

**UPPER SADDLE RIVER BOARD OF EDUCATION
INDEPENDENT AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2016**

**UPPER SADDLE RIVER BOARD OF EDUCATION
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS
- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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Honorable President and Members
of the Board of Trustees
Upper Saddle River Board of Education
Upper Saddle River, 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 Upper Saddle River Board of Education as of and for the fiscal year ended June 30, 2016, and have issued our report thereon dated September 15, 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.

Respectfully Submitted,

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

Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
September 15, 2016

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

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 Exhibit J-20 of the District's Comprehensive Annual Financial Report (the "CAFR").

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Dana Imbasciani	Board Secretary/School Business Administrator	\$ 50,000
Jennifer Pfohl	Treasurer of School Monies	250,000

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under review did not reveal any material discrepancies with respect to each of signature, certifications or supporting documentation.

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 payroll taxes were deposited in the Payroll Agency Account.

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

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

The School Business Administrator completed and filed the required Certification of Compliance with Federal and State Law respecting the reporting of compensation for certain employees.

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

**UPPER SADDLE RIVER 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 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.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A-23(A-16.2(f) 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 included administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3.

Board Secretary's Records

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

The prescribed contractual order system was followed.

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

Bids received are summarized in the minutes.

Treasurer's Records

The Treasurer's June 30, 2016 report was in agreement with the records of the Board Secretary.

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

Elementary and Secondary Education Act (E.S.E.A.)/Improving America's Schools Act (I.A.S.A.) 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 section of the CAFR. This section of the CAFR documents the financial position pertaining to projects under Title II of the Elementary and Secondary Education Act as amended and reauthorized.

Other Special Federal and/or State Projects

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

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.

The financial exhibits contained herein represent a true statement of the financial position pertaining to the aforementioned special projects.

**UPPER SADDLE RIVER 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 filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund.

Finding – Our audit of the semi-monthly reimbursement forms for T.P.A.F. Social Security noted that one DCRP employee, who was enrolled in the Defined Contribution Retirement Plan (DCRP) was included in the wage report for T.P.A.F salaries. This appeared to be an isolated instance, thus no recommendation is warranted.

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

The amount of the expenditure charged to the current year's final report for Title I 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 prior to the end of the ninety day grant liquidation period as required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

Effective July 1, 2015 and thereafter the bid thresholds in accordance with N.J.S.A. 18A:18A-2 (as amended) and 18A:18A-3 are \$40,000 (with a qualifying purchasing agent) and \$29,000 (without a qualifying purchasing agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$18,800. The Board appointed the School Business Administrator as a qualified purchasing agent.

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 Board 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.

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 provisions 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.

Finding – Documentation supporting state contracts and cooperative purchasing contracts is not always attached to the purchase order or otherwise retained for audit.

Recommendation – Documentation supporting a state contract or cooperative purchase contracts be attached to the respective purchase orders.

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

School Food Service

The financial transactions and statistical records of the school food services were maintained in good condition.

Cash receipts and bank records were reviewed for timely deposits.

Expenditures were separately recorded as food and other costs. Vendor invoices were reviewed and costs verified.

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.

The District does not participate in the State Child Nutrition Program.

Student Body Activity/Learning Enrichment Activities Program (LEAP)/Quad Tech Program

The Board has a policy which clearly established the regulation of student activity funds.

Cash receipts and disbursements records of the Student Body Activity, LEAP and Quad Tech Program were maintained in good condition.

Finding – Our audit of the Reynold’s school activity fund revealed that there was only one signature on checks issued from the account.

Recommendation – All checks issued from the Reynold’s school student activity account contain two authorized signatures.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2015 Application for State School Aid (A.S.S.A.) for on-roll, private schools for disabled, low-income and bilingual students. 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 no exceptions noted. The information that was included on the workpapers was verified with no exceptions noted. The results of our procedures are presented in the Schedule of Audited Enrollments.

The district maintained workpapers on the prescribed state forms or their equivalent.

The district has adequate written procedures for the recording of student enrollment data.

Pupil Transportation

Our 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 with no exceptions noted. 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.

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

Facilities and Capital Assets

Our procedures included a review of the activity of the capital reserve account.

Suggestions to Management

The District currently outsources to an independent appraisal company the recordkeeping of the capital asset additions and deletions. Consideration be given to maintain within the District's accounting records the respective capital asset ledgers.

The District's capital projects fund currently has an accounts receivable from the School Development Authority of \$253,759 for Cavallini Middle School – Windows – Phase I. The District should take action to collect the outstanding SDA receivable.

**UPPER SADDLE RIVER BOARD OF EDUCATION
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

**FOOD SERVICE FUND
SCHEDULE OF NET CASH RESOURCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

UPPER SADDLE RIVER BOARD OF EDUCATION
 APPLICATION FOR STATE SCHOOL AID
 SCHEDULE OF AUDITED ENROLLMENTS
 OCTOBER 15, 2015

	2016-2017 Application for State School Aid						Sample for Verification						Private Schools for Disabled				
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Reported on Workpapers On Roll		Errors		Reported on A.S.S.A. as Private Schools	Reported on Private Workpapers Schools	Sample for Veri- cation	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared					
Half Day Preschool - 3 years	7	-	7	-	-	-	7	-	7	-	-	-					
Half Day Preschool - 4 years	4	-	4	-	-	-	4	-	4	-	-	-					
Half Day Kindergarten					-	-					-	-					
Full Day Kindergarten	100	-	100	-	-	-	100	-	100	-	-	-					
1st Grade	108	-	108	-	-	-	108	-	108	-	-	-					
2nd Grade	106	-	106	-	-	-	106	-	106	-	-	-					
3rd Grade	107	-	107	-	-	-	107	-	107	-	-	-					
4th Grade	105	-	105	-	-	-	105	-	105	-	-	-					
5th Grade	119	-	119	-	-	-	119	-	119	-	-	-					
6th Grade	136	-	136	-	-	-	136	-	136	-	-	-					
7th Grade	132	-	132	-	-	-	132	-	132	-	-	-					
8th Grade	127	-	127	-	-	-	127	-	127	-	-	-					
Subtotal	1,051	-	1,051	-	-	-	1,051	-	1,051	-	-	-	-	-	-	-	-
Spec Ed - Elementary	95	-	95	-	-	-	63	-	63	-	-	-	1	1	1	1	-
Spec Ed - Middle School	77	-	77	-	-	-	77	-	77	-	-	-	2	2	2	2	-
Subtotal	172	-	172	-	-	-	140	-	140	-	-	-	3	3	3	3	-
Totals	1,223	-	1,223	-	-	-	1,191	-	1,191	-	-	-	3	3	3	3	-
Percentage Error					<u>0.00%</u>					<u>0.00%</u>							<u>0.00%</u>

UPPER SADDLE RIVER BOARD OF EDUCATION
 APPLICATION FOR STATE SCHOOL AID
 SCHEDULE OF AUDITED ENROLLMENTS
 OCTOBER 15, 2015

	Resident 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 Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Half Day Pre-School (3 Yrs)	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Pre-School (4 Yrs)	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-
1st Grade	1.0	1.0	-	1.0	1.0	-	1	1	-	1	1	-
2nd Grade	-	-	-	-	-	-	-	-	-	-	-	-
3rd Grade	-	-	-	-	-	-	-	-	-	-	-	-
4th Grade	1.0	1.0	-	1.0	1.0	-	-	-	-	-	-	-
5th Grade	2.0	2.0	-	2.0	2.0	-	-	-	-	-	-	-
6th Grade	-	-	-	-	-	-	-	-	-	-	-	-
7th Grade	-	-	-	-	-	-	-	-	-	-	-	-
8th Grade	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	4.0	4.0	-	4	4	-	1	1	-	1	1	-
Spec Ed - Elementary	-	-	-	-	-	-	-	-	-	-	-	-
Spec Ed - Middle School	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-
Totals	4.0	4.0	-	4	4	-	1	1	-	1	1	-
Percentage Error			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	161	161	-	20	20	-
Regular - Spec.	25	25	-	3	3	-
Special Needs - Public	13	13	-	2	2	-
Totals	199	199	-	25	25	-
			<u>0.00%</u>			<u>0.00%</u>

**UPPER SADDLE RIVER BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
OCTOBER 15, 2015**

	Resident LEP Not 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 Register	Sample Errors
Half Day Pre-School (3 Yrs)			-			-
Half Day Pre-School (4 Yrs)			-			-
Half Day Kindergarten	-	-	-	-	-	-
Full Day Kindergarten	5	5	-	5	5	-
1st Grade	4	4	-	4	4	-
2nd Grade	-	-	-	-	-	-
3rd Grade	1	1	-	1	1	-
4th Grade	-	-	-	-	-	-
5th Grade	1	1	-	1	1	-
6th Grade	1	1	-	1	1	-
7th Grade	-	-	-	-	-	-
8th Grade	1	1	-	1	1	-
Subtotal	13	13	-	13	13	-
Spec Ed - Elementary	-	-	-	-	-	-
Spec Ed - Middle School	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
Totals	13	13	-	13	13	-
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

**UPPER SADDLE RIVER BOARD OF EDUCATION
CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

2015-2016 Total General Fund Expenditures per the CAFR		\$ 23,449,593
Increased by:		
Transfer to Capital Projects Fund		<u>619,170</u>
		24,068,763
Decreased by:		
On-Behalf TPAF Pension & Social Security		<u>(2,249,512)</u>
Adjusted 2015-2016 General Fund Expenditures		<u>\$ 21,819,251</u>
2% of Adjusted 2015-2016 General Fund Expenditures		\$ 436,385
Increased by Allowable Adjustments		
Extraordinary Aid	\$ 285,552	
Additional Nonpublic School Transportation Aid	<u>8,526</u>	
		<u>294,078</u>
Maximum Unreserved/Undesignated Fund Balance		<u>\$ 730,463</u>
Total General Fund - Fund Balance (Budgetary Basis) at June 30, 2016		\$ 4,639,351
Decreased by:		
Encumbrances	\$ 173,816	
Excess Surplus - Designated for Subsequent Year's Budget	1,094,431	
Capital Reserve	1,318,513	
Assigned - Designated for Subsequent Year's Budget	<u>321,189</u>	
		<u>2,907,949</u>
Total Unreserved/Undesignated Fund Balance		<u>\$ 1,731,402</u>
Fund Balance - Excess Surplus		<u>\$ 1,000,939</u>
Recapitulation of Restricted Excess Surplus, June 30, 2016		
Excess Surplus, Designated for Subsequent Year's Budget		\$ 1,094,431
Excess Surplus		<u>1,000,939</u>
		<u>\$ 2,095,370</u>

**UPPER SADDLE RIVER BOARD OF EDUCATION
RECOMMENDATIONS**

I. Administrative Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

There are none.

III. School Purchasing Program

It is recommended that documentation supporting a state contract or cooperative purchase contracts be attached to the respective purchase orders.

IV. School Food Services

There are none.

V. Student Body Activities/LEAP Enrichment Activities Program

It is recommended that all checks issued from the Reynold's school student activity account contain two authorized signatures.

VI. Application for State School Aid

There are none.

VII. Pupil Transportation

There are none.

VIII. Miscellaneous

There are none.

IX. Facilities and Capital Assets

There are none.

X. Status of Prior Years' Audit Findings/Recommendations

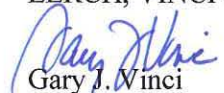
A review was performed on all prior years' recommendations. Corrective action was taken on all prior year recommendations.

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