

**EAST ORANGE BOARD OF EDUCATION
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2023**

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

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

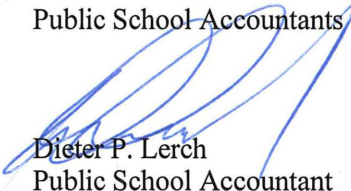
We have audited in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the East Orange Board of Education, as of and for the fiscal year ended June 30, 2023, and have issued our report thereon dated January 23, 2024.

As part of our audit, we performed procedures required by the Office of School Finance, Department of Education, State of New Jersey, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended for the information of the Board of Education's management, the Board of Trustees, and the New Jersey State Department of Education. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,


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


Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
January 23, 2024

**EAST ORANGE BOARD OF EDUCATION
ADMINISTRATION FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Monies, the activities of the Board of Education and the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

Fire insurance coverage was carried in the amounts as detailed on the Insurance Schedule contained in the district's ACFR.

Officials Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Marissa McKenzie	Board Secretary/School Business Administrator	\$900,000
Ann Marie Corbitt	Treasurer of School Monies	800,000

There is a Public Employees' Dishonesty Performance Blanket Position Bond with New Jersey School Insurance Group (NJSIG) covering all other employees with multiple coverage of \$500,000.

P.L. 2020, c44

Our audit procedures included an inquiry of health benefit data required per N.J.S.A. 18A:16-13.3 (Chapter 44) submitted for the year of audit. The school district data certification was completed by the chief school administrator.

Financial Planning, Accounting and Reporting

Examination of Claims

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

Payroll Account

The net salaries of all employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of payroll taxes were deposited into the payroll agency account.

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

Salary withholdings were promptly remitted by the District to the proper agencies. In addition, the District remitted the health benefit withholdings due to the General Fund in a timely manner.

The District maintains a personal tracking and accounting (Position Control) system.

The required certification (E-Cert1) of compliance with requirements of income tax on compensation of District Administration was filed with the NJ Department of Treasury by the date.

**EAST ORANGE BOARD OF EDUCATION
ADMINISTRATION FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Financial Planning, Accounting and Reporting (Continued)

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 purchases 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.

Finding 2023-1 (ACFR Finding 2023-003) – Our audit of year end accounts payable and encumbrances payable revealed that purchase orders classified as encumbrances were misclassified at year end.

Recommendation – Internal controls be enhanced to ensure that purchase orders are reviewed and properly classified at year end.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection included administrative coding classifications to determine overall reliability and compliance with NJAC 6A:23A-8.3.

Travel

The District had an approved board travel policy as required by N.J.A.C. 6A:23A-6-13 and N.J.S.A. 18A:11-12.

Board Secretary's Records

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

Finding 2023-2 (ACFR Finding 2023-001 and 2023-006) – Our audit revealed that the monthly Board Secretary and Treasurer's reports were not completed and submitted to the Board on a timely basis.

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

Finding 2023-3 (ACFR Finding 2023-002 and 2023-007) – We noted twenty two (22) budget line accounts in the General Fund and two (2) Schools Based Budgets that were overexpended at June 30, 2023.

Recommendation – Internal controls be reviewed to ensure transfers are made prior to the overexpenditure of available budget appropriations.

**EAST ORANGE BOARD OF EDUCATION
ADMINISTRATION FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Financial Planning, Accounting and Reporting (Continued)

Board Secretary's Records (Continued)

The prescribed contractual order system was followed.

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

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

Treasurer's Records

The Treasurer performed cash reconciliations of all required District accounts.

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

Elementary and Secondary Education Act of (E.S.E.A.) as amended by the Every Student Succeeds Act (ESSA)

The E.S.E.A. financial exhibits are contained within the Special Revenue section of the ACFR. This section of the ACFR documents the financial position pertaining to projects under Titles I, II, III and IV of the Elementary and Secondary Education Act, as amended and reauthorized.

Our examination of the E.S.E.A. funds on a test basis indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

Finding 2023-4 (ACFR Finding 2023-005) – Our audit revealed that capital additions acquired by the use of ESSER funds were not added to the capital asset appraisal report.

Recommendation – The fixed asset appraisal report be updated annually and include all federally funded capital additions.

Finding 2023-5 – Our audit of the ESEA, IDEA and ESSER grant award programs revealed reimbursements were not requested and received timely for program expenditures incurred during the grant period.

Recommendation – Federal grant allotments be requested and collected on a timely basis for ESEA, IDEA and ESSER grants.

IDEA

Separate accounting records were maintained for each approved project. Grant applications, approvals and acceptance of grant funds were made by Board resolution.

Other Special Federal and/or State Projects

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

**EAST ORANGE BOARD OF EDUCATION
ADMINISTRATION FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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 charged to Federal grant programs who are members of the Teachers Pension and Annuity Fund.

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

The reimbursement to the State for the amount of the expenditure charged to the current year's Final Report for all federal awards for the school district to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds was not made within the 90 day grant liquidation period, as required by the Office of Grants Management.

Finding 2023-6 (ACFR Finding 2023-009) – Our audit revealed that the reimbursement due to the State of New Jersey for pension and social security for federally funded programs was not accrued or remitted within the 90 day grant liquidation period.

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

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-4 states, "Every contract for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the board of education to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law".

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:3-3(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 transportation contracts under N.J.S.A. 18A:39-3 is currently \$20,200 for 2022/2023.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Board Attorney's opinion should be sought before a commitment is made.

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

The results of our examination indicated that individual payments, contracts, or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies," in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A. 18A:18A-4.

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

Finding 2023-7 (ACFR Finding 2023-004 and 2023-008) – Our audit with respect to school purchasing revealed the following:

- a) A vendor was paid for HVAC services in excess of the bid threshold which was not formally bid or approved by State or cooperative purchasing agreement.
- b) Advertisements and related bid documentation for solid waste collection and disposal was not made available for audit.
- c) Certain instances were noted where contract awards were made under a cooperative purchase where the supporting cooperative documentation was not obtained and verified to the vendor invoice.
- d) Certain vendor invoices were not itemized to include hourly rates, number of hours to be charged and materials required.

**EAST ORANGE BOARD OF EDUCATION
ADMINISTRATION FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

School Purchasing Programs (Continued)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

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

- a) Vendors paid in excess of the bid threshold be formally bid in accordance with the Public School Contracts Law.
- b) Bid documentation including advertisements, low bidder and ownership information be made available for audit.
- c) For all instances documentation be obtained and verified to support purchases made under State contract and/or local cooperatives.
- d) All invoices be itemized as to hourly rates, time to be charged and materials required.

Food Service Fund

SFAs were authorized to solicit and award emergency noncompetitive procurements and contracts with Food Service Management Companies in accordance with 2 CFR 200.320 and N.J.S.A. 18A:18A-7. The SFAs were also authorized to submit contract modifications to their existing Cost Reimbursable or Fixed Price contracts as necessary to ensure the feeding of all children throughout the age of 18, as well as persons over 18 with disabilities as defined in the regulations.

SFAs were notified of the requirement to maintain and report separate meal count records and financial records of all applicable costs incurred in providing meals to all free and reduced price meal eligible students during the emergency.

The financial transactions and statistical records of the School Food Services were reviewed. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

Cash receipts and bank records were reviewed for timely deposit.

Finding 2023-8 – Our audit revealed the Food Service Operating Fund incurred an operating loss of \$2,432,677 for fiscal year 2022/23. This resulted in a deficit net position of \$157,431.

Recommendation – Corrective action be taken to eliminate the deficit in the Food Service Fund.

The district utilized a food service management company (FSMC) and is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34, and 19-1 through 19-4.1. Provisions of the FSMC contract were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will return a profit of at least \$504,381. The operating results provision was not met.

Finding 2023-9 – The District overpaid their food service management company by \$491,500 during the 2022/23 school year.

Recommendation – The District request a refund or future credit for the 2022/23 overpayment from the food service management company.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food supply items were currently maintained and properly applied in determining the cost of food and supplies used.

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service. Net cash resources did not exceed three months average expenditures.

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

The number of meals claimed for reimbursement was verified against sales and meal count records. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement vouchers were not timely filed.

Our audit revealed that the May Food Service reimbursement voucher was denied as a result of the voucher not being submitted timely. The District appealed the denial and subsequently received the May reimbursement; therefore no recommendation is warranted.

**EAST ORANGE BOARD OF EDUCATION
ADMINISTRATION FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Food Service Fund (Continued)

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served was compared to the number of valid applications/or to the list of directly certified students on file, times the number of operating days, on a school-by-school basis.

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

USDA Food Distribution Program commodities were received and a separate inventory was maintained on a first-in, first-out basis.

The school maintains the detailed revenue and expenditure information necessary in order to execute the USDA mandated Non-Program Food Revenue Tool at least annually. The Statement of Revenues, Expenses and Changes in Fund Net Asset (ACFR Schedule B-5) does separate program and non-program revenue and program and non-program cost of goods sold. Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds.

Student Body Activities

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

Cash receipts and disbursements records were maintained in good condition.

Finding 2023-10 – Our audit of student body activities revealed the following:

- a) Costley Middle School, Louverture School, Sojourner Truth Middle School and Johnnie Cochran Jr. Academy
 - Cash receipt and cash disbursement supporting documentation was not made available for audit.
- b) Stem Academy, Athletic Account and Tyson Middle School/High School
 - Numerous prior year issued checks remain outstanding.

Recommendation – It is recommended that:

- a) All cash receipt and cash disbursement supporting documentation be made available to support the transactions of the various student accounts.
- b) Prior year outstanding checks be reviewed and cleared of record.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2022 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, bilingual and low-income. We also performed a review of the district procedures related to its completion. The information on the A.S.S.A. was compared to the district workpapers with minor exceptions. The information that was included on the workpapers was verified with minor exceptions noted. The results of our procedures are presented in the Schedule of Audited Enrollments.

The district maintains workpapers in the prescribed state forms or their equivalents.

The district has adequate written procedures for the recording of student enrollment data.

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2022-23 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exceptions. The information that was included on the workpapers was verified without exceptions noted.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the district complied with proper bidding procedures and award of contracts. No exceptions were noted in our review of transportation related purchases of goods and services.

**EAST ORANGE BOARD OF EDUCATION
ADMINISTRATION FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Facilities and Capital Assets

Since the District is classified as an At Risk School District, virtually all SDA grant activity is conducted by the State on behalf of the Board. This on-behalf grant activity is reported in the District's financial statements as State aid revenue and capital outlay expenditures in the Capital Projects Fund.

Finding – 2023-11 – The June 30, 2023 Fixed Asset report was not updated for 2022/23 additions and deletions. In addition the related depreciation for both current and prior year assets acquired was not updated.

Recommendation – The Fixed Asset report be updated annually.

Testing for Lead of all Drinking Water in Education Facilities

The school district adhered to all requirements of N.J.A.C. 26-1.2 and 12.4 related to the testing of lead of all drinking water in educational facilities.

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

Follow-Up on Prior Year Findings

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

**EAST ORANGE BOARD OF EDUCATION
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

SCHEDULE OF MEAL COUNT ACTIVITY

<u>Program</u>	<u>Meals/Milks Category</u>	<u>Meals/Milks Claimed</u>	<u>Meals/Milks Tested</u>	<u>Meals/Milks Verified</u>	<u>Difference</u>
National School Lunch (Regular Rate)	Paid	512,604	99,071	99,071	-
	Reduced	41,544	8,487	8,487	-
	Free	<u>581,395</u>	<u>103,583</u>	<u>103,583</u>	<u>-</u>
	Total Lunch	<u>1,135,543</u>	<u>211,141</u>	<u>211,141</u>	<u>-</u>
School Breakfast (Regular)	Paid	319,431	55,505	55,505	
	Reduced	24,103	4,672	4,672	
	Free	<u>358,079</u>	<u>67,369</u>	<u>67,369</u>	<u>-</u>
	Total Breakfast	<u>701,613</u>	<u>127,546</u>	<u>127,546</u>	<u>-</u>
School Snacks (Regular)	Paid	-		-	
	Reduced	-		-	
	Free	<u>205,152</u>	<u>35,697</u>	<u>35,697</u>	<u>-</u>
	Total Snacks	<u>205,152</u>	<u>35,697</u>	<u>35,697</u>	<u>-</u>
		<u>2,042,308</u>	<u>374,384</u>	<u>374,384</u>	<u>-</u>

**EAST ORANGE BOARD OF EDUCATION
NET CASH RESOURCE SCHEDULE
FOOD SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

ACFR	Current Assets	
B-4	Cash & Cash Equiv.	\$ (894,874)
B-4	Accounts Receivable	1,233,271
ACFR	Current Liabilities	
B-4	Less Due to Other Funds	<u>(551,155)</u>
	Net Cash Resources	<u><u>\$ (212,758)</u></u>
 <u>Net Adj. Total Operating Expense:</u>		
B-5	Tot. Operating Exp.	\$ 9,043,341
B-5	Less Depreciation	<u>(970)</u>
	Adj. Tot. Oper. Exp.	<u><u>\$ 9,042,371</u></u>
 <u>Average Monthly Operating Expense:</u>		
		<u><u>\$ 904,237</u></u>
 <u>Three times monthly Average:</u>		
		<u><u>\$ 2,712,711</u></u>
Net Cash Resources		\$ (212,758)
Three Months		
Average Expenses		<u>2,712,711</u>
Amount Below the Maximum Net Cash Resources		<u><u>\$ (2,925,469)</u></u>

**EAST ORANGE BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 15, 2022
SCHEDULE OF AUDITED ENROLLMENTS**

	2023-2024 Application for State School Aid						Sample for Verification						Private Schools for Disabled			
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Register On Roll		Errors per Registers On Roll		Reported on A.S.S.A. as Private Schools	Sample for Verifi- cation	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Half Day Pre-K 3yr	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Pre-K 3yr	236	-	236	-	-	-	16	-	16	-	-	-	-	-	-	-
Half Day Pre-K 4yr	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Pre-K 4yr	350	-	350	-	-	-	46	-	46	-	-	-	-	-	-	-
Half Day K	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day K	515	-	515	-	-	-	42	-	42	-	-	-	-	-	-	-
One	549	-	549	-	-	-	70	-	70	-	-	-	-	-	-	-
Two	522	-	522	-	-	-	34	-	34	-	-	-	-	-	-	-
Three	517	-	517	-	-	-	58	-	58	-	-	-	-	-	-	-
Four	565	-	565	-	-	-	41	-	41	-	-	-	-	-	-	-
Five	563	-	563	-	-	-	68	-	68	-	-	-	-	-	-	-
Six	506	-	506	-	-	-	32	-	32	-	-	-	-	-	-	-
Seven	532	-	532	-	-	-	41	-	41	-	-	-	-	-	-	-
Eight	532	-	532	-	-	-	150	-	150	-	-	-	-	-	-	-
Nine	528	-	528	-	-	-	339	-	339	-	-	-	-	-	-	-
Ten	582	-	582	-	-	-	93	-	93	-	-	-	-	-	-	-
Eleven	566	-	566	-	-	-	81	-	81	-	-	-	-	-	-	-
Twelve	500	-	500	-	-	-	327	-	327	-	-	-	-	-	-	-
Adult School (15+cr)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	7,563	-	7,563	-	-	-	1,438	-	1,438	-	-	-	-	-	-	-
Sp. Ed. - Elementary	508	-	508	-	-	-	30	-	30	-	-	-	36	17	17	-
Sp. Ed. - Middle School	260	-	260	-	-	-	16	-	16	-	-	-	22	11	11	-
Sp. Ed. - High School	343	3	343	3	-	-	21	-	21	-	-	-	49	24	24	-
Subtotal	1,111	3	1,111	3	-	-	67	-	67	-	-	-	107	52	52	-
Totals	8,674	3	8,674	3	-	-	1,505	-	1,505	-	-	-	107	52	52	-
Percentage Error					0.00%	0.00%										0.00%

**EAST ORANGE BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 15, 2022
SCHEDULE OF AUDITED ENROLLMENTS**

	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on ASSA Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on ASSA as LEP low Income	Reported on Workpapers as LEP low Income	Errors	Sample Selected	Verified to Test Score and Register	Errors
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Pre-K 3yr	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Pre-K 4yr	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	278.0	278.0	-	4	4.0	-	12.0	12.0	-	5.0	5.0	-
One	356.0	356.0	-	6	6.0	-	23.0	23.0	-	8.0	8.0	-
Two	388.0	388.0	-	6	6.0	-	25.0	25.0	-	9.0	9.0	-
Three	360.0	360.0	-	6	6.0	-	11.0	11.0	-	4.0	4.0	-
Four	362.0	362.0	-	6	6.0	-	21.0	21.0	-	8.0	8.0	-
Five	348.0	348.0	-	6	6.0	-	17.0	17.0	-	6.0	6.0	-
Six	322.0	322.0	-	5	5.0	-	4.0	4.0	-	2.0	2.0	-
Seven	337.0	337.0	-	5	5.0	-	11.0	11.0	-	4.0	4.0	-
Eight	276.0	276.0	-	5	5.0	-	-	-	-	-	-	-
Nine	197.0	197.0	-	3	3.0	-	8.0	7.0	1.0	3.0	3.0	-
Ten	204.0	204.0	-	3	3.0	-	5.0	5.0	-	2.0	2.0	-
Eleven	167.0	167.0	-	3	3.0	-	4.0	4.0	-	2.0	2.0	-
Twelve	145.0	145.0	-	2	2.0	-	9.0	9.0	-	4.0	4.0	-
Adult School (15+ credits)	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	3,740.0	3,740.0	-	60.0	60.0	-	150.0	149.0	1.0	57.0	57.0	-
Special Ed. - Elementary	307.0	307.0	-	5	5.0	-	2.0	2.0	-	1.0	1.0	-
Special Ed. - Middle	208.0	208.0	-	4	4.0	-	1.0	1.0	-	1.0	1.0	-
Special Ed. - High	176.0	176.0	-	3	3.0	-	-	-	-	-	-	-
Subtotal	691.0	691.0	-	12.0	12.0	-	3.0	3.0	-	2.0	2.0	-
Train Sch/Secure Care	3.0	3.0	-	-	-	-	-	-	-	-	-	-
Co.Voc. Ft. Post Sec.	-	-	-	-	-	-	-	-	-	-	-	-
Totals	4,434.0	4,434.0	-	72.0	72.0	-	153.0	152.0	1.0	59.0	59.0	-
Percentage Error			0.00%			0.00%			0.65%			0.00%

	Transportation					
	Reported on DRTRS by DOE / County	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools	55	55	-	5	5	-
Special Ed. - Public	426	426	-	40	40	-
Transported - Non - Public	-	-	-	-	-	-
Special Needs - Public	46	46	-	5	5	-
	<u>527</u>	<u>527</u>	<u>-</u>	<u>50</u>	<u>50</u>	<u>-</u>
Percentage Error			0.00%			0.00%

**EAST ORANGE BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 15, 2022
SCHEDULE OF AUDITED ENROLLMENTS**

	Resident LEP Not Low Income			Sample for Verification		
	Reported on ASSA LEP Not low Income	Reported on Workpapers as LEP Not low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Half Day Kindergarten			-			-
Full Day Pre-K 3yr			-			-
Full Day Pre-K 4yr			-			-
Full Day Kindergarten	12.0	12.0	-	2	2	-
One	13.0	13.0	-	2	2	-
Two	15.0	15.0	-	3	3	-
Three	24.0	23.0	1	4	4	-
Four	11.0	11.0	-	2	2	-
Five	25.0	25.0	-	5	5	-
Six	24.0	24.0	-	4	4	-
Seven	24.0	24.0	-	4	4	-
Eight	-	-	-	-	-	-
Nine	33.0	33.0	-	6	6	-
Ten	39.0	39.0	-	7	7	-
Eleven	30.0	30.0	-	6	6	-
Twelve	30.0	30.0	-	6	6	-
Subtotal	280	279	1	51	51	-
Special Ed. - Elementary	1	1	-			-
Special Ed. - Middle	-	-	-			-
Special Ed. - High	-	-	-			-
Subtotal	1	1	-	-	-	-
Co.Voc. -Regular						
Co.Voc. Ft. Post Sec.						
Totals	281.0	280.0	1.0	51.0	51.0	-
Percentage Error			0.36%			0.00%

**EAST ORANGE BOARD OF EDUCATION
ENCUMBRANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Encumbrances per the June 30, 2023

Board Secretary Report (Funds 11, 12, 13)			\$ 5,304,672
		Amount Properly <u>Encumbered</u>	Encumbrances Cancelled/Reclassified Through Audit <u>Adjustments</u>
<u>Description</u>	<u>Total by Category</u>		
Tuition	\$ 390,625		\$ 390,625
Transportation	<u>3,042,692</u>	<u>-</u>	<u>3,042,692</u>
Total Audited	<u>3,433,317</u>	<u>-</u>	<u>3,433,317</u>
Unaudited	<u>1,871,355</u>	<u>1,871,355</u>	<u>-</u>
Total Encumbrances	<u>5,304,672</u>	<u>1,871,355</u>	<u>3,433,317</u>
Total Encumbrances Cancelled During the Audit			<u>(3,433,317)</u>
Add: Encumbrances for Salary Related Appropriations			<u>3,175,719</u>
Fund Balance Year End Encumbrances in the ACFR			<u><u>\$ 5,047,074</u></u>

**EAST ORANGE BOARD OF EDUCATION
ENCUMBRANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**Encumbrances per the June 30, 2023
Board Secretary Report (Funds 15)**

<u>Description</u>	<u>Total by Category</u>	<u>Amount Properly Encumbered</u>	<u>Encumbrances Cancelled Through Audit Adjustments</u>	\$ 201,374
Other Purchased Services				
Supplies	-	-	-	
Total Audited	-	-	-	
Unaudited	201,374	201,374	-	
Total Encumbrances	\$ 201,374	201,374	-	
Total Encumbrances Cancelled During the Audit			-	-
Fund Balance Year End Encumbrances in the ACFR				\$ 201,374

**EAST ORANGE BOARD OF EDUCATION
EXCESS SURPLUS CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

SECTION 1

Calculation A: 2% Excess Surplus:

2022-2023 Total General Fund Expenditures Reported on Exhibit C-1	\$ 271,154,176
Decreased by:	
Expenditures Allocated to Restricted Federal Resources as reported on Exhibit D-2	(4,511,718)
	\$ 266,642,458
Decreased by:	
On-Behalf TPAF Pension & Social Security	(48,273,738)
	218,368,720
2022-2023 General Fund Expenditures	218,368,720
2% of Adjusted 2022-2023 General Fund Expenditures	4,367,374
Increased by Allowable Adjustment - Extraordinary Aid/Maintenance of Equity	4,033,681
	\$ 8,401,055
Maximum Unassigned Fund Balance	\$ 8,401,055

SECTION 2

Total General Fund - Fund Balance at June 30, 2023	\$ 15,802,897
Decreased by:	
Restricted Fund Balances - Capital Reserve	1,489,711
Restricted Fund Balances - Capital Reserve - Designated for Subsequent Year's	1,522,885
Restricted Fund Balance - Maintenance Reserve	30,557
Restricted Fund Balance - Maintenance Reserve - Designated for Subsequent Year	744,000
Restricted Fund Balance - Unemployment Compensation Reserve	1,790,201
Assigned Fund Balance - Year End Encumbrances	5,248,448
Assigned Fund Balance - Designated for Subsequent Year's Exp.	1,937,826
Assigned Fund Balance - Designated for Subsequent Year's Exp. - Maintenance of Equity	3,039,269
	3,039,269
Total Unassigned Fund Balance	\$ -

SECTION 3

Restricted Fund Balance - Excess Surplus

Recapitulation of Excess Surplus as of June 30, 2023

Excess Surplus - Designated for Subsequent Year's Expenditures	\$ -
Restricted Excess Surplus	-
	-
Total	\$ -

**EAST ORANGE BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

RECOMMENDATIONS

I. Administration Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

It is recommended that:

- * 1. Internal controls be enhanced to ensure that purchase orders are reviewed and properly classified at year end.
- * 2. The Board Secretary and Treasurer reports be submitted to the Board for approval on a timely basis.
- * 3. Internal controls be reviewed to ensure transfers are made prior to the overexpenditure of available budget appropriations.
- 4. The fixed asset appraisal report be updated annually and include all federally funded capital additions.
- * 5. Federal grant allotments be requested and collected on a timely basis for ESEA, IDEA and ESSER grants.
- * 6. The reimbursement due to the state for TPAF pension and FICA for federally funded programs be accrued and remitted in a timely manner.

III. School Purchasing Programs

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

- a) Vendors paid in excess of the bid threshold be formally bid in accordance with the Public School Contracts Law.
- b) Bid documentation including advertisements, low bidder and ownership information be made available for audit.
- * c) For all instances documentation be obtained and verified to support purchases made under State contract and/or local cooperatives.
- * d) All invoices be itemized as to hourly rates, time to be charged and materials required.

IV. Food Services Fund

It is recommended that:

- 8. Corrective action be taken to eliminate the deficit in the Food Service Fund.
- 9. The District request from the food service management company a refund or future credit for the 2022/23 overpayment.

V. Student Body Activities

10. It is recommended that:

- a) All cash receipt and cash disbursement supporting documentation be made available to support the transaction of the various student accounts.
- b) Prior year outstanding checks be reviewed and cleared of record.

**EAST ORANGE BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

RECOMMENDATIONS (Continued)

VI. **Application for State School Aid**

There are none.

VII. **Transportation**

There are none.

VIII. **Facilities and Capital Assets**

- * 11. It is recommended that the Fixed Assets report be updated annually.

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

A review was performed on all prior years' recommendations. Corrective action was taken on all prior year recommendations, except those recommendations denoted by an asterisk (*).

ACKNOWLEDGEMENT

We received the complete cooperation of all the officials of the school district and we greatly appreciate the courtesies extended to us.

Respectfully submitted,
LERCH, VINCI & BLISS, LLP



Dieter P. Lerch
Public School Accountant
Certified Public Accountant