

**CITY OF ORANGE TOWNSHIP SCHOOL DISTRICT  
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS -  
FINANCIAL, COMPLIANCE AND PERFORMANCE  
JUNE 30, 2023**

**CITY OF ORANGE TOWNSHIP SCHOOL DISTRICT  
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS-  
FINANCIAL, COMPLIANCE AND PERFORMANCE**

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## INDEPENDENT AUDITORS' REPORT

**Honorable President and Members  
of the Board of Education  
City of Orange Township Board of Education**

We have audited, in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the City of Orange Township School District, County of Essex as of and for the year ended June 30, 2023, and have issued our report thereon dated May 8, 2024.

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 of the City of Orange Township Board of Education's management, Board of Education members, and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

*PKF O'Connor Davies, LLP*

Cranford, New Jersey  
May 8, 2024

*Scott A Clelland*

Scott Clelland, CPA  
Licensed Public School Accountant, No. 1049

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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

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)

Name	Position	Amount
Jason Ballard	School Business Administrator/Board Secretary	\$ 400,000
Lamont Zachary	Asst. Business Administrator	400,000
Olugbenga Olabintan	Treasurer	400,000

There is a Blanket Faithful Performance bond covering all other employees.

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

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The District has an agreement with the sending districts that includes a fixed price per pupil.

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**Financial Planning, Accounting and Reporting**

**Finding 2023-001 - Material Weakness in Financial Statement Close Process**

Criteria:

A properly functioning financial statement close process provides an adequate internal control system to ensure that appropriate month and year-end internal controls are in place to ensure that financial statements are produced on a timely basis and are materially accurate.

Condition:

The District's accounting office personnel perform certain financial statement close process procedures on a monthly basis and at year end which include the posting of journal entries and other various accruals and reconciliations. We noted that there is no formalized process that requires account balances to be reconciled and reviewed in totality to ensure the timeliness of the close process.

Context:

During our procedures, we identified significant adjustments and account balances that were not always reconciled to subsidiary ledgers and underlying records and schedules. We also identified other balances that could not be supported with corroborating evidence.

The following are specific items that warrant consideration related to the financial statement close process:

- Certain District bank statements were not reconciled on a timely basis and at times included improper and significant adjusting entries.
- The District's general ledger balances did not always reconcile to the subsidiary ledger. It is noted that system beginning balances did not agree to ending audit balances.
- Certain accounts are not tracked within the District's financial accounting system and no supporting schedules were able to be provided.
- Budget account classifications did not always agree to account descriptions and in some cases are not in accordance with the State of New Jersey Department of Education's Chart of Accounts.
- Numerous journal entries were required as part of our independent audit to adjust the financial statements at June 30, 2023.
- The District budgeted less than the current year debt service resulting in a transfer from Capital Reserve of \$16,911.
- Cash receipts were not always recorded in the appropriate accounting period and it is noted the segregation of duties over this area is lacking.
- Cash disbursements and payroll disbursements were not always charged to the appropriate account and in some cases fund.
- The District's financial records and those of the Treasurer of School Moneys Records were not in agreement for the period July 1, 2022 to June 30, 2023. The Treasurer of School Moneys Outstanding Checklists were neither accurately prepared nor in agreement with the amounts disbursed by the School Business Administrator's Office.

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- The District did not provide an accurate list of outstanding purchase orders and accounts payable. Numerous audit adjustments were required to the accounting records to properly reflect the balances as of June 30th and taken into consideration both the status of the orders at June 30th, as well as their subsequent liquidation.
- The District expended nine prior year purchase orders against the current budget that were included in the accounts payable balance in the prior year. Subsequent to prior year end the check date was changed in the system and resulted in the second expense. A journal entry was made upon our discovery to correct the issue.
- A detailed Capital Asset Report was not available at the time of audit.
- Several budget accounts were overexpended.
- The District does not document the approval process over the posting of manual journal entries. Approvals are made verbally which cannot be verified. During our testing we noted a manual journal entry to record the payment of bond principal and interest that was posted in the incorrect fund and only hit trial balance accounts rather than the trial balance and expense accounts thus understating those expenses.

**Cause and Effect:**

An appropriately designed financial statement close process reduces the risk of errors in the financial statements. In addition, adjustments were proposed during preparation of the financial statements that could be avoided if the District had a more structured year end close-out process.

**Recommendation:**

In order to better document the monthly and year end close processes, we suggest that the District continue to strengthen the controls surrounding the reconciliation procedures of the District's trial balance accounts to ensure all accounts are in agreement with supporting documentation and that the year-end financial statement close process is completed in a more-timely manner.

Examination of Claims

An examination of claims paid during the period did not identify any discrepancies with respect to signatures, certification or supporting documentation, other than noted in finding 2023-001.

Payroll Account and 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.

Not all payrolls were approved by the Superintendent and were certified by the President of the Board and the Board Secretary/Business Administrator as disclosed in Finding 2023-002.

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Salary withholdings were promptly remitted to the proper agencies, including health benefits premium amounts withheld due to the general fund. As disclosed in Finding 2023-002 below, withholdings were not always calculated properly.

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 did identify inconsistencies between the payroll records, employee benefit records, the general ledger accounts to where wages are posted, and the Position Control Roster as disclosed in Finding 2023-002 below.

**Finding 2023-002 – Material Weakness in Payroll Process**

**Criteria:**

A properly functioning payroll process provides an adequate internal control system to ensure that employees are paid in accordance with contracted and/or board approved rates, appropriate withholdings are deducted from gross pay and all wages are appropriately posted to the general ledger.

**Condition:**

The District's payroll coordinator processes payroll based upon information entered into the payroll system. The Executive Director of Human Resources is responsible for wage and salary determinations and adjustments. All of these activities are formally approved by the Board of Education prior to (or retroactively) impacting the Payroll Department. Salaries and wage rates are entered into the payroll system upon hiring and are rolled forward to the next step each year. If employees change positions their salary is updated in the system accordingly. We noted that there is no formalized process that requires review of what was entered into the payroll system to ensure proper payment. The Executive Director of Human Resources, enrolls and makes any necessary changes or terminations of benefits in the CSI system to confirm the employee is adequately charged the correct health benefit deductions. Pay withholdings, such as deductions for pension and health benefits, are calculated by the system based upon salary and other parameters input into the system. Benefit elections are reviewed by Human Resources monthly to ensure the benefit elections are properly input into the system, but the actual withholding is not reviewed or recalculated.

**Context:**

During our procedures, we identified transactions that contained errors in pay rates utilized, payroll deductions, and hours paid. Additionally it was noted that bank reconciliations were not performed timely, detail expenditure reports did not agree to Board Secretary Reports and account charged did not always match employee job description.

The following are specific items that warrant consideration related to the payroll process:

- We identified an individual who was underpaid \$2,500 in longevity. The District contract specifies that the employee should be paid the salary amount and the longevity amount, instead the pay rate was calculated to include the longevity in the base salary.
- The District was unable to provide support of approval of stipend amount and/or hourly pay rate paid.

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- In several instances, employees were paid for hours in excess then that documented on their timesheets
- In several instances, employees were paid salaries or wages that did not agree to contracted or board approved amounts.
- The District made us aware that an employee was overpaid approximately \$27,000 due to a transposition of the approved salary amount being entered into the system.
- The District was unable to provide health benefit billings to verify employees elections agreed to billings, that individuals receiving waiver payments were not included on the billings and to verify the District was properly reviewing and approving the bills prior to payment.
- In several instances, pension deductions were not taken from an employee's pay who should have been enrolled in the pension system.
- In several instances, employee contributions for health benefit premium contributions were not calculated properly.
- Two instances were noted where employees elected benefits but could not be located on the Districts billing records provided.
- In one instance, a paycheck was cashed prior to the date of the check recorded in the payroll register.

**Cause and Effect:**

Appropriately designed controls over the payroll process reduces the risk of errors over payroll. Improper and non-existent review procedures over salary and withholdings entered into the payroll system can lead to employees being erroneously paid.

**Recommendation:**

In order to better review the payroll processes, we suggest that the District continue to strengthen the controls surrounding the input of salary, rates and withholdings to ensure proper payment of employees in the future.

**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. Exceptions are detailed in Finding 2023-001 and below. The following was also identified:

**Finding 2023-005**

*Finding:*

During our review of accounts payable and open purchase orders, we noted instances, identified throughout various testing, where the District did not issue a purchase order prior to goods being received or services being rendered (confirming order).

*Recommendation:*

We suggest the District continue to strengthen internal controls and procedures to ensure that all purchase orders that are issued to vendors for goods or services be approved prior to the vendor providing those goods or services.



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Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with *N.J.A.C. 6A:23A-16.2(f)* as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with *N.J.A.C. 6A:23A-8.3*. As a result of the procedures performed, a transaction error rate of 44.23% overall was noted and additional procedures were deemed necessary to test the propriety of expenditure classification. This resulted in numerous adjustments and reclassification of budgetary line items to conform with State requirements. See Finding 2023-001 for additional classification issues noted.

Board Secretary's Records

Our review of the financial and accounting records maintained by the Board Secretary disclosed exceptions as detailed in Finding 2023-001.

Treasurer's Records

Our review of the financial and accounting records maintained by the Treasurer disclosed exceptions as detailed in Finding 2023-001.

Elementary and Secondary Education Act (ESEA) as amended by the Every Student Succeeds Act (ESSA)

The ESEA financial exhibits are contained within the Special Revenue Section of the Annual Comprehensive Financial Report (ACFR). This section of the ACFR documents the financial position pertaining to the projects under Titles I and VI of the Elementary and Secondary School Education Act as amended and reauthorized.

The study of compliance for E.S.E.A indicated no exceptions.

Other Special Federal and/or State Projects

The District's Special Projects were approved as listed on Schedule A (K-3) and Schedule B (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 study of compliance for the special projects indicated the following area of noncompliance:

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**General State Aid Cluster**

**Finding 2023-003** – Qualified Opinion/Material Weakness in Internal Control/Material Non-Compliance

Criteria:

Districts are required to complete the Application for State School Aid (A.S.S.A.) in accordance with instructions provided by the Division of Finance of the New Jersey Department of Education. District are required to complete a set of working papers that document the compilation of data and provide an accurate audit trail for testing of student enrollments on the A.S.S.A. report.

Condition:

Numerous exceptions were identified in all categories of students reported on the A.S.S.A. and in many cases, the A.S.S.A. Report did not agree to the underlying records of the District. The following were specifically identified:

Enrollments reported on the District's ASSA printout were not materially verifiable.

- During our testing of the amounts reported on the ASSA as compared to District internal workpapers, the following was identified:
  - The total number of students reported on the ASSA as full-time on-roll was under-reported by 72 students. A total of 5,236 full-time students were reported on the ASSA.
- During our testing of the amounts reported on the ASSA as receiving bilingual services as compared to District internal workpapers, we selected 254 students for testing and noted the following:
  - 2 students were not actively enrolled in the LEP program.
  - 2 students were located on the attendance registers, however did not attend school until after 10/15/2022.
  - 38 students were identified as low-income bilingual. The district was unable to provide lunch surveys verify the students qualify as low income. For one additional student in this classification the District did provide a survey, but the income amount was left blank.
- During our testing of the amounts reported on the ASSA as receiving free or reduced lunch as compared to District internal workpapers, we selected 299 students for testing and noted the following:
  - It is noted that District internal records of low income students exceed the amount reported to the state by 231 students.
  - We identified 4 students reported as receiving free lunch who only qualified for reduced lunch.
  - We identified 4 lunch surveys that did not contain completed information.
  - The District was unable to provide 51 selected lunch surveys. This may have been the result of a flooded storage site.
- During our testing of the amounts reported on the ASSA as enrolled in private school as compared to District internal workpapers, we selected 44 students for testing and noted the following:

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- Two students were not reported as a private school student in the ASSA however were qualified to be reported as such. The students were part of our sample selected as the District provided two reports of out of district private students, one that agreed in total with the number of students reported on the ASSA and one that had an additional 12 students included. The larger report was provided at time of our selections and the report that agreed to the submission was provided later.
- The District was unable to provide IEPs valid as of 10/15/2022 for three students. For two of the three in question the District was able to provide a subsequent IEP and for the third there was no IEP on file due to user error of the IEP software system.
- During our testing of the amounts reported on the ASSA, we compared the amount of students reported with District attendance records and IEPs (when required). For a sample of 312 students, the following was noted:
  - For five of the 312 students tested the District was not able to provide documentation supporting the student was enrolled and attending school as of 10/15/22,
  - Seven of the 25 special education students selected for testing the District was not able to provide IEPs valid for the period under audit.

Questioned Costs:  
Not identifiable.

Context:

As noted on the Schedule of Audited Enrollments within the separate Auditors' Management Report on Administrative Findings, numerous exceptions were identified whereby we were unable to trace students to school attendance registers and other supporting documentation, many with error rates above 10%.

Effect:

The errors identified, if not corrected going forward, could result in a reduction of State formula aid.

Recommendation:

We suggest that the District strengthen its internal controls to ensure that the students listed on the ASSA reports are properly supported by District records and reported correctly.

**American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER)**

**Finding 2023-004 – Significant Deficiency in Internal Control/Non-Compliance**

Criteria:

In accordance with 2 CFR section 430(i)(1), charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed.

Condition:

During our testing of the ARP ESSER Program, we identified the District was unable to provide support for payroll charges for 8 employees, 2 employees were paid in excess of the board approved maximum and several payroll expenditures did not agree to the support provided.

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**Questioned Costs:**

\$122,792 of actual questioned costs were identified. \$121,170 relates to the 8 employees the District could not provide support for and \$1,622 was the amount paid in excess of the maximum for the two employees identified. The remainder of the exceptions resulted in trivial underpayments of employees.

**Context:**

During our testing of Federal grant compliance, we selected a sample of payroll charges submitted for reimbursement and traced to supporting documentation. The District board approves salaried individuals to be charged to the grant, board approves hourly rates and stipends to be charged to the grant and maintains paper timesheets for hourly and stipend employees. The District was unable to provide us with any support that the 8 employees identified in our testing were appropriately charged to the grant. The District provided support that 2 individuals were approved to be paid a maximum amount from the grant. Per review of payroll charges of the grant for the 2 individuals identified they were paid in excess of the maximum amount approved.

**Effect:**

The District did not properly maintain support for certain individuals charged to the ARP ESSER Program and did not periodically review payroll charges in order to determine individuals did not exceed maximum approved amounts. This resulted in individuals that may not be approved to be charged to the grant and individuals charging in excess of their approvals to the grant. Without proper review of payroll charges, the District can overclaim the actual payroll charges incurred.

**Recommendation:**

We suggest the District determine the most appropriate approach to ensure payroll charges related to the ARP ESSER program only includes individuals who have been approved to be included in the ARP ESSER budget line, for the maximum amount approved and all appropriate support is maintained and available for review.

**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 expenditure charged to the current year's final reports for all applicable 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 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 the following exception was noted.

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**Finding 2023-006**

*Finding:*

During our testing of the TPAF reimbursement, we noted the District did not reimburse the state within the 90 day grant liquidation period as required by the Office of Grants Management.

*Recommendation:*

We suggest the District strengthen internal controls and procedures to ensure the TPAF FICA reimbursement payment is made timely.

**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 \$20,200 for 2022-23.

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

Procedures were performed on a test basis, to indicate if 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 provision 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*.

**Finding 2023-007**

*Finding:*

During our testing of procurement, we noted the District did not properly procure purchases in excess of the bid and quote thresholds and was unable to provide documentation for several purchases selected for testing.

*Recommendation:*

We suggest the District strengthen internal controls and procedures to ensure that all purchases in excess of the bid and quote thresholds are made in compliance with *N.J.S.A. 18A:18A-2* and *18A:18A-3(a)* and are supported by appropriate documentation. Per discussion with District administration, procedures have been implemented to mitigate the issue during the 2024 fiscal year.

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**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 school food service program was not selected as a major federal or State program. However, the program expenditures exceeded \$100,000 in federal and State support. Accordingly, we inquired of appropriate school food service personnel, as to whether the School Food Authority (SFA) had any Child Nutrition Program reimbursement overclaims or underclaims. Exceptions were not noted.

We also inquired of appropriate school food service personnel, as to whether the SFA's expenditures of school food service revenues were limited to allowable direct and indirect costs. Exceptions were not 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.

We inquired of management about the public health emergency procedures/practices that the SFA instituted to provide meals to all students, maintenance of all applicable production records; meal counts; noncompetitive procurements; modification of existing contracts and applicable financial records to document the specific costs applicable to the emergency operations. We also inquired if the FSMC received a loan in accordance with the Payroll Protection Plan and whether the funds were used to pay for costs applicable to the Food Service Programs. We also inquired if the PPP loan was subsequently forgiven and the FSMC refunded or credited the applicable amounts to the SFA.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Fund, Section B of the ACFR.

**Student Body Activities**

During our audit of the student activity funds, the following item was noted.

**Finding 2023-008**

*Finding:*

We noted certain schools paid sales tax on three of twenty-five disbursements tested, two of twenty-five disbursements were made without proper approval, was unable to provide supporting

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documentation for six of twenty-five disbursements and all twenty-five receipts selected for testing. It was noted that one of twenty-five receipts selected was not deposited timely and for seven of twenty-five receipts selected we were unable to determine if the receipt was deposited time. It was noted that an envelope containing change was found in support provided for cash receipt testing. Additionally, bank reconciliations of the student activity accounts are prepared, but are not reviewed.

*Recommendation:*

We suggest the District strengthen internal controls and procedures at various schools to ensure that sales tax is not paid on disbursements from student activity funds, documentation for receipts and disbursements is appropriately maintained, receipts are deposited timely and bank reconciliations are reviewed.

**Application for State School Aid**

Our audit procedures included a test of information reported in the October 15, 2022 Application for State School Aid (ASSA) for on roll, private schools for the handicapped, low-income and bilingual. We also performed a review of the District procedures related to its completion. The information on the ASSA was compared to the District workpapers with exception as presented in the Schedule of Audited Enrollments. The information included as part of the workpapers was verified as presented in the Schedule of Audited Enrollments, with exceptions listed under Finding 2023-003. The results of our procedures are presented in the Schedule of Audited Enrollments.

**Pupil Transportation**

Because Transportation Aid was not tested as a major program in the 2023 fiscal year, our audit procedures did not include a test of on-roll status reported in the 2022-2023 District Report of Transported Resident Students (DRTRS). We did agree the information presented on the DRTRS by the County/NJDOE and compared to the information presented by the District without exception.

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 or contracted services for pupil transportation 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 for 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)*.

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**Other Suggestions to Management**

For the year ended June 30, 2023, 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).

**Follow-up on Prior Year's Findings**

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year recommendations including findings. Corrective action had been taken on all prior year findings with the exception of the following, which are repeated in this year's recommendations noted as current year finding 2023-001, 2023-003, 2023-005, 2023-007 and 2023-008.

There were no audit reports issued by the Office of Fiscal Accountability and Compliance (OFAC) during the 2023 fiscal year.

**Acknowledgment**

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.



SCHEDULE OF AUDITED ENROLLMENTS

City of Orange Township School District  
 APPLICATION FOR STATE SCHOOL AID SUMMARY  
 ENROLLMENT AS OF OCTOBER 15, 2022

	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	Reported on Workpapers Private Schools	Errors	Sample for Verifi-cation	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared						
Full Day Preschool 3 Years	116	-	118	-	(2)	-	7	-	4	-	3	-	-	-	-	-	-	-
Full Day Preschool 4 Years	146	-	148	-	(2)	-	9	-	9	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	363	-	368	-	(5)	-	22	-	22	-	-	-	-	-	-	-	-	-
One	352	-	356	-	(4)	-	21	-	21	-	-	-	-	-	-	-	-	-
Two	356	-	368	-	(12)	-	21	-	21	-	-	-	-	-	-	-	-	-
Three	319	-	322	-	(3)	-	19	-	19	-	-	-	-	-	-	-	-	-
Four	357	-	364	-	(7)	-	21	-	21	-	-	-	-	-	-	-	-	-
Five	316	-	324	-	(8)	-	19	-	19	-	-	-	-	-	-	-	-	-
Six	323	-	327	-	(4)	-	19	-	19	-	-	-	-	-	-	-	-	-
Seven	296	-	303	-	(7)	-	18	-	18	-	-	-	-	-	-	-	-	-
Eight	357	-	360	-	(3)	-	24	-	24	-	-	-	-	-	-	-	-	-
Nine	267	-	279	-	(12)	-	19	-	19	-	-	-	-	-	-	-	-	-
Ten	327	-	329	-	(2)	-	22	-	22	-	-	-	-	-	-	-	-	-
Eleven	336	-	338	-	(2)	-	29	-	28	-	1	-	-	-	-	-	-	-
Twelve	285	-	287	-	(2)	-	17	-	17	-	-	-	-	-	-	-	-	-
Post-Graduate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (15+CR.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (1-14 CR.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	4,516	-	4,591	-	(75)	-	287	-	283	-	4	-	-	-	-	-	-	-
Special Ed - Elementary	351	-	345	-	6	-	9	-	7	-	2	-	17	20	(3)	10	10	-
Special Ed - Middle School	177	-	177	-	-	-	9	-	7	-	2	-	21	21	-	11	9	2
Special Ed - High School	192	-	195	-	(3)	-	7	-	4	-	3	-	20	29	(9)	23	20	3
Subtotal	720	-	717	-	3	-	25	-	18	-	7	-	58	70	(12)	44	39	5
Co. Voc. - Regular	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Co. Voc. Ft. Post Sec.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	5,236	-	5,308	-	(72)	-	312	-	301	-	11	-	58	70	(12)	44	39	5
Percentage Error					-1.38%		0.00%				3.53%		0.00%		-20.69%			11.36%

**SCHEDULE OF AUDITED ENROLLMENTS**

**City of Orange Township School District  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2022**

	<u>Resident Low Income</u>			<u>Sample for Verification</u>			<u>Resident LEP Low Income</u>			<u>Sample for Verification</u>		
	Reported on A.S.S.A. as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on A.S.S.A. as LEP low Income	Reported on Workpapers as LEP low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
	Full Day Preschool 3 Years	69	72	(3)	3	2	1	-	-	-	-	-
Full Day Preschool 4 Years	104	116	(12)	3	3	-	-	-	-	-	-	-
Full Day Kindergarten	285	274	11	14	12	2	116	89	27	14	11	3
One	280	281	(1)	23	19	4	100	102	(2)	15	11	4
Two	282	291	(9)	21	19	2	85	91	(6)	16	14	2
Three	267	264	3	28	23	5	88	91	(3)	15	10	5
Four	279	284	(5)	13	11	2	99	100	(1)	13	12	1
Five	238	251	(13)	18	14	4	55	57	(2)	16	12	4
Six	256	256	-	15	11	4	49	37	12	15	11	4
Seven	227	236	(9)	27	25	2	32	33	(1)	14	13	1
Eight	266	288	(22)	26	18	8	34	39	(5)	17	12	5
Nine	178	221	(43)	19	10	9	29	37	(8)	16	10	6
Ten	205	233	(28)	13	12	1	38	48	(10)	10	10	-
Eleven	177	241	(64)	22	16	6	49	58	(9)	16	10	6
Twelve	158	182	(24)	11	7	4	28	31	(3)	8	4	4
Post-Graduate	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (15+CR.)	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (1-14 CR.)	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	<u>3,271</u>	<u>3,490</u>	<u>(219)</u>	<u>256</u>	<u>202</u>	<u>54</u>	<u>802</u>	<u>813</u>	<u>(11)</u>	<u>185</u>	<u>140</u>	<u>45</u>
Special Ed - Elementary	292	281	11	30	29	1	61	62	(1)	12	11	1
Special Ed - Middle	150	152	(2)	5	4	1	2	1	1	1	1	-
Special Ed - High	121	142	(21)	8	6	2	1	2	(1)	1	-	1
Subtotal	<u>563</u>	<u>575</u>	<u>(12)</u>	<u>43</u>	<u>39</u>	<u>4</u>	<u>64</u>	<u>65</u>	<u>(1)</u>	<u>14</u>	<u>12</u>	<u>2</u>
Co. Voc. - Regular	-	-	-	-	-	-	-	-	-	-	-	-
Co. Voc. Ft. Post Sec.	-	-	-	-	-	-	-	-	-	-	-	-
Totals	<u>3,834</u>	<u>4,065</u>	<u>(231)</u>	<u>299</u>	<u>241</u>	<u>58</u>	<u>866</u>	<u>878</u>	<u>(12)</u>	<u>199</u>	<u>152</u>	<u>47</u>
Percentage Error			<u>-6.03%</u>			<u>19.40%</u>			<u>-1.39%</u>			<u>0</u>

**Transportation**

	Reported on DRTRS by DOE/county	Reported on DRTRS by District	Errors	Tested	Verified	Errors
	Reg. - Public Schools, col. 1	164				
Reg - SpEd, col. 4	-	-	-	-	-	-
Transported - Non-Public, col. 5	1	1	-	-	-	-
Special Ed Spec, col. 6	5	5	-	-	-	-
Totals	<u>170</u>	<u>170</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

**Note:** Detailed testing over DRTRS and Non-public transportation was not performed for the fiscal year ending June 30, 2023 as Transportation Aid was not tested in the current year as a major program for Single Audit purposes.

	Reported	Recalculated
Avg.(Mileage) = Regular Including Grade PK students (Part A)	5.6	5.6
Avg.(Mileage) = Regular Excluding Grade PK students (Part B)	5.6	5.6
Avg.(Mileage) = Special Ed with Special Needs	14.2	14.2

**SCHEDULE OF AUDITED ENROLLMENTS**

**City of Orange Township School District**  
**APPLICATION FOR STATE SCHOOL AID SUMMARY**  
**ENROLLMENT AS OF OCTOBER 15, 2022**

	<b>Resident LEP NOT Low Income</b>			<b>Sample for Verification</b>		
	Reported on A.S.S.A. as NOT Low Income	Reported on Workpapers as NOT Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Preschool 3 Years	-	-	-	-	-	-
Full Day Preschool 4 Years	-	-	-	-	-	-
Full Day Kindergarten	26	28	(2)	3	3	-
One	18	14	4	1	1	-
Two	16	12	4	-	-	-
Three	11	6	5	7	7	-
Four	23	21	2	2	2	-
Five	13	9	4	2	2	-
Six	15	18	(3)	2	2	-
Seven	16	13	3	7	7	-
Eight	16	11	5	1	1	-
Nine	15	9	6	1	1	-
Ten	35	24	11	12	12	-
Eleven	42	27	15	2	2	-
Twelve	32	30	2	14	14	-
Post-Graduate	-	-	-	-	-	-
Adult H.S. (15+CR.)	-	-	-	-	-	-
Adult H.S. (1-14 CR.)	-	-	-	-	-	-
Subtotal	<u>278</u>	<u>222</u>	<u>56</u>	<u>54</u>	<u>54</u>	<u>-</u>
Special Ed - Elementary	2	3	(1)	-	-	-
Special Ed - Middle	1	1	-	1	1	-
Special Ed - High	1	-	1	-	-	-
Subtotal	<u>4</u>	<u>4</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>
Co. Voc. - Regular	-	-	-	-	-	-
Co. Voc. Ft. Post Sec.	-	-	-	-	-	-
Totals	<u>282</u>	<u>226</u>	<u>56</u>	<u>55</u>	<u>55</u>	<u>-</u>
Percentage Error			<u>19.86%</u>			<u>0.00%</u>

**CITY OF ORANGE TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
EXCESS SURPLUS CALCULATION  
YEAR ENDED JUNE 30, 2023**

**SECTION 1**

**A. 2% Calculation of Excess Surplus**

2022-23 Total General Fund Expenditures Exhibit C-1	\$ 145,805,182		(A)
Increased by:			
Transfer from Capital Outlay to Capital Projects Fund	\$ -		(A1a)
Transfer from Capital Reserve to Capital Projects Fund	\$ 16,911		(A1a)
Transfer from General Fund to SRF for Pre-K Regular	\$ -		(A1a)
Transfer from General Fund to SRF for Pre-K Inclusion	\$ 421,691		(A1a)
Less: Expenditures Allocated to Restricted Federal Sources as Reported On Exhibit D-2	1,246,560		(A1b)
2022-23 Adjusted General Fund and Other State Expenditures [(A)+(A1a)-(A1b)]		\$ 144,997,224	(A2)
Decreased by:			
On-Behalf TPAF Pension and Social Security		24,539,027	(A3)
Assets Acquired Under Capital Leases:			
General Fund 10 Assets Acquired Under Capital Leases reported on Exhibit C-1a	2,482,016		(A4)
Add: General Fund & State Resources Portion of Fund 15 Assets Acquired Under Capital Leases:			
Assets Acquired Under Capital Leases in Fund 15 reported on Exhibit C-1a	-		(A5)
Combined General Fund Contribution & State Resources Percent of Fund 15 Resources Reported on Exhibit D-2		98.03%	(A6)
General Fund & State Resources Portion of Fund 15 Assets Acquired Under Capital Leases [(A5)*(A6)]	-		(A7)
Total Assets Acquired Under Capital Leases [(A4)+(A7)]		2,482,016	(A8)
2022-23 General Fund Expenditures [(A2)-(A3)-(A8)]		117,976,181	(A9)
2 percent of Adjusted 2022-23 General Fund Expenditures [(A9) times .02]		2,359,524	(A10)
Enter Greater of (A10) or \$250,000		2,359,524	(A11)
Increased By: Allowable Adjustment*		305,803	(K)
Maximum Unassigned Fund Balance [(A11)+(K)]		\$ 2,665,327	(M)

**Detail of Allowable Adjustments**

Impact Aid	\$ -		(H)
Sale & Lease-back	\$ -		(I)
Extraordinary Aid	\$ 305,803		(J1)
Additional Nonpublic School Transportation Aid	\$ -		(J2)
Current Year School Bus Advertising Revenue Recognized	\$ -		(J3)
Family Crisis Transportation Aid	\$ -		(J4)
Supplemental Stabilization Aid received April 2023 & Maintenance of Equity Aid received July 2023	\$ -		(J5)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)+(J5)]	\$ 305,803		(K)

**SECTION 2**

Total General Fund - Fund Balances at June 30, 2023	\$ 20,932,758 (C)
Decreased By:	
Assigned - Year-end Encumbrances	\$ 990,363 (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ - (C2)
Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ - (C3)
Other Restricted/Reserved Fund Balances****	\$ 2,360,095 (C4)
Assigned - Designated for Subsequent Year's Expenditures	\$ - (C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	\$ 17,582,300 (U)

\*\* The amount represents the June 30, 2022 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet 90031.

\*\*\*\* Amount for Other Restricted/Reserved Fund Balance must be detailed for each source and request for approval to use amounts other than state imposed legal restrictions in the excess surplus calculation must be submitted to the Assistant Commissioner - Field Services prior to September 30.

- (N-1) Capital reserve at June 30, 2023.
- (N-2) Maintenance reserve minimum required under EFCFA.
- (N-3) Tuition reserve at June 30, 2023.
- (N-4) Emergency reserve at June 30, 2023.
- (N-5) School bus fuel offset reserve - current year - June 30, 2023.
- (N-6) School bus fuel offset reserve - prior year - June 30, 2023.
- (N-7) Impact Aid general fund reserve at June 30, 2023.
- (N-8) Impact Aid capital fund reserve at June 30, 2023.
- (N-9) Unemployment Fund reserve at June 30, 2023.

**Detail of Other Restricted/Reserved Fund Balance**

**Statutory restrictions:**

Approved unspent separate proposal	\$ -
Sale/lease-back reserve	\$ -
Capital reserve (N-1)	\$ 1,483,089
Maintenance reserve (N-2)	\$ -
Tuition reserve (N-3)	\$ -
Emergency reserve (N-4)	\$ -
School Bus Advertising 50% Fuel Offset Reserve - current year (N-5)	\$ -
School Bus Advertising 50% Fuel Offset Reserve - prior year (N-6)	\$ -
Impact Aid General Fund Reserve (Sections 8002 and 8003) (N-7)	\$ -
Impact Aid Capital Fund Reserve (Sections 8007 and 8008) (N-8)	\$ -
Reserve for Unemployment Fund (N-9)	\$ 877,006
<b>Other Restricted/Reserved Fund Balance not noted above****</b>	\$ -
<b>Total Other Restricted/Reserved Fund Balance</b>	\$ 2,360,095 (C4)

**SECTION 3**

Restricted Fund balance - Excess Surplus***[(U)-(M)] IF NEGATIVE ENTER-0	\$ 14,916,973 (E)
Summary:	
Restricted Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ - (C3)
Restricted Excess Surplus ***	14,916,973 (E)
Total [(C3) + (E)]	\$ 14,916,973 (D)

**CITY OF ORANGE TOWNSHIP SCHOOL DISTRICT  
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS-  
FINANCIAL, COMPLIANCE AND PERFORMANCE**

Audit Recommendations Summary  
June 30, 2023

We suggest the following:

**Administrative Practices and Procedures**

None.

**Financial Planning, Accounting and Reporting**

2023-001 - The District continue to strengthen the controls surrounding the reconciliation procedures of the District's trial balance accounts to ensure all accounts are in agreement with supporting documentation and that the year-end financial statement close process is completed in a more-timely manner.

2023-002 - The District continue to strengthen the controls surrounding the input of salary, rates and withholdings to ensure proper payment of employees in the future.

2023-004 – The District determine the most appropriate approach to ensure payroll charges related to the ARP ESSER program only includes individuals who have been approved to be included in the ARP ESSER budget line, for the maximum amount approved and all appropriate support is maintained and available for review.

2023-005 - The District continue to strengthen internal controls and procedures to ensure that all purchase orders that are issued to vendors for goods or services be approved prior to the vendor providing those goods or services.

2023-006 - The District strengthen internal controls and procedures to ensure the TPAF FICA reimbursement payment is made timely.

**School Purchasing Programs**

2023-007 - The District strengthen internal controls and procedures to ensure that all purchases in excess of the bid and quote thresholds are made in compliance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) and are supported by appropriate documentation. Per discussion with District administration, procedures have been implemented to mitigate the issue during the 2024 fiscal year.

**School Food Service**

None.

**Student Body Activities**

2023-008 - The District strengthen internal controls and procedures at various schools to ensure that sales tax is not paid on disbursements from student activity funds, documentation for receipts and disbursements is appropriately maintained, receipts are deposited timely and bank reconciliations are reviewed.

**Application for State School Aid**

2023-003 – The District strengthen its internal controls to ensure that the students listed on the ASSA reports are properly supported by District records and reported correctly.

**CITY OF ORANGE TOWNSHIP SCHOOL DISTRICT  
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS-  
FINANCIAL, COMPLIANCE AND PERFORMANCE**

**Pupil Transportation**

None.

**Facilities and Capital Assets**

None.

**Miscellaneous**

None.

**Status of Prior Year Findings**

All prior year findings were corrected, except the findings 2022-001, 2022-002, 2022-004, 2022-005 and 2022-006, which were repeated in the current year.