

**AUDITORS MANAGEMENT REPORT
ON ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
PATERSON PUBLIC SCHOOLS
COUNTY OF PASSAIC, NEW JERSEY
JUNE 30, 2022**

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
Classification of Expenditures.	4
Board Secretary's Records.	4
Fixed Assets.	4
Elementary and Secondary Education Act (E.S.E.A.) as Amended by the Every Student Succeeds Act (ESSA).	4
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.	5
Contracts and Agreements Requiring Advertisement for Bids.	5
School Food Service.	6
Student Body Activities.	7
Application for State School Aid.	8
Pupil Transportation.	8
Testing for Lead of All Drinking Water in Educational Facilities.	8
Status of Prior Year Audit Findings/Recommendations.	8
Suggestions to Management.	9
Acknowledgment.	9
Schedule of Audited Enrollments.	10
Excess Surplus Calculation.	13
Audit Recommendations Summary.	16



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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, 2022, and have issued our report thereon dated December 20, 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 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

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December 20, 2022



**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
Javier Silva	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.

The original data submission did not require significant revision due to errors or omissions on the part of the district.

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.

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)

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 0.01% 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 the following:

Finding 2022-001: There were some instances in which expenditures were charged to the incorrect budget account line.

Recommendation 2022-001: More care should be taken to ensure that expenditures are charged to the correct budget account line.

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.

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.

Financial Planning, Accounting and Reporting, (continued)

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.

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.

School Purchasing Programs, (continued)

Contracts and Agreements Requiring Advertisement for Bids, (continued)

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 \$19,600.

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.

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

School Food Service

Public Health Emergency

In accordance with the Governor's Declaration of Emergency pertaining to the public health emergency, all Public, Charter, Non-Public schools were ordered to close effective as of March 18, 2020 for an undetermined period to limit the spread of the virus. As a result, School Food Authorities (SFA) were required to institute alternative procedures to provide meals to Free and Reduced Price eligible students during the period of school closures.

During SY 2020-2021, the public health emergency was still applicable. As a result, School Food Service Activities (SFAs) were required to provide meals in accordance with the regulations governing the National School Nutrition Seamless Summer Option (SSO) or the Summer Food Service Program (SFSP) Option.

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 Free and Reduced Price meal eligible students.

School Food Service, (continued)

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 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 and eligibility applications were reviewed on a test-check basis.

Cash receipts and bank records were reviewed for timely deposit.

All district schools have been approved to participate in the Community Eligibility Program (CEP). All students attending CEP schools receive free meals through the Child Nutrition Program.

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. No exceptions were noted.

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service.

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

The Statement of Revenues, Expenses and Changes in Fund Net Position (ACFR Schedule B-5) does separate program and non-program revenue and program and non-program cost of goods sold.

The District did provide the detailed revenue and expenditure information necessary in order to execute the USDA 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.

Application for State School Aid (ASSA)

Our audit procedures included a test of information reported in the October 15, 2021 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 2022-002: Four Household Surveys were not available at the time of audit.

Recommendation 2022-002: All household Surveys should be made available for review upon request.

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

Finding 2022-003: Four students were not recorded properly on either the application, school register or roster reports when verifying the District Report of Transported Resident Students.

Recommendation 2022-003: Better care be taken to ensure all students are documented correctly in the transportation application process.

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.

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).

Status of Prior Year Audit Findings/Recommendation

In accordance with Government Auditing Standards, our procedures included a review on all prior year recommendations including findings. Corrective action had been taken on all prior year findings.

Suggestions to Management:

Issued checks should contain more than one signature to ensure better control over cash disbursements:
School 8 Activity Account, NRC School Activity Account, JFK High School Activity Account
Investigate stale dated checks for the following bank accounts:
Don Bosco Student Activity Account

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

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Certified Public Accountants
Pompton Lakes, New Jersey

SCHEDULE OF AUDITED ENROLLMENTS

**CITY OF PATERSON
BOARD OF EDUCATION**

**Application for State School Aid Summary
Enrollment as of October 15, 2021**

Year ended June 30, 2022

Enrollment category	2021-2022 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	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	A.S.S.A. as Private Schools	Sample Verification	Errors
Full Day Preschool 3 yrs	225		225		225		225		225		225				
Full Day Preschool 4 yrs	292		292		292		292		292		292				
Full Day Kindergarten	1,478		1,478		1,478		1,478		1,478		1,478				
One	1,477		1,477		1,477		1,477		1,477		1,477				
Two	1,593		1,593		1,593		1,593		1,593		1,593				
Three	1,488		1,488		1,488		1,488		1,488		1,488				
Four	1,483		1,483		1,483		1,483		1,483		1,483				
Five	1,404		1,404		1,404		1,404		1,404		1,404				
Six	1,474		1,474		1,474		1,474		1,474		1,474				
Seven	1,543		1,543		1,543		1,543		1,543		1,543				
Eight	1,550		1,550		1,550		1,550		1,550		1,550				
Nineth	1,173		1,173		1,173		1,173		1,173		1,173				
Tenth	1,189		1,189		1,189		1,189		1,189		1,189				
Eleventh	1,211		1,211		1,211		1,211		1,211		1,211				
Twelfth	1,196		1,196		1,196		1,196		1,196		1,196				
Adult High School (15+CR)	92		92		92		92		92		92				
Subtotal	18,868		18,868		18,868		18,868		18,868		18,868				
Special Ed. Elementary	1,509		1,509		1,509		1,509		1,509		1,509		57	35	35
Special Ed. Middle School	902		902		902		902		902		902		39	26	26
Special Ed. High School	1,019		1,019		1,019		1,019		1,019		1,019		77	46	46
	22,298		22,298		22,298		22,298		22,298		22,298		173	107	107

SCHEDULE OF AUDITED ENROLLMENTS

**CITY OF PATERSON
BOARD OF EDUCATION**

Application for State School Aid Summary
Enrollment as of October 15, 2021

Year ended June 30, 2022

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	1,167	1,167		22	22		256	256		22	22	
One	1,175	1,175		22	22		250	250		22	22	
Two	1,266	1,266		34	34		317	317		33	33	
Three	1,206	1,206		33	32	1	330	330		33	33	
Four	1,174	1,174		19	19		312	312		18	18	
Five	1,102	1,102		21	21		284	284		18	18	
Six	1,105	1,105		31	29	2	253	253		30	30	
Seven	1,116	1,116		20	20		234	234		19	19	
Eight	1,106	1,106		20	20		246	246		18	18	
Nine	738	738		16	16		167	167		16	16	
Ten	688	688		22	22		179	179		18	18	
Eleven	671	671		15	14	1	185	185		14	14	
Twelve	691	691		8	8		160	160		3	3	
Special Ed. Elementary	1,191	1,191		27	27		268	268		27	27	
Special Ed. Middle School	665	665		4	4		71	71		4	4	
Special Ed. High School	643	643		4	4		33	33		4	4	
	15,704	15,704		318	314	4	3,545	3,545		299	299	
	15,704	15,704		318	314	4	3,545	3,545		299	299	

Category	Transportation			Sample Selected from	Errors	Verified	Errors
	Reported on DRTRS by DOE/county	Reported on DRTRS by District	Summary Report				
Regular - Public Schools, Part A - Rows 1-5	3692	3692		299		297	2
Transported Non Public, Part A - Rows 6-7	449	449		197		197	
Regular - Special Education, Part A - Rows 8-10	691	691		232		230	2
Special needs, Part B - Row 11	1121	1121		255		255	
Totals	5953	5953		983		979	4

Reported Recalculated
3.2 3.2
3.2 3.2
2.9 2.9

Avg. Mileage - Regular including Grade PK
Avg. Mileage - Regular Excluding Grade PK
Avg. Mileage - Special Ed with Special Needs

SCHEDULE OF AUDITED ENROLLMENTS

**CITY OF PATERSON
BOARD OF EDUCATION**

**Application for State School Aid Summary
Enrollment as of October 15, 2021**

Year ended June 30, 2022

Enrollment category	Resident LEP NOT Low Income		Sample for Verification		
	Reported on A.S.A as NOT Low Income	Reported on Workpapers NOT Low Income	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Kindergarten	75	75	12	12	12
One	68	68	14	14	14
Two	99	99	28	28	28
Three	86	86	13	13	13
Four	78	78	10	10	10
Five	85	85	11	11	11
Six	81	81	17	17	17
Seven	85	85	17	17	17
Eight	80	80	16	16	16
Nine	139	139	35	35	35
Ten	160	160	26	26	26
Eleven	173	173	37	37	37
Twelve	162	162	8	8	8
Special Ed. Elementary	59	59	13	13	13
Special Ed. Middle School	18	18	3	3	3
Special Ed. High School	21	21	4	4	4
	1469	1469	264	264	264
	1469	1469	264	264	264

**PATERSON BOARD OF EDUCATION
EXCESS SURPLUS CALCULATION**

REGULAR DISTRICT

SECTION 1

A. 4% Calculation of Excess Surplus

2021-22 Total General Fund Expenditures per the ACFR, Ex. C-1	\$ <u>635,051,718</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>2,835,155</u>	(B1c)
Transfer from General Fund to SRF for PreK-Inclusion	\$ _____	(B1d)
Decreased by:		
On-Behalf TPAF Pension & Social Security	\$ <u>100,064,243</u>	(B2a)
Assets Acquired Under Capital Leases	\$ _____	(B2b)
Expenditures Allocated to Restricted Federal Sources as Reported on Exhibit D-2	\$ _____	(B2c)
Adjusted 2021-22 General Fund Expenditures [(B)+(B1's)-(B2's)]	\$ <u>537,822,630</u>	(B3)
4% of Adjusted 2021-22 General Fund Expenditures [(B3) times .04]	\$ <u>21,512,905</u>	(B4)
Enter Greater of (B4) or \$250,000	\$ <u>21,512,905</u>	(B5)
Increased by: Allowable Adjustment *	\$ <u>2,398,239</u>	(K)
Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]		\$ <u><u>23,911,144</u></u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6-30-22 (Per ACFR Budgetary Comparison Schedule C-1)	\$ <u>73,298,386</u>	(C)
Decreased by:		
Year-end Encumbrances	\$ <u>3,909,329</u>	(C1) f11&f15
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ _____	(C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ <u>9,074,771</u>	(C3)
Other Restricted Fund Balances****	\$ <u>13,898,218</u>	(C4)
Assigned Fund Balance - Unreserved -- Designated for Subsequent Year's Expenditures	\$ <u>7,504,821</u>	(C5)
Additional Assigned Fund Balance - Unreserved- Designated for Subsequent Year's Expenditures July 1, 2022 - August 1, 2023	\$ _____	(C6)*****
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]		\$ <u><u>38,911,247</u></u> (U1)

PATERSON BOARD OF EDUCATION
EXCESS SURPLUS CALCULATION

SECTION 3

Restricted Fund Balance - Excess Surplus*** [(U1)-(M)] IF NEGATIVE ENTER -0- \$ 15,000,103 (E)

Recapitulation of Excess Surplus as of June 30, 2022

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ 9,074,771 (C3)
Reserved Excess Surplus ***[(E)]	\$ 15,000,103 (E)
Total [(C3) + (E)]	\$ <u>24,074,874</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, effective for the year ending June 30, 2016 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

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	\$ 2,398,239	(J1)
Additional Nonpublic School Transportation Aid	\$ _____	(J2)
Current Year School Bus Advertising Revenue Recognized	\$ _____	(J3)
Family Crisis Transportation Aid	\$ _____	(J4)
 Total Adjustments [(H)+{I)+(J1)+(J2)+(J3)+(J4)]	 \$ 2,398,239	 (K)

** This amount represents the June 30, 2022 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

*** Amounts must agree to the June 30, 2022 ACFR and the sum of the two lines 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.

***** Increase in Assigned Fund Balance - Unreserved-Designated for Subsequent Year's expenditures July 1, 2021 to August 1, 2021 resulting from decrease in state aid after adoption of 2021-22 district budget.

PATERSON BOARD OF EDUCATION
EXCESS SURPLUS CALCULATION

Detail of Other Reserved Fund Balance

Statutory restrictions:	
Approved unspent separate proposal	\$ _____
Sale/Lease-back reserve	\$ _____
Capital Reserve	\$ <u>9,913,619</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>2,984,599</u>
[Other Restricted Fund Balance not noted above]****	\$ _____
 Total Other Restricted Fund Balance	 \$ <u>13,898,218</u> (C4)

Paterson Public Schools
Audit Recommendations Summary
For the Fiscal Year Ended June 30, 2022

Recommendations:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

Finding 2022-001: There were some instances in which expenditures were charged to the incorrect budget account line.

Recommendation 2022-001: More care should be taken to ensure that expenditures are charged to the correct budget account line.

3. School Purchasing Programs

None

4. School Food Service

None

5. Student Body Activities

None

6. Application for State School Aid

Finding 2022-002: Four Household Surveys were not available at the time of audit.

Recommendation 2022-002: All household Surveys should be made available for review upon request.

7. Charter School Enrollment System(CHE)

None

Paterson Public Schools
Audit Recommendations Summary
For the Fiscal Year Ended June 30, 2022
(continued)

8. Pupil Transportation

Finding 2022-003: Four students were not recorded properly on either the application, school register or roster reports when verifying the District Report of Transported Resident Students.

Recommendation 2022-003: Better care be taken to ensure all students are documented correctly in the transportation application process.

9. Facilities and Capital Assets

None

10. Miscellaneous

None

11. Status of Prior Year Audit Findings/Recommendations

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