

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

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

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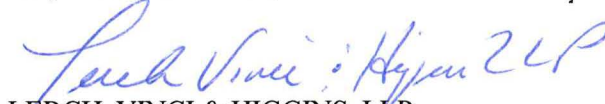
Honorable President and Members  
of the Board of Trustees  
East Orange Board of Education  
East Orange, New Jersey


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, 2021, and have issued our report thereon dated February 23, 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 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  
February 23, 2022

**EAST ORANGE BOARD OF EDUCATION  
ADMINISTRATION 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 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>
Christina Hunt	Board Secretary/School Business Administrator	\$900,000
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, 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 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.

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.

Board Secretary's Records

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

**Finding 2021-1 (CAFR Finding 2021-001)** – Our audit revealed numerous mispostings of revenues/receipts and expenditures in the various funds maintained by the District.

**Recommendation** – Internal controls over financial reporting be enhanced to ensure all revenues/receipts and all expenditures are properly classified and recorded in the appropriate fund.

**Finding 2021-2** – We noted that employee health benefit contributions were not transferred to the General Fund in a timely manner.

**Recommendation** – Employee health benefit contributions be transferred to the General Fund on a timely basis.

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.

**Finding – 2021-3 (CAFR Finding 2021-002 and 2021-005)** – Our audit revealed that the Board Secretary and Treasurer of School Monies reports were not completed and submitted on a timely basis.

**Recommendation** – The Board Secretary and Treasurer's reports be submitted to the Board for approval on a timely basis.

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

**EAST ORANGE BOARD OF EDUCATION  
ADMINISTRATION 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 of all required District accounts.

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

**Finding 2021-4** – 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 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 2021-5 (CAFR Finding 2021-004)** – Our audit of the E.S.E.A. and I.D.E.A. grant award programs revealed that final reports submitted did not include the payment of prior year 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 the payment of prior year accounts and encumbrances payable.

**Finding 2021-6** – Our audit of the ESEA and IDEA grant award programs revealed reimbursements were not requested and received timely for program expenditures made during the grant period.

**Recommendation** – Federal grants receivable be requested and collected on a timely basis for ESEA and IDEA grants.

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, 2021**

**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 not made within the 90 day grant liquidation period, as required by the Office of Grants Management.

**Finding 2021-7** – Our audit revealed that the reimbursement due to the State of New Jersey for pension and social security for federally funded programs was not filed and remitted within the 90 day grant liquidation period.

**Recommendation** – The reimbursement due to the state for TPAF pension and FICA for federally funded programs be filed and remitted in a timely manner.

**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".

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:3-3 are \$44,000 (with a Qualified Purchasing Agent) and \$32,000 (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 \$19,600 for 2020/2021.

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 2021-8 (CAFR Finding 2021-003 and 2021-006)** – Our audit with respect to school purchasing revealed the following:

- a) Vendor invoices for HVAC and construction services were not itemized to include hourly rates and number of hours to be charged.
- b) Amounts charged per vendor invoices for construction services and boiler repairs were not in agreement with approved cooperative bid rates.
- c) Vendors paid for goods and services in excess of the bid threshold that were not approved in the minutes.

**Recommendation** – It is recommended that with respect to school purchasing:

- a) Invoices for HVAC and construction services be itemized as to the hourly rates and time to be charged.
- b) Amounts charged per vendor invoices for construction services and boiler repairs be verified with approved cooperative bid rates.
- c) In all instances contracts that exceed the bid threshold be procured in accordance with the Local Public Contracts Law.

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

**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.

During SY 2020-2021 the public health emergency was still applicable. As a result, School Food Authorities (SFA’s) 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 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 exceed three months average expenditures.

**Finding** – The Food Service Fund net cash resources exceeded the maximum amount permitted by the New Jersey State Department of Education. No recommendation is warranted as a result of COVID-19 and School Food Authorities were required to provide meals in accordance with the regulations governing the National School Nutrition Seamless Summer Option.

The SFA recorded and maintained separate supporting documentation for additional costs (food, supplies, transportation, etc.) applicable to the implementation of the COVID-19 meal service under SSA or SFSP program requirements.

The FSMC did not apply for and receive a loan in accordance with the Payroll Protection Plan to pay for costs applicable to the Food Service Programs.



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

**Food Service Fund (Continued)**

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

The number of meals claimed for reimbursement was compared to sales and meal count records. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement claims were submitted/certified in a timely manner.

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. 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.

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, 2020 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.

**Finding** – Our audit of low income and LEP low income noted numerous applications that were not available for audit. It was noted that as a result of the COVID emergency all students were eligible for free lunch therefore no recommendation is warranted.

**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 exceptions. The information that was included on the workpapers was verified without exceptions 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.

**Finding – 2021-9** – The Fixed Asset report was not updated for 2020/21 additions and deletions. In addition the related depreciation for both current and prior year assets acquired was not updated.

**Recommendation** – The Fixed Asset report be updated annually.

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

**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, 2021**

**SCHEDULE OF MEAL COUNT ACTIVITY**

<u>Program</u>	<u>Meals Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate per Meal</u>	<u>Total Over (Under) Claim Amount</u>
National School Lunch	SSO	<u>521,893</u>	<u>165,297</u>	<u>164,528</u>	<u>769</u>	<u>3.59</u>	<u>\$ 2,761</u>
	Total Lunch	<u>521,893</u>	<u>165,297</u>	<u>164,528</u>	<u>769</u>	<u>3.59</u>	<u>2,761</u>
National School Breakfast	SSO	<u>554,200</u>	<u>162,402</u>	<u>161,664</u>	<u>738</u>	<u>2.26</u>	<u>1,668</u>
	Total Breakfast	<u>554,200</u>	<u>162,402</u>	<u>161,664</u>	<u>738</u>	<u>2.26</u>	<u>1,668</u>
National School Snack		<u>162,974</u>	<u>72,174</u>	<u>72,174</u>	<u>-</u>	<u>0.96</u>	<u>-</u>
	Total Snack	<u>162,974</u>	<u>72,174</u>	<u>72,174</u>	<u>-</u>	<u>0.96</u>	<u>-</u>
							<u>\$ 4,429</u>

**EAST ORANGE BOARD OF EDUCATION  
NET CASH RESOURCE SCHEDULE  
FOOD SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<b>CAFR</b>	<b>Current Assets</b>		
B-4	Cash & Cash Equiv.	\$	470,938
B-4	Accounts Receivable		1,294,421
<b>CAFR</b>	<b>Current Liabilities</b>		
B-4	Less Accounts Payable		(427,476)
B-4	Less Due to Other Funds		(219,458)
B-4	Less Deferred Revenue		(13,169)
			<hr/>
	<b>Net Cash Resources</b>	<b>\$</b>	<b>1,105,256</b>
			<hr/> <hr/>
<b><u>Net Adj. Total Operating Expense:</u></b>			
B-5	Tot. Operating Exp.	\$	3,235,153
B-5	Less Depreciation		(2,395)
			<hr/>
	Adj. Tot. Oper. Exp.	<b>\$</b>	<b>3,232,758</b>
			<hr/> <hr/>
<b><u>Average Monthly Operating Expense:</u></b>			
		<b>\$</b>	<b>323,276</b>
			<hr/> <hr/>
<b><u>Three times monthly Average:</u></b>			
		<b>\$</b>	<b>969,827</b>
			<hr/> <hr/>
Net Cash Resources		\$	1,105,256
Three Months			(969,827)
			<hr/>
Average Expenditures			
Net Cash Resources (Under)			
Three Months Average			
Expenditures		<b>\$</b>	<b>135,429</b>
			<hr/> <hr/>

**EAST ORANGE BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
ENROLLMENT AS OF OCTOBER 15, 2020  
SCHEDULE OF AUDITED ENROLLMENTS**

	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 Verifi- cation	Sample Verified	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared					
Half Day Pre-K 3yr																	
Full Day Pre-K 3yr					-	-											
Half Day Pre-K 4yr					-	-											
Full Day Pre-K 4yr					-	-											
Half Day K					-	-											
Full Day K	566		568		(2)	-	48		48								
One	567		575		(8)	-	40		40								
Two	609		618		(9)	-	62		62								
Three	572		581		(9)	-	-		-								
Four	524		524		-	-	53		53								
Five	579		577		2	-	31		31								
Six	558		558		-	-	256		256								
Seven	549		553		(4)	-	311		311								
Eight	608		611		(3)	-	388		388								
Nine	536		531		5	-	347		347								
Ten	517		515		2	-	112		112								
Eleven	520		515		5	-	75		75								
Twelve	484		482		2	-	327		327								
Adult School (15+cr)	-		-		-	-	-		-								
Subtotal	7,189	-	7,208	-	(19)	-	2,050	-	2,050	-	-	-	-	-	-	-	-
Sp. Ed. - Elementary	516		514		2	-	26		26				34	16	16		-
Sp. Ed. - Middle School	318		318		-	-	16		16				26	13	13		-
Sp. Ed. - High School	357		357		-	-	18		17		1		41	20	18		2
Subtotal	1,191	-	1,189	-	2	-	60	-	59	-	1	-	101	49	47		2
Totals	8,380	-	8,397	-	(17)	-	2,110	-	2,109	-	1	-	101	49	47		2
Percentage Error					-0.20%	0.00%					0.05%	0.00%					4.08%

**EAST ORANGE BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
ENROLLMENT AS OF OCTOBER 15, 2020  
SCHEDULE OF AUDITED ENROLLMENTS**

	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on ASSA as 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	478.0	476.0	2.0	5.0	4.0	1.0	21.0	20	1.0	4	4.0	-
One	593.0	589.0	4.0	7.0	7.0	-	23.0	21	2.0	3	3.0	-
Two	591.0	585.0	6.0	6.0	6.0	-	22.0	22	-	5	3.0	2
Three	577.0	576.0	1.0	6.0	6.0	-	42.0	41	1.0	7	7.0	-
Four	536.0	532.0	4.0	6.0	5.0	1.0	35.0	32	3.0	6	4.0	2
Five	554.0	551.0	3.0	6.0	6.0	-	29.0	26	3.0	5	2.0	3
Six	535.0	535.0	-	6.0	5.0	1.0	23.0	22	1.0	2	2.0	-
Seven	534.0	534.0	-	6.0	5.0	1.0	23.0	20	3.0	3	2.0	1
Eight	554.0	554.0	-	6.0	5.0	1.0	29.0	25	4.0	2	2.0	-
Nine	434.0	434.0	-	4.0	2.0	2.0	18.0	15	3.0	4	3.0	1
Ten	399.0	399.0	-	4.0	3.0	1.0	28.0	28	-	4	4.0	-
Eleven	404.0	404.0	-	4.0	2.0	2.0	40.0	40	-	6	4.0	2
Twelve	361.0	361.0	-	4.0	2.0	2.0	37.0	37	-	8	3.0	5
Adult School (15+ credits)	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	6,550.0	6,530.0	20.0	70.0	58.0	12.0	370.0	349.0	21.0	59.0	43.0	16.0
Special Ed. - Elementary	480.0	473.0	7.0	6.0	6.0	-	1.0	1.0	-	-	-	-
Special Ed. - Middle	310.0	303.0	7.0	3.0	3.0	-	-	-	-	-	-	-
Special Ed. - High	333.0	328.0	5.0	4.0	3.0	1.0	-	-	-	-	-	-
Subtotal	1,123.0	1,104.0	19.0	13.0	12.0	1.0	1.0	1.0	-	-	-	-
Co. Voc. -Regular												
Co. Voc. Ft. Post Sec.												
Totals	7,673.0	7,634.0	39.0	83.0	70.0	13.0	371.0	350.0	21.0	59.0	43.0	16.0
Percentage Error			0.51%			15.66%			5.66%			27.12%

	Transportation					
	Reported on DRTRS by DOE / County	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools	2	2	-	2	2	-
Special Ed. - Public	50	50	-	25	25	-
Transported - Non - Public						-
Special Needs - Public	240	240	-	31	31	-
	292	292	-	58	58	-
Percentage Error			0.00%			0.00%

**EAST ORANGE BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
ENROLLMENT AS OF OCTOBER 15, 2020  
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	8	5	3	1	1	-
One	2	2	-	1	1	-
Two	3	3	-	2	2	-
Three	5	4	1	2	2	-
Four	4	4	-	2	2	-
Five	5	5	-	4	4	-
Six	8	7	1	4	4	-
Seven	2	2	-	2	2	-
Eight	6	6	-	6	6	-
Nine	8	7	1	5	5	-
Ten	13	10	3	4	4	-
Eleven	15	15	-	9	9	-
Twelve	13	12	1	7	7	-
Subtotal	92	82	10	49	49	-
Special Ed. - Elementary	-	-	-			-
Special Ed. - Middle	-	-	-			-
Special Ed. - High	-	-	-			-
Subtotal	-	-	-	-	-	-
Co.Voc. -Regular						
Co.Voc. Ft. Post Sec.						
Totals	92.0	82.0	10.0	49.0	49.0	-
Percentage Error			10.87%			0.00%

**EAST ORANGE BOARD OF EDUCATION  
ENCUMBRANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Encumbrances per the June 30, 2021**

**Board Secretary Report (Funds 11, 12, 13)** \$ 3,381,932

<u>Description</u>	<u>Total by Category</u>	<u>Amount Properly Encumbered</u>	<u>Encumbrances Cancelled/Reclassified Through Audit Adjustments</u>
Cleaning Repair & Maintenance Services	\$ 223,669	\$ 223,669	-
Energy	417,084	417,084	-
Purchased Services	179,159	179,159	-
Unallocated Benefits - Workers Comp.	600,000	-	\$ 600,000
	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Audited</b>	<u>1,419,912</u>	<u>819,912</u>	<u>600,000</u>
<b>Unaudited</b>	<u>1,962,020</u>	<u>1,962,020</u>	<u>-</u>
<b>Total Encumbrances</b>	<u>3,381,932</u>	<u>2,781,932</u>	<u>600,000</u>

**Total Encumbrances Cancelled During the Audit** (600,000)

**Add: Encumbrances for**  
**Salary Related Appropriations** 1,456,159

**Fund Balance Year End Encumbrances in the CAFR** \$ 4,238,091



**EAST ORANGE BOARD OF EDUCATION  
ENCUMBRANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Encumbrances per the June 30, 2021  
Board Secretary Report (Funds 15)**

\$ 164,008

<u>Description</u>	<u>Total by Category</u>	<u>Amount Properly Encumbered</u>	<u>Encumbrances Cancelled Through Audit Adjustments</u>
Other Purchased Services	\$ 16,853	\$ 16,853	
Supplies	18,756	18,756	
	<u>-</u>	<u>-</u>	<u>-</u>
Total Audited	<u>35,609</u>	<u>35,609</u>	<u>-</u>
Unaudited	<u>128,399</u>	<u>128,399</u>	<u>-</u>
Total Encumbrances	<u>\$ 164,008</u>	<u>164,008</u>	<u>-</u>

**Total Encumbrances Cancelled During the Audit**

-

**Fund Balance Year End Encumbrances in the CAFR**

\$ 164,008

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

**SECTION 1**

**Calculation A: 4% Excess Surplus:**

2020-2021 Total General Fund Expenditures Reported on Exhibit C-1	\$ 235,793,076
Increased by Applicable Operating Transfers:	
Transfer from General Fund to Special Revenue Fund for Preschool	376,100
Decreased by:	
Expenditures Allocated to Restricted Federal Resources as reported on Exhibit D-2	(3,628,114)
	\$ 232,541,062
Decreased by:	
On-Behalf TPAF Pension & Social Security	(38,701,485)
2020-2021 General Fund Expenditures	193,839,577
4% of Adjusted 2020-2021 General Fund Expenditures	7,753,583
Increased by Allowable Adjustment	613,648
Maximum Unassigned Fund Balance	\$ 8,367,231

**SECTION 2**

Total General Fund - Fund Balance at June 30, 2021	\$ 30,813,611
Decreased by:	
Restricted Fund Balances - Capital Reserve	2,042,429
Restricted Fund Balances - Capital Reserve - Designated for Subsequent Year's	1,872,833
Restricted Fund Balance - Maintenance Reserve	774,557
Restricted Fund Balance - Maintenance Reserve - Designated for Subsequent Year	1,000,000
Restricted Fund Balances - Register Audit Recoveries	501,776
Restricted Fund Balance - Unemployment Compensation Reserve	1,723,549
Assigned Fund Balance - Year End Encumbrances	4,402,099
Assigned Fund Balance - SEMI/ARRA - Designated for Subsequent Year's Exp	33,189
Assigned Fund Balance - Designated for Subsequent Year's Exp.	8,154,033
Total Unassigned Fund Balance	\$ 10,309,146

**SECTION 3**

<b>Restricted Fund Balance - Excess Surplus</b>	<b>\$ 1,941,915</b>
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**EAST ORANGE BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**RECOMMENDATIONS**

**I. Administration Practices and Procedures**

There are none.

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

It is recommended that:

1. Internal controls over financial reporting be enhanced to ensure all revenues/receipts and all expenditures are properly classified and recorded in the appropriate fund.
2. Employee health benefit contributions be transferred to the General Fund on a timely basis.
3. The Board Secretary and Treasurer's reports be submitted to the Board for approval on a timely basis.
- \* 4. Uncleared, outstanding checks in both the General and Payroll bank accounts be reviewed and cleared of record.
- \* 5. Final reports for ESEA and IDEA grants be revised and submitted to include the payment of prior year accounts and encumbrances payable.
6. Federal grants receivable be requested and collected on a timely basis for ESEA and IDEA grants.
7. The reimbursement due to the state for TPAF pension and FICA for federally funded programs be filed and remitted in a timely manner.

**III. School Purchasing Programs**

8. It is recommended that with respect to school purchasing:

- a) Invoices for HVAC and construction services be itemized as to the hourly rates and time to be charged.
- b) Amounts charged per vendor invoices for construction services and boiler repairs be verified with approved cooperative bid rates.
- c) In all instances contracts that exceed the bid threshold be procured in accordance with the Local Public Contracts Law.

**IV. Food Services Fund**

There are none

**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, 2021**

**RECOMMENDATIONS**

**VI. Application for State School Aid**

There are none.

**VII. Transportation**

There are none.

**VIII. Facilities and Capital Assets**

9. It is recommended that the Fixed Assets report be updated annually.

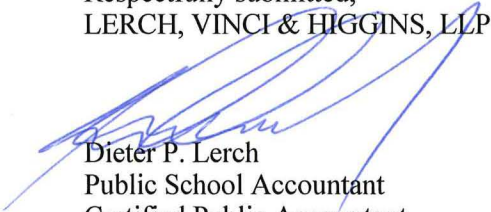
**IX. Status of Prior Years' Audit Findings/Recommendations**

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