

**EAST ORANGE BOARD OF EDUCATION
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2020**

**EAST ORANGE BOARD OF EDUCATION
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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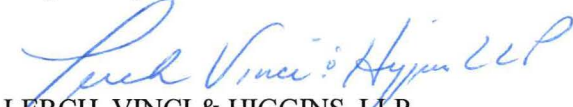
Honorable President and Members
of the Board of Trustees
East Orange Board of Education
East Orange, New Jersey


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 East Orange Board of Education, as of and for the fiscal year ended June 30, 2020, and have issued our report thereon dated January 6, 2021.

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 for the information of the Board of Education's management, the Board of Trustees, 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 6, 2021

**EAST ORANGE BOARD OF EDUCATION
ADMINISTRATION FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Monies, 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 the Insurance Schedule contained in the district's CAFR.

Officials Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Beth Brooks	Board Secretary/School Business Administrator	\$850,000
Ann Marie Corbitt	Treasurer of School Monies	800,000

There is a Public Employees' Dishonesty Performance Blanket Position Bond with New Jersey School Boards Insurance Group (NJSBIG) 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 payroll taxes were deposited into the payroll agency account.

All payrolls tested were approved by the Superintendent and were certified by the President of the Board and the Board Secretary/Business Administrator.

Salary withholdings were promptly remitted by the District to the proper agencies. In addition, the District remitted the health benefit withholdings due to the General Fund in a timely manner.

The District maintains a personal 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 date.

**EAST ORANGE BOARD OF EDUCATION
ADMINISTRATION FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 goods not yet received or services not yet rendered and it was determined that no blanket purchases orders were included in the balance of the reserve for 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 – (CAFR Finding 2020-001) – Our audit of year end accounts payable and encumbrances payable revealed that purchase orders were either misclassified or determined to be invalid at year end.

Recommendation – Internal controls be enhanced to ensure that purchase orders be reviewed, properly classified and cancelled at year end.

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 included administrative coding classifications to determine overall reliability and compliance with NJAC 6A:23A-8.3.

Travel

The District had an approved board travel policy as required by N.J.A.C. 6A:23A-6-13 and N.J.S.A. 18A:11-12.

Finding – Our audit revealed that post employee travel reports were not on file and made available for audit.

Recommendation – Post employee travel reports be retained and made available for audit.

Board Secretary's Records

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

Finding – Employee contributions for health benefits were not in agreement with Chapter 78.

Recommendation – A review be made of each employee's health benefit deductions to ensure compliance with Chapter 78 required contributions.

Finding – We noted nine (9) budget line accounts in the General Fund and five (5) schools whose school based budget were overexpended at June 30, 2020.

Recommendation – Internal controls be reviewed to ensure transfers are made prior to the overexpenditure of available budget appropriations.

**EAST ORANGE BOARD OF EDUCATION
ADMINISTRATION FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Financial Planning, Accounting and Reporting (Continued)

Board Secretary's Records (Continued)

The prescribed contractual order system was followed.

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

Bids received were summarized in the minutes (N.J.S.A. 18A:18A-21) and agendas made available for audit.

Treasurer's Records

The Treasurer performed cash reconciliations of all required District accounts.

The Treasurer's cash balances were in agreement with the balances as of the Board Secretary's records.

Finding – Our audit revealed uncleared, outstanding checks in both the General and Payroll Agency bank accounts.

Recommendation – Uncleared, outstanding checks in both the General and Payroll Agency bank accounts be reviewed and cleared of record.

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

The E.S.E.A. 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 Titles I, II, III and IV of the Elementary and Secondary Education Act, as amended and reauthorized.

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.

Finding (CAFR Finding 2020-003) – Our audit of the E.S.E.A. and I.D.E.A. grant award programs revealed that final reports submitted did not include year end accounts payable and encumbrances payable.

Recommendation – Final reports for E.S.E.A. and I.D.E.A. grants be revised and resubmitted to include year end accounts and encumbrances payable.

IDEA

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 Exhibit K-3 and Exhibit K-4 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.

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 charged to Federal grant programs who are members of the Teachers Pension and Annuity Fund.

**EAST ORANGE BOARD OF EDUCATION
ADMINISTRATION FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Financial Planning, Accounting and Reporting (Continued)

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

The reimbursement to the State for the amount of the expenditure charged to the current year's Final Report for all federal awards for the school district to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds was made subsequent to the end of the 90 day grant liquidation period, as required by the Office of Grants Management.

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:3-3 are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (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 \$19,000 for 2019/2020.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the fiscal 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.

The results of our examination indicated that individual 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.A. 18A:18A-4.

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

Finding (CAFR Finding 2020-002, 2020-004 and 2020-005) – Our audit with respect to school purchasing revealed the following:

- a) State Comptroller was not notified for contracts over \$2 million.
- b) Business Registration Certificates (BRC's) were not obtained for all vendors and retained on file.
- c) Documentation for contracts awarded under State contract and/or cooperative purchasing contracts was not available to support items purchased.
- d) Contracts in excess of the bid threshold were not approved in the Board minutes.

Recommendation – It is recommended that:

- a) The State Comptroller be notified for contracts over \$2 million.
- b) Business Registration Certificates be obtained for all vendors and retained on file.
- c) Documentation for contracts awarded under State and cooperative purchasing contracts be retained to support items purchase and cost thereof.
- d) Contracts in excess of the bid threshold be approved in the Board minutes.

**EAST ORANGE BOARD OF EDUCATION
ADMINISTRATION FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Food Service Fund

COVID – 19 EMERGENCY

In accordance with the Governor’s Declaration of Emergency pertaining to the COVID 19 Virus all 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 Free and Reduced Price eligible students during the period of school closures.

Therefore, 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 Free and Reduced Price meal eligible students.

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 free and reduced price meal eligible students during the emergency.

The financial transactions and statistical records of the School Food Services were reviewed. 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.

The district utilized a food service management company (FSMC) and is 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 were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will return a profit of at least \$400,468. The operating results provision has been met.

The number of meals claimed for reimbursement was verified against sales and meal count records. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement vouchers were timely filed with no exceptions noted between meals claimed and meal count records.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served was compared to the number of valid applications/or to the list of directly certified students on file, times the number of operating days, on a school-by-school basis. The free and reduced price meal and free milk policy was reviewed for uniform administration throughout the school system.

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 disbursements 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. Net cash resources did not exceed three months average expenditures.

The District contracts with Sodexo Management to manage the Food Service operations.

USDA Food Distribution Program commodities were received and a separate inventory was maintained on a first-in, first-out basis.

The school maintains the detailed revenue and expenditure information necessary in order to execute the USDA mandated Non-Program Food Revenue Tool at least annually. The Statement of Revenues, Expenses and Changes in Fund Net Asset (CAFR Schedule B-5) does separate program and non-program revenue and program and non-program cost of goods sold.

**EAST ORANGE BOARD OF EDUCATION
ADMINISTRATION FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Food Service Fund (Continued)

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

Finding – Sales reported per the Sodexo operating statement exceeded sales per the District records.

Recommendation – Food service management company’s sales records be reconciled with the District’s sales records on a monthly basis.

Student Body Activities

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

Cash receipts and disbursements records were maintained in good condition.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2019 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, 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 with minor exceptions. The information that was included on the workpapers was verified with minor exceptions noted. The results of our procedures are presented in the Schedule of Audited Enrollments.

The district maintains workpapers in the prescribed state forms or their equivalents.

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 2019-20 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 information that was included on the workpapers was verified with an immaterial exception noted.

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

Since the District is classified as an At Risk School District, virtually all SDA grant activity is conducted by the State on behalf of the Board. This on-behalf grant activity is reported in the District’s financial statements as State aid revenue and capital outlay expenditures in the Capital Projects Fund.

Testing for Lead of all Drinking Water in Education 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.

**EAST ORANGE BOARD OF EDUCATION
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

SCHEDULE OF MEAL COUNT ACTIVITY

<u>Program</u>	<u>Meals/Milks Category</u>	<u>Meals/Milks Claimed</u>	<u>Meals/Milks Tested</u>	<u>Meals/Milks Verified</u>	<u>Difference</u>
National School Lunch (Regular Rate)	Paid	153,645	59,237	59,237	-
	Reduced	53,169	21,980	21,980	-
	Free	<u>612,874</u>	<u>251,348</u>	<u>251,348</u>	-
	Total Lunch	<u>819,688</u>	<u>332,565</u>	<u>332,565</u>	-
School Breakfast (Regular)	Paid	105,129	41,873	41,873	
	Reduced	33,753	14,066	14,066	
	Free	<u>396,489</u>	<u>162,157</u>	<u>162,157</u>	-
	Total Breakfast	<u>535,371</u>	<u>218,096</u>	<u>218,096</u>	-
School Snacks (Regular)	Paid	-		-	
	Reduced	-		-	
	Free	<u>38,559</u>	<u>5,740</u>	<u>5,740</u>	-
	Total Snacks	<u>38,559</u>	<u>5,740</u>	<u>5,740</u>	-
		<u>1,393,618</u>	<u>556,401</u>	<u>556,401</u>	-

**EAST ORANGE BOARD OF EDUCATION
NET CASH RESOURCE SCHEDULE
FOOD SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

CAFR	Current Assets	
B-4	Cash & Cash Equiv.	\$ 173,911
B-4	Due from Other Gov'ts	493,347
B-4	Accounts Receivable	
CAFR	Current Liabilities	
B-4	Less Accounts Payable	
B-4	Less Due to Other Funds	(104,994)
B-4	Less Deferred Revenue	<u>(12,146)</u>
	Net Cash Resources	<u>\$ 550,118</u>
 <u>Net Adj. Total Operating Expense:</u>		
B-5	Tot. Operating Exp.	5,484,701
B-5	Less Depreciation	<u>(2,395)</u>
	Adj. Tot. Oper. Exp.	<u>\$ 5,482,306</u>
 <u>Average Monthly Operating Expense:</u>		
		<u>\$ 548,231</u>
 <u>Three times monthly Average:</u>		
		<u>\$ 1,644,692</u>
Net Cash Resources		\$ 550,118
Three Months		<u>(1,644,692)</u>
Average Expenditures		
Net Cash Resources (Under)		
Three Months Average		
Expenditures		<u>\$ (1,094,574)</u>

**EAST ORANGE BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 15, 2019
SCHEDULE OF AUDITED ENROLLMENTS**

	2020-2021 Application for State School Aid						Sample for Verification						Private Schools for Disabled			
	Reported on		Reported on		Errors		Sample		Verified per		Errors per		Reported on	Sample		
	A.S.S.A.		Workpapers				Selected from		Register		Registers		A.S.S.A. as	for		
	On Roll		On Roll		Workpapers		On Roll		On Roll		On Roll		Private	Verifi-	Sample	Sample
Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Schools	cation	Verified	Errors	
Half Day Pre-K 3yr	262		262		-	-			-	-	-					-
Full Day Pre-K 3yr	357		357		-	-			-	-	-					-
Half Day Pre-K 4yr	-		-		-	-			-	-	-					-
Full Day Pre-K 4yr	607		607		-	-	26		26	-	-					-
Half Day K	644		644		-	-	39		39	-	-					-
Full Day K	618		618		-	-	-		-	-	-					-
One	551		551		-	-	52		52	-	-					-
Two	604		604		-	-	84		84	-	-					-
Three	604		604		-	-	85		85	-	-					-
Four	573		573		-	-	76		76	-	-					-
Five	601		601		-	-	98		98	-	-					-
Six	564		564		-	-	83		83	-	-					-
Seven	523		523		-	-				-	-					-
Eight	532		532		-	-				-	-					-
Nine	482		482		-	-				-	-					-
Ten	532		532		-	-				-	-					-
Eleven					-	-				-	-					-
Twelve					-	-				-	-					-
Adult School (15+cr)	-		-		-	-				-	-					-
Subtotal	8,054	-	8,054	-	-	-	543	-	543	-	-		-	-	-	-
Sp. Ed. - Elementary	600		600		-	-	79		79	-	-		32	15	15	-
Sp. Ed. - Middle School	304		304		-	-				-	-		18	9	9	-
Sp. Ed. - High School	365	7	365	7	-	-				-	-		53	25	25	-
Subtotal	1,269	7	1,269	7	-	-	79	-	79	-	-		103	49	49	-
Totals	9,323	7	9,323	7	-	-	622	-	622	-	-		103	49	49	-
Percentage Error					0.00%	0				0.00%	0.00%					0.00%

EAST ORANGE BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 15, 2019
SCHEDULE OF AUDITED ENROLLMENTS

	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on ASSA Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on ASSA as LEP low Income	Reported on Workpapers as LEP low Income	Errors	Sample Selected	Verified to Test Score and Register	Errors
Half Day Kindergarten			-			-			-			-
Full Day Pre-K 3yr			-			-			-			-
Full Day Pre-K 4yr			-			-			-			-
Full Day Kindergarten	572.0	573.0	(1)	7.0	7.0	-	22.0	20.0	2.0	3.0	3.0	-
One	598.0	598.0	-	8.0	8.0	-	32.0	25.0	7.0	4.0	4.0	-
Two	573.0	572.0	1	7.0	7.0	-	40.0	37.0	3.0	6.0	6.0	-
Three	521.0	523.0	(2)	6.0	6.0	-	28.0	28.0	-	4.0	4.0	-
Four	576.0	571.0	5	7.0	7.0	-	30.0	29.0	1.0	5.0	5.0	-
Five	535.0	501.0	34	7.0	7.0	-	26.0	25.0	1.0	4.0	4.0	-
Six	497.0	497.0	-	6.0	6.0	-	19.0	19.0	-	3.0	3.0	-
Seven	506.0	508.0	(2)	7.0	7.0	-	20.0	22.0	(2.0)	4.0	4.0	-
Eight	460.0	460.0	-	6.0	6.0	-	18.0	18.0	-	3.0	3.0	-
Nine	386.0	386.0	-	5.0	5.0	-	29.0	29.0	-	5.0	5.0	-
Ten	384.0	386.0	(2)	5.0	5.0	-	36.0	36.0	-	6.0	6.0	-
Eleven	335.0	331.0	4	4.0	4.0	-	37.0	37.0	-	6.0	6.0	-
Twelve	350.0	349.0	1	5.0	5.0	-	30.0	29.0	1.0	5.0	5.0	-
Adult School (15+ credits)	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	6,293.0	6,255.0	38	80.0	80.0	-	367.0	354.0	13.0	58.0	58.0	-
Special Ed. - Elementary	543.0	543.0	-	6.0	6.0	-	5.0	5.0	-	-	-	-
Special Ed. - Middle	262.0	262.0	-	3.0	3.0	-	-	-	-	-	-	-
Special Ed. - High	334.0	327.0	7	4.0	4.0	-	1.0	1.0	-	-	-	-
Subtotal	1,139.0	1,132.0	7.0	13.0	13.0	-	6.0	6.0	-	-	-	-
Co.Voc. -Regular												
Co.Voc. Ft. Post Sec.												
Totals	7,432.0	7,387.0	45.0	93.0	93.0	-	373.0	360.0	13.0	58.0	58.0	-
Percentage Error			<u>0.61%</u>			<u>0.00%</u>			<u>3.49%</u>			<u>0.00%</u>

	Transportation					
	Reported on DRTRS by DOE / County	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools	281	281	-	28	28	-
Special Ed. - Public	43	43	-	4	4	-
Transported - Non - Public			-			-
Special Needs - Public	120	120	-	12	12	-
	444	444	-	44	44	-
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

**EAST ORANGE BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 15, 2019
SCHEDULE OF AUDITED ENROLLMENTS**

	Resident LEP Not Low Income			Sample for Verification		
	Reported on ASSA LEP Not low Income	Reported on Workpapers as LEP Not low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Half Day Kindergarten			-			-
Full Day Pre-K 3yr			-			-
Full Day Pre-K 4yr			-			-
Full Day Kindergarten	6	6	-	2	2	-
One	5	5	-	2	2	-
Two	10	10	-	4	4	-
Three	8	8	-	3	3	-
Four	8	8	-	3	3	-
Five	5	5	-	2	2	-
Six	7	7	-	3	3	-
Seven	8	8	-	3	3	-
Eight	8	8	-	3	3	-
Nine	14	14	-	5	5	-
Ten	14	14	-	5	5	-
Eleven	16	16	-	6	6	-
Twelve	18	18	-	7	7	-
Subtotal	127	127	-	48	48	-
Special Ed. - Elementary	1	1	-			-
Special Ed. - Middle	-	-	-			-
Special Ed. - High	-	-	-			-
Subtotal	1	1	-	-	-	-
Co.Voc. -Regular						
Co.Voc. Ft. Post Sec.						
Totals	128.0	128.0	-	48.0	48.0	-
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

**EAST ORANGE BOARD OF EDUCATION
ENCUMBRANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Encumbrances per the June 30, 2020

Board Secretary Report (Funds 11, 12, 13)			\$ 1,833,640
	Amount	Encumbrances	
<u>Description</u>	<u>Total by</u>	<u>Properly</u>	Cancelled/Reclassified
	<u>Category</u>	<u>Encumbered</u>	Through Audit
			<u>Adjustments</u>
Tuition	\$ 400,000		\$ 400,000
Cleaning Repair & Maintenance Services	226,938	\$ 71,203	155,735
Purchased Services	317,559	8,650	308,909
	<u>-</u>	<u>-</u>	<u>-</u>
Total Audited	<u>944,497</u>	<u>79,853</u>	<u>864,644</u>
Unaudited	<u>889,143</u>	<u>\$ 889,143</u>	<u>-</u>
Total Encumbrances	<u>1,833,640</u>	<u>968,996</u>	<u>864,644</u>
Total Encumbrances Cancelled During the Audit			<u>(864,644)</u>
Fund Balance Year End Encumbrances in the CAFR			<u><u>\$ 968,996</u></u>

**EAST ORANGE BOARD OF EDUCATION
ENCUMBRANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Encumbrances per the June 30, 2020
Board Secretary Report (Funds 15)**

\$ 123,593

<u>Description</u>	<u>Total by Category</u>	<u>Amount Properly Encumbered</u>	<u>Encumbrances Cancelled Through Audit Adjustments</u>
Other Purchased Services	\$ 38,068		
Transportation			
Supplies			
	-	-	-
Total Audited	<u>38,068</u>	<u>-</u>	<u>-</u>
Unaudited	<u>85,525</u>	<u>-</u>	<u>-</u>
Total Encumbrances	<u>\$ 123,593</u>	<u>-</u>	<u>-</u>
Total Encumbrances Cancelled During the Audit			<u>-</u>
Fund Balance Year End Encumbrances in the CAFR			<u><u>\$ 123,593</u></u>

**EAST ORANGE BOARD OF EDUCATION
EXCESS SURPLUS CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

SECTION 1

Calculation A: 2% Excess Surplus:

2019-2020 Total General Fund Expenditures Reported on Exhibit C-1		\$ 238,975,064
Decreased by:		
Expenditures Allocated to Restricted Federal Resources as reported on Exhibit D-2		(3,405,504)
		\$ 235,569,560
Decreased by:		
On-Behalf TPAF Pension & Social Security		(32,335,554)
		203,234,006
2019-2020 General Fund Expenditures		203,234,006
2% of Adjusted 2019-2020 General Fund Expenditures		4,064,680
Increased by Allowable Adjustment		476,917
		\$ 4,541,597
Maximum Unassigned Fund Balance		\$ 4,541,597

SECTION 2

Total General Fund - Fund Balance at June 30, 2020		\$ 21,032,424
Decreased by:		
NonSpendable Fund Balance - Inventory		245,834
Restricted Fund Balances - Capital Reserve		5,741,312
Restricted Fund Balance - Maintenance Reserve		1,809,519
Restricted Fund Balances - Register Audit Recoveries		752,663
Assigned Fund Balance - Year End Encumbrances		1,092,589
Assigned Fund Balance - Designated for Subsequent Year's Exp.		8,155,399
		\$ 3,235,108
Total Unassigned Fund Balance		\$ 3,235,108

SECTION 3

Restricted Fund Balance - Excess Surplus		\$ -
		-

**EAST ORANGE BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

RECOMMENDATIONS

I. Administration Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

It is recommended that:

- * 1. Internal controls be enhanced to ensure that purchase orders be reviewed, properly classified and cancelled at year end.
- 2. Post employee travel reports be retained and made available for audit.
- 3. A review be made of each employee's health benefit deduction to ensure compliance with Chapter 78 required contributions.
- * 4. Internal controls be reviewed to ensure transfers are made prior to the overexpenditure of available budget appropriations.
- 5. Uncleared outstanding checks in both the General and Payroll Agency bank accounts be reviewed and cleared of record.
- 6. Final reports for E.S.E.A. and I.D.E.A. grants be revised and resubmitted to include year end accounts and encumbrances payable.

III. School Purchasing Programs

It is recommended that with respect to school purchasing:

- a) The State Comptroller be notified for contracts over \$2 million.
- b) Business Registration Certificates be obtained for all vendors and retained on file.
- * c) Documentation for contracts awarded under State and cooperative purchasing contracts be retained to support items purchase and cost thereof.
- c) Contracts in excess of the bid threshold be approved in the Board minutes.

IV. Food Services Fund

- * It is recommended that the food service management company's sales records be reconciled with the Districts sales records on a monthly basis.

V. Student Body Activities

There are none.

**EAST ORANGE BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

RECOMMENDATIONS

VI. Application for State School Aid

There are none.

VII. Transportation

There are none.

VIII. Facilities and Capital Assets

There are none.

IX. Status of Prior Years' Audit Findings/Recommendations

A review was performed on all prior years' recommendations. Corrective action was taken on all prior year recommendations, except those recommendations denoted by 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
Public School Accountant
Certified Public Accountant