

**CLIFTON BOARD OF EDUCATION
AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL COMPLIANCE AND PERFORMANCE
JUNE 30, 2018**

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

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INDEPENDENT AUDITOR'S MANAGEMENT REPORT

Honorable President and
Members of the Board of Trustees
Clifton Board of Education
Clifton, New Jersey

We have audited in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Clifton Board of Education as of and for the fiscal year ended June 30, 2018, and have issued our report thereon dated January 29, 2019.

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

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

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

Gary J. Vinci
Certified Public Accountant
Public School Accountant

Fair Lawn, New Jersey
January 29, 2019

**CLIFTON BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Scope of Audit

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

Administrative Practices and Procedures

Insurance

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

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

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Michael Ucci	Board Secretary/School Business Administrator	\$10,000
Yusein Durakov	Assistant Board Secretary/ School Business Administrator	\$10,000

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

Tuition Charges

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

Financial Planning, Accounting and Reporting

Examination of Claims

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

Finding – Our audit revealed certain purchases were made and contracts were entered into prior to the approval and issuance of a purchase order.

Recommendation – In all instances, a properly executed purchase order be approved and issued prior to the purchase of goods or rendering of services.

**CLIFTON BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Financial Planning, Accounting and Reporting (Continued)

Payroll Account

The net salaries of all employees of the Board were deposited in the Payroll account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency account.

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

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

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

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

Reserve for Encumbrances and Accounts Payable

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

Travel

The District had an approved Board travel policy as required by N.J.A.C. 6A:23A-6.13 and N.J.S.A. 18A:11-12.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3. As a result of the procedures performed, no errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classifications.

Board Secretary's Records

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

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

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

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

**CLIFTON BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Financial Planning, Accounting and Reporting (Continued)

Board Secretary's Records (Continued)

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

The pre-numbered contractual order system was followed.

Finding (CAFR Finding 2018-005) – Our audit noted that additional withdrawals from Capital Reserve to the Capital Outlay budget accounts were not submitted to the Executive County Superintendent for approval.

Recommendation – All additional withdrawals from Capital Reserve to the Capital Outlay budget be submitted to the Executive County Superintendent for approval.

Finding – Our audit of compensated absence liability as of June 30, 2018 revealed that certain employees had retired or resigned from the District and received separation pay but were also reported in the compensated absence liability as of June 30, 2018.

Recommendation – Procedures be reviewed and revised to ensure compensated absence liability as of June 30, 2018 only include eligible active employees with the District as of year-end.

Chief School Administrator's Records

The following items were noted during our review of the records of the Chief School Administrator.

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

All cash receipts were promptly deposited.

The Chief School Administrator's records were in agreement with the Board Secretary's records.

Unemployment Compensation Insurance Trust Fund

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

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

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

Our examination of the Federal and State funds on a test basis indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

**CLIFTON BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Financial Planning, Accounting and Reporting (Continued)

Other Special Federal and/or State Projects

The District's Special Projects were approved as listed on Exhibit K-3 and Exhibit K-4 located in the CAFR.

Our audit of the Federal and State funds on a test basis indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits are contained within the Special Revenue section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

Finding (CAFR Finding 2018-001 and 2018-003) – The District's various grant budget account lines relating to Preschool Expansion Aid and 21st Century were not modified and in agreement with the final grant amendments. As a result, various grant budget account lines were overexpended on the District's internal records but not on the final grant reports at June 30, 2018.

Recommendation – The District's internal controls be enhanced to ensure that all Federal grant amendments are in agreement with grant budget account lines and to prevent budgetary overexpenditures on the District's internal records under the Federal grant programs.

T.P.A.F. Reimbursements

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

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

The reimbursement to the State for the TPAF/FICA payments made by the State on-behalf of the School District for those employees whose salaries are identified as being paid from Federal funds was made subsequent to the 90 days required by N.J.S.A. 18A:66-90.

Nonpublic State Aid

Project completion reports are in the process of being finalized and transmitted to the Department by the due date.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

Effective July 1, 2015 and thereafter, the bid thresholds in accordance with N.J.S.A. 18A:18A-2 (as amended) and 18A:18A-3(a) are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$19,000. The Board did not have a Qualified Purchasing Agent, therefore the District's bid threshold is \$29,000.

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

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

**CLIFTON BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

School Purchasing Programs (Continued)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

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

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

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

Finding (CAFR Finding 2018-002 and 2018-004) – Our audit of purchases and procedures related to compliance with Public School Contracts Law revealed the following:

- We noted two (2) instances where contract awards and purchase orders were made in excess of the bid threshold where there was no documentation provided to support that cooperative purchase contracts were awarded in accordance with requirements of the Public School Contracts Law (N.J.S.A. 18A:18A).
- We noted two (2) instances where State and cooperative purchase contract awards and purchases were made in excess of the bid threshold where there was no Board resolution provided to support awarding these contracts.

Recommendation

- Documentation be maintained on file and be made available for audit to support the District’s compliance with the procedures required under the Public School Contracts Law (N.J.S.A. 18A:18A).
- All State and cooperative purchase contracts in excess of the bid threshold be approved by Board resolution.

Food Service Fund

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

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

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

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food supply items were currently maintained and properly applied in determining the cost of food and supplies used.

**CLIFTON BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Food Service Fund (Continued)

The cash disbursement records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service.

Cash receipts and bank records were reviewed for timely deposit.

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

The district utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34, and 19-1 through 19-4.1. Provisions of the FSMC contract/addendum were reviewed and audited. The FSMC contract includes an operating result which guarantees that the Food Service will return a profit. The operating results provision has not been met. All vendor discounts, rebates and credits from vendors and/or the FSMC were tracked and credited to the Food Service Account and reconciled to supporting documentation of least annually.

Finding – Our audit of the food service management company year-end operating statement revealed the year-end operating statement prepared by the food service management company was not in agreement with the District’s internal revenues and expenditures for the 2017-2018 school year.

Recommendation – The District review and enhance its procedures to ensure the food service management company operating statement is in agreement with the District’s internal revenue and expenditure reports.

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

Time sheets 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.

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

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

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

Student Activity/Athletic Accounts

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

Cash reports and cash disbursements were maintained in satisfactory condition.

**CLIFTON BOARD OF EDUCATION ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, related services and bilingual education. We also performed a review of the district procedures related to its completion. The information on the A.S.S.A. was compared to the district workpapers with immaterial exceptions. The information that was included on the workpapers was verified with no 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 2017/18 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with no exception. The information that was included in the district workpapers was verified with no exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

Facilities and Capital Assets

Our procedures included a review of the Schools Development Authority (SDA) grant agreements for consistency with recording SDA revenue, transfer of local funds from the general fund or from the capital reserve, and awarding of contracts for eligible facilities construction.

Finding – At June 30, 2018, the District has outstanding grant receivables net of unearned revenue totaling \$673,692 from Schools Development Authority (the “SDA”) for the various capital projects.

Recommendation – The District’s Capital Projects Fund’s prior years grant receivable balance be reviewed and all required project cost documentations be submitted to the SDA to ensure the collectability of the receivable and closeout of the various capital projects.

Testing for Lead of all Drinking Water in Education Facilities

The school district adhered to all requirements of N.J.A.C. 26-12 and 12.4 related to the testing for lead of all drinking water in educational facilities.

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

**CLIFTON BOARD OF EDUCATION ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Follow-Up on Prior Year Finding

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

Corrective action was taken on all prior year findings with the exception of the finding denoted with an asterisk (*) in the Summary of Recommendations.

Suggestions to Management

- All interfund balances be liquidated prior to year end.

**CLIFTON BOARD OF EDUCATION
FOOD SERVICE ENTERPRISE FUND
SCHEDULE OF MEAL COUNT ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Program</u>	<u>Meals Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>Under (Over) Claim</u>
National School Lunch (High Rate)	Paid	379,143	162,729	162,729	-	\$ 0.33	-
	Reduced	79,265	33,131	33,131	-	2.85	-
	Free	<u>617,365</u>	<u>253,362</u>	<u>253,362</u>	-	3.25	-
	Total Lunch	<u>1,075,773</u>	<u>449,222</u>	<u>449,222</u>	-		-
National School Lunch	HHFKA-PB						
	Lunch Only	<u>1,075,773</u>	<u>449,222</u>	<u>449,222</u>	-	0.06	-
School Breakfast (Severe Needs Rate)	Paid	60,191	24,338	24,338	-	0.30	-
	Reduced	17,307	7,077	7,077	-	1.79	-
	Free	<u>182,420</u>	<u>74,505</u>	<u>74,505</u>	-	2.09	-
	Total Breakfast	<u>259,918</u>	<u>105,920</u>	<u>105,920</u>	-		-
School Snacks (At Risk/Area Eligible)	Paid						
	Reduced						
	Free	<u>13,544</u>	<u>5,799</u>	<u>5,799</u>	-	0.88	-
	Total Snacks	<u>13,544</u>	<u>5,799</u>	<u>5,799</u>	-		-
		<u>2,425,008</u>	<u>1,010,163</u>	<u>1,010,163</u>	-		<u>\$ -</u>

**CLIFTON BOARD OF EDUCATION
FOOD SERVICE ENTERPRISE FUND
CALCULATION OF NET CASH RESOURCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Current Assets	
Cash and Cash Equivalents	\$ 161,615
Due from Other Governments	609,570
Accounts Receivable	286,247
Current Liabilities	(657,844)
Net Cash Resources	\$ 399,588
 <u>Adjusted Total Operating Expense:</u>	
Total Operating Expenses	\$ 5,279,799
Less Depreciation	(38,888)
Adjusted Total Operating Expense	\$ 5,240,911
 <u>Average Monthly Operating Expense:</u>	 \$ 524,091
 <u>Three Times Monthly Average:</u>	 \$ 1,572,273
Total Net Cash Resources	\$ 399,588
Three Times Monthly Average	1,572,273
Excess(Deficit) Cash Resources	\$ (1,172,685)

**CLIFTON BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 13, 2017**

	2018-2019 Application for State School Aid						Sample for Verification						Private Schools for Disabled				
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Registers On Roll		Errors per Registers On Roll		Reported on A.S.S.A. as Private Schools	Sample for Verifi- cation	Sample Verified	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared					
Half Day Preschool	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool - 4 YR	204	-	204	-	-	-	42	-	42	-	-	-	-	-	-	-	-
Half Day Kindegarten	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	722	-	722	-	-	-	69	-	69	-	-	-	-	-	-	-	-
One	714	-	714	-	-	-	44	-	44	-	-	-	-	-	-	-	-
Two	694	-	694	-	-	-	65	-	65	-	-	-	-	-	-	-	-
Three	736	-	736	-	-	-	45	-	45	-	-	-	-	-	-	-	-
Four	768	-	768	-	-	-	39	-	39	-	-	-	-	-	-	-	-
Five	747	-	747	-	-	-	53	-	53	-	-	-	-	-	-	-	-
Six	696	-	696	-	-	-	350	-	350	-	-	-	-	-	-	-	-
Seven	652	-	652	-	-	-	302	-	302	-	-	-	-	-	-	-	-
Eight	709	-	709	-	-	-	357	-	357	-	-	-	-	-	-	-	-
Nine	621	-	621	-	-	-	621	-	621	-	-	-	-	-	-	-	-
Ten	612	-	612	-	-	-	612	-	612	-	-	-	-	-	-	-	-
Eleven	604	-	604	-	-	-	604	-	604	-	-	-	-	-	-	-	-
Twelve	667	-	667	-	-	-	667	-	667	-	-	-	-	-	-	-	-
Post-Graduate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (15+CR.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (1-14 CR.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	9,146	-	9,146	-	-	-	3,870	-	3,870	-	-	-	-	-	-	-	-
Special Ed - Elementary	805	-	805	-	-	-	37	-	37	-	-	-	23	12	12	-	-
Special Ed - Middle School	361	-	361	-	-	-	16	-	16	-	-	-	20	11	11	-	-
Special Ed - High School	381	-	381	-	-	-	17	-	17	-	-	-	48	26	26	-	-
Subtotal	1,547	-	1,547	-	-	-	70	-	70	-	-	-	91	49	49	-	-
Co. Voc. - Regular																	
Co. Voc. Ft. Post Sec.																	
Totals	10,693	-	10,693	-	-	-	3,940	-	3,940	-	-	-	91	49	49	-	-
Percentage Error					0.00%	0.00%					0.00%	0.00%					0.00%

**CLIFTON BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 13, 2017**

	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on A.S.S.A. as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on A.S.S.A. as LEP low Income	Reported on Workpapers as LEP low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Half Day Preschool	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool - 4 YR	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	377	377	-	4	4	-	36	36	-	5	5	-
One	417	417	-	5	5	-	54	54	-	8	8	-
Two	403	403	-	5	5	-	58	58	-	9	9	-
Three	419	419	-	5	5	-	41	41	-	6	6	-
Four	429	429	-	5	5	-	36	36	-	5	5	-
Five	400	400	-	5	5	-	23	22	1	3	3	-
Six	417	417	-	5	5	-	16	16	-	2	2	-
Seven	390	390	-	5	5	-	34	34	-	5	5	-
Eight	404	404	-	5	5	-	26	26	-	4	4	-
Nine	380	380	-	5	5	-	20	20	-	3	3	-
Ten	338	338	-	4	4	-	34	34	-	5	5	-
Eleven	322	322	-	3	3	-	21	20	1	3	3	-
Twelve	344	344	-	4	4	-	10	10	-	1	1	-
Post-Graduate	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (15+CR.)	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (1-14 CR.)	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	<u>5,040</u>	<u>5,040</u>	-	<u>60</u>	<u>60</u>	-	<u>409</u>	<u>407</u>	<u>2</u>	<u>59</u>	<u>59</u>	-
Special Ed - Elementary	504	504	-	6	6	-	3	3	-	1	1	-
Special Ed - Middle	250	250	-	3	3	-	4	4	-	1	1	-
Special Ed - High	243	243	-	3	3	-	1	1	-	1	1	-
Subtotal	<u>997</u>	<u>997</u>	-	<u>12</u>	<u>12</u>	-	<u>8</u>	<u>8</u>	-	<u>3</u>	<u>3</u>	-
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Totals	<u>6,037</u>	<u>6,037</u>	-	<u>72</u>	<u>72</u>	-	<u>417</u>	<u>415</u>	<u>2</u>	<u>62</u>	<u>62</u>	-
Percentage Error			<u>0.00%</u>			<u>0.00%</u>			<u>0.48%</u>			<u>0.00%</u>

	Transportation					
	Reported on DRTRS by DOE/county	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools, col. 1	1,955	1,955	-	47	47	-
Reg -SpEd, col. 4	211	211	-	5	5	-
Transported - Non-Public, col. 3	320	320	-	8	8	-
Special Ed Spec, col. 6	463	463	-	11	11	-
Totals	<u>2,949</u>	<u>2,949</u>	-	<u>71</u>	<u>71</u>	-
Percentage Error					<u>0.00%</u>	

**CLIFTON BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 13, 2017**

	Resident LEP NOT Low Income			Sample for Verification		
	Reported on A.S.S.A. as NOT Low Income	Reported on Workpapers as NOT Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Half Day Preschool	-	-	-	-	-	-
Full Day Preschool	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-
Full Day Kindergarten	23	23	-	7	7	-
One	19	19	-	6	6	-
Two	22	22	-	7	7	-
Three	11	11	-	3	3	-
Four	11	11	-	3	3	-
Five	12	12	-	4	4	-
Six	7	7	-	2	2	-
Seven	7	7	-	2	2	-
Eight	5	5	-	2	2	-
Nine	12	12	-	4	4	-
Ten	17	17	-	5	5	-
Eleven	13	13	-	4	4	-
Twelve	4	4	-	1	1	-
Post-Graduate	-	-	-	-	-	-
Adult H.S. (15+CR.)	-	-	-	-	-	-
Adult H.S. (1-14 CR.)	-	-	-	-	-	-
Subtotal	<u>163</u>	<u>163</u>	<u>-</u>	<u>50</u>	<u>50</u>	<u>-</u>
Special Ed - Elementary	2	2	-	1	1	-
Special Ed - Middle	1	1	-	1	1	-
Special Ed - High	-	-	-	-	-	-
Subtotal	<u>3</u>	<u>3</u>	<u>-</u>	<u>2</u>	<u>2</u>	<u>-</u>
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	<u>166</u>	<u>166</u>	<u>-</u>	<u>52</u>	<u>52</u>	<u>-</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

**CLIFTON BOARD OF EDUCATION
CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

2017-2018 Total General Fund Expenditures per the CAFR	\$ 184,181,145
Decreased by:	
On-Behalf TPAF Pension & Social Security	22,090,918
Assets Acquired Under Capital Leases	<u>485,083</u>
Adjusted 2017-2018 General Fund Expenditures	<u>161,605,144</u>
2% of Adjusted 2017-2018 General Fund Expenditures	3,232,103
Increased by: Allowable Adjustment	<u>240,909</u>
Maximum Unassigned Fund Balance	<u>\$ 3,473,012</u>
Total General Fund - Fund Balance at June 30, 2018 (Per CAFR Budgetary Comparison Schedule/Statement)	\$ 20,892,488
Decreased by:	
Year End Encumbrances	2,833,679
Other Restricted Fund Balance	10,449,279
Assigned Fund Balance- Unreserved- Designated for Subsequent Year's Expenditures	<u>2,636,518</u>
Total Unassigned Fund Balance	<u>\$ 4,973,012</u>
Restricted Fund Balance - Excess Surplus	<u>\$ 1,500,000</u>
<u>Recapitulation of Excess Surplus as of June 30, 2018</u>	
Excess Surplus- Designated for Subsequent Year's Expenditures	\$ 900,000
Excess Surplus	<u>1,500,000</u>
Total Excess Surplus	<u>\$ 2,400,000</u>
<u>Detail of Allowable Adjustments</u>	
Extraordinary Aid	\$ 25,417
Additional Nonpublic School Transportation Aid	<u>215,492</u>
Total Adjustment	<u>\$ 240,909</u>
<u>Detail of Other Restricted Fund Balance</u>	
Capital Reserve	\$ 8,047,279
Maintenance Reserve	1,502,000
Excess Surplus - Designated for Subsequent Year's Expenditures	<u>900,000</u>
Total Other Restricted Fund Balance	<u>\$ 10,449,279</u>

**CLIFTON BOARD OF EDUCATION
RECOMMENDATIONS**

I. Administrative Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

It is recommended that:

1. In all instances, a properly executed purchase order be approved and issued prior to the purchase of goods or rendering of services.
2. All additional withdrawals from Capital Reserve to the Capital Outlay budget be submitted to the Executive County Superintendent for approval.
3. Procedures be reviewed and revised to ensure compensated absence liability as of June 30, 2018 only include eligible active employees with the District as of year-end.
4. The District's internal controls be enhanced to ensure that all Federal grant amendments are in agreement with grant budget account lines and to prevent budgetary overexpenditures on the District's internal records under the Federal grant programs.

III. School Purchasing Program

It is recommended that:

1. Documentation be maintained on file and be made available for audit to support the District's compliance with the procedures required under the Public School Contracts Law (N.J.S.A. 18A:18).
2. All State and cooperative purchase contracts in excess of the bid threshold be approved by Board resolution.

IV. Food Service Fund

It is recommended that the District review and enhance its procedures to ensure the food service management company operating statement is in agreement with the District's internal revenue and expenditure reports.

V. Student Activity/Athletic Accounts

There are none.

VI. Application for State School Aid

There are none.

VII. Pupil Transportation

There are none.

**CLIFTON BOARD OF EDUCATION
RECOMMENDATIONS (Continued)**

VIII. Facilities and Capital Assets

It is recommended that the District's Capital Projects Fund's prior years grant receivable balance be reviewed and all required project cost documentations be submitted to the SDA to ensure collectability of the receivable and closeout of the various capital projects.

IX. Miscellaneous

There are none.

X. Status of Prior Years' Audit Findings/Recommendations

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

ACKNOWLEDGEMENT

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

Respectfully submitted,
LERCH, VINCI & HIGGINS, LLP


Gary J. Vinci
Certified Public Accountant
Public School Accountant