

***TOWNSHIP OF CRANFORD
SCHOOL DISTRICT
COUNTY OF UNION, NEW JERSEY***

***AUDITORS MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS –
FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018***

HODULIK & MORRISON, P.A.
*CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS
PUBLIC SCHOOL ACCOUNTANTS
HIGHLAND PARK, N.J.*

CRANFORD SCHOOL DISTRICT
UNION COUNTY, NEW JERSEY

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

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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Township of Cranford School District
County of Union, New Jersey

We have audited, in accordance with generally accepted auditing standards 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 Cranford School District, County of Union, New Jersey, as of and for the year ended June 30, 2018, and have issued our report thereon dated January 25, 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 report is intended for the information of the Township of Cranford Board of Education's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Hodulik & Morrison, P.A.

HODULIK & MORRISON, P.A.
Certified Public Accountants
Public School Accountants

Robert S. Morrison

Robert S. Morrison
Certified Public Accountant
Public School Accountant #841

Highland Park, New Jersey
January 25, 2019

ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING

SCOPE OF AUDIT

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

The audit did not and could not determine the character of services rendered for which payment had been made nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed. These details were necessarily covered by the approval of such claims. Revenues and receipts were established and verified as to sources and amount only insofar as the records permitted.

ADMINISTRATIVE PRACTICES AND PROCEDURES

Insurance

Fire insurance coverage was carried in the amounts as detailed on Exhibit J-20 of the District's CAFR. The details of the various additional insurance coverages by the Board are also presented on this Exhibit. No attempt was made to determine the adequacy of coverage as part of this report. Adequacy of coverage is the responsibility of the Board of Education.

Official Bonds

The following positions were covered by Surety Bonds:

| <u>Name</u> | <u>Position</u> | <u>Amount</u> |
|--------------------|--|---------------|
| Robert J. Carfagno | Business Administrator/ Board Secretary | \$ 325,000.00 |

The surety bond coverage for the Board Secretary/Business Administrator exceeded the minimum requirement as promulgated by the Department of Education.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. Differences in actual costs, as certified by the Department of Education pursuant to the provisions of N.J.A.C. 6A: 23-3.1(f) 3, from estimated costs billed by the Board during the period were adjusted as required.

FINANCIAL PLANNING, ACCOUNTING AND REPORTING

Examination of Claims

Claims were examined for the period under review and were found to be in good order. No discrepancies were noted with respect to signatures, certifications or supporting documentation.

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (Cont'd.)

Payroll Account

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

All payrolls were approved by the Superintendent and were certified by the President of the Board and the Board Secretary/School Business Administrator. Tests were made of these records with no exceptions noted.

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

During the year under examination, the Board Secretary continued to perform procedures to allow for the formal proof of payroll account transactional activity on a monthly basis. This record was found to be suitable to allow for the identification of funds on hand.

TPAF Reimbursement to the State for Federal Salary Expenditures

The reimbursement to the State for the amount of the expenditure charged to the current year's Final Report for all federal awards for the District to reimburse the State for the TPAF Pension and Social Security payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds was made prior to the end of the 60-day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted

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. Unpaid purchase orders included in the balance of accounts payable were reviewed for propriety and to determine that goods were received and services rendered as of June 30.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A: 23-2.2(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: 23-8.2. As a result of the procedures performed we found no discrepancies in the classification of expenditures and no additional procedures were deemed necessary to test the propriety of the expenditure classification.

Unemployment Compensation Insurance Trust Fund

The Board has adopted the direct reimbursement method and has established an Unemployment Compensation Insurance Trust Fund. Exhibit "H-2" sets forth the activity of this fund for the period under review. Total revenues from all sources amounted to \$63,694.00 and expenditures, which consist of reimbursements to the State of New Jersey Unemployment Insurance Fund, amounted to \$73,903.54. Funds available at June 30, 2018 to pay future claims amounted to \$76,028.81.

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (Cont'd.)

Investment of Idle Funds

During the year ended June 30, 2018, the Board had all of the idle funds in its governmental fund types invested in interest bearing accounts. Additional funds were held in the New Jersey Cash Management Fund and Investors Bank. The existing practices allow the Board to maximize investment income without exposing Board funds to market related risks to investment principal.

Board Secretary's Records

The minutes maintained by the Board Secretary were in good condition.

The financial and accounting records maintained by the Board Secretary were found to be in good condition.

General Fixed Assets

During the period under review the general fixed asset accounting and reporting system was maintained satisfactorily to provide for all the required financial information for the preparation of the statement of changes in general fixed assets.

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

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

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 biweekly reimbursement forms filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund. 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 \$17,500.00, 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 quotes. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (C.40A: 11-9) 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 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 to 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. 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."

"Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection a. of N.J.S.18A:18A-5 may be awarded for a period not exceeding 12 consecutive months."

N.J.S.A. 18A:18A-4 states, Every contract or agreement for the 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 (as amended) and 18A:18A-3(a) are \$40,000.00 (with a Qualified Purchasing Agent) and \$29,000.00 (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 fiscal 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 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.

SCHOOL PURCHASING PROGRAMS (Cont'd.)

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

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

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.

Any interpretation as to possible violation of statute(s) would be in the province of the Board's solicitor.

School Food Service Fund

The District does not participate in any subsidized federal or state sponsored school nutrition programs.

The District has contracted with a Food Service Management Company (FSMC) and utilized the standard contract form recommended by the regulatory agency. As required by the contract, the FSMC provided a report of its internal controls under Statement on Standards for attestation Engagements No. 16 (SSAE 16). We reviewed this report (type 2) as provided by the FSMC and found it to contain a detailed description of the FSMC's internal control objectives and the relevant control processes and procedures put in place to achieve those objectives. The report provided the minimum information necessary for us to gain an understanding of the FMSC's internal control. We are required to gain this understanding in order to plan our audit of the District's Food Service Fund. The report also provided assurances, based upon testing, relating to the operating effectiveness of the controls to achieve the related control objectives included in the description throughout a period that included the most of the school year.

Audit tests of FMSC financial reports indicated that vendor invoices or approved transfer forms were available to support amounts claimed as inventory purchases and other costs, and amounts reported as sales and purchased account credits could be reconciled to amounts deposited or credited to the district bank account.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Section G. Total realized revenues, including both operating and non-operating, amounted to \$903,149.90 and total expenditures amounted to \$905,142.73 resulting in net loss of (\$1,992.83). During the current period, the Board did not make operating transfers to the Food Service fund.

At June 30, 2018, the District reported a deficit of (\$1,866.25) in the net position of its Food Service Fund. This amount was funded via the 2018-19 District budget.

Student Activity Funds

The recordkeeping of the various student activities funds were reviewed for the 2017-2018 school year. The records were maintained in generally good condition.

Application for State School Aid

Our audit procedures included tests 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, and bilingual. We also performed a review of the District procedures related to its completion. The information on the A.S.S.A. was compared to the district workpapers without exception. The information that was included on the workpapers was verified without exception. The results of our procedures are presented in the Schedule of Audited 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 procedures included a test of on-roll status reported in the 2017-18 District Report of Resident Transported Students (DRTRS). The information 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.

Testing for Lead of All Drinking Water in Educational Facilities

The District adhered to all the requirements of N.J.A.C. 26-1.2 and 12.4 related to the testing for lead of all drinking water in educational facilities.

Internal Control Documentation

The School District is continuing the process of documenting its internal controls. This course of action is commendable and will also serve the purpose of meeting certain requirements as set forth by the Statement on Auditing Standards 112. We suggest the School District continue its process and also consider utilizing the framework established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) for its documentation, which includes the five components of internal controls, as follows: Control Environment; Risk Assessment; Control Activities; Information and Communication; and Monitoring. In addition, we suggest the documentation should also include the internal controls that exist over grant compliance.

Follow-Up on Prior Years' Findings

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year recommendations and corrective action had been taken on all prior year findings.

ACKNOWLEDGMENT

During the course of our audit, we received the complete cooperation of all the officials of the school district, and we greatly appreciate the courtesies extended to us.

Respectfully submitted,

Hodulik & Morrison, P.A.

HODULIK & MORRISON, P.A.
Certified Public Accountants
Public School Accountants

Robert S. Morrison

Robert S. Morrison
Certified Public Accountant
Public School Accountant #871

NET CASH RESOURCE SCHEDULE
JUNE 30, 2018

Net Cash Resources:

| | | | |
|------|-------------------------|----|---------------------------|
| CAFR | Current Assets: | | |
| B-4 | Cash & Cash Equivalents | \$ | 39,039.34 |
| B-4 | Due from Other Govts | | |
| B-4 | A/R | | 586.45 |
| | Current Liabilities: | | |
| B-4 | Less A/P | | 52,813.85 |
| B-4 | Less Accruals | | |
| B-4 | Less Due to other funds | | |
| B-4 | Less Deferred Revenue | | <u>11,594.99</u> |
| | Net Cash Resources | \$ | <u><u>28,030.80</u></u> A |

Net Adj. total Operating Expenses:

| | | | |
|-----|-----------------------------------|----|----------------------------|
| B-5 | Total Operating Expenses | | 905,142.73 |
| B-5 | Less: Depreciation | | <u>(3,307.33)</u> |
| | Adj. Total Operating Expenses | | <u><u>901,835.40</u></u> B |
| | Average Monthly Operating Expense | | <u><u>90,183.54</u></u> C |
| | Three Times monthly Average | | <u><u>270,550.62</u></u> D |
| | Total in A | | 28,030.80 |
| | Less Total in D | | <u><u>270,550.62</u></u> |
| | Net | \$ | <u><u>(242,519.82)</u></u> |

A is greater than D, cash exceeds 3 x average monthly operating expenses.
D is greater than A, cash does not exceed 3 x average monthly operating expenses.

* Inventories are not included in total current assets.

SCHEDULE OF COSTS OF EDUCATION PER PUPIL

CRANFORD PUBLIC SCHOOL DISTRICT
COSTS OF EDUCATION PER PUPIL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(MEMORANDUM ONLY)

| | |
|---------------------------------------|--------------------------|
| Costs of Education: | |
| Instruction: | |
| Regular Programs | \$ 18,604,680.37 |
| Special Education | 7,264,012.82 |
| Other Instructional Programs | <u>1,937,630.69</u> |
| Total Instruction | 27,806,323.88 |
| Total Undistributed Expenditures* | <u>43,730,440.29</u> |
| Total Costs of Education | 71,536,764.17 |
| Average Daily Enrollment | <u>3,806.80</u> |
| Costs of Education Per Pupil | <u>\$ 18,791.84</u> |

Note: The above calculation excludes capital outlay expenditures, including the costs of instructional equipment.

* Includes \$2,110,042.61 of "on-behalf" payments by State of New Jersey for T.P.A.F social security and \$6,871,833.00 for T.P.A.F. for pension.

SCHEDULE OF AUDITED ENROLLMENTS

**CRANFORD 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 Register On Roll | | Reported on A.S.S.A. 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 - 3 Years Old | 11 | | 11 | | 0 | 0 | 3 | | 3 | | 0 | 0 | | | | |
| Half Day Preschool - 4 Years Old | 8 | | 8 | | 0 | 0 | 5 | | 5 | | 0 | 0 | | | | |
| Half Day Kindergarten | 215 | | 215 | | 0 | 0 | 16 | | 16 | | 0 | 0 | | | | |
| Full Day Kindergarten | | | | | 0 | 0 | | | | | 0 | 0 | | | | |
| One | 249 | | 249 | | 0 | 0 | 22 | | 22 | | 0 | 0 | | | | |
| Two | 279 | | 279 | | 0 | 0 | 20 | | 20 | | 0 | 0 | | | | |
| Three | 265 | | 265 | | 0 | 0 | 21 | | 21 | | 0 | 0 | | | | |
| Four | 236 | | 236 | | 0 | 0 | 15 | | 15 | | 0 | 0 | | | | |
| Five | 241 | | 241 | | 0 | 0 | 21 | | 21 | | 0 | 0 | | | | |
| Six | 245 | | 245 | | 0 | 0 | 24 | | 24 | | 0 | 0 | | | | |
| Seven | 252 | | 252 | | 0 | 0 | 20 | | 20 | | 0 | 0 | | | | |
| Eight | 260 | | 260 | | 0 | 0 | 21 | | 21 | | 0 | 0 | | | | |
| Nine | 265 | | 265 | | 0 | 0 | 24 | | 24 | | 0 | 0 | | | | |
| Ten | 214 | | 214 | | 0 | 0 | 16 | | 16 | | 0 | 0 | | | | |
| Eleven | 275 | 7 | 275 | 7 | 0 | 0 | 18 | | 18 | | 0 | 0 | | | | |
| Twelve | 220 | 1 | 220 | 1 | 0 | 0 | 24 | | 24 | | 0 | 0 | | | | |
| Adult High School (15+ credits) | | | | | 0 | 0 | | | | | 0 | 0 | | | | |
| Adult High School (1-14 credits) | | | | | 0 | 0 | | | | | 0 | 0 | | | | |
| Subtotals | 3,235 | 8 | 3,235 | 8 | 0 | 0 | 270 | 0 | 270 | 0 | 0 | 0 | | | | |
| Special Ed - Elementary | 216 | | 216 | | 0 | 0 | 11 | | 11 | | 0 | 0 | 3 | 3 | 3 | 0 |
| Special Ed - Middle School | 179 | | 179 | | 0 | 0 | 10 | | 10 | | 0 | 0 | 11 | 10 | 10 | 0 |
| Special Ed - High School Sent to CSSD | 228 | 9 | 228 | 9 | 0 | 0 | 14 | | 14 | | 0 | 0 | 14 | 12 | 12 | 0 |
| Subtotals | 623 | 9 | 623 | 9 | 0 | 0 | 35 | 0 | 35 | 0 | 0 | 0 | 28 | 25 | 25 | 0 |
| Totals | 3,858 | 17 | 3,858 | 17 | 0 | 0 | 305 | 0 | 305 | 0 | 0 | 0 | 28 | 25 | 25 | 0 |
| Percentage Error | | | | | <u>0.00%</u> | <u>0.00%</u> | | | | | <u>0.00%</u> | <u>0.00%</u> | | | | <u>0.00%</u> |

SCHEDULE OF AUDITED ENROLLMENTS

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

| | <u>Low Income</u> | | | <u>Sample for Verification</u> | | | <u>Resident LEP Low Income</u> | | | <u>Sample for Verification</u> | | |
|-------------------------|---|---|---------------|--|---|--------------------------|---|---|---------------|--|--|--------------------------|
| | <u>Reported on A.S.S.A. As Low Income</u> | <u>Reported on Workpapers As Low Income</u> | <u>Errors</u> | <u>Sample Selected From Workpapers</u> | <u>Verified to Application And Register</u> | <u>Sample Errors</u> | <u>Reported on A.S.S.A. as LEP low Income</u> | <u>Reported on Workpapers as LEP low Income</u> | <u>Errors</u> | <u>Sample Selected from Workpapers</u> | <u>Verified to Test Score and Register</u> | <u>Sample Errors</u> |
| Kindergarten | 1 | 1 | 0 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| One | 11 | 11 | 0 | 8 | 8 | 0 | 1 | 1 | 0 | 1 | 1 | 0 |
| Two | 3 | 3 | 0 | 2 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Three | 4 | 4 | 0 | 6 | 6 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Four | 6 | 6 | 0 | 9 | 9 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Five | 7 | 7 | 0 | 7 | 7 | 0 | 1 | 1 | 0 | 1 | 1 | 0 |
| Six | 3 | 3 | 0 | 8 | 8 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Seven | 5 | 5 | 0 | 3 | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Eight | 10 | 10 | 0 | 7 | 7 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Nine | 7 | 7 | 0 | 8 | 8 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ten | 4 | 4 | 0 | 3 | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Eleven | 4 | 4 | 0 | 2 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Twelve | 6 | 6 | 0 | 3 | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Subtotals | 71 | 71 | 0 | 67 | 67 | 0 | 2 | 2 | 0 | 2 | 2 | 0 |
| Special Ed - Elementary | 14 | 14 | 0 | 7 | 7 | 0 | 1 | 1 | 0 | 1 | 1 | 0 |
| Special Ed - Middle | 12 | 12 | 0 | 7 | 7 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Special Ed - High | 8.5 | 8.5 | 0 | 16 | 16 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Subtotals | 35 | 35 | 0 | 30 | 30 | 0 | 1 | 1 | 0 | 1 | 1 | 0 |
| Co. Voc. - Regular | | | | | | | | | | | | |
| Co. Voc. Ft. Post Sec | | | | | | | | | | | | |
| Totals | 106 | 106 | 0 | 97 | 97 | 0 | 3 | 3 | 0 | 3 | 3 | 0 |
| Percentage Error | | | 0.00% | | | 0.00% | | | 0.00% | | | 0.00% |

| | <u>Transportation</u> | | | | | |
|--------------------------------|---|--|---------------|---------------|-----------------|---------------|
| | <u>Reported on DRTRS by DOE</u> | <u>Reported on DRTRS by District</u> | <u>Errors</u> | <u>Tested</u> | <u>Verified</u> | <u>Errors</u> |
| Reg. - Public Schools | 210 | 210 | 0 | 185 | 185 | 0 |
| Reg - Special Ed | 0 | 0 | 0 | 0 | 0 | 0 |
| Transported - Non-Public & AIL | 98 | 98 | 0 | 49 | 49 | 0 |
| Special Needs & Courtesy | 73 | 73 | 0 | 37 | 37 | 0 |
| Totals | 381 | 381 | 0 | 271 | 271 | 0 |
| Percentage Error | | | 0.00% | | | 0.00% |

| | <u>Reported</u> | <u>Recalculated</u> |
|--|-----------------|---------------------|
| Reg. Avg. Mileage | 5.5 | 5.5 |
| Spec Avg. Mileage - Special Ed. With Special Needs | 10.7 | 10.7 |

SCHEDULE OF AUDITED ENROLLMENTS

**CRANFORD 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 per Test Score and Register | Sample Errors |
| Half Day Preschool | | | | | | 0 |
| Half Day Kindergarten | 2 | 2 | 0 | 2 | 2 | 0 |
| Full Day Kindergarten | 0 | 0 | 0 | 0 | 0 | 0 |
| One | 2 | 2 | 0 | 2 | 2 | 0 |
| Two | 1 | 1 | 0 | 1 | 1 | 0 |
| Three | 2 | 2 | 0 | 2 | 2 | 0 |
| Four | 0 | 0 | 0 | 0 | 0 | 0 |
| Five | 0 | 0 | 0 | 0 | 0 | 0 |
| Six | 0 | 0 | 0 | 0 | 0 | 0 |
| Seven | 0 | 0 | 0 | 0 | 0 | 0 |
| Eight | 1 | 1 | 0 | 1 | 1 | 0 |
| Nine | 1 | 1 | 0 | 1 | 1 | 0 |
| Ten | 1 | 1 | 0 | 1 | 1 | 0 |
| Eleven | 2 | 2 | 0 | 2 | 2 | 0 |
| Twelve | 1 | 1 | 0 | 1 | 1 | 0 |
| Adult High School (15+ credits) | | | 0 | | | 0 |
| Adult High School (1-14 credits) | | | 0 | | | 0 |
| Subtotals | 13 | 13 | 0 | 13 | 13 | 0 |
| Special Ed-Elementary | 1 | 1 | 0 | 1 | 1 | 0 |
| Special Ed - Middle School | 0 | 0 | 0 | 0 | 0 | 0 |
| Special Ed - High School | 0 | 0 | 0 | 0 | 0 | 0 |
| Subtotals | 1 | 1 | 0 | 1 | 1 | 0 |
| C. Voc. - Regular | | | | | | |
| C. Voc. Ft. Post Sec. | | | | | | |
| Totals | 14 | 14 | 0 | 14 | 14 | 0 |
| Percentage Error | | | <u>0.00%</u> | | | <u>0.00%</u> |

EXCESS SURPLUS CALCULATION

REGULAR DISTRICT/CHARTER SCHOOL/RENAISSANCE SCHOOL PROJECT

SECTION 1

A. 2% Calculation of Excess Surplus

| | |
|--|------------------------------|
| 2017-2018 Total General Fund Expenditures per the CAFR, Ex. C-1 | \$ <u>71,690,214.20</u> (B) |
| Increased by: | |
| Transfer from Capital Outlay to Capital Projects Fund | \$ _____ (B1a) |
| Transfer from Capital Reserve to Capital Projects Fund | \$ _____ (B1b) |
| Transfer from General Fund to SRF for PreK-Regular | \$ _____ (B1c) |
| Transfer from General Fund to SRF for PreK-Inclusion | \$ _____ (B1d) |
| Decreased by: | |
| On-Behalf TPAF Pension & Social Security | \$ <u>8,981,875.61</u> (B2a) |
| Assets Acquired Under Capital Leases | \$ <u>47,823.60</u> (B2b) |
| Adjusted 2017-18 General Fund Expenditures [(B)+(B1s)-(B2s)] | \$ <u>62,660,514.99</u> (B3) |
| 2% of Adjusted 2017-18 General Fund Expenditures [(B3) times .02] | \$ <u>1,253,210.30</u> (B4) |
| Enter Greater of (B4) or \$250,000 | \$ <u>1,253,210.30</u> (B5) |
| Increased by: Allowable Adjustment* | \$ <u>27,233.00</u> (K) |
| Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)] | \$ <u>1,280,443.30</u> (M) |

SECTION 2

| | |
|---|----------------------------|
| Total General Fund - Fund Balances @ 6/30/2018 (Per CAFR Budgetary Comparison Schedule C-1) | \$ <u>1,547,796.83</u> (C) |
| Decreased by: | |
| Year-end Encumbrances | \$ <u>173,483.89</u> (C1) |
| Legally Restricted -Designated for Subsequent Year's Expenditures | \$ _____ (C2) |
| Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures ** | \$ <u>20,863.58</u> (C3) |
| Other Restricted Fund Balances**** | \$ <u>1.00</u> (C4) |
| Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures | \$ <u>641,303.42</u> (C5) |
| Additional Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures July 1, 2018-August 1, 2018 | \$ _____ (C6)***** |
| Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)] | \$ <u>712,144.94</u> (U1) |

SECTION 3

Restricted Fund Balance-Excess Surplus ***[(U1)-(M)] IF NEGATIVE ENTER -0- \$ 0.00 (E)

Recapitulation of Excess Surplus as of June 30, 2018

| | |
|---|--------------------------------|
| Reserved Excess Surplus-Designated for Subsequent Year's Expenditures** | \$ <u>20,863.58</u> (C3) |
| Reserved Excess Surplus***[(E)] | \$ <u>0.00</u> (E) |
| Total [(C3) + (E)] | \$ <u><u>20,863.58</u></u> (D) |

Footnotes:

* Allowable adjustment to expenditures on line K must be detailed as follows. This adjustment line (as detailed below) is to be utilized when applicable for:

- (H) Federal Impact Aid. The passage of P.L. 2015, c.46 amended N.J.S.A. 18A:7f-41 to permit a board of education to appropriate federal impact aid funds to establish or supplement a federal impact aid legal reserve in the general fund. Accordingly, effective for the year ending June 30, 2016 the Federal Impact Aid adjustment to expenditures is limited to the portion of Federal Impact Aid Section 8002 and Section 8003 received during the fiscal year and recognized as revenue on the General Fund Budgetary Comparison Schedule, but not transferred to the Federal Impact Aid Reserve - General (8002 or 8003) by board resolution during June 1 to June 30 of the fiscal year under audit. Amounts transferred to the reserve are captured on line (C4);
- (I) Sale and Lease-back (Refer to the Audit Program Section II, Chapter 10);
- (J1) Extraordinary Aid;
- (J2) Additional Nonpublic School Transportation Aid;
- (J3) Recognized current year School Bus Advertising Revenue; and
- (J4) Family Crisis Transportation Aid

Detail of Allowable Adjustments

| | |
|--|--------------------------|
| Impact Aid | \$ _____ (H) |
| Sale & Lease-back | \$ _____ (I) |
| Extraordinary Aid | \$ _____ (J1) |
| Additional Nonpublic School Transportation Aid | \$ <u>27,233.00</u> (J2) |
| Current Year School Bus Advertising Revenue Recognized | \$ _____ (J3) |
| Family Crisis Transportation Aid | \$ _____ (J4) |
| Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)] | \$ <u>27,233.00</u> (K) |

** This amount represents the June 30, 2018 Excess Surplus (C3 above) and must be included in the Audit Summary Line 90031.

*** Amount must agree to the June 30, 2018 CAFR and must agree to Audit Summary Line 90030.

****Amount for Other Restricted Fund Balances must be detailed for each source. Use in the excess surplus calculation of any legal reserve that is not state mandated or that is not legally imposed by any other type of government, such as the judicial branch of government, must have Departmental approval. District requests should be submitted to the Division of Administration and Finance prior to September 30.

Detail of Other Reserved Fund Balance

*****Increase in Assigned Fund Balance-Unreserved-Designated for Subsequent Year's expenditures July 1, 2018 to August 1, 2018 resulting from decrease in state aid after adoption of 2018-19 district budget. Refer to Commissioner's Broadcast and to page I-4.2 of this Audit Program.

Statutory restrictions:

| | |
|---|------------------------|
| Approved unspent separate proposal | \$ _____ |
| Sale/lease-back reserve | \$ _____ |
| Capital reserve | \$ _____ 1.00 |
| Maintenance reserve | \$ _____ |
| Emergency reserve | \$ _____ |
| Tuition reserve | \$ _____ |
| School Bus Advertising 50% Fuel Offset Reserve - current year | \$ _____ |
| School Bus Advertising 50% Fuel Offset Reserve - prior year | \$ _____ |
| Impact Aid General Fund Reserve (Sections 8002 and 8003) | \$ _____ |
| Impact Aid Capital Fund Reserve (Sections 8007 and 8008) | \$ _____ |
| Other state/government mandated reserve | \$ _____ |
| [Other Restricted Fund Balance not noted above]**** | \$ _____ |
| Total Other Restricted Fund Balance | \$ _____ 1.00 (C4) |

CRANFORD SCHOOL DISTRICT
AUDIT RECOMMENDATIONS SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Recommendations:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

None

3. School Purchasing Programs

None

4. School Food Service

None

5. Student Body Activities

None

6. Application for State School Aid

None

7. Pupil Transportation

None

8. Facilities and Capital Assets

None

9. Miscellaneous

None

10. Status of Prior Year Audit Findings/Recommendations

There were no prior year recommendations as a result no correction action was required.