

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

**NORTH CALDWELL BOARD OF EDUCATION  
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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## REPORT OF INDEPENDENT AUDITOR'S

Honorable President and Members  
of the Board of Trustees  
North Caldwell Board of Education  
132A Gould Avenue  
North Caldwell, New Jersey 07006

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 North Caldwell Board of Education as of and for the fiscal year ended June 30, 2023, and have issued our report thereon dated February 28, 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 solely for the information and use of management, the Board of Trustees, others within the District and the New Jersey State Department of Education. However, this report is a matter of public record and its distribution is not limited.

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

Elizabeth A. Shick  
Public School Accountant  
PSA Number CS00203200

Fair Lawn, New Jersey  
February 28, 2024

**NORTH CALDWELL BOARD OF EDUCATION  
ADMINISTRATIVE 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 Moneys, the activities of the Board of Education and the records of the various funds under the auspices of the Board of Education.

**Administrative Practices and Procedures**

**Insurance**

Fire insurance coverage was carried in the amounts as detailed on the Insurance Schedule contained in the district's Annual Comprehensive Financial Report (the "ACFR").

**Official Bonds**

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Michael Halik	Business Administrator	\$125,000
Steven Lella	Treasurer of School Moneys	200,000

There is public employee dishonesty with faithful performance bond coverage on all other employees with coverage of \$250,000.

**Financial Planning, Accounting and Reporting**

**P.L.2020,c.44**

Our audit procedures included an inquiry and subsequent review of health benefit data required per N.J.S.A.18A:16-13.3 (Chapter 44) submitted for the year on audit. The Chapter 44 summary report was reviewed for reasonableness and timeliness.

The data submitted did include all health benefit plans offered by school district. The school district data certification was completed by the chief school administrator. The school district Chapter 44 data was submitted timely.

**Examination of Claims**

An examination of claims paid during the period under review did reveal discrepancies with respect to signatures. Our audit did not reveal any discrepancies with respect to certifications or supporting documentation.

**Finding 2023-01** – Our audit of purchases revealed that a receipt of goods signature was not always obtained for goods and services rendered.

**Recommendation** – A receipt of goods signature be obtained prior to payments being made to vendors.

**Payroll Account**

The net salaries of all employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

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

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

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

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

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

Employee Position Control Roster

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

Reserve for Encumbrances and Accounts Payable

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

Travel

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

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23-2.2(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:23-8.2*. As a result of the procedures performed, no errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Unemployment Compensation Insurance

The Board has adopted the direct reimbursement. The financial transactions of this fund are reported in the General Fund.

Board Secretary's Records

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

The Board Secretary's and Treasurer's reports were presented monthly to the Board and were submitted to the Executive County Superintendent as prescribed (N.J.S.A. 18A:17-9 and 18A:17-36).

Bids received were summarized in the minutes (N.J.S.A. 18A:18A-21).

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

The prescribed contractual order system was followed.

Treasurer's Records

The Treasurer did perform cash reconciliations for the general operating account, payroll account, payroll agency account and the unemployment compensation account (N.J.S.A. 18A:17-36).

All cash receipts were promptly deposited.

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

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

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

Elementary and Secondary 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 Title I, Title IIA and Title IV of the Elementary and Secondary Education Act of 1965.

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

Other Special Federal and/or State Projects

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

I.D.E.A. Part B

Separate accounting was maintained for each approved project.

Grant application approvals and acceptance of grant funds were made by board resolution or recorded in the minutes.

T.P.A.F. Reimbursements

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

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

None.

**School Purchasing Programs**

Contracts and Agreements Requiring Advertisement for Bids

The bid thresholds in accordance with N.J.S.A. 18A:18A-3 (as amended) and 18A:39-3 are \$44,000 and \$32,000, respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$20,200.

Pursuant to N.J.S.A. 18A:18A-3, a board of education may increase the bid threshold to \$44,000 if the District employs a Qualified Purchasing Agent. The District's Purchasing Agent is qualified pursuant to subsection b of section 9 of P.L. 1971, c. 198 (c. 40A:11-9) and the board of education by resolution has increased the bid threshold to \$44,000.

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

**School Purchasing Programs (Continued)**

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

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

The results of our examination did not indicate the payments, contracts, or agreements were made" for the performance of any work or the furnishings or hiring of any material 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.

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

**Finding 2023-02** – Our audit noted that state/cooperative contracts over the bid threshold were not individually approved by the Board. In addition, documentation supporting the itemized state/cooperative contract amounts was not provided for audit.

**Recommendation** – All state/cooperative contracts over the bid threshold be submitted to the Board for their approval. In addition, documentation supporting the costs included in the state/cooperative contract be retained by the District and made available for audit.

**Student Activity Funds**

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

Cash receipts were deposited timely.

Cash disbursements had proper supporting documentation.

**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 handicapped, related services, and 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 with immaterial exceptions noted. The results of our procedures are presented in the Schedule of Audited Enrollments with no exceptions noted.

The district maintained workpapers on the prescribed state forms or their equivalent.

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

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

**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 with no exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments with no 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.

**Facilities and Capital Assets**

There were no Schools Development Authority transactions in the fiscal year ended June 30, 2023.

Capital assets records were properly maintained and were updated for the additions and disposals made during the year.

**Testing for Lead of all Drinking Water in Educational Facilities**

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

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



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

**NOT APPLICABLE**

**FOOD SERVICE FUND  
SCHEDULE OF NET CASH RESOURCES  
AS OF JUNE 30, 2023**

**NOT APPLICABLE**

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

	2023-24 Application for State School Aid						Sample for Verification						Private Schools for Disabled				
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Registers On Roll		Errors per Registers On Roll		Reported on A.S.S.A. as Private Schools	Sample for Veri- cation	Sample Verified	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared					
Half Day Preschool - 3YR	9		9					9		9							
Half Day Preschool - 4YR	12		12					12		12							
Full Day Kindergarten	84		84					84		84							
One	91		91					91		91							
Two	73		73					73		73							
Three	88		88					88		88							
Four	92		92					92		92							
Five	69		69					69		69							
Six	88	-	89	-	(1)	-		89	-	89	-	-					
Subtotal	606	-	607	-	(1)	-		607	-	607	-	-					
Special Ed - Elementary	72		73		(1)			73		73			12	3	3		-
Special Ed - Middle School	22		22					22		22			1	1	1		-
Special Ed - High School	-		-					-		-			-	-	-		-
Subtotal	94	-	95	-	(1)	-		95	-	95	-	-	13	4	4		-
Totals	700	-	702	-	(2)	-		702	-	702	-	-	13	4	4		-
Percentage Error					-0.29%	0.00%							0.00%	0.00%			0.00%

NORTH CALDWELL SCHOOL DISTRICT  
 APPLICATION FOR STATE SCHOOL AID  
 SCHEDULE OF AUDITED ENROLLMENTS  
 ENROLLMENT AS OF OCTOBER 15, 2022

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
NONE						NONE					

**Transportation**

	Reported on DRTRS by DOE/county	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools	103	103		31	31	
Reg -SpEd	11	11		3	3	
Special Ed Spec, col. 6	24	24	-	7	7	-
Totals	<u>138</u>	<u>138</u>	<u>-</u>	<u>41</u>	<u>41</u>	<u>-</u>
Percentage Error					<u>0.00%</u>	

**NORTH CALDWELL SCHOOL DISTRICT**  
**APPLICATION FOR STATE SCHOOL AID**  
**SCHEDULE OF AUDITED ENROLLMENTS**  
**ENROLLMENT AS OF OCTOBER 15, 2022**

Resident LEP NOT Low Income			Sample for Verification		
Reported on A.S.S.A. as NOT Low Income	Reported on Workpapers as NOT Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors

NONE

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

2022-2023 Total General Fund Budgetary Expenditures	\$	17,755,420
Decreased by:		
On-Behalf TPAF Pension & Social Security		(3,014,098)
Adjusted 2022-2023 General Fund Expenditures	\$	14,741,322
2% of Adjusted 2022-2023 General Fund Expenditures	\$	294,826
2% of Adjusted 2022-2023 General Fund Expenditures	\$	294,826
Increased by:		
Allowable Adjustments		740,895
Maximum Unassigned Fund Balance	\$	1,035,721

**SECTION 2**

Total General Fund - Fund Balance at June 30, 2023	\$	13,760,311
Decreased by:		
Restricted		
Capital Reserve		10,214,176
Emergency Reserve		250,000
Maintenance Reserve		495,381
Excess Surplus - Designated for Subsequent Year's Budget		75,000
Unemployment Compensation		745,348
Assigned Designated for Subsequent Year's Budget		744,691
Assigned Year-End Encumbrances		124,994
Total Unassigned Fund Balance	\$	1,110,721

**SECTION 3**

Restricted Fund Balance - Excess Surplus	\$	75,000
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**Recapitulation of Excess Surplus as of June 30, 2023**

Restricted Excess Surplus - Designated for Subsequent Year's Budget	\$	75,000
Restricted Excess Surplus		75,000
	\$	150,000

**Detail of Allowable Adjustments**

Non-Public Transportation Aid	\$	9,048
Extraordinary Aid		731,847
	\$	740,895

**NORTH CALDWELL BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**RECOMMENDATIONS**

I. Administrative Practices and Procedures

1. It is recommended that a receipt of goods signature be obtained prior to payments being made to vendors.

II. Financial Planning, Accounting and Reporting

There are none.

III. School Purchasing Program

2. It is recommended that all state/cooperative contracts over the bid threshold be submitted to the Board for their approval. In addition, documentation supporting the costs included in the state/cooperative contract be retained by the District and made available for audit.

IV. School Food Services

There are none.

V. Student Body Activities

There are none.

VI. Application for State School Aid

There are none.

VII. Pupil Transportation

There are none.

VIII. Facilities and Capital Assets

There are none.

IX. Miscellaneous

There are none.

X. Status of Prior Year Recommendations

There were no prior year recommendations.

**NORTH CALDWELL BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**RECOMMENDATIONS (Continued)**

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



Elizabeth A. Shick  
Certified Public Accountant  
Public School Accountant