

**AUDITORS MANAGEMENT REPORT
ON ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
SCHOOL DISTRICT OF THE
BOROUGH OF PROSPECT PARK
COUNTY OF PASSAIC, NEW JERSEY
JUNE 30, 2021**

SCHOOL DISTRICT OF THE BOROUGH OF PROSPECT PARK
COUNTY OF PASSAIC, NEW JERSEY

AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS
- FINANCIAL, COMPLIANCE AND PERFORMANCE

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REPORT OF INDEPENDENT AUDITORS

Honorable President and
Members of the Board of Education
Prospect Park School District
County of Passaic, 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 Prospect Park School District in the County of Passaic for the year ended June 30, 2021, and have issued our report thereon dated February 2, 2022.

As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended for the information of the Prospect 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

Steven D. Wielkocz, C.P.A.
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February 2, 2022



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

GENERAL COMMENTS

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator, 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, Insurance Schedule contained in the District's CAFR.

Officials Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
James Shoop	Interim Business Administrator/Board Secretary (7/1/20-11/30/20)	\$210,000
Edward J. Appleton	Interim Business Administrator (12/1/20-6/30/21)	210,000
Erin Delaney	Board Secretary (12/1/20-6/30/21)	210,000

There is a Public Employees' Dishonesty coverage with the New Jersey School Boards Association Insurance Group covering all other employees with multiple coverage of \$100,000.

Tuition Charges

A comparison of tentative charges and actual certified tuition charges was made. The actual costs were more than estimated costs. The Board made a proper adjustment to the billings to sending districts 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.

Financial Planning, Accounting and Reporting, (continued)

Payroll Account and Position Control Roster

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.

***Finding 2021-001:** Supporting documentation that all payrolls were approved by the Superintendent and were certified by the President of the Board and the Board Secretary was not available for review at the time of audit.

Recommendation: That supporting documentation for approved payrolls be maintained on file and made available upon request.

***Finding 2021-002:** There were instances in which salary withholdings were not promptly remitted to the proper agencies in a timely manner.

Recommendation: All salary withholdings be promptly remitted to the proper agencies.

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

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 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 orders 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.

Finding 2021-003: There were instance in which amounts were improperly recorded as encumbrances/accounts payable as of June 30, 2021.

Recommendation: Purchase orders should be reviewed for proper classification at June 30 as accounts payable or reserve for encumbrances based upon whether the goods have been received or the services rendered.

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 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 .08% was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Finding 2021-004: Expenditures in the categories Required Maintenance were not charged to the appropriate line item accounts in accordance with the Uniform Minimum Chart of Accounts for New Jersey Public Schools.

Recommendation: The District should reference the Uniform Minimum Chart of Accounts for New Jersey Public Schools, 2021 Edition and other available reference materials, such as the Budget Guidelines for the proper classification required to be in compliance with N.J.A.C. 6A:23-2.3(f).

Board Secretary's Records

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

Finding 2021-005 (CAFR Finding 2021-007): The Board Secretary's and Treasurer's reports were not presented monthly to the board. Also, the district could not provide documentation that the Annual Report was submitted to the executive county superintendent by August 1.

Recommendation: The Board Secretary's and Treasurer's reports should be presented monthly to the board in accordance with N.J.S.A. 18A:17.9 and N.J.S.A. 18A:17-36. In addition, the Board Secretary should maintain supporting documentation regarding the submission of the Annual Report to the executive county superintendent in accordance with N.J.S.A. 18A:17-10.

***Finding 2021-006:** There were instances where invoices were not paid in a timely manner.

Recommendation: That more care be taken to ensure payments are made in a timely manner.

Treasurer's Records

The following item was noted during our review of the records of the Treasurer:

Finding 2021-007: Bank reconciliations for the month of June were not provided for the Cafeteria, Net Payroll, Payroll Agency, Summer Savings, Flex Spending or Student Council Accounts.

Recommendation: The Treasurer should reconcile their cash records with the reconciled bank statements and the cash records of the Board Secretary.

Financial Planning, Accounting and Reporting, (continued)

Fixed Assets

***Finding 2021-008 (CAFR Finding 2021-002 and 2021-004):** The capital asset records were not updated for the additions and disposals of capital assets made during the year.

Recommendation: The District should have adequate internal control procedures over its capital assets, including periodic update of the general ledger for additions and disposals.

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 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 questionable costs.

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 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.

T.P.A.F. 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.

Financial Planning, Accounting and Reporting, (continued)

Nonpublic State Aid

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

Finding 2021-009: The Project Completion Reports did not agree to the district's accounting records.

Recommendation: Expended amounts included on the Project Completion Report should agree to the District's accounting records.

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 \$19,600.

The board of education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Solicitor's opinion should be sought before a commitment is made.

Financial Planning, Accounting and Reporting, (continued)

Contracts and Agreements Requiring Advertisement for Bids, (continued)

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

School Food Service

Public Health Emergency

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

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

SFAs were authorized to solicit and award emergency noncompetitive procurements and contracts with Food Service Management Companies in accordance with 2 CFR 200.320 and N.J.S.A. 18A:18A-7. The SFAs were also authorized to submit contract modifications to their existing Cost Reimbursable or Fixed Price contracts as necessary to ensure the feeding of 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 students during the emergency.

We 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; modification 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 Program. We also inquired if the PPP loan was subsequently forgiven and the FSMC refunded or credited the applicable amounts to the SFA.

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.

School Food Service, (continued)

The FSMC did not apply for or receive a loan in accordance with the Payroll Protection Plan and did not use the funds to pay for costs applicable to the Food Service Programs. The PPP loan was not subsequently forgiven and the FSMC did not refund or credit the applicable amounts to the SFA.

The financial transactions and statistical records of the School Food Service Fund were reviewed. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

Cash receipts and bank records were reviewed for timely deposit.

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.

Finding 2021-010 (CAFR Finding 2021-005): Meals claimed did not agree with meal count records resulting in an over claim, as detailed on the Schedule of Meal Count Activity.

Recommendation: Prior to submitting reimbursement claims to the New Jersey Department of Agriculture, the meals claimed should be verified to the meal count activity records and Edit Check Worksheets and/or tally sheets.

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 not completed and not available for review.

Finding 2021-011 (CAFR Finding 2021-003): The required documentation required to support the number of students reported as low income was not available for audit.

Recommendation: The district should maintain the completed valid New Jersey Household Information Survey Form or documentation of direct certification for all student reported as low income.

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 return a profit of at least \$50,000. 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.

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.

School Food Service, (continued)

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 exceed three months average expenditures.

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

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

***Finding 2021-012:** The school district's net cash resources exceeded three months average expenditures.

Recommendation: The district should improve food quality or take other actions designed to improve the nonprofit school food service program.

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

Student Body Activities

During our review of the Student Activity Funds, no exceptions were noted.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2020 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, bilingual and low-income. 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 exceptions noted. 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.

Finding 2021-013 (CAFR Finding 2021-006): The district did not maintain workpapers in the prescribed state format or their equivalent to support the number of student reports as Special Education, Low Income, Low Income Limited English Proficient or Limited English Proficient.

Recommendation: Detailed listings of all enrollment counts should be maintained to support the Application for State School Aid submission.

Finding 2021-014 (CAFR Finding 2021-006): The district had no written procedures for the proper maintenance and recording of student enrollment data.

Application for State School Aid, (continued)

Recommendations: We recommend that the district prepare written procedures detailing the process for the two required enrollment counts. The procedures should describe how the count was taken, who was responsible for compiling the data, completing the enrollment count submission, and detail the various assigned responsibilities for collection of the data and the follow-up procedures to identify student information to be corrected in the subsequent count.

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2020-2021 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

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. No expectations were noted in our review of transportation related purchases of goods and services.

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 government auditing standards, our procedures included a review of all prior year recommendations. Corrective action had been taken on all prior year findings, with the exception of the comments preceded with an “*”.

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.
Public School Accountant

Wielkotz + Company, LLC

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

SCHEDULE OF MEAL COUNT ACTIVITY

PROSPECT PARK BOARD OF EDUCATION
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIMED - FEDERAL
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

<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					0.35	-
National School Lunch (High Rate)	Reduced					3.13	-
National School Lunch (High Rate)	Free					3.53	-
National School Lunch (High Rate)	SSO	<u>54,861</u>	<u>54,861</u>	<u>54,210</u>	<u>(651)</u>	3.53	<u>(2,298)</u>
	Total	<u>54,861</u>	<u>54,861</u>	<u>54,210</u>	<u>(651)</u>		<u>(2,298)</u>
National School Lunch (Healthy Hunger-Free Kids Act)	HHFKA	<u>54,861</u>	<u>54,861</u>	<u>54,210</u>	<u>(651)</u>	0.07	<u>(46)</u>
School Breakfast (Severe Needs Rate)	Paid					0.32	-
	Reduced					1.96	-
	Free					2.26	-
	SSO	<u>60,503</u>	<u>60,503</u>	<u>59,852</u>	<u>(651)</u>	2.26	<u>(1,471)</u>
	Total	<u>60,503</u>	<u>60,503</u>	<u>59,852</u>	<u>(651)</u>		<u>(1,471)</u>
Total (Over)/Under Claim						Total Net Diff	<u>(3,769)</u>

SCHEDULE OF MEAL COUNT ACTIVITY

PROSPECT PARK BOARD OF EDUCATION
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIMED - STATE
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

<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					0.050	-
State Reimbursement - National School Lunch (High Rate)	Reduced					0.055	-
State Reimbursement - National School Lunch (High Rate)	Free					0.055	-
State Reimbursement - National School Lunch (High Rate)	SSO	27,341	27,341	26,690	(651)	0.055	(36)
State Reimbursement - National School Lunch (High Rate)	SSO	<u>27,520</u>	<u>27,520</u>	<u>27,520</u>		0.255	<u>-</u>
	Total	<u>54,861</u>	<u>54,861</u>	<u>54,210</u>	<u>(651)</u>		<u>(36)</u>
Total (Over)/Under Claim							<u>(36)</u>

**BOROUGH OF PROSPECT PARK
BOARD OF EDUCATION**

**Net cash resources did not exceed three months of expenditures
Proprietary Funds - Food Service
Year ended June 30, 2021**

<u>Net Cash Resources:</u>		Food Service B - 4/5	
CAFR	*	Current Assets	
B-4		Cash & Cash Equiv.	\$ 6,292
B-4		Accounts Receivable	76,001
B-4		Due from Other Funds	123,449
CAFR		Current Liabilities	
B-4		Less Accounts Payable	(31,175)
B-4		Less Deferred Revenue	(566)
		Net Cash Resources	\$ 174,001 (A)

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.	376,172	
B-5	Less Depreciation		
	Adj. Tot. Oper. Exp.	\$ 376,172	(B)

Average Monthly Operating Expense:

	B / 10	\$ 37,617	(C)
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Three times monthly Average:

	3 X C	\$ 112,852	(D)
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TOTAL IN BOX A	\$	174,001.00	
LESS TOTAL IN BOX D	\$	112,851.60	
NET	\$	61,149.40	
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

BOROUGH OF PROSPECT PARK SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2020

Year Ended June 30, 2021

Enrollment Category	2021-2022 Application for State School Aid						Sample for Verification				Private Schools for Disabled						
	Reported on ASAA		Reported on Workpapers		Errors		Sample Selected from Workpapers		Verified per Registers		Errors per Registers		Reported on ASAA as Private Schools		Sample for Verification		
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	
Half Day Preschool	24		24				24		24								
Full Day Preschool	27		27				27		27								
Full Day Kindergarten	49		48		1		49		49								
One	77		77				77		77								
Two	66		66				66		66								
Three	63		63				63		63								
Four	66		66				66		66								
Five	82		82				82		82								
Six	68		67		1		68		68								
Seven	88		88				88		88								
Eight	68		68				68		68								
Subtotal	678		676		2		678		678								
Special Ed. Elementary	91		91				62				62		8		8		2
Special Ed. Middle	47		47				31				31		2		1		1
Subtotal	138		138				93				93		10		9		2
Totals	816		814		2		771		678		93		10		9		7
Percentage Error					0.25%						12.06%						22.22%

SCHEDULE OF AUDITED ENROLLMENTS

**BOROUGH OF PROSPECT PARK
BOARD OF EDUCATION**

Application for State School Aid Summary
Enrollment as of October 15, 2020

Year ended June 30, 2021

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	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	15	15		5	3	2	1					
One	49	49		19	12	7	3	3			2	2
Two	43	43		17	13	4	5	4			3	3
Three	40	40		16	7	9	1	1			1	1
Four	46	45	1	19	9	10	2	2			2	2
Five	57	57		23	14	9	1	1			1	1
Six	38	38		15	7	8						
Seven	57	57		23	15	8	3	3			3	3
Eight	44	44		17	10	7	4	4			3	3
Special Ed. Elementary	68	68		28	18	10	2	2			2	2
Special Ed. Middle School	38	36	2	15	10	5	3	3			3	3
	495	492	3	197	118	79	25	23	2		20	20
	495	492	3	197	118	79	25	23	2		20	20
Percentage			0.61%			66.95%			8.70%			100.00%

Category	Transportation			Re- calc.
	Reported on DRTS by DOE/county	Reported on DRTS by District	Errors	
Regular - Public Schools, col. 1	9.0		9	4.8
Transported- Non-Public	17.0		17	6.9
Special needs, col. 6	26.0		26	
Totals				
Percentage				

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

**BOROUGH OF PROSPECT PARK
BOARD OF EDUCATION**

SCHEDULE OF AUDITED ENROLLMENTS

Application for State School Aid Summary
Enrollment as of October 15, 2020

Year ended June 30, 2021

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						
One	2	2		1		1
Two	1	1		1		1
Three	1	1		1		1
Four	1	1		1		1
Five	3	3		3		3
Six	1	2	(1)	2		2
Seven	3	3		2		2
Eight	1	1		1		1
Special Ed. Elementary						
Special Ed. Middle School						
Special Ed. High School						
	<u>13</u>	<u>14</u>	<u>(1)</u>	<u>12</u>		<u>12</u>
	<u>13</u>	<u>14</u>	<u>-1</u>	<u>12</u>		<u>12</u>
Percentage			<u>-7%</u>			<u>100.00%</u>

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

REGULAR DISTRICT

SECTION 1

A. 4% Calculation of Excess Surplus

2020-21 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ <u>15,291,302</u>	(B)
Increased by:		
Transfer from Capital Outlay to Capital Projects Fund	\$ _____	(B1a)
Transfer from Capital Reserve to Capital Projects Fund	\$ <u>34,623</u>	(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>2,356,576</u>	(B2a)
Assets Acquired Under Capital Leases	\$ _____	(B2b)
Adjusted 20-21 General Fund Expenditures [(B)+(B1's)-(B2's)]	\$ <u>12,969,349</u>	(B3)
4% of Adjusted 2020-21 General Fund Expenditures [(B3) times .04]	\$ <u>518,774</u>	(B4)
Enter Greater of (B4) or \$250,000	\$ <u>518,774</u>	(B5)
Increased by: Allowable Adjustment *	\$ <u>469,493</u>	(K)
Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]		\$ <u><u>988,267</u></u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6-30-21 (Per CAFR Budgetary Comparison Schedule C-1))	\$ <u>2,439,887</u>	(C)
Decreased by:		
Year-end Encumbrances	\$ <u>49,422</u>	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ _____	(C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ <u>324,853</u>	(C3)
Other Restricted Fund Balances****	\$ <u>577,849</u>	(C4)
Assigned Fund Balance - Unreserved -- Designated for Subsequent Year's Expenditures	\$ <u>188,030</u>	(C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]		\$ <u><u>1,299,733</u></u> (U1)

SECTION 3

Restricted Fund Balance - Excess Surplus*** [(U1)-(M)] IF NEGATIVE ENTER -0- \$ 311,466 (E)

Recapitulation of Excess Surplus as of June 30, 2021

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ <u>324,853</u>	(C3)
Reserved Excess Surplus ***[(E)]	\$ <u>311,466</u>	(E)
Total [(C3) + (E)]	\$ <u>636,319</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

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>466,013</u>	(J1)
Additional Nonpublic School Transportation Aid	\$ <u>3,480</u>	(J2)
Current Year School Bus Advertising Revenue Recognized	\$ _____	(J3)
Family Crisis Transportation Aid	\$ _____	(J4)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)]	\$ <u>469,493</u>	(K)

** This amount represents the June 30, 2021 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

*** Amounts must agree to the June 30, 2021 CAFR and must agree to Audit Summary Worksheet Line 90030.

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

Detail of Other Reserved Fund Balance

Statutory restrictions:		
Approved unspent separate proposal	\$ _____	
Sale/Lease-back reserve	\$ _____	
Capital Reserve	\$ <u>281,935</u>	
Maintenance Reserve	\$ <u>195,914</u>	
Emergency Reserve	\$ <u>100,000</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	\$ _____	
[Other Restricted Fund Balance not noted above]****	\$ _____	
Total Other Restricted Fund Balance	\$ <u>577,849</u>	(C4)

**PROSPECT PARK BOARD OF EDUCATION
AUDIT RECOMMENDATIONS SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Recommendations:

1. Administrative Practices and Reporting

None

2. Financial Planning, Accounting and Reporting

*That all supporting documentation for approved payrolls be maintained on file and made available upon request.

*All salary withholdings be promptly remitted to the proper agencies.

Purchase orders should be reviewed for proper classification at June 30 as accounts payable or reserve for encumbrances based upon whether the goods have been received or the services rendered.

The District should reference The *Uniform Minimum Chart of Accounts for New Jersey Public Schools, 2021 Edition* 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:23-2.3(f).

The Board Secretary's and Treasurer's reports should be presented monthly to the board in accordance with N.J.S.A. 18A:17.9 and N.J.S.A. 18A:17-36. In addition, the Board Secretary should maintain supporting documentation regarding the submission of the Annual Report to the executive county superintendent in accordance with N.J.S.A. 18A:17-10.

That more care be taken to ensure payments are made in a timely manner.

The Treasurer should reconcile their cash records with the reconciled bank statements and the cash records of the Board Secretary.

*The District should have adequate internal control procedures over its capital assets, including periodic update of the general ledger for additions and disposals.

Expended amounts included on the Project Completion Report should agree to the District's accounting records.

**PROSPECT PARK BOARD OF EDUCATION
AUDIT RECOMMENDATIONS SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Recommendations (continued):

3. School Purchasing Programs

None

4. School Food Service

Prior to submitting reimbursement claims to the New Jersey Department of Agriculture, the meals claimed should be verified to the meal count activity records and Edit Check Worksheets and/or tally sheets.

The district should maintain the completed valid New Jersey Household Information Survey Form or documentation of direct certification for all student reported as low income.

The district should improve food quality or take other actions designed to improve the nonprofit school food service program.

5. Student Body Activities

None

6. Application for State School Aid

Detailed listings of all enrollment counts should be maintained to support the Application for State School Aid submission.

We recommend that the district prepare written procedures detailing the process for the two required enrollment counts. The procedures should describe how the count was taken, who was responsible for compiling the data, completing the enrollment count submission, and detail the various assigned responsibilities for collection of the data and the follow-up procedures to identify student information to be corrected in the subsequent count.

7. Pupil Transportation

None

8. Miscellaneous

None

9. 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 “*”.