

**ORADELL BOARD OF EDUCATION  
AUDITOR'S MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS -  
FINANCIAL, COMPLIANCE AND PERFORMANCE  
JUNE 30, 2022**

**ORADELL BOARD OF EDUCATION  
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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Honorable President and Members  
of the Board of Education  
Oradell Board of Education  
350 Prospect Avenue  
Oradell, New Jersey 07649

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 Oradell Board of Education as of and for the fiscal year ended June 30, 2022, and have issued our report thereon dated January 30, 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 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.

Respectfully submitted,

*Lerch, Vinci & Bliss, LLP*

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

Jeffrey C. Bliss  
Public School Accountant  
PSA Number CS00932

Fair Lawn, New Jersey  
January 30, 2023

**ORADELL 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 the 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 ACFR.

Officials Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
John M. Marmora	Board Secretary/School Business Administrator	\$200,000
Angelo DeSimone	Treasurer of School Monies	\$236,000

There is a Public Employee Dishonesty Crime Coverage with the Selective Insurance Company of America covering all other employees with multiple coverage of \$100,000 per employee (primary) and \$500,000 per loss (excess).

P.L. 2020, c44

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

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

The school district data certification was completed by the chief school administrator. The school district Chapter 44 data was submitted timely.

**Financial Planning, Accounting and Reporting**

Examination of Claims

An examination of claims paid or incurred during the period under review did not reveal any material discrepancies with respect to each of signature, certification, proper itemization 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 fringe benefits were deposited in the Payroll Agency Account.

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

Salary withholdings were promptly remitted to the proper agencies, including health benefits withholding 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 respecting the reporting of compensation for certain employees.

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

**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 purchase orders were included in the balance of the reserves 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.

Board Secretary's Records

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

The prescribed contractual order system was followed.

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

Our audit revealed that the original budget for certain budget revenue accounts within the Special Revenue Fund was not in agreement with the approved state budget. This appears to be an isolated instance; therefore, an audit recommendation is not warranted.

Treasurer's Records

The Treasurer did perform cash reconciliations for all district accounts as required by N.J.S.A. 18A:17-36.

All cash receipts were promptly deposited.

The Treasurer's cash balances were in agreement with the cash balances per the Board Secretary's report.

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 N.J.A.C. 6A:23A-8.3. As a result of the procedures performed, no additional procedures were deemed necessary to test the propriety of expenditure classification.

Elementary and Secondary School Education Act (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 ACFR. This section of the ACFR documents the financial position pertaining to projects under the Title I, II, III and IV of the Elementary and Secondary Education Act, as amended and reauthorized.

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 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.

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

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

**Financial Planning, Accounting and Reporting (Continued)**

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. Immaterial exceptions were noted.

The amount of the expenditure charged to the current year's Final Reports 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 prior to the end of the 90 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed and no exceptions were noted.

**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. This law regulating bidding for public school transportation contracts under NJSA 18A:39-3 is \$20,200.

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, effective July 1, 2020. 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 established the bid threshold at \$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 indicated that no 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, 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 2022-01** – Our audit of compliance with purchasing and contract award procedures revealed that the required procedures and documentation were not adhered to or made available for audit for the purchase and installation of security cameras through a National Cooperative Purchasing Program.

**Recommendation** – Procedures be reviewed and revised to ensure that National Cooperative contract awards are procured and approved in accordance with the State procurement regulations.

**Food Service Fund**

The School Food Service Program operated in the 2020/2021 school year and received \$2,987 in federal funds under the Special Milk Program for the 2021-2022 school year.

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

**Extended Year Summer Program Fund**

The Extended Year Summer Program did not operate in the summer of 2021 due to the COVID-19 pandemic.

**Student Body Activities**

The Board has a policy which clearly establishes the regulation of student activities.

Cash receipt and disbursement records were maintained in good condition.

Receipts tested were deposited in a timely manner and disbursements tested had supporting documentation.

**Application for State School Aid**

Our audit procedures included a test of information reported in the October 15, 2021 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the disabled, low-income and bilingual. We also performed a review of the district procedures related to its completion. The information on the A.S.S.A. was compared to the district workpapers without exception. This information that was included on the workpapers was verified, without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

The district maintained workpapers on the prescribed state forms of 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 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.

**Facilities and Capital Assets**

Our procedures included a review of the SDA grant agreement for consistency with recording SDA revenue, transfer of local funds from the general fund or from the capital reserve account and awarding of contracts for eligible facilities construction.

**Finding 2022-02** – Our audit revealed that the District’s capital asset accounting records were not in agreement with audit balances. The financial statements were adjusted to reflect these capital assets and related depreciation.

**Recommendation** – The District’s capital asset accounting records be reconciled with the audit balances.

**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).

**Suggestions to Management**

- The District should review the unexpended balances of its local grants in the Special Revenue Fund and determine eligible costs chargeable to these programs.
- Prior year reconciling items listed on the General Fund and Student Activity bank accounts should be reviewed and cleared of record.

**Follow-Up on Prior Years’ Findings**

In accordance with Government Auditing Standards, our procedures included a review of all prior year recommendations.

**ORADELL BOARD OF EDUCATION  
FOOD SERVICE FUND  
SCHEDULE OF MEAL COUNT ACTIVITY  
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM  
ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(MEMORANDUM ONLY)**

**INFORMATION NOT REQUIRED**

**FOOD SERVICE FUND  
NET CASH RESOURCE SCHEDULE  
ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOT APPLICABLE**



**ORADELL 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		Errors per Registers On Roll		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						
Full Day Kindergarten	101		101		-			101		101								
1st Grade	87		87		-			87		87								
2nd Grade	102		102		-			102		102								
3rd Grade	112		112		-			112		112								
4th Grade	90		90		-			90		90								
5th Grade	104		104		-			104		104								
6th Grade	92		92		-			92		92								
<b>Subtotal</b>	<b>688</b>	<b>-</b>	<b>688</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>688</b>	<b>-</b>	<b>688</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Spec Ed - Elementary	70		70		-			40		40			3	3	-	3	3	-
Spec Ed- Middle School	16		16		-			16		16			1	1	-	1	1	-
Spec Ed - High School	-		-		-			-		-			-	-	-	-	-	-
<b>Subtotal</b>	<b>86</b>	<b>-</b>	<b>86</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>56</b>	<b>-</b>	<b>56</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>4</b>	<b>-</b>	<b>4</b>	<b>4</b>	<b>-</b>
<b>Totals</b>	<b>774</b>	<b>-</b>	<b>774</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>744</b>	<b>-</b>	<b>744</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>4</b>	<b>-</b>	<b>4</b>	<b>4</b>	<b>-</b>
<b>Percentage Error</b>					<u>0.00%</u>					<u>0.00%</u>								<u>0.00%</u>

**ORADELL 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											
1st Grade												
2nd Grade												
3rd Grade												
4th Grade												
5th Grade												
6th Grade			-			-			-			-
<b>Subtotal</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Spec Ed - Elementary	2	2	-			-			-			-
Spec Ed - Middle School			-			-			-			-
Spec Ed - High School			-			-			-			-
<b>Subtotal</b>	<u>2</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Totals</b>	<u>2</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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			-			-
Transported - Non-Public	17	17	-	17	17	-
Regular - Spec.			-			-
Special Needs - Public	6	6	-	6	5	1
<b>Totals</b>	<u>6</u>	<u>6</u>	<u>-</u>	<u>6</u>	<u>5</u>	<u>1</u>
			<u>0.00%</u>			<u>16.67%</u>

**ORADELL 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	8	8	-	7	7	-
1st Grade	10	10	-	8	8	-
2nd Grade	6	6	-	5	5	-
3rd Grade	8	8	-	7	7	-
4th Grade	1	1	-	1	1	-
5th Grade			-			-
6th Grade			-			-
<b>Subtotal</b>	<u>33</u>	<u>33</u>	<u>-</u>	<u>28</u>	<u>28</u>	<u>-</u>
Spec Ed - Elementary	2	2	-	2	2	-
Spec Ed- Middle School	2	2	-	2	2	-
Spec Ed - High School			-			-
<b>Subtotal</b>	<u>4</u>	<u>4</u>	<u>-</u>	<u>4</u>	<u>4</u>	<u>-</u>
<b>Totals</b>	<u>37</u>	<u>37</u>	<u>-</u>	<u>32</u>	<u>32</u>	<u>-</u>
Percentage Error		<u>0.00%</u>			<u>0.00%</u>	

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

2021-2022 Total General Fund Expenditures per the ACFR		\$ 15,928,024
Decreased by:		
On-Behalf TPAF Pension & Social Security	(3,035,998)	
Adjusted 2021-2022 General Fund Expenditures		<u>\$ 12,892,026</u>
4% of Adjusted 2021-2022 General Fund Expenditures		<u>\$ 515,681</u>
Enter Greater of 4% of \$250,000		515,681
Increased by:		
Allowable Adjustments		
Unbudgeted Extraordinary Aid	\$ 200,209	
Unbudgeted Non Public School Transportation Aid	<u>4,930</u>	
		\$ 720,820
Total General Fund - Fund Balance at June 30, 2022 (Budgetary Basis)		\$ 4,626,635
Decreased by:		
Restricted Fund Balance:		
Capital Reserve	1,771,337	
Maintenance Reserve	643,157	
Emergency Reserve	130,425	
Reserved Excess Surplus - Designated for Subsequent Year's Budget	400,000	
Unemployment Compensation Reserve	25,717	
Committed Fund Balance:		
Year End Encumbrances	298,231	
Assigned Fund Balance:		
Year End Encumbrances	<u>120,491</u>	
		<u>3,389,358</u>
Unassigned Fund Balance:		<u>\$ 1,237,277</u>
Restricted Fund Balance - Reserved Excess Surplus (June 30, 2022)		<u>\$ 516,457</u>
<b><u>Recapitulation of Excess Surplus as of June 30, 2022</u></b>		
Excess Surplus		\$ 516,457
Excess Surplus - Designated for Subsequent Year's Expenditures		<u>400,000</u>
		<u>\$ 916,457</u>

**ORADELL 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**

There are none.

**III. School Purchasing Program**

1. It is recommended that procedures be reviewed and revised to ensure that National Cooperative contract awards are procured and approved in accordance with the State procurement regulations.

**IV. School Food Services**

There are none.

**V. Extended Year Summer Program Fund**

There are none.

**VI. Student Body Activities**

There are none.

**VII. Application for State School Aid**

There are none.

**VIII. Pupil Transportation**

There are none.

**IX. Facilities and Capital Assets**

2. It is recommended that the capital asset accounting records be reconciled with the audit balances.

**X. Miscellaneous**

There are none.

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

A review was performed on all prior year 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 us.