

**RIVER DELL REGIONAL  
SCHOOL DISTRICT**

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

**FINANCIAL, COMPLIANCE AND PERFORMANCE**

**For the Fiscal Year Ended June 30, 2022**

**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 the River Dell Regional School District in the County of Bergen, State of New Jersey, for the year ended June 30, 2022, and have issued our report thereon dated February 16, 2023.

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., LLC*

SMOLIN, LUPIN & CO., LLC  
Certified Public Accountants

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

Fairfield, New Jersey  
February 16, 2023

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

**Scope of Audit**

The audit covered the financial transactions of the School Business Administrator/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 Annual Comprehensive Financial Report (ACFR).

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
Gertrude Engle	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.

Our audit procedures included an inquiry and subsequent review of health benefit data required per N.J.S.A. 18A:16-13.3 (Chapter 44) submitted for the year under audit. The Chapter 44 summary report was reviewed for reasonableness and timeliness.

The data submitted did include all health benefit plans offered by the District.

The District data certification was completed by the chief school administrator. The District's Chapter 44 data was submitted timely.

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 Superintendent and were certified by the President of the Board and the School Business Administrator/Board Secretary.

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

Payrolls were delivered to the treasurer of school moneys with a warrant made to his order for the full amount of each payroll.

An examination of employee contracts indicated that employees were paid their approved contract amounts.

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (superintendent, assistant superintendents, and business administrator) to the New Jersey Department of Treasury was filed by the March 15th due date.

No exceptions were noted in our examination of the accounts.

### **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, 2022, for proper classification of orders as reserve for encumbrances and accounts payable. No material exceptions were noted.

### **Travel Expense and Reimbursement Policy**

Travel regulations require each District to adopt a formal policy and procedures pertaining to travel and reimbursement for its employees and board members. The regulations require the District to establish a maximum travel amount for the year and to ensure that the maximum is not exceeded. The regulations also require that all travel be preapproved by the Board of Education and the Superintendent, and that the approval must be itemized by event, event total cost, and individuals attending. No exceptions were noted in our review of the travel expense and reimbursement policy.

## **Financial Planning, Accounting and Reporting** (continued)

### 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 expenditure classification.

### 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) as amended by the Every Student Succeeds Act (E.S.S.A.)

The E.S.E.A. financial exhibits are contained within the Special Revenue Section of the ACFR. This section of the ACFR documents the financial position pertaining to the projects under Titles 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 was no areas of noncompliance and no areas of questioned costs.

### 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 ACFR.

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 ACFR. This section of the ACFR 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.

### TPAF 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.

## **Financial Planning, Accounting and Reporting** (continued)

### **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, 2020 and thereafter 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 Board appointed the School Business Administrator as Purchasing Agent. The bid threshold for public school student transportation contracts under N.J.S.A. 18A:39-3 is \$20,200 for 2021-22.

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.

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**

### **PUBLIC HEALTH EMERGENCY**

In accordance with the Governor's Declaration of Emergency pertaining to the public health emergency all Public, Charter, and 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. Governor Murphy's emergency declaration ended June 4, 2021; however, the United States Department of Agriculture's federal waiver continued through June 30, 2022. Food service agencies operated under this federal waiver.

As a result, SFAs were required to provide meals in accordance with the regulations governing the National School Nutrition Seamless Summer Option. SFAs could also choose to participate in the National School Lunch Program utilizing standard counting and claiming practices.

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 Board of Education had a contract with an outside catering firm to provide the service in the cafeteria for the 2021-2022 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 ACFR entitled Enterprise Fund - Food Service Fund, Exhibit B.

### **Athletics and Student Body Activities**

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



### **Application for State School Aid**

Our audit procedures included a test of information reported in the October 15, 2021 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's procedures related to its completion. The information on the A.S.S.A. was compared to the District's workpapers with a few exceptions. The information included as part of the workpapers was verified with a few 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's written procedures appear to be adequate for the recording of student enrollment data.

### **Pupil Transportation**

Our audit procedures included a test of on roll status reported in the 2021-2022 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.

### **Miscellaneous**

#### **Testing for Lead of all Drinking Water in Educational Facilities**

The District adhered to all the requirements of N.J.A.C. 26-1.2 and 12.4 related to the testing for lead of all drinking water in educational facilities.

The 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 findings and recommendations. There were no prior year findings and recommendations.

### **Acknowledgment**

We wish to express our appreciation for the cooperation and assistance extended to us by Patrick J. Fletcher, Superintendent, Gertrude Engle, 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 15, 2021

	2022-23 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 On Roll		Verified per Registers On Roll		Errors 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			
Seven	272		272				272		272						
Eight	236		236				236		236						
Nine	204		204				204		204						
Ten	178	1	178	1			178	1	178	1					
Eleven	235		235				235		235						
Twelve	214		214				214		214						
Subtotal	1,339	1	1,339	1			1,339	1	1,339	1					
Special Ed - Middle School	81		81				81		81			1	2		
Special Ed - High School	165	5	165	5			165	5	165	5		17	15	15	
Subtotal	246	5	246	5			246	5	246	5		18	17	17	
Totals	1,585	6	1,585	6			1,585	6	1,585	6		18	17	17	

Percentage Error

	Transportation					
	Reported on DRTS by DOE	Reported on District	Errors	Tested	Verified	Errors
Reg - Public Schools, col. 1	107.0	107.0		86.0	86.0	
Reg - Special Ed, col. 4	27.0	27.0		24.0	24.0	
Transported - Non-Public, col. 3	77.0	77.0		59.0	59.0	
Special Ed Special Needs, col. 6	31.0	31.0		28.0	28.0	
Totals	242.0	242.0		197.0	197.0	

Percentage Error

Average Mileage - Regular Including Grade PK students (Part A) 4.6  
 Average Mileage - Regular Excluding Grade PK students (Part B) 4.6  
 Average Mileage - Special Ed with Special Needs 11.7

Reported 4.6  
 Calculated 4.6  
 Re-Calculated 11.7

**SCHEDULE OF AUDITED ENROLLMENTS**

RIVER DELL REGIONAL SCHOOL DISTRICT  
 APPLICATION FOR STATE SCHOOL AID SUMMARY  
 ENROLLMENT AS OF OCTOBER 15, 2021

	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		2	2							
Eight	2	2		2	2							
Nine	7	7		6	6							
Ten	1	1		1	1							
Eleven	2	2		2	2							
Twelve	4	4		4	4							
Subtotal	19	19		17	17							
Special Ed - Middle School	3	3		3	3							
Special Ed - High School	2	2		2	2							
Subtotal	5	5		5	5							
Totals	24	24		22	22							

Percentage Error

**SCHEDULE OF AUDITED ENROLLMENTS**

RIVER DELL REGIONAL SCHOOL DISTRICT  
 APPLICATION FOR STATE SCHOOL AID SUMMARY  
 ENROLLMENT AS OF OCTOBER 15, 2021

	Resident LEP Not Low Income			Sample for Verification			Military Connected Students		
	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	Reported on A.S.S.A. as Military Connected Students	Sample for Verification	Sample Errors
Seven	1	1		1	1	1			
Eight	2	2		2	2	2			
Nine	4	4		4	4	4			
Ten	2	2		1	1	1			
Eleven	4	4		3	3	3			
Twelve	2	2		2	2	2			
Subtotal	15	15		13	13	13			
Special Ed - Middle School									
Special Ed - High School									
Subtotal									
Totals	15	15		13	13	13			
Percentage Error									

RIVER DELL REGIONAL SCHOOL DISTRICT  
 Schedule of Excess Surplus Calculation  
 June 30, 2022

**SECTION 1**

**A. 4% Calculation of Excess Surplus**

2021-2022 Total General Fund expenditures per the ACFR, Exhibit C-1	\$	42,131,608		(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		8,597,965		(B2a)
Assets acquired under capital lease		<u>                    </u>		(B2b)
Adjusted 2021-2022 General Fund expenditures [(B)+(B1s)-(B2s)]	\$	<u>33,533,643</u>		(B3)
4% of adjusted 2021-2022 General Fund expenditures [(B3 x 4%)]	\$	1,341,346		(B4)
Enter greater of (B4) or \$250,000		1,341,346		(B5)
Increased by : Allowable adjustment *		<u>123,948</u>		(K)
Maximum unassigned/undesignated-unreserved fund balance [(B5 + K)]	\$	<u>1,465,294</u>		(M)

**SECTION 2**

Total General Fund - fund balances @ 6-30-22 (Per ACFR Budgetary Comparison Exhibit C-1)	\$	5,330,693		(C)
Decreased by:				
Year-end encumbrances		398,714		(C1)
Legally restricted - designated for subsequent year's expenditures				(C2)
Legally restricted - excess surplus - designated for subsequent year's expenditures		325,000		(C3)
Other restricted fund balances		2,816,685		(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>1,790,294</u>		(U1)

**SECTION 3**

Restricted fund balance - excess surplus (U1 - M) If negative enter -0- \$ 325,000 (E)

**Recapitulation of Excess Surplus as of June 30, 2022**

Reserved excess surplus - designated for subsequent year's expenditures	\$ 325,000 (C3)
Reserved excess surplus (E)	<u>325,000</u> (E)
<b>Total excess surplus [(C3)+(E)]</b>	<b>\$ <u>650,000</u> (D)</b>

**Detail of Allowable Adjustments**

Impact Aid	\$ - (H)
Sale & Lease-back	(I)
Extraordinary Aid	100,270 (J1)
Additional Nonpublic School Transportation Aid	23,678 (J2)
Current year school bus advertising revenue recognized	(J3)
Family Crisis Transportation Aid	<u>                    </u> (J4)
<b>Total adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)]</b>	<b>\$ <u>123,948</u> (K)</b>

**Detail of Other Restricted Fund Balance**

Statutory restrictions:	
Sale/lease-back reserve	
Capital reserve	\$ 2,195,318
Maintenance reserve	382,712
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 Capital Fund reserve (Sections 8007 and 8008)	
Other state/government mandated reserve	
Reserve for Unemployment Fund	238,655
Other restricted fund balance not noted above	<u>                    </u>
<b>Total other restricted fund balance</b>	<b>\$ <u>2,816,685</u> (C4)</b>

## 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

### Miscellaneous

None

### Follow-up on Prior Year Findings/Recommendations

There were no findings/recommendations in the prior year.