

**GLEN ROCK PUBLIC SCHOOLS  
AUDITORS MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS -  
FINANCIAL, COMPLIANCE AND PERFORMANCE  
JUNE 30, 2017**

**GLEN ROCK PUBLIC SCHOOLS  
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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## INDEPENDENT AUDITOR'S MANAGEMENT REPORT

Honorable President and Members  
of the Board of Trustees  
Glen Rock Public Schools  
Glen Rock, 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 Glen Rock Board of Education as of and for the fiscal year ended June 30, 2017, and have issued our report thereon dated December 5, 2017.

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

Paul J. Lerch  
Public School Accountant  
PSA Number CS01118

Fair Lawn, New Jersey  
December 5, 2017

**GLEN ROCK PUBLIC SCHOOLS  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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 Exhibit J-20, 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>
Michael Rinderknecht	Board Secretary/School Business Administrator	\$250,000
Carolyn D. Pardey	Assistant to the Board Secretary	\$250,000
Antoinette Kelly	Treasurer of School Moneys	\$300,000

There is a Public Employees' Blanket Position Bond with Selective American Insurance Company 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. Tuition charges were established by the Board of Education and are not subject to adjustment.

**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.

**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 approved by the Chief School Administrator.

**GLEN ROCK PUBLIC SCHOOLS  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Financial Planning, Accounting and Reporting (Continued)**

**Payroll Account (continued)**

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

Payrolls were delivered to the Treasurer of School Monies with a warrant made to her order for the full amount of each payroll.

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.

**Employee Position Control Roster**

The District maintained an updated employee position control roster.

**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. 6:23-16.2(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 additional procedures were deemed necessary to test the propriety of expenditure classification.

**Travel**

The District had adopted a policy regulating travel.

**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).

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

The prescribed contractual order system was followed.

**GLEN ROCK PUBLIC SCHOOLS  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Financial Planning, Accounting and Reporting (Continued)**

**Treasurer's Records**

The Treasurer did perform cash reconciliations for all the accounts as required (N.J.S.A. 18A:17-36).

All cash receipts were promptly deposited.

**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./I.A.S.A. 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 Titles II and III of the Elementary and Secondary Education Act as amended.

**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 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.

**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. Reimbursements to the State for Federal Salary Expenditures**

There were none.

**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**

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. On August 25, 2015, the Board appointed the School Business Administrator is a qualified purchasing agent for the Board which raises the bidding threshold to \$40,000. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$18,800.

**GLEN ROCK PUBLIC SCHOOLS  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**School Purchasing Programs (Continued)**

**Contracts and Agreements Requiring Advertisement for Bids (Continued)**

The Glen Rock Public Schools has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the fiscal 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 result of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

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 purchased items through the use of State contracts.

**School Food Service**

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

Cash receipts and bank records were reviewed for timely deposit.

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/ addendum does not include an operating results provision.

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.

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all school food services employees authorized by the board of education.

The cash disbursements 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 Child Nutrition Program.

**Community School**

Cash receipts and cash disbursements were maintained in good condition and in accordance with board policy.

**Student Activity and Athletic Association Accounts**

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

**GLEN ROCK PUBLIC SCHOOLS  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Application for State School Aid**

Our audit procedures included a test of information reported in the October 14, 2016 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, related services, low-income and bilingual. 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 without exception. The information that was included on the workpapers was verified with an isolated 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 written procedures appear to be adequate for the recording of student enrollment data.

**Pupil Transportation**

Our audit procedures included a test of on roll status reported in the 2016-17 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report. 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 did comply with proper bidding procedures and award of contracts.

**Follow-Up on Prior Year Findings**

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.



**GLEN ROCK PUBLIC SCHOOLS  
FOOD SERVICE FUND  
NUMBER OF MEALS/MILKS SERVED AND (OVER)/UNDERCLAIM  
ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**SCHEDULE OF MEAL COUNT ACTIVITY**

**NOT APPLICABLE**

**FOOD SERVICE FUND  
SCHEDULE OF NET CASH RESOURCES  
ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOT APPLICABLE**

**GLEN ROCK PUBLIC SCHOOLS  
APPLICATION FOR STATE SCHOOL AID  
ENROLLMENT AS OF OCTOBER 14, 2016**

	2017-2018 Application for State School Aid						Sample for Verification				Private Schools for Disabled						
	Reported on Original A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Register On Roll		Errors per Registers On Roll		Reported on A.S.S.A. as Private Schools	Sample for Veri- cation	Sample Verified	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared					
Half Day Pre K (3yrs)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Pre K (3yrs)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Pre K (4yrs)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Pre K (4yrs)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Kindergarten																	
Full Day Kindergarten	173.0		173.0	-	-	-	46		46	-	-	-	-	-	-	-	-
Grade 1	170.0		170.0	-	-	-	41		41	-	-	-	-	-	-	-	-
Grade 2	176.0		176.0	-	-	-	41		41	-	-	-	-	-	-	-	-
Grade 3	182.0		182.0	-	-	-	42		42	-	-	-	-	-	-	-	-
Grade 4	153.0		153.0	-	-	-	39		39	-	-	-	-	-	-	-	-
Grade 5	156.0		156.0	-	-	-	44		44	-	-	-	-	-	-	-	-
Grade 6	143.0		143.0	-	-	-	143		143	-	-	-	-	-	-	-	-
Grade 7	155.0		155.0	-	-	-	155		154	-	1	-	-	-	-	-	-
Grade 8	176.0		176.0	-	-	-	176		176	-	-	-	-	-	-	-	-
Grade 9	133.0		133.0	-	-	-	133		133	-	-	-	-	-	-	-	-
Grade 10	150.0		150.0	-	-	-	150		150	-	-	-	-	-	-	-	-
Grade 11	156.0		156.0	-	-	-	156		156	-	-	-	-	-	-	-	-
Grade 12	126.0		126.0	-	-	-	126		126	-	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>2,049</b>	<b>-</b>	<b>2,049</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,292</b>	<b>-</b>	<b>1,291</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Sp Ed- Elementary	150.0		150.0	-	-	-	17		17	-	-	-	8	7	7	-	-
Sp Ed - Middle School	119.0		119.0	-	-	-	16		16	-	-	-	3	2	2	-	-
Sp Ed - High School	148.0		148.0	-	-	-	17		17	-	-	-	13	12	12	-	-
<b>Subtotal</b>	<b>417</b>	<b>-</b>	<b>417</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50</b>	<b>-</b>	<b>50</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24</b>	<b>21</b>	<b>21</b>	<b>-</b>	<b>-</b>
<b>Totals</b>	<b>2,466</b>	<b>-</b>	<b>2,466</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,342</b>	<b>-</b>	<b>1,341</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>24</b>	<b>21</b>	<b>21</b>	<b>-</b>	<b>-</b>
Percentage Error					<u>0.00%</u>	<u>0.00%</u>					<u>0.07%</u>	<u>0.00%</u>				<u>0.00%</u>	

**GLEN ROCK PUBLIC SCHOOLS  
APPLICATION FOR STATE SCHOOL AID  
ENROLLMENT AS OF OCTOBER 14, 2016  
SCHEDULE OF AUDITED ENROLLMENTS**

	Resident Low Income			Sample for Verification			Resident LEP 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	Reported on A.S.S.A	Reported on Workpapers	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Half Day Pre K (3yrs)	-	-	-	-	-	-						
Full Day Pre K (3yrs)	-	-	-	-	-	-						
Half Day Pre K (4yrs)	-	-	-	-	-	-						
Full Day Pre K (4yrs)												
Half Day Kindergarten												
Full Day Kindergarten												
Grade 1												
Grade 2												
Grade 3												
Grade 4	1	1		1	1	-						
Grade 5	1	1		1	1	-						
Grade 6	1	1		1	1	-						
Grade 7												
Grade 8												
Grade 9	2	2		2	2	-						
Grade 10												
Grade 11	1	1		1	1	-						
Grade 12	-	-	-	-	-	-						
Subtotal	6	6	-	6	6	-						
Sp Ed - Elementary	2	2		2	2	-						
Sp Ed - Middle School	1	1		1	1	-						
Sp Ed - High School	2	2	-	2	2	-						
Subtotal	5	5	-	5	5	-						
Totals	11	11	-	11	11	-						
Percentage Error			0.00%			0.00%			0.00%			0.00%

None reported

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools	32.0	32.0		32.0	32.0	-
Transported - Non - Public	1.0	1.0		1.0	1.0	-
Special Ed. - Public	17.0	17.0		10.0	9.0	(1.0)
Special Needs - Public	29.0	29.0	-	18.0	18.0	-
	79.0	79.0	-	61.0	60.0	(1.0)
Percentage Error			0.00%			-1.64%

**GLEN ROCK PUBLIC SCHOOLS  
APPLICATION FOR STATE SCHOOL AID  
ENROLLMENT AS OF OCTOBER 14, 2016  
SCHEDULE OF AUDITED ENROLLMENTS**

	<u>Resident LEP Not Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on A.S.S.A</u>	<u>Reported on Workpapers</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Register</u>	<u>Sample Errors</u>
Half Day Pre K (3yrs)	-	-	-	-	-	-
Full Day Pre K (3yrs)						-
Half Day Pre K (4yrs)						-
Full Day Pre K (4yrs)						-
Half Day Kindergarten						-
Full Day Kindergarten	6	6		4	4	-
Grade 1	5	5		5	5	-
Grade 2	2	2		2	2	-
Grade 3	2	2		2	2	-
Grade 4	2	2		2	2	-
Grade 5	2	2		2	2	-
Grade 6	-					-
Grade 7	1	1		1	1	-
Grade 8	1	1		1	1	-
Grade 9						-
Grade 10				-		-
Grade 11				-	-	-
Grade 12	-	-	-	-	-	-
Subtotal	<u>21</u>	<u>21</u>	<u>-</u>	<u>19</u>	<u>19</u>	<u>-</u>
Sp Ed - Elementary	2	2		1	1	-
Sp Ed - Middle School						-
Sp Ed - High School						-
Subtotal	<u>2</u>	<u>2</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>
Totals	<u>23</u>	<u>23</u>	<u>-</u>	<u>20</u>	<u>20</u>	<u>-</u>
		<u>0.00%</u>			<u>0.00%</u>	

**GLEN ROCK PUBLIC SCHOOLS  
CALCULATION OF EXCESS SURPLUS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

2016-2017 Total General Fund Expenditures per the CAFR		\$ 48,624,676
Decreased by:		
On-Behalf TPAF Pension & Social Security		<u>5,135,736</u>
Adjusted 2016-2017 General Fund Expenditures		\$ <u>43,488,940</u>
2% of Adjusted 2016-2017 General Fund Expenditures	869,779	
Increased by: Allowable Adjustment- Extraordinary Aid	<u>252,937</u>	
Maximum Unreserved/Undesignated Fund Balance		<u>\$ 1,122,716</u>
Total General Fund - Fund Balance at June 30, 2017		\$ 6,302,398
Decreased by:		
Legally Restricted Excess Surplus- Designated for Subsequent Year's Expenditures	\$ 1,096,323	
Other Restricted Fund Balances	2,378,393	
Year-End Encumbrances	<u>159,263</u>	
Total Unassigned Fund Balance		<u>\$ 2,668,419</u>
Restricted Fund Balance - Excess Surplus		<u>\$ 1,545,703</u>
 <b><u>Recapitulation of Excess Surplus at June 30, 2017</u></b>		
Excess Surplus - Designated for Subsequent Year's Expenditures		\$ 1,096,323
Excess Surplus		<u>1,545,703</u>
Total		<u>\$ 2,642,026</u>
 <b><u>Analysis Other Restricted Fund Balance</u></b>		
Capital Reserve	\$ 985,493	
Capital Reserve Designated for Subsequent Year's Expenditures	986,900	
Emergency Reserve	<u>406,000</u>	
Total Other Restrict Fund Balance		<u>\$ 2,378,393</u>

**GLEN ROCK PUBLIC SCHOOLS  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**RECOMMENDATIONS**

**I. Administrative Practices and Procedures**

There are none.

**II. Financial Planning, Accounting and Reporting**

There are none.

**III. School Purchasing Programs**

There are none.

**IV. School Food Services**

There are none.

**V. Community School**

There are none.

**VI. Student Body Activities**

There are none.

**VII. Pupil Transportation**

There are none.

**VIII. Application of State School Aid**

There are none.

**IX. Facilities and Capital Assets**

There are none.

**X. Miscellaneous**

There are none.

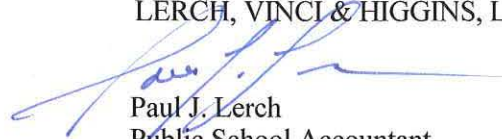
**XI. Status of Prior Years' Audit Findings/Recommendations**

A review was performed on all prior years' recommendations and corrective action was taken on all prior year findings.

**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



Paul J. Lerch  
Public School Accountant  
PSA Number CS01118