

**CITY OF ORANGE TOWNSHIP SCHOOL DISTRICT
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2022**

**CITY OF ORANGE TOWNSHIP SCHOOL DISTRICT
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FINANCIAL, COMPLIANCE AND PERFORMANCE**

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INDEPENDENT AUDITORS' REPORT

Honorable President and Members
of the Board of Education
City of Orange Township Board of Education

We have audited, in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the City of Orange Township School District, County of Essex as of and for the year ended June 30, 2022, and have issued our report thereon dated June 16, 2023.

As part of our audit, we performed procedures required by the New Jersey Department of Education, 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 of the City of Orange Township Board of Education's management, Board of Education members, and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

PKF O'Connor Davies, LLP

June 16, 2023
Cranford, New Jersey

Scott A. Clelland

Scott A. Clelland
Licensed Public School Accountant No. 1049

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Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator, 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

Insurance coverage was carried in the amounts as detailed on J-20, Insurance Schedule contained in the District's ACFR.

Official Bonds (N.J.S.A. 18A:17-26, 18A:17-32, 18A:13-13)

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Jason Ballard	School Business Administrator/Board Secretary	\$ 400,000
Lamont Zachary	Asst. Business Administrator	400,000
Olugbenga Olabintan	Treasurer	400,000

There is a Blanket Faithful Performance bond covering all other employees.

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

The original data submission did require significant revision due to errors or omissions on the part of the District and was resubmitted via email.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The District has an agreement with the sending districts that includes a fixed price per pupil.

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Financial Planning, Accounting and Reporting

Finding 2022-001 - Material Weakness in Financial Statement Close Process

Criteria:

A properly functioning financial statement close process provides an adequate internal control system to ensure that appropriate month and year-end internal controls are in place to ensure that financial statements are produced on a timely basis and are materially accurate.

Condition:

The District's accounting office personnel perform certain financial statement close process procedures on a monthly basis and at year end which include the posting of journal entries and other various accruals and reconciliations. We noted that there is no formalized process that requires account balances to be reconciled and reviewed in totality to ensure the timeliness of the close process.

Context:

During our procedures, we identified significant adjustments and account balances that were not always reconciled to subsidiary ledgers and underlying records and schedules. We also identified other balances that could not be supported with corroborating evidence.

The following are specific items that warrant consideration related to the financial statement close process:

- Certain District bank statements were not reconciled on a timely basis (in certain cases in excess of one year) and at times included improper and significant adjusting entries.
- The District's general ledger balances did not always reconcile to the subsidiary ledger. It is noted that system beginning balances did not agree to ending audit balances.
- Certain accounts are not tracked within the District's financial accounting system and no supporting schedules were able to be provided.
- Budget account classifications did not always agree to account descriptions and in some cases are not in accordance with the State of New Jersey Department of Education's Chart of Accounts.
- Numerous journal entries were required as part of our independent audit to adjust the financial statements at June 30, 2022.
- The District budgeted less than the current year debt service resulting in a deficit Debt Service Fund fund balance of \$2,632.
- Cash receipts were not always recorded in the appropriate account and accounting period.
- Cash disbursements and payroll disbursements were not always charged to the appropriate account. Due to the account classification errors we were not able to determine if the District exceeded their set travel maximum.
- The District's financial records and those of the Treasurer of School Moneys Records were not in agreement for the period July 1, 2021 to June 30, 2022. The Treasurer of School Moneys Outstanding Checklists were neither accurately prepared nor in agreement with the amounts disbursed by the School Business Administrator's Office.

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- The District did not provide an accurate list of outstanding purchase orders and accounts payable. Numerous audit adjustments were required to the accounting records to properly reflect the balances as of June 30th and taken into consideration both the status of the orders at June 30th, as well as their subsequent liquidation.
- A detailed Capital Asset Report was not available at the time of audit.
- Several budget accounts were overexpended.

Cause and Effect:

An appropriately designed financial statement close process reduces the risk of errors in the financial statements. In addition, adjustments were proposed during preparation of the financial statements that could be avoided if the District had a more structured year end close-out process.

Recommendation:

In order to better document the monthly and year end close processes, we suggest that the District continue to strengthen the controls surrounding the reconciliation procedures of the District's trial balance accounts to ensure all accounts are in agreement with supporting documentation and that the year-end financial statement close process is completed in a more-timely manner.

Views of Responsible Officials and Planned Corrective Actions:

District management concurs with the finding.

Issues with the treasurers' reports stem from a history of issues. When the current administration arrived the Board of Education did not have a Treasurer of School Monies in place that was providing a true treasurer report. We had a company in place that was only providing a summary of the Board Secretary Report and calling it a treasurer's report.

We solicited an initial treasurer that seemed to have conflicts with the staff and how information was disseminated and communicated. At that point, the administration decided to procure the services of the former Treasurer of School Monies that was in place when the former School Business Administrator was still alive and apart of the District. The Treasurer had to provide over two (2) years of bank reconciliations and treasurers reports just to get the FYE 2020 – 2021 audit completed. Without proper time to complete the requested task, we now know there were inconsistencies in what was being provided as a result of the current (FYE 2021-2022 audit).

When the current administration arrived to the District in July of 2021, an assessment of the District Financial system and internal controls was done. A number of issues were identified as material weaknesses and addressed immediately. Other weaknesses, such as the District Financial System (ERP) were found to be inept and outdated. In August of 2022, the Administration made the decision to switch to a new web-based ERP Platform that was designed by Former School Business Administrators for School Districts. This new system has been under development and is expected to be rolled out for district wide use in July 2023. This new system will cutdown on the issues related to closing the books on a yearly basis.

While the new system was under development, the current administration undertook a process re-map the district chart of accounts to align directly with the State of New Jersey Department of Education's Chart of Accounts. Making this change was a significant change to the way the Orange Board of Education previously operated. This resulted in numerous budget transfers being initiated and money being spent from incorrect budget lines.

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To further this initiative, the current administration provided training to all staff on the chart of accounts and remains available to district staff with questions.

In addition to the new ERP system being implemented, the current administration implemented a web-based budgeting system utilizing the updated chart of accounts that allowed for greater access to district staff. Old and outdated excel worksheets that took considerable time to complete were done away with. The district welcomed this new platform and have raved about the reduction in time needed to complete the budget.

Finally, the current administration implemented a new process to reduce and account for unauthorized purchases. Based on the self assessment provided above, the district had an alarmingly high amount of unauthorized purchases for various reasons. The new system shows the current administration is looking to police this huge issue and hold district staff accountable for not following the process. As of the 2022 -2023 school year, the amount of unauthorized purchases has decreased significantly.

The administration remains committed to implementing and following sound business practices as we continue to be stewards of taxpayer dollars. Every dollar that is allocated to children in the great City of Orange needs to be accounted for and the administration needs to be accountable. We remain humbled in our quest to provide updated systems and processes as we continue to move the district from good to great.

Examination of Claims

An examination of claims paid during the period did not identify any discrepancies with respect to signatures, certification or supporting documentation.

Payroll Account and Position Control Roster

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 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 to the proper agencies, including health benefits premium amounts withheld due to the general fund.

Payrolls were delivered to the Secretary of the Board who then deposited with warrants in separate bank accounts for net payroll and withholdings.

An inquiry and subsequent review of the Position Control Roster did not identify any inconsistencies between the payroll records, employee benefit records, the general ledger accounts to where wages are posted, and the Position Control Roster.

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Finding 2022-003

Finding:

During our review of payroll, it was noted that for four of sixty transactions selected the District deducted improper health benefit contributions from the employees' pay. It was also noted that one employee was paid in excess of their approved contract and another employee was paid for hours in excess of that reported on the approved timesheet.

Recommendation:

We suggest the District strengthen internal controls and procedures to ensure that all health benefit contributions are appropriately calculated and deducted and that all employees are paid in accordance with their contract and for only the approved hours worked.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30 for proper classification of orders as reserve for encumbrances and accounts payable. Exceptions are detailed in Finding 2022-001 and below. The following was also identified:

Finding 2022-004

Finding:

During our review of accounts payable and open purchase orders, we noted instances, identified throughout various testing, where the District did not issue a purchase order prior to goods being received or services being rendered (confirming order).

Recommendation:

We suggest the District strengthen internal controls and procedures to ensure that all purchase orders that are issued to vendors for goods or services be approved prior to the vendor providing those goods or services. In August 2022 the District implemented a new policy requiring employees to obtain authorization for unauthorized purchases. Per discussion with District management since implementation the number of confirming orders has decreased.

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 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, a transaction error rate of 37.39% overall was noted and additional procedures were deemed necessary to test the propriety of expenditure classification. This resulted in numerous adjustments and reclassification of budgetary line items to conform with State requirements. See Finding 2022-001 for additional classification issues noted.

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Board Secretary's Records

Our review of the financial and accounting records maintained by the Board Secretary disclosed exceptions as detailed in Finding 2022-001.

Treasurer's Records

Our review of the financial and accounting records maintained by the Treasurer disclosed exceptions as detailed in Finding 2022-001.

Elementary and Secondary Education Act (ESEA) as amended by the Every Student Succeeds Act (ESSA)

The ESEA financial exhibits are contained within the Special Revenue Section of the Annual Comprehensive Financial Report (ACFR). This section of the ACFR documents the financial position pertaining to the projects under Titles I and VI of the Elementary and Secondary School Education Act as amended and reauthorized.

The study of compliance for E.S.E.A indicated no exceptions.

Other Special Federal and/or State Projects

The District's Special Projects were approved as listed on Schedule A (K-3) and Schedule B (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.

The study of compliance for the special projects indicated the following area of noncompliance:

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General State Aid Cluster

Finding 2022-002 – Qualified Opinion/Material Weakness in Internal Control/Material Non-Compliance

Criteria:

Districts are required to complete the Application for State School Aid (A.S.S.A.) in accordance with instructions provided by the Division of Finance of the New Jersey Department of Education. District are required to complete a set of working papers that document the compilation of data and provide an accurate audit trail for testing of student enrollments on the A.S.S.A. report.

Condition:

Numerous exceptions were identified in all categories of students reported on the A.S.S.A. and in many cases, the A.S.S.A. Report did not agree to the underlying records of the District. The following were specifically identified:

Enrollments reported on the District's ASSA printout were not materially verifiable.

- During our testing of the amounts reported on the ASSA as compared to District internal workpapers, the following was identified:
 - The total number of students reported on the ASSA as full-time on-roll was under-reported by 76 students. A total of 5,308 full-time students were reported on the ASSA.
- During our testing of the amounts reported on the ASSA as receiving bilingual services as compared to District internal workpapers, we selected 232 students for testing and noted the following:
 - For ninety students the District was unable to provide test scores or alternative documentation to show these students were eligible. The students were unable to participate in the assessment due to remote learning.
 - Eleven students were not actively enrolled in the LEP program.
 - Six students could not be located on the attendance registers.
 - Four students were located on attendance registers at schools other than the schools they were reported as attending.
- During our testing of the amounts reported on the ASSA as receiving free or reduced lunch as compared to District internal workpapers, we selected 299 students for testing and noted the following:
 - It is noted that District internal records of low income students exceed the amount reported to the state by 135 students.
 - We identified 6 students who did not qualify for free or reduced lunch.
 - We identified 6 students reported as receiving reduced lunch qualified for free lunch and 79 students reported as receiving free lunch who only qualified for reduced lunch.
 - There were ten students found on the attendance register of a school other than the one they were reported as attending.

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- During our testing of the amounts reported on the ASSA as enrolled in private school as compared to District internal workpapers, we selected 42 students for testing and noted the following:
 - One student moved out of the District in March 2021.
 - Three students are special education in district students.
 - Two students graduated in June 2021.
- During our testing of the amounts reported on the ASSA, we compared the amount of students reported with District attendance records and IEPs (when required). For a sample of 337 students, the following was noted:
 - Two students were inappropriately reported as special education while they were enrolled in regular education. It is noted that one of the two students was declassified 10/14/21 and due to the proximity of the date declassified and the count date they were inadvertently captured in the special education population.
 - The district was unable to provide attendance records for four students.

Questioned Costs:
Not identifiable.

Context:
As noted on the Schedule of Audited Enrollments within the separate Auditors' Management Report on Administrative Findings, numerous exceptions were identified whereby we were unable to trace students to school attendance registers and other supporting documentation, many with error rates above 10%.

Effect:
The errors identified, if not corrected going forward, could result in a reduction of State formula aid.

Recommendation:
We suggest that the District strengthen its internal controls to ensure that the students listed on the ASSA reports are properly supported by District records and reported correctly.

Views of Responsible Officials and Planned Corrective Actions:
District management concurs with the finding and has already begun to implement corrective action.

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly 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.

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

The amount of the expenditure charged to the current year's final reports for all applicable 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 subsequent to the reimbursement 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. The law regulating bidding for public school student transportation contracts under *N.J.S.A.* 18A:39-3 is \$20,200 for 2021-22.

The District 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 Solicitor's opinion should be sought before a commitment is made.

Procedures were performed on a test basis, to indicate if any individual payments, contracts, or agreements made for the performance of any work or goods or services, 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 2022-005

Finding:

During our testing of procurement, we noted the District did not properly procure a purchase in excess of the bid threshold and was unable to provide documentation for two of ten purchases selected for testing.

Recommendation:

We suggest the District strengthen internal controls and procedures to ensure that all purchases in excess of the bid thresholds are made in compliance with *N.J.S.A.* 18A:18A-2 and 18A:18A-3(a) and are supported by appropriate documentation. Per discussion with District administration procedures have been put in place to mitigate the issue.

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School Food Service

PUBLIC HEALTH EMERGENCY

In accordance with the Governor's Declaration of Emergency pertaining to the public health emergency all Public, Charter, Non-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 eligible students during the period of school closures. Governor Murphy's emergency declaration ended June 4, 2021; however, the United States Department of Agriculture's federal waiver continued through June 30, 2022. Food Service Agencies operated under this federal waiver.

As a result, SFAs 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 could also choose to participate in the National School Lunch Program utilizing standard counting and claiming practices.

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 students during the emergency.

The school food service program was not selected as a major federal or State program. However, the program expenditures exceeded \$100,000 in federal and State support. Accordingly, we inquired of appropriate school food service personnel, as to whether the School Food Authority (SFA) had any Child Nutrition Program reimbursement overclaims or underclaims. Exceptions were not noted.

We also inquired of appropriate school food service personnel, as to whether the SFA's expenditures of school food service revenues were limited to allowable direct and indirect costs. Exceptions were not noted.

The Statement of Revenues, Expenses, and Changes in Fund Net Position (ACFR Schedule B-5) does separate program and non-program revenue and program and non-program cost of goods sold.

We inquired of management about the public health emergency procedures/practices that the SFA instituted to provide meals to all students, maintenance of all applicable production records; meal counts; noncompetitive procurements; modification of existing contracts and applicable financial records to document the specific costs applicable to the emergency operations We also inquired if the FSMC received a loan in accordance with the Payroll Protection Plan and whether the funds were used to pay for costs applicable to the Food Service Programs.

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We also inquired if the PPP loan was subsequently forgiven and the FSMC refunded or credited the applicable amounts to the SFA.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Fund, Section B of the ACFR.

Student Body Activities

During our audit of the student activity funds, the following item was noted.

Finding 2022-006

Finding:

During our testing of student activity funds, we noted the District paid sales tax on three of twenty-five disbursements tested, was unable to provide supporting documentation for two of twenty-five disbursements selected for testing and for twenty-three of twenty five receipts selected for testing, it was noted that two of twenty-five receipts selected were not deposited timely.

Recommendation:

We suggest the District strengthen internal controls and procedures to ensure that sales tax is not paid on disbursements from student activity funds, documentation for receipts and disbursements from student activity funds is appropriately maintained, and receipts are deposited timely.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2021 Application for State School Aid (ASSA) for on roll, 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 ASSA was compared to the District workpapers with exception as presented in the Schedule of Audited Enrollments. The information included as part of the workpapers was verified as presented in the Schedule of Audited Enrollments, with exceptions listed under Finding 2022-002. The results of our procedures are presented in the Schedule of Audited Enrollments.

Pupil Transportation

Because Transportation Aid was not tested as a major program in the 2022 fiscal year, our audit procedures did not include a test of on-roll status reported in the 2021-2022 District Report of Transported Resident Students (DRTRS). We did agree the information presented on the DRTRS by the County/NJDOE and compared to the information presented by the District without exception.

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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. The bid specifications for the purchase of buses or contracted services for pupil transportation were in compliance with applicable statutes. 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 District adhered to all the requirements of N.J.A.C. 26-1.2 and 12.4 related to the testing for lead for 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's Findings

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year recommendations including findings. Corrective action had been taken on all prior year findings with the exception of the following, which are repeated in this year's recommendations noted as current year finding 2022-001.

- The District misclassified the prior years' accounts payable, refunds and expenditures in the General Fund and Special Revenue Fund. The expenditures and related appropriations were reclassified to the individual Federal and State Grants and General Administration - Miscellaneous Expenditures.
- General Ledgers for the various funds were not accurately nor properly maintained.
- District personnel did not provide an accurate list of outstanding purchase orders and accounts payable. Numerous audit adjustments were required to the accounting records to properly reflect the balances as of June 30th and taken into consideration both the status of the orders at June 30th, as well as their subsequent liquidation.
- The records maintained by the Treasurer of School Moneys are not maintained in a satisfactory manner. The District's financial records and those of the Treasurer of School Moneys Records were not in agreement.
- A detailed Capital Asset Report was not available at the time of audit. Accounting Principles Generally Accepted in the United States of America (US GAAP) and the Uniform Chart of Accounts requires a fixed asset ledger be maintained to record the historical cost and the capitalization of costs associated with the acquisition or construction of property, plant and equipment (PPE).

There were no audit reports issued by the Office of Fiscal Accountability and Compliance (OFAC) during the 2022 fiscal year.

Acknowledgment

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.

SCHEDULE OF AUDITED ENROLLMENTS

City of Orange Township School District
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 15, 2021

	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 Verifi- cation	Sample Verified	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared					
Half Day Preschool	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool	278	-	361	-	(83)	-	16	-	15	-	1	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	380	-	375	-	5	-	22	-	22	-	-	-	-	-	-	-	-
One	381	-	381	-	-	-	22	-	22	-	-	-	-	-	-	-	-
Two	339	-	339	-	-	-	20	-	20	-	-	-	-	-	-	-	-
Three	355	-	354	-	1	-	21	-	21	-	-	-	-	-	-	-	-
Four	345	-	345	-	-	-	20	-	20	-	-	-	-	-	-	-	-
Five	339	-	338	-	1	-	20	-	20	-	-	-	-	-	-	-	-
Six	305	-	306	-	(1)	-	18	-	18	-	-	-	-	-	-	-	-
Seven	361	-	361	-	-	-	21	-	20	-	1	-	-	-	-	-	-
Eight	303	-	303	-	-	-	18	-	18	-	-	-	-	-	-	-	-
Nine	314	-	313	-	1	-	18	-	18	-	-	-	-	-	-	-	-
Ten	346	-	345	-	1	-	20	-	20	-	-	-	-	-	-	-	-
Eleven	266	-	266	-	-	-	16	-	16	-	-	-	-	-	-	-	-
Twelve	298	-	297	-	1	-	19	-	18	-	1	-	-	-	-	-	-
Post-Graduate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (15+CR.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (1-14 CR.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	4,610	-	4,684	-	(74)	-	271	-	268	-	3	-	-	-	-	-	-
Special Ed - Elementary	322	-	323	-	(1)	-	19	-	18	-	1	-	17	23	21	2	2
Special Ed - Middle School	178	-	177	-	1	-	5	-	5	-	-	-	15	6	6	-	-
Special Ed - High School	198	-	200	-	(2)	-	17	-	17	-	-	-	23	13	9	4	4
Subtotal	698	-	700	-	(2)	-	41	-	40	-	1	-	55	42	36	6	6
Co. Voc. - Regular	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Co. Voc. Ft. Post Sec.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	5,308	-	5,384	-	(76)	-	312	-	308	-	4	-	55	42	36	6	6
Percentage Error					-1.43%		0.00%				1.28%		0.00%				14.29%

SCHEDULE OF AUDITED ENROLLMENTS

**City of Orange Township School District
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2021**

	<u>Resident Low Income</u>			<u>Sample for Verification</u>			<u>Resident LEP Low Income</u>			<u>Sample for Verification</u>		
	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
	Half Day Preschool	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool	204	268	(64)	8	2	6	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	258	258	-	11	6	5	14	14	-	6	0	6
One	257	285	(28)	29	21	8	75	75	-	20	12	8
Two	228	269	(41)	30	24	6	87	84	3	18	10	8
Three	257	257	-	31	25	6	86	86	-	22	12	10
Four	469	469	-	22	14	8	58	58	-	12	6	6
Five	260	260	-	21	16	5	56	56	-	12	8	4
Six	233	234	(1)	15	10	5	32	32	-	8	6	2
Seven	282	282	-	17	11	6	20	20	-	7	2	5
Eight	244	244	-	23	17	6	38	38	-	11	5	6
Nine	228	227	1	15	7	8	30	30	-	7	3	4
Ten	217	217	-	15	8	7	36	36	-	7	3	4
Eleven	160	160	-	10	8	2	17	17	-	6	4	2
Twelve	169	169	-	11	5	6	32	32	-	5	4	1
Post-Graduate	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (15+CR.)	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (1-14 CR.)	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	<u>3,466</u>	<u>3,599</u>	<u>(133)</u>	<u>258</u>	<u>174</u>	<u>84</u>	<u>581</u>	<u>578</u>	<u>3</u>	<u>141</u>	<u>75</u>	<u>66</u>
Special Ed - Elementary	276	278	(2)	29	18	11	57	57	-	19	9	10
Special Ed - Middle	143	142	1	9	3	6	7	7	-	-	-	-
Special Ed - High	136	137	(1)	4	2	2	1	1	-	-	-	-
Subtotal	<u>555</u>	<u>557</u>	<u>(2)</u>	<u>42</u>	<u>23</u>	<u>19</u>	<u>65</u>	<u>65</u>	<u>-</u>	<u>19</u>	<u>9</u>	<u>10</u>
Co. Voc. - Regular	-	-	-	-	-	-	-	-	-	-	-	-
Co. Voc. Ft. Post Sec.	-	-	-	-	-	-	-	-	-	-	-	-
Totals	<u>4,021</u>	<u>4,156</u>	<u>(135)</u>	<u>300</u>	<u>197</u>	<u>103</u>	<u>646</u>	<u>643</u>	<u>3</u>	<u>160</u>	<u>84</u>	<u>76</u>
Percentage Error			<u>-3.36%</u>			<u>34.33%</u>			<u>0.46%</u>			<u>47.50%</u>

Transportation

	Reported on DRTRS by DOE/county	Reported on DRTRS by District	Errors	Tested	Verified	Errors
	Reg. - Public Schools, col. 1	123				
Reg -SpEd, col. 4	-	-	-	-	-	-
Transported - Non-Public, col. 2	-	-	-	-	-	-
Special Ed Spec, col. 6	55	55	-	-	-	-
Totals	<u>178</u>	<u>178</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

Note: Detailed testing over DRTRS and Non-public transportation was not performed for the fiscal year ending June 30, 2022 as Transportation Aid was not tested in the current year as a major program for Single Audit purposes.

	Reported	Recalculated
Avg.(Mileage) = Regular Including Grade PK students (Part A)	5.3	5.3
Avg.(Mileage) = Regular Excluding Grade PK students (Part B)	5.3	5.3
Avg.(Mileage) = Special Ed with Special Needs	10.7	10.7

SCHEDULE OF AUDITED ENROLLMENTS

City of Orange Township 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>		
	<u>Reported on A.S.S.A. as NOT Low Income</u>	<u>Reported on Workpapers as NOT Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Application and Register</u>	<u>Sample Errors</u>
Half Day Preschool	-	-	-	-	-	-
Full Day Preschool	-	-	-	-	-	-
Half Day Kindegarten	-	-	-	-	-	-
Full Day Kindergarten	14	14	-	1	-	1
One	25	25	-	8	6	2
Two	14	15	(1)	2	1	1
Three	30	29	1	3	2	1
Four	11	11	-	4	3	1
Five	23	23	-	5	2	3
Six	18	17	1	8	4	4
Seven	20	20	-	3	2	1
Eight	6	6	-	3	1	2
Nine	23	23	-	3	1	2
Ten	42	42	-	11	1	10
Eleven	27	27	-	5	4	1
Twelve	35	35	-	14	11	3
Post-Graduate	-	-	-	-	-	-
Adult H.S. (15+CR.)	-	-	-	-	-	-
Adult H.S. (1-14 CR.)	-	-	-	-	-	-
Subtotal	<u>288</u>	<u>287</u>	<u>1</u>	<u>70</u>	<u>38</u>	<u>32</u>
Special Ed - Elementary	8	8	-	1	1	-
Special Ed - Middle	2	2	-	-	-	-
Special Ed - High	-	1	(1)	1	-	1
Subtotal	<u>10</u>	<u>11</u>	<u>(1)</u>	<u>2</u>	<u>1</u>	<u>1</u>
Co. Voc. - Regular	-	-	-	-	-	-
Co. Voc. Ft. Post Sec.	-	-	-	-	-	-
Totals	<u>298</u>	<u>298</u>	<u>-</u>	<u>72</u>	<u>39</u>	<u>33</u>
Percentage Error			<u>0.00%</u>			<u>45.83%</u>

CITY OF ORANGE TOWNSHIP SCHOOL DISTRICT

EXCESS SURPLUS CALCULATION

JUNE 30, 2022

SECTION 1 - Regular District

B. 4% Calculation of Excess Surplus

2021-22 Total General Fund Expenditures Reported on Exhibit C-1	\$ 128,688,506 (A)
Increased by:	
Transfer from Capital Outlay to Capital Projects Fund	\$ _____ - (A1a)
Transfer from Capital Reserve to Capital Projects Fund	\$ _____ - (A1a)
Transfer from General Fund to SRF for PreK-Regular	\$ 324,528 (A1a)
Transfer from General Fund to SRF for PreK-Inclusion	\$ _____ - (A1a)
Less: Expenditures Allocated to Restricted Federal Sources as Reported on Exhibit D-2	\$ 1,346,905 (A1b)
2021-22 Adjusted General Fund & Other State Expenditures [(A)+(A1a)-(A1b)]	\$ 127,666,129 (A2)
Decreased by:	
On-Behalf TPAF Pension & Social Security	\$ 23,325,410 (A3)
Assets Acquired Under Capital Leases:	
General Fund 10 Assets Acquired Under Capital Leases Reported on Exhibit C-1a	\$ _____ - (A4)
Add:	
General Fund and State Resources Portion of Fund 15 Assets Acquired Under Capital Leases:	\$ _____ -
Assets Acquired Under Capital Leases in Fund 15 Reported on Exhibit C-1a	\$ _____ - (A5)
Combined General Fund Contribution and State Resources Percent of Fund 15 Resources Reported on Exhibit D-2	95.84% (A6)
General Fund and State Resources Portion of Fund 15 Assets Acquired Under Capital Leases [(A5) * (A6)]	\$ _____ - (A7)
Total Assets Acquired Under Capital Leases [(A4) + (A7)]	\$ _____ - (A8)
2021-22 General Fund Expenditures [(A2)-(A3)-(A8)]	\$ 104,340,719 (A9)
4 percent of Adjusted 2021-22 General Fund Expenditures [(A9) times .04]	\$ 4,173,629 (A10)
Enter Greater of (A10) or \$250,000	\$ 4,173,629 (A11)
Increased by: Allowable Adjustment*	\$ 401,190 (K)
Maximum Unassigned Fund Balance [(A11) + (K)]	\$ 4,574,819 (M)

CITY OF ORANGE TOWNSHIP SCHOOL DISTRICT

EXCESS SURPLUS CALCULATION

JUNE 30, 2022

SECTION 2

Total General Fund – Fund Balances at June 30, 2022 (Per ACFR Budgetary Comparison Schedule C-1)	\$ 21,606,975 (C)
Decreased by:	
Year-end Encumbrances	\$ 15,752,055 (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ - (C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ - (C3)
Other Restricted Fund Balances****	\$ 1,293,184 (C4)
Assigned Fund Balance - Designated for Subsequent Year's Expenditures	\$ - (C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	\$ 4,561,736 (U)

SECTION 3

Restricted Fund Balance - Excess Surplus *** [(U)-(M)] IF NEGATIVE ENTER -0-	\$ - (E)
---	----------

Recapitulation of Excess Surplus as of June 30, 2022

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ - (C3)
Restricted Excess Surplus *** [(E)]	\$ - (E)
Total [(C3)+(E)]	\$ - (D)

Detail of Allowable Adjustments

Impact Aid	\$ - (H)
Sales & Lease-back	\$ - (I)
Extraordinary Aid	\$ 401,190 (J1)
Additional Nonpublic School Transportation Aid	\$ - (J2)
Current Year School Bus Advertising Revenue Recognized	\$ - (J3)
Family Crisis Transportation Aid	\$ - (J4)
Maintenance of Equity Aid and State Military Impact Aid received July 2022	\$ - (J5)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)+(J5)]	\$ 401,190 (K)

** This amount represents the June 30, 2021 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

*** The amount entered must agree with the June 30, 2022 ACFR and Audit Summary Worksheet Line 90030.

**** Amount for Other Restricted/Reserved Fund Balance must be detailed for each source and request for approval to use amounts other than state imposed legal restrictions in the excess surplus calculation must be submitted to the Assistant Commissioner - Field Services prior to September 30

CITY OF ORANGE TOWNSHIP SCHOOL DISTRICT

EXCESS SURPLUS CALCULATION

JUNE 30, 2022

Detail of Other Restricted Fund Balance

Statutory Restrictions:	
Approved Unspent Separate Proposal	\$ -
Sale/Lease-Back Reserve	\$ -
Capital Reserve (N-1)	\$ 500,000
Maintenance Reserve (N-2)	\$ -
Tuition Reserve (N-3)	\$ -
Emergency Reserve (N-4)	\$ -
School Bus Advertising 50% Fuel Offset Reserve - Current Year (N-5)	\$ -
School Bus Advertising 50% Fuel Offset Reserve - Prior Year (N-6)	\$ -
Impact Aid General Fund Reserve (Sections 8002 and 8003) (N-7)	\$ -
Impact Aid Capital Fund Reserve (Sections 8007 and 8008) (N-8)	\$ -
Reserve for Unemployment Fund (N9)	\$ 793,184
Other Restricted Fund Balance Not Noted Above****	\$ -
Total Other Restricted Fund Balance	\$ 1,293,184 (C4)

Audit Recommendations Summary
June 30, 2022

We suggest the following:

Administrative Practices and Procedures

None

Financial Planning, Accounting and Reporting

2022-001 - The District continue to strengthen the controls surrounding the reconciliation procedures of the District's trial balance accounts to ensure all accounts are in agreement with supporting documentation and that the year-end financial statement close process is completed in a more-timely manner.

2022-002 - The District strengthen its internal controls to ensure that the students listed on the ASSA reports are properly supported by District records and reported correctly

2022-003 - The District strengthen internal controls and procedures to ensure that all health benefit contributions are appropriately calculated and deducted and that all employees are paid in accordance with their contract and for only the approved hours worked.

2022-004 - The District strengthen internal controls and procedures to ensure that all purchase orders that are issued to vendors for goods or services be approved prior to the vendor providing those goods or services.

School Purchasing Programs

2022-005 - The District strengthen internal controls and procedures to ensure that all purchase in excess of the bid thresholds are made in compliance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) and are supported by appropriate documentation.

School Food Service

None

Student Body Activities

2022-006 - The District strengthen internal controls and procedures to ensure that sales tax is not paid on disbursements from student activity funds, documentation for receipts and disbursements from student activity funds is appropriately maintained, and receipts are deposited timely.

Application for State School Aid

None

Pupil Transportation

None

Facilities and Capital Assets

None

Miscellaneous

None

**CITY OF ORANGE TOWNSHIP SCHOOL DISTRICT
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS-
FINANCIAL, COMPLIANCE AND PERFORMANCE**

Status of Prior Year Findings

All prior year findings were corrected, except the findings 2021-003, 2021-007, 2021-009, 2021-016 and 2021-017, which were repeated in the current year.