

**NORTHVALE BOARD OF EDUCATION  
AUDITORS' MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS -  
FINANCIAL, COMPLIANCE AND PERFORMANCE  
JUNE 30, 2015**

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

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Honorable President and Members  
of the Board of Trustees  
Northvale Board of Education  
Northvale, 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 Northvale Board of Education as of and for the fiscal year ended December 16, 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.

Respectfully submitted,

LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Public School Accountants

Gary W. Higgins  
Public School Accountant  
PSA Number CS00814

Fair Lawn, New Jersey  
December 16, 2015

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

**GENERAL COMMENTS**

**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 and 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 the Insurance Schedule contained in the District's Comprehensive Annual Financial Report (the "CAFR").

**Official Bonds**

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Deborah Ann Trainor	Business Administrator/Board Secretary	\$100,000
Suzanne Burroughs	Treasurer of School Monies	180,000

There is public employee dishonesty coverage covering all other employees with coverage of \$100,000 per employee and \$400,000 per loss.

**Tuition Charges**

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were less than estimated costs. The Board made a proper adjustment to the billings to sending districts for the decrease in 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 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 tested were certified by the President of the Board and the Board Secretary/Business Administrator and the Chief School Administrator.

Salary withholdings were promptly remitted to the proper agencies, including health benefits withholding.

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

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

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

Payroll Account (Continued)

The Board has implemented and maintains a personnel tracking and accounting (Position Control) system.

**Finding** – The required Certification (E-CERT1) of Compliance with requirements for income tax on compensation of administrators (Superintendent and Business Administrator) to the NJ Department of Treasury was not filed.

**Recommendation** – The Board of Education should designate someone to prepare and submit the certifications as required by N.J.S.A. 18A:14.4 and submit the E-CERT1 if not yet submitted.

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. 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. 6:23-2.2(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 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-8.2. As a result of the procedures performed, no errors were noted.

Board Secretary's Records

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

Treasurer's Records

The Treasurer did perform cash reconciliations for the general operating, net pay and payroll agency accounts (N.J.S.A. 18A:17-36).

All cash receipts were promptly deposited.

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

The I.A.S.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 III of the Elementary and Secondary Education Act as amended.

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.

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

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

**Other Special Federal and/or State Projects**

The District's Special Projects were approved as listed on Exhibit K-3 (Schedule A) and Exhibit K-4 (Schedule B) 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.

**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). No exceptions were noted.

**T.P.A.F. Reimbursements to State for Federal Salary Expenditures**

None.

**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-3 (as amended) and 18A:39-3 are \$36,000 and \$26,000, respectively. The Business Administrator has been designated the Chief Purchasing Agent of the District and the Board of Education has adopted a resolution increasing 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 contract 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.

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 purchases were made through the use of State contracts.

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

**School Food Service**

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

Cash receipts and bank records were reviewed for timely deposit.

Expenditures were separately recorded as milk and labor. 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.

**Student Body Activities**

The Board has a policy which clearly established the regulation of student activity funds.

Cash receipts were promptly deposited.

Cash disbursements were supported by proper documentation.

**Application for State School Aid**

Our audit procedures included a test of information reported in the October 15, 2014 Application for State School Aid (A.S.S.A.) for on-roll, related services, private schools for the handicapped, low-income and bilingual. 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 without exception. 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 had 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 exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures were to review the 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 indicated a review of the SDA grant agreements for consistency with recording SDA revenue, transfer of local funds from General Fund or from the Capital Reserve Account, and awarding of contracts for eligible facilities construction.

**NORTHVALE BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
SCHEDULE OF MEAL COUNT ACTIVITY**

NOT APPLICABLE

**SCHEDULE OF NET CASH RESOURCES – FOOD SERVICE**

NOT APPLICABLE

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

	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 Veri- cation	Sample Verified	Sample Errors		
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared						
Half Day Preschool 3 Years Old					-	-												
Full Day Preschool 3 Years Old					-	-												
Half Day Preschool 4 Years Old					-	-												
Full Day Preschool 4 Years Old					-	-												
Half Day Kindergarten					-	-												
Full Day Kindergarten	48		48		-	-	48		48		-							
Grade 1	48		48		-	-	48		48		-							
Grade 2	43		43		-	-	43		43		-							
Grade 3	40		40		-	-	40		40		-							
Grade 4	48		48		-	-	48		48		-							
Grade 5	46		46		-	-	46		46		-							
Grade 6	49		49		-	-	49		49		-							
Grade 7	79		79		-	-	79		79		-							
Grade 8	50		50		-	-	50		50		-							
Grade 9					-	-					-							
Grade 10					-	-					-							
Grade 11					-	-					-							
Grade 12					-	-					-							
Post- Graduate					-	-					-							
Adult High School (15+ Credits)					-	-					-							
Adult High School (1-14 Credits)					-	-					-							
Subtotal	451	-	451	-	-	-	451	-	451	-	-	-	-	-	-	-	-	
Sp Ed - Elementary	23		23		-	-	18		18		-							
Sp Ed - Middle School	36		36		-	-	27		27		-		1	1	1	-	-	
Sp Ed - High School					-	-					-							
Subtotal	59	-	59	-	-	-	45	-	45	-	-	-	1	1	1	-	-	
County Vocational - Regular					-	-					-							
County Vocational - F.T. Post-Second					-	-					-							
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Totals	510	-	510	-	-	-	496	-	496	-	-	-	1	1	1	-	-	
Percentage Error					0.00%						0.00%						0.00%	



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

	Resident LEP Not Low Income			Sample for Verification		
	Reported on ASSA as NOT Low Income	Reported on Workpapers as NOT low Income	Errors	Sample Selected From Workpapers	Verified to Application and Register	Errors
Half Day Preschool 3 Years Old						
Full Day Preschool 3 Years Old			-			-
Half Day Preschool 4 Years Old			-			-
Full Day Preschool 4 Years Old			-			-
Half Day Kindergarten			-			-
Full Day Kindergarten	5	5	-	5	5	-
Grade 1	6	6	-	6	6	-
Grade 2	3	3	-	2	2	-
Grade 3	2	2	-	1	1	-
Grade 4	-	-	-			-
Grade 5	-	-	-			-
Grade 6	2	2	-	1	1	-
Grade 7	1	1	-	1	1	-
Grade 8	-	-	-			-
Grade 9	-	-	-			-
Grade 10	-	-	-			-
Grade 11	-	-	-			-
Grade 12	-	-	-			-
Post- Graduate			-			-
Adult High School (15+ Credits)			-			-
Adult High School (1-14 Credits)			-			-
<b>Subtotal</b>	<b>19</b>	<b>19</b>	<b>-</b>	<b>16</b>	<b>16</b>	<b>0</b>
Sp Ed - Elementary	1	1	-	1	1	-
Sp Ed - Middle School	1	1	-	1	1	-
Sp Ed - High School						-
<b>Subtotal</b>	<b>2</b>	<b>2</b>	<b>-</b>	<b>2</b>	<b>2</b>	<b>-</b>
County Vocational - Regular						
County Vocational - F.T. Post-Second						
<b>Subtotal</b>						
<b>Totals</b>	<b>21</b>	<b>21</b>	<b>-</b>	<b>18</b>	<b>18</b>	<b>-</b>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

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

**SECTION 1 - Two Percent (2%) - Calculation of Excess surplus (2014-2015 expenditures of \$100 million or less)**

2014-2015 Total General Fund Expenditures per the CAFR	\$ 9,545,617
Increased by:	
Transfer from Capital Outlay to Capital Projects	273,367
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>(823,180)</u>
Adjusted 2014-2015 General Fund Expenditures	<u>\$ 8,995,804</u>
2% of Adjusted 2014-2015 General Fund Expenditures	<u>\$ 179,916</u>
Enter Greater of 2% of Adjusted 2014-2015 General Fund Expenditures or \$250,000	\$ 250,000
Increased by:	
Allowable Adjustments	<u>138,258</u>
Maximum Unassigned Fund Balance	<u>\$ 388,258</u>

**SECTION 2**

Total General Fund - Fund Balance at June 30, 2015	\$ 4,016,176
Decreased by:	
Restricted	
Emergency Reserve	250,000
Maintenance Reserve	125,913
Capital Reserve	1,701,131
Excess Surplus - Designated for Subsequent Year's Expenditures	883,694
Assigned Year-End Encumbrances	<u>45,808</u>
Total Unassigned Fund Balance	<u>\$ 1,009,630</u>

**SECTION 3**

Restricted Fund Balance - Excess Surplus	<u>\$ 621,372</u>
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**Recapitulation of Excess Surplus as of June 30, 2015**

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures	\$ 883,694
Restricted Excess Surplus	<u>621,372</u>
	<u>\$ 1,505,066</u>

**Detail of Allowable Adjustments**

Extraordinary Aid 2014-2015	\$ 135,703
Nonpublic Transportation Aid 2014-2015	<u>2,555</u>
	<u>\$ 138,258</u>

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

**RECOMMENDATIONS**

**I. Administrative Practices and Procedures**

It is recommended that the Board of Education should designate someone to prepare and submit the certification as required by N.J.S.A. 18A:14.4 and submit the E-CERT1 if not yet submitted.

**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. Facilities and Capital Assets**

There are none.

**IX. Miscellaneous**

There are none.

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

**X. Status of Prior Years' Audit Findings/Recommendations**

A review was performed on the prior year's recommendation and corrective action was taken.

**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



Gary W. Higgins  
Public School Accountant  
Certified Public Accountant