

**FLORHAM PARK BOARD OF EDUCATION
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2023**

**FLORHAM PARK BOARD OF EDUCATION
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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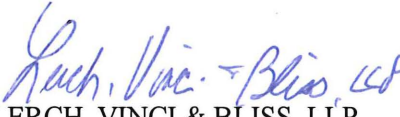
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Honorable President and Members
of the Board of Education
P.O. Box 39
Florham Park, New Jersey 07932

We have audited in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Florham Park Board of Education as of and for the fiscal year ended June 30, 2023, and have issued our report thereon dated November 29, 2023.

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

This report is intended for the information of management, the Board of Education, others within the District and the New Jersey State Department of Education. However, this report is a matter of public record and its distribution is not limited.


LERCH, VINCI & BLISS, LLP
Certified Public Accountants
Public School Accountants


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
November 29, 2023

**FLORHAM PARK BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Monies, the activities of the Board of Education and the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

Fire insurance coverage was carried in the amounts as detailed on the Insurance Schedule (Exhibit J-20) contained in the district’s Annual Comprehensive Financial Report (ACFR).

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
John R. Csatos	Board Secretary/School Business Administrator	\$100,000
Raymond G. Karaty	Treasurer of School Monies	230,000

There is a Public Employee Dishonesty and Faithful Performance Coverage with the New Jersey Schools Insurance Group covering all other employees with multiple coverage of \$100,000.

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 data certification was completed by the Chief School Administrator. The school district submitted the Chapter 44 data in a timely manner.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under review did not reveal any material discrepancies with respect to signatures, certifications and supporting documentation.

Payroll Account

The net salaries of all employees of the Board were deposited in the Payroll Account. Employees’ payroll deductions and employer’s share of payroll taxes were deposited in the Payroll Agency Account.

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

**FLORHAM PARK BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Financial Planning, Accounting and Reporting (Continued)

Payroll Account (Continued)

Salary withholdings were promptly remitted to the proper agencies, including employee health benefit premium contribution amounts withheld due to the General Fund.

The District maintains a personnel tracking and accounting (position control) system.

The School Business Administrator completed and filed the required Certification of Compliance with Federal and State Law for the reporting of compensation for certain employees.

Travel

The District had an approved board travel policy as required by N.J.A.C. 6A:23A-6.13 and N.J.S.A. 18A:11-12.

Year-End Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, for goods not yet received or services not yet rendered and it was determined that no blanket purchase orders were included in the balance of the year-end encumbrances. Also, unpaid purchase orders included in the balance of accounts payable were reviewed for propriety and to determine that goods were received and services were rendered, as of June 30.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, we also selected administrative coding classifications to determine overall reliability and compliance with NJAC 6A:23A-8.3. As a result of the procedures performed no additional testing was required to test the propriety of expenditure classifications.

Board Secretary's Records

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

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

Finding 2023-1 - Our audit revealed the required monthly certifications that the District had no budget line item overexpenditures and no major fund in a deficit position for the months of September, 2022 through June 2023 were not submitted to the Board for their approval.

Recommendation – The required monthly financial certifications be submitted with the Board Secretary and Treasurer's reports and be acknowledged by the Board and included in the official minutes.

The prescribed contractual order system was followed.

Treasurer's Records

The Treasurer did perform cash reconciliations for all District accounts (NJSA 18A:17-9).

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

The Treasurer's cash balances were in agreement with the reconciled cash balances as determined during the audit.

**FLORHAM PARK BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Financial Planning, Accounting and Reporting (Continued)

Unemployment Compensation Insurance Account

The Board has adopted the direct reimbursement method and has established an Unemployment Compensation Insurance Account. The financial transactions of this fund are reported in the General Fund.

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

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

Our examination of the E.S.E.A. funds on a test basis indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

Other Special Federal and/or State Projects

The District's Special Projects were approved as listed on Exhibit K-3 and K-4 located in the ACFR.

Our audit of the Federal and State funds on a test basis indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits are contained within the Special Revenue section of the ACFR. This section of the ACFR documents the financial position pertaining to the aforementioned special projects.

T.P.A.F. Reimbursements

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 Teachers' Pension and Annuity Fund. No exceptions were noted.

There were no TPAF employees' pensionable wages paid from federal funds during the current fiscal year. Therefore, there were no reimbursement amounts due to the State at June 30, 2023.

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 currently \$20,200.

If the purchasing agent is qualified pursuant to subsection b of section 9 of P.L. 1971, c.198 (c.40A:11-9), the Board of Education may establish that the bid threshold may be up to \$44,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section. The Board has designated the School Business Administrator as the qualified purchasing agent and has approved by Board resolution a bid threshold of \$44,000.

**FLORHAM PARK BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

School Purchasing Programs (Continued)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

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

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

The results of our examination did not indicate any individual payments, contracts, or agreements which were made "for the performance of any work or the furnishing or hiring of any materials or supplies," in excess of statutory thresholds where there had been no advertising for bids in accordance with the provisions of N.J.S.A. 18A:18A-4, as amended.

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

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.

Finding 2023-002 – Our audit of purchasing revealed that in certain instances, political contribution disclosure forms (PCDF) were not obtained and on file as required.

Recommendation – Continued efforts be made to obtain all political contribution disclosure forms (PCDF) as required by the Public-School Contracts Law.

Enterprise Funds

Food Service Fund

The financial transactions and records of the school food services were maintained in good condition. The financial accounts were reviewed on a test-check basis.

Expenditures were separately recorded as food and other costs. Vendor invoices were reviewed and costs verified.

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.

Student Body Activities

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

Cash receipts were deposited timely.

Cash disbursements had proper supporting documentation.

**FLORHAM PARK BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Student Body Activities (Continued)

Finding 2023-03 – Our audit of the district’s student activity accounts revealed the following:

- Supporting documentation for the Briarwood Elementary School and Brooklake Elementary School cash receipts was not available for audit.
- The Briarwood Elementary School cash receipts were not deposited in a timely manner. In addition, the composition of deposits was not detailed for the receipts collected.

Recommendation – Procedures be reviewed and revised to ensure the student activity receipts have supporting documentation, are deposited timely and that the source of receipts collected (i.e. cash, check, etc.) are detailed accordingly.

Application for State School Aid

Audit procedures included a test of information reported in the October 15, 2022 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, low-income and bilingual. A review was performed of the district procedures related to its completion. The information on the A.S.S.A. was compared to the district workpapers with immaterial exceptions noted. The information that was included on the workpapers was verified without exception. The results of these 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 2022-2023 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The information that was included on the District report was verified without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures included a review of transportation related contracts and purchases. Based on our review, the district complied with proper bidding procedures and award of contracts. No exceptions were noted in our review of transportation related purchases of goods and services.

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).

Suggestions to Management

- Old invalid reconciling items on the Payroll and Payroll Agency accounts be reviewed and cleared of record, and any excess balances be reviewed and returned to the General Fund.
- The Preschool Program tuition rates be approved by the Board.

Follow-up on Prior Year Findings

In accordance with government auditing standards, our procedures included a review of all prior year recommendations.

**FLORHAM PARK BOARD OF EDUCATION
FOOD SERVICE FUND
NUMBER OF MILKS SERVED AND (OVER)/UNDERCLAIM
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

SCHEDULE OF MEAL COUNT ACTIVITY

NOT APPLICABLE

**FOOD SERVICE FUND
COMPARISON OF NET CASH RESOURCES TO AVERAGE EXPENDITURES
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOT APPLICABLE

FLORHAM PARK BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
OCTOBER 15, 2022

	2023-24 Application for State School Aid						Sample for Verification						Private Schools for Disabled					
	Reported on		Reported on		Errors		Sample		Verified to		Errors		Reported on	Sample				
	A.S.S.A.		Workpapers				Selected from		Register				A.S.S.A. as	for				
	On Roll		On Roll		Full	Shared	Full	Shared	Full	Shared	Private	Verifi-	Sample	Sample				
Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Schools	cation	Verified	Errors					
Half Day Preschool - 3 years					-	-												
Half Day Preschool - 4 years	5		4		1	-		4		4								
Full Day Preschool - 4 years	7		7		-	-		7		7								
Full Day Kindergarten	92		92		-	-		92		92								
1st Grade	97		97		-	-		97		97								
2nd Grade	83		83		-	-		83		83								
3rd Grade	71		71		-	-		71		71								
4th Grade	94		94		-	-		94		94								
5th Grade	114		114		-	-		114		114								
6th Grade	75		75		-	-		75		75								
7th Grade	85		84		1	-		84		84								
8th Grade	86		86		-	-		86		86								
Subtotal	809	-	807	-	2	-		807	-	807	-	-	-	-	-	-	-	
Spec Ed - Elementary	92		93		(1)			93		93								
Spec Ed - Middle School	52		51		1			51		51			1	1	1			
Subtotal	144	-	144	-	-	-		144	-	144	-	-	1	1	1	-	-	
Totals	953	-	951	-	2	-	-	951	-	951	-	-	1	1	1	-	-	
Percentage Error					<u><u>0.21%</u></u>											<u><u>0.00%</u></u>		<u><u>0.00%</u></u>

**FLORHAM PARK BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
OCTOBER 15, 2022**

	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 Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Half Day Pre-School (3 Yrs)												
Half Day Pre-School (4 Yrs)												
Full Day Kindergarten	1	1										
1st Grade	1	1		1	1							
2nd Grade												
3rd Grade												
4th Grade	1	2	(1)	1	1							
5th Grade	1	1										
6th Grade	1	1					1	1		1	1	
7th Grade												
8th Grade	2	2	-	-	-	-	-	-	-	-	-	-
Subtotal	<u>7</u>	<u>8</u>	<u>(1)</u>	<u>2</u>	<u>2</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>
Spec Ed - Elementary			-			-			-			-
Spec Ed - Middle School			-			-			-			-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>7</u>	<u>8</u>	<u>(1)</u>	<u>2</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Percentage Error			<u>-14.29%</u>			<u>0.00%</u>			<u>0.00%</u>			<u>0.00%</u>

	Transportation			Tested	Verified	Errors
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors			
Regular - Public Schools	165	165		42	42	-
Transported - Non-Public	3	3		1	1	-
Regular - Spec.	33	33		8	8	-
Special Needs - Public	7	7	-	2	2	-
Totals	<u>208</u>	<u>208</u>	<u>-</u>	<u>53</u>	<u>53</u>	<u>-</u>
			<u>0.00%</u>			<u>0.00%</u>

**FLORHAM PARK BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
OCTOBER 15, 2022**

	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	Errors	Sample Selected from Workpapers	Verified to Register	Sample Errors
Half Day Pre-School (3 Yrs)	-		-			
Half Day Pre-School (4 Yrs)	-		-			
Full Day Kindergarten	1	1	-			
1st Grade	1	1	-			-
2nd Grade	3	3	-	1	1	-
3rd Grade	2	2	-	1	1	-
4th Grade	1	1	-			-
5th Grade	1	1	-			-
6th Grade			-			-
7th Grade	1	1	-			-
8th Grade	2	2	-	1	1	-
Subtotal	12	12	-	3	3	-
Spec Ed - Elementary	-	-				
Spec Ed - Middle School	-	-				
Subtotal	-	-	-			
Totals	12	12	-	3	3	-
Percentage Error		0.00%			0.00%	

**FLORHAM PARK BOARD OF EDUCATION
CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

2022-2023 Total General Fund Expenditures	\$	26,639,990
Increase by:		
Transfer from Capital Reserve to Capital Projects		787,446
		27,427,436
Decreased by:		
On-Behalf TPAF Pension & Social Security		(4,475,388)
Adjusted 2022-2023 General Fund Expenditures		22,952,048
2% of Adjusted 2022-2023 General Fund Expenditures	\$	459,041
Increased by Allowable Adjustments		
Extraordinary Aid	\$	195,571
Additional Nonpublic School Transportation Aid		33,339
		228,910
Maximum Unreserved/Undesignated Fund Balance	\$	687,951

SECTION 2

Total General Fund - Fund Balance at June 30, 2023	\$	3,110,480
Decreased by:		
Year-End Encumbrances	\$	104,861
Other Restricted Fund Balances		
Capital Reserve	1,224,632	
Maintenance Reserve	50,000	
Unemployment Compensation Reserve	20,743	
Excess Surplus - Designated for Subsequent Year's Expenditures	260,826	
Assigned Fund Balances - Designated for Subsequent Year's Expenditures		354,799
		2,015,861
Total Unassigned Fund Balance for Excess Surplus Calculation	\$	1,094,619
Restricted Fund Balance - Excess Surplus	\$	406,668

Recapitulation of Excess Surplus as of June 30, 2023

Excess Surplus	\$	406,668
Excess Surplus - Designated for Subsequent Year's Expenditures		260,826
Total Excess Surplus	\$	667,494

**FLORHAM PARK BOARD OF EDUCATION
RECOMMENDATIONS**

I. Administrative Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

1. It is recommended that the required monthly financial certifications be submitted with the Board Secretary and Treasurer's reports and be acknowledged by the Board and included in the official minutes.

III. School Purchasing Program

2. Continued efforts be made to obtain all political contribution disclosure forms (PCDF) as required by the Public-School Contracts Law.

IV. Enterprise Funds

There are none.

V. Student Body Activities

3. It is recommended that procedures be reviewed and revised to ensure the student activity receipts have supporting documentation, are deposited timely and that the source of receipts collected (i.e. cash, check, etc.) are detailed accordingly.

VI. Application for State School Aid

There are none.

VII. Pupil Transportation

There are none.

VIII. Miscellaneous

There are none.

IX. Status of Prior Years' Audit Findings/Recommendations

A review was performed on all prior years' recommendations and corrective action was taken on all.

ACKNOWLEDGEMENT

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.