

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

**ORANGE PUBLIC SCHOOLS**  
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**FINANCIAL, COMPLIANCE AND PERFORMANCE**

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## INDEPENDENT AUDITORS' REPORT

**Honorable President and Members  
of the Board of Education  
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 Orange Public Schools, County of Essex as of and for the year ended June 30, 2024, and have issued our report thereon dated June 9, 2025.

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

This report is intended solely for the information of the 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  
June 9, 2025

*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 2024-001 - 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 some 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.
- Numerous journal entries were required as part of our independent audit to adjust the financial statements at June 30, 2024.
- 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.
- Cash receipts were not always recorded, were recorded in an inappropriate accounting period or were recorded in duplicate and it is noted the segregation of duties over this area is lacking.
- Cash disbursements were not always recorded, were sometimes recorded in an inappropriate accounting period, were not always recorded in an appropriate budgetary account or were sometimes recorded in duplicate and it is noted the segregation of duties over this area is lacking.
- Transfers were made between District bank accounts in in accurate amounts or monies were transferred to inaccurate accounts.
- The District's financial records and those of the Treasurer of School Moneys Records were not in agreement for the period July 1, 2023 to June 30, 2024. The Treasurer of

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School Moneys Outstanding Checklists were neither accurately prepared nor in agreement with the amounts disbursed by the School Business Administrator's Office. In 2025 the District hired a new vendor to redo all of the bank reconciliations for the period. The new reconciliations required numerous audit adjustments to properly reflect the ending balances. During this process, it came to our attention the there was insufficient controls over the wire transfer process.

- 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.
- A portion of the transactions related to the Food Service Enterprise fund were not recorded in the system, nor was there accurate underlying records supporting the activity.
- A detailed Capital Asset Report was not available at the time of audit and has not been updated for several years.
- Many budget accounts were over-expended due to the District posting expenditures to the system via adjustments that circumvented normal controls and transfers made between budget appropriation accounts that should not have been made. In addition, carryover funds utilized in the subsequent years' budget for Preschool Education exceeded the amount available at June 30, 2024.

**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.

**Management's Response:**

District management concurs with the finding. As of July 1, 2023, the Orange Public School District undertook a significant transition from Computer Solutions, Inc. (CSI) to Genesis School Fi as its primary financial platform. This initiative was coupled with a complete overhaul of the district's chart of accounts, making the transition a monumental task for the Business Department.

Despite the scope and complexity, the Business Department staff worked diligently—often around the clock—to minimize disruptions and ensure the new financial system launched smoothly.

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However, as the district prepared to initiate the Personnel and Payroll platform conversion, unforeseen challenges arose.

- The Human Resources Executive Director went on extended leave, leaving a leadership void at a critical time.
- Responsibility for the HR system transition fell to multiple departments, particularly the already overextended Business Office.
- Compounding these issues, the District Payroll Coordinator retired, introducing further disruption and resource strain.

These complications pulled staff away from their primary duties, hindering their acclimation to the new system and leading to process breakdowns. As a result, proper financial procedures were not always followed, affecting the accuracy of books and records.

It is imperative that all departments work collaboratively when implementing complex systems. Unfortunately, this cohesion was lacking during the dual-system rollout. Moving forward, however, the full integration of Genesis School Fi, which combines both financial and HR functionalities—will yield significant operational efficiencies. Starting in FY25–26, district financials will reflect improvements derived from centralized data management.

Key anticipated benefits include:

- A unified platform eliminating the need to manage multiple financial systems.
- Shared employee information between accounting and payroll, minimizing errors in account allocation.
- Streamlined closing procedures for fiscal years going forward.

While some growing pains may persist, the dual-system integration is expected to significantly reduce the challenges experienced during the initial rollout.

The current administration has prioritized accountability and fiscal responsibility. Significant steps have been taken, including:

- The creation of a Comptroller position to oversee the Accounting Department.
- Hiring an additional Payroll Clerk to assist with processing, due to the growing employee base (now over 1,000 staff members).

These strategic staffing investments reflect the district's commitment to maintaining transparency and stewardship of public funds, while building capacity for sustained operational excellence.

**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 2024-001.

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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 2024-002.

Salary withholdings were promptly remitted to the proper agencies, including health benefits premium amounts withheld due to the general fund. As disclosed in Finding 2024-002 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 2024-002 below.

**Finding 2024-002 – 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 Genesis 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 based upon salary and other parameters and then 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



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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:

- In two instances employees' salary recorded in the system did not agree to the collective bargaining agreement.
- The District was unable to provide support of approval of stipend amount and/or hourly pay rate paid.
- The District was unable to provide support employee was properly approved to be charged to various grant programs.
- In several instances, employees were paid for hours that did not agree to what was 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 was unable to provide W-4 and I-9 forms to verify employees were properly onboarded.
- In several instances, employee contributions for health benefit premium contributions were not calculated properly.
- All employee health benefit waiver payments were processed through the PO process instead of being included in their payroll checks.
- In 15 instances the District was unable to provide documentation certifying employees worked in the Title I grant program.

**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.

**Management Response:**

See response at Finding 2024-001.

**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 included in Finding 2024-001.

**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

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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 8.135% overall was noted. See Finding 2024-001 for 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 2024-001.

Treasurer's Records

Our review of the financial and accounting records maintained by the Treasurer disclosed exceptions as detailed in Finding 2024-001.

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:

**General State Aid Cluster**

**Finding 2024-003** – 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

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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:
  - Six children were noted as attending other in-district schools then report on the ASSA of the 312 children selected for testing.
- During our testing of the amounts reported on the ASSA as receiving bilingual services as compared to District internal workpapers, 61 students were inaccurately classified as not low income. We selected 264 students for testing and noted the following:
  - 2 students scored in excess of thresholds required to be eligible for the program.
  - 199 students identified as low-income bilingual were included in our testing. The district was unable to provide lunch surveys verify the students qualify as low income for 7 students. For four additional student in this classification the District did provide a survey, but the income amount was left blank. For one additional student was classified as a free lunch student, but only qualified for reduced lunch.
- During our testing of the amounts reported on the ASSA as receiving free or reduced lunch as compared to District internal workpapers, the District underreported low income students by 32. We selected 303 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 32 students.
  - We identified 2 students reported as receiving free lunch who only qualified for reduced lunch and 3 students who did not qualify for free nor reduced lunch.
  - We identified 7 lunch surveys that did not contain completed information.
  - The District was unable to provide 10 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 51 students for testing and noted the following:
  - 10 students were not reported as a private school student in the ASSA however were qualified to be reported as such.
  - We identified one student that was attending an in-district school and not the private school for the disabled as reported.

In comparison to the prior year the District has improved the accuracy of what it reported, however in two categories error rates still exceed 10%.

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**Context:**

As noted on the Schedule of Audited Enrollments, numerous exceptions were identified whereby we were unable to trace students to school attendance registers and other supporting documentation, two categories 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 continue to strengthen its internal controls to ensure that the students listed on the ASSA reports are properly supported by District records and reported correctly.

**Management Response:**

A reporting discrepancy was identified in the 2023 ASSA involving 61 bilingual/ESL students incorrectly reported as paid rather than low-income. This issue coincided with the transition from Horizon Solana to Heartland Mosaic for food services reporting and the introduction of online lunch applications.

The error stemmed from delayed manual entry and processing of paper applications, along with post-deadline data updates in Genesis. The district has since established internal communications between Heartland Mosaic and the Manager of Data and Student Pupil Services to ensure timely, accurate reporting via manual entry or SFTP transfer.

The district also identified 10 students placed in Approved Private Schools for Students with Disabilities (ASSPD) who were incorrectly recorded as in-district in ASSA reporting. This occurred due to a lack of timely communication with key personnel before the data edit period closed.

To address this the Department of Special Services has designated a Point of Contact (POC) to send placement letters directly to the Manager of Data and Student Pupil Services, preventing future reporting errors.

**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 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 2024-004**

*Finding:*

During our testing of the TPAF reimbursement, we noted the District improperly calculated the reimbursement and overpaid the state and has requested a refund.

*Recommendation:*

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

**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 2023-24.

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 2024-005**

*Finding:*

During our testing of procurement, we noted the District did not always properly procure purchases in excess of the bid and quote thresholds.

*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.

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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 financial transactions and statistical records of the school food service fund were reviewed. The financial accounts, meal count records were reviewed on a test-check basis. Exceptions are detailed in Finding 2024-001.

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 district project utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34, and 19-1 through 19-4.1. Provisions of the FSMC Cost Reimbursable 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 \$7,715. The operating results provision has been met. All vendor discounts, rebates, and credits from vendors and/or the FSMC were tracked and credited to the Food Service Account and reconciled to supporting documentation at least annually. Exceptions were not noted.

Expenditures should be separately recorded as food, labor and other costs. Vendor invoices were reviewed, and costs verified. Inventory records on food and supply items were currently maintained and properly applied in determining the cost of food and supplies used. Exceptions were not noted.

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. Exceptions are detailed in Finding 2024-001.

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 SSO or SFSP program requirements. Exceptions were not noted.

Net cash resources did not exceed three months average expenditures.

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

The number of meals claimed for reimbursement was compared to sales and meal count records. As part of the claims review process the Edit Check Worksheet was completed. The District also utilized the Community Eligibility Option district-wide. Under this option all students were eligible for free breakfast and lunch. Reimbursement claims were submitted/certified in a timely manner.

Surveys 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 list of directly certified students on file, times the number of operating days, on a school-by-school basis. The free and reduced price meal and free milk policy was reviewed for uniform administration throughout the school system. Sites approved to participate in Provisions I and II were examined for compliance with all counting and claiming requirements. The required verification procedures for free and reduced price applications were completed and available for review.

USDA Food Donation Program commodities were received and a single inventory was maintained on a first-in, first-out basis. No exceptions were noted.

The Statement of Revenues, Expenses, and Changes in Fund Net Position (ACFR Schedule B5) 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 Fund, Section B of the ACFR.

**Student Body Activities**

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

**Finding 2024-006**

*Finding:*

We noted the District was unable to provide adequate supporting documentation for ten of twenty-five disbursements tested to determine if sales tax was paid, thirteen of twenty-five disbursements were made without proper approval, the District was unable to provide supporting documentation for four of twenty-five disbursements and all twenty-five receipts selected for testing. It was noted that for twenty-five of twenty-five receipts selected we were unable to determine if the receipt was deposited timely. Additionally, bank reconciliations of the student activity accounts are prepared, but are not reviewed.

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*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 13, 2023 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 2024-003. 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 2024 fiscal year, our audit procedures did not include a test of on-roll status reported in the 2023-2024 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)*.

**Other Suggestions to Management**

There are several grants with receivable balances that are over a year old. The District should review existing grant receivables and verify collectability.



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**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 2024-001, 2024-002, 2024-003, 2024-004, 2024-005 and 2024-006.

There were no audit reports issued by the Office of Fiscal Accountability and Compliance (OFAC) during the 2024 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**

**ORANGE PUBLIC SCHOOLS  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 13, 2023**

	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	124.0		124.0		-	-	7.0		5.0		2.0	-			-			-
Full Day Preschool 4 Years	140.0		140.0		-	-	8.0		7.0		1.0	-			-			-
Full Day Kindergarten	363.0		363.0		-	-	22.0		22.0		-	-			-			-
One	388.0		388.0		-	-	23.0		23.0		-	-			-			-
Two	346.0		346.0		-	-	21.0		21.0		-	-			-			-
Three	369.0		369.0		-	-	22.0		22.0		-	-			-			-
Four	319.0		319.0		-	-	19.0		19.0		-	-			-			-
Five	370.0		370.0		-	-	22.0		22.0		-	-			-			-
Six	335.0		335.0		-	-	20.0		20.0		-	-			-			-
Seven	339.0		339.0		-	-	20.0		20.0		-	-			-			-
Eight	306.0		306.0		-	-	19.0		19.0		-	-			-			-
Nine	366.0		366.0		-	-	22.0		22.0		-	-			-			-
Ten	300.0		300.0		-	-	18.0		18.0		-	-			-			-
Eleven	350.0		350.0		-	-	22.0		21.0		1.0	-			-			-
Twelve	332.0		332.0		-	-	22.0		21.0		1.0	-			-			-
Post-Graduate					-	-					-	-			-			-
Adult H.S. (15+CR.)					-	-					-	-			-			-
Adult H.S. (1-14 CR.)					-	-					-	-			-			-
Subtotal	4,747.0	-	4,747.0	-	-	-	287.0	-	282.0	-	5.0	-	-	-	-	-	-	-
Special Ed - Elementary	353.0		353.0		-	-	8.0		8.0		-	-	24.0	27.0	(3.0)	18.0	18.0	-
Special Ed - Middle School	165.0		165.0		-	-	8.0		8.0		-	-	21.0	22.0	(1.0)	16.0	16.0	-
Special Ed - High School	189.0	1.0	189.0	1.0	-	-	9.0		8.0		1.0	-	22.0	28.0	(6.0)	17.0	16.0	1.0
Subtotal	707.0	1.0	707.0	1.0	-	-	25.0	-	24.0	-	1.0	-	67.0	77.0	(10.0)	51.0	50.0	1.0
Co. Voc. - Regular			-		-	-					-	-			-			
Co. Voc. Ft. Post Sec.			-		-	-					-	-			-			
Totals	5,454.0	1.0	5,454.0	1.0	-	-	312.0	-	306.0	-	6.0	-	67.0	77.0	(10.0)	51.0	50.0	1.0
Percentage Error					0.00%	0.00%					1.92%	0.00%			-14.93%			1.96%

**SCHEDULE OF AUDITED ENROLLMENTS**

**ORANGE PUBLIC SCHOOLS  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 13, 2023**

	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on A.S.S.A. as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on A.S.S.A. as 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	102.0	99.0	3.0	8.0	8.0	-						
Full Day Preschool 4 Years	118.0	120.0	(2.0)	9.0	9.0	-						
Full Day Kindergarten	284.0	285.0	(1.0)	21.0	21.0	-						
One	300.0	304.0	(4.0)	27.0	26.0	1.0	96.0	103.0	(7.0)	19.0	19.0	0.0
Two	267.0	272.0	(5.0)	22.0	21.0	1.0	130.0	133.0	(3.0)	26.0	25.0	1.0
Three	289.0	290.0	(1.0)	20.0	18.0	2.0	101.0	106.0	(5.0)	21.0	20.0	1.0
Four	254.0	258.0	(4.0)	18.0	17.0	1.0	86.0	94.0	(8.0)	17.0	15.0	2.0
Five	280.0	285.0	(5.0)	27.0	25.0	2.0	84.0	85.0	(1.0)	16.0	16.0	0.0
Six	245.0	245.0	-	17.0	16.0	1.0	95.0	100.0	(5.0)	19.0	18.0	1.0
Seven	255.0	258.0	(3.0)	18.0	17.0	1.0	55.0	59.0	(4.0)	12.0	11.0	1.0
Eight	208.0	200.0	8.0	16.0	14.0	2.0	55.0	60.0	(5.0)	12.0	12.0	0.0
Nine	242.0	245.0	(3.0)	19.0	15.0	4.0	32.0	36.0	(4.0)	7.0	6.0	1.0
Ten	199.0	198.0	1.0	11.0	9.0	2.0	58.0	63.0	(5.0)	11.0	9.0	2.0
Eleven	195.0	214.0	(19.0)	12.0	11.0	1.0	38.0	41.0	(3.0)	7.0	5.0	2.0
Twelve	183.0	183.0	-	14.0	12.0	2.0	36.0	40.0	(4.0)	8.0	8.0	0.0
Post-Graduate							35.0	40.0	(5.0)	10.0	8.0	2.0
Adult H.S. (15+CR.)												
Adult H.S. (1-14 CR.)												
Subtotal	3,421.0	3,456.0	(35.0)	259.0	239.0	20.0	901.0	960.0	(59.0)	185.0	172.0	13.0
Special Ed - Elementary	292.0	292.0	-	25.0	23.0	2.0	65.0	67.0	(2.0)	13.0	12.0	1.0
Special Ed - Middle	117.0	115.0	2.0	9.0	9.0	-	7.0	7.0	0.0	1.0	1.0	0.0
Special Ed - High	123.0	122.0	1.0	10.0	9.0	1.0						
Subtotal	532.0	529.0	3.0	44.0	41.0	3.0	72.0	74.0	(2.0)	14.0	13.0	1.0
Co. Voc. - Regular						-						
Co. Voc. Ft. Post Sec.						-						
Totals	3,953.0	3,985.0	(32.0)	303.0	280.0	23.0	973.0	1,034.0	(61.0)	199.0	185.0	14.0
Percentage Error			-0.81%			7.59%			-6.27%			7.04%

	Transportation					
	Reported on DRTS by DOE/county	Reported on DRTS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools, col. 1	211	211	-	-	-	-
Transported - Non-Public, col. 2	4	4	-	-	-	-
Special Ed Spec, col. 6	333	333	-	-	-	-
Totals	548	548	-	-	-	-
Percentage Error			0.00%			0.00%

**Note:** Detailed testing over DRTS and Non-public transportation was not performed for the fiscal year ending June 30, 2024 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)	5.1	5.1
Avg.(Mileage) = Regular Excluding Grade PK students (Part B)	5.1	5.1
Avg.(Mileage) = Special Ed with Special Needs	3.4	3.4

**SCHEDULE OF AUDITED ENROLLMENTS****ORANGE PUBLIC SCHOOLS  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 13, 2023**

	<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	28.0	21.0	7.0	5.0	5.0	0.0
One	28.0	25.0	3.0	4.0	4.0	0.0
Two	24.0	19.0	5.0	4.0	4.0	0.0
Three	32.0	24.0	8.0	6.0	6.0	0.0
Four	16.0	15.0	1.0	3.0	3.0	0.0
Five	29.0	24.0	5.0	5.0	5.0	0.0
Six	22.0	18.0	4.0	3.0	3.0	0.0
Seven	16.0	11.0	5.0	2.0	2.0	0.0
Eight	35.0	31.0	4.0	6.0	6.0	0.0
Nine	32.0	27.0	5.0	6.0	6.0	0.0
Ten	26.0	23.0	3.0	5.0	5.0	0.0
Eleven	44.0	40.0	4.0	8.0	8.0	0.0
Twelve	43.0	38.0	5.0	5.0	5.0	0.0
Post-Graduate						
Adult H.S. (15+CR.)						
Adult H.S. (1-14 CR.)						
Subtotal	375.0	316.0	59.0	62.0	62.0	0.0
Special Ed - Elementary	6.0	4.0	2.0	1.0	1.0	0.0
Special Ed - Middle	3.0	3.0	0.0	1.0	1.0	0.0
Special Ed - High	1.0	1.0	0.0	1.0	1.0	0.0
Subtotal	10.0	8.0	2.0	3.0	3.0	0.0
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	385.0	324.0	61.0	65.0	65.0	0.0
Percentage Error			15.84%			0.00%

**ORANGE PUBLIC SCHOOLS**

**SCHEDULE OF MEAL COUNT ACTIVITY**

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

<u>PROGRAM</u>	<u>MEAL CATEGORY</u>	<u>MEALS CLAIMED</u>	<u>MEALS TESTED</u>	<u>MEALS VERIFIED</u>	<u>DIFFERENCE</u>	<u>RATE (a)</u>	<u>(OVER) UNDER CLAIM (b)</u>
National School Program	Paid	244,907	244,907	244,907		\$ 0.420	
National School Program	Free	496,330	496,330	496,330		4.270	
Regular Breakfast	Paid	4,021	4,021	4,021		0.380	
Regular Breakfast	Free	8,149	8,149	8,149		2.280	
Severe Needs Breakfast	Paid	187,694	187,694	187,694		0.380	
Severe Needs Breakfast	Free	380,394	380,394	380,394		2.730	
After School Snack	Area Eligible	123,155	123,155	123,155		1.170	
After School Snack	Regular	4,365	4,365	4,365		1.170	
	<b>TOTAL</b>	<b>1,449,015</b>	<b>1,449,015</b>	<b>1,449,015</b>	<b>-</b>		<b>-</b>
	<b>HHFKA - PB</b>						
National School Lunch	Lunch Only	741,237	741,237	741,237		0.080	
<b>Total Net Overclaim</b>							<b>-</b>

Auditor Notation:

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

**ORANGE PUBLIC SCHOOLS**

**SCHEDULE OF MEAL COUNT ACTIVITY**

**FOOD SERVICE FUND**

**NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM -STATE  
ENTERPRISE FUND**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

<u>PROGRAM</u>	<u>MEAL CATEGORY</u>	<u>MEALS CLAIMED</u>	<u>MEALS TESTED</u>	<u>MEALS VERIFIED</u>	<u>DIFFERENCE</u>	<u>RATE (a)</u>	<u>(OVER) UNDER CLAIM (b)</u>
State School Program	Paid	244,907	244,907	244,907		\$ 0.060	
State School Program	Reduced	496,330	496,330	496,330		0.070	
Breakfast After the Bell	All	580,258	580,258	580,258		0.100	
	<b>TOTAL</b>	<u>1,321,495</u>	<u>1,321,495</u>	<u>1,321,495</u>			
<b>Total Net Overclaim</b>							<u><u>-</u></u>

Auditor Notation:

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

**ORANGE PUBLIC SCHOOLS**

**NET CASH RESOURCE SCHEDULE**

**Net cash resources did not exceed three months of expenditures**

**Proprietary Funds - Food Service**

**Year ended June 30, 2024**

<u>Net Cash Resources:</u>		<b>Food Service B - 4/5</b>	
<b>ACFR</b>	<b>*</b>	<b>Current Assets</b>	
B-4		Cash & Cash Equiv.	\$ 897,632
B-4		Interfunds Receivable	7,174,138
B-4		Accounts Receivable - State	22,778
B-4		Accounts Receivable - Federal	715,743
<b>ACFR</b>		<b>Current Liabilities</b>	
B-4		Less Accounts Payable	(775,800)
B-4		Less Due to Other Funds	(6,892,353)
B-4		Less Unearned Revenue	(13,396)
		<b>Net Cash Resources</b>	<b>\$ 1,128,742 (A)</b>
<u>Net Adj. Total Operating Expense:</u>			
B-5		Tot. Operating Exp.	4,967,011
B-5		Less Depreciation	(50,801)
		Adj. Tot. Oper. Exp.	<b>\$ 4,916,210 (B)</b>
<u>Average Monthly Operating Expense:</u>			
	B / 10		<b>\$ 491,621 (C)</b>
<u>Three times monthly Average:</u>			
	3 X C		<b>\$ 1,474,863 (D)</b>

TOTAL IN BOX A	\$ 1,128,742
LESS TOTAL IN BOX D	1,474,863
NET	<b>\$ (346,121)</b>

From above:

**A is greater than D, cash exceeds 3 X average monthly operating expenses.**

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

\* Inventories are not to be included in total current assets.

SOURCE - USDA resource management comprehensive review form

**ORANGE PUBLIC SCHOOLS  
GENERAL FUND  
EXCESS SURPLUS CALCULATION  
YEAR ENDED JUNE 30, 2024**

**SECTION 1**

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

2023-24 Total General Fund Expenditures Exhibit C-1	\$ 155,437,314 (A)
Increased by:	
Transfer from Capital Outlay to Capital Projects Fund	\$ - (A1a)
Transfer from Capital Reserve to Capital Projects Fund	\$ - (A1a)
Transfer from General Fund to SRF for Pre-K Regular	\$ - (A1a)
Transfer from General Fund to SRF for Pre-K Inclusion	\$ 561,278 (A1a)
Less: Expenditures Allocated to Restricted Federal Sources as Reported On Exhibit D-2	920,663 (A1b)
2023-24 Adjusted General Fund and Other State Expenditures [(A)+(A1a)-(A1b)]	\$ 155,077,929 (A2)
Decreased by:	
On-Behalf TPAF Pension and Social Security	25,206,129 (A3)
Assets Acquired Under Capital Leases:	
General Fund 10 Assets Acquired Under Capital Leases reported on Exhibit C-1a	1,061,087 (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	96.66% (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)]	1,061,087 (A8)
2023-24 General Fund Expenditures [(A2)-(A3)-(A8)]	128,810,713 (A9)
2 percent of Adjusted 2023-24 General Fund Expenditures [(A9) times .02]	2,576,213 (A10)
Enter Greater of (A10) or \$250,000	2,576,213 (A11)
Increased By: Allowable Adjustment*	88,644 (K)
Maximum Unassigned Fund Balance [(A11)+(K)]	\$ 2,664,857 (M)

**Detail of Allowable Adjustments**

Impact Aid	\$ - (H)
Sale & Lease-back	\$ - (I)
Extraordinary Aid	\$ 88,644 (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 2024 & Maintenance of Equity Aid received July 2024	\$ - (J5)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)+(J5)]	\$ 88,644 (K)



**SECTION 2**

Total General Fund - Fund Balances at June 30, 2024 \$ 19,063,625 (C)

## Decreased By:

Assigned - Year-end Encumbrances \$ 1,047,313 (C1)

Legally Restricted - Designated for Subsequent Year's Expenditures \$ - (C2)

Excess Surplus - Designated for Subsequent Year's Expenditures\*\* \$ 14,916,973 (C3)

Other Restricted/Reserved Fund Balances\*\*\*\* \$ 2,241,567 (C4)

Assigned - Designated for Subsequent Year's Expenditures \$ - (C5)

Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)] \$ 857,772 (U)

\*\* This amount represents the June 30, 2023 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet 90031.

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

\*\*\*\* 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, 2024.

(N-2) Maintenance reserve minimum required under EFCFA.

(N-3) Tuition reserve at June 30, 2024.

(N-4) Emergency reserve at June 30, 2024.

(N-5) School bus fuel offset reserve - current year - June 30, 2024.

(N-6) School bus fuel offset reserve - prior year - June 30, 2024.

(N-7) Impact Aid general fund reserve at June 30, 2024.

(N-8) Impact Aid capital fund reserve at June 30, 2024.

(N-9) Unemployment Fund reserve at June 30, 2024.

**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) \$ 758,478

**Other Restricted/Reserved Fund Balance not noted above\*\*\*\*** **\$ -**

**Total Other Restricted/Reserved Fund Balance** **\$ 2,241,567 (C4)**

**SECTION 3**

Restricted Fund balance - Excess Surplus\*\*\*[(U)-(M)] IF NEGATIVE ENTER-0 \$ - (E)

## Summary:

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures\*\* \$ 14,916,973 (C3)

Restricted Excess Surplus \*\*\* \$ - (E)

Total [(C3) + (E)] \$ 14,916,973 (D)

**ORANGE PUBLIC SCHOOLS**  
**AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS-**  
**FINANCIAL, COMPLIANCE AND PERFORMANCE**

Audit Recommendations Summary  
June 30, 2024

We suggest the following:

**Administrative Practices and Procedures**

None.

**Financial Planning, Accounting and Reporting**

2024-001 - 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.

2024-002 - The District continue to strengthen the controls surrounding the input of salary, rates and withholdings to ensure proper payment of employees in the future.

2024-004 - The District strengthen internal controls and procedures to ensure the TPAF FICA reimbursement payment is made accurately.

**School Purchasing Programs**

2023-005 - 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.

**School Food Service**

None.

**Student Body Activities**

2024-006 - 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**

2024-003 – 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.

**Pupil Transportation**

None.

**Facilities and Capital Assets**

The District update its capital asset inventory and provide for audit is included as part of Finding 2024-001.

**Miscellaneous**

None.

**ORANGE PUBLIC SCHOOLS**  
**AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS-**  
**FINANCIAL, COMPLIANCE AND PERFORMANCE**

**Status of Prior Year Findings**

The following findings from the prior year were repeated in the current year - 2023-001, 2023-002, 2023-003, 2023-005, 2023-007 and 2023-008.