FLORHAM PARK BOARD OF EDUCATION
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2025

FLORHAM PARK BOARD OF EDUCATION
TABLE OF CONTENTS

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

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Honorable President and Members
of the Board of Education
P.O. Box 39
Florham Park, New Jersey 07932

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 Florham Park Board of Education as of and for the fiscal year ended June 30, 2025, and have issued our report thereon dated December 5, 2025.

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 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.

Lerch, Vinci & Bliss, LLP
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Certified Public Accountants
Public School Accountants

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Fair Lawn, New Jersey
December 5, 2025

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FLORHAM PARK BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Scope of Audit

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

Administrative Practices and Procedures

Insurance

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

Official Bonds

Name	Position	Amount
John R. Csatlos	Board Secretary/School Business Administrator	$100,000
Raymond G. Karaty	Treasurer of School Monies	230,000

There is a Public Employee Dishonesty and Faithful Performance Coverage with the New Jersey Schools Insurance Group covering all other employees with multiple coverage of $100,000.

P.L. 2020, c.44

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

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

The school district data certification was completed by the Chief School Administrator. The school district submitted the Chapter 44 data in a timely manner.

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 signatures, certifications 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 payroll taxes were deposited in the Payroll Agency Account.

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

Financial Planning, Accounting and Reporting (Continued)

Payroll Account (Continued)

Salary withholdings were promptly remitted to the proper agencies, including employee health benefit premium contribution amounts withheld 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 for the reporting of compensation for certain employees.

Travel

The District had an approved board travel policy as required by N.J.A.C. 6A:23A-6.13 and N.J.S.A. 18A:11-12.

Year-End 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 year-end 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, we also selected administrative coding classifications to determine overall reliability and compliance with NJAC 6A:23A-8.3. As a result of the procedures performed no additional testing was required to test the propriety of expenditure classifications.

Board Secretary's Records

The financial records, books of account and minutes maintained by the Board Secretary/School Business Administrator were in very good condition.

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

The prescribed contractual order system was followed.

Treasurer's Records

The Treasurer did perform cash reconciliations for all District accounts (NJSA 18A:17-9).

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

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

Financial Planning, Accounting and Reporting (Continued)

Unemployment Compensation Insurance Account

The Board has adopted the direct reimbursement method and has established an Unemployment Compensation Insurance Account. The financial transactions of this fund are reported in the General Fund.

Elementary and Secondary Education Act (E.S.E.A.)/As Amended by Every Student Succeeds Act (ESSA)

The E.S.E.A. financial exhibits are contained within the Special Revenue section of the ACFR. This section of the ACFR documents the financial position pertaining to projects under Title I, II, III and IV of the Elementary and Secondary Education Act as amended and reauthorized.

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

Other Special Federal and/or State Projects

The District's Special Projects were approved as listed on Exhibit 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.

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.

There were no TPAF employees' pensionable wages paid from federal funds during the current fiscal year. Therefore, there were no reimbursement amounts due to the State at June 30, 2025.

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. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently $22,400.

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. 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 has approved by Board resolution a bid threshold of $44,000.

School Purchasing Programs (Continued)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Board 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 did not indicate any individual payments, contracts, or agreements which were made "for the performance of any work or the furnishing or hiring of any materials or supplies," in excess of statutory thresholds where there had been no advertising for bids in accordance with the provisions of N.J.S.A. 18A:18A-4, as 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. Our examination did reveal, however, that the district purchased items through the use of State contracts.

Enterprise Funds

Food Service Fund

The financial transactions and records of the school food services were maintained in good condition. The financial accounts were reviewed on a test-check basis.

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.

Student Body Activities

The Board has a policy, which establishes the accounting procedures of the student activity funds.

Cash receipts were deposited timely.

Cash disbursements had proper supporting documentation.

Application for State School Aid

Audit procedures included a test of information reported in the October 15, 2024 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, low-income and bilingual. A review was performed of the district procedures related to its completion. The information on the A.S.S.A. was compared to the district workpapers with immaterial exceptions noted. The information that was included on the workpapers was verified without exception. The results of these 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 audit procedures included a test of on roll status reported in the 2024-2025 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 information that was included on the District report was verified 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.

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).

Follow-up on Prior Year Findings

In accordance with government auditing standards, our procedures included a review of all prior year recommendations.

FLORHAM PARK BOARD OF EDUCATION
FOOD SERVICE FUND
NUMBER OF MILKS SERVED AND (OVER)/UNDERCLAIM
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOT APPLICABLE

FOOD SERVICE FUND
COMPARISON OF NET CASH RESOURCES TO AVERAGE EXPENDITURES
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOT APPLICABLE

FLORHAM PARK BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
OCTOBER 15, 2024

	2025-26 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 to Register On Roll		Errors		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 - 4 years	3		3				3		3							
Full Day Kindergarten	89		89				89		89							
1st Grade	89		89				89		89							
2nd Grade	86		86				86		86							
3rd Grade	90		90				90		90							
4th Grade	80		80				80		80							
5th Grade	75		75				75		75							
6th Grade	90		90				90		90							
7th Grade	101		101				101		101							
8th Grade	77		77				77		77		-	-				
Subtotal	780	-	780	-	-	-	780	-	780	-	-	-				
Spec Ed - Elementary	105		105				44		44				4	1	1	-
Spec Ed - Middle School	53		53		-	-	53		53		-	-	5	2	1	1
Subtotal	158	-	158	-	-	-	97	-	97	-	-	-	9	3	2	1
Totals	938	-	938	-	-	-	877	-	877	-	-	-	9	3	2	1
Percentage Error					0.00%						0.00%					11.11%

FLORHAM PARK BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
OCTOBER 15, 2024

	Resident 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
Full Day Kindergarten						
1st Grade						
2nd Grade	2	2		1	1	
3rd Grade						
4th Grade	1	1		1	1	
5th Grade						
6th Grade	2	2				
7th Grade	1	1		1	1	
8th Grade	-	-	-	-		-
Subtotal	6	6	-	3	3	-
Spec Ed - Elementary	2	1	1	1	1	-
Spec Ed - Middle School	6	6	-	1	1	
Subtotal	8	7	1	2	2	-
Totals	14	13	1	5	5	-
Percentage Error			7.14%			0.00%

	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 fron Workpapers	Verified to Application and Registe	Sample Errors
Full Day Kindergarten						
1st Grade						
2nd Grade						
3rd Grade						
4th Grade						
5th Grade						
6th Grade						
7th Grade						
8th Grade	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
Spec Ed - Elementary						
Spec Ed - Middle School	-			-		
Subtotal	-	-	-	-	-	-
Totals	-	-	-	-	-	-
Percentage Error			N/A			N/A

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	157	157	-	47	47	-
			-			
Transported - Non-Public	10	10	-	3	3	-
			-			
Regular - Spec.	23	23	-	1	1	-
			-			
Special Needs - Public	15	15	-	2	2	-
Totals	205	205	-	53	53	-
			0.00%			0.00%

FLORHAM PARK BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
OCTOBER 15, 2024

	Resident LEP Not Low Income			Sample for Verification		
	Reported on A.S.S.A as NOT Low Income	Reported on Workpapers as NOT Low Income	Errors	Sample Selected from Workpapers	Verified to Register	Sample Errors
Full Day Kindergarten	3	3		1	1	
1st Grade	3	3		1	1	
2nd Grade	5	5		1	1	
3rd Grade	5	5		1	1	
4th Grade	1	1				
5th Grade	4	4		1	1	
6th Grade						
7th Grade						
8th Grade	1	1	-	1	1	-
Subtotal	22	22	-	6	6	-
Spec Ed - Elementary	1	1	-	1	1	-
Spec Ed - Middle School	-	-	-	-	-	-
Subtotal	1	1	-	1	1	-
Totals	23	23	-	7	7	-
Percentage Error			0.00%			0.00%

FLORHAM PARK BOARD OF EDUCATION
CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

2024-2025 Total General Fund Expenditures		$ 29,274,985	
Increase by:			
Transfer to Capital Projects Fund		503,133	
		29,778,118	
Decreased by:			
Capital Financing Agreement	$ (499,469)		
On-Behalf TPAF Pension & Social Security	(4,960,224)	(5,459,693)	
Adjusted 2024-2025 General Fund Expenditures		$ 24,318,425	
2% of Adjusted 2024-2025 General Fund Expenditures			$ 486,369
Increased by Allowable Adjustments			
Extraordinary Aid		$ 486,682	
Additional Nonpublic School Transportation Aid		52,890	
			539,572
Maximum Unreserved/Undesignated Fund Balance			$ 1,025,941

SECTION 2

Total General Fund - Fund Balance at June 30, 2025		$ 3,786,248	
Decreased by:			
Year-End Encumbrances	$ 227,107		
Other Restricted Fund Balances			
Capital Reserve	1,098,326		
Maintenance Reserve	15,650		
Unemployment Compensation Reserve	127,258		
Excess Surplus - Designated for Subsequent Year's Budget	406,741		
		1,875,082	
Total Unassigned Fund Balance for Excess Surplus Calculation			1,911,166
Restricted Fund Balance - Excess Surplus			$ 885,225

Recapitulation of Excess Surplus as of June 30, 2025

Excess Surplus	$ 885,225
Excess Surplus - Designated for Subsequent Year's Budget	406,741

FLORHAM PARK BOARD OF EDUCATION
RECOMMENDATIONS

I. **Administrative Practices and Procedures**

There are none.

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

There are none.

III. **School Purchasing Program**

There are none.

IV. **Enterprise Funds**

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. **Miscellaneous**

There are none.

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

A review was performed on all prior years' recommendations and corrective action was taken on all.

ACKNOWLEDGEMENT

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