

**ROCKLEIGH BOARD OF EDUCATION
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2016**

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

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LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLosi, CPA
ROBERT AMPONSAH, CPA

Honorable President and Members
of the Board of Education
Borough of Rockleigh
Rockleigh, 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 Rockleigh Board of Education as of and for the fiscal year ended June 30, 2016, and have issued our report thereon dated November 14, 2016.

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 W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
November 14, 2016

**ROCKLEIGH BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

GENERAL COMMENTS

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Monies, 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 Comprehensive Annual Financial Report (the "CAFR").

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

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Jason Roer	School Business Administrator	\$ 85,000
Gary J. Grembowiec	Treasurer of School Monies	100,000

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, certifications and proper itemization.

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, the Board Secretary/School Business Administrator and one other trustee.

Salary withholdings were promptly remitted to the proper agencies.

**ROCKLEIGH BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Financial Planning, Accounting and Reporting (Continued)

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 reserves 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.

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:23A-8.3. As a result of the procedures performed, no errors were noted.

Board Secretary's Records

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

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

The prescribed contractual order system was followed.

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

Treasurer's Records

The Treasurer did perform cash reconciliations for the general operating, payroll and unemployment accounts (N.J.S.A. 18A:17-36).

All cash receipts were promptly deposited.

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

Other Special Federal and/or State Projects

There were none.

**ROCKLEIGH BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Financial Planning, Accounting and Reporting (Continued)

T.P.A.F. Reimbursements

Our audit procedures included a test of the semi-monthly reimbursement forms required to be filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

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 \$18,800 for 2015-16.

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.

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

Application for State School Aid

We performed a review of the district procedures related to its completion. The District is a non-operating school district and therefore, has no on-roll students.

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2015-2016 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.

**ROCKLEIGH BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

SCHEDULE OF MEAL COUNT ACTIVITY

NOT APPLICABLE

SCHEDULE OF NET CASH RESOURCES

NOT APPLICABLE

**ROCKLEIGH BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2015**

	2015-16 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	
	A.S.S.A.		Workpapers				Selected from		Register		Registers		A.S.S.A. as		for	
	On Roll		On Roll		Workpapers		On Roll		On Roll		Private		Verifi-		Sample	
Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Schools	cation	Verified	Errors	
Half Day Preschool - 3 yr				-	-					-	-					
Full Day Preschool - 3 yr				-	-					-	-					
Half Day Preschool - 4 yr				-	-					-	-					
Full Day Preschool - 4 yr				-	-					-	-					
Half Day Kindergarten				-	-					-	-					
Full Day Kindergarten				-	-					-	-					
Grade 1				-	-					-	-					
Grade 2				-	-					-	-					
Grade 3				-	-					-	-					
Grade 4				-	-					-	-					
Grade 5				-	-					-	-					
Grade 6				-	-					-	-					
Grade 7				-	-					-	-					
Grade 8				-	-					-	-					
Grade 9				-	-					-	-					
Grade 10				-	-					-	-					
Grade 11				-	-					-	-					
Grade 12				-	-					-	-					
Post-Graduate				-	-					-	-					
Adult H.S.(15+CR.)				-	-					-	-					
Adult H.S. (1-14CR.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sp Ed - Elementary				-	-					-	-					-
Sp Ed - Middle				-	-					-	-					-
Sp Ed - High School	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Co.Voc. -Regular				-	-					-	-					-
Co.Voc. Ft. Post Sec.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Percentage Error				<u>0.00%</u>	<u>0.00%</u>					<u>0.00%</u>	<u>0.00%</u>					<u>0.00%</u>

**ROCKLEIGH BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2015**

	Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on A.S.S.A as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on A.S.S.A as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
	Half Day Preschool - 3 yr			-			-			-		
Full Day Preschool - 3 yr			-			-			-			-
Half Day Preschool - 4 yr			-			-			-			-
Full Day Preschool - 4 yr			-			-			-			-
Half Day Kindergarden			-			-			-			-
Full Day Kindergarden			-			-			-			-
Grade 1			-			-			-			-
Grade 2			-			-			-			-
Grade 3			-			-			-			-
Grade 4			-			-			-			-
Grade 5			-			-			-			-
Grade 6			-			-			-			-
Grade 7			-			-			-			-
Grade 8			-			-			-			-
Grade 9			-			-			-			-
Grade 10			-			-			-			-
Grade 11			-			-			-			-
Grade 12			-			-			-			-
Post-Graduate			-			-			-			-
Adult H.S.(15+CR.)			-			-			-			-
Adult H.S. (1-14CR.)	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-
Sp Ed - Elementary			-			-			-			-
Sp Ed - Middle			-			-			-			-
Sp Ed - High School	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-
Co. Voc. -Regular			-			-			-			-
Co. Voc. Ft. Post Sec.	-	-	-	-	-	-	-	-	-	-	-	-
Totals	-	-	-	-	-	-	-	-	-	-	-	-
Percentage Error			0.00%			0.00%			0.00%			0.00%

Transportation

	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
	Reg. - Public Schools	31	31			
Transported - Non-Public	2	2	-	2	2	-
Reg. - Special Ed	-	-	-	-	-	-
Special Needs- Public	3	3	-	3	3	-
Totals	36	36	-	32	32	-
Percentage Error			0.00%	7		0.00%

**ROCKLEIGH BOARD OF EDUCATION
GENERAL FUND
CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

SECTION 1A - 2% Calculation of Excess Surplus

2015-2016 Total General Fund Expenditures per the CAFR	\$	772,731
Decreased by:		
On-Behalf TPAF Pension & Social Security		4,818
Adjusted 2015-2016 General Fund Expenditures	\$	767,913
2% of Adjusted 2015-2016 General Fund Expenditures	\$	15,358
Enter Greater of 2% of Adjusted 2015-16 General Fund Expenditures or \$250,000	\$	250,000
Increased by:		
Allowable Adjustment		1,670
Maximum Unassigned/Undesignated-Unreserved Fund Balance	\$	251,670

SECTION 2

Total General Fund - Fund Balance at June 30, 2016 (Per CAFR Budgetary Comparison Schedule/Statement)	\$	353,098
Decreased by:		
Restricted- Excess Surplus-Designated for Subsequent Year's Expenditures		10,111
Assigned-Designated for Subsequent Year's Expenditures		52,229
Total Unassigned Fund Balance	\$	290,758

SECTION 3

Restricted Fund Balance - Excess Surplus	\$	39,088
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Recapitulation of Excess Surplus as of June 30, 2016

Excess Surplus-Designated for Subsequent Year's Expenditures	\$	10,111
Excess Surplus		39,088
	\$	49,199

Detail of Allowable Adjustments

Nonpublic Transportation Aid	\$	600
Extraordinary Aid		1,070
	\$	1,670

**ROCKLEIGH BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

RECOMMENDATIONS

I. Administrative Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

There are none.

III. School Purchasing Program

There are none.

IV. School Food Services

Not Applicable

V. Student Body Activities

Not Applicable

VI. Application for State School Aid

There are none.

VII. Pupil Transportation

There are none.

VIII. Facilities and Capital Assets

Not Applicable.

IX. Miscellaneous

There are none.

X. Status of Prior Years' Audit Findings/Recommendations

There were no prior year audit recommendations.

ACKNOWLEDGMENT

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

A handwritten signature in cursive script, appearing to read "Gary W. Higgins".

Gary W. Higgins
Public School Accountant
Certified Public Accountant