

**CLOSTER BOARD OF EDUCATION  
AUDITOR'S MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS -  
FINANCIAL, COMPLIANCE AND PERFORMANCE  
JUNE 30, 2024**

**CLOSTER BOARD OF EDUCATION  
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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## AUDITOR'S MANAGEMENT REPORT

Honorable President and Members  
of the Board of Education  
Borough of Closter  
County of Bergen, New Jersey

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 Closter Board of Education as of and for the fiscal year ended June 30, 2024, and have issued our report thereon dated October 8, 2024.

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 solely for the information and use 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*

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

Jeffrey C. Bliss  
Public School Accountant  
PSA Number CS00932

Fair Lawn, New Jersey  
October 8, 2024

**CLOSTER BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**GENERAL COMMENTS**

**Scope of Audit**

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

**Administrative Practices and Procedures**

**Insurance**

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

**Official Bonds**

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Floro M. Villanueva, Jr.	Business Administrator/Board Secretary	\$100,000
Michael J. Donow	Treasurer of School Monies (1/1/2024 to 6/30/2024)	260,000
Matthew Lynaugh	Interim Treasurer of School Monies (8/9/2023 to 12/31/2023)	260,000
Norma Ketler	Treasurer of School Monies (7/1/2023 to 8/8/2023)	260,000

There is Public Employee Dishonesty coverage with National Union Fire Insurance Co. covering all other employees with coverage of \$100,000 per employee and \$500,000 per loss.

**P.L. 2020, c44**

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

The data submitted did appear to include all health benefit plan offered by school district.

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

**Tuition Charges**

A comparison of tentative tuition charges and actual certified tuition charges was made. The Board made a proper adjustment to the billings to sending districts in accordance with N.J.A.C. 6A:23-3.1(f)3.

**Examination of Claims**

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

**CLOSTER BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**Financial Planning, Accounting and Reporting**

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 fringe benefits were deposited in the Payroll Agency Account.

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

Salary withholdings were promptly remitted to the proper agencies, including health benefits withholding due to the General Fund.

The required Certification of Compliance (E-CERT) with federal and state law with respect to the reporting of compensation for certain administrative employees was filed timely.

Employee Position Control Roster

The Board has implemented and maintains a personal tracking and accounting (Position Control) System.

Reserve for Encumbrances and Accounts Payable

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

Travel

The District has an approved Board travel policy as required by N.J.A.C. 6A:23A:6013 and N.J.S.A. 18A11-12. No exceptions were noted pertaining to travel expense payments tested.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23-2.11 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-2.4. As a result of the procedures performed, no errors were found and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

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

The Board Secretary's and Treasurer's reports were presented monthly to the Board on a timely basis and were submitted to the executive county superintendent as prescribed by (N.J.S.A. 18A:17-9 and 18A:17-36).

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

The prescribed contractual order system was followed.

**CLOSTER BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

**Treasurer's Records**

The Treasurer did perform cash reconciliations for the general operating account, food service account, unemployment compensation account, payroll account and payroll agency account (N.J.S.A. 18A:17-36).

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

**Unemployment Compensation Insurance**

The Board has adopted the direct reimbursement method. The financial transactions of this fund are reported in the General Fund in accordance with GASB No. 84.

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

The E.S.E.A. financial exhibits are contained within the Special Revenue Fund of the ACFR. This section of the ACFR documents the financial position pertaining to projects under Title I-A of the Elementary and Secondary Education Act as awarded 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 Exhibits K-3 and K-4 located in the ACFR.

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

The financial exhibits contained herein represent a true statement of 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.

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

The amount of the expenditure charged to the current year's Final Report 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 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 no exceptions were noted.

**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 transportation contracts under N.J.S.A. 18A:39-3 which is \$22,400 for 2023/2024.

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.

**CLOSTER BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**School Purchasing Programs**

Contracts and Agreements Requiring Advertisement for Bids

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the 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 goods or service, 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.

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. Our examination did reveal, that purchases were made through the use of State contracts.

**School Food Service**

During the 2023/2024 school year the District provided milk to students under the federal special milk program. The financial transactions and records of the school food service fund were maintained in satisfactory condition. The financial accounts and records were reviewed on a test-check basis.

Expenditures were separately recorded as milk and labor 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. Net cash resources did not exceed three months average expenditures.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds.

**Student Body Activities**

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

Receipts were deposited with minor exceptions noted.

All cash disbursements had proper supporting documentation.

**Application for State School Aid**

Our audit procedures included a test of information reported in the October 13, 2023 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, low-income and bilingual. We also performed a review of the district procedures related to its completion. The information on the A.S.S.A. was compared to the district workpapers without exception. The information that was included on the workpapers was verified with an immaterial exception noted. 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.

**CLOSTER BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**Pupil Transportation**

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

**Facilities and Capital Assets**

Capital assets accounting records were properly updated and maintained with no material discrepancies noted.

**Testing for Lead of All Drinking Water in Educational 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).

**Management Suggestions**

- Greater care be exercised at year-end when classifying open purchase orders as accounts payable and reserve for encumbrances.
- Student Activity pre-numbered receipt tickets be dated upon receipt of monies.

**Follow-up on Prior Year Findings**

There are no prior year findings.

**CLOSTER BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2027**

**SCHEDULE OF MEAL COUNT ACTIVITY**

**NOT APPLICABLE**

**SCHEDULE OF NET CASH RESOURCES – FOOD SERVICE FUND**

**NOT APPLICABLE**

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

	2024-2025 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 Register On Roll		Errors per Registers On Roll		Reported on A.S.S.A. as Private Schools	Reported on District Workpapers	Sample for Verification	Sample Verified	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared						
Full Day Preschool - 3 yrs	7		7		-			7		7								
Full Day Preschool - 4 yrs	11		11		-			11		11								
Full Day Kindergarten	85		85		-			85		85								
Grade 1	107		107		-			107		107								
Grade 2	99		99		-			99		99								
Grade 3	104		104		-			104		104								
Grade 4	119		119		-			119		119								
Grade 5	102		102		-			102		102								
Grade 6	139		139		-			139		139								
Grade 7	123		123		-			123		123								
Grade 8	127		127		-			127		127								
Subtotal	1,023	-	1,023	-	-	-		1,023	-	1,023	-	-						
Spec Ed - Elementary	107		107		-	-		33		33			2	2	2	2		-
Spec Ed - Middle School	60		60		-	-		19		18		1	-	-	-	-		-
Subtotal	167	-	167	-	-	-		52	-	51	-	1	2	2	2	2		-
Totals	1,190	-	1,190	-	-	-		1,075	-	1,074	-	1	2	2	2	2		-
Percentage Error					0.00%	0.00%						0.09%	0.00%					0.00%

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

	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	Sample Errors	Reported on ASSA as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected	Verified to Test Score and Register	Errors
	Full Day Kindergarten	1	1	-			-	1	1	-	1	1
Grade 1			-			-			-			-
Grade 2	1	1	-			-			-			-
Grade 3			-			-			-			-
Grade 4	6	6	-	2	2	-	1	1	-	1	1	-
Grade 5	2	2	-	1	1	-			-			-
Grade 6	1	1	-			-			-			-
Grade 7	1	1	-			-			-			-
Grade 8	3	3	-	1	1	-			-			-
Subtotal	15	15	-	4	4	-	2	2	-	2	2	-
Sp Ed - Elementary	4	4	-	1	1	-	1	1	-	1	1	-
Sp Ed - Middle School	5	5	-	2	2	-	1	1	-	1	1	-
Subtotal	9	9	-	3	3	-	2	2	-	2	2	-
Totals	24	24	-	7	7	-	4	4	-	4	4	-
Percentage Error			0.00%			0.00%			0.00%			0.00%

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	32	32	-	10	10	-
Transported - Non Public	7	7	-	2	2	-
Regular - Special Ed	15	15	-	5	5	-
Special Needs	12	12	-	3	3	-
	66	66	-	20	20	-
Percentage Error			0.00%			0.00%

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

	Resident LEP Not Low Income			Sample for Verification		
	Reported on ASSA as Not Low Income	Reported on Workpapers Not Low Income	Errors	Sample Selected From Workpapers	Verified to Application	Errors
Full Day Kindergarten	16	16	-	5	5	-
Grade 1	20	20	-	6	6	-
Grade 2	14	14	-	4	4	-
Grade 3	17	17	-	5	5	-
Grade 4	7	7	-	2	2	-
Grade 5	5	5	-	2	2	-
Grade 6	7	7	-	2	2	-
Grade 7	3	3	-	1	1	-
Grade 8	1	1	-	1	1	-
Subtotal	90	90	-	28	28	-
Sp Ed - Elementary	5	5	-	1	1	-
Sp Ed - Middle School	1	1	-			-
Subtotal	6	6	-	1	1	-
Totals	96	96	-	29	29	-
Percentage Error		0.00%			0.00%	

**CLOSTER BOARD OF EDUCATION  
CALCULATION OF EXCESS SURPLUS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**SECTION 1A - Two Percent (2%) - Calculation of Excess Surplus (2023-2024 expenditures of \$100 million or less)**

2023-2024 Total General Fund Expenditures per the ACFR	\$	29,840,307
Decreased by:		
On-Behalf TPAF Pension & Social Security		5,899,955
Adjusted 2023-2024 General Fund Expenditures	\$	23,940,352
2% of Adjusted 2023-2024 General Fund Expenditures	\$	478,807
Enter Greater of 2% of Adjusted 2023-2024 General Fund Expenditures or \$250,000	\$	478,807
Increased by:		
Allowable Adjustment		610,474
Maximum Undesignated Fund Balance	\$	1,089,281

**SECTION 2**

Total General Fund - Fund Balance at June 30, 2024	\$	12,378,262
Decreased by:		
Restricted:		
Capital Reserve	\$	6,684,561
Capital Reserve - Designated for Subsequent Year's Expenditures		350,000
Maintenance Reserve		473,985
Maintenance Reserve - Designated for Subsequent Year's Expenditures		340,000
Emergency Reserve		250,000
Unemployment Compensation Reserve		177,845
Excess Surplus - Designated for Subsequent Year's Expenditures		700,000
Committed:		
Year-End Encumbrances		1,514,342
Assigned:		
Year-End Encumbrances		123,248
		10,613,981
Total Unassigned Fund Balance	\$	1,764,281

**SECTION 3**

Restricted Fund Balance - Excess Surplus	\$	675,000
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**Recapitulation of Excess Surplus as of June 30, 2024:**

Excess Surplus - Designated for Subsequent Year's Budget	\$	700,000
Excess Surplus		675,000
Total Excess Surplus	\$	1,375,000

**Detail of Allowable Adjustments:**

Extraordinary Aid	\$	596,391
Additional Nonpublic School Transportation Aid		14,083
Total Adjustments	\$	610,474

**CLOSTER BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**RECOMMENDATIONS**

**I. Administrative Practices and Procedures**

There are none.

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

There are none.

**III. School Purchasing Program**

There are none.

**IV. School Food Service**

There are none.

**V. Student Body Activities**

There are none.

**VI. Application for State School Aid**

There are none.

**VII. Pupil Transportation**

There are none.

**VIII. Facilities and Capital Assets**

There are none.

**IX. Miscellaneous**

There are none.

**Status of Prior Years' Audit Findings/Recommendations**

There were no prior year recommendations.

**CLOSTER BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**ACKNOWLEDGMENT**

We received the complete cooperation of all the officials of the school district and we greatly appreciate the courtesies extended to us.

Respectfully submitted,

LERCH, VINCI & BLISS, LLP



Jeffrey C. Bliss  
Public School Accountant  
Certified Public Accountant