

Auditor's Management Report

for the

*Borough of Woodcliff Lake
School District*

in the

*County of Bergen
New Jersey*

for the

*Fiscal Year Ended
June 30, 2017*

**AUDITOR'S MANAGEMENT REPORT OF ADMINISTRATIVE
FINDINGS-FINANCIAL AND COMPLIANCE**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Scope of Audit	2
Administrative Practices and Procedures	
Insurance	2
Official Bonds	2
Financial Planning, Accounting and Reporting	
Examination of Claims	2
Payroll Accounts	3
Position Control Roster	3
Reserve for Encumbrances and Accounts Payable	3
Classification of Expenditures	3
Board Secretary's Records	3
Treasurer's Records	4
Elementary and Secondary Education Act (E.S.E.A.)/Improving America's Schools Act (IASA) as Reauthorized by the No Child Left Behind Act of 2001	4
Other Special Federal and/or State Projects	4
T.P.A.F. Reimbursement	4
School Purchasing Programs	
Contracts and Agreements Requiring Advertisement for Bids	5-6
Food Service	6
Student Body Activities	6
Application for State School Aid	7
Pupil Transportation	7
Facilities and Capital Assets	7
Testing for Lead of All Drinking Water in Educational Facilities	7
Follow-Up on Prior Year Findings	7
Recommendations	8
Schedule of Audited Enrollments	9-11
Calculation of Excess Surplus	12



SUPLEE, CLOONEY & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@scnco.com

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Woodcliff Lake Borough School District
County of Bergen
Woodcliff Lake, New Jersey 07675

We have audited, in accordance with U.S. generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Borough of Woodcliff Lake School District in the County of Bergen for the year ended June 30, 2017, and have issued our report dated October 18, 2017.

As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended solely for the information of the Borough of Woodcliff Lake School District, County of Bergen, New Jersey, the New Jersey Department of Education and federal and state audit awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.


CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 962

October 18, 2017

Independent Auditor's Management Report of Administrative Findings - Financial and Compliance

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 Woodcliff Lake Borough School District and the records under the auspices of the Board of Education.

ADMINISTRATIVE PRACTICES AND PROCEDURES

Insurance

Insurance coverage was carried in the amounts as detailed in the District's CAFR. (See Exhibit J-20)

Official Bonds

<u>NAME</u>	<u>POSITION</u>	<u>AMOUNT OF BOND</u>
Matthew Lynaugh	Business Administrator/Board Secretary	\$200,000.00
Robert Wright	Treasurer of School Monies	\$200,000.00
All Employees	Blanket Bond	\$400,000.00

Adequacy of insurance coverage is the responsibility of the Board of Education.

FINANCIAL PLANNING, ACCOUNTING AND REPORTING

Examination of Claims

Our audit of claims paid during the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

**Independent Auditor's Management Report of Administrative
Findings - Financial and Compliance**

Payroll Accounts

The net salaries of all employees of the District were deposited in the Net Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

All payrolls were approved by the Superintendent and were certified by the President of the Board and the Board Secretary/Business Administrator.

Salary withholdings were promptly remitted to the proper agencies.

Position Control Roster

The Position Control Roster was reviewed and compared to payroll records, employee benefit records and charges made to the general ledger to ensure proper and consistent financial reporting and that employee benefits are only offered to current employees.

Reserve for Encumbrances Liability (Current) for 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 purchases 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, 2017.

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 N.J.A.C. 6A:23A-8.3. As a result of the procedures performed, no errors were noted and no additional procedures were deemed necessary to the test the propriety of expenditure classification.

Board Secretary's Records

The financial records, books of account and minutes of the Board Secretary were maintained in satisfactory condition and the contractual order system was fully implemented.

**Independent Auditor's Management Report of Administrative
Findings - Financial and Compliance**

Treasurer's Records

The records maintained by the Treasurer of School Monies were in satisfactory condition and were in agreement with the records maintained by the Board Secretary/Business Administrator.

Elementary and Secondary Education Act (E.S.E.A.)/Improving America's Schools Act (IASA) as Reauthorized by the No Child Left Behind Act of 2001

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 the projects under Title II of the Elementary and Secondary Education Act, as amended.

Other Special Federal and/or State Projects

The District's Special Projects were approved as listed on Schedule A and Schedule B located in the CAFR.

Our examination of the State and 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 are contained within the special revenue section of the CAFR represent an accurate statement of the financial position pertaining to the aforementioned special projects.

T.P.A.F. Reimbursement

Our audit procedures included a test of the bimonthly reimbursement filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

Our audit procedures also included a test of the reimbursement of the employer share of pensions, group life insurance, FICA and other benefits of the Teacher's Pension and Annuity Fund for TPAF members carrying out and paid from federally funded programs in accordance with N.J.S.A. 18A:66-90. The District filled out the required form and submitted it for audit. Our test included verification of eligible employees to be included, and, if applicable, a recalculation to verify proper amounts were used. No exceptions were noted

**Independent Auditor's Management Report of Administrative
Findings - Financial and Compliance**

SCHOOL PURCHASING PROGRAMS

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-1, et seq. states: "a. When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in a contract year the total sum of \$26,000, the contract may be awarded by a purchasing agent when so authorized by resolution of the board of education without public advertising for bids and bidding therefor, except that the board of education may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b of section 9 of P.L. 1971 c. 198 (C.40A:11-9) the board of education may establish that the bid threshold may be up to \$36,000.00. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Commencing in the fifth year after the year in which P.L. 1999 c. 440 takes effect, and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount and the higher threshold amount which the board of education is permitted to establish as set forth in subsection a. of this section or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in N.J.S.A. 18A:18A-2 and shall round the adjustment to the nearest \$1,000.00. The Governor shall notify all local school districts of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of every year in which it is made. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection a. of N.J.S.A. 18A:18A-5 may be awarded for a period not exceeding 12 consecutive months."

N.J.S.A.18A:18A-4 states, "Every contract for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the board of education to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this chapter or specifically by any other law."

The board of education may, by resolution approve by the majority of the board of education and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the board of education finds that it has had negative prior experience with the bidder."

Effective July 1, 2015, the bid threshold in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) is \$29,000.00 or up to \$40,000.00 if the entity has a Qualified Purchasing Agent. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18:39-3 is currently \$18,800.00.

**Independent Auditor's Management Report of Administrative
Findings - Financial and Compliance**

SCHOOL PURCHASING PROGRAMS

Contracts and Agreements Requiring Advertisement for Bids (Continued)

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 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 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.

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.

FOOD SERVICE FUND

Since July 1, 1982, the District has elected not to participate in the federally assisted child nutrition programs encompassing the National School Lunch, Breakfast and Special Milk programs.

STUDENT BODY ACTIVITIES

The records for the Student Body Activities were maintained in satisfactory condition.

**Independent Auditor's Management Report of Administrative
Findings - Financial and Compliance**

APPLICATION FOR STATE SCHOOL AID

Our audit procedures included a test of information reported in the October 15, 2016 Application for State School Aid (A.S.S.A) for on-roll, private schools for the handicapped, and low-income. 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 work papers 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 work papers 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 2016-17 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.

FACILITIES AND CAPITAL ASSETS

Our procedures included a review of the SDA grant agreements for consistency with recording of SDA revenue, transfer of local funds from the general or capital reserve account, and awarding of contracts for eligible facilities construction.

TESTING FOR LEAD OF ALL DRINKING WATER IN EDUCATIONAL FACILITIES

We were advised that the school district adhered to the 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.

FOLLOW-UP ON PRIOR YEAR'S FINDINGS:

Not Applicable

BOROUGH OF WOODCLIFF LAKE SCHOOL DISTRICT
SUMMARY OF RECOMMENDATIONS
YEAR ENDED JUNE 30, 2017

RECOMMENDATIONS

1. Administrative Practices and Procedures
None
2. Financial Planning, Accounting and Reporting
None
3. School Purchasing Program
None
4. School Food Service
None
5. Student Body Activities
None
6. Application for State School Aid
None
7. Pupil Transportation
None
8. Facilities and Capital Assets
None
9. Status of Prior Year's Findings/Recommendations
Not Applicable

WOODCLIFF LAKE BOARD OF EDUCATION

**APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2016**

SCHEDULE OF AUDITED ENROLLMENTS

	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		Sample Selected from Workpapers		Verified per Registers On Roll		Errors per Registers On Roll		Reported on A.S.S.A. as Private Schools		Sample for Verification	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Sample Verified	Sample Errors
Half Day Preschool - 3 YR	3		3		1		1		-		-		0	0
Half Day Preschool - 4 YR	6		6		3		3		-		-		0	0
Half Day Kindergarten														
Full Day Kindergarten	52		52		20		20		-		-		0	0
One	90		90		25		25		-		-		0	0
Two	54		54		15		15		-		-		0	0
Three	62		62		15		15		-		-		0	0
Four	70		70		30		30		-		-		0	0
Five	83		83		25		25		-		-		0	0
Six	70		70		20		20		-		-		0	0
Seven	69		69		30		30		-		-		0	0
Eight	82		82		13		13		-		-		0	0
Nine									-		-		0	0
Ten									-		-		0	0
Eleven									-		-		0	0
Twelve									-		-		0	0
Post-Graduate									-		-		0	0
Adult H.S. (15+CR.)									-		-		0	0
Adult H.S. (1-14 CR.)									-		-		0	0
Subtotal	641	0	641	0	197	0	197	0	0	0	0	0	0	0
Special Ed - Elementary	70		70		41		41		-		-	4	3	0
Special Ed - Middle School	54		54		22		22		-		-	3	3	0
Special Ed - High School									-		-			0
Subtotal	124	0	124	0	63	0	63	0	0	0	0	7	6	0
Co. Voc. - Regular														
Co. Voc. Ft. Post Sec.														
Totals	765	0	765	0	260	0	260	0	0	0	0	7	6	0
Percentage Error					0.00%		0							0.00%

**WOODCLIFF LAKE BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2016**

SCHEDULE OF AUDITED ENROLLMENTS

	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	Sample Selected from Workpapers	Verified to Application and Register	Reported on A.S.S.A. as LEP low Income	Reported on Workpapers as LEP low Income	Sample Selected from Workpapers	Verified to Test Score and Register
Half Day Preschool								
Full Day Preschool								
Half Day Kindergarten								
Full Day Kindergarten	1	1	1	1				0
One		0	0					0
Two		0	0					0
Three		0	0					0
Four		0	0					0
Five		0	0					0
Six	2	2	2	2				0
Seven	1	1	1	1				0
Eight	1	1	1	1				0
Nine		0	0					0
Ten		0	0					0
Eleven		0	0					0
Twelve		0	0					0
Post-Graduate								
Adult H.S. (15+CR.)								
Adult H.S. (1-14 CR.)								
Subtotal	5	5	5	5	0	0	0	0
Special Ed - Elementary	3	3	3	3	0	0	0	0
Special Ed - Middle					0	0	0	0
Special Ed - High					0	0	0	0
Subtotal	3	3	3	3	0	0	0	0
Co. Voc. - Regular								
Co. Voc. Ft. Post Sec.								
Totals	8.0	8	8	8	0	0	0	0
Percentage Error			0.00%					

	Transportation	
	Reported on DRTS by DOE/county	Reported on DRTS by District
Reg. - Public Schools, col. 1	64	64
Reg. - SpEd., col. 4	0	0
Transported - Non-Public, col. 3	13	13
Special Ed Spec, col. 6	8	8
Totals	85	85
Percentage Error	0.00%	0.00%

	Reported	Recalculated
Reg Avg. (Mileage) = Regular Including Grade PK students (Part A)	3.5	3.5
Reg Avg. (Mileage) = Regular Excluding Grade PK students (Part B)	3.5	3.5
Spec Avg. = Special Ed with Special Needs	11.1	11.1

WOODCLIFF LAKE BOARD OF EDUCATION

SCHEDULE OF AUDITED ENROLLMENTS

APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2016

	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	Sample Selected from Workpapers	Verified to Application and Register
		Errors	Sample Errors	Sample Errors
Half Day Preschool	-	-	-	-
Full Day Preschool	-	-	-	-
Half Day Kindergarten	-	-	-	-
Full Day Kindergarten	-	-	-	-
One	-	-	-	-
Two	-	-	-	-
Three	-	-	-	-
Four	-	-	-	-
Five	-	-	-	-
Six	-	-	-	-
Seven	-	-	-	-
Eight	-	-	-	-
Nine	-	-	-	-
Ten	-	-	-	-
Eleven	-	-	-	-
Twelve	-	-	-	-
Post-Graduate	-	-	-	-
Adult H.S. (15+CR.)	-	-	-	-
Adult H.S. (1-14 CR.)	-	-	-	-
Subtotal	0	0	0	0
Special Ed - Elementary	-	-	-	-
Special Ed - Middle	-	-	-	-
Special Ed - High	-	-	-	-
Subtotal	0	0	0	0
Co. Voc. - Regular	-	-	-	-
Co. Voc. Ft. Post Sec.	-	-	-	-
Totals	0	0	0	0
Percentage Error		0.00%		0.00%

WOODCLIFF LAKE SCHOOL DISTRICT
SCHEDULE OF CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Section 1- 2% Calculation of Excess Surplus

2016-17 General Fund Expenditures per the CAFR (Exhibit C-1)	\$	15,641,832.20
Increased by:		
Transfer from Capital Reserve to Capital Projects Fund	\$	<u>2,050,000.00</u>
		<u>2,050,000.00</u>
		17,691,832.20
Decreased by:		
On-Behalf TPAF Pension & Social Security	\$	<u>1,692,697.94</u>
		<u>1,692,697.94</u>
Adjusted 2016-17 General Fund Expenditures	\$	<u><u>15,999,134.26</u></u>
2% of Adjusted 2016-17 General Fund Expenditures	\$	<u><u>319,982.69</u></u>
Greater of 2% or \$250,000	\$	319,982.69
Increased by: Allowable Adjustment		<u>80,639.00</u>
Maximum Unreserved/Undesignated Fund Balance	\$	<u><u>400,621.69</u></u>

Section 2

Total General Fund Balances at June 30, 2017 (Exhibit C-1)	\$	2,453,795.41
Decreased by:		
Year End Encumbrances	\$	103,626.58
Assigned- Designated for Subsequent Year's Expenditures		100,000.00
Other Restricted Fund Balances		<u>1,849,547.14</u>
		<u>2,053,173.72</u>
Total Unassigned Fund Balance	\$	<u><u>400,621.69</u></u>

Section 3

Restricted Fund Balance- Excess Surplus	\$	<u><u>0.00</u></u>
---	----	--------------------

Detail of Allowable Adjustments:

Extraordinary Aid (Unbudgeted)	\$	78,377.00
Additional Nonpublic School Transportation Aid		<u>2,262.00</u>
	\$	<u><u>80,639.00</u></u>

Detail of Other Restricted Fund Balance:

Capital Reserve	\$	1,013,211.14
Maintenance Reserve		<u>836,336.00</u>
	\$	<u><u>1,849,547.14</u></u>

