

CALDWELL-WEST CALDWELL SCHOOL DISTRICT  
COUNTY OF ESSEX  
AUDITORS' MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS - FINANCIAL,  
COMPLIANCE AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2020

CALDWELL-WEST CALDWELL SCHOOL DISTRICT  
COUNTY OF ESSEX  
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE  
FINDINGS - FINANCIAL,  
COMPLIANCE AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2020  
TABLE OF CONTENTS

	<u>Page</u>
Cover Letter	1
Scope of Audit	2
Administrative Practices and Procedures:	2
Insurance	2
Officials in Office and Surety Bonds	2
Tuition Charges	2
Financial Planning, Accounting and Reporting:	2-4
Examination of Claims	2
Payroll Account and Position Control Roster	2
Reserve for Encumbrances and Accounts Payable	3
Classification of Expenditures	3
Board Secretary's Records	3
Treasurer's Records	3
Elementary and Secondary Education Act (E.S.E.A.) as amended by the Every Student Succeeds Act.	4
Other Special Federal and/or State Projects	4
T.P.A.F. Reimbursement	4
School Purchasing Programs:	4-5
Contracts and Agreements Requiring Advertisement for Bids	4-5
School Food Service Fund	5-6
Student Body Activities	6
Application for State School Aid	7
Pupil Transportation	7
Facilities and Capital Assets	7
Travel Expense and Reimbursement Policy	7
Testing for Lead of all Drinking Water in Educational Facilities	7
Management Suggestions	8
Follow-up on Prior Year Findings	8
Meal Count Activity (Not Applicable)	
Schedule of Net Cash Resources (Not Applicable)	
Schedule of Audited Enrollments	9-12
Excess Surplus Calculation	13-14
Summary of Recommendations	15



200 Valley Road, Suite 300  
Mt. Arlington, NJ 07856  
973.298.8500

11 Lawrence Road  
Newton, NJ 07860  
973.383.6699

[nisivoccia.com](http://nisivoccia.com)

Independent Member  
BKR International

December 16, 2020

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, 2020, and have issued our report thereon dated December 16, 2020.

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 December 16, 2020, 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, 2020

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, 2020  
(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 below.

Finding:

The District did not obtain County Superintendent approval for transfers from an advertised appropriation account which on a cumulative basis exceeded 10 percent of the amount included in the original budget, transfers to an advertised appropriation account for administrative information technology which on a cumulative basis exceeded 10 percent of the amount included in the original budget and a transfer to the capital outlay line-item account. County Superintendent approval is required for any transfers from an advertised appropriation account which on a cumulative basis exceed 10 percent of the amount included in the original budget, transfers to an advertised appropriation account identified as general administration, school administration, central services and administrative information technology or other support services transfers that on a cumulative basis exceed 10 percent of the amount included in the original budget to Capital Outlay line items other than equipment.

Recommendation:

It is recommended that the District obtain County Superintendent approval for all required transfers.

Management's Response:

The District will ensure it obtains County Superintendent approval for all required transfers.

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.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

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.

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, 2020. 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, 2020  
(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 2019-20.

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.

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.

WEST CALDWELL SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

School Food Service (Cont'd)

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.

We also inquired of management about the emergency COVID-19 procedures/practices that the SFA instituted to provide meals to eligible students, maintenance of all applicable production records, meal counts, noncompetitive procurements, modification of existing contracts and applicable financial records to document the specific costs applicable to the emergency operations.

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 for all accounts did not always contain a receipt of goods signatures.
2. During our review of the Student Activities accounts, it was noted that the Grover Cleveland Junior School, Wilson, Jefferson, Washington and the Lincoln Elementary Schools 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 a receipt of goods signature before checks are released for payment, an approved voucher or requisition 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 prepared 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, 2020  
(Continued)

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2019 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 four 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 2019-2020 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, 2020  
(Continued)

Management Suggestions

Governmental Accounting Standards Board (GASB) Statements

Due to COVID-19, the GASB postponed the implementation of GASB Statement No. 84, *Fiduciary Activities*, until the fiscal year ended June 30, 2021. Based on guidance from the NJ Department of Education and GASB, the activity for student activities, payroll agency, unemployment compensation trust, flexible spending trust and private purpose scholarship trust funds will no longer be reported in the Fiduciary Fund financial statements. This activity will now be reported in the General (payroll agency, flexible spending and unemployment compensation) and Special Revenue (student activities and scholarship) Funds.

Effect on Internal Controls due to COVID-19

With the increase in employees working remotely due to COVID-19 especially those in the Business Office it is vital that the District routinely reviews the internal controls in place especially with respect to security of passwords as well as access rights to accounting software and bank information including bank wire transfers and the timely back-up of records.

Follow-up on Prior Year Findings

The prior year recommendation regarding District personnel submitting and certifying the necessary information to receive reimbursements under the Special Education Medicaid Initiative (SEMI) Program was corrected during the year. The prior year recommendations regarding the student activities accounts were not 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, 2019

	2020-2021 Application for State School Aid				Sample for Verification				
	Reported on ASSA		Reported on Workpapers		Sample Selected from Workpapers		Verified per Registers		Errors
	On Roll	Shared	On Roll	Shared	Full	Shared	Full	Shared	
Half Day Preschool 3 Years Old	3		3		3		3		
Full Day Preschool 3 Years Old	1		1		1		1		
Full Day Preschool 4 Years Old	6		6		6		6		
Full Day Kindergarten	190		190		190		190		
Grade One	193		193		193		193		
Grade Two	165		165		165		165		
Grade Three	170		170		170		170		
Grade Four	161		161		161		161		
Grade Five	170		170		170		170		
Grade Six	164		164		164		164		
Grade Seven	197		197		197		197		
Grade Eight	167		167		167		167		
Grade Nine	162		162		162		162		
Grade Ten	188		188		188		188		
Grade Eleven	167		167		167		167		
Grade Twelve	161		161		161		161		
Subtotal	2,265		2,265		2,265		2,265		
Special Education:									
Elementary	160		160		16		16		
Middle	115		115		12		12		
High	146	3	146	3	14		14		
Subtotal	421	3	421	3	42		42		
Totals	2,686	3	2,686	3	2,307	-0-	2,307	-0-	-0-
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, 2019

	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	Sample Errors	Reported on ASOA as Low Income	Reported on ASOA as Low Income	Sample Selected from Workpapers	Sample Selected from Workpapers	Verified to Application and Register	Verified to Application and Register
Full Day Kindergarten												
Grade One							23	23	3	3	3	3
Grade Two							9	9	1	1	1	1
Grade Three							14	14	2	2	2	2
Grade Four							13	13	2	2	2	2
Grade Five							12	12	2	2	2	2
Grade Six							9	9	1	1	1	1
Grade Seven							9	9	1	1	1	1
Grade Eight							16	16	2	2	2	2
Grade Nine							10	10	1	1	1	1
Grade Ten							7	7	1	1	1	1
Grade Eleven							17	17	2	2	2	2
Grade Twelve							17	17	2	2	2	2
Subtotal							10	10	1	1	1	1
							166	166	21	21	21	21
Special Education:												
Elementary School	13	13	3	3			32	32	2	2	2	2
Middle School	6	6	1	1			25	25	2	2	2	2
High School	19	19	4	4			20	20	2	2	2	2
Subtotal	38	38	8	8			77	77	6	6	6	6
Totals	38	38	8	8	-0-	-0-	243	243	27	27	27	27
Percentage Error					0.00%	0.00%			0.00%	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, 2019

	Resident LEP Low Income				Resident LEP Not Low Income				
	Reported on ASOA as LEP Low Income	Reported on Workpapers as LEP Low Income	Sample Selected from Workpapers	Verified to Application and Register	Sample Selected from Workpapers	Reported on ASOA as LEP Low Income	Reported on Workpapers as LEP Not Low Income	Sample Selected from Workpapers	Verified to Application and Register
Full Day Kindergarten	6	6	2	2	2	2	2	1	1
Grade One	4	4	1	1	5	5	1	1	1
Grade Two	3	3	1	1	2	2	1	1	1
Grade Three					4	4	1	1	1
Grade Four	2	2	1	1	2	2	1	1	1
Grade Five	2	1		(1)					
Grade Six	3	3	1	1	3	3	1	1	1
Grade Seven									
Grade Eight	1			(1)	1	1			
Grade Nine	1	1							
Grade Ten	2	2	1	1	1	1			
Grade Eleven	4	4	1	1	2	2	1	1	1
Grade Twelve									
Subtotal	28	26	9	9	22	22	7	7	7
Special Education:									
Elementary School	8	7	(1)	2	7	6	(1)	2	2
Middle School	1	1	1	1					
High School	2	2	1	1					
Subtotal	11	10	(1)	4	7	6	(1)	2	2
Totals	39	36	(3)	13	29	28	(1)	9	9
Percentage Error			-7.69%	0.00%			-3.45%		0.00%

CALDWELL-WEST CALDWELL SCHOOL DISTRICT  
SCHEDULE OF AUDITED ENROLLMENT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2019

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	66	66		6	6	
Regular - Special Education	6	6		2	2	
AIL - Non Public	90	90		10	10	
Special Needs - Public	20	20		3	3	
Special Needs - Private	35	35		4	4	
Totals	<u>217</u>	<u>217</u>	<u>-0-</u>	<u>25</u>	<u>25</u>	<u>-0-</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

	<u>Reported</u>	<u>Recalculated</u>
Average Mileage - Regular Including Grade PK Students	6.1	6.1
Average Mileage - Regular Excluding Grade PK Students	6.1	6.1
Average Mileage - Special Education with Special Needs	9.0	9.0

CALDWELL-WEST CALDWELL SCHOOL DISTRICT  
EXCESS SURPLUS CALCULATION  
FISCAL YEAR ENDED JUNE 30, 2020

**EXCESS SURPLUS CALCULATION**

**REGULAR DISTRICT**

**SECTION 1**

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

2019-20 Total General Fund Expenditures per the CAFR, Ex. C-1		<u>\$ 53,975,815</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>\$ 6,931,517</u>		(B2a)
Assets Acquired Under Capital Leases		<u>\$ -0-</u>		(B2b)
Adjusted 19-20 General Fund Expenditures [(B)+(B1's)-(B2's)]		<u>\$ 47,044,298</u>		(B3)
2% of Adjusted 2019-20 General Fund Expenditures [(B3) times .02]		<u>\$ 940,886</u>		(B4)
Enter Greater of (B4) or \$250,000		<u>\$ 940,886</u>		(B5)
Increased by: Allowable Adjustment		<u>\$ 251,312</u>		(K)
Maximum Unassigned Fund Balance [(B5)+(K)]				<u>\$ 1,192,198</u> (M)

**SECTION 2**

Total General Fund - Fund Balances @ 6/30/20 (Per CAFR Budgetary Comparison Schedule C-1)		<u>\$ 7,267,958</u>		(C)
Decreased by:				
Year End Encumbrances		<u>\$ 303,295</u>		(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures		<u>\$ -0-</u>		(C2)
Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures		<u>\$ 300,000</u>		(C3)
Other Restricted Fund Balances		<u>\$ 4,878,289</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, 2020 - August 1, 2020		<u>\$ -0-</u>		(C6)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]				<u>\$ 1,786,374</u> (U1)

CALDWELL-WEST CALDWELL SCHOOL DISTRICT  
EXCESS SURPLUS CALCULATION  
FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

**SECTION 3**

Restricted Fund Balance - Excess Surplus [(U2)-(M)] IF NEGATIVE, ENTER -0- \$ 594,176 (E)

**Recapitulation of Excess Surplus as of June 30, 2020**

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures	<u>\$ 300,000</u> (C3)
Restricted Excess Surplus [(E)]	<u>\$ 594,176</u> (E)
Fund Balance Restricted for 2019-20 per S1701	<u>\$ -0-</u> (F)
 Total [(C3)+(E)+(F)]	 <u>\$ 894,176</u> (D)

Detail of Allowable Adjustments

Impact Aid	<u>\$ -0-</u> (H)
Sale and Lease Back	<u>\$ -0-</u> (I)
Extraordinary Aid	<u>\$ 251,312</u> (J1)
Additional Nonpublic School Transportation Aid	<u>\$ -0-</u> (J2)
Current Year School Bus Advertising Revenue Recognized	<u>\$ -0-</u> (J3)
 Total Adjustments ((H)+(I)+(J1)+(J2)+(J3))	 <u>\$ 251,312</u> (K)

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>\$ 3,678,289</u>
Maintenance reserve	<u>\$ 1,200,000</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>\$ 4,878,289</u> (C4)



CALDWELL-WEST CALDWELL SCHOOL DISTRICT  
SUMMARY OF RECOMMENDATIONS  
FISCAL YEAR ENDED JUNE 30, 2020

It is recommended that:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

The District obtain County Superintendent approval for all required transfers.

3. School Purchasing Program

None

4. School Food Service

None

5. Student Body Activities

For all payments that a voucher contains a receipt of goods signature before checks are released for payment, an approved voucher or requisition 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. Status of Prior Year's Findings/Recommendations

The prior year recommendation regarding District personnel submitting and certifying the necessary information to receive reimbursements under the Special Education Medicaid Initiative (SEMI) Program was corrected during the year. The prior year recommendations regarding the student activities accounts were not resolved during the current year and are included in the current year's findings.