

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

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
COUNTY OF ESSEX
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE
FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2019
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November 8, 2019

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Caldwell-West Caldwell School District in the County of Essex for the fiscal year ended June 30, 2019, and have issued our report thereon dated November 8, 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 November 8, 2019, on the financial statement of the Board.

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

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

Nisivoccia, LLP

NISIVOCCIA, LLP

Kathryn L. Mantell

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

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2019

Scope of Audit

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

Administrative Practices and Procedures

Insurance

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

Officials in Office and Surety Bonds

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

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

Tuition Charges

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

Financial Planning, Accounting and Reporting

Examination of Claims

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

Payroll Account and Position Control Roster

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

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

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

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Reserve for Encumbrances and Accounts Payable

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

Classification of Expenditures – General and Administrative

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

Board Secretary's Records

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

Treasurer's Records

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

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

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

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

Other Special Federal and/or State Projects

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

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

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

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Other Special Federal and/or State Projects (Cont'd)

Finding:

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

Recommendation:

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

Management's Response:

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

T.P.A.F. Reimbursement

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

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

The T.P.A.F. Reimbursement to the State for Federal Salary Expenditures was remitted to the State of New Jersey prior to the required deadline of October 1, 2019. The reimbursement form was reviewed and no exceptions were noted.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

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

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

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

School Purchasing Programs (Cont'd)

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

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

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

Effective July 1, 2015 and thereafter the bid thresholds in accordance with *N.J.S.A.* 18A:18A-2 and 18A:18A-3(a) are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under *N.J.S.A.* 18A:39-3 is currently \$19,000 for 2018-19.

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

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

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

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

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

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

School Food Service

The school food service program was not selected as a major federal and/or state program. However, the program expenditures exceeded \$100,000 in federal and/or State support. Accordingly, 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.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Proprietary Funds, Section G of the District's CAFR.

Student Body Activities

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

Findings:

1. During our review of the Student Activities accounts, it was noted that vouchers from all accounts did not always contain an administrator's or receipt of goods signatures.
2. During our review of the Student Activities accounts, it was noted that the Grover Cleveland, Wilson, Jefferson and the Lincoln student activities accounts contained vouchers where invoices were dated prior to the purchase orders.
3. During our review of the Student Activities accounts, it was noted that not all cash disbursements for the Washington Elementary School were supported by an invoice or bill.

Recommendations:

It is recommended that for all payments that a voucher contains an administrator and a receipt of goods signature before checks are released for payment, an approved purchase order or requisition must be prepared prior to all purchases and that all cash disbursements are supported by an invoice or bill.

Management's Responses:

The District's policy to ensure that vouchers contain all required approval signatures prior to payment, a purchase order be obtained prior to all purchases and that all cash disbursements are supported by an invoice or bill will be enforced.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2018 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, low income students and bilingual education. We also performed a review of the District procedures related to its completion. The information on the A.S.S.A. was compared to the District workpapers with three minor exceptions. The information that was included on the workpapers was verified on a test basis without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

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

Pupil Transportation

Our audit procedures included a test of on-roll status reported on the 2018-2019 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

Facilities and Capital Assets

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

Travel Expense and Reimbursement Policy

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

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

Testing for Lead of All Drinking Water in Educational Facilities

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

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

Continuing Education

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

Management Suggestions

Schools Development Authority (SDA) Grant

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

New Jersey Earned Sick Leave Law

The New Jersey Earned Sick Leave Law was effective October 29, 2018. This law allows employees to accrue 1 hour of earned sick leave for every 30 hours worked, up to 40 hours each calendar year. We suggest that Districts perform a review each year to determine if there are any employees not previously eligible to receive earned sick leave who are now entitled to under this law and that adequate records are maintained for the accrual of the earned sick leave.

Governmental Accounting Standards Board (GASB) Statements

The next GASB Statement which will have an impact on the District's financial statements is GASB Statement No. 84, *Fiduciary Activities*, which is effective for the fiscal year ended June 30, 2020. This Statement establishes criteria for identifying fiduciary activities. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The Statement will likely have an impact on the financial statement presentation of the Payroll Agency Fund and may have an impact on the presentation of the Student Activities Agency Fund and Trust Funds such as the Flexible Spending Trust Fund and Unemployment Trust Fund.

Follow-up on Prior Year Findings

The prior year recommendations regarding all bank reconciliations being completely reconciled throughout the year and greater care being taken to ensure that all grant expenditures reflected on the final expenditure reports are in agreement with the District's accounting records and all Athletic account vouchers contain an administrator's and receipt of goods signature before checks are released for payment were corrected during the current year. The prior year recommendations regarding District personnel submitting and certifying the necessary information to receive reimbursements under the Special Education Medicaid Initiative (SEMI) Program and student activities account were not completely resolved during the current year and are included in the current year's findings.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2018

	2019-2020 Application for State School Aid						Sample for Verification					
	Reported on		Reported on		Errors		Sample		Verified per		Errors	
	Full	Shared	On Roll	Workpapers	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Half Day Kindergarten	172		172				172		172			
Grade One	174		174				174		174			
Grade Two	163		163				163		163			
Grade Three	162		162				162		162			
Grade Four	173		173				173		173			
Grade Five	155		155				155		155			
Grade Six	191		191				191		191			
Grade Seven	170		170				170		170			
Grade Eight	161		161				161		161			
Grade Nine	186		186				186		186			
Grade Ten	167		167				167		167			
Grade Eleven	161		161				161		161			
Grade Twelve	159		159				159		159			
Subtotal	2,194		2,194				2,194		2,194			
Special Education:												
Elementary	167		168	-1			15		15			
Middle	114		114				11		11			
High	136	6	136	6			14		14			
Subtotal	417	6	418	6	-1		40		40			
Totals	2,611	6	2,612	6	-1	-0-	2,234	-0-	2,234	-0-	-0-	-0-
Percentage Error						-0.04%					0.00%	0.00%

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2018

	Private Schools for Disabled					Resident Low Income					
	Reported on ASOA as Private Schools	Reported on ASOA as Private Schools	Sample for Verification	Sample Verified	Sample Errors	Reported on ASOA as Low Income	Reported on ASOA as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Half Day Kindergarten											
Grade One						3	3		1	1	
Grade Two						12	12		2	2	
Grade Three						16	16		2	2	
Grade Four						11	11		1	1	
Grade Five						9	10	1	1	1	
Grade Six						7	7		1	1	
Grade Seven						11	11		1	1	
Grade Eight						12	12		2	2	
Grade Nine						6	6		1	1	
Grade Ten						15	14	-1	2	2	
Grade Eleven						16	16		2	2	
Grade Twelve						8	8		1	1	
Subtotal						9	6	-3	1	1	
						135	132	-3	18	18	
Special Education:											
Elementary School	8	8	2	2		30	33	3	3	3	
Middle School	5	4	-1	2		25	21	-4	2	2	
High School	18	21	3	3		22.5	20	-2.5	2	2	
Subtotal	31	33	2	7		77.5	74	-3.5	7	7	
Totals	31	33	2	7	-0-	212.5	206	-6.5	25	25	-0-
Percentage Error			6.45%		0.00%			-3.06%			0.00%

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2018

	Resident LEP Low Income				Resident LEP Not Low Income				
	Reported on ASSA Low as LEP Income	Reported on Workpapers as LEP Low Income	Sample Selected from Workpapers	Verified to Application and Register	Sample Selected from Workpapers	Reported on ASSA Low as LEP Low Income	Reported on Workpapers as LEP Not Low Income	Sample Selected from Workpapers	Verified to Test Scores and Register
Half Day Kindergarten	1	1	1	1	1	7	7	2	2
Grade One	3	3	1	1	1	3	3	1	1
Grade Two	1	1	1	1	1	4	4	2	2
Grade Three	4	4	2	2	3	3	3	1	1
Grade Four	2	2	1	1					
Grade Five					1	1	1	1	1
Grade Six	1	1	1	1	1	1	1	1	1
Grade Seven	1	1	1	1					
Grade Eight									
Grade Nine	2	2	1	1					
Grade Ten	1	1	1	1					
Grade Eleven									
Grade Twelve									
Subtotal	16	16	10	10	1	20	20	8	8
Special Education:									
Elementary School	5	5	2	2	5	5	5	2	2
Middle School	1	1	1	1					
High School	1	1	1	1					
Subtotal	7	7	4	4	5	5	5	2	2
Totals	23	23	14	14	-0-	25	25	10	10
Percentage Error					0.00%			0.00%	0.00%

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2018

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	61	61		6	6	
Regular - Special Education	7	7		2	2	
AIL - Non Public	109	109		10	10	
Special Needs - Public	29	29		3	3	
Special Needs - Private	35	35		4	4	
Totals	<u>241</u>	<u>241</u>	<u>-0-</u>	<u>25</u>	<u>25</u>	<u>-0-</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

	Reported	Recalculated
Average Mileage - Regular Including Grade PK Students	6.3	6.3
Average Mileage - Regular Excluding Grade PK Students	6.3	6.3
Average Mileage - Special Education with Special Needs	7.4	7.4

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2019

EXCESS SURPLUS CALCULATION

REGULAR DISTRICT

SECTION 1

A. 2% Calculation of Excess Surplus

2018-19 Total General Fund Expenditures per the CAFR, Ex. C-1	<u>\$ 52,847,992</u> (B)	
Increased by:		
Transfer from Capital Outlay to Capital Projects Fund	<u>\$ -0-</u> (B1a)	
Transfer from Capital Reserve to Capital Projects Fund	<u>\$ -0-</u> (B1b)	
Transfer from General Fund to SRF for PreK-Regular	<u>\$ -0-</u> (B1c)	
Transfer from General Fund to SRF for PreK-Inclusion	<u>\$ -0-</u> (B1d)	
Decreased by:		
On-Behalf TPAF Pension and Social Security	<u>\$ 6,717,579</u> (B2a)	
Assets Acquired Under Capital Leases	<u>\$ -0-</u> (B2b)	
Adjusted 18-19 General Fund Expenditures [(B)+(B1's)-(B2's)]	<u>\$ 46,130,413</u> (B3)	
2% of Adjusted 2018-19 General Fund Expenditures [(B3) times .02]	<u>\$ 922,608</u> (B4)	
Enter Greater of (B4) or \$250,000	<u>\$ 922,608</u> (B5)	
Increased by: Allowable Adjustment	<u>\$ 452,378</u> (K)	
Maximum Unassigned Fund Balance [(B5)+(K)]		<u>\$ 1,374,986</u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6/30/19 (Per CAFR Budgetary Comparison Schedule C-1)	<u>\$ 6,157,201</u> (C)	
Decreased by:		
Year End Encumbrances	<u>\$ 822,252</u> (C1)	
Legally Restricted - Designated for Subsequent Year's Expenditures	<u>\$ -0-</u> (C2)	
Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures	<u>\$ 316,205</u> (C3)	
Other Restricted Fund Balances	<u>\$ 3,343,758</u> (C4)	
Assigned - Designated for Subsequent Year's Expenditures	<u>\$ -0-</u> (C5)	
Additional Assigned Fund Balance - Designated for Subsequent Year's Expenditures July 1, 2019 - August 1, 2019	<u>\$ -0-</u> (C6)	
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]		<u>\$ 1,674,986</u> (U1)

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

SECTION 3

Restricted Fund Balance - Excess Surplus [(U2)-(M)] IF NEGATIVE, ENTER -0-	<u>\$ 300,000 (E)</u>
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Recapitulation of Excess Surplus as of June 30, 2019

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures	<u>\$ 316,205 (C3)</u>
Restricted Excess Surplus [(E)]	<u>\$ 300,000 (E)</u>
Fund Balance Restricted for 2018-19 per S1701	<u>\$ -0- (F)</u>
 Total [(C3)+(E)+(F)]	 <u>\$ 616,205 (D)</u>

Detail of Allowable Adjustments

Impact Aid	<u>\$ -0- (H)</u>
Sale and Lease Back	<u>\$ -0- (I)</u>
Extraordinary Aid	<u>\$ 420,768 (J1)</u>
Additional Nonpublic School Transportation Aid	<u>\$ 31,610 (J2)</u>
Current Year School Bus Advertising Revenue Recognized	<u>\$ -0- (J3)</u>
 Total Adjustments ((H)+(I)+(J1)+(J2)+(J3))	 <u>\$ 452,378 (K)</u>

Detail of Other Restricted Fund Balance

Statutory restrictions:	
Approved unspent separate proposal	<u>\$ -0-</u>
Sale/lease-back reserve	<u>\$ -0-</u>
Capital reserve	<u>\$ 2,643,758</u>
Maintenance reserve	<u>\$ 700,000</u>
Emergency reserve	<u>\$ -0-</u>
Tuition reserve	<u>\$ -0-</u>
School Bus Advertising 50% Fuel Offset Reserve - current year	<u>\$ -0-</u>
School Bus Advertising 50% Fuel Offset Reserve - prior year	<u>\$ -0-</u>
Other state/governmental mandated reserve	<u>\$ -0-</u>
 Other Restricted Fund Balance not noted above	 <u>\$ -0-</u>
 Total Other Restricted Fund Balance	 <u>\$ 3,343,758 (C4)</u>

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
SUMMARY OF RECOMMENDATIONS
FISCAL YEAR ENDED JUNE 30, 2019

It is recommended that:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

Designated District personnel submit and certify the necessary information to receive reimbursements under the Special Education Medicaid Initiative (SEMI) Program.

3. School Purchasing Program

None

4. School Food Service

None

5. Student Body Activities

For all payments that a voucher contains an administrator and a receipt of goods signature before checks are released for payment, an approved purchase order or requisition must be prepared prior to all purchases and that all cash disbursements are supported by an invoice or bill.

6. Application for State School Aid

None

7. Pupil Transportation

None

8. Facilities and Capital Assets

None

9. Continuing Education

None

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
SUMMARY OF RECOMMENDATIONS
FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

10. Status of Prior Year's Findings/Recommendations

The prior year recommendations regarding all bank reconciliations being completely reconciled throughout the year and greater care being taken to ensure that all grant expenditures reflected on the final expenditure reports are in agreement with the District's accounting records and all Athletic account vouchers contain an administrator's and receipt of goods signature before checks are released for payment were corrected during the current year. The prior year recommendations regarding District personnel submitting and certifying the necessary information to receive reimbursements under the Special Education Medicaid Initiative (SEMI) Program and student activities account were not completely resolved during the current year and are included in the current year's findings.