

**CITY OF ORANGE TOWNSHIP SCHOOL DISTRICT  
COUNTY OF ESSEX, NEW JERSEY**

**AUDITOR'S MANAGEMENT REPORT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2021**

***PREPARED BY***

***SAMUEL KLEIN AND COMPANY, LLP  
CERTIFIED PUBLIC ACCOUNTANTS***

**CITY OF ORANGE TOWNSHIP SCHOOL DISTRICT  
COUNTY OF ESSEX  
NEW JERSEY**

**AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS -  
FINANCIAL, COMPLIANCE AND PERFORMANCE**

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## REPORT OF INDEPENDENT AUDITORS

Honorable President and Members  
of the Board of Education  
City of Orange Township School District  
County of Essex, New Jersey 07050

We have audited, in accordance with generally accepted audit 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 in the County of Essex for the year ended June 30, 2021, and have issued our report thereon dated June 30, 2022.

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



WALTER RYGLICKI  
Licensed Public School Accountant #845



SAMUEL KLEIN AND COMPANY LLP  
CERTIFIED PUBLIC ACCOUNTANTS

Newark, New Jersey  
June 30, 2022

**CITY OF ORANGE TOWNSHIP SCHOOL DISTRICT**

**ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**

**Scope of Audit**

The audit covered the financial transactions of the Board Secretary/Business Administrator and Treasurer of School Moneys, the activities of the Board of Education, the records of the various funds under the auspices of the Board of Education. This report is filed in conjunction with the District's Comprehensive Annual Financial Report (CAFR).

**Administrative Practices and Procedures**

Insurance

Insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule, contained in the District's CAFR.

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Dr. Edward F. Izbicki, Sr.	Interim School Business Administrator/Board Secretary Treasurer of School Moneys	

There is a Public Employees' Faithful Performance Blanket Bond covering all other employees.

**Finding 2021-01**

Condition:

The individual surety bonds for the above were not available for our review.

Recommendation:

That all surety bonds be available for audit.

Tuition Charges

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

**Financial Planning, Accounting and Reporting**

Examination of Claims

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

In verifying expenditures, computations were tested on claims approved and paid. No attempt was made in this connection to establish proof of rendition, character or extent of services, nor quantities, nature, propriety of prices or receipt of materials, these elements being left necessarily to internal review in connection with approval of claims.

## **Financial Planning, Accounting and Reporting (Continued)**

### **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.

All payrolls were not approved in the minutes by the Superintendent of Schools and certified by the President of the Board of Education and the Board Secretary/School Business Administrator.

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

The propriety of deductions from employee salaries for pensions, Social Security, withholding tax and other purposes from payrolls were not verified as part of this audit.

### **Finding 2021-02**

Condition:

Deductions and withholdings were remitted to authorized agencies, however, the federal and state tax payable reports were not available for audit.

Recommendation:

That all transfers to the Net Payroll and Payroll Agency accounts be detailed and verified as to their source and all federal and state tax reports be filed on a timely basis and available for audit.

### **Travel Reimbursement Policy**

The required travel and related reimbursement policy was in accordance with N.J.A.C. 6A:23B-1.2(a).

### **Reserve for Encumbrances and Accounts Payable**

A review of outstanding issued purchase orders was made as of June 30th for proper classification of orders as reserve for encumbrances and accounts payable.

### **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*. There were several transaction errors noted as a result of the procedures performed.

The coding of expenditures was tested for proper classification in accordance with *N.J.A.C. 6A:23-2.2(g)* 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 tested administrative coding classifications to determine overall reliability and compliance with *N.J.A.C. 6A:23A-2.4*. As a result of the procedures performed, a transaction error rate of 0% overall was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Classification of Expenditures (Continued)

**Finding 2021-03**

Condition:

During our tests of transactions, it was noted that the District misclassified the prior years' accounts payable, refunds and expenditures in the General Fund and Special Revenue Fund. The expenditures and related appropriations were reclassified to the individual Federal and State Grants and General Administration - Miscellaneous Expenditures.

Recommendation:

That the District should reference *The Uniform Minimum Chart of Accounts for New Jersey Public Schools* and other available reference materials, such as the Budget Guidelines for the proper classifications required to be in compliance with N.J.A.C. 6A:23-2.2(g).

**Finding 2021-04**

Condition:

The District completed the TPAF Reimbursement to the State of New Jersey as required by N.J.S.A. 18A:66-90. The required reimbursement, in the amount of \$480,000.00, was not recorded on the District Financial Records. There were insufficient available funds in the individual grants effected. An encumbrance in the General Fund was established through audit adjustments.

Recommendation:

That all obligations be properly and timely recorded.

Interim Board Secretary/School Business Administrator's Records

The financial records and books of accounts maintained by the Board Secretary/School Board Business Administrator were not accurately maintained.

Revenue and receipts were established and verified as to source and amount only insofar as the local records permitted.

**Finding 2021-05**

Condition:

The Board Secretary/School Business Administrator did not complete the Administrative Questionnaire, and audit checklists as required by the Department of Education.

Recommendation:

That the Board Secretary/School Business Administrator complete the Administrative Questionnaire and the audit checklists and furnish complete records on a timely basis.

**Finding 2021-06**

Condition:

The District did not adjust the financial records for the reduction of \$3,999,211 in State Aid to the 2020-2021 approved budgets as required by the Department of Education. Audit adjustments were required in order to reflect this reduction.

Recommendation:

That the District's financial records agree with the Department of Education's approved budget.

Interim Board Secretary/School Business Administrator's Records (Continued)

**Finding 2021-07**

Condition:

General Ledgers for the various funds were not accurately nor properly maintained.

Recommendation:

That all General Ledgers be maintained in accordance with N.J.A.C. 6A:23A-16.

**Finding 2021-08**

Condition:

Purchase orders were being prepared by the Accounts Payable Office and not by the Office of the Purchasing Agent. The lack of proper segregation of duties is a material weakness in the Board of Education's Internal Control over purchasing. The new administration has corrected this finding during the 2021-2022 school year.

**Finding 2021-09**

Condition:

District personnel 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.

Recommendation:

That purchase orders should be reviewed for proper classification at June 30th as accounts payable or reserve for encumbrances based upon whether the goods have been received or the services rendered. All the orders that will not be liquidated within the suggested time frame of 90 days of year-end should be cancelled. Reconciliations of the adjusted June 30th balances for the accounts payable and reserve for encumbrances should be performed and the required schedules be prepared for the year-end audit.

Elementary and Secondary Education Act (ESEA), Improving America's Schools Act (IASA) as Reauthorized by the No Child Left Behind (NCLB) Act of 2001 as Amended by the Every Student Succeeds Act (ESSA)

The ESEA financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the projects under Titles I through VI of the Elementary and Secondary Education Act, as amended and reauthorized.

**Finding 2021-10**

Condition:

The final Federal and State expenditure reports remitted to the State Department of Education were not in agreement with the District's underlying financial records.

Recommendation:

That all final Federal and State expenditure reports agree to the underlying financial records of the District.

Elementary and Secondary Education Act (ESEA), Improving America's Schools Act (IASA) as Reauthorized by the No Child Left Behind (NCLB) Act of 2001 as Amended by the Every Student Succeeds Act (ESSA)  
(Continued)

**Finding 2021-11**

Condition:

The amounts reported on Schedules K-3 and K-4 Due to the State in the prior year Audit Report were not remitted in a timely manner.

Recommendation:

That all funds Due to the State of New Jersey be remitted in a timely manner.

**Finding 2021-12**

Condition:

A review of the appropriation line item budget presented for audit indicated that several budgetary line items were increased with no formal approval by board resolution for the General Fund and Special Revenue Fund.

Recommendation:

That all increases that modify the Adopted School Budget be approved by Board Resolution.

**Finding 2021-13**

Condition:

The amounts established for revenues and appropriations in the Special Revenue Fund were not in agreement to actual letters of Federal and State Aid Awards. Several audit adjustments were necessary in order for the revenues and appropriations to agree with Federal and State Aid Awards.

Recommendation:

That revenues and appropriations in the Special Revenue Fund agree with actual award letters of aid.

**Other Special Federal and/or State Projects**

The District's Special Projects were approved as listed on the Special Revenue Fund, Schedule K-3 and Schedule K-4, located in the CAFR.

Our audit of 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.

**TPAF Reimbursement to the State for Federal Salary Expenditures**

The reimbursements to the State for the amount of the expenditure 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 was made subsequent to the end of the 60 day grant liquidation period, but prior to the 90 days required by N.J.S.A. 18A:66-90. Accordingly, the expenditure was not made in accordance with State law (90 days) and were not properly reported as obligated and not expended and as an unliquidated balance in the current year's Final Report(s) for all federal awards.

**TPAF Reimbursement**

Our audit procedures included a test of the semi-monthly reimbursement forms filed with the Department of Education for District employees who are members of the TPAF. No exceptions were noted.



**Minutes**

**Finding 2021-14**

Condition:

The following subject matters were not recorded in the minutes:

- Official Newspaper Designated N.J.S.A. 18A:18A-21
- Request for Local Property Taxes R.S. 54:4-75
- Designation of EUS N.J.S.A. 18A:18A-5 and N.J.S.A. 18A:18A-37
- Designation of Qualified Purchasing Agent N.J.S.A. 18A:18A-3

Recommendation:

That all relevant subject matters be approved and recorded in the official minutes.

**Treasurer of School Monies**

**Finding 2021-15**

Condition:

The records maintained by the Treasurer of School Monies are not maintained in a satisfactory manner.

The following Cash Reconciliations were not prepared on a monthly basis:

- General Operating Fund
- Capital Projects Fund
- Food Service Fund
- Net Payroll Account
- Payroll Agency Account
- Debt Service Fund
- Unemployment Fund

It is noted that the June 30, 2021 Treasurer's Report was signed and dated March 14, 2022.

The District's financial records and those of the Treasurer of School Monies Records were not in agreement for the period July 1, 2020 to June 30, 2021.

The Treasurer of School Monies Outstanding Checklists were neither accurately prepared nor in agreement with the amounts disbursed by the School Business Administrator's Office.

Recommendation:

That the financial records maintained by the Treasurer of School Monies be accurately and properly maintained in accordance with the Department of Education requirements.

## School Purchasing Programs

### Contracts and Agreements Requiring Advertisement for Bids

Effective July 1, 2020 and thereafter the bid thresholds in accordance with N.J.S.A. 18A:18A-3 and 18A:39-3 are \$32,000 and \$19,600, respectively.

The District has elected to establish the bidding threshold at \$44,000.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Solicitor's opinion should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

The results of our examination indicated that no individual payments, contracts, or agreements were 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.

The system of records did not provide for an accumulation of purchases for which the School Board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained.

### Business-Type Activities

Enterprise Fund:

Food Service Fund:

The School District has contracted with Compass Group US, Inc., (Chartwells) to administer the Food Service Program for the District

Provisions of the FSMC contract/addendum were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the Food Service Program will be profitable with certain other provisions. The operating results were met.

The statistical records of the School Food Service were maintained in satisfactory condition. The meal count records and eligibility applications were reviewed on a test basis. There were no exceptions.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served did not exceed the number of valid applications on file, times the number of operating days, on a school by school basis. The free and reduced price system is administered uniformly throughout the School System. The required verification procedures for free and reduced price applications were completed and available for audit.

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

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all School Food Service employees authorized by the Board of Education.

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 nonprofit status of the School Food.

## **School Purchasing Programs (Continued)**

### **Business-Type Activities (Continued)**

Enterprise Fund: (Continued)

Food Service Fund: (Continued)

The appropriate revenue and expenditure records were maintained in order to substantiate the nonprofit status of the School Food Service. Net cash resources did not exceed three months average expenditures.

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. Reimbursement claims were submitted/certified in a timely manner.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Business-Type Activities, Enterprise Funds (Exhibit B-4 through B-6) in Section B of the CAFR.

It should be noted that the food service company has provided the required Report on Internal Controls of Service Organizations in accordance with the AICPA Statement on Standards for Attesting Engagements Number 16 (SSAE#16).

Food Distribution Program Commodities were received during the period of audit. Inventory records on commodities are being maintained. The value of U.S.D.A. Commodities received during 2020-2021 was \$144,343. The inventory was maintained on a first-in, first-out basis.

The School District project remains the detailed revenue and expenditure information necessary in order to execute the USDA mandated Non-Program Food Revenue Tool at least annually.

### **Student Body/Athletic Activities**

Cash receipts and cash disbursement records were maintained in a satisfactory condition.

A test check of bills was made to the disbursement record.

### **Application for State School Aid**

Our audit procedures included a test of information reported in the October 15, 2020 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 that was on the workpapers was verified with no 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 has adequate written procedures for the recording of student enrollment data.

### **Pupil Transportation**

Our audit procedures included a test of on-roll status reported in the 2020-2021 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with no discrepancies. The information that was included in our test was verified with no exceptions. 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 awards of contracts.

## **Facilities and Capital Assets**

### **Finding 2021-16**

#### Condition:

A detailed Capital Asset Report was not available at the time of audit. Accounting Principles Generally Accepted in the United States of America (US GAAP) and the Uniform Chart of Accounts requires a fixed asset ledger be maintained to record the historical cost and the capitalization of costs associated with the acquisition or construction of property, plant and equipment (PPE).

#### Recommendation:

That a fixed asset ledger be maintained monthly as required by the Uniform Chart of Accounts and US GAAP.

### **Testing for Lead of All Drinking Water in Education Facilities**

The school district adhered to all 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 School District submitted the Annual Statement of Assurance to the Department of Education pursuant to N.J.A.C. 6A:26-12.4(g).

### **Follow-Up on Prior Year's Findings**

There were no audit findings in the prior year.

### **Miscellaneous**

The minutes indicate that the Report on Examination of Accounts for the 2019-2020 fiscal year was reviewed by the Board, a synopsis thereof distributed at a public meeting and public discussion held.

ACKNOWLEDGMENT

We received the complete cooperation of all the officials of the School District and greatly appreciate the courtesies extended to the members of the audit team.

*Walter B. Ryglicki*

WALTER P. RYGLICKI  
Licensed Public School Accountant #845

*Samuel Klein & Company LLP*

SAMUEL KLEIN AND COMPANY, LLP  
CERTIFIED PUBLIC ACCOUNTANTS

Newark, New Jersey  
June 30, 2022

**CITY OF ORANGE TOWNSHIP SCHOOL DISTRICT**  
**ENTERPRISE FUND - FOOD SERVICE FUND**  
**SCHEDULE OF MEAL COUNT ACTIVITY**  
**NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM - FEDERAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

PROGRAM	MEAL CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE (a)	(OVER)/ UNDER-CLAIM (b)
National School Lunch (High Rate)	Paid	0	0	0	-	0.35	\$ -
National School Lunch (High Rate)	Reduced	0	0	0	-	3.53	-
National School Lunch (High Rate)	Free	83,774	83,774	83,774	-	3.53	-
Seamless Summer Option	Free	155,206	155,206	155,206	-	3.53	-
	<b>TOTAL</b>	<b>238,980</b>	<b>238,980</b>	<b>238,980</b>	<b>-</b>		<b>-</b>
National School Lunch	HHFKA - PB Lunch Only	238,980	238,980	238,980	-	0.07	-
School Breakfast (High Rate)	Paid	0	0	0	-	0.32	-
School Breakfast (High Rate)	Reduced	0	0	0	-	1.96	-
School Breakfast (High Rate)	Free	83,774	83,774	83,774	-	2.26	-
Seamless Summer Option	Free	155,206	155,206	155,206	-	2.26	-
	<b>TOTAL</b>	<b>238,980</b>	<b>238,980</b>	<b>238,980</b>	<b>-</b>		<b>-</b>
After School Snacks	Paid				-		-
	Reduced				-		-
	Free (Area Eligible)	0	0	0	-	0.96	-
	<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>		<b>-</b>
<b>Total Net Underclaim</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-60.28 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.

**CITY OF ORANGE TOWNSHIP SCHOOL DISTRICT**  
**ENTERPRISE FUND - FOOD SERVICE FUND**  
**SCHEDULE OF MEAL COUNT ACTIVITY**  
**NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM -STATE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<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 Reimbursement - National School Lunch (High Rate)	Paid	0	0	0	-	0.050	\$ -
State Reimbursement - National School Lunch (High Rate)	Reduced	0	0	0	-	0.055	-
State Reimbursement - National School Lunch (High Rate)	Free	83,774	83,774	83,774	-	0.055	-
Seamless Summer Option	Free	155,206	155,206	155,206	-	0.255	-
	<b>TOTAL</b>	<u>238,980</u>	<u>238,980</u>	<u>238,980</u>			<u>-</u>
<b>Total Net Underclaim</b>							<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-60.28 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.

**CITY OF ORANGE TOWNSHIP SCHOOL DISTRICT**  
**COUNTY OF ESSEX, NEW JERSEY**

**NET CASH RESOURCE SCHEDULE**

Net Cash Resources Did Not Exceed Three Months of Expenditures  
 Proprietary Funds - Food Service  
 For the Year Ended June 30, 2021

<u>Net Cash Resources:</u>		<b>Food Service B - 4/5</b>	
<b>CAFR</b>	*	<b>Current Assets</b>	
B-4		Due from Other Governments	\$ 938,610
<b>CAFR</b>		<b>Current Liabilities</b>	
B-4		Less Accounts Payable	202,564
B-4		Less Due to Other Funds	<u>743,499</u>
		<b>Net Cash Resources</b>	<b><u>\$ (7,453) (A)</u></b>
 <b><u>Net Adjustment Total Operating Expense:</u></b>			
B-5		Total Operating Expense	\$ 1,731,532
B-5		Less Depreciation	<u>-</u>
		<b>Adj. Total Operating Expense</b>	<b><u>\$ 1,731,532 (B)</u></b>
 <b><u>Average Monthly Operating Expense:</u></b>			
		B / 10	<b><u>\$ 173,153 (C)</u></b>
 <b><u>Three Times Monthly Average:</u></b>			
		3 X C	<b><u>\$ 519,459.58 (D)</u></b>

TOTAL IN BOX A	\$ (7,453)
LESS TOTAL IN BOX D	\$ 519,460
NET	<b><u>\$ (526,913)</u></b>
From above:	
<b>A is greater than D, cash exceeds 3 X average monthly operating expenses.</b>	
<b>D is greater than A, cash does not exceed 3 X average monthly operating expenses.</b>	

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

SOURCE - USDA Resource Management Comprehensive Review Form



**SCHEDULE OF AUDITED ENROLLMENTS**

**CITY OF ORANGE TOWNSHIP PUBLIC SCHOOLS  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2020**

	2020-2021 Application for State School Aid				Sample for Verification				Private Schools for Disabled					
	Reported on A.S.S.A. On Roll		Workpapers On Roll		Selected from Workpapers		Verified per Registers On Roll		Errors per Registers On Roll		Reported on A.S.S.A. as Private Schools		Sample for Verification	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Sample Verified	Sample Errors
Half Day Preschool	112	-	112	-	-	-	7	-	-	-	-	-	-	-
Full Day Preschool - 3	157	-	157	-	-	-	10	-	-	-	-	-	-	-
Full Day Preschool - 4														
Half Day Kindergarten														
Full Day Kindergarten	385	-	385	-	-	-	28	-	-	-	-	-	-	-
One	341	-	341	-	-	-	20	-	-	-	-	-	-	-
Two	381	-	381	-	-	-	29	-	-	-	-	-	-	-
Three	367	-	367	-	-	-	22	-	-	-	-	-	-	-
Four	352	-	352	-	-	-	29	-	-	-	-	-	-	-
Five	330	-	330	-	-	-	18	-	-	-	-	-	-	-
Six	381	-	381	-	-	-	17	-	-	-	-	-	-	-
Seven	323	-	323	-	-	-	14	-	-	-	-	-	-	-
Eight	320	-	320	-	-	-	16	-	-	-	-	-	-	-
Nine	311	-	311	-	-	-	22	-	-	-	-	-	-	-
Ten	269	-	269	-	-	-	17	-	-	-	-	-	-	-
Eleven	289	-	289	-	-	-	17	-	-	-	-	-	-	-
Twelve	259	-	259	-	-	-	14	-	-	-	-	-	-	-
Post-Graduate														
Adult H.S. (15+CR.)														
Adult H.S. (1-14 CR.)														
Subtotal	4,577	-	4,577	-	-	-	280	-	280	-	-	-	-	-
Special Ed - Elementary	316	-	316	-	-	-	9	-	9	-	15	-	15	-
Special Ed - Middle School	163	-	163	-	-	-	13	-	13	-	5	-	5	-
Special Ed - High School	182	-	182	-	-	-	10	-	10	-	14	-	14	-
Subtotal	661	-	661	-	-	-	32	-	32	-	39	-	34	-
Co. Voc. - Regular														
Co. Voc. Ft. Post Sec.														
Totals	5,238	-	5,238	-	-	-	312	-	312	-	39	-	34	-
Percentage Error														

SCHEDULE OF AUDITED ENROLLMENTS

CITY OF ORANGE TOWNSHIP PUBLIC SCHOOLS  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2020

No LEP NOT Low Income Testing was Performed	Resident LEP NOT Low Income		Sample for Verification	
	Reported on A.S.S.A. as NOT Low Income	Reported on Workpapers as NOT Low Income	Sample Selected from Workpapers	Verified to Application and Register
			Errors	Sample Errors
Half Day Preschool			-	-
Full Day Preschool			-	-
Half Day Kindergarten			-	-
Full Day Kindergarten	34	34	-	-
One	9	9	-	-
Two	16	16	-	-
Three	7	7	-	-
Four	8	8	-	-
Five	11	11	-	-
Six	11	11	-	-
Seven	5	5	-	-
Eight	14	14	-	-
Nine	11	11	-	-
Ten	16	16	-	-
Eleven	28	28	-	-
Twelve	12	12	-	-
Post-Graduate			-	-
Adult H.S. (15+CR.)			-	-
Adult H.S. (1-14 CR.)			-	-
Subtotal	182	182	-	-
Special Ed - Elementary	6	6	-	-
Special Ed - Middle			-	-
Special Ed - High			-	-
Subtotal	6	6	-	-
Co. Voc. - Regular			-	-
Co. Voc. Ft. Post Sec.			-	-
Totals	188	188	-	-
Percentage Error			0.00%	0.00%

**SCHEDULE OF AUDITED ENROLLMENTS**

**CITY OF ORANGE TOWNSHIP PUBLIC SCHOOLS  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2020**

No Low Income Testing was Performed	Resident Low Income			Resident LEP Low Income			Testing here based on entire LEP population, not just Low Income Sample for Verification			
	Reported on A.S.S.A. as Low Income	Reported on Workpapers as Low Income	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 Application and Register	Sample Test Score	Sample Errors
Half Day Preschool	221	221	-	-	-	-	-	-	-	-
Full Day Preschool	289	289	-	46	46	-	25	25	25	-
Half Day Kindergarten	299	299	-	86	86	-	16	16	16	-
Full Day Kindergarten	332	332	-	100	100	-	29	29	23	-
One	330	330	-	56	56	-	26	26	26	-
Two	313	313	-	32	32	-	10	10	10	-
Three	284	284	-	18	18	-	8	8	8	-
Four	340	340	-	25	25	-	3	3	3	-
Five	282	282	-	27	27	-	19	19	19	-
Six	291	291	-	27	27	-	9	9	9	-
Seven	270	270	-	15	15	-	15	15	15	-
Eight	231	231	-	45	45	-	14	14	14	-
Nine	254	254	-	36	36	-	11	11	11	-
Ten	206	206	-	-	-	-	-	-	-	-
Eleven	-	-	-	-	-	-	-	-	-	-
Twelve	-	-	-	-	-	-	-	-	-	-
Post-Graduate	-	-	-	-	-	-	-	-	-	-
Adult H.S. (15+CR.)	-	-	-	-	-	-	-	-	-	-
Adult H.S. (1-14 CR.)	-	-	-	-	-	-	-	-	-	-
Subtotal	3,942	3,942	-	573	573	-	208	208	208	-
Special Ed - Elementary	281	281	-	47	47	-	24	24	24	-
Special Ed - Middle	149	149	-	1	1	-	-	-	-	-
Special Ed - High	161	161	-	48	48	-	24	24	24	-
Subtotal	591	591	-	621	621	-	232	232	232	-
Co. Voc. - Regular	-	-	-	-	-	-	-	-	-	-
Co. Voc. Ft. Post Sec.	-	-	-	-	-	-	-	-	-	-
Totals	4,533	4,533	-	621	621	-	232	232	232	-
Percentage Error	-	-	-	-	-	-	-	-	-	-

Reg. - Public Schools, col. 1 Reg. -Special Ed, col. 4 Transported - Non-Public, col. 3 Special Ed Spec, col. 6 Totals	Transportation			Reported	Recalculated
	Reported on DRTS by DOE/county	Reported on DRTS by District	Errors		
	47	47	-	6.1	6.1
	50	50	-	6.1	6.1
	-	-	-	6.1	6.1
	350	350	-	3.0	3.0
	447	447	-	3.0	3.0
Percentage Error	-	-	-	-	-

**CITY OF ORANGE TOWNSHIP SCHOOL DISTRICT**  
**COUNTY OF ESSEX**  
**FISCAL YEAR ENDED JUNE 30, 2021**

**EXCESS SURPLUS CALCULATION**

**SCHOOL BASED BUDGET DISTRICT**

**SECTION 1**

**A. 4% Calculation of Excess Surplus**

2020-21 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ <u>115,033,097.00</u> (A)	
Increased by:		
Transfer from Capital Outlay to Capital Projects Fund	\$ _____ (A1a)	
Transfer from Capital Reserve to Capital Projects Fund	\$ _____ (A1a)	
Less: Expenditures Allocated to Restricted Federal Resources as Reported on Exhibit D-2	\$ <u>703,195.00</u> (A1b)	
Decreased by:		
On-Behalf TPAF Pension and Social Security	\$ <u>18,035,792.00</u> (A4)	
Assets Acquired Under Capital Leases in Fund 15	\$ _____ (A5)	
Adjusted 2020-21 General Fund Expenditures	\$ <u>96,294,110.00</u> (A9)	
4% of Adjusted 2020-21 General Fund Expenditures [(A9) times .04]	\$ <u>3,851,764.40</u> (A10)	
Enter Greater of (A10) or \$250,000	\$ <u>3,851,764.40</u> (A11)	
Increased by: Allowable Adjustment *	\$ <u>101,164.00</u> (K)	
Maximum Unassigned Fund Balance [(A11)+(K)]		\$ <u>3,952,928.40</u> (M)

**SECTION 2**

Total General Fund - Fund Balances @ 6-30-21 (Per CAFR Budgetary Comparison Schedule C-1)	\$ <u>9,485,717.00</u> (C)	
Decreased by:		
Year ended Encumbrances	\$ <u>2,959,540.00</u> (C1)	
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ <u>2,573,249.00</u> (C2)	
Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ _____ (C3)	
Other Restricted Fund Balances ****	\$ <u>0.00</u> (C4)	
Assigned - Fund Balance - Designated for Subsequent Year's Expenditures	\$ <u>0.00</u> (C5)	
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]		\$ <u>3,952,928.00</u> (U1)

**BOARD OF EDUCATION  
CITY OF ORANGE TOWNSHIP SCHOOL DISTRICT  
COUNTY OF ESSEX  
FISCAL YEAR ENDED JUNE 30, 2021**

**SECTION 3**

Restricted Fund Balance - Excess Surplus\*\*\*[(U2)-(M)] IF NEGATIVE ENTER -0- \$ 0.00 (E)

**Recapitulation of Excess Surplus as of June 30, 2021**

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ <u>0.00</u> (C3)
Reserved Excess Surplus***[(E)]	\$ <u>0.00</u> (E)
Total [(C3) + (E)]	\$ <u>0.00</u> (D)

\* This adjustment line (as detailed below) is to be utilized for Impact Aid, Sale and Lease-back (Refer to the Audit Program Section II, Chapter 10) and Extraordinary Aid, and Additional Nonpublic School Transportation Aid. Refer to the Audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid and Additional Nonpublic School Transportation Aid.

**Detail of Allowable Adjustments**

Impact Aid	\$ _____ (H)
Sale and Lease-Back	\$ _____ (I)
Extraordinary Aid	\$ <u>101,164.00</u> (J1)
Additional Nonpublic School Transportation Aid	\$ _____ (J2)
Total Adjustments [(H)+(I)+(J1)+(J2)]	\$ <u>101,164.00</u> (K)

\*\* This amount represents the June 30, 2021 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

\*\*\* Amounts must agree to the June 30, 2021 CAFR and Audit Summary Worksheet 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.

**Detail of Other Restricted Fund Balance**

Statutory restrictions:	
Approved unspent separate proposal	\$ _____
Capital outlay for a district with a capital outlay Cap Waiver	\$ _____
Sale/lease-back reserve	\$ _____
Capital reserve	\$ _____
Maintenance reserve	\$ <u>0.00</u>
Unemployment reserve	\$ <u>0.00</u>
Other state/government mandated reserve	\$ _____
[Other Restricted Fund Balance not noted above] ****	\$ _____
Total Other Restricted Fund Balance	\$ <u>0.00</u> (C4)

**CITY OF ORANGE TOWNSHIP SCHOOL DISTRICT**

**ENCUMBRANCES**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Encumbrances per the June 30, 2021 Board Secretary's Report

\$4,196,722

<u>Description</u>	<u>Total by Category</u>	<u>Amount Properly Encumbered</u>	<u>Encumbrances (Added) and Cancelled Through Audit Adjustments</u>
Professional and Technical Services	\$ 20,334	\$ 7,800	\$ 12,534
Professional Education Services	20,300	7,829	12,471
Other Purchased Professional Services	523,050	46,963	476,087
Cleaning, Repairs, and Maintenance	83,099	22,182	60,917
Charter School Tuition	302,036	464,418	(162,382)
Tuition to Other LEAS in State	2,426	13,926	(11,500)
Vocational School -Regular	29,726	-	29,726
Tuition County Special Services	332,081	149,608	182,473
Tuition Private School Handicap	488,501	168,552	319,950
Tuition State Facilities	11,498	-	11,498
Contracted Services	6,531	1,610	4,921
Contracted Services - Special	1,226,086	1,052,450	173,636
Supplies	32,171	30,994	1,177
Other Services	99,345	139,345	(40,000)
Social Security Contributions	-	480,000	(480,000)
Electric and Gas	758,082	-	758,082
Construction	261,456	261,456	-
Equipment	-	-	-
	<u>4,196,722</u>	<u>2,847,132</u>	<u>1,349,590</u>

Total Encumbrances Cancelled During  
the Audit

1,349,590

Fund Balance Reserve for Encumbrances  
in the CAFR

\$2,847,132

**CITY OF ORANGE TOWNSHIP SCHOOL DISTRICT**  
**AUDIT RECOMMENDATIONS SUMMARY**  
**FISCAL YEAR ENDED JUNE 30, 2021**

Recommendations:

1. Administrative Practices and Procedures

That all surety bonds be available for audit.

2. Financial Planning, Accounting and Reporting

That all transfers to the Net Payroll and Payroll Agency accounts be detailed and verified as to their source and all federal and state tax reports be filed on a timely basis and available for audit.

That the District should reference *The Uniform Minimum Chart of Accounts for New Jersey Public Schools* and other available reference materials, such as the Budget Guidelines for the proper classifications required to be in compliance with N.J.A.C. 6A:23-2.2(g).

That all obligations be properly and timely recorded.

That the Board Secretary/School Business Administrator complete the Administrative Questionnaire and the audit checklists and furnish complete records on a timely basis.

That the District's financial records agree with the Department of Education's approved budget.

That all General Ledgers be maintained in accordance with N.J.A.C. 6A:23A-16.

That purchase orders should be reviewed for proper classification at June 30 as accounts payable or reserve for encumbrances based upon whether the goods have been received or the services rendered. All the orders that will not be liquidated within the suggested time frame of 90 days of year-end should be cancelled. Reconciliations of the adjusted June 30 balances for the accounts payable and reserve for encumbrances should be performed and the required schedules be prepared for the year-end audit.

That all final Federal and State expenditure reports agree to the underlying financial records of the District.

That all funds Due to the State of New Jersey be remitted in a timely manner.

That all increases that modify the Adopted School Budget be approved by Board Resolution.

That revenues and appropriations in the Special Revenue Fund agree with the actual award letters of aid.

That all relevant subject matters be approved and recorded in the official minutes.

That the financial records maintained by the Treasurer of School Moneys be accurately and properly maintained in accordance with the Department of Education requirements.

**CITY OF ORANGE TOWNSHIP SCHOOL DISTRICT**  
**AUDIT RECOMMENDATIONS SUMMARY**  
**FISCAL YEAR ENDED JUNE 30, 2021**  
**(Continued)**

3. School Purchasing Program  
None
4. School Food Service  
None
5. Student Body Activities  
None
6. Application for State School Aid  
None
7. Pupil Transportation  
None
8. Facilities and Capital Assets  
That a fixed asset ledger be maintained monthly as required by the Uniform Chart of Accounts and US GAAP.
9. Follow-Up on Prior Years' Findings  
There were no prior year recommendations.
10. Miscellaneous  
None