

**RIDGE AND VALLEY  
CHARTER SCHOOL  
BLAIRSTOWN, NEW JERSEY**

**AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE  
FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS -  
FINANCIAL, COMPLIANCE AND PERFORMANCE**

Table of Contents

- Independent Auditors' Report ..... 1
- Scope of Audit ..... 2
- Administrative Practices and Procedures ..... 2
  - Insurance ..... 2
  - Official Bonds..... 2
  - Tuition..... 2
- Financial Planning, Accounting and Reporting ..... 2
  - Examination of Claims ..... 2
  - Payroll Account ..... 2
  - Employee Position Control Roster..... 3
  - Reserve for Encumbrances and Accounts Payable ..... 3
  - Classification of Expenditures ..... 3
  - Business Office Records..... 3
  - Treasurer's/Designee Records..... 3
  - Elementary and Secondary Education Act (ESEA) /Improving America's  
School 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 ..... 4
  - Contracts and Agreements Requiring Advertisement for Bids..... 4
- Student Body Activities ..... 5
- Enrollment Counts and Submissions to the Department..... 5
- Follow-Up on Prior Year Findings..... 5
- Acknowledgment..... 5
- Schedule of Meal Count Activity ..... 6
- Schedule of Audited Enrollments..... 7
- Excess Surplus Calculation ..... 9

Tax Identification Number  
35-2182241


Independent Auditors' Report

Honorable President and  
Members of the Board of Trustees  
Ridge and Valley Charter School  
County of Warren, New Jersey

We have audited, in accordance with generally accepted audit standards and *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Board of Trustees of the Ridge and Valley Charter School, in the County of Warren, State of New Jersey, for the year ended June 30, 2017 and have issued our report thereon dated September 28, 2017.

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

This report is intended for the information of the Ridge and Valley Charter School Board of Trustees management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.



Licensed Public School Accountant  
No. CS 00225900  
Cullari Carrico, LLC  
Raymond P. Burke, CPA, PSA, CGMA



September 28, 2017

**ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE REPORTING**

**SCOPE OF AUDIT**

The audit covered the financial transactions of the Board Secretary/School Business Administrator and the Treasurer of School Moneys, the activities of the Board of Trustees, and the records of the various funds under the auspices of the Board of Trustees.

**ADMINISTRATIVE PRACTICES AND PROCEDURES**

Insurance

Fire insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the school's CAFR.

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
All Board Members (Per Incident)		\$1,000,000

Tuition Charges

A review of the financial statements indicated that the charter school charged no tuition for any student attending the charter school.

**FINANCIAL PLANNING, ACCOUNTING AND REPORTING**

Examination of Claims

An examination of claims paid during the period under review did not indicate any discrepancies with respect to signatures, certification or 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 were approved by the designee in the charter school and were certified by the President of the Board and the Business Administrator.

Salary withholdings were promptly remitted to the proper agencies.

**Finding**

None

Employee Position Control Roster

The Board has established internal control procedures to ensure that a review of the Position Control Roster is performed to ensure proper and consistent financial reporting and that employee benefits are offered only to current employees and their eligible relations.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30 for proper classification of orders as reserve for encumbrances and accounts payable.

**Finding**

None

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23 A-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 selections specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23-8.3. As a result of the procedures performed, a transaction error rate of 0.00% was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

**Finding**

None

Business Office Records

Our review of the financial and accounting records maintained by the Business Office disclosed the following items.

**Finding**

None

Treasurer's / Designee Records

Our review of the financial and accounting records maintained by the treasurer disclosed no findings.

Elementary and Secondary Education Act (ESEA) / Improving America's Schools Act (IASA) as reauthorized by the No Child Left Behind Act (NCLB) of 2001.

The ESEA / NCLB 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 Titles I and VI of the Elementary and Secondary Education Act as amended and reauthorized.

The study of compliance for ESEA, IASA, and NCLB indicated the following areas of noncompliance and/or questionable costs.

**Finding**

None

Other Special Federal and/or State Projects

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

Our audit 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 Section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

T.P.A.F. Reimbursement

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

The amount of the expenditure charged to the current year's Final Report for all federal awards for the charter school to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the charter school 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.

**SCHOOL PURCHASING PROGRAMS**

Contracts and Agreements Requiring Advertisement for Bids

Effective July1, 2010 and thereafter, the bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$18,800.

The Charter School board of trustees has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract. 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.

The results of our examination indicated that no individual payments, contracts, or agreements were made for the performance of any work or goods or service 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.

### **STUDENT BODY ACTIVITIES**

During our review of the student activity funds, there were no items noted.

### **ENROLLMENT COUNTS AND SUBMISSIONS TO THE DEPARTMENT**

Our audit procedures included a test of enrollment information reported on October 15, 2016 and the last day of school for on-roll, special education, bilingual and low-income. The Ridge and Valley Charter School properly implemented and followed state mandated guidelines with regard to the two enrollment counts. The school has written internal procedures regarding the counts and attendance data, administered by Nanci Dvorsky, the administrative coordinator.

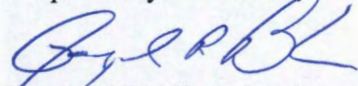
### **FOLLOW-UP ON PRIOR YEAR FINDINGS**

In accordance with government auditing standards, our procedures included a review of all prior year recommendations. Corrective action had been taken on all prior year findings with the exception of those findings noted in this report.

### **ACKNOWLEDGMENT**

We received the complete cooperation of all the officials of the charter school and we greatly appreciate the courtesies extended to us during our work on the audit.

Respectfully submitted,



Licensed Public School Accountant

No. CS 00225900

Cullari Carrico, LLC

Raymond P. Burke, CPA, PSA, CGMA

September 28, 2017

SCHEDULE OF MEAL COUNT ACTIVITY:

RIDGE AND VALLEY CHARTER SCHOOL  
FOOD SERVICE FUND  
NUMBER OF MEALS SERVED AND (OVER)/UNDER CLAIM  
ENTERPRISE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

<u>Program</u>	<u>Category</u>	<u>Meals Claimed</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>(Over)/Under Claim</u>
----------------	-----------------	--------------------------	---------------------------	-------------------	-------------	-------------------------------

NOT APPLICABLE FOR THE FISCAL YEAR ENDED JUNE 30, 2017



SCHEDULE OF AUDITED ENROLLMENTS

RIDGE AND VALLEY CHARTER SCHOOL  
 APPLICATION FOR CHARTER SCHOOL AID  
 ENROLLMENT COUNT AS OF OCTOBER 15, 2016

	Submission to DOE Reported On Roll	Reported On Workpapers	Verified Signed Registration Forms	Errors	Verified # of Days Enrolled	Errors	Special Education &/or Bilingual	Verified Documentation	Errors	Verified # of Days Service Provided	Errors	Low Income	Verified Documentation	Errors
Kindergarten	14	14	1	0	1	0	1	1	0	1	0	0	0	0
One	14	14	2	0	2	0	3	1	0	1	0	0	0	0
Two	15	15	2	0	2	0	4	1	0	1	0	0	0	0
Three	14	14	1	0	1	0	4	1	0	1	0	0	0	0
Four	13	13	1	0	1	0	3	1	0	1	0	0	0	0
Five	17	17	2	0	2	0	6	1	0	1	0	0	0	0
Six	13	13	1	0	1	0	3	1	0	1	0	0	0	0
Seven	11	11	1	0	1	0	3	1	0	1	0	0	0	0
Eight	13	13	1	0	1	0	3	1	0	1	0	0	0	0
Nine	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ten	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Eleven	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Twelve	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Totals	<u>124</u>	<u>124</u>	<u>12</u>	<u>0</u>	<u>12</u>	<u>0</u>	<u>30</u>	<u>9</u>	<u>0</u>	<u>9</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Percentage Error			<u>0.00%</u>		<u>0.00%</u>			<u>0.00%</u>		<u>0.00%</u>			<u>0.00%</u>	

SCHEDULE OF AUDITED ENROLLMENTS

RIDGE AND VALLEY CHARTER SCHOOL  
 APPLICATION FOR CHARTER SCHOOL AID  
 ENROLLMENT COUNT AS OF LAST DAY OF SCHOOL YEAR 2017

	Submission to DOE Reported On Roll	Reported On Workpapers	Verified Signed Registration Forms	Errors	Verified # of Days Enrolled	Errors	Special Education &/or Bilingual	Verified Documentation	Errors	Verified # of Days Service Provided	Errors	Low Income	Verified Documentation	Errors
Kindergarten	14	14	1	0	1	0	1	1	0	1	0	0	0	0
One	15	15	2	0	2	0	2	1	0	1	0	0	0	0
Two	15	15	2	0	2	0	4	1	0	1	0	0	0	0
Three	14	14	1	0	1	0	4	1	0	1	0	0	0	0
Four	14	14	2	0	2	0	5	1	0	1	0	0	0	0
Five	17	17	2	0	2	0	6	1	0	1	0	0	0	0
Six	13	13	1	0	1	0	3	1	0	1	0	0	0	0
Seven	11	11	1	0	1	0	3	1	0	1	0	0	0	0
Eight	13	13	1	0	1	0	3	1	0	1	0	0	0	0
Nine	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ten	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Eleven	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Twelve	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Totals	<u>126</u>	<u>126</u>	<u>13</u>	<u>0</u>	<u>13</u>	<u>0</u>	<u>31</u>	<u>9</u>	<u>0</u>	<u>9</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Percentage Error			<u>0.00%</u>		<u>0.00%</u>			<u>0.00%</u>		<u>0.00%</u>			<u>0.00%</u>	

**EXCESS SURPLUS CALCULATION**

**REGULAR DISTRICT**

**SECTION 1**

**A. 2% Calculation of Excess Surplus**

2016-17 Total General Fund Expenditures per the CAFR	\$ <u>2,017,122</u> (B)
Increased by:	
Transfer from Capital Outlay to Capital Projects Fund	\$ <u>0</u> (B1a)
Transfer from Capital Reserve to Capital Projects Fund	\$ <u>0</u> (B1b)
Transfer from General Fund to SRF for PreK-Regular	\$ <u>0</u> (B1c)
Transfer from General Fund to SRF for PreK-Inclusion	\$ <u>0</u> (B1d)
Decreased by:	
On-Behalf TPAF Pension & Social Security	\$ <u>216,105</u> (B2a)
Assets Acquired Under Capital Leases	\$ <u>0</u> (B2b)
Adjusted 2016-17 General Fund Expenditures (B)+(B1's)-(B2's)	\$ <u>1,801,017</u> (B3)
2% of Adjusted 2016-17 General Fund Expenditures (B3) times 0.02	\$ <u>36,020</u> (B4)
Enter Greater of (B4) or \$250,000	\$ <u>250,000</u> (B5)
Increased by: Allowable Adjustment*	\$ <u>0</u> (K)
Maximum Unreserved/Undesignated Fund Balance (B5)+(K)	\$ <u>250,000</u> (M)

**SECTION 2**

Total General Fund - Fund Balances @ 6-30-17 (Per CAFR Budgetary Comparison schedule/statement)	\$ <u>268,429</u> (C)
Decreased by:	
Year-end Encumbrances	\$ <u>0</u> (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ <u>0</u> (C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ <u>0</u> (C3)
Other Restricted Fund Balances****	\$ <u>34,503</u> (C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	\$ <u>0</u> (C5)
Total Unassigned Fund Balance (C)-(C1)-(C2)-(C3)-(C4)-(C5)	\$ <u>233,926</u> (U1)

**SECTION 3**

Restricted Fund Balance - Excess Surplus\*\*\*(U1)-(M) IF NEGATIVE ENTER -0- \$ 0 (E)

**Recapitulation of Excess Surplus as of June 30, 2017**

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ <u>0</u> (C3)
Reserved Excess Surplus*** (E)	\$ <u>0</u> (E)
Total [(C3) + (E)]	\$ <u>0</u> (D)

\* This adjustment line (as detailed below) is to be utilized when applicable for: Impact Aid, Sale and Lease back (Refer to the Audit Program Section II, chapter 10), Extraordinary Aid, Additional and Nonpublic School Transportation Aid, and recognized current year School Bus Advertising Revenue. Refer to the Audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid and Additional Nonpublic School Transportation Aid.

**Detail of Allowable Adjustments**

Impact Aid	\$ <u>0</u> (H)
Sale & Lease-back	\$ <u>0</u> (I)
Extraordinary Aid	\$ <u>0</u> (J1)
Additional Nonpublic Transportation Aid	\$ <u>0</u> (J2)
Current Year School Bus Advertising Revenue Recognized	\$ <u>0</u> (J3)
Total Adjustments (H)+(I)+(J1)+(J2)+(J3)	\$ <u>0</u> (K)

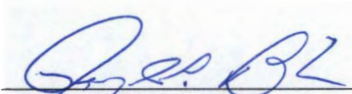
\*\* This amount represents the June 30, 2017 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

\*\*\* Amount must agree to the June 30, 2017 CAFR and the sum of the two lines must agree to Audit Summary Worksheet Line 90030.

\*\*\*\* Amount for Other Reserved Fund Balances must be detailed for each source. Use in the excess surplus calculation of any legal reserve that is not state mandated or that is not legally imposed by another type of government, such as the judicial branch of government, must have Departmental approval. District requests should be submitted to the Division of Finance prior to September 30.

**Detail of Other Restricted Fund Balance**

Statutory restrictions	\$	<u>0</u>
Approved unspent separate proposal	\$	<u>0</u>
Sale/lease-back reserve	\$	<u>0</u>
Capital reserve	\$	<u>0</u>
Maintenance reserve	\$	<u>30,233</u>
Emergency reserve	\$	<u>0</u>
School Closing Reserve	\$	<u>4,270</u>
Tuition reserve	\$	<u>0</u>
School Bus Advertising 50% Fuel Offset Reserve - current year	\$	<u>0</u>
School Bus Advertising 50% Fuel Offset Reserve - prior year	\$	<u>0</u>
Impact Aid General Reserve Fund (Sections 8002 and 8003)	\$	<u>0</u>
Impact Aid Capital Fund Reserve (Sections 8002 and 8003)	\$	<u>0</u>
Other state/government mandated reserve	\$	<u>0</u>
(Other Restricted Fund Balance not noted above)****	\$	<u>0</u>
 Total Other Restricted Fund Balance	\$	<u>34,503</u> (C4)

  
\_\_\_\_\_  
Raymond P. Burke, CPA, PSA