

**UPPER SADDLE RIVER BOARD OF EDUCATION  
INDEPENDENT AUDITOR'S MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS -  
FINANCIAL, COMPLIANCE AND PERFORMANCE  
JUNE 30, 2017**

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

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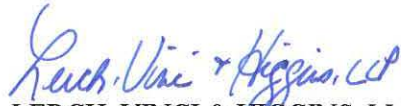
Honorable President and Members  
of the Board of Trustees  
Upper Saddle River Board of Education  
Upper Saddle River, New Jersey

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, 2017, and have issued our report thereon dated August 31, 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.

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  
August 31, 2017

**UPPER SADDLE RIVER BOARD OF EDUCATION  
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 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, 2017**

**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.

**Finding** – A comparison of the State budget document with the District's internal budget reports noted that the original budget was not in agreement for five budgetary line items.

**Recommendation** – The District review its budgetary accounting reports to ensure that the original budget is in agreement with the Board's adopted budget.

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, 2017 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.

**UPPER SADDLE RIVER BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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.

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.

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.

**UPPER SADDLE RIVER BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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.

**Finding** – Our audit of the Cavallini student activities account revealed the following:

- a) The balance in the ledger was not in agreement with the bank reconciliation. The ledger balance is \$2,599 greater than the reconciled cash balance.
- b) Deposits were not always made in a timely manner.
- c) Pre-numbered receipts/receipt forms were not always utilized.

**Recommendation** – The balance in the Cavallini student activities ledger be reviewed and in agreement with the monthly bank reconciliations. Furthermore, internal control procedures regarding the collection of funds be reviewed and enhanced.

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

**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 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.

**UPPER SADDLE RIVER BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Pupil Transportation**

Our audit procedures included a test of on roll status reported in the 2016-2017 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.

**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.



**UPPER SADDLE RIVER BOARD OF EDUCATION  
FOOD SERVICE FUND  
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Not Applicable -  
The District Is Not Subject  
To A Federal Single Audit**

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

**Not Applicable -  
The District Is Not Subject  
To A Federal Single Audit**

**UPPER SADDLE RIVER BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
SCHEDULE OF AUDITED ENROLLMENTS  
OCTOBER 14, 2016**

	2017-2018 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 Workpapers Private Schools	Sample for Verifi- cation	Sample Verified	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared						
Half Day Preschool - 3 years	6		6					6		6								
Half Day Preschool - 4 years	5		5					5		5								
Full Day Kindergarten	90		90					90		90								
1st Grade	92		92					92		92								
2nd Grade	114		114					114		114								
3rd Grade	111		111					111		111								
4th Grade	105		105					105		105								
5th Grade	104		104					104		104								
6th Grade	114		114					114		114								
7th Grade	137		137					137		137								
8th Grade	134		134					134		134								
<b>Subtotal</b>	<b>1,012</b>	<b>-</b>	<b>1,012</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,012</b>	<b>-</b>	<b>1,012</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Spec Ed - Elementary	98		98					41		41			1	1	1	1	-	
Spec Ed - Middle School	81		81					81		81			3	3	3	3	-	
<b>Subtotal</b>	<b>179</b>	<b>-</b>	<b>179</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>122</b>	<b>-</b>	<b>122</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>-</b>	
<b>Totals</b>	<b>1,191</b>	<b>-</b>	<b>1,191</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,134</b>	<b>-</b>	<b>1,134</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>-</b>	
<b>Percentage Error</b>					<u>0.00%</u>												<u>0.00%</u>	

UPPER SADDLE RIVER BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
SCHEDULE OF AUDITED ENROLLMENTS  
OCTOBER 14, 2016

	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 Preschool - 3 years												
Half Day Preschool - 4 years												
Full Day Kindergarten												
1st Grade												
2nd Grade												
3rd Grade												
4th Grade												
5th Grade												
6th Grade												
7th Grade												
8th Grade												
<b>Subtotal</b>	-	-	-	-	-	-	-	-	-	-	-	-
Spec Ed - Elementary	2	2		2	2							
Spec Ed - Middle School												
<b>Subtotal</b>	2	2	-	2	2	-	-	-	-	-	-	-
<b>Totals</b>	2	2	-	2	2	-	-	-	-	-	-	-
Percentage Error			0.00%			0.00%						

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	142	142	-	19	19	-
Regular - Spec.	32	32	-	4	4	-
Special Needs - Public	13	13	-	2	2	-
<b>Totals</b>	187	187	-	25	25	-
			0.00%			0.00%

**UPPER SADDLE RIVER BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
SCHEDULE OF AUDITED ENROLLMENTS  
OCTOBER 14, 2016**

	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 Preschool - 3 years						
Half Day Preschool - 4 years						
Full Day Kindergarten	4	4		4	4	
1st Grade	4	4		4	4	
2nd Grade						
3rd Grade	1	1		1	1	
4th Grade						
5th Grade						
6th Grade	2	2		2	2	
7th Grade	1	1		1	1	
8th Grade						
<b>Subtotal</b>	<b>12</b>	<b>12</b>		<b>12</b>	<b>12</b>	<b>-</b>
Spec Ed - Elementary						
Spec Ed - Middle School						
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Totals</b>	<b>12</b>	<b>12</b>	<b>-</b>	<b>12</b>	<b>12</b>	<b>-</b>
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, 2017**

2016-2017 Total General Fund Expenditures per the CAFR		\$ 25,193,361
Increased by:		
Transfer to Capital Projects Fund		300,000
		25,493,361
Decreased by:		
Capital Lease (Non-Budgeted)		(513,500)
On-Behalf TPAF Pension & Social Security		(2,615,052)
Adjusted 2016-2017 General Fund Expenditures		\$ 22,364,809
2% of Adjusted 2016-2017 General Fund Expenditures		\$ 447,296
Increased by Allowable Adjustments		
Extraordinary Aid	\$ 297,373	
Additional Nonpublic School Transportation Aid	7,830	
		305,203
Maximum Unreserved/Undesignated Fund Balance		\$ 752,499
Total General Fund - Fund Balance (Budgetary Basis) at June 30, 2017		\$ 4,736,335
Decreased by:		
Encumbrances	\$ 90,416	
Excess Surplus - Designated for Subsequent Year's (2017/18) Budget	1,000,939	
Capital Reserve	1,518,513	
Assigned - Designated for Subsequent Year's (2017/18) Budget	257,267	
		2,867,135
Total Unreserved/Undesignated Fund Balance		\$ 1,869,200
Fund Balance - Excess Surplus		\$ 1,116,701
Recapitulation of Restricted Excess Surplus, June 30, 2017		
Excess Surplus, Designated for Subsequent Year's (2017/18) Budget		\$ 1,000,939
Excess Surplus		1,116,701
		\$ 2,117,640

**UPPER SADDLE RIVER BOARD OF EDUCATION  
RECOMMENDATIONS**

**I. Administrative Practices and Procedures**

There are none.

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

It is recommended that the District review its budgetary accounting reports to ensure that the original budget is in agreement with the Board's adopted budget.

**III. School Purchasing Program**

There are none.

**IV. School Food Services**

There are none.

**V. Student Body Activities/LEAP Enrichment Activities Program**

It is recommended that the balance in the Cavallini student activities ledger be reviewed and in agreement with the monthly bank reconciliations. Furthermore, internal control procedures regarding the collection of funds be reviewed and enhanced.

**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