

**CRESSKILL BOARD OF EDUCATION  
AUDITOR'S MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS -  
FINANCIAL, COMPLIANCE AND PERFORMANCE  
JUNE 30, 2015**

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

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# LERCH, VINCI & HIGGINS, LLP

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Honorable President and Members  
of the Board of Trustees  
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 as of and for the fiscal year ended June 30, 2015, and have issued our report thereon dated December 16, 2015.

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

Donna L. Japhet  
Public School Accountant  
PSA Number CS002314

Fair Lawn, New Jersey  
December 16, 2015

**CRESSKILL BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**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 Comprehensive Annual Financial Report (CAFR).

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

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Antoinette Kelly	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 \$400,000 per loss.

**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 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, 2015**

**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.

Board Secretary's Records

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

The prescribed contractual order system was followed with 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.

Unemployment 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 Expendable Trust Fund.

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

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 IIA and III of the Elementary and Secondary Education Act.

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 CAFR.

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.

**CRESSKILL BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

**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 Report(s) 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 60 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

**Nonpublic State Aid**

Project completion reports were finalized and transmitted to the State by the due date.

**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 Fiduciary Funds.

**School Purchasing Programs**

**Contracts and Agreements Requiring Advertisement for Bids**

Effective July 1, 2010 the bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$36,000 (with a Qualified Purchasing Agent) and \$29,000 (without a Qualified Purchasing Agent), respectively. This law regulating bidding for public school transportation contracts under NJSA 18A:39-3 is currently \$18,300. The Board has designated the School Business Administrator as the 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 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.

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, amended.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

**CRESSKILL BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**School Purchasing Programs (Continued)**

**Contracts and Agreements Requiring Advertisement for Bids (Continued)**

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.

**Finding** – The District approved a resolution approving the use of State contracts and various cooperatives; however, the resolution was not specific as to which vendors the District was actually utilizing.

**Recommendation** – It is recommended that purchases entered into pursuant to State contracts and cooperative purchasing programs which exceed the bid threshold be submitted for Board approval, specific to actual vendors utilized.

**Food Service Fund**

The financial transactions and statistical records of the School Food Services were maintained in satisfactory condition. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

Cash receipts and bank records were reviewed for timely deposit.

Applications for free and reduced priced meals and free milk were reviewed for completeness and accuracy. The free and reduced priced meals and free milk policy is uniformly administered throughout the School System. The required verification procedures for free applications was completed and available for review.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food supply items were currently maintained and properly applied in determining the cost of food and supplies used.

The cash disbursements 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. Net cash resources did not exceed three months average expenditures.

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

The District contracted with Pomptonian Food Service Management Inc. to manage the operations of the School Food Services. The FSMC contracts includes an operating results provision which guarantees that the food service will return a profit. The operating results provision has been met.

**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.

**Finding** – Our audit of the High School Student Activity account revealed various instances where checks only contained one authorized signature.

**Recommendation** – Two payor signatures be obtained on all checks issued from the High School Student Activity account.

**CRESSKILL BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Application for State School Aid**

Our audit procedures included a test of information reported in the October 15, 2014 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 without exceptions. The information that was included on the workpapers was verified without 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 2014-2015 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 SDA-grant agreement for consistency with recording SDA revenue, transfer of local funds from the General Fund or from the Capital Reserve account, and awarding of contracts for eligible facilities construction.

**Follow-up on Prior Year Findings**

In accordance with government auditing standards, our procedures included a review of all prior year recommendations.

**CRESSKILL BOARD OF EDUCATION  
FOOD SERVICE FUND  
NUMBER OF MEALS/MILKS SERVED AND (OVER)/UNDERCLAIM  
ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**SCHEDULE OF MEAL COUNT ACTIVITY**

**NOT APPLICABLE**

**FOOD SERVICE FUND  
SCHEDULE OF NET CASH RESOURCES  
ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOT APPLICABLE**

**CRESSKILL BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
SCHEDULE OF AUDITED ENROLLMENTS  
ENROLLMENT AS OF OCTOBER 15, 2014**

	2015-2016 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 Verifi- cation	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Half Day Preschool - 3 years	3		3		-	-	3		3		-	-				
Half Day Preschool - 4 years	6		6		-	-	6		6		-	-				
Half Day Kindergarten					-	-					-	-				
Full Day Kindergarten	123		123		-	-	73		73		-	-				
1st Grade	109		109		-	-	36		36		-	-				
2nd Grade	112		112		-	-	63		63		-	-				
3rd Grade	105		105		-	-	46		46		-	-				
4th Grade	122		122		-	-	51		51		-	-				
5th Grade	133		133		-	-	80		80		-	-				
6th Grade	122		122		-	-	122		122		-	-				
7th Grade	122		122		-	-	122		122		-	-				
8th Grade	128		128		-	-	128		128		-	-				
9th Grade	128		128		-	-	128		128		-	-				
10th Grade	109		109		-	-	109		109		-	-				
11th Grade	123	1	123	1	-	-	123		123		-	-				
12th Grade	114		114		-	-	114		114		-	-				
<b>Subtotal</b>	<b>1,559</b>	<b>1</b>	<b>1,559</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>1,204</b>	<b>-</b>	<b>1,204</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Spec Ed - Elementary	88		88		-	-	33		33		-	-	1	1	1	-
Spec Ed- Middle School	53		53		-	-	53		53		-	-	2	2	2	-
Spec Ed - High School	65	1	65	1	-	-	65		65		-	-	17	17	17	-
<b>Subtotal</b>	<b>206</b>	<b>1</b>	<b>206</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>151</b>	<b>-</b>	<b>151</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>-</b>
<b>Totals</b>	<b>1,765</b>	<b>2</b>	<b>1,765</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>1,355</b>	<b>-</b>	<b>1,355</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>-</b>
<b>Percentage Error</b>					<b>0.00%</b>					<b>0.00%</b>					<b>0.00%</b>	

**CRESSKILL BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
SCHEDULE OF AUDITED ENROLLMENTS  
ENROLLEMENT AS OF OCTOBER 15, 2014**

	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	2	2	-	2.0	2.0	-	2	2	-	2	2	-
3rd Grade	-	-	-	-	-	-	-	-	-	-	-	-
4th Grade	1	1	-	1.0	1.0	-	-	-	-	-	-	-
5th Grade	-	-	-	-	-	-	-	-	-	-	-	-
6th Grade	-	-	-	-	-	-	-	-	-	-	-	-
7th Grade	1	1	-	1.0	1.0	-	-	-	-	-	-	-
8th Grade	2	2	-	2.0	2.0	-	-	-	-	-	-	-
9th Grade	-	-	-	-	-	-	-	-	-	-	-	-
10th Grade	5	5	-	5.0	5.0	-	-	-	-	-	-	-
11th Grade	1	1	-	1.0	1.0	-	-	-	-	-	-	-
12th Grade	2	2	-	2	2	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>14</b>	<b>14</b>	<b>-</b>	<b>14</b>	<b>14</b>	<b>-</b>	<b>2</b>	<b>2</b>	<b>-</b>	<b>2</b>	<b>2</b>	<b>-</b>
Spec Ed - Elementary	1	1	-	1.0	1.0	-	-	-	-	-	-	-
Spec Ed - Middle School	1	1	-	1.0	1.0	-	-	-	-	-	-	-
Spec Ed - High School	4	4	-	4.0	4.0	-	1	1	-	1	1	-
<b>Subtotal</b>	<b>6</b>	<b>6</b>	<b>-</b>	<b>6</b>	<b>6</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>-</b>
<b>Totals</b>	<b>20</b>	<b>20</b>	<b>-</b>	<b>20</b>	<b>20</b>	<b>-</b>	<b>3</b>	<b>3</b>	<b>-</b>	<b>3</b>	<b>3</b>	<b>-</b>
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
Regular - Public Schools	26.0	26.0	-	20	20	-
Regular - Spec.	11.0	11.0	-	9	9	-
Transported - AID In Lieu			-			-
Transported - Non-Public			-			-
Special Needs - Public	14.0	14.0	-	11	11	-
<b>Totals</b>	<b>51.0</b>	<b>51.0</b>	<b>-</b>	<b>40</b>	<b>40</b>	<b>-</b>
			<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, 2014**

	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	12	12	-	11	11	-
1st Grade	5	5	-	4	4	-
2nd Grade	9	9	-	8	8	-
3rd Grade	10	10	-	9	9	-
4th Grade	5	5	-	4	4	-
5th Grade	7	7	-	6	6	-
6th Grade	5	5	-	4	4	-
7th Grade	6	6	-	5	5	-
8th Grade	4	4	-	3	3	-
9th Grade	4	4	-	3	3	-
10th Grade	3	3	-	3	3	-
11th Grade	1	1	-	1	1	-
12th Grade	4	4	-	3	3	-
<b>Subtotal</b>	<u>75</u>	<u>75</u>	<u>-</u>	<u>64</u>	<u>64</u>	<u>-</u>
Spec Ed - Elementary	1	1	-	1	1	-
Spec Ed- Middle School			-			-
Spec Ed - High School			-			-
<b>Subtotal</b>	<u>1</u>	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>
<b>Totals</b>	<u><u>76</u></u>	<u><u>76</u></u>	<u><u>-</u></u>	<u><u>65</u></u>	<u><u>65</u></u>	<u><u>-</u></u>
Percentage Error		<u><u>0.00%</u></u>			<u><u>0.00%</u></u>	

**CRESSKILL BOARD OF EDUCATION  
CALCULATION OF EXCESS SURPLUS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

2014-2015 Total General Fund Expenditures per the CAFR	\$ 28,919,653
Increased by:	
Transfer from Capital Reserve to Capital Projects	398,087
	29,317,740
Decreased by:	
On-Behalf TPAF Pension & Social Security	2,812,606
	\$ 26,505,134
Adjusted 2014-2015 General Fund Expenditures	\$ 26,505,134
2% of Adjusted 2014-2015 General Fund Expenditures	\$ 530,103
Increased by Allowable Adjustments *	295,156
Maximum Unassigned Fund Balance	\$ 825,259

**SECTION 2**

Total General Fund - Fund Balance at June 30, 2015	\$ 1,676,943
Decreased by:	
Restricted Fund Balance - Capital Reserve	603,119
Assigned Fund Balance, Designated for Subsequent Year's Expenditures	177,320
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures	100,409
	880,848
Total Unassigned Fund Balance	\$ 796,095

**\* Detail of Allowable Adjustments**

Unbudgeted Extraordinary Aid	\$ 295,156
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**Recapitalutation of Excess Surplus at June 30, 2015**

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	\$ 100,409
Total Excess Surplus	\$ 100,409

## RECOMMENDATIONS

### I. Administrative Practices and Procedures

There are none.

### II. Financial Planning, Accounting and Reporting

There are none.

### III. School Purchasing Program

It is recommended that purchases entered into pursuant to State contracts and cooperative purchasing programs which exceed the bid threshold be submitted for Board approval, specific to actual vendors utilized.

### IV. Food Service Fund

There are none.

### V. Student Body Activities

It is recommended that two payor signatures be obtained on all checks issued from the High School Student Activity account.

### 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

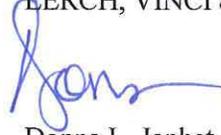
A review was performed on all prior years' recommendations and corrective action was taken on all.

**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



Donna L. Japhet  
Certified Public Accountant  
Public School Accountant