

**ROCKLEIGH BOARD OF EDUCATION  
AUDITORS' MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS -  
FINANCIAL, COMPLIANCE AND PERFORMANCE  
JUNE 30, 2018**

**ROCKLEIGH BOARD OF EDUCATION  
TABLE OF CONTENTS**

**AUDITORS MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS  
- FINANCIAL, COMPLIANCE AND PERFORMANCE**

	<u>Page No.</u>
Auditor's Management Report	1
Scope of Audit	2
Administrative Practices and Procedures	2
Financial Planning, Accounting and Reporting	2-4
School Purchasing Programs	4
Application for State School Aid	4
Pupil Transportation	4
Schedule of Meal Count Activity – Not Applicable	5
Schedule of Net Cash Resources – Not Applicable	5
Schedule of Audited Enrollments	6-7
Calculation of Excess Surplus	8
Recommendations	9
Acknowledgment	10



# 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. LEIDIG, CPA, PSA  
ROBERT LERCH, CPA

## AUDITOR'S MANAGEMENT REPORT

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, 2018, and have issued our report thereon dated January 18, 2019.

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  
January 18, 2019

**ROCKLEIGH BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**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.

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

**ROCKLEIGH BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**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, if any, were summarized in the minutes (N.J.S.A.18A:18A-21).

The prescribed contractual order system was followed.

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, 2018**

**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. No exceptions were noted.

**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 \$19,000 for 2017-18.

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**

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 2017-2018 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, 2018**

**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 13, 2017**

	2018-19 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	Sample	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 13, 2017**

	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			<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
	Reg.- Public Schools	29				
Transported - Non-Public	3	3	-	3	3	-
Reg. - Special Ed	-	-	-	-	-	-
Special Needs- Public	3	3	-	3	3	-
Totals	<u>35</u>	<u>35</u>	-	<u>31</u>	<u>31</u>	-
Percentage Error			<u>0.00%</u>	7		<u>0.00%</u>

**ROCKLEIGH BOARD OF EDUCATION  
GENERAL FUND  
CALCULATION OF EXCESS SURPLUS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**SECTION 1A - 2% Calculation of Excess Surplus**

2017-2018 Total General Fund Expenditures per the CAFR	\$	703,846
Decreased by:		
On-Behalf TPAF Pension & Social Security		6,293
Adjusted 2017-2018 General Fund Expenditures	\$	697,553
2% of Adjusted 2017-2018 General Fund Expenditures	\$	13,951
Enter Greater of 2% of Adjusted 2017-18 General Fund Expenditures or \$250,000	\$	250,000
Increased by:		
Allowable Adjustment		6,523
Maximum Unassigned/Undesignated-Unreserved Fund Balance	\$	256,523

**SECTION 2**

Total General Fund - Fund Balance at June 30, 2018 (Per CAFR Budgetary Comparison Schedule/Statement)	\$	483,031
Decreased by:		
Restricted- Excess Surplus-Designated for Subsequent Year's Expenditures		140,542
Assigned-Designated for Subsequent Year's Expenditures		1,735
Total Unassigned Fund Balance	\$	340,754

**SECTION 3**

Restricted Fund Balance - Excess Surplus	\$	84,231
------------------------------------------	----	--------

**Recapitulation of Excess Surplus as of June 30, 2018**

Excess Surplus-Designated for Subsequent Year's Expenditures	\$	140,542
Excess Surplus		84,231
	\$	224,773

**Detail of Allowable Adjustments**

Nonpublic Transportation Aid	\$	1,107
Extraordinary Aid		5,416
	\$	6,523

**ROCKLEIGH BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**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 that reads "Gary W. Higgins". The signature is written in black ink and is positioned above the printed name and titles.

Gary W. Higgins  
Public School Accountant  
Certified Public Accountant