

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

**NORTHVALE BOARD OF EDUCATION
TABLE OF CONTENTS**

**AUDITORS MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS
- FINANCIAL, COMPLIANCE AND PERFORMANCE**

Page No.

Report of Independent Auditors'	1
Scope of Audit	2
Administrative Practices and Procedures	2
Financial Planning, Accounting and Reporting	2-4
School Purchasing Programs	4
School Food Service	4
Student Body Activities	4
Application of State School Aid	5
Pupil Transportation	5
Facilities and Capital Assets	5
Testing for Lead of All Drinking Water in Educational Facilities	5
Schedule of Meal Count Activity – Not Applicable	6
Schedule of Net Cash Resources – Not Applicable	6
Schedule of Audited Enrollments	7-9
Calculation of Excess Surplus	10
Recommendations	11-12
Acknowledgment	12



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRISTOPHER VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA, PSA

Honorable President and Members
of the Board of Trustees
Northvale Board of Education
Northvale, 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 Northvale Board of Education as of and for the fiscal year ended June 30, 2022, and have issued our report thereon dated February 1, 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 solely for the information and use of management, the Board of Trustees, others within the District and the New Jersey State Department of Education. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

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

Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
February 1, 2023

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

GENERAL COMMENTS

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and board designee, 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 Annual Comprehensive Financial Report (the "ACFR").

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Louis B. Turco	Business Administrator/Board Secretary	\$100,000

There is public employee dishonesty coverage covering all other employees with coverage of \$100,000 per employee and \$500,000 per loss.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were less than estimated costs. The Board made the proper adjustment to the billings for the regular students where the actual costs were less than the estimated costs in accordance with N.J.A.C. 6A:23-3.1(f)3.

Financial Planning, Accounting and Reporting

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 Chapter 44 data was submitted timely.

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

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

Financial Planning, Accounting and Reporting (Continued)

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

Payrolls were delivered to the Secretary of the Board for the full amount of each payroll.

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

Employee Position Control Roster

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

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, for goods not yet received or services not yet rendered. 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.

Travel

The District has an approved Board travel policy as required by N.J.A.C. 6A:23A-6.13 and N.J.S.A. 18A:11-12. No exceptions were noted pertaining to travel expense payment tested.

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 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.

Board Secretary's Records

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

The Board Secretary's and cash reports were presented monthly to the Board on a timely basis and were submitted to the executive county superintendent as prescribed by (N.J.S.A. 18A:17-9 and 18A:17-36).

Board Designee – Bank Reconciliations

The Board has appointed the superintendent as the designee to perform cash reconciliations.

The monthly bank reconciliations were in agreement with the records of the Board Secretary and designee that were in the official minutes.

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 examination 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.

Finding 2022-001 – The audit of Federal grant awards revealed a drawdown was made under the ESSER II grant, however the expenditures were not properly identified and charged to the Special Revenue Fund.

Recommendation – It is recommended that all ESSER grant expenditures be properly identified and charged to the Special Revenue Fund.

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

Financial Planning, Accounting and Reporting (Continued)

The financial exhibits contained herein represent a true statement of the financial position pertaining to the aforementioned special projects.

T.P.A.F. Reimbursements

Our audit procedures included a test of the semi-monthly reimbursement forms filed with the Department of Education for District employees who are members of the Teachers Pension and Annuity Fund (TPAF). No exceptions were noted.

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

None.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

The bid thresholds in accordance with N.J.S.A. 18A:18A-3(a) (as amended) and 18A:39-3 are \$44,000 (with a Qualified Purchasing Agent) and \$32,000 (without a Qualified Purchasing Agent), respectively. The Business Administrator has been designated as the Purchasing Agent of the District and the Board of Education has adopted a resolution establishing the bid threshold at \$44,000. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39.3 is \$20,200 effective 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 Board Attorney's opinion should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

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

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained. Our examination did reveal, however, that purchases were made through the use of State contracts.

School Food Service

The District operated a milk program during the 21/22 school year. The District did not receive any federal or state support.

Student Body Activities

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

Cash receipts were promptly deposited.

Cash disbursements were supported by proper documentation.

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

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, related services, private schools for the handicapped, low-income and bilingual. We also performed a review of the District procedures related to its completion. The information on the A.S.S.A. was compared to the District workpapers without exception. The information that was included on the workpapers was verified with immaterial exceptions. 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 had 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 with exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures were to review the 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

The District had no SDA grant projects during the year. The capital assets records were properly maintained for the fiscal year ended June 30, 2022.

Testing for Lead of All Drinking Water in Educational Facilities

The school 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 school district submitted the annual Statement of Assurance to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

**NORTHVALE BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
SCHEDULE OF MEAL COUNT ACTIVITY**

NOT APPLICABLE

SCHEDULE OF NET CASH RESOURCES – FOOD SERVICE

NOT APPLICABLE

NORTHVALE BOARD OF EDUCATION
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		Verified per Registers On Roll		Errors per Registers On Roll		Reported on A.S.S.A. as Private Schools	Sample for Veri- fication	Sample Verified	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared					
Half Day Preschool	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Kindegarten	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	47	-	47	-	-	-	47	-	47	-	-	-	-	-	-	-	-
One	41	-	41	-	-	-	41	-	41	-	-	-	-	-	-	-	-
Two	55	-	56	-	(1)	-	56	-	56	-	-	-	-	-	-	-	-
Three	47	-	46	-	1	-	46	-	46	-	-	-	-	-	-	-	-
Four	44	-	44	-	-	-	44	-	44	-	-	-	-	-	-	-	-
Five	57	-	57	-	-	-	57	-	57	-	-	-	-	-	-	-	-
Six	49	-	49	-	-	-	49	-	49	-	-	-	-	-	-	-	-
Seven	51	-	51	-	-	-	51	-	51	-	-	-	-	-	-	-	-
Eight	52	-	52	-	-	-	52	-	52	-	-	-	-	-	-	-	-
Nine	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ten	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Eleven	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Twelve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Post-Graduate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (15+CR.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (1-14 CR.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	443	-	443	-	-	-	443	-	443	-	-	-	-	-	-	-	-
Special Ed - Elementary	52	-	50	-	2	-	50	-	50	-	-	-	-	-	-	-	-
Special Ed - Middle School	30	-	32	-	(2)	-	32	-	33	-	(1)	-	-	-	-	-	-
Special Ed - High School	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	82	-	82	-	-	-	82	-	83	-	(1)	-	-	-	-	-	-
Co. Voc. - Regular	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Co. Voc. Ft. Post Sec.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	525	-	525	-	-	-	525	-	526	-	(1)	-	-	-	-	-	-
Percentage Error					0.00%	0.00%					-0.19%	0.00%					0.00%

NORTHVALE 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	Reported on	Errors	Sample	Verified to	Sample	Reported on	Reported on	Errors	Sample	Verified to	Sample
	A.S.S.A. as	Workpapers as					A.S.S.A. as	Workpapers as				
Low	Low	Income	Income	Workpapers	and Register	Errors	Income	Income	Income	Workpapers	and Register	Errors
Half Day Preschool	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-
One	-	-	-	-	-	-	-	-	-	-	-	-
Two	-	-	-	-	-	-	-	-	-	-	-	-
Three	-	-	-	-	-	-	-	-	-	-	-	-
Four	-	-	-	-	-	-	-	-	-	-	-	-
Five	-	-	-	-	-	-	-	-	-	-	-	-
Six	-	-	-	-	-	-	-	-	-	-	-	-
Seven	-	-	-	-	-	-	-	-	-	-	-	-
Eight	-	-	-	-	-	-	-	-	-	-	-	-
Nine	-	-	-	-	-	-	-	-	-	-	-	-
Ten	-	-	-	-	-	-	-	-	-	-	-	-
Eleven	-	-	-	-	-	-	-	-	-	-	-	-
Twelve	-	-	-	-	-	-	-	-	-	-	-	-
Post-Graduate	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (15+CR.)	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (1-14 CR.)	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-
Special Ed - Elementary	-	-	-	-	-	-	-	-	-	-	-	-
Special Ed - Middle	-	-	-	-	-	-	-	-	-	-	-	-
Special Ed - High	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-
Co. Voc. - Regular	-	-	-	-	-	-	-	-	-	-	-	-
Co. Voc. Ft. Post Sec.	-	-	-	-	-	-	-	-	-	-	-	-
Totals	-	-	-	-	-	-	-	-	-	-	-	-
Percentage Error			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>

	Transportation					
	Reported on	Reported on	Errors	Tested	Verified	Errors
DRTRS by	DRTRS by	DOE/county				
Reg. - Public Schools, col. 1	-	-	-	-	-	-
Reg -SpEd, col. 4	-	-	-	-	-	-
Transported - Non-Public, col. 3	1	1	-	1	1	-
Special Ed Spec, col. 6	23	23	-	23	23	-
Totals	24	24	-	24	24	-
Percentage Error					<u>0.00%</u>	

NORTHVALE SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
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	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Half Day Preschool	-	-	-	-	-	-
Full Day Preschool	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-
Full Day Kindergarten	6	6	-	6	6	-
One	5	5	-	5	5	-
Two	9	9	-	9	8	1
Three	-	-	-	-	-	-
Four	1	1	-	1	1	-
Five	2	2	-	2	2	-
Six	-	-	-	-	-	-
Seven	-	-	-	-	-	-
Eight	3	3	-	3	3	-
Nine	-	-	-	-	-	-
Ten	-	-	-	-	-	-
Eleven	-	-	-	-	-	-
Twelve	-	-	-	-	-	-
Post-Graduate	-	-	-	-	-	-
Adult H.S. (15+CR.)	-	-	-	-	-	-
Adult H.S. (1-14 CR.)	-	-	-	-	-	-
Subtotal	<u>26</u>	<u>26</u>	<u>-</u>	<u>26</u>	<u>25</u>	<u>1</u>
Special Ed - Elementary	5	5	-	5	5	-
Special Ed - Middle	1	1	-	1	1	-
Special Ed - High	-	-	-	-	-	-
Subtotal	<u>6</u>	<u>6</u>	<u>-</u>	<u>6</u>	<u>6</u>	<u>-</u>
Co. Voc. - Regular	-	-	-	-	-	-
Co. Voc. Ft. Post Sec.	-	-	-	-	-	-
Totals	<u>32</u>	<u>32</u>	<u>-</u>	<u>32</u>	<u>31</u>	<u>1</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

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

SECTION 1 - Four Percent (4%) - Calculation of Excess surplus (2021-2022 expenditures of \$100 million or less)

2021-2022 Total General Fund Expenditures per the ACFR	\$ 13,449,684
Decreased by:	
On-Behalf TPAF Pension & Social Security	(2,481,364)
Assets Acquired Under Capital Leases	(111,738)
Adjusted 2021-2022 General Fund Expenditures	\$ 10,856,582
4% of Adjusted 2021-2022 General Fund Expenditures	\$ 434,263
Enter Greater of 4% of Adjusted 2021-2022 General Fund Expenditures or \$250,000	\$ 434,263
Increased by:	
Allowable Adjustments	70,837
Maximum Unassigned Fund Balance	\$ 505,100

SECTION 2

Total General Fund - Fund Balance at June 30, 2022	\$ 3,431,479
Decreased by:	
Restricted	
Emergency Reserve	219,441
Maintenance Reserve	380,152
Maintenance Reserve - Designated for Subsequent Year's Expenditures	26,500
Capital Reserve	1,253,509
Excess Surplus - Designated for Subsequent Year's Expenditures	129,886
Assigned	
Year-End Encumbrances	20,204
Designated for Subsequent Year's Expenditures	259,204
Total Unassigned Fund Balance	\$ 1,142,583

SECTION 3

Restricted Fund Balance - Excess Surplus	\$ 637,483
--	------------

Recapitulation of Excess Surplus as of June 30, 2022

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures	\$ 129,886
Restricted Excess Surplus	637,483
	\$ 767,369

Detail of Allowable Adjustments

Extraordinary Aid 2021-2022 (Unbudgeted)	\$ 70,547
Nonpublic Transportation Aid 2021-2022 (Unbudgeted)	290
	\$ 70,837

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

RECOMMENDATIONS

I. Administrative Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

2022-001 – It is recommended that all ESSER grant expenditures be properly identified and charged to the Special Revenue Fund.

III. School Purchasing Program

There are none.

IV. Food Service Fund

There are none.

V. Student Body Activities

There are none.

VI. Application for State School Aid

There are none.

VII. Pupil Transportation

There are none.

VIII. Facilities and Capital Assets

There are none.

IX. Miscellaneous

There are none.

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

X. Status of Prior Years' Audit Findings/Recommendations

Corrective action was taken on all prior year recommendations.

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 & BLISS, LLP



Dieter P. Lerch
Public School Accountant
Certified Public Accountant