

**AUDITORS MANAGEMENT REPORT
ON ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
SCHOOL DISTRICT OF
BOROUGH OF PALISADES PARK
COUNTY OF BERGEN, NEW JERSEY
JUNE 30, 2020**

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REPORT OF INDEPENDENT AUDITORS

Honorable President and
Members of the Board of Education
Borough of Palisades Park School District
County of Bergen, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Borough of Palisades Park School District in the County of Bergen for the year ended June 30, 2020, and have issued our report thereon dated December 20, 2020.

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 Borough of Palisades Park Board of Education's 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, 2020



**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, 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 CAFR.

Officials Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Angela Spasevski	Business Administrator	\$250,000
Diane Montemurro	Board Secretary	\$125,000

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were different than estimated costs. The Board made proper adjustments to the billings to sending districts for the changes in per pupil costs in accordance with N.J.A.C. 6A:23-3.1(f)3.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims submitted for payment for the period under review did indicate the following discrepancies with respect to signatures, certification or supporting documentation:

Finding 2020-01: During our review of expenditures paid it was noted that various purchase orders did not contain the proper authorizing signatures such as receiving and claimant certifications as required by the Board's purchasing policies.

Recommendation: Proper approval signatures be obtained while processing purchase orders for payment.

Financial Planning, Accounting and Reporting, (continued)

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 not approved by the Superintendent and were not 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 benefit premiums amounts withheld due to the General Fund.

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.

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 proper classification of orders as reserve for encumbrances and accounts payable.

Travel

Finding 2020-02: Our review of travel related expenditures revealed that travel reimbursements are not being approved by a majority of the full voting membership prior to the travel, N.J.S.A. 18A:11-12(d), that requests for travel expense reports are not being completed and submitted for travel reimbursement, N.J.S.A. 18A:11-12(f) and there were instances in which support for mile/toll reimbursement was not available for review, N.J.S.A. 18A:11-12(e).

Recommendation: Travel reimbursements should be made in accordance with the requirements stated in N.J.S.A. 18A:11-12.

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-8.2. As a result of the procedures performed, a transaction error rate of 1.89% was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Finding 2020-03: During our test of transactions, it was noted that the district misclassified and misbudgeted regular public transportation costs to special education transportation expenses and some fixed asset purchases as regular instructional and undistributed expenditures rather than as capital outlay. The expenditure and related appropriation for transportation was reclassified to Contracted Services (Between Home and School) – Joint Agreements.

Recommendation: Districts should reference *The Uniform Minimum Chart of Accounts for New Jersey Public Schools*, and other available reference materials, such as the Budget Guidelines for the proper classifications required to be in compliance with N.J.A.C. 6A:23A-16.2(f).

Board Secretary's Records

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

Finding 2020-04 and CAFR Finding 2020-003: The Board Secretary and Treasurer reports were not always in agreement with the financial records of the district; certain transactions were posted in error, voided checks were not removed from the outstanding check list and not all payrolls were posted to the budgetary records.

Recommendation: The Business Administrator review cash postings to the general ledger and verify the outstanding check list to ensure that all financial transactions are recorded properly.

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 are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the projects under Titles I, II, III and VI of the Elementary and Secondary School Improvement Act as amended.

Financial Planning, Accounting and Reporting, (continued)

The study of compliance for E.S.E.A. indicated the following areas of noncompliance and/or questionable costs:

Finding 2020-05 and CAFR Finding 2020-001: There were instances in which employees whose salary and/or hourly pay was being fully or partially funded by Title I monies were not approved as such by Board Resolution.

Recommendation: All employees whose compensation is funded in full or partially by Title I monies be approved by Board Resolution. The Board Resolution must indicate that the funding of the employee's compensation is through Title I funding.

Finding 2020-06 and CAFR Finding 2020-002: There were instances in which employee time and effort documentation did not detail the Title activities performed and did not contain the signature of the employee and/or supervisory official. In addition, there were instances in which employee time and effort documentation was either not prepared and/or submitted or was not provided for review.

Recommendation: Employee time and effort documentation detail the Title I activities performed, be signed by the employee and approved by a supervisory approval. Greater effort be made to ensure that time and effort documentation be completed as required and maintained on file for review to support payroll charged to the Title I grant.

Other Special Federal and/or State Projects

The District's Special Projects were approved as listed on Schedule A and Schedule B located in the CAFR.

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

The financial exhibits are contained within the Special Revenue section of the CAFR. This section of the CAFR documents the financial position of the aforementioned special projects.

The study of compliance for the special projects indicated no areas of noncompliance.

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.

Financial Planning, Accounting and Reporting, (continued)

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

The amount of the expenditure charged to the current year's Final Report(s) 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, 2015 and thereafter, the bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$40,000 (with a Qualified Purchasing Agency) and \$29,000 (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 \$19,000.

School Purchasing Programs, (continued)

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 or the furnishing or hiring of any materials or supplies," 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, amended.

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

School Food Service

COVID-19 Emergency

In accordance with the Governor's Declaration of Emergency pertaining to the COVID-19 virus, 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.

Therefore, 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.

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.

The school food service program was not selected as a major federal and/or State program. However, the program expenditures exceeded \$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. Exceptions were not 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. Exceptions were not noted.

School Food Service, (continued)

We also inquired of management about the emergency COVID-19 procedures/practices that the SFA instituted to provide meals to eligible 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.

The financial transactions and statistical records of the School Food Services were maintained in satisfactory condition. 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.

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 includes an operating results provision which guarantees that the food service program will break even. The operating results provision has been met. 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.

The number of meals claimed for reimbursement was 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 meals were reviewed for completeness and accuracy. The number of free and reduced meals claimed as served was compared to the number of valid applications or to the list of directly certified students on file, times the number of operating days, on a school by school basis. The free and reduced meal policy is uniformly administered throughout the School System.

Expenditures were separately recorded for food purchases, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food and 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.

Net cash resources did not exceed three months average expenditures.

U.S.D.A. commodities were received and a separate 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 USDA mandated Non-Program Food Revenue Tool at least annually.

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

School Food Service, (continued)

Exhibits reflecting child nutrition program operations are included in the section entitled Enterprise Funds, Section G of the Comprehensive Annual Financial Report.

After School Child Care

The Board operates an After School Child Care program for Palisades Park residents. The operations of the program were reviewed and no exceptions were noted.

Student Body Activities

Cash receipts and disbursement records are maintained in satisfactory condition.

Cash disbursement had proper signatures and supporting documentation.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2018 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 with exception. The information that was included on the workpapers was verified with exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

The District maintained workpapers on the prescribed state forms or their equivalent.

The District has adequate written procedures for the recording of student enrollment data.

Finding 2020-07: The District Report of Transported Resident Students (DRTRS) Eligibility Summary Report for 2019-2020 was overstated by 2 students who had graduated the previous year.

Recommendation: Verification procedures be implemented to ensure that only eligible students be reported.

Pupil Transportation

Our audit procedures included a test of on-roll status reported in the 2018-2019 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures included a review of transportation related contracts and purchases. Based on our review, the district complied with proper bidding procedures and award of contracts with the following exception:

Pupil Transportation, (continued)

Finding 2020-08: There were (2) instances in which required documentation for parental transportation contracts was not obtained or made available for review.

Recommendation: All transportation contracts be reviewed to ensure all required components of the contract are obtained.

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/Recommendations

A review was performed on all prior year recommendations and corrective action had been taken on all prior year findings with the exception of those marked with an “*”.

Suggestions to Management:

- A review of old, outstanding checks in the District's accounts be performed and a resolution cancelling these checks be approved, if necessary.
- The District is issuing “dummy” checks to record the wire transfers for the payment of health benefits. The District should inquire with the software company as to how to delineate a wire transfer in the system rather than a check number being assigned that is subsequently voided.
- Inter/Intra funds be liquidated prior to the end of the year.
- District personnel ensure that only TPAF member’s base pensionable wages are included in the calculation for the reimbursement to the State of New Jersey for Pension and Social Security paid from federally funded programs in accordance with N.J.S.A.18A:66-90. An amended report be filed with the State of New Jersey to recoup the overpayment of Pension and Social Security made on non-pensionable or non-contractual salaries.

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

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Certified Public Accountants
Pompton Lakes, New Jersey

**BOROUGH OF PALISADES PARK SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY -
ENROLLMENT AS OF OCTOBER 15, 2019**

Enrollment Category	2020-2021 Application for State School Aid						Sample for Verification						Private Schools for Disabled									
	Reported on ASOA			Workpapers On Roll			Errors			Sample Selected from Workpapers			Verified per Registers			Reported on ASOA as Schools		Sample for Verification				
	Full	Shared	On Roll	Full	Shared	On Roll	Full	Shared	On Roll	Full	Shared	On Roll	Full	Shared	On Roll	Full	Shared	On Roll	Full	Shared	On Roll	
Half Day Preschool	15		15			15			15			15										
Full Day Preschool	30		30			30			30			30										
Full Day Kindergarten	127		127			127			127			127										
One	134		134			134			134			134										
Two	132		132			132			132			132										
Three	130		130			130			130			130										
Four	127		127			127			127			127										
Five	125		125			125			125			125										
Six	130		130			130			130			130										
Seven	118		118			118			118			118										
Eight	95		95			95			95			95										
Ninth	125		125			125			125			125										
Tenth	142		142			142			142			142										
Eleventh	100		100			100			100			100										
Twelfth	112		112			112			112			112										
Subtotal	1,642		1,642			1,642			1,642			1,642										
Special Ed. Elementary	80		80			80			46			46										
Special Ed. Middle	55		55			55			38			38										
Special Ed. High School	36		36			36			20			20										
Subtotal	171		171			171			104			104										
Totals	1,813		1,813			1,813			1,746			1,746										
Percentage Error																						

SCHEDULE OF AUDITED ENROLLMENTS

**BOROUGH OF PALISADES PARK
BOARD OF EDUCATION**

Application for State School Aid Summary
Enrollment as of October 15, 2019

Year ended June 30, 2020

Enrollment category	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	Sample selected from workpapers	Verified to Application and Register	Reported on A.S.S.A. as LEP low Income	Reported on Workpapers LEP low Income	Sample Selected from Workpapers	Verified to Test score and Register
Full Day Kindergarten	62	62	10	10	34	34	10	10
One	58	58	14	14	33	33	9	9
Two	67	67	15	15	25	25	7	7
Three	83	83	21	21	37	37	15	15
Four	74	74	16	16	23	23	16	16
Five	61	61	11	11	14	14	7	7
Six	63	63	13	13	16	16	8	8
Seven	49	49	14	14	13	13	7	7
Eight	43	43	12	12	8	8	8	8
Ninth	63	63	23	23	29	29	20	20
Tenth	79	79	24	24	35	35	20	20
Eleven	48	48	16	16	11	11	11	11
Twelve	51	51	15	15	10	10	10	10
Special Ed. Elementary	51	51	8	8				
Special Ed. Middle School	27	27	10	10				
Special Ed. High School	23	23	14	14				
	902	902	236	236	288	288	148	148
Percentage	902	902	236	236	288	288	148	148

Category	Transportation			Re-calc.
	Reported on DRTS by DOE/county	Reported on DRTS by District	Errors	
Regular - Public Schools, col. 1	56	56	43	5.4
Transported Non-Public	20	20	18	6.2
Special needs, col. 6	76	76	61	
Totals				
Percentage				

SCHEDULE OF AUDITED ENROLLMENTS

**BOROUGH OF PALISADES PARK
BOARD OF EDUCATION**

Application for State School Aid Summary
Enrollment as of October 15, 2019

Year ended June 30, 2020

Enrollment category	Resident LEP Not Low Income			Sample for Verification		
	Reported on A.S.A as LEP Not low Income	Reported on Workpapers LEP Not low Income	Errors	Sample Selected from Workpapers	Verified to Test score and Register	Sample Errors
Full Day Kindergarten	26	26		17	17	
One	17	17		9	9	
Two	15	15		7	7	
Three	7	7		7	7	
Four	6	6		6	6	
Five	6	6		6	6	
Six	7	7		7	7	
Seven	11	11		9	9	
Eight	9	9		5	5	
Ninth	14	14		4	4	
Tenth	16	16		6	6	
Eleventh	7	7		7	7	
Twelfth	10	10		7	7	
Special Ed. Elementary	1	1		1	1	
Special Ed. Middle School	1	1		1	1	
Special Ed. High School						
	<u>153</u>	<u>153</u>		<u>99</u>	<u>99</u>	
	<u>153</u>	<u>153</u>		<u>99</u>	<u>99</u>	

Percentage

**PALISADES PARK BOARD OF EDUCATION
EXCESS SURPLUS CALCULATION**

REGULAR DISTRICT

SECTION 1

A. 2% Calculation of Excess Surplus

2019-20 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ <u>29,457,449</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	\$ _____	(B1c)
Transfer from General Fund to SRF for PreK-Inclusion	\$ _____	(B1d)
Decreased by:		
On-Behalf TPAF Pension & Social Security	\$ <u>4,350,686</u>	(B2a)
Assets Acquired Under Capital Leases	\$ <u>41,770</u>	(B2b)
Adjusted 19-20 General Fund Expenditures [(B)+(B1's)-(B2's)]	\$ <u>25,064,993</u>	(B3)
2% of Adjusted 2019-20 General Fund Expenditures [(B3) times .02]	\$ <u>501,300</u>	(B4)
Enter Greater of (B4) or \$250,000	\$ <u>501,300</u>	(B5)
Increased by: Allowable Adjustment *	\$ <u>66,261</u>	(K)
Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]		\$ <u><u>567,561</u></u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6-30-20 (Per CAFR Budgetary Comparison Schedule C-1))	\$ <u>4,237,142</u>	(C)
Decreased by:		
Year-end Encumbrances	\$ <u>894,701</u>	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ _____	(C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ <u>270,786</u>	(C3)
Other Restricted Fund Balances****	\$ <u>2,312,775</u>	(C4)
Assigned Fund Balance - Unreserved -- Designated for Subsequent Year's Expenditures	\$ <u>191,319</u>	(C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]		\$ <u><u>567,561</u></u> (U1)

PALISADES PARK BOARD OF EDUCATION
EXCESS SURPLUS CALCULATION

SECTION 3

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

Recapitulation of Excess Surplus as of June 30, 2020

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	\$	<u>270,786</u>	(C3)
Reserved Excess Surplus ***[(E)]	\$	<u>0</u>	(E)
Total [(C3) + (E)]	\$	<u>270,786</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	\$	<u> </u>	(H)
Sale & Lease-back	\$	<u> </u>	(I)
Extraordinary Aid	\$	<u>66,261</u>	(J1)
Additional Nonpublic School Transportation Aid	\$	<u> </u>	(J2)
Current Year School Bus Advertising Revenue Recognized	\$	<u> </u>	(J3)
Family Crisis Transportation Aid	\$	<u> </u>	(J4)
 Total Adjustments [(H)+{I)+(J1)+(J2)+(J3)+(J4)]	 \$	 <u>66,261</u>	 (K)

** This amount represents the June 30, 2020 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

*** Amounts must agree to the June 30, 2020 CAFR 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.

PALISADES PARK BOARD OF EDUCATION
EXCESS SURPLUS CALCULATION

Detail of Other Reserved Fund Balance

Statutory restrictions:		
Approved unspent separate proposal	\$	
Sale/Lease-back reserve	\$	
Capital Reserve	\$	1,705,793
Maintenance Reserve	\$	606,982
Emergency Reserve	\$	
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	\$	
[Other Restricted Fund Balance not noted above]****	\$	
 Total Other Restricted Fund Balance	 \$	 <u>2,312,775</u> (C4)

**PALISADES PARK BOARD OF EDUCATION
AUDIT RECOMMENDATIONS SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Recommendations:

1. Administrative Practices and Reporting

None

2. Financial Planning, Accounting and Reporting

Proper approval signatures be obtained while processing purchase orders for payment.

Travel reimbursements should be made in accordance with the requirements stated in N.J.S.A. 18A:11-12.

Districts should reference *The Uniform Minimum Chart of Accounts for New Jersey Public Schools*, and other available reference materials, such as the Budget Guidelines for the proper classifications required to be in compliance with *N.J.A.C. 6A:23A-16.2(f)*.

The business administrator review cash postings to the general ledger and verify the outstanding check list to ensure that all financial transactions are recorded properly.

All employees whose compensation is funded in full or partially by Title I monies be approved by Board Resolution. The Board Resolution must indicate that the funding of the employee's compensation is through Title I funding.

Employee time and effort documentation detail the Title I activities performed, be signed by the employee and approved by a supervisory approval. Greater effort be made to ensure that time and effort documentation be completed as required and maintained on file for review to support payroll charged to the Title I grant.

3. School Purchasing Programs

None

4. School Food Service

None

5. After School Child Care

None

6. Student Body Activities

None

**PALISADES PARK BOARD OF EDUCATION
AUDIT RECOMMENDATIONS SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

7. Application for State School Aid

Verification procedures be implemented to ensure that only eligible students be reported.

8. Pupil Transportation

All transportation contracts be reviewed to ensure all required components of the contract are obtained.

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 take on all prior year findings.