

**RIVERDALE BOARD OF EDUCATION
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2021**

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

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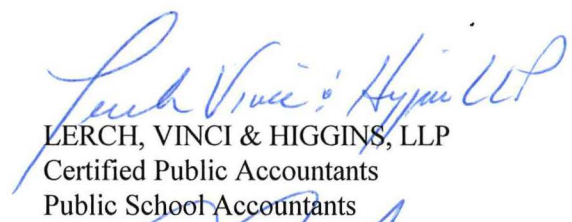
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Honorable President and
Members of the Board of Trustees
Riverdale Board of Education
Riverdale, New Jersey

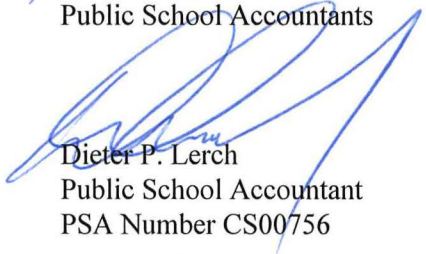
We have audited in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Riverdale Board of Education as of and for the fiscal year ended June 30, 2021, and have issued our report thereon dated February 9, 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 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.



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



Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
February 9, 2022

**RIVERDALE 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 Moneys, 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 detailed on Exhibit J-20, Schedule of Insurance contained in the District's CAFR.

Officials Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Jayson Gutierrez	School Business Administrator/ Board Secretary	\$ 155,000
Omar Garcia	Treasurer of School Monies	200,000

There is a Public Employees' Faithful Performance Blanket Position Bond with the American Alternative Insurance Company covering all other employees with multiple coverage of \$500,000.

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

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/School Business Administrator and Chief School Administrator.

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

The District maintains a personnel tracking and accounting (Position Control) system.

The required certification (E-Cert1) of compliance with requirements of income tax on compensation of District Administration was filed with the NJ Department of Treasury by the due date.

**RIVERDALE 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 proper classification of orders as reserve for encumbrances and accounts payable.

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.

Travel

The District had an approval board travel policy and required by N.J.A.C. 6A:23a-6.13 and N.J.S.A. 18A:11-12.

Board Secretary's Reports

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

The district made board approved line-item transfers during the year.

The prescribed contractual order system was followed.

Acknowledgment of the Board's receipt of the Board Secretary's and Treasurer's monthly financial reports was included in the minutes.

The audit revealed that the original budget per the budget appropriations report agreed to the appropriations reflected in the original budget.

Treasurer's Records

The Treasurer's report cash balances were in agreement with the cash balances per the Board Secretary's report.

The Treasurer performed cash reconciliations for the general operating and payroll accounts. The Treasurer's cash balance for the general operating account was in agreement with the reconciled cash balance as determined during the audit.

Finding 2021-001:

Our audit revealed that only one signature is required on the Capital Reserve and Maintenance Reserve bank accounts. It was noted that no checks have been issued from the respective accounts and the District has updated the bank signature cards and Board resolution to require three (3) signatures, therefore no recommendation is warranted.

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

Financial Planning, Accounting and Reporting (Continued)

Unemployment Compensation Insurance Trust Fund

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.

1:1 Chromebook Initiative Enterprise Fund

During our review of the 1:1 Chromebook Initiative Enterprise Fund, we noted the following:

Finding 2021-002:

Our audit revealed that a detailed cash receipts ledger was not maintained for fees collected by the Chromebook Enterprise Fund.

Recommendation:

It is recommended that a detailed cash receipts ledger be implemented and maintained for the Chromebook Enterprise Fund.

Elementary and Secondary Education Act (E.S.E.A.)

The E.S.E.A. financial exhibits contained within the Special Revenue section of the CAFR. This section of the CAFR documents the financial position pertaining to projects under Titles I, II, and IV of the Elementary and Secondary Education Act, as amended.

Our examination of the E.S.E.A. 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.

I.D.E.A.

Separate accounting records were maintained for each approved project. Grant applications, approvals and acceptance of grant funds were made by Board resolution.

Other Special Federal and/or State Projects

The district's Special Projects were approved as listed on Schedule K-3 and Schedule 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 section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

TPAF Reimbursement

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. No exceptions were noted.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-4 states, "Every contract for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the board of education to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law".

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 \$44,000 and \$32,000 with or without a qualified purchasing agent, respectively. The law regulating bidding for public school transportation contracts under N.J.S.A. 18A:39.3 is currently \$19,600.

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

School Purchasing Programs (Continued)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

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 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 did not indicate that payments, contracts, or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies," in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S. 18A:18A-4, as amended.

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

School Food Service Fund

PUBLIC HEALTH EMERGENCY

In accordance with the Governor's Declaration of Emergency pertaining to the public health emergency all Public, Charter, Non-Public schools were ordered to close effective as of March 18, 2020 for an undetermined period to limit the spread of the virus. As a result, School Food Authorities (SFA) were required to institute alternate procedures to provide meals to eligible students during the period of school closures.

During SY 2020-2021 the public health emergency was still applicable. As a result, School Food Authorities (SFAs) were required to provide meals in accordance with the regulations governing the National School Nutrition Seamless Summer Option (SSO) or the Summer Food Service Program (SFSP) option.

SFAs were authorized to solicit and award emergency noncompetitive procurements and contracts with Food Service Management Companies in accordance with 2 CFR 200.320 and N.J.S.A.18A:18A-7. The SFAs were also authorized to submit contract modifications to their existing Cost Reimbursable or Fixed Price contracts as necessary to ensure the feeding of all children throughout the age of 18, as well as persons over 18 with disabilities as defined in the regulations.

SFAs were notified of the requirement to maintain and report separate meal count records and financial records of all applicable costs incurred in providing meals to all students during the emergency.

The School Food Service Program was not selected as a major federal or state program. The program expenditures were below \$100,000 in both federal and state support.

The financial transactions and statistical records of the School Food Services were maintained in satisfactory condition. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

Cash receipts and bank records were reviewed for timely deposit.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food supply items were currently maintained and properly applied in determining the cost of food and supplies used.

The District contracted with Wayne Board of Education to manage the operations of the School Food Services and deposited funds in accordance with applicable State statutes.

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

School Food Service Fund (Continued)

PUBLIC HEALTH EMERGENCY (Continued)

The Statement of Revenues, Expenses and changes in Fund Net Assets (CAFR Schedule B-5) does separate program and nonprogram revenues and program and nonprogram cost of goods sold.

The cash disbursements records reflected expenditures for program related goods and services. Net cash resources did not exceed three months average expenditures.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds.

Student Body Activities

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

During our review of the student activity funds, the following items were noted.

Finding 2021-003:

Our audit revealed that that the District did not utilize duplicate prenumbered receipts to support the collection of funds. Additionally, deposits were not made in a timely manner.

Recommendation:

It is recommended that internal controls be enhanced over the collection of monies in the student activity account.

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 schools for the handicapped, low-income students and bilingual students. 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 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 2020-21 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.

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

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 of lead of all drinking water in educational facilities.

The school district submitted the annual Statement of Assurance to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

Follow-up on Prior Year Findings

In accordance with government auditing standards, our procedures included a review of all prior year recommendations including findings. Corrective action had been taken on all prior year findings.

**RIVERDALE BOARD OF EDUCATION
FOOD SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

SCHEDULE OF MEAL COUNT ACTIVITY

INFORMATION IS NOT REQUIRED

**SCHEDULE OF NET CASH RESOURCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

INFORMATION IS NOT REQUIRED

**RIVERDALE BOARD OF EDUCATION
A.S.S.A.
SCHEDULE OF AUDITED ENROLLMENTS
10/15/2020**

	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	Reported on Work papers 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 years	2		2		-	-	2		2		-	-						
Half Day Preschool - 4 years					-	-					-	-						
Half Day Kindergarten					-	-					-	-						
Full Day Kindergarten	11		11		-	-	11		11		-	-						
1st Grade	22		22		-	-	22		22		-	-						
2nd Grade	37		37		-	-	37		37		-	-						
3rd Grade	27		27		-	-	27		27		-	-						
4th Grade	28		28		-	-	28		28		-	-						
5th Grade	37		37		-	-	37		37		-	-						
6th Grade	29		29		-	-	29		29		-	-						
7th Grade	28		28		-	-	28		28		-	-						
8th Grade	34		34		-	-	34		34		-	-						
9th Grade					-	-					-	-						
10th Grade					-	-					-	-						
11th Grade					-	-					-	-						
12th Grade					-	-					-	-						
Subtotal	255	-	255	-	-	-	255	-	255	-	-	-	-	-	-	-	-	
Spec Ed - Elementary	21		21		-	-	21		21		-	-	1	1	1	1	-	
Spec Ed - Middle School	19		19		-	-	19		19		-	-	-	-	-	-	-	
Spec Ed - High School					-	-					-	-	7	7	7	7	-	
Subtotal	40	-	40	-	-	-	40	-	40	-	-	-	8	8	8	8	-	
Totals	295	-	295	-	-	-	295	-	295	-	-	-	8	8	8	8	-	
Percentage Error					<u>0.00%</u>						<u>0.00%</u>						<u>0.00%</u>	

RIVERDALE BOARD OF EDUCATION
A.S.S.A.
SCHEDULE OF AUDITED ENROLLMENTS
10/15/2020

	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 Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Half Day Pre-School (3 Yrs)			-			-			-			-
Half Day Pre-School (4 Yrs)			-			-			-			-
Half Day Kindergarten			-			-			-			-
Full Day Kindergarten	2	2	-	2	2	-			-			-
1st Grade	3	3	-	3	3	-			-			-
2nd Grade	4	4	-	4	4	-			-			-
3rd Grade	7	7	-	6	6	-			-			-
4th Grade	7	7	-	6	6	-			-			-
5th Grade	7	7	-	6	6	-	1	1	-	1	1	-
6th Grade	5	5	-	5	5	-	-		-			-
7th Grade	7	7	-	6	6	-			-			-
8th Grade	5	5	-	4	4	-			-			-
9th Grade	-	-	-	-	-	-			-			-
10th Grade	-	-	-	-	-	-			-			-
11th Grade	-	-	-	-	-	-			-			-
12th Grade	-	-	-	-	-	-			-			-
Subtotal	47	47	-	42	42	-	1	1	-	1	1	-
Spec Ed - Elementary	7	7	-	3	3	-			-			-
Spec Ed - Middle School	8	8	-	-	-	-			-			-
Spec Ed - High School	3	3	-	-	-	-			-			-
Subtotal	18	18	-	3	3	-	-	-	-	-	-	-
Totals	65	65	-	45	45	-	1	1	-	1	1	-
Percentage Error			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	103.0	103.0	-	70.0	70.0	-
Transported - Non-Public	1.0	1.0	-	1.0	1.0	-
Regular - Spec.	13.0	13.0	-	9.0	9.0	-
Special Needs - Public	12.0	12.0	-	8.0	8.0	-
Totals	129.0	129.0	-	88.0	88.0	-
					<u>0.00%</u>	

**RIVERDALE BOARD OF EDUCATION
A.S.S.A.
SCHEDULE OF AUDITED ENROLLMENTS
10/15/2020**

	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 Register	Sample Errors
Half Day Pre-School (3 Yrs)						
Half Day Pre-School (4 Yrs)						
Half Day Kindergarten			-			-
Full Day Kindergarten			-			-
1st Grade			-			-
2nd Grade			-			-
3rd Grade			-			-
4th Grade			-			-
5th Grade			-			-
6th Grade	1	1	-	1	1	-
7th Grade			-			-
8th Grade			-			-
9th Grade			-			-
10th Grade			-			-
11th Grade			-			-
12th Grade			-			-
Subtotal	1	1	-	1	1	-
Spec Ed - Elementary	-	-	-	-	-	-
Spec Ed - Middle School	-	-	-	-	-	-
Spec Ed - High School	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
Totals	1	1	-	1	1	-
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

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

SECTION 1

2020-2021 Total General Fund Expenditures per the CAFR	\$ 9,180,777
Decreased by:	
On-Behalf TPAF Pension, Post Retirement and Social Security	1,008,235
Adjusted 2020-2021 General Fund Expenditures	8,172,542
4% of Adjusted 2020-2021 General Fund Expenditures	326,901
Greater of 4% of Adjusted Expenditures or \$250,000	326,901
Increased by:	
Allowable Adjustment	34,827
Maximum Unassigned Fund Balance	\$ 361,728

SECTION 2

Total General Fund - Fund Balance at June 30, 2021	\$ 3,926,532
Decreased by:	
Year-end Encumbrances	236,039
Excess Surplus - Designated for Subsequent Year's Expenditures	405,191
Other Restricted Fund Balance - Capital Reserve	819,371
Other Restricted Fund Balance - Capital Reserve - Designated for Subsequent Year's Expenditures	420,000
Other Restricted Fund Balance - Maintenance Reserve	274,312
Other Restricted Fund Balance - Maintenance Reserve - Designated for Subsequent Year's Expenditures	60,000
Other Restricted Fund Balance - Tuition Adjustments	100,000
Other Restricted Fund Balance - Tuition Adjustments - Designated for Subsequent Year's Expenditures	100,000
Unemployment Compensation	30,766
Total Unassigned Fund Balance	\$ 1,480,853

SECTION 3

Restricted Fund Balance - Excess Surplus	\$ 1,119,125
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Recapitulation of Excess Surplus as of June 30, 2021

Excess Surplus - Designated for Subsequent Year's Expenditures	\$ 405,191
Excess Surplus	1,119,125
	\$ 1,524,316

Detail of Allowable Adjustments

Nonpublic School Transportation Aid	
Extraordinary Aid	34,827
	\$ 34,827

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

RECOMMENDATIONS

I. Administrative Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

1. It is recommended that Detailed cash receipts ledger be implemented and maintained for the Chromebook Enterprise Fund.

III. School Purchasing Program

There are none.

IV. School Food Services

There are none.

V. Student Body Activities

2. It is recommended that internal controls be enhanced over the collection of monies in the Student Activity Account.

VI. Pupil Transportation

There are none.

VII. Miscellaneous

There are none.

VIII. Application for State School Aid

There are none.

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



Dieter P. Lerch
Public School Accountant
Certified Public Accountant