

CLINTON TOWNSHIP SCHOOL DISTRICT  
COUNTY OF HUNTERDON  
AUDITORS' MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS - FINANCIAL,  
COMPLIANCE AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2018

CLINTON TOWNSHIP SCHOOL DISTRICT  
COUNTY OF HUNTERDON  
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE  
FINDINGS - FINANCIAL,  
COMPLIANCE AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2018  
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January 23, 2019

The Honorable President and Members  
of the Board of Education  
Clinton Township School District  
County of Hunterdon, 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 basic financial statements of the Board of Education of the Township of Clinton School District in the County of Hunterdon for the fiscal year ended June 30, 2018, and have issued our report thereon dated January 23, 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 23, 2019, on the financial statements of the Board.

We will review the status of the comments and suggestions 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 Clinton Township School District's Board of Education, 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

Heidi A. Wohlleb  
Licensed Public School Accountant #2140  
Certified Public Accountant

CLINTON TOWNSHIP 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, 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>
Edward McManus	School Business Administrator/Board Secretary	\$ 230,000

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were less 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-17.1(f)3.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid on a test basis, during the period under review indicated overall compliance with respect to signatures, certification or supporting documentation except as noted below.

Finding:

During our review of the purchase orders, we noted that a receipt of goods signatures was not obtain on vouchers for reimbursements.

Recommendation:

It is recommended that purchase orders for reimbursements contain a receipt of goods signature.

Management's Response:

The District will ensure that receipt of goods signatures are obtained on all vouchers.

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

Financial Planning, Accounting and Reporting (Cont'd)

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.

All payrolls approved by the Superintendent and were certified by the Board President, the Board Secretary/School Business Administrator and the Superintendent.

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

The required certification (ECERT1) of compliance with requirements for income tax on compensation of administrators (superintendent, assistant superintendents and business administrators) to the NJ Department of Treasury was filed in a timely manner.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made on a test basis as of June 30, 2018 for proper classification of orders as reserve for encumbrances and accounts payable.

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, we reviewed administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A-23A-16.2(f). As a result of the procedures performed, no errors were found and no additional procedures were deemed necessary to test the propriety of expenditure classification.

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 below.

Finding:

The District does not have Standard Operating Procedures for business functions as required by N.J.A.C. 6A:23A-22.14.

Recommendation:

It is recommended that the District develop Standard Operating Procedures for the business functions of the District.

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

Financial Planning, Accounting and Reporting (Cont'd)

Board Secretary's Records (Cont'd)

Management's Response:

The District will develop Standard Operating Procedures for the business functions of the District.

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 II of the Elementary and Secondary Education Act as amended and reauthorized.

The study of compliance for the N.C.L.B. did not indicate any area of noncompliance.

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.

T.P.A.F. Reimbursement

Our audit procedures included a test of the bi-weekly 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

Finding:

The T.P.A.F. Reimbursement to the State for Federal Salary Expenditures was prepared but was not remitted to the State of New Jersey by the October 1 deadline. The reimbursement form was reviewed and no exceptions were noted.

Recommendation:

It is recommended that the T.P.A.F. Reimbursement to the State for Federal Salary Expenditures is submitted to the State of New Jersey by the October 1 deadline each year.

Management's Response:

The District will ensure that the T.P.A.F. Reimbursement to the State for Federal Salary Expenditures is submitted to the State of New Jersey by the October 1 deadline in the future.

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

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 a. "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, 2010 and thereafter the bid thresholds in accordance with N.J.S.A. 18 A: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.

As per N.J.S.A. 18A:18A-3, the Board passed a resolution, authorizing the Business Administrator as a qualified purchasing agent and increasing the bid threshold to \$40,000.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the 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. General compliance was noted.

The results of our examination indicated that no individual payments, contracts, or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies", in excess of the

CLINTON TOWNSHIP 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)

statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A. 18A:18A-4, as amended.

Resolutions were adopted authorizing the awarding of 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.

School 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.

Finding:

During our review of the student activity records, we noted that certain student activity receipts were not deposited in a timely manner.

Recommendation:

It is recommended that student activity receipts be deposited in a timely manner.

Management's Response:

The District will ensure that District staff is reminded that student activity deposits must be deposited in a timely manner.



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

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 disabled, low income and bilingual students. 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 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 appear to be adequate for the recording of student enrollment data.

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).

Pupil Transportation

Our audit procedures included a test of on-roll status reported in 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

The District did not have any active SDA projects.

Finding:

The District's list of current year capital assets additions and current year depreciation expense was not incorporated into the capital assets records maintained by the District. Also, there is Construction in Progress from a prior year on completed capital projects which should be transferred to depreciable capital assets.

Recommendation:

It is recommended that the District have a formal inventory of the District's capital assets conducted by an independent appraisal company to ensure that the District's capital assets records are complete and that construction in progress on completed capital projects is transferred to depreciable capital assets.

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

Facilities and Capital Assets (Cont'd)

Management's Response:

The District will engage an independent appraisal company to conduct a full formal inventory of the District's capital assets and ensure that construction in progress is transferred to depreciable capital assets.

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).

Travel Expenses

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 include requirements for the District to establish a maximum travel amount for the year and to ensure that the maximum amount is not exceeded. The regulations also require that all travel must be preapproved by the Board of Education and Superintendent and that a brief report detailing the key issues addressed at the travel event must be submitted after the travel event has occurred. No exceptions were noted in our review of travel expenses.

Management Suggestions:

SOC 1 (System 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. The Type 1 report is through a specific period. The Type 2 report also reviews the operating effectiveness of the controls included in the description throughout a specified period. Included in the Type 2 report will be the individual controls, what was 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.

Purchasing Compliance:

It has come to our attention that a number of school districts in New Jersey are being cited by the State Department of Education for the purchasing of goods or services prior to the issuance of an approved purchase order. We are taking this opportunity to reiterate to our clients that a valid, approved purchase order must be prepared prior to obligating the District to a purchase of goods or services to be in compliance with requirements of the State.

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

Management Suggestions: (Cont'd)

Student Activities

It has recently been determined that certain School District personnel may not be completely aware of the limitations and restrictions on the use of Student Activity Funds. 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.

Cyber Security

Cyber-crime has become much more prevalent in the last few years. Websites and internal networks, including personally identifiable information ("PII"), have been hacked and resulted in significant losses to organizations, both financial and reputational. We suggest that the District consider options to test and protect the District from cyber-crime.

Deferred Compensation Plans

The District has a fiduciary responsibility to its employees related to the deferred compensation plans offered by the District. The District should consider a periodic review of the benefits, features, costs, and performance of its deferred compensation plans and make that information available to employees to assist employees in making suitable choices for investing their retirement funds while fulfilling the District's fiduciary responsibilities.

Independent Contractors vs. Employees

The District should consider reviewing the status of "Independent Contractors" utilized by the District with Internal Revenue Service guidelines for determination of employment status. The IRS has been reviewing employers, including governments, to determine compliance. A proactive approach may help to minimize or eliminate potential penalties related to incorrect employment status determination.

Status of Prior Year's Findings/Recommendations

There were no prior year audit recommendations.

CLINTON TOWNSHIP SCHOOL DISTRICT  
 APPLICATION FOR STATE SCHOOL AID SUMMARY  
 SCHEDULE OF AUDITED ENROLLMENTS  
 ENROLLMENT AS OF OCTOBER 13, 2017

2018-2019 Application for State School Aid

	Reported on			Reported on			Errors			Sample			Sample for Verification			Errors per		
	A.S.S.A.			Workpapers			On Roll			Selected from			Registers			Registers		
	Full	Shared	On Roll	Full	Shared	On Roll	Full	Shared	On Roll	Full	Shared	On Roll	Full	Shared	On Roll	Full	Shared	On Roll
Half Day Preschool 3 Years Old	4		4						4			4						4
Half Day Preschool 4 Years Old	12		12						12			12						12
Full Day Kindergarten	80		80						80			80						80
One	116		116						116			116						116
Two	114		114						114			114						114
Three	114		114						114			114						114
Four	108		108						108			108						108
Five	130		130						130			130						130
Six	138		138						138			138						138
Seven	136		136						136			136						136
Eight	148		148						148			148						148
Subtotal	1,100		1,100						1,100			1,100						1,100
Special Ed - Elementary	89		89						89			89						89
Special Ed - Middle School	70		70						70			70						70
Subtotal	159		159						159			159						159
Totals	1,259	-0-	1,259	-0-	-0-	-0-	-0-	-0-	1,116	-0-	-0-	1,116	-0-	-0-	-0-	-0-	-0-	0.00%
Percentage Error																		0.00%

CLINTON TOWNSHIP 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 as 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
Full Day Kindergarten										
Grade One						3	3	1	1	
Grade Two						9	9	2	2	
Grade Three						8	8	2	2	
Grade Four						4	4	1	1	
Grade Five						5	5	1	1	
Grade Six						7	7	2	2	
Grade Seven						11	11	2	2	
Grade Eight						5	5	2	2	
Grade Eight						6	6	2	2	
Subtotal						58	58	15	15	
Special Education:										
Elementary School	4	4	1	1		9	9	3	3	
Middle School						2	2	1	1	
Subtotal	4	4	1	1	-0-	11	11	4	4	-0-
Totals	4	4	1	1	-0-	69	69	19	19	-0-
Percentage Error					0.00%					0.00%

CLINTON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF AUDITED ENROLLMENT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 13, 2017

	Resident LEP Not Low Income				
	Reported on ASSA as LEP Not Low Income	Reported on Workpapers as LEP Not Low Income	Sample Selected from Workpapers	Verified to Test Scores and Register	Sample Errors
Half Day Kindergarten	4	4	1	1	
Grade One	1	1			
Grade Two	2	2	1	1	
Grade Three	2	2	1	1	
Subtotal	9	9	3	3	
Totals	9	9	3	3	
Percentage Error					<u>0.00%</u>

	Resident LEP Low Income				
	Reported on ASSA as LEP Low Income	Reported on Workpapers as LEP Low Income	Sample Selected from Workpapers	Verified to Test Scores, Application and Register	Sample Errors
Grade Eight	1	1	1	1	0
Subtotal	1	1	1	1	0
Totals	1	1	1	1	0
Percentage Error					<u>0.00%</u>

CLINTON TOWNSHIP 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	870	870		15	15	
Regular - Special Education	97	97		2	2	
Transported - Non-Public	60	60		1	1	
AIL - Non-Public	37	37		3	3	
Special Needs - Public	36	36		3	3	
Totals	1,100	1,100	-0-	24	24	-0-
Percentage Error			0.00%			0.00%

	Reported	Recalculated
Average Mileage - Regular Including Grade PK Students	4.8	4.8
Average Mileage - Regular Excluding Grade PK Students	4.8	4.8
Average Mileage - Special Education with Special Needs	3.5	3.5

CLINTON TOWNSHIP SCHOOL DISTRICT  
EXCESS SURPLUS CALCULATION  
YEAR ENDED JUNE 30, 2018

**REGULAR DISTRICT**

**SECTION 1**

**2% Calculation of Excess Surplus**

2017-2018 Total General Fund Expenditures per the CAFR, Ex. C-1	<u>\$ 29,270,760</u> (B)	
Increased by:		
Transfer from Capital Outlay to Capital Projects Fund	<u>\$</u> (B1a)	
Transfer from Capital Reserve to Capital Projects Fund	<u></u> (B1b)	
Decreased by:		
On-Behalf TPAF Pension and Social Security	<u>\$ 3,488,323</u> (B2a)	
Assets Acquired Under Capital Leases	<u>\$</u> (B2b)	
Adjusted 2017-2018 General Fund Expenditures [(B)+(B1's)-(B2's)]	<u>\$ 25,782,437</u> (B3)	
2% of Adjusted 2017-2018 General Fund Expenditures [(B3) times .02]	<u>\$ 515,649</u> (B4)	
Enter Greater of (B4) or \$250,000	<u>\$ 515,649</u> (B5)	
Increased by: Allowable Adjustments	<u>\$ 19,371</u> (K)	
Maximum Unassigned Fund Balance [(B5)+(K)]		<u>\$ 535,020</u> (M)

**SECTION 2**

Total General Fund - Fund Balances @ 6/30/2018 (Per CAFR Budgetary Comparison Schedule C-1)	<u>\$ 3,874,029</u> (C)	
Decreased by:		
Year End Encumbrances	<u>\$ 471,196</u> (C1)	
Legally Restricted - Designated for Subsequent Year's Expenditures	<u>\$ -0-</u> (C2)	
Excess Surplus - Designated for Subsequent Year's Expenditures	<u>\$ -0-</u> (C3)	
Other Restricted Fund Balance	<u>\$ 2,797,492</u> (C4)	
Assigned - Designated for Subsequent Year's Expenditures	<u>\$ 70,321</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>\$ 535,020</u> (U1)



CLINTON TOWNSHIP SCHOOL DISTRICT  
EXCESS SURPLUS CALCULATION  
YEAR ENDED JUNE 30, 2018  
(Continued)

**SECTION 3**

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

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

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures	\$ -0- (C3)
Restricted Excess Surplus [(E)]	\$ <u>-0-</u> (E)

Total [(C3)+(E)]	\$ <u>0</u> (D)
------------------	-----------------

**Detail of Allowable Adjustments**

Impact Aid	\$ -0- (H)
Sale & Lease-back	\$ <u>-0-</u> (I)
Extraordinary Aid	<u>                    </u> (J1)
Additional Nonpublic School Transportation Aid	\$ <u>19,371</u> (J2)
 Total Adjustments [(H)+(I)+(J1)+(J2)]	 \$ <u>19,371</u> (K)

**Detail of Other Restricted Fund Balance**

Statutory Restrictions:	
Approved Unspent Separate Proposal	\$ -0-
Sale/Lease-back Reserve	\$ <u>-0-</u>
Capital Reserve	\$ <u>2,176,254</u>
Maintenance Reserve	\$ <u>621,238</u>
Emergency Reserve	\$ <u>-0-</u>
Tuition Reserve	\$ <u>-0-</u>
Other State/Government Mandated Reserve	\$ <u>-0-</u>
 [Other Restricted Fund Balance Not Noted Above]	 \$ <u>-0-</u>
 Total Other Restricted Fund Balance	 \$ <u>2,797,492</u> (C4)

CLINTON TOWNSHIP SCHOOL DISTRICT  
SUMMARY OF RECOMMENDATIONS  
YEAR ENDED JUNE 30, 2018

It is recommended that:

1. Administrative Practices and Procedures  
None
2. Financial Planning, Accounting and Reporting
  - a) Purchase orders for reimbursements contain a receipt of goods signature.
  - b) The District develop Standard Operating Procedures for the business functions of the District.
  - c) The T.P.A.F. Reimbursement to the State for Federal Salary Expenditures is submitted to the State of New Jersey by the October 1 deadline each year.
3. School Purchasing Program  
None
4. School Food Service  
None
5. Student Body Activities
  - a) Student activity receipts be deposited in a timely manner.
6. Application for State School Aid  
None
7. Pupil Transportation  
None
8. Facilities and Capital Assets
  - a) The District have a formal inventory of the District's capital assets conducted by an independent appraisal company to ensure that the District's capital assets records are complete and that construction in progress on completed capital projects is transferred to depreciable capital assets.
9. Miscellaneous  
None
10. Status of Prior Year's Findings/Recommendations  
There were no prior year audit recommendations.