

**RIVER VALE BOARD OF EDUCATION
AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL COMPLIANCE AND PERFORMANCE
JUNE 30, 2011**

**RIVER VALE BOARD OF EDUCATION
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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AUDITOR'S MANAGEMENT REPORT

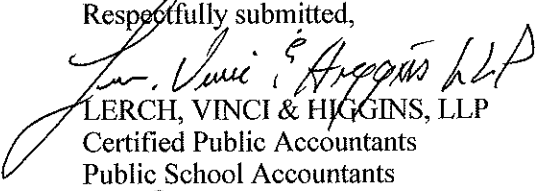
Honorable President and Members
of the Board of Trustees
River Vale Board of Education
River Vale, New Jersey

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 River Vale Board of Education in the County of Bergen for the fiscal year ended June 30, 2011, and have issued our report thereon dated October 21, 2011.

As part of our audit, we performed procedures required by the Division of Finance and Regulatory Compliance, 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, the Board of Trustees, management, 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


Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
October 21, 2011

**RIVER VALE BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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 reported on Exhibit J-20 as contained in the district's Comprehensive Annual Financial Report (the "CAFR").

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Kelly Ippolito	Board Secretary/School Business Administrator	\$100,000
Gennaro Rotella	Treasurer of School Monies	\$250,000

There is Employees' Dishonesty with Faithful Performance coverage with Zurich Insurance Company covering all other employees with multiple coverage of \$100,000.

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 per pupil costs in accordance with N.J.A.C. 6A:23-3.1(f)3.

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 signatures, certification or supporting documentation.

Payroll Account

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

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

Salary withholdings tested were promptly remitted to the proper agencies, including health benefits withholding due to the General Fund.

**RIVER VALE BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

Board Secretary's Records

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

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

Bids received were summarized in the minutes.

Treasurer's Records

The Treasurer did perform reconciliations for the general operating account, food service account, net payroll account and payroll agency account.

The Treasurer's records were in agreement with the Board Secretary's records.

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 Fiduciary Fund.

Elementary and Secondary Education Act (E.S.E.A.)/Improving America's School Act (IASA) 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 II, IV and VI 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 which the project was approved.

**RIVER VALE BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Financial Planning, Accounting and Reporting (Continued)

Other Special Federal and/or State Projects

The district's Special Projects were approved as listed Exhibits K-3 and 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 are contained within the Special Revenue Fund section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

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.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

Effective July 1, 2010 and thereafter the bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:39-3(A) are \$36,000 and \$26,000, respectively. On April 29, 2003 the Board appointed the Business Administrator/Board Secretary as the District's qualified purchasing agent which increased the bid threshold to \$36,000.

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 goods or service, 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 provision of N.J.S.A. 18:A18-4.

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. Our examination did reveal, however, that the district purchased items through the use of State contracts.

**RIVER VALE BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Food Service Fund

The financial transactions and statistical records of the school food services were maintained in satisfactory condition. The financial accounts, milk count records and eligibility applications were reviewed on a test-check basis.

The number of milks claimed for reimbursement was compared to sales and milk records. As part of the claims review process, the edit check worksheet was completed.

Expenditures were separately recorded as milk and other costs. Vendor invoices were reviewed and costs verified.

Applications for free milks were reviewed for completeness and accuracy. The number of free milks claimed as served did not exceed the number of valid applications on file, times the number of operating days, on a school by school basis. The free milk policy is uniformly administered throughout the School System. The required verification procedure for free applications was completed and available for review with no exceptions noted.

There was no inventory at June 30, 2011.

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.

Finding: Net cash resources did exceed three months average expenditures. The District has implemented a plan to eliminate the excess, therefore no recommendation is warranted.

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

Park Academy Fund

Cash receipts and cash disbursements were maintained in good condition and in accordance with established Board policy.

Student Activity Funds

The Board has a policy, which clearly establishes the regulation of Student Activity Funds.

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

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2010 Application for State School Aid (A.S.S.A.) for on-roll, private school for the handicapped, low-income and bilingual education. 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 exception. 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 of their equivalent.

The district has adequate written procedures for the recording of student enrollment data.

**RIVER VALE BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Pupil Transportation

Our audit procedures included a test of on-roll status reported in the 2010-11 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with minor exceptions. 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 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.

Finding – Our audit of the Capital Projects Fund revealed that there is an outstanding SDA receivable balance on the 2001 referendum.

Recommendation – Continued efforts be maintained in submitting for reimbursement on the outstanding SDA receivable balance.

**RIVER VALE BOARD OF EDUCATION
FOOD SERVICE FUND
SCHEDULE OF MILK COUNTY ACTIVITY AND (OVER)/UNDERCLAIM
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOT APPLICABLE

SCHEDULE OF AUDITED ENROLLMENTS

RIVER VALE BOARD OF EDUCATION
A.S.S.A.
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2010

	2011-2012 Application for State School Aid				Sample for Verification				Private Schools for Disabled				
	Reported on A.S.S.A. On Roll		Workpapers Reported on		Sample Selected from Workpapers		Verified per Register On Roll		Errors per Registers On Roll		Reported on A.S.S.A. as for Private Schools		
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Veri- cation	Sample Verified	Sample Errors
Half Day Preschool - 3 years	1		1		1		1		1				
Half Day Preschool - 4 years	6		6		6		6		6				
Half Day Kindergarten													
Full Day Kindergarten	114		114		114		114		114				
1st Grade	124		124		124		124		124				
2nd Grade	135		135		135		135		135				
3rd Grade	150		150		150		150		150				
4th Grade	127		127		127		127		127				
5th Grade	141		141		141		141		141				
6th Grade	137		137		137		137		137				
7th Grade	146		146		146		146		146				
8th Grade	135		135		135		135		135				
9th Grade													
10th Grade													
11th Grade													
12th Grade													
Subtotal	1,216	-	1,216	-	1,216	-	1,216	-	1,216	-	-	-	-
Spec Ed - Elementary	106		106		5		5		5		2	1	1
Spec Ed - Middle School	65		65		3		3		3		2	2	2
Spec Ed - High School											4	3	3
Subtotal	171	-	171	-	8	-	8	-	8	-	4	3	3
Totals	1,387	-	1,387	-	1,224	-	1,224	-	1,224	-	4	3	3
Percentage Error									0.00%				0.00%

RIVER VALE BOARD OF EDUCATION
A.S.S.A.
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2010

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 Low Income	Reported on Workpapers as Low Income	Sample Selected from Workpapers	Verified to Application and Register

Half Day Pre-School (3 Yrs)	1	1						
Half Day Pre-School (4 Yrs)	2	2	2	2				
Half Day Kindergarten								
Full Day Kindergarten								
1st Grade	1	1	1	1				
2nd Grade	2	2	2	2				
3rd Grade								
4th Grade								
5th Grade	1	1	1	1				
6th Grade	2	2	2	2				
7th Grade								
8th Grade								
9th Grade								
10th Grade								
11th Grade								
12th Grade								
Subtotal	6	6	5	5				

Spec Ed - Elementary								
Spec Ed - Middle School								
Spec Ed - High School								
Subtotal	-	-	-	-				

Totals	6	6	5	5				
Percentage Error	0.00%		0.00%		0.00%		0.00%	

	Transportation		Transportation	
	Reported on DRTS by District	Reported on DRTS by DOE	Tested	Verified
Regular - Public Schools	117	117	34	34
Transported - Non-Public	21	21	6	6
Regular - Spec.	25	25	7	7
Special Needs	14	14	5	3
Totals	177	177	52	50
	0.00%		3.85%	

**RIVER VALE BOARD OF EDUCATION
A.S.S.A.
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2010**

SCHEDULE OF AUDITED ENROLLMENTS

	Resident LEP Not Low Income		Sample for Verification		
	Reported on A.S.S.A as Low Income	Reported on Workpapers as Low Income	Selected from Workpapers	Verified to Register	Sample Errors
Half Day Pre-School (3 Yrs)	5	5	4	4	
Half Day Pre-School (4 Yrs)	4	4	3	3	
Half Day Kindergarten	3	3	3	3	
Full Day Kindergarten	4	4	3	3	
1st Grade	1	1	1	1	
2nd Grade					
3rd Grade					
4th Grade					
5th Grade					
6th Grade	2	2	2	2	
7th Grade					
8th Grade					
9th Grade					
10th Grade					
11th Grade					
12th Grade					
Subtotal	19	19	16	16	-

Spec Ed - Elementary
Spec Ed- Middle School
Spec Ed - High School
Subtotal

Totals	19	19	16	16	-
Percentage Error		<u>0.00%</u>			<u>0.00%</u>

**RIVER VALE BOARD OF EDUCATION
CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

SECTION 1

Two Percent (2%) - Calculation of Excess Surplus

2010-2011 Total General Fund Expenditures per the CAFR	\$	19,881,378
Increased by:		
Transfer from Capital Reserve to Capital Projects Fund		163,400
Decreased by:		
On-Behalf TPAF Pension & Social Security		<u>(1,317,966)</u>
Adjusted 2010-2011 General Fund Expenditures	\$	<u>18,726,812</u>
2% of Adjusted 2010-2011 General Fund Expenditures	\$	<u>374,536</u>
Enter Greater of 2% of \$250,000		374,536
Increased by:		
Allowable Adjustments		<u>246,333</u>
	\$	<u>620,869</u>

SECTION 2

Total General Fund - Fund Balance at June 30, 2011 (Budgetary Basis)	\$	1,557,349
Decreased by:		
Year End Encumbrances		203,686
Excess Surplus - Designated for Subsequent Year's Expenditures		255,377
Other Reserved Fund Balances - Capital Reserve		<u>224,076</u>
Total Unassigned Fund Balance		<u>874,210</u>
Reserved Fund Balance - Excess Surplus (June 30, 2011)	\$	<u>253,341</u>

SECTION 3

Recapitulation of Excess Surplus as of June 30, 2011

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	\$	255,377
Reserved Excess Surplus		<u>253,341</u>
Total	\$	<u>508,718</u>

Detail of Allowable Adjustments

Additional Nonpublic School Transportation Aid	\$	6,264
Extraordinary Aid		<u>240,069</u>
	\$	<u>246,333</u>

RIVER VALE BOARD OF EDUCATION

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. Food Service Fund

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. Miscellaneous

There are none.

IX. Facilities and Capital Assets

It is recommended that continued efforts be maintained in submitting for reimbursement on the outstanding SDA receivable balance.

X. Status of Prior Year Audit Findings/Recommendations

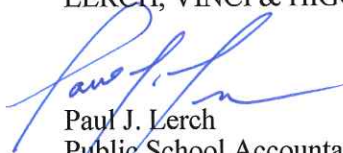
There were no recommendations in the prior year.

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



Paul J. Lerch
Public School Accountant
Certified Public Accountant