

**TOWNSHIP OF RIDGEWOOD  
SCHOOL DISTRICT**

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

**For the Fiscal Year Ended June 30, 2011**

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

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MCKINLEY, WHITE & CO., L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Honorable President and Members  
of the Board of Education  
Township of Ridgewood School District  
County of Bergen  
Ridgewood, 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; and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey; the basic financial statements of the Board of Education of the Township of Ridgewood School District, in the County of Bergen, State of New Jersey, for the year ended June 30, 2011, and have issued our report thereon dated November 29, 2011.

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 solely for the information and use of the management of the Board of Education of the Township of Ridgewood and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

*McKinley, White & Co., LLP*

MCKINLEY, WHITE & CO., L.L.P.  
Certified Public Accountants

By: *Susan T. White*  
Susan T. White  
Public School Accountant  
License #20CS00119300

Paramus, New Jersey

November 29, 2011

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

### **Scope of Audit**

The audit covered the financial transactions of the Assistant Superintendent for Business/Board Secretary and the 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 Exhibit J-20, Insurance Schedule contained in the District's CAFR.

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

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Steven Sanzari	Treasurer of School Moneys	500,000
Angelo DeSimone	Assistant Superintendent for Business/ Board Secretary	500,000

The Board has coverage in the amount of \$100,000, for employee dishonesty with faithful performance with Selective Insurance Company of America.

#### **Tuition Charges**

A comparison of tentative tuition charges and actual certified tuition charges was made. The District made a proper adjustment to the billings to sending districts for the adjustment in per pupil costs 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 discrepancies with respect to signatures, certification or supporting documentation.

#### **Payroll Account**

The net salaries of all employees of the District 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 President of the Board, the Assistant Superintendent for Business/Board Secretary and the Chief School Administrator.

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

Payrolls were delivered to the Treasurer of School Moneys with a warrant for the full amount of each payroll.

## **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 proper classification of orders as reserve for encumbrances and accounts payable. No exceptions were noted.

### **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. As a result of the procedures performed, no errors were noted, and no additional procedures were deemed necessary to test the propriety of general and administrative expenditure classifications.

### **Board Secretary's Records**

During our review of the Board Secretary's records no exceptions were noted.

### **Treasurer's Records**

During our review of the Treasurer's records no exceptions were noted.

### **Elementary and Secondary Education (E.S.E.A.)/Improving America's Schools 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 the projects under Title I, II, III, and IV of the Elementary and Secondary Education Act, as amended and reauthorized.

The study of compliance for E.S.E.A. indicated there were no areas of noncompliance and/or questioned costs.

### **Other Special Federal, State, and/or Local Projects**

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

Our audit of the Federal, State and Local 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.

The study of compliance for special projects indicated there were no areas of noncompliance and/or questioned costs.

### **T.P.A.F. Reimbursements**

Our audit procedures included a test of the semimonthly reimbursements 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:18A-3(a) are \$36,000 (with a Qualified Purchasing Agent) and \$26,000 (without a Qualified Purchasing Agent), respectively. The Board appointed the Assistant Superintendent for Business as the Qualified Purchasing Agent. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$17,200.

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 Solicitor's opinion should be sought before a commitment is made.

The results of our examination indicated that there were no individual payments, contracts, or agreements 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. 18A:18A-4, as amended.

In accordance with N.J.S.A. 18A:18A-37, for all contracts that in the aggregate are less than the bid threshold but 15 percent or more of that amount, the purchasing agent shall award the contract after soliciting at least two competitive quotations, if practicable. The award shall be made to a vendor whose response is most advantageous, price and other factors considered. The purchasing agent shall retain the record of the quotation solicitation and shall include a copy of the record with the voucher used to pay the vendor. No exceptions were noted.

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

## **School Food Service**

The Board of Education had a contract with an outside catering firm to provide the service in the cafeteria for the 2010-2011 school year. While the nutrition program was not considered a major program for single audit purposes, the financial records of the outside caterer were subjected to various audit tests, and a service audit report on the food service management company's internal control structure, policies and procedures were reviewed. No exceptions were noted.

Exhibits reflecting Child Nutrition Program operations are included in the CAFR entitled Enterprise Funds Exhibit B.

## **Athletics and Student Body Activities**

### **Finding 2011 - 1**

During our review of athletics and student body activities we noted one school and the athletic account did not adhere to district policies and procedures concerning maintenance of the books and records and preparation of bank reconciliations.

### **Recommendation**

That the athletic account and one school adhere to district policies and procedures concerning maintenance of the books and records and preparation of bank reconciliations.

## **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 schools for the disabled, low-income and bilingual. We also performed a review of the districts procedures related to its completion. The information on the A.S.S.A. was compared to the district's 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 2010-2011 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with an 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.

## **Facilities and Capital Assets**

Our procedures included a review of the SDA grant agreements for consistency with recording SDA revenue and awarding of contracts for eligible facilities construction. No exceptions were noted.

## **Follow-up on Prior Years' 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.

## **Acknowledgment**

We received the complete cooperation of all the officials of the District and we greatly appreciate the courtesies extended to the members of the audit team.





SCHEDULE OF AUDITED ENROLLMENTS

TOWNSHIP OF RIDGEWOOD SCHOOL DISTRICT  
 APPLICATION FOR STATE SCHOOL AID SUMMARY  
 ENROLLMENT AS OF OCTOBER 15, 2010

	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 Application and Register	Sample Errors
Half Day Kindergarten	1	1		1	1							
One	5	5		3	3		3	3		1	1	
Two	8	8		7	7		1	1		1	1	
Three	3	3		2	2							
Four	4	4		1	1							
Five	6	6		5	5							
Six	8	8		6	6		1	1				
Seven	1	1		1	1							
Eight	4	4		2	2							
Nine	5	5		5	5							
Ten	4	4		2	2		1	1		1	1	
Eleven	12	12		9	9							
Twelve	2	2		2	2							
Subtotal	63	63		46	46		6	6		3	3	
Special Ed - Elementary	25	25		16	16		1	1				
Special Ed - Middle School	5	5		4	4							
Special Ed - High School	11	11		5	5							
Subtotal	41	41		25	25		1	1				
Totals	104	104		71	71		7	7		3	3	
Percentage Error												

SCHEDULE OF AUDITED ENROLLMENTS

TOWNSHIP OF RIDGEWOOD SCHOOL DISTRICT  
 APPLICATION FOR STATE SCHOOL AID SUMMARY  
 ENROLLMENT AS OF OCTOBER 15, 2010

	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 Test Score and Register	Sample Errors
Half Day Kindergarten	5	5		4	4	
One	13	13		5	5	
Two	9	9		9	9	
Three	3	3		3	3	
Four	5	5		3	3	
Five	9	9		6	6	
Six	4	4		3	3	
Seven	4	4		3	3	
Eight	9	9		6	6	
Nine	11	11		11	11	
Ten	3	3		3	3	
Eleven	3	3		3	3	
Twelve	1	1		1	1	
Subtotal	<u>79</u>	<u>79</u>		<u>60</u>	<u>60</u>	
Special Ed - Elementary	2	2		2	2	
Special Ed - Middle School						
Special Ed - High School						
Subtotal	<u>2</u>	<u>2</u>		<u>2</u>	<u>2</u>	
Totals	<u>81</u>	<u>81</u>		<u>62</u>	<u>62</u>	
Percentage Error						

TOWNSHIP OF RIDGEWOOD SCHOOL DISTRICT  
 Schedule of Excess Surplus Calculation  
 June 30, 2011

**SECTION 1**

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

2010-2011 Total General Fund expenditures per the CAFR, Ex. C-1	\$	90,537,047	(B)
Increased by:			
Transfers to Food Service Fund			(B1a)
Transfer from Capital Outlay to Capital Projects Fund			(B1b)
Transfer from Capital Reserve to Capital Projects Fund			(B1c)
Decreased by:			
On-Behalf TPAF Pension & Social Security		6,061,346	(B2a)
Assets acquired under capital lease		<u>1,215,000</u>	(B2b)
Adjusted 2010-2011 General Fund expenditures [(B)+(B1s)-(B2s)]	\$	<u>83,260,701</u>	(B3)
2% of adjusted 2010-11 General Fund expenditures [(B3 x 2%)]	\$	1,665,214	(B4)
Enter greater of (B4) or \$250,000		1,665,214	(B5)
Increased by : Allowable adjustment		<u>471,322</u>	(K)
Maximum unreserved/undesignated fund balance [(B5 + K)]	\$	<u>2,136,536</u>	(M)

**SECTION 2**

Total General Fund - fund balances @ 6-30-11 (Per CAFR Budgetary Comparison Schedule C-1)	\$	7,310,348	(C)
Decreased by:			
Year-end encumbrances		681,865	(C1)
Legally restricted - designated for subsequent year's expenditures			(C2)
Legally restricted - excess surplus - designated for subsequent year's expenditures		1,356,613	(C3)
Other restricted fund balances		2,035,334	(C4)
Assigned fund balance - unreserved - designated for subsequent year's expenditures			<u>                    </u> (C5)
Total unassigned fund balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	\$	<u>3,236,536</u>	(U1)

