

**OLD TAPPAN BOARD OF EDUCATION  
INDEPENDENT AUDITOR'S MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS -  
FINANCIAL, COMPLIANCE AND PERFORMANCE  
JUNE 30, 2019**

**OLD TAPPAN BOARD OF EDUCATION  
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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## INDEPENDENT AUDITOR'S MANAGEMENT REPORT

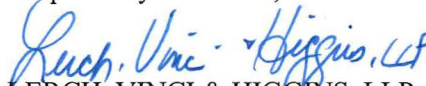
Honorable President and Members  
of the Board of Trustees  
Old Tappan Board of Education  
Old Tappan, New Jersey

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 Old Tappan Board of Education as of and for the fiscal year ended June 30, 2019, and have issued our report thereon dated November 13, 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.

Respectfully submitted,

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

  
Gary J. Vinci  
Public School Accountant  
PSA Number CR00829

Fair Lawn, New Jersey  
November 13, 2019

**OLD TAPPAN BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**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 the Insurance Schedule (Exhibit J-20) as reported in the District's Comprehensive Annual Financial Report (the "CAFR").

**Official Bonds**

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Douglas Barrett, CPA	Board Secretary/School Business Administrator	\$ 25,000
Antoinette Kelly	Treasurer of School Monies	250,000

There is an Employee Dishonesty coverage of \$100,000 with NESBIG.

**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 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/Business Administrator and the Chief School Administrator.

Salary withholdings were promptly remitted to proper agencies, including employee health benefit premium contributions due to the General Fund. The District 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.

**Classification of Expenditures**

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-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 NJAC 6A:23A-8.3.

**OLD TAPPAN BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

Reserve for Encumbrances and Accounts Payable

The District had no outstanding encumbrances or accounts payable as of June 30, 2019.

Travel

The Board adopted a policy in compliance with New Jersey Statutes and Administrative Code and the Office of Management and Budget Circulars.

Board Secretary's Records

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

The prescribed contractual order system was followed.

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

Treasurer's Records

The Treasurer performed cash reconciliations for the general operating, payroll account and payroll agency account (N.J.S.A 18A:17-36). The Treasurer's records were in agreement with the records of the Board Secretary.

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 District's Fiduciary Trust Funds.

Elementary and Secondary Education Act (E.S.E.A.) as amended by the Every Student Succeeds Act (ESSA)

The E.S.E.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 III and IV 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 Exhibit K-3 and Exhibit K-4 located in the CAFR.

Our audit 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 in the Special Revenue section of the CAFR. This section of the CAFR reports the financial position pertaining to the aforementioned special projects.

**OLD TAPPAN BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

**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.

Salaries and wages were not charged to the Special Revenue Fund federal grants. Thus, the Board is not required to submit a TPAF/FICA reimbursement to the State.

**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. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$19,000. The Board appointed the School Business Administrator as a qualified purchasing agent. The Board of Education has adopted a resolution increasing the bid threshold to \$40,000.

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 revealed no instances where the 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, as amended.

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 purchases were made through the use of State contracts.

**Food Service Fund**

The Board has discontinued the School Food Service Program.

**OLD TAPPAN BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**Student Activity Fund**

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

Cash receipts and disbursements records for the elementary schools were maintained in good condition.

Cash disbursements tested had proper supporting documentation.

**Application for State School Aid**

Our audit procedures included a test of information reported in the October 15, 2018 Application for State School Aid (ASSA) for on-roll, private school for the handicapped, bilingual students and low-income. We also performed a review of the district procedures related to its completion. The information on the ASSA was compared to the district workpapers without exception. The information that was included on the workpapers was verified without 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 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 2018-19 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.

**Testing for Lead of all Drinking Water in Educational Facilities**

The school district adhered to all requirements of N.J.A.C. 26-1.2 and 12.4 related to the testing for lead of all drinking water in educational facilities.

The school district did submit the annual Statement of Assurance to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

**Suggestions to Management**

- The unexpended Local Projects balances in the Special Revenue Fund be reviewed and cleared of record.

**OLD TAPPAN BOARD OF EDUCATION  
FOOD SERVICE FUND  
SCHEDULE OF MEAL COUNT ACTIVITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**Not Applicable**

**FOOD SERVICE FUND  
SCHEDULE OF NET CASH RESOURCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**Not Applicable**



**OLD TAPPAN BOARD OF EDUCATION**  
**APPLICATION FOR STATE SCHOOL AID**  
**SCHEDULE OF AUDITED ENROLLMENTS**  
**OCTOBER 15, 2018**

	2019-20 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																		
Half Day Preschool - 4 years																		
Full Day Kindergarten	55		55		-		55		55		-							
1st Grade	65		65		-		65		65		-							
2nd Grade	60		60		-		60		60		-							
3rd Grade	55		55		-		55		55		-							
4th Grade	86		86		-		86		86		-							
5th Grade	69		69		-		69		69		-							
6th Grade	66		66		-		66		66		-							
7th Grade	71		71		-		71		71		-							
8th Grade	71		71		-		71		71		-							
<b>Subtotal</b>	<b>598</b>	<b>-</b>	<b>598</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>598</b>	<b>-</b>	<b>598</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Spec Ed - Elementary	27		27		-		25		25		-		3	3	3	3		-
Spec Ed - Middle School	15		15		-		15		15		-							-
<b>Subtotal</b>	<b>42</b>	<b>-</b>	<b>42</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40</b>	<b>-</b>	<b>40</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>-</b>	<b>-</b>
<b>Totals</b>	<b>640</b>	<b>-</b>	<b>640</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>638</b>	<b>-</b>	<b>638</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>-</b>	<b>-</b>
<b>Percentage Error</b>					<u><u>0.00%</u></u>													<u><u>0.00%</u></u>

**OLD TAPPAN BOARD OF EDUCATION**  
**APPLICATION FOR STATE SCHOOL AID**  
**SCHEDULE OF AUDITED ENROLLMENTS**  
**OCTOBER 15, 2018**

	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)			-			-	-	-	-	-	-	-
Full Day Kindergarten			-			-	-	-	-	-	-	-
1st Grade			-			-	-	-	-	-	-	-
2nd Grade			-			-	-	-	-	-	-	-
3rd Grade			-			-	-	-	-	-	-	-
4th Grade			-			-	-	-	-	-	-	-
5th Grade			-			-	-	-	-	-	-	-
6th Grade			-			-	-	-	-	-	-	-
7th Grade			-			-	-	-	-	-	-	-
8th Grade			-			-	-	-	-	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</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>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Totals</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>			N/A			N/A

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	32	32	-	26	26	-
Transported - Non-Public	16	16	-	13	13	-
Regular - Spec.	1	1	-	1	1	-
Special Needs - Public	11	11	-	9	9	-
<b>Totals</b>	<b>60</b>	<b>60</b>	<b>-</b>	<b>49</b>	<b>49</b>	<b>-</b>
			<u>0.00%</u>			<u>0.00%</u>

**OLD TAPPAN BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
SCHEDULE OF AUDITED ENROLLMENTS  
OCTOBER 15, 2018**

	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)						
Full Day Kindergarten	2	2	-	1	1	-
1st Grade	9	9	-	9	9	-
2nd Grade			-			-
3rd Grade	5	5	-	5	5	-
4th Grade	2	2	-	1	1	-
5th Grade	4	4	-	3	3	-
6th Grade	1	1	-	1	1	-
7th Grade	1	1	-	1	1	-
8th Grade	1	1	-	1	1	-
<b>Subtotal</b>	<b>25</b>	<b>25</b>	<b>-</b>	<b>22</b>	<b>22</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>25</b>	<b>25</b>	<b>-</b>	<b>22</b>	<b>22</b>	<b>-</b>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

**OLD TAPPAN BOARD OF EDUCATION  
EXCESS SURPLUS CALCULATION**

2018-2019 Total General Fund Expenditures per the CAFR (Exhibit C-1)		\$ 14,428,761
Decreased by:		
On-Behalf TPAF Pension & Social Security		2,133,710
Adjusted 2018-2019 General Fund Expenditures		\$ 12,295,051
2% of Adjusted 2018-2019 General Fund Expenditures		\$ 245,901
Greater of 2% of Adjusted Expenditures, or \$250,000		\$ 250,000
Increased by:		
Allowable Adjustments		
Extraordinary Aid - Unbudgeted		256,779
Nonpublic Transportation Reimbursement		6,278
Maximum Unreserved/Undesignated Fund Balance		\$ 513,057
Total General Fund - Budgetary Fund Balances, June 30, 2019		\$ 18,235,235
Decreased by:		
Capital Reserve	\$ 13,066,428	
Maintenance Reserve	715,950	
Emergency Reserve	250,000	
Excess Surplus-Designated for Subsequent Year's Budget	1,903,621	
		15,935,999
Total Unassigned Fund Balance		\$ 2,299,236
Restricted Fund Balance - Excess Surplus		\$ 1,786,179
<b><u>Recapitulation of Excess Surplus as of June 30, 2019</u></b>		
Excess Surplus - Designated for Subsequent Year's Budget		\$ 1,903,621
Excess Surplus		1,786,179
Total Excess Surplus		\$ 3,689,800

**OLD TAPPAN BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**RECOMMENDATIONS**

**I. Administration 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 Service**

There are none.

**V. Student Body Activities**

There are none.

**VI. Application for State School Aid**

There are none.

**VII. Pupil Transportation**

There are none.

**VIII. Facilities and Capital Assets**

There are none.

**IX. Miscellaneous**

There are none.

**X. Status of Prior Year Audit Findings/Recommendations**

Corrective action was taken on the prior year audit finding.

**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  
Public School Accountant  
Certified Public Accountant