

**NORWOOD BOARD OF EDUCATION  
AUDITOR'S MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS -  
FINANCIAL, COMPLIANCE AND PERFORMANCE  
JUNE 30, 2023**

**NORWOOD BOARD OF EDUCATION  
TABLE OF CONTENTS**

**AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS  
- FINANCIAL, COMPLIANCE AND PERFORMANCE**

	<u>Page No.</u>
Report of Independent Auditor	1
Scope of Audit	2
Administrative Practices and Procedures	2
Financial Planning, Accounting and Reporting	2-4
School Purchasing Programs	4
Food Service Fund	5
Student Activity Funds	5
Application for State School Aid	5
Pupil Transportation	5
Facilities and Capital Assets	6
Miscellaneous	6
Schedule of Meal Count Activity / Schedule of Net Cash Resources-- Not Applicable	7
Schedule of Audited Enrollments	8-10
Calculation of Excess Surplus	11
Recommendations	12
Acknowledgment	13



# LERCH, VINCI & BLISS, LLP

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Honorable President and Members  
of the Board of Education  
Norwood Board of Education  
County of Bergen, 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 Norwood Board of Education, County of Bergen, as of and for the fiscal year ended June 30, 2023, and have issued our report thereon dated October 30, 2023.

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

This report is intended 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.

Respectfully submitted,

LERCH, VINCI & BLISS, LLP



Dieter P. Lerch  
Public School Accountant  
PSA Number CS00756

Fair Lawn, New Jersey  
October 30, 2023

**NORWOOD 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, 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 CAFR.

**Official Bonds**

<u>Name</u>	<u>Position</u>	<u>Amount</u>
James Tevis	Board Secretary/School Business Administrator	\$50,000
Antoinette Kelly	Treasurer of School Monies	200,000

There is a Public Employees' Faithful Performance Blanket Position Bond covering all other employees with multiple coverage of \$1,000,000.

**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 each of 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 fringe benefits were deposited in the Payroll Agency Account.

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

**Finding 2023-001** – Per review of the Payroll Agency Account balance, it was noted that an erroneous IRS Refund check was received and deposited into the Agency account and remained at year end.

**Recommendation** – The erroneous IRS refund of payroll taxes be reviewed and cleared of record.

**Finding 2023-002** – The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (superintendent and business administrator) to the NJ Department of Treasury was not filed.

**Recommendation** – The District file the required E-CERT1 in accordance with NJSA 18A:14.4.

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

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

**Finding 2023-003** – Per the audit of Payroll Certifications, it appears only the Board Secretary was certifying each payroll.

**Recommendation** – All payrolls be presented to the Chief School Administrator and Board President for certification.

**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.

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

**Board Secretary's and Treasurer's Records**

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

Acknowledgment 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.

**Finding 2023-004** – Per review of the General Ledger and Board Secretary Reports, it appears the client beginning balances did not agree to the prior year audit balances.

**Recommendation** – The District's general ledger and Board Secretary Report be adjusted to agree with the audit balances.

**Finding 2023-005** – Per review of the Client's Records, it appears the Capital Project Fund is not longer active.

**Recommendation** – The Capital Projects Fund be closed and monies be transferred to the operating account.

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

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, II, and III of the Elementary and Secondary Education Act as amended.

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

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

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

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

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. Reimbursement to the State for Federal Salary Expenditures

The 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 and no exceptions were noted.

**School Purchasing Programs**

Contracts and Agreements Requiring Advertisement for Bids

The bid thresholds are in accordance with N.J.S.A. 18A:18A-2 (as amended) 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 transportation contracts under N.J.S.A. 18A:39-3 is \$20,200 for 2021-22.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within contract 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. Our audit noted no violations occurred.

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 purchases were made through the use of State contracts.

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

**Food Service Fund**

The financial transactions and statistical records of the school food services were maintained in good condition.

The cash disbursement records reflected expenditures for program related goods and services. The appropriate revenue and expense records were maintained in order to substantiate the non-profit status of the school food service.

**Student Activity Funds**

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

All disbursements were supported by proper 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 (ASSA) for on-roll, private schools for the handicapped, low income, related services and bilingual students. 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 no exceptions. The information that was included on the workpapers was verified with no 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 has adequate written procedures for the recording of student enrollment data.

**Pupil Transportation**

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

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

**Facilities and Capital Assets**

Our procedures included a review of the District's capital assets and related capital projects for consistency in the awarding of contracts for eligible facilities construction.

**Miscellaneous**

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

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



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

**SCHEDULE OF MEAL COUNT ACTIVITY**

NOT APPLICABLE

**SCHEDULE OF NET CASH RESOURCES**

NOT APPLICABLE

**NORWOOD BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
SCHEDULE OF AUDITED ENROLLMENTS  
OCTOBER 15, 2022**

	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 Preschool - 3 years			-	-	-	-											
Full Day Preschool - 3 years	1		1		-	-	1		1								
Half Day Preschool - 4 years					-	-											
Full Day Preschool - 4 years	10		10		-	-	3		3								
Half Day Kindergarten					-	-	-		-								
Full Day Kindergarten	38		38		-	-	11		11								
1st Grade	55		55		-	-	17		17								
2nd Grade	60		60		-	-	18		18								
3rd Grade	47		47		-	-	14		14								
4th Grade	68		68		-	-	20		20								
5th Grade	58		58		-	-	17		17								
6th Grade	58		58		-	-	17		17								
7th Grade	55		55		-	-	17		17								
8th Grade	81		81		-	-	24		24								
9th Grade					-	-											
10th Grade					-	-											
11th Grade					-	-											
12th Grade					-	-											
<b>Subtotal</b>	<b>531</b>	<b>-</b>	<b>531</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>160</b>	<b>-</b>	<b>160</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Spec Ed - Elementary	40		40		-	-	12		12				1	1	1		
Spec Ed - Middle School	35		35		-	-	11		11				2	2	2		
Spec Ed - High School					-	-											
<b>Subtotal</b>	<b>75</b>	<b>-</b>	<b>75</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23</b>	<b>-</b>	<b>23</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>-</b>	<b>-</b>
<b>Totals</b>	<b>606</b>	<b>-</b>	<b>606</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>183</b>	<b>-</b>	<b>183</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>-</b>	<b>-</b>
<b>Percentage Error</b>					<b>0.00%</b>					<b>0.00%</b>					<b>0.00%</b>		

**NORWOOD BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
SCHEDULE OF AUDITED ENROLLMENTS  
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 Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
	Half Day Pre-School (3 Yrs)			-			-			-		
Half Day Pre-School (4 Yrs)			-			-			-			-
Full Day Pre-School (3 Yrs)			-			-			-			-
Full Day Kindergarten			-			-			-			-
1st Grade	1	1	-			-			-			-
2nd Grade			-			-			-			-
3rd Grade	1	1	-			-			-			-
4th Grade			-			-			-			-
5th Grade			-			-			-			-
6th Grade	1	1	-			-			-			-
7th Grade	2	2	-	1	1	-			-			-
8th Grade	1	1	-			-			-			-
9th Grade			-			-			-			-
10th Grade			-			-			-			-
11th Grade			-			-			-			-
12th Grade			-			-			-			-
<b>Subtotal</b>	<b>6.0</b>	<b>6.0</b>	<b>-</b>	<b>1.0</b>	<b>1.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Spec Ed - Elementary	3.0	3.0	-	1.0	1.0	-			-			-
Spec Ed - Middle School	3.0	3.0	-	1.0	1.0	-			-			-
Spec Ed - High School			-			-			-			-
<b>Subtotal</b>	<b>6.0</b>	<b>6.0</b>	<b>-</b>	<b>2</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Totals</b>	<b>12.0</b>	<b>12.0</b>	<b>-</b>	<b>3</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
	Regular - Public Schools	49.0	49.0	-	15.0	15.0
Transported - Non-Public	8.0	8.0	-	2.0	2.0	-
Regular - Spec.	3.0	3.0	-	1.0	1.0	-
Special Needs - Public	11.0	11.0	-	3.0	3.0	-
<b>Totals</b>	<b>71.0</b>	<b>71.0</b>	<b>-</b>	<b>21.0</b>	<b>21.0</b>	<b>-</b>
			<u>0.00%</u>			<u>0.00%</u>

**NORWOOD BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
SCHEDULE OF AUDITED ENROLLMENTS  
OCTOBER 15, 2022**

	Resident LEP Not 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 Register	Sample Errors
Half Day Pre-School (3 Yrs)			-			-
Half Day Pre-School (4 Yrs)			-			-
Half Day Kindergarten			-			-
Full Day Kindergarten	2	2	-	1	1	-
1st Grade	3	3	-	1	1	-
2nd Grade	4	4	-	1	1	-
3rd Grade	2	2	-			-
4th Grade			-			-
5th Grade			-			-
6th Grade			-			-
7th Grade	1	1	-	1	1	-
8th Grade	2	2	-			-
9th Grade			-			-
10th Grade			-			-
11th Grade			-			-
12th Grade			-			-
<b>Subtotal</b>	<b>14</b>	<b>14</b>	<b>-</b>	<b>4</b>	<b>4</b>	<b>-</b>
Spec Ed - Elementary			-			-
Spec Ed - Middle School			-			-
Spec Ed - High School			-			-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Totals</b>	<b>14</b>	<b>14</b>	<b>-</b>	<b>4</b>	<b>4</b>	<b>-</b>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

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

**SECTION 1A - Two Percent (2%) - Calculation of Excess surplus (2022-2023 expenditures of \$100 million or less)**

2022-2023 Total General Fund Expenditures per the ACFR	\$ 15,508,691
Decreased by:	
On-Behalf TPAF Pension & Social Security	(2,409,705)
Adjusted 2022-2023 General Fund Expenditures	<u>\$ 13,098,986</u>
2% of Adjusted 2022-2023 General Fund Expenditures	<u>\$ 261,979</u>
Enter Greater of 2% of Adjusted 2022-2023 General Fund Expenditures or \$250,000	
Increased by:	
Allowable Adjustment*	<u>471,867</u>
Maximum Unassigned Fund Balance	<u>\$ 733,846</u>

**SECTION 2**

Total General Fund - Fund Balance at June 30, 2023	\$ 3,240,240
Decreased by:	
Year End Encumbrances	\$ 272,125
Capital Reserve	1,110,711
Capital Reserve - Designated for Subsequent Year	230,580
Maintenance Reserve	119,350
Maintenance Reserve - Designated for Subsequent Year	80,650
Excess Surplus - Designated for Subsequent Year	150,000
Unreserved - Designated for Subsequent Year	300,000
Unemployment Compensation	<u>165,026</u>
	<u>2,428,442</u>
Total Unassigned Fund Balance	<u>\$ 811,798</u>

**SECTION 3**

Restricted Fund Balance - Excess Surplus	<u>\$ 77,952</u>
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**Recapitulation of Excess Surplus**

Restricted Excess Surplus - Designated for Subsequent Years	\$ 150,000
Restricted Excess Surplus	<u>77,952</u>
Total	<u>\$ 227,952</u>

* Detail of Allowable Adjustment	
Extraordinary Aid	\$ 466,576
Non Public Transportation Aid Reimbursement	<u>5,291</u>
	<u>\$ 471,867</u>

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

**RECOMMENDATIONS**

**I. Administrative Practices and Procedures**

There are none.

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

It is recommended that

1. The erroneous IRS refund of payroll taxes be reviewed and cleared of record.
2. The District file the required E-CERT1 in accordance with NJSA 18A:14.4.
3. All payrolls be presented to the Chief School Administrator and Board President for certification.
4. The District's general ledger and Board Secretary Report be adjusted to agree with the audit balances.
5. The Capital Projects Fund be closed and monies be transferred to the operating account.

**III. School Purchasing Program**

There are none.

**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 Years' Audit Findings/Recommendations

Corrective action was taken on all prior year recommendations.

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