

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

**ORADELL BOARD OF EDUCATION
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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Honorable President and Members
of the Board of Education
Oradell Board of Education
350 Prospect Avenue
Oradell, New Jersey 07649

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 Oradell Board of Education as of and for the fiscal year ended June 30, 2023, and have issued our report thereon dated January 23, 2024.

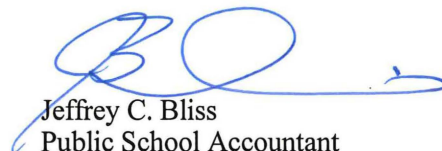
As part of our audit, we performed procedures required by the Office of School Finance, Department of Education, State of New Jersey and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended solely for the information and use of management, the Board of Education, 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

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



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
January 23, 2024

**ORADELL 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 the 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 (Exhibit J-20) contained in the district's ACFR.

Officials Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
John M. Marmora	Board Secretary/School Business Administrator	\$200,000
Angelo DeSimone	Treasurer of School Monies	\$236,000

There is a Public Employee Dishonesty Crime Coverage with the Selective Insurance Company of America covering all other employees with multiple coverage of \$100,000 per employee (primary) and \$500,000 per loss (excess).

P.L. 2020, c44

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

The data submitted did appear to include all health benefit plans offered by the school district.

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

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid or incurred during the period under review did not reveal any material discrepancies with respect to each of signature, certification, proper itemization and 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.

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

Salary withholdings were promptly remitted to the proper agencies with exceptions noted, including health benefits withholding due to the general fund.

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

The School Business Administrator completed and filed the required Certification of Compliance with Federal and State Law respecting the reporting of compensation for certain employees.

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

Financial Planning, Accounting and Reporting (Continued)

Payroll Account (Continued)

- **Finding 2023-1** – A payroll deduction ledger was not maintained for the entire school year by the District to account for payroll deduction by their respective categories. We noted the District did not maintain the payroll deduction ledger from March to June 2023.

Recommendation – The District maintain a payroll deduction ledger by individual deduction category for the entire school year.

- **Finding 2023-2** – Our audit of payroll tax reporting revealed certain federal tax deposits were not remitted timely.

Recommendation – The District remit its payroll tax deposits in a timely manner.

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.

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 on a timely basis and were submitted to the executive county superintendent as prescribed by (N.J.S.A. 18A:17-9 and 18A:17-36).

Acknowledgment of the Board's receipt of the Board Secretary's monthly financial reports was included in the minutes.

The prescribed contractual order system was followed with minor exceptions noted.

Treasurer's Records

The Treasurer did perform cash reconciliations for all district accounts as required by N.J.S.A. 18A:17-36.

The Treasurer's cash balances were in agreement with the cash balances per the Board Secretary's report.

The Treasurer's cash balances were in agreement with the reconciled cash balances as determined during the audit.

Acknowledgment of the Board's receipt of the Treasurer's monthly financial reports was included in the minutes.

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 N.J.A.C. 6A:23A-8.3. As a result of the procedures performed, no additional procedures were deemed necessary to test the propriety of expenditure classification.

**ORADELL 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 School 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 the Title I, II, III and IV 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 Exhibit K-3 and Exhibit K-4 located in the ACFR.

Our examination 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 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.

The amount of the expenditure charged to the current year's Final Reports 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. We noted the district did not submit a reimbursement voucher for the 2022/2023 school year, however we noted a minor exception for a TPAF salary charged to a federal grant program. We noted the District subsequent remitted the reimbursement voucher and payment to the State.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$44,000 (with a Qualified Purchasing Agent) and \$32,000 (without a Qualified Purchasing Agent), respectively. This law regulating bidding for public school transportation contracts under NJSA 18A:39-3 is \$20,200.

If the purchasing agent is qualified pursuant to subsection b of section 9 of P.L. 1971, c.198 (c.40A:11-9), the board of education may establish that the bid threshold may be up to \$44,000, effective July 1, 2020. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section. The Board has designated the School Business Administrator as the qualified purchasing agent and established the bid threshold at \$44,000.

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 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 provision of N.J.S.A. 18A:18A-4, amended.

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.

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

Food Service Fund

The School Food Service Program received \$5,888 in federal funds under the Special Milk Program for the 2022-2023 school year.

The financial transactions and records of the School Food Service program were maintained in good condition.

Expenditures were separately recorded as food and other costs. Vendor invoices were reviewed and costs verified.

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.

Extended Year Summer Program Fund

The financial records and books of account maintained for the Extended Year Summer Program were in good condition.

Cash receipts and bank records were reviewed for timely deposit.

Expenditures were reviewed and reflected they were for program related goods and services.

Student Body Activities

The Board has a policy which clearly establishes the regulation of student activities.

Cash receipt and disbursement records were maintained in good condition.

Receipts tested were deposited in a timely manner and disbursements tested had 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 the disabled, 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. This information that was included on the workpapers was verified, without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

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 2022/2023 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 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.

Facilities and Capital Assets

Our procedures included a review of the SDA grant agreement for consistency with recording SDA revenue, transfer of local funds from the general fund or from the capital reserve account and awarding of contracts for eligible facilities construction.

- **Finding 2023-3** – Our audit of the capital asset inventory report revealed certain current year additions were not included as of June 30, 2023.

Recommendation – Greater care be exercised to ensure all current year additions are included in the capital asset inventory report.

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

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).

Suggestions to Management

- The District should review the unexpended balances of its local grants in the Special Revenue Fund and determine eligible costs chargeable to these programs.
- Prior year reconciling items listed on the General Fund and Student Activity bank accounts should be reviewed and cleared of record.
- Cooperative purchasing program vendors invoices be sufficiently detailed to verify per unit prices to the respective contract award documentation.
- Difference noted between quarterly pension reports and payroll records be reconciled and appropriate action be taken to resolve differences noted.

Follow-Up on Prior Years' Findings

In accordance with Government Auditing Standards, our procedures included a review of all prior year recommendations.

**ORADELL BOARD OF EDUCATION
FOOD SERVICE FUND
SCHEDULE OF MEAL COUNT ACTIVITY
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(MEMORANDUM ONLY)**

INFORMATION NOT REQUIRED

**FOOD SERVICE FUND
NET CASH RESOURCE SCHEDULE
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOT APPLICABLE

**ORADELL BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF 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	Reported Per District Work papers	Errors	Sample for Verifi- cation	Sample Verified	Sample Errors		
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared								
Full Day Kindergarten	100		100		-	-	100		100		-	-								
1st Grade	110		110		-	-	110		110		-	-								
2nd Grade	86		86		-	-	86		86		-	-								
3rd Grade	106		106		-	-	106		106		-	-								
4th Grade	116		116		-	-	116		116		-	-								
5th Grade	95		95		-	-	95		95		-	-								
6th Grade	106		106		-	-	106		106		-	-								
Subtotal	719	-	719	-	-	-	719	-	719	-	-	-	-	-	-	-	-	-	-	
Spec Ed - Elementary	60		60		-	-	60		60		-	-	4	4	-	1	1	-	-	
Spec Ed- Middle School	17		17		-	-	17		17		-	-	1	1	-	1	1	-	-	
Subtotal	77	-	77	-	-	-	77	-	77	-	-	-	5	5	-	2	2	-	-	
Totals	796	-	796	-	-	-	796	-	796	-	-	-	5	5	-	2	2	-	-	
Percentage Error					<u><u>0.00%</u></u>						<u><u>0.00%</u></u>								<u><u>0.00%</u></u>	

**ORADELL BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLEMENT 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
	Full Day Kindergarten											
1st Grade												
2nd Grade												
3rd Grade												
4th Grade												
5th Grade												
6th Grade												
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-
Spec Ed - Elementary												
Spec Ed - Middle School												
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-
Totals	-	-	-	-	-	-	-	-	-	-	-	-
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			-			-
Transported - Non-Public	15	15	-	5	5	-
Regular - Spec.			-			-
Special Needs - Public	7	7	-	2	2	-
Totals	<u>22</u>	<u>22</u>	-	<u>7</u>	<u>7</u>	-
			<u>0.00%</u>			<u>0.00%</u>

**ORADELL BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
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 Application Workpapers	Verified to Application Register	Sample Errors
Full Day Kindergarten	9	9	-	2	2	-
1st Grade	10	10	-	3	3	-
2nd Grade	4	4	-	1	1	-
3rd Grade	7	7	-	2	2	-
4th Grade	6	6	-	2	2	-
5th Grade	2	2	-	1	1	-
6th Grade	-	-	-	-	-	-
Subtotal	38	38	-	11	11	-
Spec Ed - Elementary	3	3	-	1	1	-
Spec Ed- Middle School	-	-	-	-	-	-
Subtotal	3	3	-	1	1	-
Totals	41	41	-	12	12	-
Percentage Error		0.00%			0.00%	

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

2022-2023 Total General Fund Expenditures per the ACFR		\$ 16,938,397	
Decreased by:			
On-Behalf TPAF Pension & Social Security		<u>(3,089,556)</u>	
Adjusted 2022-2023 General Fund Expenditures		<u>\$ 13,848,841</u>	
4% of Adjusted 2022-2023 General Fund Expenditures		<u>\$ 276,977</u>	
Enter Greater of 2% of \$250,000		276,977	
Increased by:			
Allowable Adjustments			
Unbudgeted Extraordinary Aid		\$ 280,736	
Unbudgeted Non Public School Transportation Aid		<u>4,680</u>	
			\$ 562,393
 Total General Fund - Fund Balance at June 30, 2023 (Budgetary Basis)		 \$ 4,743,596	
Decreased by:			
Restricted Fund Balance:			
Capital Reserve	2,372,622		
Maintenance Reserve	643,157		
Emergency Reserve	130,425		
Reserved Excess Surplus - Designated for Subsequent Year's Budget	516,457		
Unemployment Compensation Reserve	25,717		
Committed Fund Balance:			
Year End Encumbrances	46,709		
Assigned Fund Balance:			
Year End Encumbrances	<u>88,760</u>		
		<u>3,823,847</u>	
Unassigned Fund Balance:			<u>\$ 919,749</u>
 Restricted Fund Balance - Excess Surplus (June 30, 2023)			 <u>\$ 357,356</u>
 <u>Recapitulation of Excess Surplus as of June 30, 2023</u>			
Excess Surplus			\$ 357,356
Excess Surplus - Designated for Subsequent Year's Expenditures			<u>516,457</u>
			<u>\$ 873,813</u>

**ORADELL 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 District maintain a payroll deduction ledger by individual deduction category for the entire school year.
2. The District remit its payroll tax deposits in a timely manner.

III. **School Purchasing Program**

There are none.

IV. **School Food Services**

There are none.

V. **Extended Year Summer Program Fund**

There are none.

VI. **Student Body Activities**

There are none.

VII. **Application for State School Aid**

There are none.

VIII. **Pupil Transportation**

There are none.

IX. **Facilities and Capital Assets**

3. It is recommended that greater care be exercised to ensure all current year additions are included in the capital asset inventory report.

X. **Miscellaneous**

There are none.

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

A review was performed on all prior year recommendations and corrective action was taken on all prior year findings.

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

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



Jeffrey C. Bliss
Certified Public Accountant
Public School Accountant