

**AUDITORS MANAGEMENT REPORT
ON ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
PATERSON PUBLIC SCHOOLS
COUNTY OF PASSAIC, NEW JERSEY
JUNE 30, 2024**

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WIELKOTZ & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS

STEVEN D. WIELKOTZ, CPA, RMA, PSA
MATTHEW B. WIELKOTZ, CPA, PSA
DAVID BOTTGE, CPA, RMA, PSA
PAUL J. CUVA, CPA, RMA, PSA
KARI FERGUSON, CPA, RMA, CMFO, PSA
ROBERT C. MCNINCH, CPA, CFE, PSA
KEVIN REEVES, CPA, PSA

401 WANAQUE AVENUE
POMPTON LAKES, NEW JERSEY 07442
PHONE: (973)-835-7900
FAX: (973)-835-6631
EMAIL: OFFICE@W-CPA.COM
WWW.W-CPA.COM

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, 2024, and have issued our report thereon dated January 9, 2025.

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. Wielkotz

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

Wielkotz & Company, LLC

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

January 9, 2025



**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	\$2,000,000
Michael Poindexter	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.

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.

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.

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 0.00% 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

The Board Secretary's records were found to be in good order.

Fixed Assets

Our review of the general fixed asset records disclosed the following item:

Finding 2024-001 (ACFR Finding 2024-001): There were instances where the District did not accurately account for various fixed assets purchased with grant funds during the year.

Recommendation: The District's fixed asset accounting and reporting system be updated to reflect all additions, deletions and depreciation expense on an annual basis.

Treasurer's Records

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

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. The study of compliance for the special projects indicated the following areas of noncompliance.

***Finding 2024-002 (ACFR Finding 2024-002):** 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 \$22,400.

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

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 2024-003: There were instances in which invoices/supporting documentation for items purchased were 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 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 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 2024-004:** 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 2024-005: There were instances in which errors were revealed on the 2024-25 Application for State School Aid in the following: On-Roll (37), On-Roll Special Education (34), Resident Low Income (27), Resident LEP Low Income (36), Resident LEP not Low Income (18).

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

Finding 2024-006: There were ineligible students included in the 2023-24 District Report of Transported Resident Students (DRTRS). The following errors were noted:

- a. There were (42) students included in the 2023-24 DRTRS Summary Lines #A4-A5 who were not listed on the Charter School Application for Transportation or B8T.
- b. There was (1) student included in the 2023-24 DRTRS Summary Line #A4 whose information was incorrectly reported on the Charter School Application for Transportation or B8T.
- c. There was (1) student included in the 2023-24 DRTRS Summary Line #A7 who was deemed ineligible per the B6T application.
- d. There were (7) students included in the 2023-24 DRTRS Summary Line #A7 who was not listed on the Out-of-District's B8T report for one or both semesters.

Pupil Transportation, (continued)

e. There were (85) students included in the 2023-24 DRTRS Summary Line #A7 whose B6T application was not signed nor dated by the authorized officials, resulting in the inability to determine eligibility as of 10/13/24.

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

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 including findings. Corrective action had been taken on all prior year findings with the exception of the following, which are reported in this year's recommendations noted as current year findings "2024-002, 2024-003 and 2024-004":

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. (2024-002)

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. (2024-003)

The District should maintain the completed valid New Jersey Household Information Survey Forms. (2024-004)

There were no Office of Fiscal Accountability and Compliance audit reports issued during the fiscal year ended June 30, 2024.

Suggestions to Management:

- Issued checks should contain more than one signature to ensure better control over cash disbursements: School 4 Activity Account, School 6 Activity Account, School 15 Activity Account, School 19 Activity Account, School 26 Activity Account, ATM/Silk Academy Activity Account, EWK Activity Account.
- Investigate stale dated checks and cancel if necessary for the following bank accounts: School 24 Activity Account, School 28 Activity Account, Joseph A. Taub Activity Account.
- Tuition contracts approved in the Board Minutes should include information to identify which individual contracts are being approved.

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. Wielkotz

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

Wielkotz + 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, 2024**

<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					0.42	\$
National School Lunch (High Rate)	Reduced					3.87	
National School Lunch (High Rate)	Free	<u>2,728,587</u>	<u>1,194,227</u>	<u>1,194,227</u>	<u> </u>	4.27	<u> </u>
	Total	<u>2,728,587</u>	<u>1,194,227</u>	<u>1,194,227</u>	<u> </u>		<u> </u>
National School Lunch	HHFKA - PB Lunch Only	<u>2,728,587</u>	<u>1,194,227</u>	<u>1,194,227</u>	<u> </u>	0.08	<u> </u>
School Breakfast (Severe Needs Rate)	Paid					0.38	
	Reduced					2.43	
	Free	<u>2,297,067</u>	<u>990,927</u>	<u>990,927</u>	<u> </u>	2.73	<u> </u>
	Total	<u>2,297,067</u>	<u>990,927</u>	<u>990,927</u>	<u> </u>		<u> </u>
After School Snacks	Free	<u>186,362</u>	<u>81,056</u>	<u>81,056</u>	<u> </u>	1.17	<u> </u>
	Total	<u>186,362</u>	<u>81,056</u>	<u>81,056</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, 2024**

<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	2,728,587	1,194,227	1,194,227		0.700	
		<hr/>	<hr/>	<hr/>	<hr/>		
	Total	<u>2,728,587</u>	<u>1,194,227</u>	<u>1,194,227</u>			
Total (Over)/Under Claim							\$ <u> </u>

**CITY OF PATERSON
BOARD OF EDUCATION**

**Net cash resources did not exceed three months of expenditures
Proprietary Funds - Food Service
Year ended June 30, 2024**

<u>Net Cash Resources:</u>	Food Service B - 4/5	
ACFR	*	Current Assets
B-4		Cash & Cash Equiv. \$ 2,347,598
B-4		Due from Other Gov'ts 4,212,483
ACFR		Current Liabilities
B-4		Less Accounts Payable (1,852,615)
B-4		Less Due to Other Funds (1,341,272)
		Net Cash Resources \$ 3,366,194 (A)

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.	22,602,838	
B-5	Less Depreciation	(55,882)	
	Adj. Tot. Oper. Exp.	\$ 22,546,956	(B)

Average Monthly Operating Expense:

B / 10	\$ 2,254,696	(C)
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Three times monthly Average:

3 X C	\$ 6,764,087	(D)
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TOTAL IN BOX A	\$ 3,366,194.00
LESS TOTAL IN BOX D	\$ 6,764,086.80
NET	\$ (3,397,892.80)

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 13, 2023**

Year ended June 30, 2024

Enrollment category	2024-2025 Application for State School Aid			Sample for Verification			Private Schools for Disabled		
	Reported on A.S.S.A. On Roll	Workpapers On Roll	Errors	Selected from Workpapers	Registers On Roll	Registers per On Roll	Reported on Private Schools	Sample Verification	Errors
	Full	Shared	Full	Full	Shared	Full	Full	Shared	Full
Full Day Preschool 3 yrs	242			139	140	(1)			
Full Day Preschool 4 yrs	305			163	165	(2)			
Full Day Kindergarten	1,395			363	361	2			
One	1,460			281	279	2			
Two	1,497			285	275	10			
Three	1,405			276	271	5			
Four	1,457			297	296	1			
Five	1,412			294	291	3			
Six	1,451			392	390	2			
Seven	1,433			392	390	2			
Eight	1,507			383	383	-			
Ninth	1,155			282	281	1			
Tenth	1,237			276	272	4			
Eleventh	1,160			290	285	5			
Twelfth	1,118			279	276	3			
Adult High School (15+CR)	157			157	157	-			
Subtotal	18,391			4,549	4,512	37			
Special Ed. Elementary	1,661			144	129	15	142	74	-
Special Ed. Middle School	841			73	60	13	49	25	-
Special Ed. High School	955			83	77	6	106	55	-
	21,848			4,849	4,778	71	297	154	-
Percentage Error						1.46%			

SCHEDULE OF AUDITED ENROLLMENTS

**CITY OF PATERSON
BOARD OF EDUCATION**

Application for State School Aid Summary,
Enrollment as of October 13, 2023

Year ended June 30, 2024

Enrollment category	Resident Low Income			Sample for Verifier			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	1,499	1,499	-	23	23	-	399	399	-	28	27	1
One	1,152	1,152	-	25	25	3	426	426	-	30	24	6
Two	1,185	1,185	-	25	25	2	376	376	-	25	23	2
Three	1,102	1,102	-	24	22	2	367	367	-	25	23	2
Four	1,131	1,131	-	24	20	4	400	400	-	28	23	5
Five	1,124	1,124	-	24	24	-	350	350	-	24	23	1
Six	1,008	1,008	-	21	20	1	281	281	-	19	19	-
Seven	994	994	-	21	20	3	290	290	-	20	15	5
Eight	1,007	1,007	-	20	18	2	313	313	-	20	19	1
Nine	654	654	-	14	12	2	191	191	-	14	12	2
Ten	672	672	-	14	13	1	210	210	-	15	13	2
Eleven	617	617	-	13	11	2	172	172	-	12	9	3
Twelve	519	519	-	11	10	1	140	140	-	10	7	3
Special Ed. Elementary	1,349	1,349	-	31	29	2	319	319	-	21	20	1
Special Ed. Middle School	618	618	-	15	13	2	109	109	-	8	7	1
Special Ed. High School	607	607	-	13	13	-	48	48	-	4	3	1
	15,238	15,238	-	318	291	27	4,391	4,391	-	303	267	36
	15,238	15,238	-	318	291	27	4,391	4,391	-	303	267	36
Percentage Error						8.49%						11.88%

Category	Transportation			Sample Selected from Summary Report			Reported		
	Reported on DRTS by DOE/county	Reported on DRTS by District	Errors	Sample Selected from Summary Report	Verified	Errors	Reported	Recalculated	Errors
Regular - Public Schools, Part A - Column 1; Rows 1-5	3,794	3,794	-	299	257	42	3.1	3.0	3.1
Transported Non Public, Part A - Column 2; Rows 6-7	455	455	-	197	104	93	3.1	3.0	3.1
Regular - Special Education, Part A - Column 3; Rows 8-11	964	964	-	254	254	-	4.0	4.0	4.0
Special needs, Part B - Row 11	1,093	1,093	-	254	254	-	4.0	4.0	4.0
Totals	6,306	6,306	-	1,004	869	135			
Percentage Error						13.45%			

Avg. Mileage - Regular Including Grade PK
Avg. Mileage - Regular Excluding Grade PK
Avg. Mileage - Special Ed with Special Need

SCHEDULE OF AUDITED ENROLLMENTS

**CITY OF PATERSON
BOARD OF EDUCATION**

**Application for State School Aid Summary
Enrollment as of October 13, 2023**

Year ended June 30, 2024

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	132	132	16	16	-
One	153	153	19	19	-
Two	129	129	17	17	-
Three	126	126	15	13	2
Four	150	150	18	15	3
Five	130	130	16	15	1
Six	161	161	20	17	3
Seven	175	175	22	22	-
Eight	204	204	25	24	1
Nine	256	256	28	28	-
Ten	256	256	28	26	2
Eleven	237	237	27	25	2
Twelve	232	232	26	23	3
Special Ed. Elementary	68	68	7	6	1
Special Ed. Middle School	26	26	4	4	-
Special Ed. High School	28	28	3	3	-
	<u>2,463</u>	<u>2,463</u>	<u>291</u>	<u>273</u>	<u>18</u>
	<u>2,463</u>	<u>2,463</u>	<u>291</u>	<u>273</u>	<u>18</u>

Percentage Error

6.19%

**PATERSON BOARD OF EDUCATION
EXCESS SURPLUS CALCULATION**

REGULAR DISTRICT

SECTION 1

A. 2% Calculation of Excess Surplus

2023-24 Total General Fund Expenditures per the ACFR, Ex. C-1	\$	<u>751,016,202</u>	(B)
Increased by:			
Transfer from Capital Outlay to Capital Projects Fund	\$	<u> </u>	(B1a)
Transfer from Capital Reserve to Capital Projects Fund	\$	<u> </u>	(B1b)
Transfer from General Fund to SRF for PreK-Regular	\$	<u>2,560,096</u>	(B1c)
Transfer from General Fund to SRF for PreK-Inclusion	\$	<u> </u>	(B1d)
Decreased by:			
On-Behalf TPAF Pension & Social Security	\$	<u>102,812,924</u>	(B2a)
Assets Acquired Under Capital Leases	\$	<u> </u>	(B2b)
Expenditures Allocated to Restricted Federal Sources as Reported on Exhibit D-2	\$	<u> </u>	(B2c)
Adjusted 2023-24 General Fund Expenditures [(B)+(B1's)-(B2's)]	\$	<u>650,763,374</u>	(B3)
2% of Adjusted 2023-24 General Fund Expenditures [(B3) times .02]	\$	<u>13,015,267</u>	(B4)
Enter Greater of (B4) or \$250,000	\$	<u>13,015,267</u>	(B5)
Increased by: Allowable Adjustment *	\$	<u>1,569,105</u>	(K)
Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]	\$	<u>14,584,372</u>	(M)

SECTION 2

Total General Fund - Fund Balances @ 6-30-24 (Per ACFR Budgetary Comparison Schedule C-1))	\$	<u>87,788,686</u>	(C)
Decreased by:			
Year-end Encumbrances	\$	<u>994,643</u>	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$	<u> </u>	(C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	\$	<u>34,615,267</u>	(C3)
Other Restricted Fund Balances****	\$	<u>17,155,285</u>	(C4)
Assigned Fund Balance - Unreserved -- Designated for Subsequent Year's Expenditures	\$	<u>734,998</u>	(C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	\$	<u>34,288,493</u>	(U1)

SECTION 3

Restricted Fund Balance - Excess Surplus*** [(U1)-(M)] IF NEGATIVE ENTER -0- \$ 19,704,121 (E)

Recapitulation of Excess Surplus as of June 30, 2024

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ 34,615,267 (C3)
Reserved Excess Surplus ***[(E)]	\$ <u>19,704,121</u> (E)
Total [(C3) + (E)]	\$ <u>54,319,388</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 & Maintenance of Equity 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	\$ <u>1,362,080</u> (J1)
Additional Nonpublic School Transportation Aid	\$ <u>207,025</u> (J2)
Current Year School Bus Advertising Revenue Recognized	\$ _____ (J3)
Family Crisis Transportation Aid	\$ _____ (J4)
Supplemental Stabilization Aid & Maintenance of Equity Aid	\$ _____ (J5)
Total Adjustments [(H)+{I)+(J1)+(J2)+(J3)+(J4)+(J5)]	\$ <u>1,569,105</u> (K)

** This amount represents the June 30, 2024 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

*** Amounts must agree to the June 30, 2024 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.

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>3,241,666</u>
[Other Restricted Fund Balance not noted above]****	\$ _____
 Total Other Restricted Fund Balance	 \$ <u>17,155,285</u> (C4)

**PATERSON BOARD OF EDUCATION
AUDIT RECOMMENDATIONS SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Recommendations:

1. Administrative Practices and Reporting

2. Financial Planning, Accounting and Reporting

The District's fixed asset accounting and reporting system be updated to reflect all additions, deletions and depreciation expense on an annual basis.

*The District should review the individual student on-line forms prior to final submission of the NTE Homeless Reimbursement applications to ensure the forms are complete and the information agrees to the supporting documentation.

3. School Purchasing Programs

None

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 corrections 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

**PATERSON BOARD OF EDUCATION
AUDIT RECOMMENDATIONS SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Recommendations (continued):

9. Miscellaneous

None

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, with the exception of the recommendations preceded with an “*”.