

**EAST ORANGE BOARD OF EDUCATION
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2022**

**EAST ORANGE BOARD OF EDUCATION
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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Honorable President and Members
of the Board of Trustees
East Orange Board of Education
East Orange, New Jersey

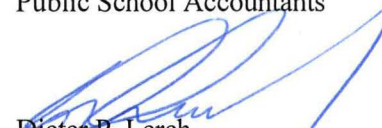
We have audited in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the East Orange Board of Education, as of and for the fiscal year ended June 30, 2022, and have issued our report thereon dated February 15, 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 of the Board of Education's management, the Board of Trustees, 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
Certified Public Accountants
Public School Accountants


Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
February 15, 2023

**EAST ORANGE BOARD OF EDUCATION
ADMINISTRATION FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and 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 contained in the district's ACFR.

Officials Bonds

<u>Name</u>	<u>Position</u>	<u>Date</u>	<u>Amount</u>
Christina Hunt	Board Secretary/School Business Administrator	July 2021 - April 2022	\$900,000
Marissa McKenzie	Board Secretary/School Business Administrator	May 2022 – June 2022	900,000
Ann Marie Corbitt	Treasurer of School Monies	July 2021 - June 2022	800,000

There is a Public Employees' Dishonesty Performance Blanket Position Bond with New Jersey School Boards Insurance Group (NJSBIG) covering all other employees with multiple coverage of \$500,000.

P.L. 2020, c44

Our audit procedures included an inquiry of health benefit data required per N.J.S.A. 18A:16-13.3 (Chapter 44) submitted for the year of audit. The school district data certification was not completed by the chief school administrator.

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, certification or supporting documentation with the exception of those vendors identified in finding 2022-10.

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 into the payroll agency account.

All payrolls tested 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 by the District to the proper agencies. In addition, the District remitted the health benefit withholdings due to the General Fund in a timely manner.

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

The required certification (E-Cert1) of compliance with requirements of income tax on compensation of District Administration was filed with the NJ Department of Treasury by the date.

**EAST ORANGE BOARD OF EDUCATION
ADMINISTRATION FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Financial Planning, Accounting and Reporting (Continued)

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 purchases orders were included in the balance of the reserve for encumbrances. Also, unpaid purchase orders included in the balance of accounts payable were reviewed for propriety and to determine that goods were received and services were rendered, as of June 30.

Finding 2022-1 (ACFR Finding 2022-004) – Our audit of year end accounts payable and encumbrances payable revealed the following:

- Purchase orders classified as encumbrances were either misclassified or determined to be invalid at year end.
- Unrecorded accounts payable for services rendered during 2021/2022.

Recommendation – Internal controls be enhanced to ensure that vendor invoices for services rendered are properly accrued as accounts payable at year end. Furthermore, purchase orders be reviewed, properly classified and cancelled at year end if no longer valid.

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 NJAC 6A:23A-8.3.

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.

Board Secretary's Records

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

Finding 2022-2 (ACFR Finding 2022-001) – Our audit revealed numerous mispostings of revenues/receipts and expenditures in the various funds maintained by the District. In addition, 2021/22 anticipated revenues and appropriations were not properly recorded in the general ledger.

Recommendation – Internal controls over financial reporting be enhanced to ensure all revenues/receipts and all expenditures are properly classified and recorded in the appropriate fund. In addition, all budgets be properly recorded in the respective funds general ledgers.

Finding 2022-3 (ACFR Finding 2022-002 and 2022-007) – We noted sixteen (16) budget line accounts in the General Fund and two (2) Schools Based Budgets that were overexpended at June 30, 2022.

Recommendation – Internal controls be reviewed to ensure transfers are made prior to the overexpenditure of available budget appropriations.

**EAST ORANGE BOARD OF EDUCATION
ADMINISTRATION FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Financial Planning, Accounting and Reporting (Continued)

Board Secretary's Records (Continued)

Finding 2022-4 – We noted that employee health benefit deductions were reimbursed to the General Fund (Fund 11) appropriation budget account rather than allocated to the respective school based budget (Fund 15) appropriation budget accounts.

Recommendation – Employee health benefit deduction reimbursements be posted and allocated to the appropriate budget accounts in the General and School Based Budget Funds.

The prescribed contractual order system was followed.

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

Finding – 2022-5 (ACFR Finding 2022-003 and 2022-008) – Our audit revealed that the Board Secretary and Treasurer of School Monies reports were not completed and submitted on a timely basis.

Recommendation – The Board Secretary and Treasurer's reports be submitted to the Board for approval on a timely basis.

Bids received were summarized in the minutes (N.J.S.A. 18A:18A-21) and agendas made available for audit.

Treasurer's Records

The Treasurer performed cash reconciliations of all required District accounts.

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

Finding 2022-6 – Our audit revealed numerous reconciling items as well as uncleared outstanding checks in both the General and Payroll Agency bank accounts.

Recommendation – Reconciling items and old outstanding checks in both the General and Payroll bank accounts be reviewed and cleared of record.

Elementary and Secondary Education Act of (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 Titles 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.

Finding 2022-7 (ACFR Finding 2022-006) – Our audit of employee charges to ESSER II and ESSER III salary accounts revealed that a Board resolution was not prepared approving individuals and amounts to be paid and charged to the ESSER II and ESSER III programs.

Recommendation – Board resolutions be approved identifying employees and salary amounts to be charged to Federal ESSER grant funds.

Finding 2022-8 – Our audit of the ESEA, IDEA and ESSER grant award programs revealed reimbursements were not requested and received timely for program expenditures made during the grant period.

Recommendation – Federal grants receivable be requested and collected on a timely basis for ESEA, IDEA and ESSER grants.

**EAST ORANGE BOARD OF EDUCATION
ADMINISTRATION FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Financial Planning, Accounting and Reporting (Continued)

IDEA

Separate accounting records were maintained for each approved project. Grant applications, approvals and acceptance of grant funds were made by Board resolution.

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 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 charged to Federal grant programs who are members of the Teachers Pension and Annuity Fund.

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

The reimbursement to the State for the amount of the expenditure charged to the current year's Final Report 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 not made within the 90 day grant liquidation period, as required by the Office of Grants Management.

Finding 2022-9 (ACFR Finding 2022-10) – Our audit revealed that the reimbursement due to the State of New Jersey for pension and social security for federally funded programs was not filed and remitted within the 90 day grant liquidation period.

Recommendation – The reimbursement due to the state for TPAF pension and FICA for federally funded programs be filed and remitted in a timely manner.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-4 states, "Every contract for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the board of education to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law".

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:3-3(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 currently \$20,200 for 2021/2022.

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 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.

**EAST ORANGE BOARD OF EDUCATION
ADMINISTRATION FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

School Purchasing Programs (Continued)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

Finding 2022-10 (ACFR Finding 2022-005 and 2022-009) – Our audit with respect to school purchasing revealed the following:

- a) Certain vendor invoices for electrical, HVAC and construction services were not itemized to include hourly rates, number of hours to be charged and materials required.
- b) Certain instances were noted where contract awards were made under a cooperative purchase where the supporting cooperative documentation was not retained. Furthermore certain awards were not reflected in the minutes.
- c) Advertisements and related bid documentation for snow removal services and maintenance supplies were not made available for audit.

Recommendation – It is recommended that with respect to school purchasing:

- a) All invoices for electrical, HVAC and construction services be itemized as to hourly rates, time to be charged and materials required.
- b) For all instances documentation be retained to support purchases made under State contracts and/or local cooperatives. Furthermore, all such contract awards be approved in the minutes.
- c) Bid documentation including advertisements, low bidder and ownership information be made available for audit.

Food Service Fund

COVID – 19 EMERGENCY

In accordance with the Governor's Declaration of Emergency pertaining to the COVID 19 Virus all Public schools were ordered to close effective as of March 18, 2020 for an undetermined period to limit the spread of the virus. As a result, School Food Authorities (SFA) were required to institute alternate procedures to provide meals to Free and Reduced Price eligible students during the period of school closures. Governor Murphy's emergency declaration ended June 4, 2021; however, the United States Department of Agriculture's federal waiver continued through June 30, 2022. Food Service Agencies operated under this federal waiver.

As a result, School Food Authorities (SFA's) were required to provide meals in accordance with the regulations governing the National School Nutrition Seamless Summer Option (SSO) or the Summer Food Service Program (SFSP) option. SFAs could also choose to participate in the National School Lunch Program utilizing standard counting and claiming practices.

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 free and reduced price meal eligible students during the emergency.

The financial transactions and statistical records of the School Food Services were reviewed. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

Cash receipts and bank records were reviewed for timely deposit.

**EAST ORANGE BOARD OF EDUCATION
ADMINISTRATION FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Food Service Fund (Continued)

COVID – 19 EMERGENCY (Continued)

The district utilized 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 contract were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will return a profit of at least \$412,469. The operating results provision has been met.

The number of meals claimed for reimbursement was verified against sales and meal count records. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement vouchers were not timely filed.

Finding 2022-11 – Our audit revealed that the September Food Service reimbursement voucher was denied as a result of the voucher not being submitted timely.

Recommendation – Efforts be made to collect Federal/State reimbursements for the month of September 2021.

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.

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

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. Net cash resources did exceed three months average expenditures.

Finding 2022-12 – Our audit revealed net cash resources exceeded three months of average expenditures at June 30, 2022 in the Food Service Fund

Recommendation – The District develop a plan to eliminate the excess of net resources in the Food Service Fund.

The SFA recorded and maintained separate supporting documentation for additional costs (food, supplies, transportation, etc.) applicable to the implementation of the COVID-19 meal service under SSA or SFSP program requirements.

The FSMC did not apply for and receive a loan in accordance with the Payroll Protection Plan to pay for costs applicable to the Food Service Programs.

The District contracts with Sodexo Management to manage the Food Service operations.

USDA Food Distribution Program commodities were received and a separate inventory was maintained on a first-in, first-out basis.

The school maintains the detailed revenue and expenditure information necessary in order to execute the USDA mandated Non-Program Food Revenue Tool at least annually. The Statement of Revenues, Expenses and Changes in Fund Net Asset (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.

**EAST ORANGE BOARD OF EDUCATION
ADMINISTRATION FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Student Body Activities

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

Cash receipts and disbursements records were maintained in good condition.

Finding 2022-13 – Our audit of student body activities revealed the following:

a) Wahlstrom Academy

- Supporting documentation was not always available for claims paid.

b) Wahlstrom Academy and Tyson Elementary School

- Payment approval forms were not utilized and made available for audit.

c) Stem Academy, Athletic Account and Tyson Middle School/High School

- Numerous prior year issued checks remain outstanding.

Recommendation – It is recommended that internal controls be enhanced in the following schools:

a) Supporting documentation be obtained for claims paid from Wahlstrom Academy.

b) Payment approval forms be utilized by Wahlstrom Academy and Tyson Elementary School.

c) Prior year outstanding checks be reviewed and cleared of record.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2021 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, bilingual and low-income. 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 minor exceptions. The information that was included on the workpapers was verified with minor exceptions noted. The results of our procedures are presented in the Schedule of Audited Enrollments.

The district maintains workpapers in the prescribed state forms or their equivalents.

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 2021-22 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exceptions. The information that was included on the workpapers was verified without exceptions noted.

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. No exceptions were noted in our review of transportation related purchases of goods and services.

**EAST ORANGE BOARD OF EDUCATION
ADMINISTRATION FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Facilities and Capital Assets

Since the District is classified as an At Risk School District, virtually all SDA grant activity is conducted by the State on behalf of the Board. This on-behalf grant activity is reported in the District's financial statements as State aid revenue and capital outlay expenditures in the Capital Projects Fund.

Finding – 2022-14 – The Fixed Asset report was not updated for 2021/22 additions and deletions. In addition the related depreciation for both current and prior year assets acquired was not updated.

Recommendation – The Fixed Asset report be updated annually.

Testing for Lead of all Drinking Water in Education Facilities

The school district adhered to all requirements of N.J.A.C. 26-1.2 and 12.4 related to the testing of 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.

**EAST ORANGE BOARD OF EDUCATION
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

SCHEDULE OF MEAL COUNT ACTIVITY

<u>Program</u>	<u>Meals Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>Difference</u>
National School Lunch	SSO	<u>1,034,080</u>	<u>257,186</u>	<u>257,186</u>	<u>-</u>
	Total Lunch	<u>1,034,080</u>	<u>257,186</u>	<u>257,186</u>	<u>-</u>
National School Breakfast	SSO	<u>666,792</u>	<u>167,792</u>	<u>167,792</u>	<u>-</u>
	Total Breakfast	<u>666,792</u>	<u>167,792</u>	<u>167,792</u>	<u>-</u>
National School Snack		<u>103,485</u>	<u>22,482</u>	<u>22,482</u>	<u>-</u>
	Total Snack	<u>103,485</u>	<u>22,482</u>	<u>22,482</u>	<u>-</u>

**EAST ORANGE BOARD OF EDUCATION
NET CASH RESOURCE SCHEDULE
FOOD SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

CAFR	Current Assets	
B-4	Cash & Cash Equiv.	\$ 3,365,564
B-4	Accounts Receivable	591,019
CAFR	Current Liabilities	
B-4	Less Accounts Payable	1,721,260
B-4	Less Due to Other Funds	
B-4	Less Deferred Revenue	
	Net Cash Resources	\$ 5,677,843
<u>Net Adj. Total Operating Expense:</u>		
B-5	Tot. Operating Exp.	\$ 6,835,454
B-5	Less Depreciation	(2,395)
	Adj. Tot. Oper. Exp.	\$ 6,833,059
<u>Average Monthly Operating Expense:</u>		
		\$ 683,306
<u>Three times monthly Average:</u>		
		\$ 2,049,918
Net Cash Resources		\$ 5,677,843
Three Months		
Average Expenditures		(2,049,918)
Net Cash Resources		
Three Months Average		
Expenditures		\$ 3,627,925

**EAST ORANGE BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 15, 2021
SCHEDULE OF AUDITED ENROLLMENTS**

	2022-2023 Application for State School Aid						Sample for Verification						Private Schools for Disabled				
	Reported on		Reported on		Errors			Sample		Verified per		Errors per		Reported on	Sample		
	A.S.S.A.		Workpapers					Selected from		Register		Registers		A.S.S.A. as	for		
	On Roll		On Roll					Workpapers	On Roll		On Roll		Private	Verifi-	Sample	Sample	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Schools	cation	Verified	Errors	
Half Day Pre-K 3yr					-	-			-	-						-	
Full Day Pre-K 3yr	242		242		-	-	12		12	-	-	-				-	
Half Day Pre-K 4yr					-	-			-	-	-	-				-	
Full Day Pre-K 4yr	283		283		-	-	29		29	-	-	-				-	
Half Day K					-	-			-	-	-	-				-	
Full Day K	566		566		-	-	49		49	-	-	-				-	
One	525		525		-	-	36		36	-	-	-				-	
Two	509		509		-	-	53		53	-	-	-				-	
Three	569		569		-	-	61		61	-	-	-				-	
Four	550		550		-	-	49		49	-	-	-				-	
Five	516		516		-	-	35		35	-	-	-				-	
Six	554		554		-	-	268		268	-	-	-				-	
Seven	540		540		-	-	265		265	-	-	-				-	
Eight	536		536		-	-	257		257	-	-	-				-	
Nine	571		571		-	-	385		385	-	-	-				-	
Ten	543		543		-	-	94		94	-	-	-				-	
Eleven	507		507		-	-	76		76	-	-	-				-	
Twelve	500		500		-	-	339		339	-	-	-				-	
Adult School (15+cr)	-		-		-	-	-		-	-	-	-				-	
Subtotal	7,511	-	7,511	-	-	-	2,008	-	2,008	-	-	-	-	-	-	-	
Sp. Ed. - Elementary	476		476		-	-	29		27		2	-	35	17	17	-	
Sp. Ed. - Middle School	307		307		-	-	18		17		1	-	18	9	9	-	
Sp. Ed. - High School	341	5	346	5	(5)	-	20		19		1	-	53	26	25	1	
Subtotal	1,124	5	1,129	5	(5)	-	67	-	63	-	4	-	106	52	51	1	
Totals	8,635	5	8,640	5	(5)	-	2,075	-	2,071	-	4	-	106	52	51	1	
Percentage Error					-0.06%	0.00%					0.19%	0.00%				1.92%	

**EAST ORANGE BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 15, 2021
SCHEDULE OF AUDITED ENROLLMENTS**

	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on ASSA Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on ASSA as LEP low Income	Reported on Workpapers as LEP low Income	Errors	Sample Selected	Verified to Test Score and Register	Errors
Half Day Kindergarten			-			-			-			-
Full Day Pre-K 3yr			-			-			-			-
Full Day Pre-K 4yr			-			-			-			-
Full Day Kindergarten	408.0	408.0	-	6.0	6.0	-	18.0	16.0	2.0	6.0	6.0	-
One	378.0	378.0	-	6.0	5.0	1.0	18.0	17.0	1.0	7.0	6.0	1
Two	380.0	380.0	-	6.0	6.0	-	9.0	6.0	3.0	3.0	3.0	-
Three	385.0	385.0	-	6.0	6.0	-	14.0	14.0	-	6.0	6.0	-
Four	370.0	370.0	-	6.0	5.0	1.0	19.0	13.0	6.0	5.0	5.0	-
Five	358.0	358.0	-	6.0	6.0	-	6.0	6.0	-	3.0	3.0	-
Six	385.0	386.0	(1.0)	6.0	6.0	-	11.0	11.0	-	5.0	5.0	-
Seven	410.0	410.0	-	6.0	4.0	2.0	11.0	10.0	1.0	4.0	4.0	-
Eight	361.0	361.0	-	6.0	5.0	1.0	6.0	5.0	1.0	2.0	2.0	-
Nine	314.0	314.0	-	5.0	4.0	1.0	12.0	10.0	2.0	4.0	3.0	1
Ten	283.0	283.0	-	4.0	3.0	1.0	7.0	7.0	-	3.0	2.0	1
Eleven	230.0	230.0	-	4.0	3.0	1.0	9.0	9.0	-	4.0	3.0	1
Twelve	248.0	248.0	-	4.0	3.0	1.0	10.0	10.0	-	3.0	2.0	1
Adult School (15+ credits)	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	4,510.0	4,511.0	(1.0)	71.0	62.0	9.0	150.0	134.0	16.0	55.0	50.0	5.0
Special Ed. - Elementary	322.0	322.0	-	7	7.0	-	1.0	3.0	(2.0)	2.0	1.0	1
Special Ed. - Middle	267.0	267.0	-	5	3.0	2.0	-	2.0	(2.0)	1.0	1.0	-
Special Ed. - High	278.0	277.0	1.0	6	6.0	-	-	2.0	(2.0)	1.0	1.0	-
Subtotal	867.0	866.0	1.0	18.0	16.0	2.0	1.0	7.0	(6.0)	4.0	3.0	1
Co.Voc. -Regular												
Co.Voc. Ft. Post Sec.												
Totals	5,377.0	5,377.0	-	89.0	78.0	11.0	151.0	141.0	10.0	59.0	53.0	6.0
Percentage Error			0.00%			12.36%			6.62%			10.17%

	Transportation					
	Reported on DRTRS by DOE / County	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools	91	91	-	9	9	-
Special Ed. - Public	309	309	-	29	29	-
Transported - Non - Public						-
Special Needs - Public	140	140	-	13	13	-
	540	540	-	51	51	-
Percentage Error			0.00%			0.00%

**EAST ORANGE BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 15, 2021
SCHEDULE OF AUDITED ENROLLMENTS**

	Resident LEP Not Low Income			Sample for Verification		
	Reported on ASSA LEP Not low Income	Reported on Workpapers as LEP Not low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Half Day Kindergarten			-			-
Full Day Pre-K 3yr			-			-
Full Day Pre-K 4yr			-			-
Full Day Kindergarten	10	7	3	1	1	-
One	14	13	1	2	2	-
Two	24	23	1	4	4	-
Three	12	17	(5)	3	3	-
Four	31	28	3	5	5	-
Five	16	16	-	3	3	-
Six	19	19	-	3	3	-
Seven	22	21	1	4	4	-
Eight	18	18	-	3	3	-
Nine	27	29	(2)	5	5	-
Ten	27	27	-	5	5	-
Eleven	33	33	-	6	6	-
Twelve	35	35	-	6	6	-
Subtotal	288	286	2	50	50	-
Special Ed. - Elementary	-	-	-			-
Special Ed. - Middle	-	1	(1)	1	1	-
Special Ed. - High	-	-	-			-
Subtotal	-	1	(1)	1	1	-
Co.Voc. -Regular						
Co.Voc. Ft. Post Sec.						
Totals	288.0	287.0	1.0	51.0	51.0	-
Percentage Error			0.35%			0.00%

**EAST ORANGE BOARD OF EDUCATION
ENCUMBRANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Encumbrances per the June 30, 2022

Board Secretary Report (Funds 11, 12, 13)			\$ 6,352,312
<u>Description</u>	<u>Total by Category</u>	<u>Amount Properly Encumbered</u>	<u>Encumbrances Cancelled/Reclassified Through Audit Adjustments</u>
Tuition	\$ 458,842		\$ 458,842
Energy	154,851		154,851
Legal Services	209,294	\$ 76,725	132,569
Unallocated Benefits	423,169		423,169
Payroll	265,355		265,355
Debt Service	365,550		365,550
Construction Services	605,435	216,350	389,085
	<u>-</u>	<u>-</u>	<u>-</u>
Total Audited	<u>2,482,496</u>	<u>293,075</u>	<u>2,189,421</u>
Unaudited	<u>3,869,816</u>	<u>3,869,816</u>	<u>-</u>
Total Encumbrances	<u>6,352,312</u>	<u>4,162,891</u>	<u>2,189,421</u>
Total Encumbrances Cancelled During the Audit			<u>(2,189,421)</u>
Add: Encumbrances for Salary Related Appropriations			<u>3,245,568</u>
Fund Balance Year End Encumbrances in the CAFR			<u><u>\$ 7,408,459</u></u>

**EAST ORANGE BOARD OF EDUCATION
ENCUMBRANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**Encumbrances per the June 30, 2022
Board Secretary Report (Funds 15)**

\$ 359,811

<u>Description</u>	<u>Total by Category</u>	<u>Amount Properly Encumbered</u>	<u>Encumbrances Cancelled Through Audit Adjustments</u>
Other Purchased Services			
Supplies			
	-	-	-
Total Audited	-	-	-
Unaudited	359,811	359,811	-
Total Encumbrances	\$ 359,811	359,811	-

Total Encumbrances Cancelled During the Audit

-

Fund Balance Year End Encumbrances in the CAFR

\$ 359,811

**EAST ORANGE BOARD OF EDUCATION
EXCESS SURPLUS CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

SECTION 1

Calculation A: 4% Excess Surplus:

2021-2022 Total General Fund Expenditures Reported on Exhibit C-1	\$ 256,504,928
Decreased by:	
Expenditures Allocated to Restricted Federal Resources as reported on Exhibit D-2	(3,796,895)
	\$ 252,708,033
Decreased by:	
On-Behalf TPAF Pension & Social Security	(48,768,179)
	203,939,854
2021-2022 General Fund Expenditures	8,157,594
4% of Adjusted 2021-2022 General Fund Expenditures	728,255
Increased by Allowable Adjustment - Extraordinary Aid	8,885,849
Maximum Unassigned Fund Balance	\$ 8,885,849

SECTION 2

Total General Fund - Fund Balance at June 30, 2022	\$ 29,297,738
Decreased by:	
NonSpendable Fund Balance - Inventory	
Restricted Fund Balances - Excess Surplus Desig. For Sub. Year's Exp.	1,941,915
Restricted Fund Balances - Capital Reserve	1,612,596
Restricted Fund Balances - Capital Reserve - Designated for Subsequent Year's	1,429,833
Restricted Fund Balance - Maintenance Reserve	774,557
Restricted Fund Balances - Register Audit Recoveries	250,889
Restricted Fund Balance - Unemployment Compensation Reserve	1,790,201
Assigned Fund Balance - Year End Encumbrances	7,768,270
Assigned Fund Balance - Designated for Subsequent Year's Exp.	8,670,884
Total Unassigned Fund Balance	\$ 5,058,593

SECTION 3

Restricted Fund Balance - Excess Surplus

Recapitulation of Excess Surplus as of June 30, 2022

Excess Surplus - Designated for Subsequent Year's Expenditures	\$ 1,941,915
Restricted Excess Surplus	-
Total	\$ 1,941,915

**EAST ORANGE BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

RECOMMENDATIONS

I. Administration Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

It is recommended that:

1. Internal controls be enhanced to ensure that vendor invoices for services rendered are properly accrued as accounts payable at year end. Furthermore, purchase orders be reviewed, properly classified and cancelled at year end if no longer valid.
- * 2. Internal controls over financial reporting be enhanced to ensure all revenues/receipts and all expenditures are properly classified and recorded in the appropriate fund. In addition, all budgets be properly recorded in the respective funds general ledgers.
3. Internal controls be reviewed to ensure transfers are made prior to the overexpenditure of available budget appropriations.
4. Employee health benefit deduction reimbursements be posted and allocated to the appropriate budget accounts in the General and School Based Budget Funds.
- * 5. The Board Secretary and Treasurer's reports be submitted to the Board for approval on a timely basis.
- * 6. Reconciling items and old outstanding checks in both the General and Payroll bank accounts be reviewed and cleared of record.
7. Board resolutions be approved identifying employees and salary amounts to be charged to Federal ESSER grant funds.
- * 8. Federal grants receivable be requested and collected on a timely basis for ESEA, IDEA and ESSER grants.
- * 9. The reimbursement due to the state for TPAF pension and FICA for federally funded programs be filed and remitted in a timely manner.

III. School Purchasing Programs

10. It is recommended that with respect to school purchasing:

- * a) All invoices for electrical, HVAC and construction services be itemized as to hourly rates, time to be charged and materials required.
- * b) For all instances documentation be retained to support purchases made under State contract and/or local cooperatives. Furthermore, all such contract awards be approved in the minutes.
- c) Bid documentation including advertisements, low bidder and ownership information be made available for audit.

**EAST ORANGE BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

RECOMMENDATIONS (Continued)

IV. Food Services Fund

It is recommended that:

11. Efforts be made to collect Federal/State reimbursement for the month of September 2021.
12. The District develop a plan to eliminate the excess of net resources in the Food Service Fund.

V. Student Body Activities

13. It is recommended that internal controls be enhanced in the following schools:

- a) Supporting documentation be obtained for claims paid from Wahlstrom Academy.
- b) Payment approval forms be utilized by Wahlstrom Academy and Tyson Elementary School.
- c) Prior year outstanding checks be reviewed and cleared of record.

VI. Application for State School Aid

There are none.

VII. Transportation

There are none.

VIII. Facilities and Capital Assets

- * 14. It is recommended that the Fixed Assets report be updated annually.

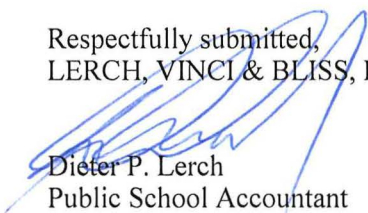
IX. Status of Prior Years' Audit Findings/Recommendations

A review was performed on all prior years' recommendations. Corrective action was taken on all prior year recommendations, except those recommendations denoted by an asterisk (*).

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