

Auditor's Management Report

for the

*Borough of Northvale
School District*

in the

*County of Bergen
New Jersey*

for the

*Fiscal Year Ended
June 30, 2024*

**AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE
FINDINGS – FINANCIAL AND COMPLIANCE**

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Tax ID Number 22-6001974



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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Northvale Borough School District
County of Bergen
Northvale, New Jersey 07647

We have audited, in accordance with U.S. generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Borough of Northvale School District in the County of Bergen for the year ended June 30, 2024, and have issued our report dated December 16, 2024.

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

This report is intended solely for the information of the Borough of Northvale School District, County of Bergen, New Jersey, the New Jersey Department of Education and federal and state audit awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



CERTIFIED PUBLIC ACCOUNTANTS



PUBLIC SCHOOL ACCOUNTANT NO. 948

December 16, 2024

**Independent Auditor's Management Report of Administrative
Findings – Financial and Compliance**

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and the activities of the Borough of Northvale - Board of Education, 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 (N.J.S.A. 18A:17-26, 17-32)

<u>Name</u>	<u>Position</u>	<u>Amount of Bond</u>
James Tevis	Interim Business Administrator/Board Secretary	\$530,000.00

There is a Public Employees' Blanket Position Bond with National Union Fire Insurance Company.

Tuition Charges

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

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

The data submitted did include all health benefit plans offered by the school district. The school district data certification was completed by the chief school administrator and was submitted timely.

Financial Planning, Accounting and Reporting

Examination of Claims

Our audit of claims paid during the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

**Independent Auditor's Management Report of Administrative
Findings – Financial and Compliance**

Financial Planning, Accounting and Reporting (Continued)

Payroll Accounts

The net salaries of all employees of the Board were deposited in the Net Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

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

Salary withholdings were promptly remitted to the proper agencies including health benefits premium amounts withheld due to the general fund.

Payrolls were delivered to the secretary of the board with a warrant made to her order for the full amount of each payroll.

Position Control Roster

The Position Control Roster was reviewed and compared to payroll records, employee benefit records and charges made to the general ledger to ensure proper and consistent financial reporting and that employee benefits are only offered to current employees.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, for goods not yet received or services not yet rendered and it was determined that no blanket purchase orders were included in the balance of the 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.

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, no errors were noted, and no additional procedures were deemed necessary to the test the propriety of expenditure classification.

**Independent Auditor's Management Report of Administrative
Findings – Financial and Compliance**

Board Secretary's Records

The financial records, books of account and minutes of the Board Secretary were maintained in satisfactory condition and the contractual order system was fully implemented.

Finding 2024-001: During our testing of expenditures we noted numerous confirming orders. A confirming order is when purchases are made for goods or services prior to funds being encumbered by the Business Office.

Recommendation 2024-001: That funds be encumbered prior to the ordering of goods or services.

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

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

Other Special Federal and/or State Projects

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

Our audit procedures included a test of the semi-monthly reimbursement filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund.

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

There was no expenditures charged to the current year's final report(s) 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.

Independent Auditor's Management Report of Administrative Findings – Financial and Compliance

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-1 et seq. (Public School Contracts Law), the associated rules and related information on the statute, and school contracts in general is available on the NJ Local Agency Procurement Laws webpage: nj.gov/dca/dlgs/programs/NJ_LAPL.shtml

Current statute is posted on the New Jersey Legislature (njleg.state.nj.us/) website.

The bid threshold in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$44,000.00 (with a Qualified Purchasing Agent) and \$32,000.00 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school transportation contracts under N.J.S.A. 18A:39-3 is \$22,400.00 effective for 2023-24.

The district board of education 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 commitment is made.

Based on the results of our examination, we did not note any individual payments, contracts or agreements made for the performance of any work or goods or services, in excess of the statutory thresholds where there had been no advertising for bids in accordance with the 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.

School Food Service

The District has elected not to participate in the federally assisted child nutrition programs encompassing the National School Lunch, Breakfast and Special Milk programs.

Student Body Activities

The records for the Student Body Activities were maintained in satisfactory condition.

Application for State School Aid

Our audit procedures included a test of information reported in the October 13, 2023 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, low-income and bilingual. We also performed a review of the district procedures related to its completion. The information on the A.S.S.A. was compared to the district workpapers with exceptions. The information that was included on the workpapers was verified with exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

The district had written procedures for the recording of student enrollment.

**Independent Auditor's Management Report of Administrative
Findings – Financial and Compliance**

Application for State School Aid (Continued)

Finding 2024-002: We noted several differences between what was reported on the Application for State School Aid and what was reported on the Districts supporting workpapers. In addition several students were misclassified as low income on District workpapers.

Recommendation 2024-002: That the Districts supporting workpapers agree to the Application for State School Aid and all students be properly classified for low income eligibility.

Pupil Transportation

Our audit procedures included a test of on-roll status reported in the 2023-2024 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the district complied with proper bidding procedures and award of contracts. The bid specifications for the purchase of buses were in compliance with applicable statutes. No exceptions were noted in our review of transportation related purchases of goods and services.

Capital Assets and Facilities

The records of the capital assets and facilities were in satisfactory condition.

Miscellaneous

The school district adhered to the requirements of N.J.A.C. 26-1.2 and 12.4 related to the testing for lead of all drinking water in educational facilities. The District submitted the annual Statement of Assurance to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

Follow-Up Prior Year's Audit Findings

Corrective action has been taken on all prior year findings.

NORTHVALE BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 13, 2023

	2024-2025 Application for State School Aid						Sample for Verification				Private Schools for Disabled						
	Reported on A.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.A. as Private Schools		Sample for Verification		
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	
Half Day Preschool - 3 YR																	
Half Day Preschool - 4 YR																	
Half Day Kindergarten																	
Full Day Kindergarten	50		51			(1)	17		17								
One	45		45				16		16								
Two	53		53				18		18								
Three	38		38				21		21								
Four	56		56				21		21								
Five	48		48				18		18								
Six	47		47				20		20								
Seven	55		55				19		19								
Eight						1											
Nine							20		20								
Ten																	
Eleven																	
Twelve																	
Post-Graduate																	
Adult H.S. (15+CR.)																	
Adult H.S. (1-14 CR.)																	
Subtotal	450		450				170		170								
Special Ed - Elementary	48		46			2	17		16		1						
Special Ed - Middle School	39		38			1	10		10								
Special Ed - High School																	
Subtotal	87		84			3	27		26		1						
Co. Voc. - Regular																	
Co. Voc. Ft. Post Sec.																	
Totals	537		534			3	197		196		1						
Percentage Error						0.56%					0.51%						

NORTHVALE BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 13, 2023

	Resident Low Income			Sample for Verification			Resident ELL Low Income			Sample for Verification		
	Reported on A.S.S.A. as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on A.S.S.A. as LEP low Income	Reported on Workpapers as LEP low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Half Day Preschool	1	1		1	0	1						
Full Day Preschool	2	2		2	1	1						
Half Day Kindergarten	1	1		1	1							
Full Day Kindergarten	0											
One	3	3		3	3							
Two	0											
Three	1	1		1	1							
Four	0											
Five	1	1		1	1							
Six	1	1		1	1							
Seven	2	2		2	2							
Eight	1	1		1	1							
Nine												
Ten												
Eleven												
Twelve												
Post-Graduate												
Adult H.S. (15+CR.)												
Adult H.S. (1-14 CR.)												
Subtotal	9	9		7	5	2						
Special Ed - Elementary	3	3		2	1	1						
Special Ed - Middle	1	1		1		1						
Special Ed - High												
Subtotal	4	4		3	1	2						
Co. Voc. - Regular												
Co. Voc. Fl. Post Sec.												
Totals	13.0	13		10	6	4						
Percentage Error						40.00%						
Transportation												
	Reported on DRTS by DOE/county	Reported on DRTS by District	Errors	Tested	Verified	Errors						
Reg. - Public Schools, col. 1												
Reg - SpEd, col. 4												
Transported - Non-Public All., col. 3	5	5		4	4							
Special Ed Spec, col. 6	19	19		17	17							
Totals	24	24		21	21	0.00%						
Percentage Error						0.00%						
											Reported	Recalculated
											7.6	7.6
											7.6	7.6
											4.8	4.8

Reg Avg.(Mileage) = Regular Including Grade PK students (Part A)
Reg Avg.(Mileage) = Regular Excluding Grade PK students (Part B If Applicable)
Spec Avg. = Special Ed with Special Needs

NORTHVALE BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 13, 2023

	Resident ELL NOT Low Income		Sample for Verification			
	Reported on A.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
Half Day Preschool			-			
Full Day Preschool			-			
Half Day Kindergarten			-			
Full Day Kindergarten	6	11	(5)	6	6	
One	2	3	(1)	1	1	
Two	3	5	(2)	3	3	
Three	0		-			
Four	1	1	-	1	1	
Five			-			
Six		2	(2)			
Seven		1	(1)			
Eight						
Nine						
Ten						
Eleven						
Twelve						
Post-Graduate						
Adult H.S. (15+CR.)						
Adult H.S. (1-14 CR.)						
Subtotal	12	23	11	11	11	
Special Ed - Elementary	4		4	2	2	
Special Ed - Middle	2		2	3	3	
Special Ed - High						
Subtotal	6		6	5	5	
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	18	23	(5)	16	16	
Percentage Error			-27.78%			

BOROUGH OF NORTHVALE SCHOOL DISTRICT
SCHEDULE OF CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

REGULAR DISTRICT

SECTION 1

2% Calculation of Excess Surplus

2023 - 2024 Total General Fund Expenditures per the ACFR, Ex. C-1	\$ 15,212,937.66	
Decreased by:		
On-Behalf TPAF Pension & Social Security	\$ 2,877,212.34	
Assets Acquired Under Leases/Installment Purchases	61,856.32	
Adjusted 2023 - 2024 General Fund Expenditures		\$ 12,273,869.00
2% of Adjusted 2023 - 2024 General Fund Expenditures		\$ 245,477.38
Greater of Line Above or \$250,000.00		\$ 250,000.00
Increased by: Allowable Adjustment		\$ 155,773.00
Maximum Unreserved/Undesignated Fund Balance		\$ 405,773.00

SECTION 2

Total General Fund - Fund Balances @ 6-30-2024	\$ 3,803,480.30	
Decreased by:		
Year-End Encumbrances	\$ 11,354.85	
Legally Restricted-Excess Surplus-Designated for		
Subsequent Year's Expenditures	\$ 350,000.25	
Other Restricted Fund Balances	\$ 2,686,352.20	
Total Unassigned Fund Balance		\$ 755,773.00

SECTION 3

Restricted Fund Balance-Excess Surplus	\$ 350,000.00
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Recapitulation of Excess Surplus as of June 30, 2024

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures	\$ 350,000.25
Restricted Excess Surplus	\$ 350,000.00
Total Excess Surplus	\$ 700,000.25

Detail of Allowable Adjustments

Extraordinary Aid	\$ 154,631.00
Additional Non-Public School Transportation Aid	1,142.00
	\$ 155,773.00

Detail of Other Restricted Fund Balance:

Capital Reserve	\$ 2,029,700.20
Emergency Reserve	250,000.00
Maintenance Reserve	406,652.00
	\$ 2,686,352.20

**Independent Auditor's Management Report of Administrative
Findings – Financial and Compliance**

Recommendations

1. **Administrative Practices and Procedures**

None

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

Recommendation 2024-001: That funds be encumbered prior to the ordering of goods or services.

3. **School Purchasing Program**

None

4. **School Food Service**

None

5. **Student Body Activities**

None

6. **Application for State School Aid**

Recommendation 2024-002: That the Districts supporting workpapers agree to the Application for State School Aid and all students be properly classified for low income eligibility.

7. **Pupil Transportation**

None

8. **Capital Assets and Facilities**

None

9. **Miscellaneous**

None

10. **Status of Prior Year's Findings/Recommendations**

Corrective action was taken on all prior year recommendations.

