

**FLORHAM PARK BOARD OF EDUCATION
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2022**

**FLORHAM PARK BOARD OF EDUCATION
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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Honorable President and Members
of the Board of Education
Florham Park Board of Education
Florham Park, 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 Florham Park Board of Education as of and for the fiscal year ended June 30, 2022, and have issued our report thereon dated February 15, 2023.

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 management, the Board of Education, others within the District and the New Jersey State Department of Education. However, this report is a matter of public record and its distribution is not limited.


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


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
February 15, 2023

**FLORHAM PARK BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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 (Exhibit J-20) contained in the district's Annual Comprehensive Financial Report (CAFR).

Official Bonds

| <u>Name</u> | <u>Position</u> | <u>Amount</u> |
|-------------------|--|---------------|
| John R. Csatlós | Board Secretary/School Business Administrator | \$100,000 |
| Raymond G. Karaty | Treasurer of School Monies | 230,000 |

There is a Public Employee Dishonesty and Faithful Performance Coverage with the New Jersey Schools Insurance Group covering all other employees with multiple coverage of \$100,000.

P.L. 2020, c.44

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 on audit. The Chapter 44 summary report was reviewed for reasonableness and timeliness.

The data submitted did include all health benefit plans offered by school district.

The school district data certification was completed by the Chief School Administrator. The school district submitted the Chapter 44 data in a timely manner.

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, certifications and 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 in the Payroll Agency Account.

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

**FLORHAM PARK BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Financial Planning, Accounting and Reporting (Continued)

Payroll Account (Continued)

Salary withholdings were promptly remitted to the proper agencies, including employee health benefit premium contribution amounts withheld due to the General Fund.

The District maintains a personnel tracking and accounting (position control) system.

The School Business Administrator completed and filed the required Certification of Compliance with Federal and State Law for the reporting of compensation for certain employees.

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.

Year-End 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 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.

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, we also selected administrative coding classifications to determine overall reliability and compliance with NJAC 6A:23A-8.3. As a result of the procedures performed no additional procedures were deemed necessary to test the propriety of expenditure classifications.

Board Secretary's Records

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

Acknowledgment 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.

Treasurer's Records

The Treasurer did perform cash reconciliations for all District accounts (NJSA 18A:17-9).

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

The Treasurer's cash balances were in agreement with the reconciled cash balances as determined during the audit.

**FLORHAM PARK BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Financial Planning, Accounting and Reporting (Continued)

Unemployment Compensation Insurance Account

The Board has adopted the direct reimbursement method and has established an Unemployment Compensation Insurance Account. The financial transactions of this fund are reported in the General Fund.

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

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 projects under Title I, II, 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.

Other Special Federal and/or State Projects

The District's Special Projects were approved as listed on Exhibit K-3 and K-4 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.

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 fiscal year. Therefore, there were no reimbursement amounts due to the State at June 30, 2022.

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 contracts under N.J.S.A. 18A:39-3 is currently \$20,200.

**FLORHAM PARK BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

School Purchasing Programs (Continued)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

If the purchasing agent is qualified pursuant to subsection b of section 9 of P.L. 1971, c.198 (c.40A:11-9), the Board of Education may establish that the bid threshold may be up to \$44,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section. The Board has designated the School Business Administrator as the qualified purchasing agent and has approved by Board resolution a bid threshold of \$44,000.

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

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

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.

Finding 2022-001 – Our audit of the purchasing procedures revealed the following:

- Board approved professional service contract awards were not subsequently published in the District's official newspaper as required by the Public School Contracts Law.
- We noted in some instances that certain purchases to cooperative contract vendors which exceeded the bid threshold were not approved by Board resolution.
- We noted in certain instances where political contribution disclosure forms (PCDF) were not obtained and on file as required.

Recommendation – Continued efforts be made over purchasing procedures to ensure all contract awards and purchases are procured in accordance with the requirements of the Public School Contracts Law and State procurement guidelines.

Enterprise Funds

Food Service Fund

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

Expenditures were separately recorded as food and other costs. Vendor invoices were reviewed and costs verified.

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.

**FLORHAM PARK BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Student Body Activities

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

Cash receipts were deposited timely.

Cash disbursements had proper supporting documentation.

Finding (2022-02) – Our audit of the district’s student activity accounts revealed the following:

- The Briarwood Elementary School, Ridgedale Middle School, and Ridgedale Middle School Athletics Account student activity bank accounts were not reconciled.
- Supporting documentation was not available at the time of audit for the Briarwood Elementary School and Brooklake Elementary School cash receipts.

Recommendation – Procedures be reviewed and revised to ensure the student activity accounts are reconciled timely and accurately with sufficient appropriate supporting documentation on file for all cash receipt transactions.

Application for State School Aid

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 handicapped, low-income and bilingual. A review was performed of the district procedures related to its completion. The information on the A.S.S.A. was compared to the district workpapers with immaterial exception noted. The information that was included on the workpapers was verified without exception. The results of these 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 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 without exception. The information that was included on the District report was verified without exception. 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. No exceptions were noted in our review of transportation related purchases of goods and services.

Testing for 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).

Management Suggestions

- Old invalid reconciling items on the Payroll and Payroll Agency accounts be reviewed and cleared of record, and any excess balances be reviewed and returned to the General Fund.
- Greater care and continued efforts be given to improve internal controls for the integrated tuition program.

Follow-up on Prior Year Findings

In accordance with government auditing standards, our procedures included a review of all prior year recommendations.

**FLORHAM PARK BOARD OF EDUCATION
FOOD SERVICE FUND
NUMBER OF MILKS SERVED AND (OVER)/UNDERCLAIM
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

SCHEDULE OF MEAL COUNT ACTIVITY

NOT APPLICABLE

**FOOD SERVICE FUND
COMPARISON OF NET CASH RESOURCES TO AVERAGE EXPENDITURES
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOT APPLICABLE

**FLORHAM PARK BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2021**

| | 2022-2023 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 | | Sample Errors | | Reported on A.S.S.A. as Private Schools | Reported Per District Work papers | Errors | Sample for Verifi- cation | Sample Verified | Sample Errors |
| | Full | Shared | Full | Shared | Full | Shared | Full | Shared | Full | Shared | Full | Shared | | | | | | |
| Half Day Preschool - 4 years | 5 | | 5 | | - | - | 5 | | 5 | | - | - | | | | | | |
| Full Day Preschool - 4 years | 10 | | 10 | | - | - | 10 | | 10 | | - | - | | | | | | |
| Full Day Kindergarten | 83 | | 84 | | (1) | - | 83 | | 83 | | - | - | | | | | | |
| 1st Grade | 91 | | 90 | | 1 | - | 91 | | 91 | | - | - | | | | | | |
| 2nd Grade | 78 | | 79 | | (1) | - | 78 | | 78 | | - | - | | | | | | |
| 3rd Grade | 95 | | 95 | | - | - | 95 | | 95 | | - | - | | | | | | |
| 4th Grade | 108 | | 108 | | - | - | 108 | | 108 | | - | - | | | | | | |
| 5th Grade | 77 | | 77 | | - | - | 77 | | 77 | | - | - | | | | | | |
| 6th Grade | 91 | | 90 | | 1 | - | 91 | | 91 | | - | - | | | | | | |
| 7th Grade | 86 | | 87 | | (1) | - | 86 | | 86 | | - | - | | | | | | |
| 8th Grade | 96 | | 96 | | - | - | 96 | | 96 | | - | - | | | | | | |
| Subtotal | 820 | - | 821 | - | (1) | - | 820 | - | 820 | - | - | - | - | - | - | - | - | - |
| Spec Ed - Elementary | 82 | | 82 | | - | - | 15 | | 15 | | - | - | | 2 | (2) | 2 | 2 | - |
| Spec Ed - Middle School | 46 | | 46 | | - | - | 10 | | 10 | | - | - | 1 | 3 | (2) | 3 | 3 | - |
| Subtotal | 128 | - | 128 | - | - | - | 25 | - | 25 | - | - | - | 1 | 5 | (4) | 5 | 5 | - |
| Totals | 948 | - | 949 | - | (1) | - | 845 | - | 845 | - | - | - | 1 | 5 | (4) | 5 | 5 | - |
| Percentage Error | | | | | <u>-0.11%</u> | | | | | <u>0.00%</u> | | | | <u>-400.00%</u> | | | <u>0.00%</u> | |

**FLORHAM PARK BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLEMENT 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 Test Score and Register | Sample Errors |
| | Full Day Kindergarten | 1 | 1 | - | 1 | 1 | - | | | | | |
| 1st Grade | | | - | | | - | | | | | | |
| 2nd Grade | | | - | | | - | | | | | | |
| 3rd Grade | 1 | 1 | - | 1 | 1 | - | | | | | | |
| 4th Grade | 2 | 2 | - | 2 | 2 | - | | | | | | |
| 5th Grade | | | - | | | - | | | | | | |
| 6th Grade | | | - | | | - | | | | | | |
| 7th Grade | 1 | 1 | - | 1 | 1 | - | | | | | | |
| 8th Grade | | | - | | | - | | | | | | |
| Subtotal | 5 | 5 | - | 5 | 5 | - | - | - | - | - | - | - |
| Spec Ed - Elementary | 1 | 1 | - | 1 | 1 | - | | | | | | |
| Spec Ed - Middle School | 1 | 1 | - | 1 | 1 | - | | | | | | |
| Subtotal | 2 | 2 | - | 2 | 2 | - | - | - | - | - | - | - |
| Totals | 7 | 7 | - | 7 | 7 | - | - | - | - | - | - | - |
| 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 | 152 | 152 | - | 22 | 22 | - |
| Transported - Non-Public | 67 | 67 | - | 6 | 6 | - |
| Regular - Spec. | 31 | 31 | - | 4 | 4 | - |
| Special Needs - Public | 8 | 8 | - | 3 | 3 | - |
| Totals | 8 | 8 | - | 3 | 3 | - |
| | | | <u>0.00%</u> | | | <u>0.00%</u> |

**FLORHAM PARK BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2021**

| | <u>Resident LEP Not Low Income</u> | | | <u>Sample for Verification</u> | | |
|-------------------------|---|---|--------------------------------------|---------------------------------------|--|------------------|
| | Reported on A.S.S.A. as Not Low Income | Reported on Workpapers as Not Low Income | Reported on Workpapers On Roll | Sample Selected from Workpapers | Verified to Application and Register | Sample Errors |
| Full Day Kindergarten | | | - | | | - |
| 1st Grade | 2 | 2 | - | 2 | 2 | - |
| 2nd Grade | 2 | 2 | - | 2 | 2 | - |
| 3rd Grade | | | - | | | - |
| 4th Grade | | | - | | | - |
| 5th Grade | 1 | 1 | - | 1 | 1 | - |
| 6th Grade | | | - | | | - |
| 7th Grade | 3 | 3 | - | 3 | 3 | - |
| 8th Grade | 1 | 1 | - | 1 | 1 | - |
| Subtotal | <u>9</u> | <u>9</u> | <u>-</u> | <u>9</u> | <u>9</u> | <u>-</u> |
| Spec Ed - Elementary | | | - | | | - |
| Spec Ed - Middle School | | | - | | | - |
| Subtotal | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Totals | <u>9</u> | <u>9</u> | <u>-</u> | <u>9</u> | <u>9</u> | <u>-</u> |
| Percentage Error | | | <u>0.00%</u> | | | <u>0.00%</u> |

**FLORHAM PARK BOARD OF EDUCATION
CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

| | | |
|---|-------------------|---------------------|
| 2021-2022 Total General Fund Expenditures | \$ 25,193,202 | |
| Decreased by: | | |
| On-Behalf TPAF Pension & Social Security | (4,396,202) | |
| Adjusted 2021-2022 General Fund Expenditures | <u>20,797,000</u> | |
| 4% of Adjusted 2021-2022 General Fund Expenditures | <u>831,880</u> | |
| Enter Greater of 4% of Adjusted 2021-2022 General Fund Expenditures or \$250,000 | | \$ 831,880 |
| Increased by Allowable Adjustments | | |
| Extraordinary Aid | \$ 204,710 | |
| Additional Nonpublic School Transportation Aid | <u>19,474</u> | |
| | | <u>224,184</u> |
| Maximum Unreserved/Undesignated Fund Balance | | <u>\$ 1,056,064</u> |

SECTION 2

| | | |
|--|----------------|---------------------|
| Total General Fund - Fund Balance at June 30, 2022 | \$ 4,186,220 | |
| Decreased by: | | |
| Year-End Encumbrances | \$ 116,408 | |
| Other Restricted Fund Balances | | |
| Capital Reserve | 2,151,077 | |
| Maintenance Reserve | 50,000 | |
| Emergency Reserve | 87,000 | |
| Unemployment Compensation Reserve | 17,500 | |
| Excess Surplus - Designated for Subsequent Year's Expenditures | 61,141 | |
| Assigned Fund Balances - Designated for Subsequent Year's Expenditures | <u>386,204</u> | |
| | | <u>2,869,330</u> |
| Total Unassigned Fund Balance for Excess Surplus Calculation | | <u>\$ 1,316,890</u> |
| Restricted Fund Balance - Excess Surplus | | <u>\$ 260,826</u> |

Recapitulation of Excess Surplus as of June 30, 2022

| | | |
|---|--|-------------------|
| Restricted Fund Balance - Excess Surplus | | \$ 260,826 |
| Restricted Fund Balance - Excess Surplus - Designated for Subsequent Year's Expenditures | | <u>61,141</u> |
| Total Excess Surplus | | <u>\$ 321,967</u> |

**FLORHAM PARK BOARD OF EDUCATION
RECOMMENDATIONS**

I. Administrative Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

There are none.

III. School Purchasing Program

- * 1. Continued efforts be made over purchasing procedures to ensure all contract awards and purchases are procured in accordance with the requirements of the Public School Contracts Law and State procurement guidelines.

IV. Enterprise Funds

There are none.

V. Student Body Activities

2. It is recommended that procedures be reviewed and revised to ensure the student activity accounts are reconciled timely and accurately with sufficient appropriate supporting documentation on file for all cash receipt transactions.

VI. Application for State School Aid

There are none.

VII. Pupil Transportation

There are none.

VIII. Miscellaneous

There are none.

IX. Status of Prior Years' Audit Findings/Recommendations

A review was performed on all prior years' recommendations and corrective action was taken on all items 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 the members of the audit team.