus - Designated for Subsequent Year's<br>Expenditures ** | \$ <u>2,527,933</u> (C3) |
| Reserved Excess Surplus ***[(E)]  | \$ <u>2,507,901</u> (E)  |
| Total [(C3) + (E)]  | \$ <u>5,035,834</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                                      | \$ _____   | (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)]        | \$ _____ - | (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   | \$ 8,369,487 |      |
| 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                           | \$ 8,369,487 | (C4) |



**SCHOOL DISTRICT OF THE  
BOROUGH OF RAMSEY**

**AUDIT RECOMMENDATIONS SUMMARY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**RECOMMENDATIONS:**

**1. Administrative Practices and Procedures**

None

**2. Financial Planning, Accounting and Reporting**

**Finding 2017-001:** There were instances in which amounts were improperly recorded as encumbrances as of June 30, 2017. Amounts should have been recorded as accounts payable.

**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.

**Finding 2017-002:** During our test of transactions it was noted that the District misclassified and misbudgeted expenditures for the following: Required Maintenance and Tuition.

**Recommendation:** The District should reference The *Uniform Minimum Chart of Accounts for New Jersey Public Schools, 2017 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).

**Finding 2017-003:** The District is not liquidating interfunds in a timely manner.

**Recommendation:** That all interfunds be liquidated in a timely manner.

**\*Finding 2017-004:** The District is reporting amounts from prior years as accounts receivable.

**Recommendation:** That old accounts receivable be reviewed for collectability and cancelled by resolution, if necessary.

**Finding 2017-005 (CAFR Finding 2017-001):** There was an instance in which a budgetary line account was over-expended due to the misposting of a cash receipt.

**Recommendation:** More care be taken to ensure that reimbursements for prior year expenses be recorded as revenue rather than budget reimbursements.

**SCHOOL DISTRICT OF THE  
BOROUGH OF RAMSEY**

**AUDIT RECOMMENDATIONS SUMMARY  
(Continued)**

**3. School Purchasing Programs**

None

**4. School Food Service**

None

**5. Student Activity Fund**

**Finding 2017-006:** There were instances in which checks issued from the Dater Elementary School Student Activity Accounts contained only one authorizing signature.

**Recommendation:** That all disbursements made by check from the student activity account should have at least two signatures as authorized and approved by the Board of Education resolution in accordance with the District's policy.

**Finding 2017-007:** There were instances in which goods and services were purchased prior to being approved by the principal in the following School Student Activity Accounts:

Tisdale Elementary School  
Dater Elementary School  
Hubbard Elementary School  
Smith Middle School  
High School General Organization

**Recommendation:** That all goods and services be approved prior to being purchased.

**6. Application for State School Aid**

None

**7. Pupil Transportation**

None

**8. Facilities and Capital Assets**

None

**SCHOOL DISTRICT OF THE  
BOROUGH OF RAMSEY**

**AUDIT RECOMMENDATIONS SUMMARY  
(Continued)**

**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 with the exception of the comments preceded with an “\*”.