

Auditor's Management Report

for the

*Borough of Northvale
School District*

in the

*County of Bergen
New Jersey*

for the

*Fiscal Year Ended
June 30, 2023*

**AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE
FINDINGS – FINANCIAL AND COMPLIANCE**

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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Northvale Borough School District
County of Bergen
Northvale, New Jersey 07647

We have audited, in accordance with U.S. generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Borough of Northvale School District in the County of Bergen for the year ended June 30, 2023, and have issued our report dated January 22, 2024.

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

This report is intended solely for the information of the Borough of Northvale School District, County of Bergen, New Jersey, the New Jersey Department of Education and federal and state audit awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

CERTIFIED PUBLIC ACCOUNTANTS

PUBLIC SCHOOL ACCOUNTANT NO. 948

January 22, 2024

Independent Auditor's Management Report of Administrative Findings – Financial and Compliance

Scope of Audit

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

Administrative Practices and Procedures

Insurance

Fire insurance coverage was carried in the amounts as detailed on the Insurance Schedule (Exhibit J-20) contained in the District's Annual Comprehensive Financial Report (ACFR).

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

<u>Name</u>	<u>Position</u>
Michael Pinajian	Acting Board Secretary

There is a Public Employees' Blanket Position Bond with Selective Insurance Company covering all other employees with multiple coverage of \$500,000.00 per loss.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were less than estimated costs. The board made a proper adjustment to the billings to sending districts for the decrease in per pupil costs in accordance with N.J.A.C. 6A:23A-17.1(f) 3.

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

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

Financial Planning, Accounting and Reporting

Examination of Claims

Our audit of claims paid during the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

**Independent Auditor's Management Report of Administrative
Findings – Financial and Compliance**

Financial Planning, Accounting and Reporting (Continued)

Payroll Accounts

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

All payrolls tested were approved by the Superintendent and were certified by the President of the Board, the Board Secretary/Business Administrator and the Chief School 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 with a warrant made to her order for the full amount of each payroll.

2023-01 Finding: We noted that the District paid a delinquent penalty for the late enrollment of an employee in the pension system.

2023-01 Recommendation: That all eligible employees be enrolled in the pension system on a timely basis.

Position Control Roster

The Position Control Roster was reviewed and compared to payroll records, employee benefit records and charges made to the general ledger to ensure proper and consistent financial reporting and that employee benefits are only offered to current employees.

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 reserve 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.

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, no errors were noted, and no additional procedures were deemed necessary to the test the propriety of expenditure classification.

Independent Auditor's Management Report of Administrative Findings – Financial and Compliance

Board Secretary's Records

Our audit of the financial records and books of account of the Board Secretary revealed the following:

2023-02 Finding: We noted that a detail of monthly appropriation transfers approved by board resolution was not made part of the official Board approved minute.

2023-02 Recommendation: That a detail of monthly appropriation transfers approved by the board be made part of the official Board minutes.

2023-03 Finding: We noted numerous adjustments to the accounting records to correct inaccurate account balances from prior months.

2023-03 Recommendation: That entries be made to the accounting records on a timely basis to properly reflect accurate account balances.

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 the projects under Title I and Title VI of the Elementary and Secondary Education Act as amended and reauthorized.

Other Special Federal and/or State Projects

The District's Special Projects were approved as listed on Exhibits K-3 and 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.

2023-04 Finding: We noted that IDEA-Part B Basic and IDEA Part B Preschool grant awards were not separately accounted for on the Districts accounting records.

2023-04 Recommendation: That IDEA-Part B Basic and IDEA Part B Preschool grant awards be separately accounted for on the Districts accounting records.

**Independent Auditor's Management Report of Administrative
Findings – Financial and Compliance**

T.P.A.F. Reimbursement

Our audit procedures included a test of the semi-monthly reimbursement filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund.

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

There was no amount of the expenditure charged to the current year's Final Report(s) for all federal awards for the school district to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds. was made prior to the end of the 90 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement. No exceptions were noted.

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 therefor, except as is provided otherwise in this chapter or specifically by any other law.

The Board of Education may, by resolution, approve by the majority of the board of education and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the board of education finds that it has had negative prior experience with the bidder."

Effective July 1, 2021, the bid threshold in accordance with N.J.S.A. 18A:18A-3(a) and (c) is \$32,000.00. In accordance with N.J.S.A. 40A:11-9 (b) the bid threshold for all purchases made by the District's qualified purchasing agent is \$44,000.00. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18:39-3 is currently \$20,200.00.

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

**Independent Auditor's Management Report of Administrative
Findings – Financial and Compliance**

School Purchasing Programs (Continued)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

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

The results of our examination indicated that no individual payments, contracts or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies," in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provisions 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, however, that the district made purchases through the use of state contracts.

2023-05 Finding: Our audit of the District's purchasing revealed that one vendor was paid in excess of the bid threshold without the contract being awarded by resolution of the governing body.

2023-05 Recommendation: That all purchases in excess of the bid threshold be awarded by resolution of the governing body.

School Food Service

The District has elected not to participate in the federally assisted child nutrition programs encompassing the National School Lunch, Breakfast and Special Milk programs.

Student Body Activities

The records for the Student Body Activities were maintained in satisfactory condition.

**Independent Auditor's Management Report of Administrative
Findings – Financial and Compliance**

Application for State School Aid

Our audit procedures included a test of information reported in the October 14, 2022 Application for State School Aid (A.S.S.A.) 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 A.S.S.A. was compared to the district workpapers without exception. The information that was included on the workpapers was verified with minor exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

The district had written procedures for the recording of student enrollment.

Pupil Transportation

Our audit procedures included a test of on-roll status reported in the 2022-2023 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures 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 were in compliance with applicable statutes. No exceptions were noted in our review of transportation related purchases of goods and services.

Capital Assets and Facilities

The records of the capital assets and facilities were in satisfactory condition.

Miscellaneous

The school district adhered to the requirements of N.J.A.C. 26-1.2 and 12.4 related to the testing for lead of all drinking water in educational facilities. The District submitted the annual Statement of Assurance to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

Forensic Analysis

The school district hired the firm Eisner Amper to perform a forensic analysis of the District's accounting records, related budget reports and compliance findings with the State Department of Education for the period of fund July 1, 2021 through June 30, 2023. This report, dated June 23, 2023, noted several deficiencies involving the general fund, special revenue fund, the 2022-23 user-friendly budget and budget presentation and the tentative 2023-24 budget under the control of the Districts Business Administrator at the time of the report. The Business Administrator referred to above is no longer employed by the District.

Independent Auditor's Management Report of Administrative Findings – Financial and Compliance

Follow-Up Prior Year's Audit Findings

Corrective action has been taken on all prior year findings.

Independent Auditor's Management Report of Administrative Findings – Financial and Compliance

Recommendations

1. **Administrative Practices and Procedures**

None

2. **Financial Planning, Accounting and Reporting**

2023-01 Recommendation: That all eligible employees be enrolled in the pension system on a timely basis.

2023-02 Recommendation: That a detail of monthly appropriation transfers approved by the board be made part of the official Board minutes.

2023-03 Recommendation: That entries be made to the accounting records on a timely basis to properly reflect accurate account balances.

2023-04 Recommendation: That IDEA-Part B Basic and IDEA Part B Preschool grant awards be separately accounted for on the District's accounting records.

3. **School Purchasing Program**

2023-05 Recommendation: That all purchases in excess of the bid threshold be awarded by resolution of the governing body.

4. **School Food Service**

None

5. **Student Body Activities**

None

6. **Application for State School Aid**

None

7. **Pupil Transportation**

None

8. **Capital Assets and Facilities**

None

9. **Miscellaneous**

None

**Independent Auditor's Management Report of Administrative
Findings – Financial and Compliance**

10. **Status of Prior Year's Findings/Recommendations**

Corrective action was taken on all prior year recommendations.

NORTHVALE BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 14, 2022

	2023-2024 Application for State School Aid				Sample for Verification				Private Schools for Disabled					
	Reported on		Workpapers		Errors		Selected from		Registers		Errors per		Reported on	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Half Day Preschool - 3 YR														
Half Day Preschool - 4 YR														
Full Day Kindergarten	41				17									
One	50				16									
Two	40				18									
Three	57				21									
Four	49				21									
Five	50				18									
Six	56				20									
Seven	54				19									
Eight	51				20									
Nine														
Ten														
Eleven														
Twelve														
Post-Graduate														
Adult H.S. (15+CR.)														
Adult H.S. (1-14 CR.)														
Subtotal	448				170									
Special Ed - Elementary	53				17									
Special Ed - Middle School	31				10									
Special Ed - High School														
Subtotal	84				27									
Co. Voc. - Regular														
Co. Voc. Ft. Post Sec.														
Totals	532				197									
Percentage Error														

**NORTHVALE BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 14, 2022**

	Resident Low Income			Sample for Verification			Resident ELL 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
Half Day Preschool												
Full Day Preschool												
Half Day Kindergarten												
Full Day Kindergarten												
One												
Two												
Three												
Four												
Five												
Six												
Seven												
Eight												
Nine												
Ten												
Eleven												
Twelve												
Post-Graduate												
Adult H.S. (13+CR.)												
Adult H.S. (1-14 CR.)												
Subtotal												
Special Ed - Elementary												
Special Ed - Middle												
Special Ed - High												
Subtotal												
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Totals												
Percentage Error												
Transportation												
	Reported on DRTRS by DOE/county	Reported on DRTRS by District	Errors	Tested	Verified	Errors						
Reg. - Public Schools, col. 1												
Reg -Sp.Ed, col. 4												
Transported - Non-Public ALL, col. 3												
Special Ed Spec, col. 6	23	23		23	23							
Totals	23	23		23	23							
Percentage Error												

Reg. Avg.(Mileage) = Regular Including Grade PK students (Part A)
 Reg. Avg.(Mileage) = Regular Excluding Grade PK students (Part B)
 Spec Avg. = Special Ed with Special Needs

Reported Recalculated
 2.6 2.6

NORTHVALE BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 14, 2022

	Resident ELL, NOT Low Income		Sample for Verification		
Reported on A.S.A. as NOT Low Income	Reported on Workpapers as NOT Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Half Day Preschool	-	-	-	-	-
Full Day Preschool	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-
Full Day Kindergarten	-	-	-	-	-
One	6	-	5	5	-
Two	1	-	1	1	-
Three	1	-	1	1	-
Four	-	-	-	-	-
Five	-	-	-	-	-
Six	-	-	-	-	-
Seven	-	-	-	-	-
Eight	-	-	-	-	-
Nine	-	-	-	-	-
Ten	-	-	-	-	-
Eleven	-	-	-	-	-
Twelve	-	-	-	-	-
Post-Graduate	-	-	-	-	-
Adult H.S. (15+CR.)	-	-	-	-	-
Adult H.S. (1-14 CR.)	-	-	-	-	-
Subtotal	8	8	7	7	-
Special Ed - Elementary	8	8	8	8	-
Special Ed - Middle	2	2	1	1	-
Special Ed - High	-	-	-	-	-
Subtotal	10	10	9	9	-
Co. Voc. - Regular	-	-	-	-	-
Co. Voc. Ft. Post Sec.	-	-	-	-	-
Totals	18	18	16	16	-
Percentage Error					

BOROUGH OF NORTHVALE SCHOOL DISTRICT
SCHEDULE OF CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

REGULAR DISTRICT

SECTION 1

2% Calculation of Excess Surplus

2022 - 2023 Total General Fund Expenditures per the ACFR, Ex. C-1	\$ 14,073,622.51	
Increased by:		
Transfer to Food Service Fund	3,200.00	
Decreased by:		
On-Behalf TPAF Pension & Social Security	\$ 2,633,570.51	
Adjusted 2022 - 2023 General Fund Expenditures		\$ <u>11,443,252.00</u>
2% of Adjusted 2022 - 2023 General Fund Expenditures		\$ <u>228,865.04</u>
Greater of Line Above or \$250,000.00		\$ <u>250,000.00</u>
Increased by: Allowable Adjustment		\$ <u>229,992.00</u>
Maximum Unreserved/Undesignated Fund Balance		\$ <u><u>479,992.00</u></u>

SECTION 2

Total General Fund - Fund Balances @ 6-30-2023	\$ <u>3,653,564.68</u>	
Decreased by:		
Year-End Encumbrances	\$ 18,841.43	
Legally Restricted-Excess Surplus-Designated for Subsequent Year's Expenditures	\$ 637,483.00	
Other Restricted Fund Balances	\$ <u>2,217,248.25</u>	
Total Unassigned Fund Balance		\$ <u>779,992.00</u>

SECTION 3

Restricted Fund Balance-Excess Surplus	\$ <u>300,000.00</u>
<u>Recapitulation of Excess Surplus as of June 30, 2023</u>	
Restricted Excess Surplus - Designated for Subsequent Year's Expenditures	\$ <u>637,483.00</u>
Restricted Excess Surplus	\$ <u>300,000.00</u>
Total Excess Surplus	\$ <u><u>937,483.00</u></u>

Detail of Allowable Adjustments

Extraordinary Aid	\$ <u>229,992.00</u>
	\$ <u><u>229,992.00</u></u>

Detail of Other Restricted Fund Balance:

Capital Reserve	\$ 1,510,596.00
Emergency Reserve	300,000.25
Maintenance Reserve	<u>406,652.00</u>
	\$ <u><u>2,217,248.25</u></u>