

CALDWELL-WEST CALDWELL SCHOOL DISTRICT  
COUNTY OF ESSEX  
AUDITORS' MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS - FINANCIAL,  
COMPLIANCE AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2018

CALDWELL-WEST CALDWELL SCHOOL DISTRICT  
COUNTY OF ESSEX  
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE  
FINDINGS - FINANCIAL,  
COMPLIANCE AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2018  
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January 18, 2019

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Caldwell-West Caldwell School District in the County of Essex for the fiscal year ended June 30, 2018, and have issued our report thereon dated January 18, 2019.

As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents. This letter does not affect our report dated January 18, 2019, on the financial statement of the Board.

We will review the status of the comments during our next audit engagement. We have already discussed these comments and suggestions with various management personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended for the information of the Caldwell-West Caldwell School District's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

*Nisivoccia, LLP*

NISIVOCCIA, LLP

*Kathryn L. Mantell*

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

CALDWELL-WEST CALDWELL SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2018

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer, the activities of the Board of Education, the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

Multi-peril insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the district's CAFR.

Officials in Office and Surety Bonds

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

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

Tuition Charges

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

Financial Planning, Accounting and Reporting

Examination of Claims

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

Payroll Account and Position Control Roster

The net salaries of employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account. Salary withholdings were promptly remitted to the proper agencies, including health benefits withholdings due to the General Fund.

All payrolls tested were approved by the Chief School Administrator and certified by the President of the Board and the School Business Administrator and the Chief School Administrator.

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

CALDWELL-WEST CALDWELL SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made on a test basis as of June 30, for proper classification of orders as reserve for encumbrances and accounts payable.

Classification of Expenditures – General and Administrative

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, we also reviewed administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.2. Overall compliance was noted.

Board Secretary's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Board Secretary's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments except as noted herein.

Treasurer's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Treasurer's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments except as noted below.

Finding:

Bank reconciliations were not completely reconciled throughout the year.

Recommendation:

It is recommended that all bank reconciliations are completely reconciled throughout the year.

Management's Response:

The District along with the Treasurer will work together to ensure bank reconciliations are completely reconciled throughout the year.

Elementary and Secondary Education Act (E.S.E.A.) as amended by the Every Student Succeeds Act (ESSA)

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

The study of compliance for the E.S.E.A. did not indicate any area of noncompliance.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
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FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Other Special Federal and/or State Projects

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 District's Special Projects were approved as listed on Schedule A and Schedule B located in the CAFR.

Finding:

During our review of the grants, we noted that expenditures per the final reports for the fiscal year ended June 30, 2018 were not reconciled fully with expenditures per the accounting records.

Recommendation:

It is recommended that extra care be taken to ensure that for all grants, expenditures reflected on the final expenditures reports are in agreement with the District's accounting records.

Management's Response:

The District will exercise care to ensure that the final expenditure reports for all grants are in agreement with expenditures per the accounting records.

Finding:

The District did not receive any revenue under the Special Education Medicaid Initiative (SEMI) Program. Designated District personnel must submit the required quarterly updates and certification of Staff Pool List (SPL) along with costs associated with the delivery of related and evaluation services provided to special education students to receive reimbursement.

Recommendation:

It is recommended that designated District personnel submit and certify the necessary information in order to receive reimbursements under the Special Education Medicaid Initiative (SEMI) Program.

Management's Response:

The District will direct an individual in the special education department to file and certify the necessary information for reimbursement.

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursements filed with the Department of Education for district employees who are members of the Teachers' Pension and Annuity Fund. No exceptions were noted.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
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FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

T.P.A.F. Reimbursement to the State of Federal Salary Expenditures

The T.P.A.F. Reimbursement to the State for Federal Salary Expenditures was remitted to the State of New Jersey prior to the required deadline of October 1, 2018. The reimbursement form was reviewed and no exceptions were noted.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

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

a. "When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by resolution of the Board of Education without public advertising for bids and bidding therefore, except that the Board of Education may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L.1971, c. 198 the Board of Education may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Commencing in the fifth year after the year in which P.L.1999, c. 440 takes effect and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount and the higher threshold amount which the Board of Education is permitted to establish as set forth in subsection a. of this section or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in N.J.S.A. 18A:18A-2, and shall round the adjustment to the nearest \$1,000. The Governor shall notify all local school districts of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of the year in which it is made . . . ."

N.J.S.A. 18A:18A-4 states, "Every contract for the provision or performance of any goods or services the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the Board of Education to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law . . . ."

Effective July 1, 2015 and thereafter the bid thresholds in accordance with *N.J.S.A.* 18A:18A-2 and 18A:18A-3(a) are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under *N.J.S.A.* 18A:39-3 is currently \$19,000 for 2017-18.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Attorney's opinion should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. No exceptions were noted.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

School Purchasing Programs (Cont'd)

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

Based upon the results of our examination, we did not note any individual payments, contracts, or agreements for the performance of any work or goods or services, in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A. 18A:18A-4, amended.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained.

Food Service

The school food service program was not selected as a major federal and/or state program. We inquired of school management, or the appropriate school food service personnel, as to whether the SFA had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted.

We also inquired of school management, or appropriate school food service personnel, as to whether the SFA's expenditures of school food service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

Non-program foods were purchased, prepared or offered for sale. The Statement of Revenue, Expenses and Changes in Net Position in the CAFR Schedule B-5 does separate program and non-program revenue and program and non-program cost of goods sold.

Student Body Activities

In planning and performing our audit of the financial statements of the Board, we considered the condition of the records of the Student Activities Fund for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments except as noted below:

Findings:

1. During our review of the Athletic account, it was noted that vouchers did not contain an administrator's or receipts of goods signatures.
2. During our review of the Student Activities accounts, it was noted that vouchers from all accounts did not contain receipt of goods or claimant signatures.



CALDWELL-WEST CALDWELL SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

Student Body Activities (Cont'd)

Findings: (Cont'd)

3. During our review of the Student Activities accounts, it was noted that the Grover Cleveland, Wilson, Jefferson and the Lincoln student activities accounts contained vouchers where invoices were dated prior to the purchase orders.
4. During our review of the Student Activities accounts, it was noted that a cash receipts journal indicating the date of receipt was not being maintained and collections are not being made in a timely manner for the Grover Cleveland Middle School.

Recommendations:

1. It is recommended that for all payments that a voucher contains an administrator, claimant and receipt of goods signature before checks are released for payment and that an approved purchase order or requisition must be prepared prior to all purchases.
2. It is recommended that a cash receipts journal be properly maintained for the Grover Cleveland Middle School.

Management's Responses:

1. The District's policy to ensure that vouchers contain all required approval signatures prior to payment and that a purchase order be obtained prior to all purchases will be enforced.
2. A cash receipts journal will be properly maintained for the Grover Cleveland Middle School.

Application for State School Aid

Our audit procedures included a test of information reported in the October 13, 2017 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, low income students and bilingual education. We also performed a review of the District procedures related to its completion. The information on the A.S.S.A. was compared to the District workpapers with a few minor exceptions. The information that was included on the workpapers was verified on a test basis without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

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

CALDWELL-WEST CALDWELL SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

Pupil Transportation

Our audit procedures included a test of on-roll status reported on the 2017-2018 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the District complied with proper bidding procedures and award of contracts. No exceptions were noted in our review of transportation related purchases of goods and services.

Facilities and Capital Assets

Our procedures included a review of the SDA grant agreements for consistency with recording SDA grant revenue and awarding contracts for eligible facilities construction costs.

Travel Expense and Reimbursement Policy

Travel regulations require each District to adopt a formal policy and procedure pertaining to travel and expense reimbursement for its employees and board members. The regulations require the District to establish maximum travel for the year and to account separately that the maximum is not exceeded. The regulations also require that all travel be approved prior by the Board of Education and that the approval must be itemized by event, event total cost, and individuals attending.

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

Testing for Lead of All Drinking Water in Educational Facilities

The District did submit the annual Statement of Assurance to the NJ Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

Continuing Education

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

Management Suggestions

Schools Development Authority (SDA) Grant

The District received a grant in the amount of \$587,795 authorized on February 3, 2011 from the Schools Development Authority relating to the Jefferson Elementary School HVAC and Boiler Replacement project. The project was completed in October of 2015; therefore, we suggest that the District submit a request for reimbursement of eligible grant expenditures and close out the remaining unexpended balance of the project.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
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FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

Management Suggestions (Cont'd)

Systems and Organization Controls Reports

Many school districts contract with service providers to perform functions such as the processing of payroll and provision of food service management services. In conjunction with these services, the service provider will engage an auditor to perform a SOC 1 (System and Organization Controls) engagement which results in a SOC 1 report. There are two different types of SOC 1 reports - a Type 1 and a Type 2 report. Both report on the fairness of the presentation of management's description of the service organization's system and the design of the controls to achieve the related control objectives through a specific period. The Type 2 report also reviews the operating effectiveness of the controls included in the description identifies the individual controls that were tested and the results of the testing.

We suggest that the District review these SOC 1 reports to determine if there are any exceptions noted in the opinion in the Independent Auditors' Report. Additionally, for SOC 1 Type 2 reports we suggest that the District review the test results related to the individual control testing to determine if there were any exceptions noted. If exceptions are noted in the report the District should contact the service provider and inquire what steps the service provider is taking to address these exceptions.

Student Activities

We believe it is important that the District be aware that any pupil organization which is part of the activity program of the School District, places at least indirect responsibility for supervision and control of that organization with the Board of Education. We suggest that the Board formally approve each school club or activity. As directed by the New Jersey Department of Education, collections related to fund raising for outside organizations should not be maintained in the District's Student Activity Funds.

Additionally, the District should ensure that District-wide standard policies and procedures are implemented for all Student Activity Funds. These policies should indicate the student activities funds are to be utilized for the benefit of the student activity or club and not to be utilized for enhancement of instructional programs or school facilities. The District should at least at a minimum communicate to school personnel on an annual basis the District's policies and procedures regarding Student Activity Funds. We suggest that these policies include guidance regarding timely deposits of funds and the safeguarding of funds prior to deposit as well as the appropriate purchasing guidelines for student activities disbursements.

Follow-up on Prior Year Findings

The prior year recommendation regarding the Continuing Education program transactions being posted in the computer software in a timely manner and vouchers containing an administrator and receipt of goods signature before checks are released for payment was corrected during the current year. The prior year recommendations regarding District personnel submitting and certifying the necessary information to receive reimbursements under the Special Education Medicaid Initiative (SEMI) Program and all Athletic account vouchers containing an administrator's and receipt of goods signature before checks are released for payment were not completely resolved during the current year and are included in the current year's findings.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT  
SCHEDULE OF AUDITED ENROLLMENT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 13, 2017

	2018-2019 Application for State School Aid						Sample for Verification					
	Reported on		Workpapers		Errors		Selected from		Registers		Errors	
	On Roll	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Half Day Kindergarten	147		147				147		147			
Grade One	163		163				163		163			
Grade Two	164		164				164		164			
Grade Three	174		174				174		174			
Grade Four	154		154				154		154			
Grade Five	196		196				196		196			
Grade Six	165		165				165		165			
Grade Seven	159		159				159		159			
Grade Eight	189		189				189		189			
Grade Nine	165		165				165		165			
Grade Ten	163	1	163	1			163	1	163	1		
Grade Eleven	161	1	161	1			161	1	161	1		
Grade Twelve	184	1	184	1			184	1	184	1		
Subtotal	2,184	3	2,184	3			2,184	3	2,184	3		
Special Education:												
Elementary	171		171				11		11			
Middle	113		113				6		6			
High	131	8	131	8			8		8			
Subtotal	415	8	415	8			25		25			
Totals	2,599	11	2,599	11			2,209	3	2,209	3		
Percentage Error												
							0.00%		0.00%			0.00%

CALDWELL-WEST CALDWELL SCHOOL DISTRICT  
SCHEDULE OF AUDITED ENROLLMENT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 13, 2017

	Private Schools for Disabled				Resident Low Income					
	Reported on ASOA Private Schools	Reported on Workpapers as Private Schools	Sample for Verification	Sample Verified	Sample Errors	Reported on ASOA as Low Income	Reported on Workpapers as Low Income	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Half Day Kindergarten										
Grade One						2	2	1	1	1
Grade Two						16	15	(1)	2	2
Grade Three						9	9		2	2
Grade Four						9	9		2	2
Grade Five						7	7		1	1
Grade Six						15	15		2	2
Grade Seven						11	11		1	1
Grade Eight						7	7		1	1
Grade Nine						22	21	(1)	2	2
Grade Ten						16	16		2	2
Grade Eleven						10	10		1	1
Grade Twelve						8	8		1	1
Subtotal						137	135	(2)	19	19
Special Education:										
Elementary School	8	8	2	2		34	32	(2)	1	1
Middle School	6	6	1	1		24	23	(1)	1	1
High School	26	26	4	4		23.5	19	(4.5)	1	1
Subtotal	40	40	7	7		82	74	(7.5)	3	3
Totals	40	40	7	7	-0-	219	209	(9.5)	22	22
Percentage Error					0.00%			-4.35%		0.00%

CALDWELL-WEST CALDWELL SCHOOL DISTRICT  
SCHEDULE OF AUDITED ENROLLMENT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 13, 2017

	Resident LEP Low Income				Resident LEP Not Low Income				
	Reported on ASOA as LEP Low Income	Workpapers as LEP Low Income	Sample Selected from Workpapers	Verified to Application and Register	Reported on ASOA as LEP Low Income	Workpapers as LEP Low Income	Sample Selected from Workpapers	Verified to Test Scores and Register	Sample Errors
Half Day Kindergarten									
Grade One	4	4	1	1	6	6	1	1	1
Grade Two	4	4	1	1	5	5	1	1	1
Grade Three	4	4	1	1	2	2	1	1	1
Grade Four					2	2	1	1	1
Grade Five					2	2	1	1	1
Grade Six	1	1	1	1	1	1			
Grade Seven	1	1	1	1	2	2	1	1	1
Grade Eight	2	2	1	1	1	1	1	1	1
Grade Nine	1	1	1	1					
Grade Eleven	1	1							
Subtotal	18	18	7	7	21	21	7	7	7
Special Education:									
Elementary School	6	6	1	1	3	3	1	1	1
Subtotal	6	6	1	1	3	3	1	1	1
Totals	24	24	8	8	24	24	8	8	-0-
Percentage Error									0.00%

CALDWELL-WEST CALDWELL SCHOOL DISTRICT  
SCHEDULE OF AUDITED ENROLLMENT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 13, 2017

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	74	74		7	7	
Regular - Special Education	2	2		1	1	
AIL - Non Public	132	132		13	13	
Special Needs - Public	36	36		3	3	
Special Needs - Private	37	37		4	4	
Totals	281	281	-0 -	28	28	-0 -
Percentage Error			0.00%			0.00%

	Reported	Recalculated
Average Mileage - Regular Including Grade PK Students	6.6	6.6
Average Mileage - Regular Excluding Grade PK Students	6.6	6.6
Average Mileage - Special Education with Special Needs	7.0	7.0

CALDWELL-WEST CALDWELL SCHOOL DISTRICT  
EXCESS SURPLUS CALCULATION  
FISCAL YEAR ENDED JUNE 30, 2018

**EXCESS SURPLUS CALCULATION**

**REGULAR DISTRICT**

**SECTION 1**

**A. 2% Calculation of Excess Surplus**

2017-18 Total General Fund Expenditures per the CAFR, Ex. C-1	<u>\$ 49,383,860</u> (B)	
Increased by:		
Transfer from Capital Outlay to Capital Projects Fund	<u>\$ -0-</u> (B1a)	
Transfer from Capital Reserve to Capital Projects Fund	<u>\$ -0-</u> (B1b)	
Transfer from General Fund to SRF for PreK-Regular	<u>\$ -0-</u> (B1c)	
Transfer from General Fund to SRF for PreK-Inclusion	<u>\$ -0-</u> (B1d)	
Decreased by:		
On-Behalf TPAF Pension and Social Security	<u>\$ 5,780,773</u> (B2a)	
Assets Acquired Under Capital Leases	<u>\$ -0-</u> (B2b)	
Adjustment for Disallowed Expenditures per S1701	<u>\$ -0-</u> (B2c)	
Adjusted 17-18 General Fund Expenditures [(B)+(B1's)-(B2's)]	<u>\$ 43,603,087</u> (B3)	
2% of Adjusted 2017-18 General Fund Expenditures [(B3) times .02]	<u>\$ 872,062</u> (B4)	
Enter Greater of (B4) or \$250,000	<u>\$ 872,062</u> (B5)	
Increased by: Allowable Adjustment	<u>\$ 291,619</u> (K)	
Maximum Unassigned Fund Balance [(B5)+(K)]		<u>\$ 1,163,681</u> (M)

**SECTION 2**

Total General Fund - Fund Balances @ 6/30/18 (Per CAFR Budgetary Comparison Schedule C-1)	<u>\$ 5,144,924</u> (C)	
Decreased by:		
Year End Encumbrances	<u>\$ 533,300</u> (C1)	
Legally Restricted - Designated for Subsequent Year's Expenditures	<u>\$ -0-</u> (C2)	
Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures	<u>\$ 300,000</u> (C3)	
Other Restricted Fund Balances	<u>\$ 2,831,738</u> (C4)	
Assigned - Designated for Subsequent Year's Expenditures	<u>\$ -0-</u> (C5)	
Additional Assigned Fund Balance - Designated for Subsequent Year's Expenditures July 1, 2018 - August 1, 2018	<u>\$ -0-</u> (C6)	
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]		<u>\$ 1,479,886</u> (U1)



CALDWELL-WEST CALDWELL SCHOOL DISTRICT  
EXCESS SURPLUS CALCULATION  
FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

**SECTION 3**

Restricted Fund Balance - Excess Surplus [(U2)-(M)] IF NEGATIVE, ENTER -0- \$ 316,205 (E)

**Recapitulation of Excess Surplus as of June 30, 2018**

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures \$ 300,000 (C3)

Restricted Excess Surplus [(E)] \$ 316,205 (E)

Fund Balance Restricted for 2017-18 per S1701 \$ -0- (F)

Total [(C3)+(E)+(F)] \$ 616,205 (D)

**Detail of Allowable Adjustments**

Impact Aid \$ -0- (H)

Sale and Lease Back \$ -0- (I)

Extraordinary Aid \$ 253,339 (J1)

Additional Nonpublic School Transportation Aid \$ 38,280 (J2)

Current Year School Bus Advertising Revenue Recognized \$ -0- (J3)

Total Adjustments ((H)+(I)+(J1)+(J2)+(J3)) \$ 291,619 (K)

**Detail of Other Restricted Fund Balance**

Statutory restrictions:

Approved unspent separate proposal \$ -0-

Sale/lease-back reserve \$ -0-

Capital reserve \$ 2,131,738

Maintenance reserve \$ 700,000

Emergency reserve \$ -0-

Tuition reserve \$ -0-

School Bus Advertising 50% Fuel Offset Reserve - current year \$ -0-

School Bus Advertising 50% Fuel Offset Reserve - prior year \$ -0-

Other state/governmental mandated reserve \$ -0-

Other Restricted Fund Balance not noted above \$ -0-

Total Other Restricted Fund Balance \$ 2,831,738 (C4)

CALDWELL-WEST CALDWELL SCHOOL DISTRICT  
SUMMARY OF RECOMMENDATIONS  
FISCAL YEAR ENDED JUNE 30, 2018

It is recommended that:

1. Administrative Practices and Procedures  
None
2. Financial Planning, Accounting and Reporting
  - a. All bank reconciliations are completely reconciled throughout the year.
  - b. Extra care be taken to ensure that for all grants, expenditures reflected on the final expenditure reports are in agreement with the District's accounting records.
  - c. Designated District personnel submit and certify the necessary information to receive reimbursements under the Special Education Medicaid Initiative (SEMI) Program.
3. School Purchasing Program  
None
4. School Food Service  
None
5. Student Body Activities
  - a. For all payments that a voucher contains an administrator, claimant and receipt of goods signature before checks are released for payment and that an approved purchase order or requisition must be prepared prior to all purchases.
  - b. A cash receipts journal be properly maintained for the Grover Cleveland Middle School.
6. Application for State School Aid  
None
7. Pupil Transportation  
None
8. Facilities and Capital Assets  
None

CALDWELL-WEST CALDWELL SCHOOL DISTRICT  
SUMMARY OF RECOMMENDATIONS  
FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

9. Continuing Education

None

10. Status of Prior Year's Findings/Recommendations

The prior year recommendation regarding the Continuing Education program transactions being posted in the computer software in a timely manner and vouchers containing an administrator and receipt of goods signature before checks are released for payment was corrected during the current year. The prior year recommendations regarding District personnel submitting and certifying the necessary information to receive reimbursements under the Special Education Medicaid Initiative (SEMI) Program and all Athletic account vouchers containing an administrator's and receipt of goods signature before checks are released for payment were not completely resolved during the current year and are included in the current year's findings.