

**RIVER VALE BOARD OF EDUCATION
AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL COMPLIANCE AND PERFORMANCE
JUNE 30, 2021**

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

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INDEPENDENT AUDITOR’S MANAGEMENT REPORT

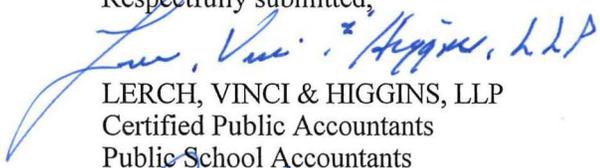
Honorable President and Members
of the Board of Education
River Vale Board of Education
River Vale, New Jersey

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 as of and for the fiscal year ended June 30, 2021, and have issued our report thereon dated March 4, 2022.

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.

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
March 4, 2022

**RIVER VALE BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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 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	\$150,000
Gennaro Rotella	Treasurer of School Monies	\$300,000

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

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 signatures, certification or supporting documentation.

Payroll Account

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

Payrolls were delivered to the Treasurer of School Monies with a warrant made to his order for the full amount of each payroll.

Salary withholdings were promptly remitted to the proper agencies, including health benefits contribution amounts to the general fund.

The District filed the required Certification (ECERT1) of Compliance with requirements for income tax compensation of certain administration 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

**RIVER VALE BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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.

Finding 2021-01 – Our audit of the year-end liabilities and subsequent payments issued revealed several instances when the purchase order should have been created and input into the District’s financial accounting and reporting software encumbering pre-referendum costs prior to year-end.

Recommendation 2021-01 – It is recommended the District encumber the funds of its contracts awarded prior to year-end.

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, capital project 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

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 General Fund in accordance with GASB 84.

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

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 projects under Title II 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, 2021**

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.

TPAF Reimbursement to the State for Federal Salary Expenditures

There were no TPAF employees' salaries paid from federal funds during the current fiscal year. Therefore, no TPAF reimbursement amounts were due to the State at June 30, 2021.

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. The School Business Administrator is a Qualified Purchasing Agent. The law regulating bidding for public school student transportation contracts under *N.J.S.A.* 18A:39-3 is \$19,600 for 2020-2021.

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, 2021**

Food Service Fund

The financial transactions and statistical records of the school food services were maintained in satisfactory condition.

Cash receipts and bank records were reviewed for timely deposit.

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

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.

The District does not participate in the Child Nutrition Program.

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, 2020 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 exceptions noted. 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 workpapers on the prescribed state forms of 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 2020-2021 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.

**RIVER VALE BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Miscellaneous

Not Applicable.

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.

Testing for Lead of all Drinking Water in Educational Facilities

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.

Follow-up Prior Year Findings

Not Applicable.

**RIVER VALE BOARD OF EDUCATION
FOOD SERVICE FUND
SCHEDULE OF MILK COUNTY ACTIVITY
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOT APPLICABLE

**RIVER VALE BOARD OF EDUCATION
FOOD SERVICE FUND
NET CASH RESOURCE SCHEDULE
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOT APPLICABLE

RIVER VALE BOARD OF EDUCATION
 APPLICATION FOR STATE SCHOOL AID
 ENROLLMENT AS OF OCTOBER 15, 2020
 SCHEDULE OF AUDITED ENROLLMENTS

	2021-2022 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 yrs	2		2		-			2		1						
Half Day Preschool - 4 yrs	2		2		-			2		3						
Full Day Kindergarten	83		83		-			41		41						
GRADE 1	102		102		-			56		56						
GRADE 2	92		92		-			41		41						
GRADE 3	100		100		-			50		50						
GRADE 4	111		111		-			49		49						
GRADE 5	92		92		-			58		58						
GRADE 6	108		108		-			108		108						
GRADE 7	118		118		-			118		118						
GRADE 8	120		120		-			120		120						
Subtotal	930	-	930	-	-			645	-	645	-	-				
Spec Ed - Elementary	60		60		-			24		24			1	1	1	-
Spec Ed- Middle School	63		63		-			25		25			2	2	2	-
Subtotal	123	-	123	-	-			49	-	49	-	-	3	3	3	-
Totals	1,053	-	1,053	-	-			694	-	694	-	-	3.0	3.0	3.0	-
Percentage Error					<u>0.00%</u>					<u>0.00%</u>					<u>0.00%</u>	

RIVER VALE BOARD OF EDUCATION
 APPLICATION FOR STATE SCHOOL AID
 ENROLLMENT AS OF OCTOBER 15, 2020
 SCHEDULE OF AUDITED ENROLLMENTS

	Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on	Reported on	Errors	Sample	Verified to	Sample	Reported	Reported	Errors	Sample	Sample	Errors
	A.S.S.A as	Workpapers as										
	Low	Low		Workpapers	and Register		ASSA	Workpapers				
Full Day Kindergarten			-									
GRADE 1			-									
GRADE 2			-									
GRADE 3			-									
GRADE 4			-									
GRADE 5			-									
GRADE 6			-									
GRADE 7			-									
GRADE 8			-									
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-
Spec Ed - Elementary			-									
Spec Ed- Middle School			-									
Totals	-	-	-	-	-	-	-	-	-	-	-	-
Percentage Error			<u>0.00%</u>				<u>0.00%</u>					<u>0.00%</u>

	Transportation					
	Reported on	Reported on	Errors	Tested	Verified	Errors
	DRTRS by	DRTRS by				
	DOE	District				
Regular- Public Schools	91	91	-	41	41	-
Regular - Sped.	-	-	-	-	-	-
Transported- Non- Public	10	10	-	5	5	-
Special Needs- Public	6	6	-	3	3	-
Totals	<u>107.0</u>	<u>107.0</u>	-	<u>49.0</u>	<u>49.0</u>	-
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

**RIVER VALE BOARD OF EDUCATION
 APPLICATION FOR STATE SCHOOL AID
 ENROLLMENT AS OF OCTOBER 15, 2020
 SCHEDULE OF AUDITED ENROLLMENTS**

	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 Kindergarten	2	2	-	2	1	1
GRADE 1			-			-
GRADE 2			-			-
GRADE 3			-			-
GRADE 4			-			-
GRADE 5			-			-
GRADE 6			-			-
GRADE 7			-			-
GRADE 8			-			-
Subtotal	<u>2</u>	<u>2</u>	<u>-</u>	<u>2</u>	<u>1</u>	<u>1</u>
Spec Ed - Elementary			-			-
Spec Ed- Middle School			-			-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u><u>2</u></u>	<u><u>2</u></u>	<u><u>-</u></u>	<u><u>2</u></u>	<u><u>1</u></u>	<u><u>1</u></u>
Percentage Error		<u><u>0.00%</u></u>			<u><u>50.00%</u></u>	

**RIVER VALE BOARD OF EDUCATION
CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

2020-2021 Total General Fund Expenditures per the CAFR	\$	27,626,512
Decreased by:		
On-Behalf TPAF Pension & Social Security		<u>(4,384,066)</u>
Adjusted 2020-2021 General Fund Expenditures	\$	<u>23,242,446</u>
4% of Adjusted 2020-2021 General Fund Expenditures	\$	929,698
Enter Greater of 4% of \$250,000	\$	929,698
Increased by:		
Allowable Adjustments		<u>310,245</u>
Maximum Unassigned		<u>\$ 1,239,943</u>
Total General Fund - Fund Balance at June 30, 2021 (Budgetary Basis)	\$	10,314,175
Decreased by:		
Year End Encumbrances	\$	64,529
Excess Surplus - Designated for Subsequent Year's Expenditures		140,788
Other Restricted Fund Balances - Capital Reserve		7,301,046
Other Restricted Fund Balances - Maintenance Reserve		562,077
Other Restricted Fund Balances - Emergency Reserve		250,000
Other Restricted Fund Balances - Unemployment Compensation		<u>755,792</u>
Total Unassigned Fund Balance		<u>1,239,943</u>
Reserved Fund Balance - Excess Surplus (June 30, 2021)	\$	<u><u>0</u></u>
<u>Recapitulation of Excess Surplus as of June 30, 2021</u>		
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	\$	140,788
Reserved Excess Surplus		<u>0</u>
Total	\$	<u><u>140,788</u></u>
<u>Detail of Allowable Adjustments</u>		
Additional Nonpublic School Transportation Aid	\$	11,600
Extraordinary Aid		<u>298,645</u>
	\$	<u><u>310,245</u></u>

RIVER VALE BOARD OF EDUCATION

RECOMMENDATIONS

I. **Administration Practices and Procedures**

There are none.

II. **Financial Planning, Accounting and Reporting**

It is recommended that the District encumber the funds of its contracts awarded prior to year-end.

III. **School Purchasing Program**

There are none.

IV. **Food Service Fund**

There are none.

V. **Park Academy Fund**

There are none.

VI. **Student Body Activities**

There are none.

VII. **Application for State School Aid**

There are none.

VIII. **Pupil Transportation**

There are none.

IX. **Miscellaneous**

There are none.

X. **Facilities and Capital Assets**

There are none.

XI. **Status of Prior Year Audit Findings/Recommendations**

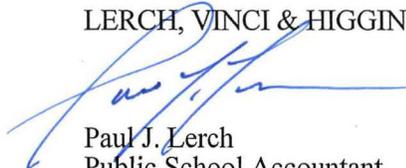
Not applicable.

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