

**RIVER DELL REGIONAL
SCHOOL DISTRICT**

**AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS**

FINANCIAL, COMPLIANCE AND PERFORMANCE

For the Fiscal Year Ended June 30, 2017

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

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INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Education
River Dell Regional School District
County of Bergen
River Edge, 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 Board of Education of River Dell Regional School District in the County of Bergen, State of New Jersey, for the year ended June 30, 2017, and have issued our report thereon dated December 1, 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 solely for the information and use of the management of the River Dell Regional Board of Education and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Smolin, Lupin & Co., P.A.

Smolin, Lupin & Co., P.A.
Certified Public Accountants

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

Fairfield, New Jersey
December 1, 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 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 Comprehensive Annual Financial Report (CAFR).

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

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Irwin S. Cohen	Treasurer of School Moneys	\$ 300,000
Thomas L. Bonfiglio	School Business Administrator/ Board Secretary	100,000

The Board has coverage in the amount of \$500,000, for employee dishonesty with faithful performance with School Alliance Insurance Fund.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges were 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 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 President of the Board, the School Business Administrator/Board Secretary, and the Chief School Administrator.

Salary withholdings were promptly remitted to the proper agencies, including health benefits withholding due to the general fund. No exceptions were noted in our examination of the account.

Financial Planning, Accounting and Reporting (Continued)

Employee Position Control Roster

A sample of the Employee Position Control Roster indicated it was in satisfactory condition.

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.

Board Secretary's Records

The Board Secretary's records were maintained in satisfactory condition with no exceptions.

Treasurer's Records

There were no exceptions noted on the Treasurer's records.

Elementary and Secondary Education Act (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 Titles II and III of the Elementary and Secondary Education Act as amended and reauthorized.

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

Other Special Federal and/or State Projects

The District's special projects were approved as listed on K-3 (Schedule A) and K-4 (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.

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

Financial Planning, Accounting and Reporting (Continued)

T.P.A.F. Reimbursement

Our audit procedures included a test of the semimonthly 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.

TPAF Reimbursement to the State for Federal Salary Expenditures

There were no salaries identified as being paid from federal funds that required reimbursement to the State for TPAF/FICA payments made by the State on-behalf of the District. The report was timely filed and no exceptions were noted.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

Effective July 1, 2015 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 Board appointed the School Business Administrator as Purchasing Agent. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$18,800.

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.

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 services, the results of such an accumulation could not be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

The results of our procedures indicated that there were no individual payments, contracts or agreements 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 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.

School Purchasing Programs (Continued)

Contracts and Agreements Requiring Advertisement for Bids (continued)

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" as 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. 1988; therefore, the extent of such purchases could not reasonably be ascertained. Our procedures did reveal, however, that purchases were made through the use of State contracts.

School Food Service

The Board of Education had a contract with an outside catering firm to provide the service in the cafeteria for the 2016 - 2017 school year. The financial records of the outside caterer were subject to various audit tests. The Board did not participate in the Child Nutrition Programs and received no federal or state subsidies. No exceptions were noted.

Exhibits reflecting Food Service Program operations are included in the CAFR entitled Enterprise Fund - Food Service Fund, Exhibit B.

Athletics and Student Body Activities

A review of the athletics and student body activities funds account was performed and no exceptions were noted.

Application for State School Aid

Our audit procedures included a test of information reported in the October 14, 2016 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the disabled, bilingual, and low-income. 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. The information that was included on the workpapers was verified with no 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 2016-2017 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with no 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

A review of the capital assets fund was performed and no exceptions were noted.

Follow-up on Prior Year Findings

In accordance with Government Auditing Standards, our procedures included a review of the prior year recommendation. Corrective action was taken on the prior year finding with no exceptions.

Acknowledgment

We wish to express our appreciation for the cooperation and assistance extended to us by Patrick J. Fletcher, Superintendent, and Thomas L. Bonfiglio, School Business Administrator/Board Secretary, and the Business Office staff, during the course of our audit.

SCHEDULE OF AUDITED ENROLLMENTS

RIVER DELL REGIONAL SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 14, 2016

	2016-2017 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		Sample Selected From Workpapers On Roll		Verified per Registers On Roll		Reported on A.S.S.A. as Private Schools		Sample for Verification		Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Seven	232		232		232		232							
Eight	249		249		249		249							
Nine	219		219		219		219							
Ten	227	1	227	1	227	1	227	1						
Eleven	200	1	200	1	200	1	200	1						
Twelve	243	5	243	5	243	5	243	5						
Subtotal	1,370	7	1,370	7	1,370	7	1,370	7						
Special Ed - Middle School	85		85		85		85		4		4		4	
Special Ed - High School	136	8	136	8	136	8	136	8	8		8		8	
Subtotal	221	8	221	8	221	8	221	8			12		12	
Totals	1,591	15	1,591	15	1,591	15	1,591	15			12		12	

Percentage Error

	Transportation			
	Reported on DRTS by DOE	Reported on DRTS by District	Tested	Errors
Reg - Public Schools, col. 1	102.0	102.0	69.0	69.0
Reg - Special Ed, col. 4	15.0	15.0	13.0	13.0
Transported - Non-Public, col. 3	74.0	74.0	56.0	56.0
Special Ed Special Needs, col. 6	23.0	23.0	20.0	20.0
Totals	214.0	214.0	158.0	158.0

Percentage Error

	Reported	Re-Calculated
Average Mileage - Regular Including Grade PK students (Part A)	4.6	4.6
Average Mileage - Regular Excluding Grade PK students (Part B)	4.6	4.6
Average Mileage - Special Ed with Special Needs	13.2	13.2

SCHEDULE OF AUDITED ENROLLMENTS

RIVER DELL REGIONAL SCHOOL DISTRICT
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 14, 2016

	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
Seven	3	3		3	3							
Eight	1	1		1	1							
Nine	1	1		1	1							
Ten												
Eleven	7	7		5	5							
Twelve												
Subtotal	12	12		10	10							
Special Ed - Middle School	1	1		1	1							
Special Ed - High School	1	1		1	1							
Subtotal	2	2		2	2							
Totals	14	14		12	12							
Percentage Error												

SCHEDULE OF AUDITED ENROLLMENTS

RIVER DELL REGIONAL SCHOOL DISTRICT
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 14, 2016

	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
Seven	7	7		5	5	
Eight	5	5		4	4	
Nine	4	4		4	4	
Ten	3	3		3	3	
Eleven	1	1		1	1	
Twelve	1	1		1	1	
Subtotal	21	21		18	18	
Special Ed - Middle School						
Special Ed - High School						
Subtotal						
Totals	21	21		18	18	
Percentage Error						

RIVER DELL REGIONAL SCHOOL DISTRICT
Schedule of Excess Surplus Calculation
June 30, 2017

SECTION 1

A. 2% Calculation of Excess Surplus

2016-2017 Total General Fund expenditures per the CAFR, Ex. C-1	\$	34,901,008	(B)
Increased by:			
Transfer from Capital Outlay to Capital Projects Fund			(B1a)
Transfer from Capital Reserve to Capital Projects Fund			(B1b)
Transfer from General Fund to SRF for PreK-Regular			(B1c)
Transfer from General Fund to SRF for PreK-Inclusion			(B1d)
Decreased by:			
On-Behalf TPAF Pension & Social Security		4,099,728	(B2a)
Assets acquired under capital lease		<u> </u>	(B2b)
Adjusted 2016-2017 General Fund expenditures [(B)+(B1s)-(B2s)]	\$	<u>30,801,280</u>	(B3)
2% of adjusted 2016-17 General Fund expenditures [(B3 x 2%)]	\$	616,026	(B4)
Enter greater of (B4) or \$250,000		616,026	(B5)
Increased by : Allowable adjustment *		<u>8,526</u>	(K)
Maximum unassigned/undesignated-unreserved fund balance [(B5 + K)]	\$	<u>624,552</u>	(M)

SECTION 2

Total General Fund - fund balances @ 6-30-17 (Per CAFR Budgetary Comparison Schedule C-1)	\$	3,514,631	(C)
Decreased by:			
Year-end encumbrances		87,705	(C1)
Legally restricted - designated for subsequent year's expenditures			(C2)
Legally restricted - excess surplus - designated for subsequent year's expenditures		275,000	(C3)
Other restricted fund balances		2,252,374	(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>899,552</u>	(U1)

SECTION 3

Restricted fund balance - excess surplus (U1 - M) If negative enter -0-	\$	<u>275,000</u>	(E)
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RIVER DELL REGIONAL SCHOOL DISTRICT
Schedule of Excess Surplus Calculation
June 30, 2017

Recapitulation of Excess Surplus as of June 30, 2017

Reserved excess surplus - designated for subsequent year's expenditures	\$	275,000	(C3)
Reserved excess surplus (E)		<u>275,000</u>	(E)
Total excess surplus [(C3)+(E)]	\$	<u><u>550,000</u></u>	(D)

Detail of Allowable Adjustments

Impact Aid	\$		(H)
Sale & Lease-back			(I)
Extraordinary Aid			(J1)
Additional Nonpublic School Transportation Aid		8,526	(J2)
Current year school bus advertising revenue recognized			(J3)
Family Crisis Transportation Aid		<u> </u>	(J4)
Total adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)]	\$	<u><u>8,526</u></u>	(K)

Detail of Other Restricted Fund Balance

Statutory restrictions:			
Approved unspent separate proposal	\$		
Sale/lease-back reserve			
Capital reserve		2,252,374	
Maintenance reserve			
Emergency reserve			
Tuition reserve			
School bus advertising 50% fuel offset reserve - current year			
School bus advertising 50% fuel offset reserve - prior year			
Impact Aid General Fund reserve (Sections 8002 and 8003)			
Impact Aid General Fund reserve (Sections 8007 and 8008)			
Other state/government mandated reserve			
Other restricted fund balance not noted above		<u> </u>	
Total other restricted fund balance	\$	<u><u>2,252,374</u></u>	(C4)

AUDIT RECOMMENDATIONS SUMMARY

Administrative Practices and Procedures

None

Financial Planning, Accounting and Reporting

None

School Purchasing Programs

None

School Food Service

None

Athletics and Student Body Activities

None

Application for State School Aid

None

Pupil Transportation

None

Facilities and Capital Assets

None

Follow-up on Prior Year Findings/Recommendations

A review was performed on the prior year recommendation. Corrective action was taken on the prior year finding.