

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

**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, 2019, and have issued our report thereon dated November 11, 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 CS00829

Fair Lawn, New Jersey
November 11, 2019

**UPPER SADDLE RIVER 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 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, 2019**

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.

Finding – The Cavallini Middle School Window Replacement Project and HVAC/Generator expenditures were charged to Capital Outlay (Fund 12) rather than the Capital Projects Fund. An audit adjustment has been made to reclassify these expenditures to the Capital Projects Fund.

Finding – During our audit, there was one (1) exception noted for a disbursement charged to an incorrect budget account. This exception appears to be isolated, and therefore an audit recommendation is not warranted.

Board Secretary's Records

The financial records, books of account and minutes were maintained by the Board Secretary School Business Administrator.

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, 2019 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.) as amended by the Every Student Succeeds Act (ESSA)

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 I, II, and IV 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, 2019**

Financial Planning, Accounting and Reporting (Continued)

Other Special Federal and/or Local Projects

The District's Special Revenue Fund Grants are reported on Exhibits K-3 and K-4 located in the CAFR.

Our examination of the Federal 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.

Teacher's Pension and Annuity Fund (TPAF)

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.

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

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 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, 2019**

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.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2018 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 an immaterial exception 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 2018-2019 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, 2019**

Facilities and Capital Assets

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

Miscellaneous

The school district has complied with continuing disclosure agreements made in relation to the District's outstanding bond issuances.

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 submitted 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 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, 2019**

**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, 2019**

**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 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	1	-	1	-	-	-	1	-	1	-	-	-					
Half Day Preschool - 4 years	5	-	5	-	-	-	5	-	5	-	-	-					
Full Day Kindergarten	82	-	82	-	-	-	82	-	82	-	-	-					
1st Grade	109	-	109	-	-	-	109	-	109	-	-	-					
2nd Grade	82	-	82	-	-	-	82	-	82	-	-	-					
3rd Grade	93	-	93	-	-	-	93	-	93	-	-	-					
4th Grade	113	-	113	-	-	-	113	-	113	-	-	-					
5th Grade	118	-	118	-	-	-	118	-	118	-	-	-					
6th Grade	116	-	116	-	-	-	116	-	116	-	-	-					
7th Grade	105	-	105	-	-	-	105	-	105	-	-	-					
8th Grade	119	-	119	-	-	-	119	-	119	-	-	-					
Subtotal	943	-	943	-	-	-	943	-	943	-	-	-	-	-	-	-	-
Spec Ed - Elementary	100	-	100	-	-	-	53	-	53	-	-	-	7	7	6	6	-
Spec Ed - Middle School	74	-	74	-	-	-	74	-	74	-	-	-	5	5	4	4	-
Subtotal	174	-	174	-	-	-	127	-	127	-	-	-	12	12	10	10	-
Totals	1,117	-	1,117	-	-	-	1,070	-	1,070	-	-	-	12	12	10	10	-
Percentage Error					<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, 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	1	1	-	1	1	-	-	-	-	-	-	-
1st Grade	-	-	-	-	-	-	-	-	-	-	-	-
2nd Grade	-	-	-	-	-	-	-	-	-	-	-	-
3rd Grade	-	-	-	-	-	-	-	-	-	-	-	-
4th Grade	1	1	-	1	1	-	-	-	-	-	-	-
5th Grade	-	-	-	-	-	-	-	-	-	-	-	-
6th Grade	1	1	-	1	1	-	-	-	-	-	-	-
7th Grade	-	-	-	-	-	-	-	-	-	-	-	-
8th Grade	1	1	-	1	1	-	-	-	-	-	-	-
Subtotal	4	4	-	4	4	-	-	-	-	-	-	-
Spec Ed - Elementary	1	1	-	1	1	-	-	-	-	-	-	-
Spec Ed - Middle School	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	1	1	-	1	1	-	-	-	-	-	-	-
Totals	5	5	-	5	5	-	-	-	-	-	-	-
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	132	132	-	20	20	-
Transported - Non-Public	-	-	-	-	-	-
Regular - Spec.	22	22	-	3	3	-
Special Needs - Public	15	15	-	2	2	-
Totals	169	169	-	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, 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	10	10	-	9	9	-
1st Grade	8	8	-	5	5	-
2nd Grade	1	2	(1)	2	2	-
3rd Grade	2	2	-	2	2	-
4th Grade	2	2	-	2	2	-
5th Grade	1	1	-	1	1	-
6th Grade	1	1	-	1	1	-
7th Grade	-	-	-	-	-	-
8th Grade	2	2	-	2	2	-
Subtotal	<u>27</u>	<u>28</u>	<u>(1)</u>	<u>24</u>	<u>24</u>	<u>-</u>
Spec Ed - Elementary	2	1	1	1	1	-
Spec Ed - Middle School	-	-	-	-	-	-
Subtotal	<u>2</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>-</u>
Totals	<u>29</u>	<u>29</u>	<u>-</u>	<u>25</u>	<u>25</u>	<u>-</u>
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, 2019**

2018-2019 Total General Fund Budgetary Expenditures		\$ 26,335,943
Increased by:		
Transfer to Capital Projects Fund		339,000
		26,674,943
Decreased by:		
On-Behalf TPAF Pension & Social Security		(3,394,306)
Adjusted 2018-2019 General Fund Expenditures		\$ 23,280,637
2% of Adjusted 2018-2019 General Fund Expenditures		\$ 465,613
Increased by Allowable Adjustments		
Extraordinary Aid	\$ 253,629	
Additional Nonpublic School Transportation Aid	15,950	
		269,579
Maximum Unreserved/Undesignated Fund Balance		\$ 735,192
Total General Fund - Fund Balance (Budgetary Basis) at June 30, 2019		\$ 5,623,519
Decreased by:		
Encumbrances	\$ 46,633	
Excess Surplus - Designated for Subsequent Year's (2019/20) Budget	1,265,105	
Capital Reserve	1,779,056	
Capital Reserve - Designated for Subsequent Year's (2019/20) Budget	300,000	
Assigned - Designated for Subsequent Year's (2019/20) Budget	213,384	
		3,604,178
Total Unreserved/Undesignated Fund Balance		\$ 2,019,341
Fund Balance - Excess Surplus		\$ 1,284,149
Recapitulation of Restricted Excess Surplus, June 30, 2019		
Excess Surplus, Designated for Subsequent Year's (2019/20) Budget		\$ 1,265,105
Excess Surplus		1,284,149
		\$ 2,549,254

**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

There are none.

IV. School Food Services

There are none.

V. Student Body Activities/LEAP Enrichment and Quad Tech Programs

There are none.

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