**SOUTH ORANGE AND
MAPLEWOOD SCHOOL DISTRICT
COUNTY OF ESSEX, NEW JERSEY**

**AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2024**

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

SOUTH ORANGE AND MAPLEWOOD SCHOOL DISTRICT
ESSEX COUNTY, NEW JERSEY

AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE

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PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

Independent Auditors' Report

Honorable President and Members
of the Board of Education
School District of South Orange and Maplewood
County of Essex, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the School District of South Orange and Maplewood, County of Essex, New Jersey (the "District'), as of and for the year ended June 30, 2024, and have issued our report thereon dated January 15, 2025.

As part of our audit, we performed procedures required by the New Jersey Department of Education, 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 the Board of Education of the School District of South Orange and Maplewood's management, Board of Education members, others within the entity, and the New Jersey Department of Education and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

PKF O'Connor Davies, LLP

Cranford, New Jersey
January 15, 2025

Robert E. Provost

Robert Provost, CPA
Licensed Public School Accountant, No. 2486

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Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator, 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 J-20, Insurance Schedule contained in the District's ACFR.

Official Bonds *N.J.S.A. 18A:17-26, 18A:17-32, & 18A:13-13*

Ms. Dana Sullivan, Treasurer of School Moneys	$600,000.00
Mr. Eric Burnside, School Business Administrator/ Board Secretary	150,000.00

There is a Public Employees' Faithful Performance Blanket Position Bond through the New Jersey School Boards Association Insurance Group (NJSBAIG) covering all other employees with multiple coverage of $250,000.

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 included all health benefit plans offered by District.

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

Tuition Charges

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

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period did not indicate any reportable discrepancies with respect to signatures, certification or supporting documentation.

Payroll Account and Employee Position Control Roster

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 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 to the proper agencies, including health benefits withholding due to the general fund.

Payrolls were delivered to the secretary of the board who then deposited with warrants in separate bank accounts for net payroll and withholdings.

An inquiry and subsequent review of the position control roster found no inconsistencies between the payroll records, employee benefit records (e.g., pension reports and health benefit coverage reports), and the general ledger accounts to where wages are posted (administrative versus instruction).

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30 for proper classification of orders as reserve for encumbrances and accounts payable and no exceptions were noted.

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 our randomly selected test samples, 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, a transaction error rate of 0% overall was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

Our review of the financial and accounting records maintained by the Board Secretary disclosed no exceptions.

Treasurer's Records

Our review of the financial and accounting records maintained by the Treasurer of School Monies did not disclose any exceptions.

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 Titles I and VI of the Elementary and Secondary Education Act as amended and reauthorized.

The study of compliance for E.S.E.A. indicated no instances of noncompliance and/or questionable costs.

Other Special Federal and/or State Projects

The District's special projects were approved as listed on Schedules (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.

The State of New Jersey, Department of Education, Office of Fiscal Accountability conducted a review of funds received and disbursed from several federal programs. The review, dated October 10, 2023 covered the period July 1, 2022 through April 28, 2023. The Board of Education approved the corrective action related to the findings noted in the review on November 30, 2023.

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly 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 expenditures charged to the current year's Final Reports for all federal awards for the District to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the 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.

Nonpublic State Aid

Our review of the Nonpublic State Aid Completion Reports disclosed no exceptions.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

Effective July 1, 2020, and thereafter, 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. The law regulating bidding for public school student transportation contracts under *N.J.S.A. 18A:39-3* is currently $20,200 for 2023-2024.

The District has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where the 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.

The results of our examination, performed on a test basis, did not note any individual payments, contracts, or agreements made for the performance of any work or goods or services, 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*.

School Food Service

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 students during the emergency.

The financial transactions and statistical records of the school food service fund were reviewed. The financial accounts and meal count records were reviewed on a test-check basis. No exceptions were noted.

Cash receipts and bank records were reviewed for timely deposits.

The District utilizes 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 Cost Reimbursable Fixed Price Procurement contract/addendum was reviewed and audited. All vendor discounts, rebates, and credits from vendors and/or the FSMC were tracked and credited to the Food Service Account and reconciled to supporting documentation at least annually.

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

The cash disbursements records reflected expenditures on 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 exceed three months' average expenditures.

Time sheets were reviewed, and labor costs verified. Payroll records were maintained on all School Food Services employees authorized by the board of education/board of trustees. No exceptions were noted.

The number of meals claimed for reimbursement was compared to sales and meal count records. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement claims were submitted/certified in a timely manner.

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 free and reduced price meal and free milk policy was reviewed for uniform administration throughout the school system. Sites approved to participate in Provisions I and II were examined for compliance with all counting and claiming requirements. The required verification procedures for free and reduced price applications were completed and available for review.

USDA Food Distribution Program (food and/or commodities) were received, and a single inventory was maintained on a first-in, first-out basis. No exceptions were noted.

The Statement of Revenues, Expenses, and Changes in Fund Net Position (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, Section B of the ACFR.

Student Body Activities

Our audit procedures included a test of items selected from cash receipts and cash disbursements for the student activity funds for various District schools.

Finding 2024-001

During our audit of the student activity funds, we found that the records for Maplewood Middle School accounts were not properly maintained, and supporting documentation for selected items was unavailable. Additionally, monthly bank reconciliations were not performed timely nor consistently.

Recommendation

We recommend that the District strengthen its internal controls and procedures to ensure that Maplewood Middle School account records are properly maintained and that bank reconciliations are completed promptly and consistently

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2023 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 work papers without exception. The information that was included on the work papers was verified without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

The District maintained work papers on the prescribed state forms or their equivalent.

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

Pupil Transportation

Because Transportation Aid was not tested as a major program in the 2024 fiscal year, our audit procedures did not include a test of on roll status reported in the 2023-24 District Report of Transported Resident Students (DRTRS). We did agree the information presented on the DRTRS by the County/NJDOE and compared the information presented by the District with no exceptions. 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.

Testing for Lead of All Drinking Water in Educational Facilities

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

Miscellaneous

<u>SEMI Federal Medicaid Reimbursement Revenue Projections</u>

Finding 2024-002

The District did not meet the required 90% participation rate in the Special Education Medicaid Initiative (SEMI) for the fiscal year ended June 30, 2024, achieving a participation rate of approximately 35%. The New Jersey Department of Education mandates a 90% participation rate in SEMI to maximize Medicaid reimbursements for special education services. The District potentially forfeited Medicaid reimbursements, resulting in lost revenue that could support special education programs.

Recommendation

We recommend the District implement a monitoring system to track provider compliance, enhance training on SEMI requirements, and develop corrective action plans to achieve the required participation rate.

<u>Arbitrage Rebate/Yield Restriction Liabilities</u>

Finding 2024-003

During our review of the District's records, we found that the District should strengthen its procedures for accurately estimating, accruing, and recording arbitrage rebate and yield restriction liabilities associated with its tax-exempt bond issuances. These liabilities, representing amounts owed to the U.S. Department of the Treasury under federal tax laws, were not reflected in the District’s financial records. Arbitrage rebate and yield restriction liabilities arise when the interest earned on tax exempt bond proceeds exceeds the interest paid on those bonds. Failure to properly accrue these liabilities results in an overstatement of the District’s debt service fund balance, which in turn overstates the funds available for tax relief related to the District’s debt service obligations.

Recommendation

We recommend that the District implement procedures to regularly perform arbitrage rebate/yield restriction calculations to ensure compliance with the Internal Revenue Code and to accurately project funds available to be budgeted in future years.

Other Suggestions to Management

For the year ended June 30, 2024, the food service net cash resources exceeded three times the average food service monthly operating expenses. We suggest the District develop a plan for the excess funds to be utilized in the subsequent year's allowable expenses that will further support the operation and enhance the child nutrition program, such as improving the nutritional quality of the food or purchasing equipment for the kitchen as outlined in 7 CFR 210.14(a).

Although the capital asset records were updated for the current year additions, it was difficult to determine the funding source of the capital asset additions and the corresponding depreciation expense. To ensure the capital asset records are accurate, we suggest upon completion of the school-wide capital projects, the District have a district-wide comprehensive capital asset appraisal performed by a reputable appraisal company that entails a physical inspection and cost valuation of all land, buildings, site improvements and equipment and includes updated procedures for funding source identification.

The District does not maintain adequate surety bond coverage for employees responsible for handling District funds, as required by N.J.S.A. 18A:17-32. Insufficient bond coverage exposes the District to increased financial risk from potential fraud, theft, or misuse of funds. Although the District's coverage only slightly exceeded the minimum limits set by the State Board, it is in the District's best interest to review and strengthen its surety bond coverage to ensure full compliance with state requirements and to better safeguard District assets.

The District has ceased operations of its Latchkey Enterprise Fund, but has not yet determined the appropriate disposition of the remaining net position and assets. We suggest that the District evaluate the best course of action for these remaining assets and formalize the decision through a Board resolution.

Follow-up on Prior Year's Findings

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year's recommendations. Corrective action has been taken on all prior year's findings.

Acknowledgment

We received the complete cooperation of all the officials of the District, and we greatly appreciate the courtesies extended to the members of the audit team.

SOUTH ORANGE AND MAPLEWOOD SCHOOL DISTRICT

SCHEDULE OF MEAL COUNT ACTIVITY

FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM - FEDERAL
ENTERPRISE FUND
YEAR ENDED JUNE 30, 2024

PROGRAM	MEAL CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE (a)	(OVER) UNDER CLAIM (b)
National School Lunch (Regular Rate)	Paid	339,149	339,149	339,149	-	$ 0.40	$ -
National School Lunch (Regular Rate)	Reduced	15,337	15,337	15,337	-	3.85	-
National School Lunch (Regular Rate)	Free	67,365	67,365	67,365	-	4.25	-
	TOTAL	421,851	421,851	421,851			-
National School Lunch	HHFKA - PB Lunch Only	421,851	421,851	421,851	-	0.08	-
School Breakfast (Regular Rates - Non Severe Need)	Paid	18,686	18,686	18,686	-	0.38	-
School Breakfast (Regular Rates - Non Severe Need)	Reduced	2,896	2,896	2,896	-	1.98	-
School Breakfast (Regular Rates - Non Severe Need)	Free	11,313	11,313	11,313	-	2.28	-
	TOTAL	32,895	32,895	32,895			-
						Total Net Overclaim	-

Auditor Notation:
(a) Reimbursement rates are subject to annual change. Rates indicated in this sample schedule are for illustrative purposes only. Refer to the detailed schedule of reimbursement rates presented on page II-60.29 of this Audit Program. (b) Overclaims or underclaims must be reflected by program on the Schedule of Findings and Questioned Costs (where applicable) and in the AMR. (c) If underclaims are identified and total $100.00 or more by program, please contact the DOA for requirements to request reimbursement from USDA. Underclaim requests may or may not be approved by USDA for reimbursement. (d) Child and Adult Care Food Program-(CACFP)-At-Risk Dinners.

SOUTH ORANGE AND MAPLEWOOD SCHOOL DISTRICT

SCHEDULE OF MEAL COUNT ACTIVITY

FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM - STATE
ENTERPRISE FUND
YEAR ENDED JUNE 30, 2024

PROGRAM	MEAL CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE (a)	(OVER) UNDER CLAIM (b)
State Reimbursement - National School Lunch (Regular Rate)	Paid	339,149	339,149	339,149	-	$ 0.060	$ -
State Reimbursement - National School Lunch (Regular Rate)	Reduced	15,337	15,337	15,337	-	0.470	-
State Reimbursement - National School Lunch (Regular Rate)	Free	67,365	67,365	67,365	-	0.070	-
State Reimbursement - National School Lunch (Regular Rate)	NJEIE	871	871	871	-	3.850	-
State Reimbursement - School Breakfast (Regular Rate)	Reduced	2,896	2,896	2,896	-	0.300	-
State Reimbursement - School Breakfast (Regular Rate)	NJEIE	103	103	103	-	1.900	-
	TOTAL	425,721	425,721	425,721			
	Total Net Overclaim						-

Auditor Notation:

(a) Reimbursement rates are subject to annual change. Rates indicated in this sample schedule are for illustrative purposes only. Refer to the detailed schedule of reimbursement rates presented on page II-60.29 of this Audit Program. (b) Overclaims or underclaims must be reflected by program on the Schedule of Findings and Questioned Costs (where applicable) and in the AMR. (c) State underclaims identified are not eligible for reimbursement.

SOUTH ORANGE & MAPLEWOOD SCHOOL DISTRICT

Net cash resources did exceed three months of expenditures
Proprietary Funds - Food Service
Year ended June 30, 2024

				Food Service B - 4/5	
Net Cash Resources:					
ACFR	*	**Current Assets**			
B-4	**	Cash & Cash Equiv.	$	1,550,330	
B-4		Due from Other Gov'ts		34,013	
B-4		Accounts Receivable			
B-4		Investments			
ACFR		**Current Liabilities**			
B-4		Less Accounts Payable		(169,085)	
B-4		Less Accruals			
B-4		Less Due to Other Funds			
B-4		Less Unearned Revenue		(108,179)	
		Net Cash Resources	**$**	**1,307,079**	**(A)**
Net Adj. Total Operating Expense:					
B-5		Tot. Operating Exp.	$	2,653,812	
B-5		Less Depreciation		(901)	
		Adj. Tot. Oper. Exp.	**$**	**2,652,911**	**(B)**
Average Monthly Operating Expense:					
		B / 10	**$**	**265,291**	**(C)**
Three Times Monthly Average:					
		3 X C	**$**	**795,873**	**(D)**

TOTAL IN BOX A	$	1,307,079
LESS TOTAL IN BOX D		795,873
NET	**$**	**511,206**

From above:

A is greater than D, cash exceeds 3 X average monthly operating expenses.
D is greater than A, cash does not exceed 3 X average monthly operating expenses.

* Inventories are not to be included in total current assets.
** Supply Chain Assistance (SCA) Funds are not to be included in Cash & Cash Equivalents.

SOURCE - USDA resource management comprehensive review form

SOUTH ORANGE AND MAPLEWOOD SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 13, 2023

SCHEDULE OF AUDITED ENROLLMENTS

Note: Detailed testing over ASSA was not performed for the fiscal year ended June 30, 2024 as the State Aid Cluster was not tested as a major program in the current year for Single Audit.

	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 Registers 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 Old	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool 3 Years Old	16.0	-	16.0	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool 4 Years Old	42.0	-	42.0	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	470.0	-	470.0	-	-	-	-	-	-	-	-	-	-	-	-	-
One	450.0	-	450.0	-	-	-	-	-	-	-	-	-	-	-	-	-
Two	472.0	-	472.0	-	-	-	-	-	-	-	-	-	-	-	-	-
Three	415.0	-	415.0	-	-	-	-	-	-	-	-	-	-	-	-	-
Four	451.0	-	451.0	-	-	-	-	-	-	-	-	-	-	-	-	-
Five	423.0	-	423.0	-	-	-	-	-	-	-	-	-	-	-	-	-
Six	388.0	-	388.0	-	-	-	-	-	-	-	-	-	-	-	-	-
Seven	412.0	-	412.0	-	-	-	-	-	-	-	-	-	-	-	-	-
Eight	429.0	-	429.0	-	-	-	-	-	-	-	-	-	-	-	-	-
Nine	439.0	-	439.0	-	-	-	-	-	-	-	-	-	-	-	-	-
Ten	396.0	-	396.0	-	-	-	-	-	-	-	-	-	-	-	-	-
Eleven	424.0	2.0	424.0	2.0	-	-	-	-	-	-	-	-	-	-	-	-
Twelve	350.0	2.0	350.0	2.0	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	5,577.0	4.0	5,577.0	4.0	-	-	-	-	-	-	-	-	-	-	-	-
Special Ed - Elementary	498.0	-	498.0	-	-	-	-	-	-	-	-	-	25.0	-	-	-
Special Ed - Middle School	271.0	-	271.0	-	-	-	-	-	-	-	-	-	20.0	-	-	-
Special Ed - High School	310.0	10.0	310.0	10.0	-	-	-	-	-	-	-	-	57.5	-	-	-
Subtotal	1,079.0	10.0	1,079.0	10.0	-	-	-	-	-	-	-	-	102.5	-	-	-
Totals	6,656.0	14.0	6,656.0	14.0	-	-	-	-	-	-	-	-	102.5	-	-	-
Percentage Error					0%	0%					0%	0%				0%

SOUTH ORANGE AND MAPLEWOOD SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY (continued)
ENROLLMENT AS OF OCTOBER 13, 2023

SCHEDULE OF AUDITED ENROLLMENTS

	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 Bilingual Education	Reported on Workpapers as Bilingual Education	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Full Day Preschool 3 Years	-	-	-	-	-	-	-		-	-	-	-
Full Day Preschool 4 Years	-	-	-	-	-	-	-		-	-	-	-
Kindergarten	21.0	21.0	-	-	-	-	6.0	6.0	-	-	-	-
One	40.0	40.0	-	-	-	-	8.0	8.0	-	-	-	-
Two	33.0	33.0	-	-	-	-	5.0	5.0	-	-	-	-
Three	41.0	41.0	-	-	-	-	7.0	7.0	-	-	-	-
Four	48.0	48.0	-	-	-	-	5.0	5.0	-	-	-	-
Five	43.0	43.0	-	-	-	-	1.0	1.0	-	-	-	-
Six	50.0	50.0	-	-	-	-	2.0	2.0	-	-	-	-
Seven	47.0	47.0	-	-	-	-	4.0	4.0	-	-	-	-
Eight	56.0	56.0	-	-	-	-	5.0	5.0	-	-	-	-
Nine	79.0	79.0	-	-	-	-	4.0	4.0	-	-	-	-
Ten	55.0	55.0	-	-	-	-	4.0	4.0	-	-	-	-
Eleven	66.0	66.0	-	-	-	-	8.0	8.0	-	-	-	-
Twelve	52.0	52.0	-	-	-	-	4.0	4.0	-	-	-	-
Subtotal	631.0	631.0	-	-	-	-	63.0	63.0	-	-	-	-
Sp Ed - Elementary	106.0	106.0	-	-	-	-	11.0	11.0	-	-	-	-
Sp Ed - Middle School	63.0	63.0	-	-	-	-	4.0	4	-	-	-	-
Sp Ed - High School	73.0	73.0	-	-	-	-	1.0	1.0	-	-	-	-
Subtotal	242.0	242.0	-	-	-	-	16.0	16.0	-	-	-	-
Total	873.0	873.0	-	-	-	-	79.0	79.0	-	-	-	-
Percentage Error			0.00%			0.00%			0.00%			0.00%

Note: Detailed testing over DRTRS was not performed for the fiscal year ended June 30, 2024 as Transportation Aid was not tested as a major program in the current year for Single Audit.

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	541.0	541.0	-	-	-	-
AIL Non-Public Transportation	591.0	591.0	-	-	-	-
Regular Special Education	68.0	68.0	-	-	-	-
Special Education Special Needs	237.0	237.0	-	-	-	-
Courtesy	831.0	831.0	-	-	-	-
Totals	2,268.0	2,268.0	-	-	-	-
Percentage Error			0%			0%

	Reported	Recalculated
Reg. Avg. Mileage - Regular Inc. Grade PK students	4.8	4.8
Reg. Avg. Mileage - Regular Exc. Grade PK students	5.0	5.0
Spec. Avg. Mileage - Special Education with Special Needs	9.1	9.1

SOUTH ORANGE AND MAPLEWOOD SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY (continued)
ENROLLMENT AS OF OCTOBER 13, 2023

SCHEDULE OF AUDITED ENROLLMENTS

	Resident LEP NOT Low Income			Sample for Verification		
	Reported on ASSA as LEP Education	Reported on Workpapers as LEP Education	Errors	Sample Selected from Workpapers	Verified to Test Score & Register	Sample Errors
Full Day Preschool	-	-	-	-	-	-
Kindergarten	2.0	2.0	-	-	-	-
One	2.0	2.0	-	-	-	-
Two	3.0	3.0	-	-	-	-
Three	1.0	1.0	-	-	-	-
Four	2.0	2.0	-	-	-	-
Five	3.0	3.0	-	-	-	-
Six	2.0	2.0	-	-	-	-
Seven	4.0	4.0	-	-	-	-
Eight	3.0	3.0	-	-	-	-
Nine	5.0	5.0	-	-	-	-
Ten	3.0	3.0	-	-	-	-
Eleven	1.0	1.0	-	-	-	-
Twelve	2.0	2.0	-	-	-	-
Subtotal	33.0	33.0	-	-	-	-
Sp Ed - Elementary	1.0	1.0	-	-	-	-
Sp Ed - Middle School	4.0	4.0	-	-	-	-
Sp Ed - High School	2.0	2.0	-	-	-	-
Subtotal	7.0	7.0	-	-	-	-
Total	40.0	40.0	-	-	-	-
Percentage Error			0.00%			0.00%

SCHOOL DISTRICT OF SOUTH ORANGE AND MAPLEWOOD

EXCESS SURPLUS CALCULATION

JUNE 30, 2024

SECTION 1 - Regular District

B. 2% Calculation of Excess Surplus

2023-24 Total General Fund Expenditures per the ACFR, Ex. C-1	$ 183,326,022	(B)
Increased by:		
Transfer from Capital Outlay to Capital Projects Fund	$ 407,375	(B1a)
Transfer from Capital Reserve to Capital Projects Fund		(B1b)
Transfer from General Fund to SRF for PreK-Regular	$ -	(B1c)
Transfer from General Fund to SRF for PreK-Inclusion	$ 1,439,916	(B1d)
Decreased by:		
On-Behalf TPAF Pension, Post-Retirement Contributions, Long-Term Disability Insurance and Social Security Benefits	$ 30,849,416	(B2a)
Financed Purchased Liability	$ 1,506,343	(B2b)
Adjusted 2023-24 General Fund Expenditures [(B) + (B1s) - (B2s)]	$ 152,817,554	(B3)
2% of Adjusted 2023-24 General Fund Expenditures [(B3) times .02]	$ 3,056,351	(B4)
Enter Greater of (B4) or $250,000	$ 3,056,351	(B5)
Increased by: Allowable Adjustment*	$ 1,777,216	(K)
Maximum Unassigned/Undesignated - Unreserved Fund Balance [(B5) + (K)]	$ 4,833,567	(M)

SECTION 2

Total General Fund - Fund Balances at June 30, 2024 (Per ACFR Budgetary Comparison Schedule C-1)	$ 35,003,019	(C)
Decreased by:		
Year-end Encumbrances	$ 2,195,337	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	$ -	(C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**	$ 7,044,348	(C3)
Other Restricted Fund Balances****	$ 14,036,639	(C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	$ -	(C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]	$ 11,726,695	(U1)

SCHOOL DISTRICT OF SOUTH ORANGE AND MAPLEWOOD

EXCESS SURPLUS CALCULATION

JUNE 30, 2024

SECTION 3

Restricted Fund Balance - Excess Surplus *** [(U1)-(M)] IF NEGATIVE ENTER -0-	$ 6,893,128	(E)

Recapitulation of Excess Surplus as of June 30, 2024

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	$ 7,044,348	(C3)
Reserved Excess Surplus *** [(E)]	$ 6,893,128	(E)
Total Excess Surplus [(C3)+(E)]	$ 13,937,476	(D)

* Allowable adjustment to expenditures on line K must be detailed as follows. This adjustment line (as detailed below) is to be utilized when applicable for:
(H) Federal Impact Aid. The passage of P.L.2015, c.46 amended N.J.S.A. 18A:7F-41 to permit a board of education to appropriate federal impact aid funds to establish or supplement a federal impact aid legal reserve in the general fund. Accordingly the federal impact aid adjustment to expenditures is limited to the portion of federal impact aid Section 8002 and Section 8003 received during the fiscal year and recognized as revenue on the general fund budgetary comparison schedule, but <u>not</u> transferred to the federal impact aid reserve - general (8002 or 8003) by board resolution during June 1 to June 30 of the fiscal year under audit. Amounts transferred to the reserve are captured on line (C4);
(I) Sale and Lease-back (Refer to the Audit Program Section II, Chapter 10);
(J1) Extraordinary Aid;
(J2) Additional Nonpublic School Transportation Aid;
(J3) Recognized current year School Bus Advertising Revenue; and
(J4) Family Crisis Transportation Aid.
(J5) Supplemental Stabilization Aid received April 2024 & Maintenance of Equity Aid Received July 2024

Detail of Allowable Adjustments

Impact Aid	$ -	(H)
Sales & Lease-back	$ -	(I)
Extraordinary Aid	$ 1,482,681	(J1)
Additional Nonpublic School Transportation Aid	$ 294,535	(J2)
Current Year School Bus Advertising Revenue Recognized	$ -	(J3)
Family Crisis Transportation Aid	$ -	(J4)
Supplemental Stabilization Aid Received April 2024 & Maintenance of Equity Aid and State Military Impact Aid Received July 2024	$ -	(J5)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)+(J5)]	$ 1,777,216	(K)

** This amount represents the June 30, 2024 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

*** Amount must agree to the June 30, 2024 ACFR and must agree to Audit Summary Worksheet Line 90030.

**** Amount for Other Restricted Fund Balances must be detailed for each source. Use in the excess surplus calculation of any legal reserve that is not state mandated or that is not legally imposed by any other type of government, such as the judicial branch of government, must have Departmental approval. District requests should be submitted to the Division of Finance prior to September 30.

SCHOOL DISTRICT OF SOUTH ORANGE AND MAPLEWOOD

EXCESS SURPLUS CALCULATION

JUNE 30, 2024

Detail of Other Restricted Fund Balance

Statutory Restrictions:			
Approved Unspent Separate Proposal	$	-	
Sale/Lease-Back Reserve	$	-	
Capital Reserve	$	8,890,236	
Maintenance Reserve	$	4,725,991	
Emergency Reserve	$	-	
Tuition Reserve	$	-	
School Bus Advertising 50% Fuel Offset Reserve - Current Year	$	-	
School Bus Advertising 50% Fuel Offset Reserve - Prior Year	$	-	
Impact Aid General Fund Reserve	$	-	
Impact Aid Capital Fund Reserve	$	-	
Other State/Government Mandated Reserve	$	-	
Reserve for Unemployment	$	420,412	
Other Restricted Fund Balance not noted above	$	-	
Total Other Restricted Fund Balance	$	14,036,639	(C4)

SCHOOL DISTRICT OF SOUTH ORANGE AND MAPLEWOOD

RECOMMENDATIONS

JUNE 30, 2024

I. Administrative Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

There are none.

III. Elementary and Secondary Education Act as Amended by the Every Student Succeeds Act (ESSA)

There are none.

IV. Other Special Federal and/or State Projects

There are none.

V. T.P.A.F. Reimbursement

There are none.

VI. Nonpublic State Aid

There are none.

VII. School Purchasing Program

There are none.

VIII. School Food Service

There are none.

IX. Student Body Activities

Finding 2024-001 - During our audit of the student activity funds, we found that the records for Maplewood Middle School accounts were not properly maintained, and supporting documentation for selected items was unavailable. Additionally, monthly bank reconciliations were not performed timely nor consistently.

X. Application for State School Aid

There are none.

XI. Pupil Transportation

There are none.

XII. Testing for Lead of All Drinking Water in Educational Facilities

There are none.

XIII. Miscellaneous

Finding 2024-002 - The District did not meet the required 90% participation rate in the Special Education Medicaid Initiative (SEMI) for the fiscal year ended June 30, 2024, achieving a participation rate of approximately 35%. The New Jersey Department of Education mandates a 90% participation rate in SEMI to maximize Medicaid reimbursements for special education services. The District potentially forfeited Medicaid reimbursements, resulting in lost revenue that could support special education programs.

Finding 2024-003 - During our review of the District's records, we found that the District should strengthen its procedures for accurately estimating, accruing, and recording arbitrage rebate and yield restriction liabilities associated with its tax-exempt bond issuances. These liabilities, representing amounts owed to the U.S. Department of the Treasury under federal tax laws, were not reflected in the District’s financial records. Arbitrage rebate and yield restriction liabilities arise when the interest earned on tax exempt bond proceeds exceeds the interest paid on those bonds. Failure to properly accrue these liabilities results in an overstatement of the District’s debt service fund balance, which in turn overstates the funds available for tax relief related to the District’s debt service obligations.

XIII. Status of Prior Year Audit Findings/Recommendations

Corrective action had been taken on all prior year findings.