

**SADDLE RIVER BOARD OF EDUCATION  
AUDITOR'S MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS -  
FINANCIAL, COMPLIANCE AND PERFORMANCE  
JUNE 30, 2021**

**SADDLE RIVER BOARD OF EDUCATION  
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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## AUDITOR'S MANAGEMENT REPORT

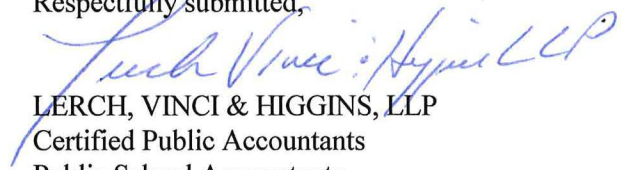
Honorable President and Members  
of the Board Trustees  
Saddle River Board of Education  
Saddle River, New Jersey

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 Saddle River Board of Education in the County of Bergen as of and for the fiscal year ended June 30, 2021, and have issued our report thereon dated January 31, 2022.

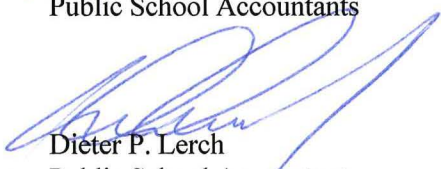
As part of our audit, we performed procedures required by the Office of School Finance, Department of Education, State of New Jersey and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

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.

Respectfully submitted,



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



Dieter P. Lerch  
Public School Accountant  
PSA Number CS00756

Fair Lawn, New Jersey  
January 31, 2022

**SADDLE RIVER 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 the Insurance Schedule of the statistical section in the district's Comprehensive Annual Financial Report (CAFR).

**Official Bonds** (N.J.S.A. 18A:17-26, 18A:17-32, 18A:13-13)

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Ana Pfalzgraf (7/1/20 – 4/12/21)	Business Administrator/ Board Secretary	\$250,000
Dr. Vincent Occhino (4/13/21-6/30/21)	Business Administrator/ Board Secretary	250,000
Matthew Paladino	Treasurer of School Monies	180,000

There is a Public Employees' Faithful Performance Blanket Position Bond with the Selective Insurance Company of America covering all other employees with multiple coverage of \$100,000.

**Finding** – Detailed bills lists were not always made a part of the official Board meeting minutes.

**Recommendation** - In all instances, the monthly bills lists submitted to the Board for approval be made part of the official minutes.

**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.

**Finding** – With respect to the examination of Purchase Orders, our audit revealed the following:

1. Purchase Order's did not always contain a receipt of goods signature.
2. Certain purchase orders were not made available for audit.

**Recommendation** – 1. All purchase orders contain a receipt of goods/services certification.  
 2. All purchase orders be made available for audit.

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

**Financial Planning, Accounting and Reporting**

Payroll Account

The net salaries of all employees of the Board was deposited in the Payroll Account. Employees' payroll deductions and employer's share of payroll taxes were deposited in the Payroll Agency Account

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

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 and it was determined that no blanket purchase orders were included in the balance of the year end encumbrances. 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.

**Finding** – Our audit revealed there was a contract awarded to C&M Doors Controls Inc for door replacements that was not encumbered at year end.

**Recommendation** – All contracts be encumbered at the time of award.

Travel

The Board of Education has adopted a travel policy that complies with N.J.S.A. 18A:11-12.

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. No exceptions were noted regarding the account classification of our expenditures. 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.

Board Secretary's Records

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

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

The prescribed contractual order system was followed. Bids received were summarized in the minutes (N.J.S.A. 18A:18A-21).

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

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

Treasurer's Records

The Treasurer performed cash reconciliations in accordance with N.J.S.A. 18A:17-9.

All cash receipts were promptly deposited.

The Treasurers cash balances were in agreement with the cash balances of the Board Secretary.

**Finding** – Our audit of the bank reconciliations revealed that there are prior year outstanding checks in the amount of \$99,528 in the Current Account that have not cleared.

**Recommendation** – Old outstanding checks be reviewed for validity and cleared of record.

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 Fiduciary Fund.

Elementary and Secondary Education Act (E.S.E.A.) as Amended by the Every Student Succeeds Act (ESSA)

The E.S.E.A./ESSA 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 II and IV of the Elementary and Secondary Education Act as amended.

Our examination indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

Other Special Federal and/or State Projects

The district's Special Projects were approved as listed on Exhibit K-3 and Exhibit K-4 located in the CAFR.

Our examination 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. No exceptions were noted.

T.P.A.F. Reimbursement to the State for Federal Salary Expenditures

There were no TPAF employees' pensionable wages paid from federal funds during the current year. Therefore, there were no reimbursement amounts due to the state at June 30, 2021.

Nonpublic State Aid

Project Completion Reports were finalized and transmitted to the State by the due date.

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

**School Purchasing Programs**

Contracts and Agreements Requiring Advertisement for Bids

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$44,000 (with a Qualified Purchasing Agent) and \$32,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contract under N.J.S.A. 18A:39-3 is \$19,000 for 2020-21.

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.

**Finding** – Our bid test revealed there was a contract awarded to Open System Integrators under a Cooperative Purchasing Agreement that exceeded the bid threshold, but was not approved in the minutes.

**Recommendation** – All contracts awarded that exceed the bid threshold be approved separately in the minutes.

**Food Service Fund**

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

Cash receipts and bank records were reviewed for timely deposit.

The District contracted with Maschio's Food Services, Inc., a food service management company (FSMC), to operate and manage its food service program for 2020/2021 up until December 2020 when the District and Maschio's terminated their relationship. The district was depositing and expending program monies in accordance with N.J.S.A. 18A:17-34, and 19-1 through 19-4.1. Provisions of the FSMC contract/addendum were reviewed and audited. The FSMC contract included an operating results provision which guaranteed that the food service program will break even. When it was determined that this break even guarantee was no longer achievable with the enrollment levels at the school, the District decided to part ways and have the Education Foundation take over the Food Services.

The District does not participate in the School Nutrition Program.

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 cash disbursement 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.

Exhibits reflecting food service operations are included in the section entitled Enterprise Funds.

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

**Student Activity Accounts**

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

**Application for State School Aid**

Our audit procedures included a test information reported in the October 15, 2020 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 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 with immaterial exceptions noted. 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 2020-2021 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 immaterial exception noted. The information on the DRTRS was unable to be verified. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures included a review of transportation related contracts and purchases. Based on our review, the district complied with proper bidding procedures and award of contracts.



**SADDLE RIVER BOARD OF EDUCATION  
FOOD SERVICE FUND  
NUMBER OF MILK SERVED AND (OVER)/UNDERCLAIM  
ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**SCHEDULE OF MILK COUNT ACTIVITY**

**NOT APPLICABLE**

**SADDLE RIVER BOARD OF EDUCATION  
FOOD SERVICE FUND  
NET CASH RESOURCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**SCHEDULE OF NET CASH RESOURCES**

**NOT APPLICABLE**

**SADDLE RIVER BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID (A.S.S.A.)  
SCHEDULE OF AUDITED ENROLLMENTS  
OCTOBER 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	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					-	-											
Full Day Preschool - 3 years	1		1		-	-	1		1								
Half Day Preschool - 4 years					-	-											
Full Day Preschool - 4 years	9		9		-	-	9		7		2						
Half Day Kindergarten					-	-											
Full Day Kindergarten	15		15		-	-	15		15								
1st Grade	13		13		-	-	13		13								
2nd Grade	21		21		-	-	21		21								
3rd Grade	22		22		-	-	22		22								
4th Grade	15		15		-	-	15		15								
5th Grade	34		34		-	-	34		34								
6th Grade																	
7th Grade																	
8th Grade																	
9th Grade																	
10th Grade																	
11th Grade																	
13th Grade																	
<b>Subtotal</b>	130	-	130	-	-	-	130	-	128	-	2	-	-	-	-	-	-
Spec Ed - Elementary	15		15		-	-	13		13				2	2	2		-
Spec Ed - Middle School					-	-											-
Spec Ed - High School													2	2	2		-
<b>Subtotal</b>	15	-	15	-	-	-	13	-	13	-	-	-	4	4	4		-
<b>Totals</b>	145	-	145	-	-	-	143	-	141	-	2	-	4	4	4		-
<b>Percentage Error</b>					0.00%	0.00%					1.40%	0.00%					0.00%

**SADDLE RIVER BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID (A.S.S.A.)  
SCHEDULE OF AUDITED ENROLLMENTS  
10/15/2020**

	Low Income			Sample for Verification			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			-			-			-			-
1st Grade			-			-			-			-
2nd Grade			-			-			-			-
3rd Grade	1	1	-	1	1	-			-			-
4th Grade			-			-			-			-
5th Grade			-			-			-			-
6th Grade			-			-			-			-
7th Grade			-			-			-			-
8th Grade			-			-			-			-
9th Grade			-			-			-			-
10th Grade			-			-			-			-
11th Grade	1	1	-	1	1	-			-			-
12th Grade	1	1	-	1	1	-			-			-
<b>Subtotal</b>	<u>3</u>	<u>3</u>	-	<u>3</u>	<u>3</u>	-	<u>-</u>	<u>-</u>	-	<u>-</u>	<u>-</u>	-
Spec Ed - Elementary			-			-			-			-
Spec Ed - Middle School			-			-			-			-
Spec Ed - High School	2	2	-	2	2	-	2	2	-	2	2	-
<b>Subtotal</b>	<u>2</u>	<u>2</u>	-	<u>2</u>	<u>2</u>	-	<u>2</u>	<u>2</u>	-	<u>2</u>	<u>2</u>	-
<b>Totals</b>	<u>5</u>	<u>5</u>	-	<u>5</u>	<u>5</u>	-	<u>2</u>	<u>2</u>	-	<u>2</u>	<u>2</u>	-
Percentage Error		<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>	

	Transportation			Tested	Verified	Errors
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors			
Regular - Public Schools	207	207	-	47	46	1
Transported - Non-Public	9	9	-	2	2	-
Regular - Spec.	36	36	-	8	8	-
Special Needs - Public	6	6	-	1	1	-
<b>Totals</b>	<u>258</u>	<u>258</u>	-	<u>58</u>	<u>57</u>	<u>1</u>
		<u>0.00%</u>			<u>1.72%</u>	

**SADDLE RIVER BOARD OF EDUCATION**  
**APPLICATION FOR STATE SCHOOL AID (A.S.S.A.)**  
**SCHEDULE OF AUDITED ENROLLMENTS**  
**10/15/2020**

	LEP Not 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 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						
7th Grade						
8th Grade						
9th Grade						
10th Grade						
11th Grade						
13th Grade						
<b>Subtotal</b>	-	-	-	-	-	-
Spec Ed - Elementary						
Spec Ed - Middle School						
Spec Ed - High School						
<b>Subtotal</b>	-	-	-	-	-	-
<b>Totals</b>	-	-	-	-	-	-
Percentage Error		<u>0.00%</u>			<u>0.00%</u>	

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

**SECTION 1A - Four Percent (4%) - Calculation of Excess Surplus**

2020-2021 Total General Fund Expenditures per the CAFR	\$ 9,331,477
Decreased by:	
On-Behalf TPAF Pension & Social Security	782,664
Adjusted 2020-2021 General Fund Expenditures	\$ 8,548,813
4% of Adjusted 2020-2021 General Fund Expenditures	\$ 341,953
Enter Greater of 4% of Adjusted 2020-2021 General Fund Expenditures or \$250,000	\$ 341,953
Increased by: Allowable Adjustments	136,183
Maximum Unassigned Fund Balance	\$ 478,136

**SECTION 2**

Total General Fund - Fund Balance at June 30, 2021 (Per CAFR Budgetary Comparison Schedule/Statement)	\$ 3,875,353
Decreased by:	
Year End Encumbrances	\$ 348,910
Restricted-Excess Surplus-Designated for Subsequent Year's Expenditures	404,054
Other Restricted Fund Balance - Capital Reserve	1,361,434
Emergency Reserve	100,000
Maintenance Reserve	100,000
Tuition Reserve	100,000
Unemployment Compensation	32,062
Assigned Fund Balance-Designated for Subsequent Year's Expenditures	10,422
	2,456,882
Total Unassigned Fund Balance	\$ 1,418,471

**SECTION 3**

<b>Restricted Fund Balance - Excess Surplus</b>	<b>\$ 940,335</b>
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**Recapitulation of Excess Surplus as of June 30, 2021**

Reserved Excess Surplus-Designated for Subsequent Year's Expenditures	\$ 404,054
Reserved Excess Surplus	940,335
Total Excess Surplus	\$ 1,344,389

**Allowable Adjustments**

Unbudgeted Extraordinary Aid	\$ 115,013
Nonpublic Transportation Aid	21,170
	\$ 136,183

**SADDLE RIVER BOARD OF EDUCATION  
RECOMMENDATIONS**

**I. Administrative Practices and Procedures**

It is recommended that:

1. In all instances, the monthly bills lists submitted to the Board for approval be made part of the official minutes.

**II. Financial Planning, Accounting and Reporting**

It is recommended that:

- \* 1. All purchase orders contain a receipt of goods/services certification.
2. All purchase orders be made available for audit.
3. All contracts be encumbered at the time of award.
4. Old outstanding checks be reviewed for validity and cleared of record.

**III. School Purchasing Program**

It is recommended that:

1. All contracts awarded that exceed the bid threshold be approved separately in the minutes.

**IV. School Food Services**

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.

**SADDLE RIVER BOARD OF EDUCATION  
RECOMMENDATIONS**

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

A review was performed on all prior year's recommendations. Corrective action was taken on the prior year recommendations except the item denoted with an asterisk (\*).

**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  
Certified Public Accountant  
Public School Accountant