

**AUDITORS MANAGEMENT REPORT
ON ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
PATERSON PUBLIC SCHOOLS
COUNTY OF PASSAIC, NEW JERSEY
JUNE 30, 2023**

TABLE OF CONTENTS

	Page <u>No.</u>
Independent Auditors' Report	1
Scope of Audit	2
Administrative Practices and Procedures	2
Insurance	2
Officials Bonds	2
P.L. 2020, c. 44	2
Tuition Charges	3
Financial Planning, Accounting and Reporting	3
Examination of Claims	3
Payroll Account	3
Employee Position Control Roster	3
Reserve for Encumbrances, Liability for Accounts Payable	4
Classification of Expenditures	4
Board Secretary's Records	4
Fixed Assets	4
Treasurer's Records	4
Elementary and Secondary Education Act (E.S.E.A.) as Amended by the Every Student Succeeds Act (ESSA)	5
Other Special Federal and/or State Projects	5
T.P.A.F. Reimbursement	5
T.P.A.F. Reimbursement to the State for Federal Salary Expenditures	5
Nonpublic State Aid	5
School Purchasing Programs	6
Contracts and Agreements Requiring Advertisement for Bids	6
School Food Service	7
Student Body Activities	8
Application for State School Aid	9
Pupil Transportation	9
Continuing Disclosure Agreements	10
Testing for Lead of All Drinking Water in Educational Facilities	10
Follow-up on Prior Year Findings	10
Suggestions to Management	10
Acknowledgment	11
Schedule of Meal Count Activity	12
Net Cash Resources - Proprietary Funds - Food Service	14
Schedule of Audited Enrollments	15
Excess Surplus Calculation	18
Audit Recommendations Summary	21



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REPORT OF INDEPENDENT AUDITORS

Honorable President and
Members of the Board of Education
Paterson Public Schools
Paterson, 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 Paterson Public Schools, in the County of Passaic, for the year ended June 30, 2023, and have issued our report thereon dated November 30, 2023.

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 for the information of the Paterson Public Schools' management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Steven D. Wielkocz

Steven D. Wielkocz, C.P.A.
Licensed Public School Accountant
No. 816

Wielkocz & Company, LLC

WIELKOTZ & COMPANY, LLC
Certified Public Accountants
Pompton Lakes, New Jersey

November 30, 2023



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

GENERAL COMMENTS

Scope of Audit

The audit covered the financial transactions of the Board Secretary, School Business Administrator and Treasurer of School Moneys, 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 Exhibit J-20 of the District's ACFR.

Officials Bonds (N.J.S.A. 18A:17-26, 18A:17-32, 18A:13-13)

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Richard L. Matthews	School Business Administrator	\$1,696,000
Aaron Hoffstatter	Treasurer of School Monies	2,000,000

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 Chapter 44 data was submitted timely.

Administrative Practices and Procedures, (continued)

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. Adjustments were made to sending district billings 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.

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 were approved by the Superintendent and were 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 premium amounts withheld due to the General Fund.

Payrolls were delivered to the secretary of the Board who then deposited with warrants in separate bank accounts for net payroll and withholdings.

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (superintendent, assistant superintendents, and business administrator) to the NJ Department of Treasury was filed by the March 15 due date.

Reporting of employee compensation for income tax related purposes did comply with federal and state regulations regarding the compensation which is required to be reported.

Finding 2023-001: The Net Payroll Account has a negative reconciled balance as of June 30, 2023. This was mostly due to stale dated checks, which need to be canceled.

Recommendation: More care be taken to ensure sufficient funds are available prior to the issuance of checks.

Employee Position Control Roster

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

Financial Planning, Accounting and Reporting, (continued)

Reserve for Encumbrances, Liability for 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 ordered included in the balance of accounts payable were reviewed for propriety and to determine that goods were received and services were rendered, as of June 30.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3. As a result of the procedures performed, a transaction error rate of 0.00% overall was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Our overview of the financial and accounting records maintained by the Board Secretary disclosed no errors.

Board Secretary's Records

Our review of the financial and accounting records maintained by the Board Secretary were found to be in good condition.

The Board Secretary should file monthly certifications of the budgetary line item status which are consistent with the actual budgetary records.

Fixed Assets

The general fixed asset records were updated for the additions and disposals of general fixed assets made during the year.

Treasurer's Records

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

Financial Planning, Accounting and Reporting, (continued)

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

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

The study of compliance for E.S.E.A. indicated that there were no areas of noncompliance and/or questioned costs.

Other Special Federal and/or State Projects

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

Our audit of the federal and state funds on a test basis, indicated that obligation and expenditures were incurred during the fiscal year or project year 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 areas of noncompliance.

Finding 2023-002 (ACFR Finding 2023-001): There were instances in which information entered into the student applications for NTE Homeless Reimbursement Aid did not agree to the supporting documentation used to prepare the NTE Homeless Reimbursement workpapers.

Recommendation: The district should review the individual student on-line forms prior to final submission of the NTE Homeless Reimbursement application to ensure the forms are complete and the information agrees to the supporting documentation.

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursements filed with the Department of Education for the District employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

TPAF Reimbursement to the State for Federal Salary Expenditures

The amount of the expenditure charged to the current year's Final Reports 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.

Nonpublic State Aid

Project completion reports were finalized and transmitted to the State Department of Education by the due date.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-2 contains definitions for terms used throughout N.J.S.A. 18A:18A-1 et seq. It includes as subsection (p) the term ‘competitive contracting’, which is defined as “the method described in N.J.S.A. 18A:18A-4.1 through 18A:18A-4.5 and in rules promulgated by DCA at N.J.A.C. 5:34-4 of contracting for specialized goods and services in which formal proposals are solicited from vendors; formal proposals are evaluated by the purchasing agent or counsel or school business administrator; and the board of education awards a contract to a vendor or vendors from among the formal proposals received.” Also, subsection (aa) defines the term ‘concession’ to exclude vending machines.

N.J.S.A. 18A:18A-3(a) sets forth the bid threshold and requires award by board resolution. There is a higher threshold when there is a “Qualified Purchasing Agent” (QPA) in the district as defined at N.J.A.C. 5:34-1.1 and certified upon approval of an application submitted to DCA. Pursuant to N.J.S.A. 18A:18A-3(b), the bid threshold may be adjusted by the Governor, in consultation with the Department of Treasury, every five years.

N.J.S.A. 18A:18A-4.4 provides boards of education the authority to pass a resolution authorizing the use of competitive contracting. “In order to initiate competitive contracting, the board of education shall pass a resolution authorizing the use of competitive contracting each time specialized goods or services enumerated in sections 45 of L. 1999, c.440 are desired to be contracted.”

Effective July 1, 2020 and thereafter, 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.

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 Solicitor's opinion should be sought before a commitment is made.

The results of our examination indicated that no individual payments, contracts or agreements were made for the performance of any work, 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.

Finding 2023-003: There were instances in which contracts for out-of-district tuition were missing required signatures.

Recommendation: More care be taken to ensure all tuition contracts contain all required signatures.

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

School Food Service

School Food Authorities (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 Free and Reduced Price meal eligible students during the emergency.

We also inquired of school management, or 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. No exceptions were noted.

The statement of revenues, expenses, and changes in fund net position (ACFR exhibit B-5) does separate program and non-program revenue and program and non-program cost of goods sold.

We also inquired of management about the public health emergency procedures/practices that the SFA instituted to provide meals to all students, maintenance of all applicable production records; meal counts; noncompetitive procurements; modifications of existing contracts and applicable financial records to document the specific costs applicable to the emergency operations. We also inquired if the FSMC received a loan in accordance with the Payroll Protection Plan and whether the funds were used to pay for costs applicable to the Food Service Programs. We also inquired if the PPP loan was subsequently forgiven and the FSMC refunded or credited the applicable amounts to the SFA.

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.

Cash receipts and bank records were reviewed for timely deposit.

The district 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 contract/addendum were reviewed and audited. The FSMC contract does not include an operating provision which guarantees that the food service program will return a profit. All vendor discounts, rebates and credits from the FSMC were tracked and credited to the Food Service Account and reconciled to supporting documentation at least annually.

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

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.

School Food Service, (continued)

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.

Net cash resources did not exceed three months average expenditures.

Time sheets were reviewed, and labor costs verified. Payroll records were maintained on all School Food Service employees authorized by the board of education. No exceptions were noted.

The number of meals claimed for reimbursement were 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.

Applications 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 number of valid applications times the number of operating days, on a school by school basis. The free and reduced price meal was reviewed for uniform administration throughout the school system. The required verification procedures for free and reduced price applications was completed and available for review.

U.S.D.A. Food Distribution Program commodities were received and a single inventory was maintained on a first-in, first-out basis. No exceptions were noted.

The school district maintains the detailed revenue and expenditure information necessary in order to execute the U.S.D.A. mandated Non-Program Food Revenue Tool at least annually

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, section G of the ACFR.

Student Body Activities

The Board has a policy which clearly established the regulation for Student Activity Funds. During our review of the student activity funds, the following was noted:

Finding 2023-004: There were instances in which invoices/supporting documentation for items purchased was not provided for review at the time of audit and in some instances sales tax was paid.

Recommendation: The District should ensure that all invoices/supporting documentation is available for review at the time of audit and the sales tax exemption be enforced pursuant to N.J.S.A. 54:B32B-1. Any reimbursements made by the district should be net of the sales tax.

Application for State School Aid (ASSA)

Our audit procedures included a test of information reported in the October 14, 2022 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 and disclosed the following. The information included as part of the workpapers was verified without exception. The results of our procedures are presented in the Schedule of Audited Enrollment.

Finding 2023-005: There were instances in which valid New Jersey Household Information Survey Forms required to support the number of students reported as low income were not available for audit.

Recommendation: The district should maintain the completed valid New Jersey Household Information Survey Forms.

Finding 2023-006: There were instances in which the workpapers provided by the District were not in agreement with what was reported on the 2023-2024 ASSA Data Listing. The following errors were noted in the following categories: On Roll Register (3), On Roll Special Education (-3), Resident Low Income (11), Resident LEP Low Income (6), Resident LEP Not Low Income (4). In addition, our test work revealed errors in the following categories: On-Roll Special Education (10), Resident LEP Low Income (51), Resident LEP Not Low Income (3), Resident Low Income (23).

Recommendation: The District should update workpapers to reflect correction made during the review process prior to entering the counts into the ASSA Data Listing to ensure the workpapers agree to what is reported.

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 and disclosed the following. The results of our procedures are presented in the Schedule of Audited Enrollments.

Finding 2023-007: There were ineligible students included in the 2022-23 District Report of Transported Resident Students (DRTRS). The following errors were noted:

- a. There was (1) student included in the 2022-23 DRTRS Summary Line #A7 whose B6T application was received by the district after October 14, 2022.
- b. There was (1) student included in the 2022-23 DRTRS Summary Line #A7 whose B6T application deemed the student as “ineligible” to receive transportation services.
- c. There were (8) students included in the 2022-23 DRTRS Summary Line #A8 and (1) student included in the 2022-23 DRTRS Summary Line #B1 who did not have Specialized Transportation Services noted on their IEP on or before October 14, 2022.

Recommendation: The District should ensure that documentation is accurately maintained and up to date prior to entering the counts for DRTRS.

Pupil Transportation, (continued)

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the District complied with proper bidding procedures and award of contracts. The bid specifications for the purchase of buses were in compliance with applicable statutes.

Continuing Disclosure Agreements

The school district complied with continuing disclosure agreements made in relation to prior year(s) bond issuances.

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 did submit 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 Findings

In accordance with Governmental Auditing Standards, our procedures included a review on all prior year recommendations and corrective action was taken on all.

There were no Office of Fiscal Accountability and Compliance audit reports issued during the fiscal year ended June 30, 2023.

Suggestions to Management:

- Issued checks should contain more than one signature to ensure better control over cash disbursements: School 9 Activity Account, Rosa Parks High School Activity Account, School 21 Activity Account, School 26 Activity Account.
- Investigate stale dated checks and cancel if necessary for the following bank accounts: Net Payroll Account, Payroll Agency Account, School 13 Activity Account, Eastside HS Athletic Account, JFK High School Activity Account, JFK Athletic Account.
- The District's fixed assets accounting and reporting system should be updated to reflect all additions, deletions and depreciation expenses.

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.

Respectfully submitted,

Steven D. Wielkocz

Steven D. Wielkocz, C.P.A.
Licensed Public School Accountant
No. 816

Wielkocz + Company, LLC

WIELKOTZ & COMPANY, LLC
Certified Public Accountants
Pompton Lakes, New Jersey

SCHEDULE OF MEAL COUNT ACTIVITY

**CITY OF PATERSON SCHOOL DISTRICT
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIMED - FEDERAL
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

<u>Program</u>	<u>Meal Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>(Over)/ Under Claim</u>
National School Lunch (High Rate)	Paid					0.79	\$
National School Lunch (High Rate)	Reduced					3.95	
National School Lunch (High Rate)	Free	2,505,983	1,035,407	1,035,407		4.35	
National School Lunch (High Rate)	SSO	<u>16,313</u>	<u>16,313</u>	<u>16,313</u>	<u> </u>	4.5625	<u> </u>
	Total	<u>2,522,296</u>	<u>1,051,720</u>	<u>1,051,720</u>	<u> </u>		<u> </u>
	HHFKA - PB Lunch						
National School Lunch	Only	<u>2,505,983</u>	<u>1,035,407</u>	<u>1,035,407</u>	<u> </u>	0.08	<u> </u>
School Breakfast (Severe Needs Rate)	Paid					0.50	
	Reduced					2.37	
	Free	2,297,067	946,496	946,496		2.67	
	SSO	<u>12,133</u>	<u>12,133</u>	<u>12,133</u>	<u> </u>	2.605	<u> </u>
	Total	<u>2,309,200</u>	<u>958,629</u>	<u>958,629</u>	<u> </u>		<u> </u>
After School Snacks	Free	<u>190,029</u>	<u>78,578</u>	<u>78,578</u>	<u> </u>	1.08	<u> </u>
	Total	<u>190,029</u>	<u>78,578</u>	<u>78,578</u>	<u> </u>		<u> </u>
Total (Over)/Under Claim							\$ <u> </u>

SCHEDULE OF MEAL COUNT ACTIVITY

**CITY OF PATERSON SCHOOL DISTRICT
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIMED - STATE
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

<u>Program</u>	<u>Meal Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>(Over)/ Under Claim</u>
State Reimbursement - National School Lunch (High Rate)	Paid					0.600	\$
State Reimbursement - National School Lunch (High Rate)	Reduced					0.470	
State Reimbursement - National School Lunch (High Rate)	Free	2,505,983	1,035,407	1,035,407		0.700	
State Reimbursement - National School Lunch (High Rate)	SSO	16,313	16,313	16,313		0.105	
State Reimbursement - National School Breakfast (High Rate)	Reduced					0.300	
		<hr/>	<hr/>	<hr/>	<hr/>		
	Total	<u>2,522,296</u>	<u>1,051,720</u>	<u>1,051,720</u>	<hr/>		
Total (Over)/Under Claim							\$ <hr/>

**CITY OF PATERSON
BOARD OF EDUCATION**

**Net cash resources did not exceed three months of expenditures
Proprietary Funds - Food Service
Year ended June 30, 2023**

<u>Net Cash Resources:</u>		Food Service B - 4/5	
ACFR	*	Current Assets	
B-4		Cash & Cash Equiv.	\$ 4,727,333
B-4		Due from Other Gov'ts	3,965,239
ACFR		Current Liabilities	
B-4		Less Accounts Payable	(2,500,277)
B-4		Less Due to Other Funds	<u>(3,117,330)</u>
		Net Cash Resources	<u><u>\$ 3,074,965</u></u> (A)

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.	21,388,201	
B-5	Less Depreciation	<u>(11,308)</u>	
	Adj. Tot. Oper. Exp.	<u><u>\$ 21,376,893</u></u>	(B)

Average Monthly Operating Expense:

	B / 10	<u><u>\$ 2,137,689</u></u>	(C)
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Three times monthly Average:

	3 X C	<u><u>\$ 6,413,068</u></u>	(D)
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TOTAL IN BOX A	\$	<u>3,074,965.00</u>	
LESS TOTAL IN BOX D	\$	<u>6,413,067.90</u>	
NET	\$	<u><u>(3,338,102.90)</u></u>	
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

SCHEDULE OF AUDITED ENROLLMENTS

**CITY OF PATERSON
BOARD OF EDUCATION**

**Application for State School Aid Summary
Enrollment as of October 15, 2022**

Year ended June 30, 2023

Enrollment category	2022-2023 Application for State School Aid			Sample for Verification			Private Schools for Disabled		
	Reported on A.S.S.A. On Roll	Workpapers On Roll	Errors	Sample Selected from Workpapers	Registers Verified per On Roll	Errors per Registers On Roll	Reported on A.S.S.A. as Private Schools	Sample Verification	Errors
	Full	Shared	Full	Full	Shared	Full	Full	Shared	Full
Full Day Preschool 3 yrs	251		251	251		251			
Full Day Preschool 4 yrs	332		332	332		332			
Full Day Kindergarten	1,525		1,525	1,525		1,525			
One	1,522		1,522	1,522		1,522			-1
Two	1,467		1,465	1,466		1,466			2
Three	1,522		1,521	1,521		1,521			1
Four	1,447		1,447	1,447		1,447			1
Five	1,423		1,422	1,422		1,422			1
Six	1,414		1,414	1,414		1,414			
Seven	1,476		1,477	1,477		1,477			-1
Eight	1,542		1,541	1,541		1,541			1
Ninth	1,210		1,211	1,211		1,211			-1
Tenth	1,172		1,172	1,172		1,172			
Eleventh	1,194		1,194	1,194		1,194			
Twelfth	1,155		1,154	1,154		1,154			1
Adult High School (15+CR)	125	24	125	125	24	125	24	24	24
Subtotal	18,777	24	18,774	18,774	24	18,774	24	18,774	24
Special Ed. Elementary	1,606		1,608	137		130		52	32
Special Ed. Middle School	899		899	76		73		50	31
Special Ed. High School	1,013		1,014	86		86		82	51
	22,295	24	22,295	19,073	24	19,063	24	184	114
Percentage Error			0%						0.05%

SCHEDULE OF AUDITED ENROLLMENTS

**CITY OF PATERSON
BOARD OF EDUCATION**

Application for State School Aid Summary
Enrollment as of October 15, 2022

Year ended June 30, 2023

Enrollment category	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	Errors	Reported on A.S.S.A. as LEP Low Income	Reported on Workpapers LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Test score and Register	Sample Errors
Full Day Kindergarten	1,079	1,077	2	24	21	3	394	394		32	30	2
One	1,180	1,183	-3	26	24	2	301	302	-1	25	19	6
Two	1,093	1,095	-2	24	23	1	255	254	1	21	17	4
Three	1,107	1,107		24	23	1	326	329	-3	27	20	7
Four	1,056	1,054	2	23	21	2	309	307	2	25	23	2
Five	1,075	1,076	-1	24	21	3	265	267	-2	22	17	5
Six	960	957	3	21	20	1	234	233	1	19	14	5
Seven	1,000	994	6	22	18	4	260	259	1	21	19	2
Eight	1,000	993	7	22	21	1	218	214	4	18	16	2
Nine	769	769		17	16	1	213	213		18	15	3
Ten	684	684		15	15	0	170	170		14	11	3
Eleven	607	607		13	13	0	149	149		12	12	
Twelve	604	604		13	13	0	146	146		11	11	
Special Ed. Elementary	1,219	1,222	-3	27	26	1	278	275	3	23	18	5
Special Ed. Middle School	612	612		13	12	1	83	83		7	5	2
Special Ed. High School	636	636		14	12	2	41	41		3	3	
	14,681	14,670	11	322	299	23	3,642	3,636	6	299	250	49
	14,681	14,670	11	322	299	23	3,642	3,636	6	299	250	49
Percentage Error			0.07%			7.14%			0.16%			16.45%

Category	Transportation		
	Reported on DRTRS by DOE/county	Reported on DRTRS by District	Errors
Regular - Public Schools, Part A - Column 1; Rows 1-5	3,512	3,512	-
Transported Non Public, Part A - Column 2; Rows 6-7	501	501	-
Regular - Special Education, Part A - Column 3; Rows 8-10	856	856	-
Special needs, Part B - Row 11	1,112	1,112	-
Totals	5,981	5,981	-
Percentage Error			0.39%

	Reported	Recalculated
Avg. Mileage - Regular Including Grade PK	3.1	3.1
Avg. Mileage - Regular Excluding Grade PK	3.1	3.1
Avg. Mileage - Special Ed with Special Needs	3.0	3.0

SCHEDULE OF AUDITED ENROLLMENTS

**CITY OF PATERSON
BOARD OF EDUCATION**

**Application for State School Aid Summary
Enrollment as of October 15, 2022**

Year ended June 30, 2023

Enrollment category	Resident LEP NOT Low Income			Sample for Verification		
	Reported on A.S.S.A as NOT Low Income	Reported on Workpapers NOT Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Kindergarten	157	159	(2)	20	19	1
One	122	121	1	15	15	
Two	146	147	(1)	19	18	1
Three	168	166	2	21	21	
Four	152	154	(2)	20	20	
Five	114	113	1	14	14	
Six	131	133	(2)	17	17	
Seven	163	164	(1)	21	21	
Eight	164	169	(5)	22	22	
Nine	176	168	8	21	21	
Ten	188	186	2	24	24	
Eleven	220	218	2	28	28	
Twelve	203	200	3	25	25	
Special Ed. Elementary	79	81	(2)	10	10	
Special Ed. Middle School	25	25	-	3	3	
Special Ed. High School	25	25	-	4	3	1
	<u>2,233</u>	<u>2,229</u>	<u>4</u>	<u>284</u>	<u>281</u>	<u>3</u>
	<u>2,233</u>	<u>2,229</u>	<u>4</u>	<u>284</u>	<u>281</u>	<u>3</u>
Percentage Error			<u>0.18%</u>			<u>1.06%</u>

**PATERSON BOARD OF EDUCATION
EXCESS SURPLUS CALCULATION**

REGULAR DISTRICT

SECTION 1

A. 2% Calculation of Excess Surplus

2022-23 Total General Fund Expenditures per the ACFR, Ex. C-1	\$ <u>686,107,493</u>	(B)
Increased by:		
Transfer from Capital Outlay to Capital Projects Fund	\$ _____	(B1a)
Transfer from Capital Reserve to Capital Projects Fund	\$ _____	(B1b)
Transfer from General Fund to SRF for PreK-Regular	\$ <u>2,889,271</u>	(B1c)
Transfer from General Fund to SRF for PreK-Inclusion	\$ _____	(B1d)
Decreased by:		
On-Behalf TPAF Pension & Social Security	\$ <u>99,938,512</u>	(B2a)
Assets Acquired Under Capital Leases	\$ _____	(B2b)
Adjusted 22-23 General Fund Expenditures [(B)+(B1's)-(B2's)]	\$ <u>589,058,252</u>	(B3)
2% of Adjusted 2022-23 General Fund Expenditures [(B3) times .02]	\$ <u>11,781,165</u>	(B4)
Enter Greater of (B4) or \$250,000	\$ <u>11,781,165</u>	(B5)
Increased by: Allowable Adjustment *	\$ <u>1,766,145</u>	(K)
Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]		\$ <u><u>13,547,310</u></u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6-30-23 (Per ACFR Budgetary Comparison Schedule C-1))	\$ <u>92,593,860</u>	(C)
Decreased by:		
Year-end Encumbrances	\$ <u>337,756</u>	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ _____	(C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ <u>15,000,103</u>	(C3)
Other Restricted Fund Balances****	\$ <u>16,981,782</u>	(C4)
Assigned Fund Balance - Unreserved -- Designated for Subsequent Year's Expenditures	\$ <u>12,111,642</u>	(C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]		\$ <u><u>48,162,577</u></u> (U1)

SECTION 3

Restricted Fund Balance - Excess Surplus*** [(U1)-(M)] IF NEGATIVE ENTER -0- \$ 34,615,267 (E)

Recapitulation of Excess Surplus as of June 30, 2023

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ 15,000,103 (C3)
Reserved Excess Surplus ***[(E)]	\$ 34,615,267 (E)
Total [(C3) + (E)]	\$ <u>49,615,370</u> (D)

- * Allowable adjustment to expenditures on line K must be detailed as follows. This adjustment line (as detailed below) is to be utilized when applicable for:
- (H) Federal Impact Aid. The passage of P.L.2015, c.46 amended N.J.S.A. 18A:7F-41 to permit a board of education to appropriate federal impact aid funds to establish or supplement a federal impact aid legal reserve in the general fund. Accordingly, the Federal Impact Aid adjustment to expenditures is limited to the portion of Federal Impact Aid Section 8002 and Section 8003 received during the fiscal year and recognized as revenue on the General Fund Budgetary Comparison Schedule, but not transferred to the Federal Impact Aid Reserve - General (8002 or 8003) by board resolution during June 1 to June 30 of the fiscal year under audit. Amounts transferred to the reserve are captured on line (C4);
 - (I) Sale and Lease-back (Refer to the Audit Program Section II, Chapter 10);
 - (J1) Extraordinary Aid;
 - (J2) Additional Nonpublic School Transportation Aid;
 - (J3) Recognized current year School Bus Advertising Revenue; and
 - (J4) Family Crisis Transportation Aid
 - (J5) Supplemental Stabilization Aid received in April 2023 & Maintenance of Equity Aid received July 2023
- Notes to auditor: Refer to the Audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid, Family Crisis Transportation Aid, and Additional Nonpublic School Transportation Aid.

Detail of Allowable Adjustments

Impact Aid	\$ _____ (H)
Sale & Lease-back	\$ _____ (I)
Extraordinary Aid	\$ 1,609,833 (J1)
Additional Nonpublic School Transportation Aid	\$ 156,312 (J2)
Current Year School Bus Advertising Revenue Recognized	\$ _____ (J3)
Family Crisis Transportation Aid	\$ _____ (J4)
Supplemental Stabilization Aid received April 2023 & Maintenance of Equity Aid received July 2023	\$ _____ (J5)
Total Adjustments [(H)+{I)+(J1)+(J2)+(J3)+(J4)+(J5)]	\$ <u>1,766,145</u> (K)

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

*** Amounts must agree to the June 30, 2023 ACFR and must agree to Audit Summary Worksheet Line 90030.

**** Amount for Other Reserved Fund Balances must be detailed for each source. Use in the excess surplus calculation of any legal reserve that is not state mandated or that is not legally imposed by an other type of government, such as the judicial branch of government, must have Departmental approval. District requests should be submitted to the Division of Finance prior to September 30.

Detail of Other Reserved Fund Balance

Statutory restrictions:	
Approved unspent separate proposal	\$ _____
Sale/Lease-back reserve	\$ _____
Capital Reserve	\$ <u>12,913,619</u>
Maintenance Reserve	\$ _____
Emergency Reserve	\$ <u>1,000,000</u>
Tuition Reserve	\$ _____
School Bus Advertising 50% Fuel Offset Reserve - current year	\$ _____
School Bus Advertising 50% Fuel Offset Reserve - prior year	\$ _____
Impact Aid General Fund Reserve (Sections 8002 and 8003)	\$ _____
Impact Aid Capital Fund Reserve (Sections 8007 and 8008)	\$ _____
Other state/government mandated reserve	\$ _____
Reserve for Unemployment Fund	\$ <u>3,068,163</u>
[Other Restricted Fund Balance not noted above]****	\$ _____
 Total Other Restricted Fund Balance	 \$ <u>16,981,782</u> (C4)

**PATERSON BOARD OF EDUCATION
AUDIT RECOMMENDATIONS SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Recommendations:

1. Administrative Practices and Reporting

2. Financial Planning, Accounting and Reporting

More care be taken to ensure sufficient funds are available prior to the issuance of checks.

3. School Purchasing Programs

More care be taken to ensure all tuition contracts contain all required signatures.

4. School Food Service

None

5. Student Body Activities

The District should ensure that all invoices/supporting documentation is available for review at the time of audit and the sales tax exemption be enforced pursuant to N.J.S.A. 54:32B-1. Any reimbursements made by the District should be net of the sales tax.

6. Application for State School Aid

The district should maintain the completed valid New Jersey Household Information Survey Forms.

The District should update workpapers to reflect correction made during the review process prior to entering the counts into the ASSA Data Listing to ensure the workpapers agree to what is reported.

7. Pupil Transportation

The District should ensure that documentation is accurately maintained and up to date prior to entering the counts for DRTRS.

8. Facilities and Capital Assets

None

9. Miscellaneous

10. Status of Prior Year Audit Findings/Recommendations

A review was performed on the prior year recommendations and corrective action was take on all prior year findings.