

**CLIFTON BOARD OF EDUCATION
AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL COMPLIANCE AND PERFORMANCE
JUNE 30, 2015**

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

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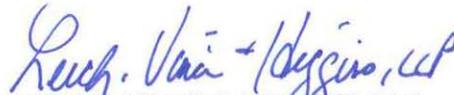
AUDITOR'S MANAGEMENT REPORT

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

We have audited in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Clifton Board of Education as of and for the fiscal year ended June 30, 2015, and have issued our report thereon dated December 10, 2015.

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

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


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


Gary J. Vinci
Certified Public Accountant
Public School Accountant

Fair Lawn, New Jersey
December 10, 2015

**CLIFTON BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Scope of Audit

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

Administrative Practices and Procedures

Insurance

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

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

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Karen L. Perkins	Board Secretary/School Business Administrator	\$10,000
Carolina Rodriquez	Assistant Board Secretary/ School Business Administrator	\$10,000
Raymond R. Jacobus	Treasurer of School Monies	\$575,000

There is a Public Employees' Faithful Performance Blanket Position Bond with Zurich Insurance Co. covering all other employees with multiple coverage of \$250,000.

Tuition Charges

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

Financial Planning, Accounting and Reporting

Examination of Claims

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

**CLIFTON BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Financial Planning, Accounting and Reporting (Continued)

Payroll Account

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

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

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

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

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

Reserve for Encumbrances and Accounts Payable

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

Finding – Our audit of year end open purchase orders in the Capital Projects Fund revealed certain accounts payables were deemed overstated (\$81,103) at June 30, 2015. Audit adjustments were made to cancel these purchase orders.

Recommendation – It is recommended that internal controls be enhanced to ensure open purchase orders in the Capital Projects Fund are reviewed for validity at year end.

Classification of Expenditures

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

Board Secretary's Records

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

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

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

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

**CLIFTON BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Financial Planning, Accounting and Reporting (Continued)

Board Secretary's Records (Continued)

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

Finding – The District’s internal accounting records did not allocate certain professional fees, equipment and construction costs to each of the individual projects that were recorded in the Capital Projects Fund. In addition there were certain costs reported in capital outlay that pertained to the projects reported in the Capital Projects Fund. The financial statements for the Capital Projects Fund have been adjusted to properly reflect project costs.

Recommendation – It is recommended that all capital projects costs be properly reported by the respective project in the Capital Projects Fund.

Treasurer's Records

The following items were noted during our review of the records of the Treasurer.

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

All cash receipts were promptly deposited.

The Treasurer’s records were in agreement with the Board Secretary’s records.

Unemployment Compensation Insurance Trust Fund

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

Elementary and Secondary Education Act (E.S.E.A.)/Improving America’s Schools Act (IASA) as Reauthorized by the No Child Left Behind Act of 2001

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

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

Other Special Federal and/or State Projects

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

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

**CLIFTON BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Financial Planning, Accounting and Reporting (Continued)

Other Special Federal and/or State Projects (Continued)

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.

IDEA, NCLB, Century 21

Finding – Our audit revealed federal grant reimbursement reports were not submitted in a timely manner.

Recommendation – The District prepare and submit grant reimbursement reports in a timely manner.

T.P.A.F. Reimbursements

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

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

The reimbursement to the State for the amount of the expenditure charged to the current year's Final Reports for all federal awards for the school district to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds was made subsequent to the end of the 60 day grant liquidation period required by the Office of Grants Management and also subsequent to the 90 days required by N.J.S.A. 18A:66-90. Accordingly, the expenditure was not in accordance with State law (90 days).

Recommendation – The District should adopt internal control procedures designed to ensure that reimbursements of TPAF/FICA paid by the State on-behalf of TPAF employees charged to federal grants be remitted for payment within the 60 day grant liquidation period and/or within the statutory 90 day liquidation period.

Nonpublic State Aid

Project completion reports were finalized and transmitted to the Department by the due date.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

Effective July 1, 2010 and thereafter, the bid thresholds in accordance with N.J.S.A. 18A:18A-2 (as amended) and 18A:18A-3(a) are \$36,000 (with a Qualified Purchasing Agent) and \$26,000 (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 \$18,300. The Board adopted a resolution appointing the Business Administrator as the Qualified Purchasing Agent, therefore increasing the District's bid threshold to \$36,000.

Finding – Our audit of the bidding revealed the following:

- The District utilized a vendor for repairs and maintenance of boilers throughout the School District that in the aggregate was in excess of the bid threshold of which the District did not obtain bids for time and materials.
- The District purchased office supplies and painting services that were in excess of the quote threshold of which competitive quotes were not obtained.

**CLIFTON BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

School Purchasing Programs (Continued)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

Recommendation – It is recommended that:

- Competitive bids be obtained for time and materials for boiler repairs and maintenance.
- Competitive quotes be obtained for all purchases in excess of the quote threshold.

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

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

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

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

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

Food Service Fund

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

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

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

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

**CLIFTON BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Food Service Fund (Continued)

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

Cash receipts and bank records were reviewed for timely deposit.

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

The district utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34, and 19-1 through 19-4.1. Provisions of the FSMC contract/addendum were reviewed and audited. The FSMC contract includes an operating results which guarantees that the Food Service will return a profit. The operating results provision has been met.

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

Extensions Child Care Program

Finding – Our audit of collections revealed attendance records for certain schools were not being maintained.

Recommendation – It is recommended that attendance records be maintained for all schools by the District.

Student Activity/Athletic Accounts

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

Cash reports and cash disbursements were maintained in satisfactory condition.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2014 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, low-income, related services and bilingual education. We also performed a review of the district procedures related to its completion. The information on the A.S.S.A. was compared to the district workpapers with immaterial exceptions. The information that was included on the workpapers was verified with immaterial exceptions. 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.

**CLIFTON BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2014/15 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with no exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

Suggestions to Management

It is suggested that the Scholarship Fund be reviewed and utilized for its intended purpose and/or be re-purposed.

Follow-Up on Prior Year Finding

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

Corrective action was taken on all prior year findings, except for the items denoted with an asterisk.

**CLIFTON BOARD OF EDUCATION
FOOD SERVICE ENTERPRISE FUND
SCHEDULE OF MEAL COUNT ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>Program</u>	<u>Meals Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>Under (Over) Claim</u>
National School Lunch (High Rate)	Paid	234,090	120,328	120,328	-	\$ 0.30	-
	Reduced	102,963	53,021	53,021	-	2.60	-
	Free	<u>648,966</u>	<u>336,327</u>	<u>336,327</u>	-	3.00	-
	Total Lunch	<u>986,019</u>	<u>509,676</u>	<u>509,676</u>	-		-
National School Lunch	HHFKA-PB Lunch Only	<u>986,019</u>	<u>509,676</u>	<u>509,676</u>	-	0.06	-
	School Breakfast (Severe Needs Rate)	Paid	34,222	18,430	18,430	-	0.28
	Reduced	19,999	10,363	10,363	-	1.63	-
	Free	<u>162,150</u>	<u>84,914</u>	<u>84,914</u>	-	1.93	-
	Total Breakfast	<u>216,371</u>	<u>113,707</u>	<u>113,707</u>	-		-
School Snacks (At Risk/Area Eligible)	Paid						
	Reduced						
	Free	<u>21,292</u>	<u>21,292</u>	<u>21,292</u>	-	0.82	\$ -
	Total Snacks	<u>21,292</u>	<u>21,292</u>	<u>21,292</u>	-		-
		<u>2,209,701</u>	<u>1,154,351</u>	<u>1,154,351</u>	-		\$ -

**CLIFTON BOARD OF EDUCATION
FOOD SERVICE ENTERPRISE FUND
CALCULATION OF NET CASH RESOURCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Current Assets	
Cash and Cash Equivalents	\$ 51,357
Due from Other Governments	1,177,401
Accounts Receivable	22,365
Current Liabilities	<u>(528,613)</u>
Net Cash Resources	<u>\$ 722,510</u>
 <u>Adjusted Total Operating Expense:</u>	
Total Operating Expenses	\$ 4,470,841
Less Depreciation	<u>(45,433)</u>
Adjusted Total Operating Expense	<u>\$ 4,425,408</u>
 <u>Average Monthly Operating Expense:</u>	 <u>\$ 442,541</u>
 <u>Three Times Monthly Average:</u>	 <u>\$ 1,327,622</u>
Total Net Cash Resources	\$ 722,510
Three Times Monthly Average	<u>1,327,622</u>
Excess(Deficit) Cash Resources	<u>\$ (605,112)</u>

CLIFTON BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 15, 2014

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	2015/2016 Application for State School Aid						Sample for Verification						Private Schools for Disabled			
	Reported on		Reported on		Errors		Sample		Verified per		Errors per		Reported on	Sample	Sample	Sample
	Original		Workpapers				Selected from		Register		Registers		A.S.S.A. as	for		
	A.S.S.A.		On Roll		On Roll		Workpapers		On Roll		On Roll		Private	Verifi-	Verified	Errors
Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Schools	cation			
Full Day Kindergarten	749	-	748	-	1	-	77.0	-	78.0	-	(1)	-	-	-	-	-
Grade 1	845	-	845	-	-	-	38.0	-	38.0	-	-	-	-	-	-	-
Grade 2	819	-	819	-	-	-	37.0	-	37.0	-	-	-	-	-	-	-
Grade 3	768	-	767	-	1	-	89.0	-	89.0	-	-	-	-	-	-	-
Grade 4	712	-	711	-	1	-	64.0	-	65.0	-	(1)	-	-	-	-	-
Grade 5	752	-	752	-	-	-	20.0	-	20.0	-	-	-	-	-	-	-
Grade 6	677	-	677	-	-	-	345.0	-	348.0	-	(3)	-	-	-	-	-
Grade 7	675	-	675	-	-	-	335.0	-	336.0	-	(1)	-	-	-	-	-
Grade 8	722	-	722	-	-	-	371.0	-	372.0	-	(1)	-	-	-	-	-
Grade 9	745	-	745	-	-	-	745.0	-	750.0	-	(5)	-	-	-	-	-
Grade 10	708	-	708	-	-	-	708.0	-	716.0	-	(8)	-	-	-	-	-
Grade 11	626	-	626	-	-	-	626.0	-	628.0	-	(2)	-	-	-	-	-
Grade 12	703	-	703	-	-	-	703.0	-	703.0	-	-	-	-	-	-	-
Subtotal	9,501	-	9,498	-	3	-	4,158	-	4,180	-	(22)	-				
Sp Ed- Elementary	657	-	657	-	-	-	34.0	-	32.0	-	2	-	22	13	13	-
Sp Ed - Middle School	317	-	317	-	-	-	16.0	-	16.0	-	-	-	13	8	8	-
Sp Ed - High School	376	-	376	-	-	-	19.0	-	19.0	-	-	-	49	28	27	(1.0)
Subtotal	1,350	-	1,350	-	-	-	69	-	67	-	2	-	84.0	49.0	48.0	(1.0)
Totals	10,851	-	10,848	-	3	-	4,227	-	4,247	-	(20)	-	84.0	49.0	48.0	(1.0)
Percentage Error					0.03%	0.00%					-0.47%	0.00%				-2.04%

CLIFTON BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 15, 2014
SCHEDULE OF AUDITED ENROLLMENTS

	Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on	Reported on	Errors	Sample	Verified to	Sample	Reported on	Reported on	Errors	Sample	Verified to	Sample
	A.S.S.A	Workpapers		Selected from	Application		A.S.S.A	Workpapers		Selected from	Application	
Full Day Kindergarten	364	364	-	8	8	-	49.0	48.0	1.0	7.0	7.0	-
Grade 1	465	465	-	10	10	-	72.0	72.0	-	10.0	10.0	-
Grade 2	487	486	1.0	12	12	-	72.0	70.0	2.0	12.0	12.0	-
Grade 3	444	444	-	10	10	-	30.0	30.0	-	4.0	4.0	-
Grade 4	397	397	-	8	8	-	21.0	20.0	1.0	3.0	3.0	-
Grade 5	423	423	-	9	9	-	17.0	17.0	-	3.0	3.0	-
Grade 6	406	406	-	10	10	-	25.0	25.0	-	4.0	4.0	-
Grade 7	393	393	-	9	9	-	16.0	16.0	-	2.0	2.0	-
Grade 8	432	432	-	10	10	-	19.0	19.0	-	3.0	3.0	-
Grade 9	445	445	-	11	11	-	35.0	35.0	-	5.0	5.0	-
Grade 10	399	399	-	9	9	-	33.0	33.0	-	5.0	4.0	1.0
Grade 11	312	312	-	7	7	-	18.0	18.0	-	3.0	3.0	-
Grade 12	359	359	-	8	8	-	7.0	7.0	-	1.0	1.0	-
Subtotal	5,326.0	5,325.0	1.0	121.0	121.0	-	414.0	410.0	4.0	62.0	61.0	1.0
Sp Ed - Elementary	413	413	-	8	8	-	5.0	5.0	-	1.0	1.0	-
Sp Ed - Middle School	208	208	-	5	5	-	-	-	-	-	-	-
Sp Ed - High School	248	248	-	6	6	-	1.0	1.0	-	-	-	-
Subtotal	869.0	869.0	-	19.0	19.0	-	6.0	6.0	-	1.0	1.0	-
Totals	6,195.0	6,194.0	1.0	140.0	140.0	-	420.0	416.0	4.0	63.0	62.0	1.0
Percentage Error			<u>0.02%</u>		<u>0.00%</u>				<u>-0.95%</u>		<u>-1.59%</u>	
Transportation												
	Reported on	Reported on	Errors	Tested	Verified	Errors						
	DRTRS by	DRTRS by										
	DOE	District										
Reg. - Public Schools	2,000.0	2,000.0	-	45.0	45.0	-						
Special Ed. - Public	487.0	492.0	(5.0)	11.0	11.0	-						
Transported - Non - Public	413.0	412.0	1.0	10.0	10.0	-						
Special Needs - Public	226.0	221.0	5.0	5.0	5.0	-						
	3,126.0	3,125.0	1.0	71.0	71.0	-						
Percentage Error			<u>0</u>		<u>0.00%</u>							

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CLIFTON BOARD OF EDUCATION
 APPLICATION FOR STATE SCHOOL AID
 ENROLLMENT AS OF OCTOBER 15, 2014
 SCHEDULE OF AUDITED ENROLLMENTS

13

	Resident LEP Not Low Income			Sample for Verification		
	Reported on A.S.S.A	Reported on Workpapers	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Kindergarten	25.0	25.0	-	10.0	10.0	-
Grade 1	16.0	16.0	-	6.0	6.0	-
Grade 2	10.0	10.0	-	4.0	4.0	-
Grade 3	9.0	9.0	-	4.0	4.0	-
Grade 4	7.0	7.0	-	3.0	3.0	-
Grade 5	7.0	7.0	-	3.0	3.0	-
Grade 6	2.0	2.0	-	1.0	1.0	-
Grade 7	8.0	8.0	-	3.0	3.0	-
Grade 8	4.0	4.0	-	2.0	2.0	-
Grade 9	7.0	7.0	-	3.0	3.0	-
Grade 10	21.0	21.0	-	8.0	8.0	-
Grade 11	9.0	9.0	-	3.0	3.0	-
Grade 12	5.0	5.0	-	2.0	2.0	-
Subtotal	130.0	130.0	-	52.0	52.0	-
Sp Ed - Elementary	-	-	-	-	-	-
Sp Ed - Middle School	-	-	-	-	-	-
Sp Ed - High School	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
Totals	130.0	130.0	-	52.0	52.0	-
			<u>0.00%</u>			<u>0.00%</u>

**CLIFTON BOARD OF EDUCATION
CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

2014-2015 Total General Fund Expenditures per the CAFR	\$ 167,580,508
Increased by:	
Transfers from Capital Reserve to Capital Projects Fund	3,506,653
Decreased by:	
On-Behalf TPAF Pension & Social Security	14,567,968
Assets Acquired Under Capital Leases	<u>353,572</u>
Adjusted 2014-2015 General Fund Expenditures	<u>156,165,621</u>
2% of Adjusted 2014-2015 General Fund Expenditures	3,123,312
Increased by: Allowable Adjustment	<u>102,230</u>
Maximum Unassigned Fund Balance	<u>\$ 3,225,542</u>
Total General Fund - Fund Balance at June 30, 2015 (Per CAFR Budgetary Comparison Schedule/Statement)	\$ 15,834,081
Decreased by:	
Year End Encumbrances	208,955
Excess Surplus - Designated for Subsequent Year's Expenditures	507,661
Other Restricted Fund Balance	10,513,463
ARRA/SEMI - Unreserved - Designated for Subsequent Year's Expenditures	128,263
Assigned Fund Balance- Unreserved- Designated for Subsequent Year's Expenditures	<u>1,000,000</u>
Total Unassigned Fund Balance	<u>\$ 3,475,739</u>
Restricted Fund Balance - Excess Surplus	<u>\$ 250,197</u>
<u>Recapitulation of Excess Surplus as of June 30, 2015</u>	
Excess Surplus- Designated for Subsequent Year's Expenditures	\$ 507,661
Excess Surplus	<u>250,197</u>
Total Excess Surplus	<u>\$ 757,858</u>
<u>Detail of Allowable Adjustments</u>	
Additional Nonpublic School Transportation Aid	<u>\$ 102,230</u>
Total Adjustment	<u>\$ 102,230</u>
<u>Detail of Other Restricted Fund Balance</u>	
Capital Reserve	\$ 9,763,463
Maintenance Reserve	<u>750,000</u>
Total Other Restricted Fund Balance	<u>\$ 10,513,463</u>

**CLIFTON BOARD OF EDUCATION
RECOMMENDATIONS**

I. Administrative Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

It is recommended that:

1. Internal controls be enhanced to ensure open purchase orders in the Capital Projects Fund are reviewed for validity at year end.
2. All capital project costs be properly reported by the respective project in the Capital Projects Fund.
3. The District prepare and submit grant reimbursement reports in a timely manner.
4. The District should adopt internal control procedures designed to ensure that reimbursements of TPAF/FICA paid by the State on-behalf of TPAF employees charged to federal grants be remitted for payment within the 60 day grant liquidation period and/or within the statutory 90 day liquidation period.

III. School Purchasing Program

* It is recommended that in regards to bidding:

- Competitive bids be obtained for time and materials for boiler repairs and maintenance.
- Competitive quotes be obtained for all purchases in excess of the quote threshold.

IV. Food Service Fund

There are none.

V. Extensions Child Care Program

It is recommended that attendance records be maintained for all schools by the District.

VI. Student Activity/Athletic Accounts

There are none.

VII. Application for State School Aid

There are none.

VIII. Pupil Transportation

There are none.

IX. Facilities and Capital Assets

There are none.

**CLIFTON BOARD OF EDUCATION
RECOMMENDATIONS**

X. Miscellaneous

There are none.

X. Status of Prior Years' Audit Findings/Recommendations

A review was performed on all prior years' recommendations. Corrective action was taken on all prior year recommendations except the recommendation denoted with an asterisk (*).

ACKNOWLEDGEMENT

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

Respectfully submitted,
LERCH, VINCI & HIGGINS, LLP



Gary J. Vinci
Certified Public Accountant
Public School Accountant