

**CRESSKILL BOARD OF EDUCATION
AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2022**

**CRESSKILL BOARD OF EDUCATION
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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Honorable President and Members
of the Board of Education
Cresskill Board of Education
Cresskill, 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 Cresskill Board of Education in the County of Bergen as of and for the fiscal year ended June 30, 2022, and have issued our report thereon dated January 30, 2023.

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 Education, 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

Robert W. Haag
Public School Accountant
PSA Number CS002364

Fair Lawn, New Jersey
January 30, 2023

**CRESSKILL BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator, 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 as reported in the district's Annual Comprehensive Financial Report (ACFR).

Official Bonds (N.J.S.A. 18A:17-26, 18A:17-32)

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Dawn Delasandro	Board Secretary/School Business Administrator	\$ 250,000

There is Public Employees' Dishonesty Insurance coverage with the Northeast Bergen County School Board Insurance Group (NESBIG) covering all other District employees with multiple coverage of \$100,000 per employee and \$500,000 per loss.

P.L. 2020, c. 44

Our audit procedures included an inquiry and subsequent review of health benefits data required per N.J.S.A. 18A:16-3.3 (Chapter 44) submitted for the year of audit. The Chapter 44 summary report was reviewed for reasonableness and timeliness.

The school district certification was completed by the chief school administrator. The school district Chapter 44 data was submitted timely.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The board made a proper adjustment to the billings to sending districts for the decrease in per pupil costs in accordance with N.J.A.C. 6A:23A-17.1(f)3.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under review did not indicate any material discrepancies with respect to signature, certification and 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 approved by the Superintendent and were certified by the President of the Board, the Board Secretary/School Business Administrator and the Chief School Administrator.

Salary withholdings were promptly remitted to the proper agencies and health benefit withholdings were remitted to the General Fund.

The District filed the required certification (ECERT1) of compliance with requirements for income tax compensation of certain administrators with the NJ Department of Treasury by the March 15 due date.

Employee Position Control Roster

The Board has implemented and maintains a personnel tracking and accounting (Position Control) system.

**CRESSKILL BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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: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 included administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23-8.3.

Travel

The Board has adopted a travel policy that complies with N.J.S.A. 18A:11-12.

Board Secretary's Records

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

Finding 2021-1 – Our audit indicated that the District's beginning of year general ledger balances were not in agreement with prior year audited amounts.

Recommendation – The District's general ledger be adjusted to ensure beginning balances are in agreement with the prior year audit.

The prescribed contractual order system was followed without exception.

Bids received were summarized in the minutes (N.J.S.A. 18A:18A-21).

Acknowledgment of the Board's receipt of the Board Secretary's monthly financial reports was included in the minutes.

Finding 2021-2 – Our audit indicated that a budget appropriation transfer was made to a non-equipment capital outlay line item without obtaining the required County approval.

Recommendation – County approval be sought for budget appropriation transfers to non-equipment capital outlay line items.

Unemployment Insurance Trust Fund

The Board has adopted the direct reimbursement method and has established an Unemployment Compensation Insurance Trust Fund.

**CRESSKILL BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Financial Planning, Accounting and Reporting (Continued)

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

The E.S.E.A. financial exhibits are contained within the Special Revenue section of the ACFR. This section of the ACFR documents the financial position pertaining to projects under Title I, Title IIA, Title III and Title IV of the Elementary and Secondary Education Act as amended and reauthorized.

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 when the project was approved.

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 ACFR.

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.

Finding 2021-3 – Our audit indicated that the original special revenue fund budget, as reflected on the District's internal budget reporting system, was not in agreement with the approved district budget.

Recommendation – The original special revenue budget in the District's financial reporting system be in agreement with approved District budget.

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. No exceptions were noted.

T.P.A.F. Reimbursement to the State for Federal Salary Expenditures

The amount of the expenditures charged to the current year's Final Reports for all federal awards for the school district to reimburse the State for the TPAF/FICA payments made to 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 90 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

Scholarship Trust Fund

The Board maintains various scholarship accounts and has established a Scholarship Trust Fund. The financial transactions of this fund are reported in the Special Revenue Fund.

**CRESSKILL BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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 \$44,000 (with a Qualified Purchasing Agent) and \$32,000 (without a Qualified Purchasing Agent), respectively. This law regulating bidding for public school transportation contracts under NJSA 18A:39-3 is currently \$20,200.

The Board of Education 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 Board Attorney's opinion should be sought before a commitment is made.

In as much 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 the furnishing or hiring of any materials or supplies", 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.

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 N.J.S.A. 18A:18A-10, 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

Public Health Emergency

In accordance with the Governor's Declaration of Emergency pertaining to the public health emergency all Public, Charter, Non-Public schools were ordered to close effective as of March 18, 2020 for an undetermined period to limit the spread of the virus. As a result, School Food Authorities (SFA) were required to institute alternate procedures to provide meals to eligible students during the period of school closures. Governor Murphy's emergency declaration ended on June 4, 2021; however, the United States Department of Agriculture's federal waiver continued through June 30, 2022. Food Service Agencies operated under this federal waiver.

As a result, School Food Authorities (SFA's) were required to provide meals in accordance with the regulations governing the National School Nutrition Seamless Summer Option (SSO). SFA's could also choose to participate in the National School Lunch Program utilizing standard counting and claiming practices.

SFAs were authorized to solicit and award emergency noncompetitive procurements and contracts with Food Service Management Companies in accordance with 2 CFR 200.320 and N.J.S.A. 18A:18A-7. The SFAs were also authorized to submit contract modifications to their existing Cost Reimbursable or Fixed Price contracts as necessary to ensure the feeding of Free and Reduced Price meal eligible students.

The District does not participate in the School Nutrition Program.

The financial transactions and records of the School Food Services were maintained in good condition. The financial accounts were reviewed on a test-check basis.

Cash receipts and bank records were reviewed for timely deposit.

Exhibits reflecting Child Nutrition Program operations are included in the Enterprise Funds.

**CRESSKILL BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Student Activity Funds

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

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

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2021 Application for State School Aid (ASSA) for on-roll, private schools for the disabled, low income bilingual and related services. 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 immaterial exceptions. The information that was included on the workpapers was verified with immaterial exceptions. 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 2021-2022 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures 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 referendum related transactions and the awarding of contracts related to the projects.

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).

Follow Up on Prior Year Findings

In accordance with government auditing standards, our procedures included a review of all prior year recommendations, including findings. Corrective action has been taken on all prior year findings.

Management Suggestions

- The District continue its efforts to fund the unrestricted net position deficit of \$9,037 in the Food Service Enterprise Fund.
- The District maintain documentation to support contracts awarded through cooperative purchasing agreements.
- The District adopt an anti-hazing policy as required by the State.

**CRESSKILL BOARD OF EDUCATION
FOOD SERVICE FUND
NUMBER OF MEALS/MILKS SERVED AND (OVER)/UNDERCLAIM
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

SCHEDULE OF MEAL COUNT ACTIVITY

NOT APPLICABLE

**FOOD SERVICE FUND
SCHEDULE OF NET CASH RESOURCES
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOT APPLICABLE

**CRESSKILL BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2021**

	2022-2023 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		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 Preschool 3 Years Old	6		6		-	-	6		6		-	-					
Half Day Preschool 4 Years Old	7		7		-	-	7		7		-	-					
Full Day Preschool 3 Years Old					-	-					-	-					
Full Day Preschool 4 Years Old					-	-					-	-					
Half Day Kindergarten					-	-					-	-					
Full Day Kindergarten	101		101		-	-	101		101		-	-					
1st Grade	111		111		-	-	47		47		-	-					
2nd Grade	128		128		-	-	75		75		-	-					
3rd Grade	99		99		-	-	48		48		-	-					
4th Grade	120		120		-	-	71		71		-	-					
5th Grade	124		124		-	-	56		56		-	-					
6th Grade	103		103		-	-	103		103		-	-					
7th Grade	127		127		-	-	127		127		-	-					
8th Grade	134		134		-	-	134		134		-	-					
9th Grade	112		112		-	-	112		112		-	-					
10th Grade	93		93		-	-	93		93		-	-					
11th Grade	109		109		-	-	109		109		-	-					
12th Grade	109		109		-	-	109		109		-	-					
Subtotal	1,483	-	1,483	-			1,198	-	1,198	-	-	-	-	-	-	-	
Spec Ed - Elementary	105		105		-	-	37		37		-	-	2	2	2	-	
Spec Ed- Middle School	76		76		-	-	76		76		-	-	1	1	1	-	
Spec Ed - High School	74		73		1	-	74		73		1	-	15	12	12	-	
Subtotal	255	-	254	-	1	-	187	-	186	-	1	-	18	15	15	-	
Totals	1,738	-	1,737	-	1	-	1,385	-	1,384	-	1	-	18	15	15	-	
Percentage Error					0.06%						0.07%					0.00%	

**CRESSKILL BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2021**

	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 LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Half Day Pre-School (3 Yrs)	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Pre-School (4 Yrs)	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-
1st Grade	-	-	-	-	-	-	-	-	-	-	-	-
2nd Grade	1.0	1.0	-	1.0	1.0	-	-	-	-	-	-	-
3rd Grade	-	-	-	-	-	-	-	-	-	-	-	-
4th Grade	1.0	1.0	-	1.0	1.0	-	-	-	-	-	-	-
5th Grade	1.0	1.0	-	1.0	1.0	-	-	-	-	-	-	-
6th Grade	1.0	1.0	-	1.0	1.0	-	-	-	-	-	-	-
7th Grade	3.0	3.0	-	2.0	2.0	-	1	1	-	1	1	-
8th Grade	1.0	1.0	-	1.0	-	1	-	-	-	-	-	-
9th Grade	4.0	4.0	-	3.0	2.0	1	-	-	-	-	-	-
10th Grade	2.0	2.0	-	2.0	2.0	-	-	-	-	-	-	-
11th Grade	1.0	1.0	-	1.0	1.0	-	-	-	-	-	-	-
12th Grade	6.0	6.0	-	5.0	5.0	-	-	-	-	-	-	-
Subtotal	<u>21</u>	<u>21</u>	<u>-</u>	<u>18</u>	<u>16</u>	<u>2</u>	<u>1</u>	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>
Spec Ed - Elementary	-	-	-	-	-	-	-	-	-	-	-	-
Spec Ed - Middle School	1	1	-	1	1	-	-	-	-	-	-	-
Spec Ed - High School	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	<u>1</u>	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>22</u>	<u>22</u>	<u>-</u>	<u>19</u>	<u>17</u>	<u>2</u>	<u>1</u>	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>
Percentage Error			<u>0.00%</u>			<u>10.53%</u>			<u>0.00%</u>			<u>0.00%</u>

	Transportation			Tested	Verified	Errors
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors			
Regular - Public Schools	45.0	45.0	-	34	34	-
Transported - Non-Public	-	-	-	-	-	-
Regular - Spec.	3.0	3.0	-	2	2	-
Special Needs - Public	15.0	15.0	-	12	12	-
Totals	<u>63.0</u>	<u>63.0</u>	<u>-</u>	<u>48</u>	<u>48</u>	<u>-</u>
Percentage Error			<u>0.00%</u>	9		<u>0.00%</u>

**CRESSKILL BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2021**

	Resident LEP Not Low Income			Sample for Verification		
	Reported on A.S.S.A as Not Low Income	Reported on Workpapers as Not Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Pre-School (3 Yrs)	-	-	-	-	-	-
Full Day Pre-School (4 Yrs)	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-
Full Day Kindergarten	21	21	-	9	9	-
1st Grade	27	27	-	11	11	-
2nd Grade	15	15	-	6	6	-
3rd Grade	12	12	-	5	5	-
4th Grade	7	7	-	2	2	-
5th Grade	8	8	-	3	3	-
6th Grade	8	8	-	3	3	-
7th Grade	5	5	-	2	2	-
8th Grade	4	4	-	2	2	-
9th Grade	4	4	-	2	2	-
10th Grade	5	5	-	2	2	-
11th Grade	-	-	-	-	-	-
12th Grade	1	1	-	1	1	-
Subtotal	117	117	-	48	48	-
Spec Ed - Elementary	2	2	-	1	1	-
Spec Ed- Middle School	-	-	-	-	-	-
Spec Ed - High School	-	-	-	-	-	-
Subtotal	2	2	-	1	1	-
Totals	119	119	-	49	49	-
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

**CRESSKILL BOARD OF EDUCATION
CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

2021-2022 Total General Fund Expenditures per the CAFR		\$ 42,440,317
Decreased by:		
On-Behalf TPAF Pension & Social Security	\$ 8,498,395	
Assets Acquired Under Capital Leases	<u> -</u>	
		<u>8,498,395</u>
Adjusted 2021-2022 General Fund Expenditures		<u>\$ 33,941,922</u>
4% of Adjusted 2021-2022 General Fund Expenditures		\$ 1,357,677
Increased by Allowable Adjustments		<u>305,559</u>
Maximum Unassigned Fund Balance		<u>\$ 1,663,236</u>

SECTION 2

Total General Fund - Fund Balance at June 30, 2022		\$ 6,896,544
Decreased by:		
Restricted Fund Balance - Capital Reserve	\$ 2,200,282	
Restricted Fund Balance - Maintenance Reserve	536,130	
Restricted- Excess Surplus- Designated for Subsequent Year's Expenditures	339,725	
Unemployment Compensation Reserve	90,743	
Year End Encumbrances - Assigned and Committed	636,408	
Assigned Fund Balance - Designated for Subsequent Year's Expenditures	<u>560,275</u>	
		<u>4,363,563</u>
Total Unassigned Fund Balance		<u>\$ 2,532,981</u>

SECTION 3

Fund Balance - Excess Surplus		<u>\$ 869,745</u>
<u>Recapitalutation of Excess Surplus at June 30, 2022</u>		
Reserved Excess Surplus- Designated for Subsequent Year's Expenditures		\$ 339,725
Reserved Excess Surplus		<u>869,745</u>
Total Excess Surplus		<u>\$ 1,209,470</u>

**CRESSKILL BOARD OF EDUCATION
RECOMMENDATIONS**

I. Administrative Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

It is recommended that:

1. The District's general ledger be adjusted to ensure beginning balances are in agreement with the prior year audit.
2. County approval be sought for budget appropriation transfers to non-equipment capital outlay line items.
3. The original special revenue budget in the District's financial reporting system be in agreement with approved District budget.

III. School Purchasing Program

There are none.

IV. Food Service Fund

There are none.

V. Student Body Activities

There are none.

VI. Application for State School Aid (A.S.S.A.)

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 Years' Audit Findings/Recommendations

There were none.

CRESSKILL BOARD OF EDUCATION

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 & BLISS, LLP



Robert W. Haag
Certified Public Accountant
Public School Accountant