AUDITORS MANAGEMENT REPORT
ON ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
PATERSON PUBLIC SCHOOLS
COUNTY OF PASSAIC, NEW JERSEY
JUNE 30, 2025

TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2025

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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, 2025, and have issued our report thereon dated January 28, 2026.

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 28, 2026

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)

Name	Position	Amount
June Gray	School Business Administrator	$2,000,000
Charles 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.

<u>Financial Planning, Accounting and Reporting</u>, (continued)

<u>Classification of Expenditures</u>

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.

<u>Board Secretary's Records</u>

Our review of the financial and accounting records maintained by the Board Secretary disclosed the following items

> **<u>Finding 2025-001</u>:** The District is reporting an accounts receivable balance of $13,307,590 for taxes levied by the City.
>
> **<u>Recommendation</u>:** All taxes levied by the City for support of the District's budget should be requested and received prior to year-end.

<u>Treasurer's Records</u>

Our review of the financial and accounting records maintained by the Treasurer disclosed the following items:

> **<u>Finding 2025-002 (ACFR Finding 2025-001 and 2025-005)</u>:** Bank reconciliations for the Custodial Account that agree to the District's cash balances were not provided. Reconciliations provided did not agree to the general ledger balances and included unknown reconciling items.
>
> **<u>Recommendation</u>:** Bank reconciliations should be prepared monthly for all accounts and be made available for review. All reconciled balances should agree to the Board Secretary report.

<u>Capital Assets</u>

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

> **<u>Finding 2025-003 (ACFR Finding 2025-002, 2025-003 and 2025-006)</u>:** The District failed to properly report capital assets at historical cost and/or include purchases on the capital asset report that exceed the capitalization threshold of $2,000. In addition, depreciation was not being calculated for all eligible assets.
>
> **<u>Recommendation</u>:** Procedures should be established and implemented to ensure all eligible items purchased are included on the capital asset report and depreciation is properly calculated. All eligible items should be tagged as received. Also, all items included on the capital asset report should be reviewed to ensure the items are still in use.

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 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 the following areas of noncompliance and/or questioned costs.

> **Finding 2025-004 (ACFR Finding 2025-004):** There were instances in which payroll timesheets and resolutions authorizing payroll expenses were not available for review at the time of audit.
>
> **Recommendation:** The District should ensure that all payroll timesheets and resolutions authorizing payroll expenses are available for review at the time of audit.

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.

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.

> **Finding 2025-005:** There were numerous transportation contracts that were unavailable for review at the time of audit.
>
> **Recommendation:** All transportation contracts should be maintained and made available for review at the time of audit.

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

The food service program was not selected as a major Federal and/or State program. However, the program expenditures exceed $100,000 in Federal and/or State support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether the School Food Authority (SFA) had any Child Nutrition Program Reimbursement overclaims or underclaims. No exceptions were noted.

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.

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 2025-006:** 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 15, 2024 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 2025-007 (ACFR Finding 2025-007):** There were instances in which errors were revealed on the 2024-25 Application for State School Aid in the following: On-Roll (679), On-Roll Special Education (72), Resident Low Income (63), Resident LEP Low Income (83), Resident LEP not Low Income (14).
>
> **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 2024-2025 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 2025-008 (ACFR Finding 2025-008): There were ineligible students included in the 2024-25 District Report of Transported Resident Students (DRTRS). The following errors were noted:

a. There were (2) students included in the 2024-205 DRTRS Summary Lines #A2-A5 who were not listed on the Charter School Application for Transportation or B8T.
b. There were (4) students included in the 2024-2025 DRTRS Summary Line #A4 whose information was incorrectly report on the Charter School Application for Transportation or B8T.
c. There were (10) students included in the 2024-2025 DRTRS Summary Line #A7 in which the District was unable to provide the B6T application at the time of audit.
d. There were (2) students included in the 2024-2025 DRTRS Summary Line #A7 who were not listed on the Out-of-District B8t report for one or both semesters.

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.

There were no Office of Fiscal Accountability and Compliance audit reports issued during the fiscal year ended June 30, 2025.

Suggestions to Management:

- Issued checks should contain more than one signature to ensure better control over cash disbursements: School 4 Activity Account, School 15 Activity Account, School 20 Activity Account, School 26 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, JFK Athletics Account, STEAM Academy 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. 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 AUDITED ENROLLMENTS

CITY OF PATERSON
BOARD OF EDUCATION

Application for State School Aid Summary
Enrollment as of October 15, 2024

Year ended June 30, 2025

	2025-2026 Application for State School Aid						Sample for Verification						Private Schools for Disabled			
	Reported on A.S.SA. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Registers On Roll		Errors per Registers On Roll		Reported on A.S.S.A as Private Schools	Sample for Verifi- cation	Sample Verified	Errors
Enrollment category	**Full**	**Shared**	**Full**	**Shared**	**Full**	**Shared**	**Full**	**Shared**	**Full**	**Shared**	**Full**	**Shared**				
Full Day Preschool 3 yrs	262		262		-		262		239		23					
Full Day Preschool 4 yrs	344		344		-		344		331		13					
Full Day Kindergarten	1,197		1,197		-		1,197		1,121		76					
One	1,357		1,357		-		1,357		1,281		76					
Two	1,395		1,395		-		1,395		1,315		80					
Three	1,422		1,422		-		1,422		1,342		80					
Four	1,398		1,398		-		1,398		1,338		60					
Five	1,406		1,406		-		1,406		1,356		50					
Six	1,339		1,339		-		1,339		1,298		41					
Seven	1,451		1,451		-		1,451		1,406		45					
Eight	1,494		1,494		-		1,494		1,471		23					
Nineth	1,188		1,188		-		1,188		1,170		18					
Tenth	1,212		1,212		-		1,212		1,188		24					
Eleventh	1,209		1,209		-		1,209		1,187		22					
Twelfth	1,143		1,143		-		1,143		1,112		31					
Adult High School (15+CR)	179	28	179	28	-		179	28	162	28	17					
Subtotal	17,996	28	17,996	28			17,996	28	17,317	28	679					
Special Ed. Elementary	1,748		1,748		-		148		103		45		209	100	100	-
Special Ed. Middle School	848		848		-		72		59		13		56	27	27	-
Special Ed. High School	944		944		-		79		65		14		115	55	55	-
	21,536	28	21,536	28	-		18,295	28	17,544	28	751		380	182	182	-
Percentage Error											4.10%					

SCHEDULE OF AUDITED ENROLLMENTS

CITY OF PATERSON
BOARD OF EDUCATION

Application for State School Aid Summary
Enrollment as of October 15, 2024

Year ended June 30, 2025

Enrollment category	Resident Low Income: Reported on A.S.S.A. as Low Income	Resident Low Income: Reported on Workpapers as Low Income	Resident Low Income: Errors	Sample for Verification: Sample Selected from workpapers	Sample for Verification: Verified to Application and Register	Sample for Verification: Errors
Full Day Kindergarten	1,518	1,518	-	23	21	2
One	1,637	1,637	-	25	21	4
Two	1,616	1,616	-	25	17	8
Three	1,592	1,592	-	24	20	4
Four	1,541	1,541	-	23	18	5
Five	1,567	1,567	-	24	14	10
Six	1,539	1,539	-	24	18	6
Seven	1,470	1,470	-	22	14	8
Eight	1,446	1,446	-	22	14	8
Nine	1,061	1,061	-	16	14	2
Ten	973	973	-	15	12	3
Eleven	946	946	-	15	15	-
Twelve	878	878	-	13	10	3
Special Ed. Elementary	1,772	1,772	-	27	27	-
Special Ed. Middle School	800	800	-	12	12	-
Special Ed. High School	770	770	-	12	12	-
	21,126	21,126	-	322	259	63
	21,126	21,126	-	322	259	63
Percentage Error						19.57%

Enrollment category	Resident LEP Low Income: Reported on A.S.S.A as LEP Low Income	Resident LEP Low Income: Reported on Workpapers LEP Low Income	Resident LEP Low Income: Errors	Sample for Verification: Sample Selected from Workpapers	Sample for Verification: Verified to Test score and Register	Sample for Verification: Sample Errors
Full Day Kindergarten	566	566	-	31	27	4
One	506	506	-	27	21	6
Two	515	515	-	28	18	10
Three	454	454	-	25	16	9
Four	431	431	-	23	14	9
Five	432	432	-	23	18	5
Six	361	361	-	20	14	6
Seven	349	349	-	19	14	5
Eight	350	350	-	19	14	5
Nine	314	314	-	17	13	4
Ten	280	280	-	15	10	5
Eleven	268	268	-	15	14	1
Twelve	238	238	-	13	10	3
Special Ed. Elementary	434	434	-	24	16	8
Special Ed. Middle School	153	153	-	8	5	3
Special Ed. High School	88	88	-	5	5	
	5,739	5,739	-	312	229	83
	5,739	5,739	-	312	229	83
Percentage Error						26.60%

Transportation

Category	Reported on DRTRS by DOE/county	Reported on DRTRS by District	Errors	Sample Selected from Summary Report	Verified	Errors
Regular - Public Schools, Part A - Column 1; Rows 1-5	4,320	4,321	(1)	303	298	5
Transported Non Public, Part A - Column 2; Rows 6-7	425	426	(1)	218	206	12
Regular - Special Education, Part A - Column 3; Rows 8-10	851	851	-	232	232	-
Special needs, Part B - Row 11	1,328	1,328	-	264	264	-
Totals	6,924	6,926	(2)	1,017	1,000	17
Percentage Error			-0.03%			1.67%

	Reported	Recalculated
Avg. Mileage - Regular Including Grade PK	3.2	3.2
Avg. Mileage - Regular Excluding Grade PK	3.2	3.2
Avg. Mileage - Special Ed with Special Needs	3.9	3.9

CITY OF PATERSON
BOARD OF EDUCATION

Application for State School Aid Summary
Enrollment as of October 15, 2024

Year ended June 30, 2025

	Resident LEP NOT Low Income			Sample for Verification		
Enrollment category	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	152	152	-	17	16	1
One	165	165	-	18	18	-
Two	191	191	-	21	21	-
Three	151	151	-	16	16	-
Four	143	143	-	16	15	1
Five	177	177	-	19	16	3
Six	172	172	-	19	19	-
Seven	180	180	-	20	19	1
Eight	234	234	-	25	23	2
Nine	243	243	-	26	24	2
Ten	256	256	-	28	26	2
Eleven	219	219	-	24	24	-
Twelve	217	217	-	24	24	-
Special Ed. Elementary	119	119	-	13	11	2
Special Ed. Middle School	18	18	-	2	2	-
Special Ed. High School	29	29	-	3	3	-
	2,666	2,666	-	291	277	14
	2,666	2,666	-	291	277	14
Percentage Error						4.81%

PATERSON BOARD OF EDUCATION
EXCESS SURPLUS CALCULATION

REGULAR DISTRICT

SECTION 1

A. 2% Calculation of Excess Surplus

2024-25 Total General Fund Expenditures per the ACFR, Ex. C-1	$ 826,807,253	(B)		
Increased by:				
Transfer from Capital Outlay to Capital Projects Fund	$ 735,196	(B1a)		
Transfer from Capital Reserve to Capital Projects Fund	$	(B1b)		
Transfer from General Fund to SRF for PreK-Regular	$ 3,367,329	(B1c)		
Transfer from General Fund to SRF for PreK-Inclusion	$	(B1d)		
Decreased by:				
On-Behalf TPAF Pension & Social Security	$ 98,641,648	(B2a)		
Assets Acquired Under Capital Leases	$	(B2b)		
Expenditures Allocated to Restricted Federal Sources as Reported on Exhibit D-2	$	(B2c)		
Adjusted 2024-25 General Fund Expenditures [(B)+(B1's)-(B2's)]	$ 732,268,130	(B3)		
2% of Adjusted 2024-25 General Fund Expenditures [(B3) times .02]	$ 14,645,363	(B4)		
Enter Greater of (B4) or $250,000	$ 14,645,363	(B5)		
Increased by: Allowable Adjustment *	$ 921,368	(K)		
Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]			$ 15,566,731	(M)

SECTION 2

Total General Fund - Fund Balances @ 6-30-25 (Per ACFR Budgetary Comparison Schedule C-1))	$ 49,412,660	(C)		
Decreased by:				
Year-end Encumbrances	$ 129,500	(C1)		
Legally Restricted - Designated for Subsequent Year's Expenditures	$	(C2)		
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	$ 19,704,121	(C3)		
Other Restricted Fund Balances****	$ 13,006,187	(C4)		
Assigned Fund Balance - Unreserved -- Designated for Subsequent Year's Expenditures	$ 3,976,075	(C5)		
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]			$ 12,596,777	(U1)

SECTION 3

Restricted Fund Balance - Excess Surplus*** [(U1)-(M)] IF NEGATIVE ENTER -0-	$	0	(E)

Recapitulation of Excess Surplus as of June 30, 2025

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	$	19,704,121	(C3)
Reserved Excess Surplus ***[(E)]	$	-	(E)
Total [(C3) + (E)]	$	19,704,121	(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	$	722,893	(J1)
Additional Nonpublic School Transportation Aid	$	198,475	(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)]	$	921,368	(K)

** This amount represents the June 30, 2025 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

*** Amounts must agree to the June 30, 2025 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	$	8,608,670
Maintenance Reserve	$	
Emergency Reserve	$	1,000,000
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	$	3,397,517
[Other Restricted Fund Balance not noted above]****	$	
Total Other Restricted Fund Balance	$	13,006,187 (C4)

PATERSON BOARD OF EDUCATION
AUDIT RECOMMENDATIONS SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Recommendations:

1. Administrative Practices and Reporting

   None

2. Financial Planning, Accounting and Reporting

   All taxes levied by the City for support of the District's budget should be requested and received prior to year-end.

   Bank reconciliations should be prepared monthly for all accounts and be made available for review. All reconciled balances should agree to the Board Secretary report.

   Procedures should be established and implemented to ensure all eligible items purchased are included on the capital asset report and depreciation is properly calculated. All eligible items should be tagged as received. Also, all items included on the capital asset report should be reviewed to ensure the items are still in use.

   The District should ensure that all payroll timesheets and resolutions authorizing payroll expenses are available for review at the time of audit.

3. School Purchasing Programs

   All transportation contracts should be maintained and made available for review at the time of audit.

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 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.

PATERSON BOARD OF EDUCATION
AUDIT RECOMMENDATIONS SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Recommendations (continued):

8. Facilities and Capital Assets

   None

9. Miscellaneous

   None

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