

ROSELLE PARK BOARD OF EDUCATION

AUDITOR'S MANAGEMENT REPORT

COUNTY OF UNION

JUNE 30, 2021

**ROBERT A. HULSART & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
2807 HURLEY POND ROAD, SUITE 100
WALL, NEW JERSEY 07719**

AUDITORS MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS

FINANCIAL, COMPLIANCE AND PERFORMANCE

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Robert A. Hulsart and Company
CERTIFIED PUBLIC ACCOUNTANTS

1.

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
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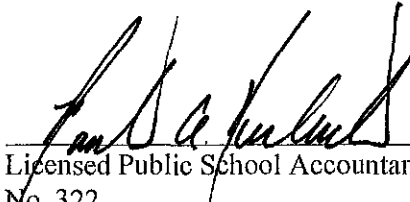
REPORT OF INDEPENDENT AUDITORS

Honorable President and Members
of the Board of Education
Roselle Park School District
County of Union, New Jersey

We have audited, in accordance with generally accepted audit standards and Government Auditing Standards, issued by the comptroller General of the United States, the general-purpose financial statements of the Board of Education of the Roselle Park School District in the County of Union, for the year ended June 30, 2021, and have issued our report thereon dated February 11, 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 Roselle 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.



Licensed Public School Accountant
No. 322
ROBERT A. HULSART AND COMPANY

February 11, 2022

ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Monies, 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; Insurance Schedule contained in the district's ACFR.

Officials Bond

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Michelle Calas	Board Secretary/School Business Administrator	\$ 25,000
Gregory S. Mayers	Treasurer	300,000

There is a Public Employees' Faithful Performance Blanket Position Bond with the New Jersey School Boards Association Insurance Group covering all other employees with multiple coverage of \$5,000.00 - \$25,000.00.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The Board made the proper adjustment 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 paid during the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

Payroll Account/Payroll Agency

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.

Reserve for Encumbrances and 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. No exceptions were noted.

Board Secretary's Records

Our review of the financial and accounting records maintained by the Board Secretary disclosed no reportable conditions.

Treasurer's Records

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

Elementary and Secondary Education Act (E.S.E.A.) as amended by the Every Student Succeeds Act (ESSA)

The E.S.E.A. financial exhibits are contained within the Special Revenue Section of the ACFR. This section of the ACFR documents the financial position pertaining to projects under Title I, Title IIA and Title III of the E.S.E.A.

The study of compliance for E.S.E.A. indicated the following 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 ACFR.

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, with no exceptions noted.

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 reimbursement forms filed with Department of Education for district employees who are members of the Teachers Pension and Annuity Fund.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

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 \$19,600 for 2020-21.

The District 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.

Based on the results of our examination, we did not note any individual payments, contracts, or agreements made for the performance of any work or 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 contracts or agreement for "Professional Services" per *N.J.S.A. 18A:18A-5*.

School Food Service Fund

The School Food Service Fund has been audited as a major program.

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.

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 \$5,000.00. The operating results provision has been met. All vendor discounts, rebates, and credits from vendors and/or 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 verified against sales and meal count records. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement vouchers were timely filed, and meals claimed agreed with meal count records.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served did not exceed the number of valid applications on file, times the number of operating days. The free and reduced price meal policy is uniformly administered throughout the School System. The required verification procedures for free and reduced price applications was completed and available for review.

Cash receipts and bank records were reviewed for timely deposits per state guidelines.

School Food Service Fund (Continued)

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Pomptonian's inventory records on food supply items were currently maintained and properly applied in determining the cost of food and supplies used.

The cash disbursement records reflected expenditures for program related goods and services. The District deposited and expended program monies in accordance with N.J.S.A. 18A:17-34, and 19-1 through 19-4.1. 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.

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

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with *N.J.A.C.* 6A:23-2.2 (g) 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-2.4. As a result of the procedures performed, a transaction error rate of 0% was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

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, 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 without exception. The information that was included on the workpapers was verified without 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 equivalents.

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

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2020-21 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with no errors. 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 exceptions were noted in our review of transportation related purchases of goods and services.

District Travel Policy

The District maintained a log for all employees who were not under an existing contract in relation to travel expenditures; the log was examined and was in compliance with the administrative code.

Follow-up on Prior Years' Findings

There were no findings during the 2019-2020 fiscal year.

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 staff.

4% Calculation of Excess Surplus

2020-21 Total General Fund Expenditures Per the ACFR	\$ 39,359,983
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Decreased by:

On-Behalf TPAF Pension & Social Security	<u>(7,175,006)</u>
------------------------------------------	--------------------

Adjusted 2020-21 General Fund Expenditures	<u>\$ 32,184,977</u>
--------------------------------------------	----------------------

4% of Adjusted 2020-21 General Fund Expenditures	\$ 1,287,399
Increased by Allowable Adjustments	<u>400,022</u>

Maximum Unassigned Fund Balance	<u>\$ 1,687,421</u>
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Section 2

Total General Fund – Fund Balance @ 6-30-21	\$ 8,979,328
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Decreased by:

Reserved for Encumbrances	(954,613)
Designated for Subsequent Years Expenditures – Excess Surplus	(1,231,665)
Designated for Subsequent Years Expenditures – BOE	(270,527)
Designated for Subsequent Years Expenditures – Capital Reserve	(300,000)
Reserve for Unemployment	(71,452)
Other Reserves	<u>(2,552,393)</u>

Total Unassigned Fund Balance	<u>\$ 3,598,678</u>
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Excess Surplus	<u>\$ 1,911,257</u>
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Section 3

Reserved Fund Balance – Excess Surplus	\$ 1,911,257
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Designated for Subsequent Years Expenditures - Excess Surplus	<u>1,231,665</u>
---------------------------------------------------------------	------------------

	<u>\$ 3,142,922</u>
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Detail of Allowable Adjustments

Extraordinary Aid	<u>\$ 400,002</u>
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Detail of Other Reserved Fund Balance

Capital Reserve	\$ 2,514,874
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Maintenance Reserve	<u>37,519</u>
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	<u>\$ 2,552,393</u>
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ROSELLE PARK SCHOOL DISTRICT

APPLICATION FOR STATE SCHOOL AID SUMMARY

Sheet 1 of 3

ENROLLMENT AS OF OCTOBER 15, 2020

	2021-2022 Application for State School Aid (10-15-20 Data)						Sample for Verification						Private Schools for Disabled			
	Reported On		Reported on		Errors		Sample Selected		Verified Per		Errors Per Registers		Reported On	Sample for	Sample	Sample
	A.S.S.A. on Roll		Workpapers on Roll				from Workpapers		Registers on Roll		on Roll		A.S.S.A. as	Verification	Verified	Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Private Schools			
Full Day Preschool 3 Yrs.	1		1					1		1						
Full Day Preschool 4 Yrs.	60		60					11		11						
Full Day Kindergarten	104		104					36		36						
One	110		110					41		41						
Two	108		108					39		39						
Three	121		121					55		55						
Four	128		128					50		50						
Five	115		115					51		51						
Six	153		153					153		153						
Seven	136		136					136		136						
Eight	157		157					157		157						
Nine	122		122					122		122						
Ten	134		134					134		134						
Eleven	129	2	129	2				129	2	129	2					
Twelve	127	4	127	4				127	4	127	4					
Subtotal	1705	6	1705	6	0	0	1242	6	1242	6	0	0	0	0	0	0
Special Ed. - Elementary	156		156				58		58				4	4	4	
Special Ed. - Middle School	74		74				74		74				2	2	2	
Special Ed. - High School	88	9	88	9			88	9	88	9			1	1	1	
Subtotal	318	9	318	9	0	0	220	9	220	9	0	0	7	7	7	0
Co. Voc. - Regular																
Co. Voc. - Ft. Post Sec.																
Totals	2023	15	2023	15	0	0	1462	15	1462	15	0	0	7	7	7	0
Percentage Error					0%	0%					0%	0%				0%

ROSELLE PARK SCHOOL DISTRICT

APPLICATION FOR STATE SCHOOL AID SUMMARY

ENROLLMENT AS OF OCTOBER 15, 2020

	<u>Low Income</u>			<u>Sample for Verification</u>			<u>Resident LEP Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on A.S.S.A. as Low Income</u>	<u>Reported on Workpapers as Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Application and Register</u>	<u>Sample Errors</u>	<u>Reported on ASSA as LEP Low Income</u>	<u>Reported on Workpapers as LEP Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Test Score and Register</u>	<u>Sample Errors</u>
Full Day Preschool	11	11		6	6							
Full Day Kindergarten	44	44		21	21		19	19		12	12	
One	34	34		14	14		10	10		6	6	
Two	40	40		18	18		16	16		14	14	
Three	52	52		22	22		19	19		9	9	
Four	44	44		19	19		7	7		3	3	
Five	43	43		16	16		4	4		3	3	
Six	63	63		13	13		2	2		2	2	
Seven	40	40		15	15		3	3		1	1	
Eight	63	63		12	12		2	2		2	2	
Nine	41	41		7	7		3	3		1	1	
Ten	66	66		9	9		2	2		1	1	
Eleven	51	51		10	10		2	2		1	1	
Twelve	53	53		6	6		1	1		1	1	
Subtotal	<u>645</u>	<u>645</u>	<u>0</u>	<u>188</u>	<u>188</u>	<u>0</u>	<u>90</u>	<u>90</u>	<u>0</u>	<u>56</u>	<u>56</u>	<u>0</u>
Special Ed. - Elementary	70	70		25	25		16	16		7	7	
Special Ed. - Middle School	34	34		11	11							
Special Ed. - High School	38	38		8	8		2	2		2	2	
Subtotal	<u>142</u>	<u>142</u>	<u>0</u>	<u>44</u>	<u>44</u>	<u>0</u>	<u>18</u>	<u>18</u>	<u>0</u>	<u>9</u>	<u>9</u>	<u>0</u>
Totals	<u>787</u>	<u>787</u>	<u>0</u>	<u>232</u>	<u>232</u>	<u>0</u>	<u>108</u>	<u>108</u>	<u>0</u>	<u>65</u>	<u>65</u>	<u>0</u>
Percentage Error			<u>0%</u>			<u>0%</u>			<u>0%</u>			<u>0%</u>

	<u>Transportation</u>							<u>Reported</u>	<u>Recalculated</u>
	<u>Reported on DRTRS by DOE/County</u>	<u>Reported on DRTRS by District</u>	<u>Errors</u>	<u>Tested</u>	<u>Verified</u>	<u>Errors</u>			
Reg. - Public Schools, col. 1	1	1		1	1		Reg. Avg. (Mileage) = Regular Including Grade PK Students (Part A)	7.3	7.3
Reg. Special Education, col. 4	8	8		8	8		Ref. Avg. (Mileage) - Regular Excluding Grade PK Students (Part B)	7.3	7.3
Transported - Non-Public, col. 3							Spec. Avg. = Special Ed. With Special Needs	9.0	9.0
Special Education Spec., col. 6	19	19		19	19				
Totals	<u>28</u>	<u>28</u>	<u>0</u>	<u>28</u>	<u>28</u>	<u>0</u>			
Percentage Error			<u>0%</u>			<u>0%</u>			

ROSELLE PARK SCHOOL DISTRICT

APPLICATION FOR STATE SCHOOL AID SUMMARY

ENROLLMENT AS OF OCTOBER 15, 2020

	<u>Resident LEP Not Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on ASSA as LEP Not Low Income</u>	<u>Reported on Workpapers as LEP Not Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Test Score and Register</u>	<u>Sample Errors</u>
Full Day Kindergarten	5	5		3	3	
One	7	7		4	4	
Two	5	5		4	4	
Three	7	7		4	4	
Four	4	4		3	3	
Five	5	5		3	3	
Six	1	1		1	1	
Seven	1	1		1	1	
Eight	5	5		3	3	
Nine	2	2		1	1	
Ten	1	1		1	1	
Eleven	3	3		2	2	
Twelve	1	1		1	1	
Subtotal	<u>47</u>	<u>47</u>	<u>0</u>	<u>31</u>	<u>31</u>	<u>0</u>
Special Ed. - Elementary	7	7		5	5	
Special Ed. - Middle School						
Special Ed. - High School						
Subtotal	<u>7</u>	<u>7</u>	<u>0</u>	<u>5</u>	<u>5</u>	<u>0</u>
Totals	<u>54</u>	<u>54</u>	<u>0</u>	<u>36</u>	<u>36</u>	<u>0</u>
Percentage Error			<u>0%</u>			<u>0%</u>

SCHEDULE OF MEAL COUNT ACTIVITY

ROSELLE PARK SCHOOL DISTRICT

FOOD SERVICE FUND

NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM - FEDERAL

ENTERPRISE FUND

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 (Regular Rate)	Paid				-	\$ 0.380 *	-
	Reduced				-	3.165	-
	Free	<u>224,009</u>	<u>90,094</u>	<u>90,094</u>	<u>-</u>	3.565	<u>-</u>
Total Net Overclaim		<u>224,009</u>	<u>90,094</u>	<u>90,094</u>	<u>-</u>		<u>-</u>
Breakfast Program (Regular Rate)	Paid				-	\$ 0.320	-
	Reduced				-	1.590	-
	Free	<u>24,400</u>	<u>7,631</u>	<u>7,631</u>	<u>-</u>	1.890	<u>-</u>
Total Net Overclaim		<u>24,400</u>	<u>7,631</u>	<u>7,631</u>	<u>-</u>		<u>-</u>
Breakfast Program (Severe Needs Rate)	Paid				-	\$ 32.000	-
	Reduced				-	1.960	-
	Free	<u>198,868</u>	<u>82,463</u>	<u>82,463</u>	<u>-</u>	2.260	<u>-</u>
Total Net Overclaim		<u>198,868</u>	<u>82,463</u>	<u>82,463</u>	<u>-</u>		<u>-</u>

* - \$.07 for Federal PB Lunch - Healthy Hunger-Free Kids Act

ROSELLE PARK SCHOOL DISTRICT

NET CASH RESOURCE SCHEDULE

NET CASH RESOURCES DID NOT EXCEED 3 MONTHS OF EXPENDITURES

PROPRIETARY FUNDS - FOOD SERVICE

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

<u>Net Cash Resources:</u>		<u>Food Service</u> <u>G - 1/2</u>
CAFR	Current Assets	
G-1	Cash & Cash Equivalents	\$ 338,897
G-1	Accounts Receivables	134,104
	Current Liabilities	
G-1	Less Accounts Payable	<u>(149,704)</u>
	Net Cash Resources	<u>\$ 323,297 (A)</u>
 <u>Net Adjustment Total Operating Expense:</u>		
G-2	Total Operating Expenses	1,125,479
G-2	Less Depreciation	<u>(146)</u>
	Adjusted Total Operating Expenses	<u>1,125,333 (B)</u>
 <u>Average Monthly Operating Expense:</u>		
	B / 10	<u>\$ 112,533 (C)</u>
 <u>Three Times Monthly Average</u>		
	3 X C	<u>\$ 337,600</u>
Total in (A)		\$ 323,297
Less Total in (D)		<u>(337,600)</u>
Net		<u>\$ (14,303)</u>

ROSELLE PARK SCHOOL DISTRICT
AUDIT RECOMMENDATIONS SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Recommendations:

1. Administrative Practices and Procedures
None
2. Financial Planning, Accounting and Reporting
None
3. School Purchasing Programs
None
4. School Food Service
None
5. Student Body Activities
None
6. Application for State School Aid
None
7. Pupil Transportation
None
8. Facilities and Capital Assets
None
9. Miscellaneous
None
10. Status of Prior Year Audit Findings/Recommendations
There were no prior year findings/recommendations.