

**PASSAIC PUBLIC SCHOOLS
AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2022**

**PASSAIC PUBLIC SCHOOLS
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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Honorable President and Members
of the Board of Education
Passaic Public Schools
663 Main Avenue
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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 financial statements of the Passaic Public Schools as of and for the fiscal year ended June 30, 2022, and have issued our report thereon dated March 9, 2023.

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

This report is intended solely for the information of the Board of Education’s management, the Board of Trustees and others within the District and the New Jersey State Department of Education. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

LERCH, VINCI & BLISS, LLP
Certified Public Accountants
Public School Accountants

Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
March 9, 2023

**PASSAIC PUBLIC SCHOOLS
ADMINISTRATION FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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 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 the Schedule of Insurance reported on Exhibit J-20 in the District's Annual Comprehensive Financial Report (the "ACFR").

Officials Bonds

| <u>Name</u> | <u>Position</u> | <u>Amount</u> |
|-------------------|---|---------------|
| Ryan Aaron Bowman | Board Secretary/School Business Administrator/Purchasing Agent | \$150,000 |
| Lillian D'Elia | Comptroller | 150,000 |
| Paul Gabarini | Treasurer of School Monies | 1,100,000 |

There is Public Employee Dishonesty with Faithful Performance coverage with the New Jersey School Boards Association Insurance Group covering all other employees with multiple coverage of \$500,000.

P.L. 2020, c44

Our audit procedures included an inquiry and subsequent review of health benefit data required per N.J.S.A. 18A:16-13.3 (Chapter 44) submitted for the year of audit. The Chapter 44 summary report was reviewed for reasonableness and timeliness.

The data submitted did include all health benefit plans offered by the school district.

The school district data certification was completed by the Chief School Administrator. The school district submitted the Chapter 44 data in a timely manner.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The Board made a proper adjustment to the billings to sending Districts for the adjustment in per pupil costs in accordance with N.J.A.C. 6:A:23.3(f)3.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under review did not reveal any material discrepancies with respect to signatures, certification and proper itemization.

**PASSAIC PUBLIC SCHOOLS
ADMINISTRATION FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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 payroll taxes were deposited into the payroll agency account.

All payrolls tested were certified by the President of the Board, the Board Secretary/School Business Administrator, and the Chief School Administrator/Superintendent.

Salary withholdings tested were promptly remitted to the proper agencies, including employee health benefit contribution withholdings due to the General Fund.

The District filed the required Certification (ECERTI) of Compliance with Federal and State Law respecting the reporting of compensation for certain employees.

The District has implemented and maintains a personnel tracking and accounting (position control) system.

Reserve for Encumbrances and 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. 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 2022-01 – Our audit of accounts payable and encumbrances noted the following:

- There were outstanding encumbrances reported in the General Fund (\$1,159,102) and the Special Revenue Fund (\$541,370) that were not valid and were subsequently cancelled by the District during the 2022/23 school year. An audit adjustment was made to adjust the balances at June 30, 2022.
- The balance of the year-end General Fund encumbrances in the General Ledger was \$43,994 less than the amount on the open purchase order report.
- In certain instances, we could not determine the validity as to an accounts payable or an encumbrance. Accounts payable for construction projects totaling in excess of \$1.7 million had payment certifications that spanned over several months over the 2021/22 and 2022/23 fiscal years.

Recommendation – Greater care be taken in the reporting of year end encumbrances and accounts payable.

Finding 2022-02 – Our audit noted that there were several Board resolutions approved during the 2021-22 school year to transfer and/or cancel unexpended balances of completed capital projects. The District's financial statements and budgetary accounting reports did not reflect the approved board motions. As a result, an audit adjustment was required to cancel \$3,845,391 of capital projects balances and restore the funds to the General Fund Capital Reserve.

Recommendation – Procedures be implemented to ensure that all board approved motions are recorded in the District's financial reports and budgetary accounting reports.

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.

**PASSAIC PUBLIC SCHOOLS
ADMINISTRATION FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Financial Planning, Accounting and Reporting (Continued)

Board Secretary's Records

The financial records, books of account and minutes were maintained by the Board Secretary.

Acknowledgement of the Board's receipt of the Board Secretary's and Treasurer's monthly financial reports was included in the minutes.

Bids received were summarized in the minutes (N.J.S.A. 18A:18A-21) and agendas made available for audit.

Treasurer's Records

The Treasurer performed cash reconciliations for the general operating account, payroll account and the payroll agency account on a monthly basis.

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

Elementary and Secondary Education Act of (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 Titles I and III of the Elementary and Secondary Education Act, as amended and reauthorized.

Our examination 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 contained in the ACFR represent a true statement of the financial position pertaining to the aforementioned special projects.

Other Special Federal and/or State Projects

The District's Special Projects were approved as listed on Exhibit K-3 and Exhibit K-4 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.

The District filed its nonpublic state aid project completion reports by the due date.

The School District's accounting records for Preschool Education Aid were maintained in accordance with N.J.A.C. 6:23-5.5(c) which states that the District must maintain separate program school accounts in the Special Revenue Fund section of the District's budget.

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.

Teacher's Pension and Annuity Fund (TPAF)

Our audit procedures included a test of the semi-monthly reimbursement forms filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund ("TPAF").

The reimbursement to the State for 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/Social Security 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 subsequent to the end of the 60 day grant liquidation period, but prior to the 90 days required by N.J.S.A 18A:66-90. Accordingly, the expenditure was made in accordance with state law (90 days) and properly reported in the current year's Final Reports for all federal awards.

**PASSAIC PUBLIC SCHOOLS
ADMINISTRATION FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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 currently \$20,200. The Board has appointed the School Business Administrator as the Qualified Purchasing Agent.

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

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

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.

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

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained. Our examination did reveal, however, that purchases were made through the use of State contracts.

Finding 2022-03 – With regards to purchasing we noted the following:

- Invoices for various capital construction contracts were not detailed as to hourly rates, time and material utilized in accordance with the cooperative purchasing agreements and State contracts.
- Documentation substantiating the bid award of the Roof Replacement at School No. 1 was not available for audit.

Recommendation – It is recommended that invoices presented for payment by vendors for construction services be detailed as to hourly rate, time and material utilized in accordance with the amounts stipulated in the cooperative contract agreements and State contracts. Furthermore, documentation supporting the bid award of all time and material construction contracts be retained for audit.

Food Service Fund

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. Governor Murphy's emergency declaration ended June 4, 2021; however, the United States Department of Agriculture's federal waiver continued through June 30, 2022. Food Service Agencies operated under this federal waiver.

**PASSAIC PUBLIC SCHOOLS
ADMINISTRATION FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Food Service Fund (Continued)

As a result, School Food Authorities (SFA) were required to provide meals in accordance with the regulations governing the National School Nutrition Seamless Summer Option (SSO). SFA's could also choose to participate in the National School Lunch Program utilizing standard counting and claiming practices.

The financial transactions and statistical records of the School Food Services 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.

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

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service.

U.S.D.A. Food Distribution Program commodities were received and a single inventory was maintained on a first-in, first-out basis.

Net cash resources did not exceed three months average expenses.

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all School Food Services employees authorized by the board of education.

The number of meals claimed for reimbursement was verified against meal count records. Reimbursement claims were submitted/certified in a timely manner.

Comment – Our review of the meals claimed for reimbursement noted that the District had underclaims totaling \$2,016. The underclaim was a result of the meals being reported as breakfast rather than lunch. The underclaim is deemed to be an isolated error, therefore an audit recommendation is not warranted.

The District operates the Child Nutrition Program under the Community Eligibility Provision (CEP). To be eligible for the CEP, schools must have a minimum of forty percent of identified students directly certified for free meals in the prior school year; agree to serve free lunches and breakfasts to all students; and agree to cover with non-federal funds any costs of providing free meals to all students that exceed the Federal reimbursement. Reimbursement is based on meals claimed.

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.

Exhibits reflecting Child Nutrition Program operations are included in the section, of the District's ACFR entitled Enterprise Funds (Exhibits B-4, B-5 and B-6). Program and non-program revenue and cost of goods sold are shown separately on ACFR Exhibit B-5. In addition, ACFR Exhibit G-2 details the operations of the Food Service Enterprise Fund by program type.

Student Body Activities

The Board has a policy which clearly established the regulation of student activity and athletic funds.

Cash receipts and disbursements records for certain schools were maintained in good condition.

Scholarship

Cash receipts and disbursement records for the District's scholarship fund were maintained in good condition.

**PASSAIC PUBLIC SCHOOLS
ADMINISTRATION FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2021 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, limited English proficient 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 immaterial exceptions noted. The information that was included on the workpapers was verified with immaterial exceptions noted. The results of our procedures are presented in the Schedule of Audited Enrollments.

The district maintains workpapers in 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 2021-22 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with an immaterial exception. The information that was included on the workpapers was verified without exceptions. 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.

Facilities and Capital Assets

The District is designated as a School Based Budget District and as a result all major construction related expenditures are financed by the State of New Jersey. This grant activity is reported in the District's financial statements as on behalf State Aid revenue and expenditures in the District's Capital Projects Fund.

Finding 2022-04 – The District's capital asset ledger did not include certain equipment, facilities improvements and construction in progress expenditures.

Recommendation – The District periodically review its capital asset ledger to ensure that all items meeting the definition of a capital asset are properly recorded.

Miscellaneous

Testing for Lead of All Drinking Water in Educational Facilities

The 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 District submitted the annual Statement of Assurance to the Department of Education pursuant to N.J.A.C. 6A:26-12.4(g).

Suggestions to Management

- Old outstanding checks on the Elementary Schools bank reconciliation be reviewed and cancelled of record.

**PASSAIC PUBLIC SCHOOLS
SCHEDULE OF MEAL COUNT ACTIVITY
FOOD SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

| <u>Program</u> | <u>Meals 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> |
|---|---------------------------|--------------------------|-------------------------|---------------------------|-------------------|----------------|-----------------------------------|
| <u>Federal</u> | | | | | | | |
| National School Lunch SSO | Free | <u>2,651,304</u> | <u>621,251</u> | <u>622,656</u> | <u>(1,405)</u> | \$ 3.785 | \$ (5,318) |
| National School Breakfast SSO -Regular | Free | 10,111 | | | | | |
| SSO - Severe Need | Free | <u>2,191,228</u> | <u>440,776</u> | <u>439,371</u> | <u>1,405</u> | 2.35 | <u>3,302</u> |
| | | <u>2,201,339</u> | <u>440,776</u> | <u>439,371</u> | <u>1,405</u> | | |
| | | | | | | Net Underclaim | <u>\$ (2,016)</u> |

**PASSAIC PUBLIC SCHOOLS
FOOD SERVICE ENTERPRISE FUND
CALCULATION OF NET CASH RESOURCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

| | |
|---|------------------------------|
| Current Assets | |
| Cash and Cash Equivalents | \$ 4,391,875 |
| Intergovernmental Receivables | 2,163,236 |
| Current Liabilities | |
| Less: | |
| Accounts Payable | (840,131) |
| Accrued Salaries, Wages and Benefits | (129,410) |
| Due to Other Funds | <u>(907,849)</u> |
| Net Cash Resources | <u><u>\$ 4,677,721</u></u> |
| <u>Adjusted Total Operating Expenses:</u> | |
| Total Operating Expenses | \$ 20,573,299 |
| Less Depreciation | <u>(88,048)</u> |
| Adjusted Total Operating Expenses | <u><u>\$ 20,485,251</u></u> |
| <u>Average Monthly Operating Expenses:</u> | <u><u>\$ 2,048,525</u></u> |
| <u>Three Times Monthly Average:</u> | <u><u>\$ 6,145,575</u></u> |
| Total Net Cash Resources | \$ 4,677,721 |
| Three Times Monthly Average | <u>6,145,575</u> |
| Amount Below Allowable Net Cash Resources | <u><u>\$ (1,467,854)</u></u> |

**PASSAIC PUBLIC SCHOOLS
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2021**

| | 2022-2023 Application for State School Aid | | | | | | Sample for Verification | | | | | | On Roll - Special Education | | | Private Schools for Disabled | | | |
|--------------------------------|--|--------|--------------------------------|--------|--------|--------|---------------------------------|--------|-------------------------------|--------|------------------------------|--------|-----------------------------|-----------------|---------------|---|-----------------------|-----------------|---------------|
| | Reported on A.S.S.A. On Roll | | Reported on Workpapers On Roll | | Errors | | Sample Selected from Workpapers | | Verified per Register On Roll | | Errors per Registers On Roll | | Sample for Verifi- cation | Sample Verified | Sample Errors | Reported on A.S.S.A. as Private Schools | Sample Verifi- cation | Sample Verified | Sample Errors |
| | Full | Shared | Full | Shared | Full | Shared | Full | Shared | Full | Shared | Full | Shared | | | | | | | |
| | Full | Shared | Full | Shared | Full | Shared | Full | Shared | Full | Shared | Full | Shared | | | | | | | |
| Full Day Preschool 3 Years Old | 407 | | 407 | | | | | 12 | | 12 | | | | | | | | | |
| Full Day Preschool 4 Years Old | 471 | | 471 | | | | | 33 | | 33 | | | | | | | | | |
| Full Day Kindergarten | 686 | | 686 | | | | | 110 | | 110 | | | | | | | | | |
| Grade 1 | 711 | | 711 | | | | | 43 | | 43 | | | | | | | | | |
| Grade 2 | 725 | | 725 | | | | | 49 | | 49 | | | | | | | | | |
| Grade 3 | 728 | | 728 | | | | | 93 | | 93 | | | | | | | | | |
| Grade 4 | 719 | | 719 | | | | | 50 | | 50 | | | | | | | | | |
| Grade 5 | 750 | | 750 | | | | | 66 | | 66 | | | | | | | | | |
| Grade 6 | 770 | | 770 | | | | | 60 | | 60 | | | | | | | | | |
| Grade 7 | 866 | | 866 | | | | | 62 | | 62 | | | | | | | | | |
| Grade 8 | 883 | | 883 | | | | | 64 | | 64 | | | | | | | | | |
| Grade 9 | 799 | | 799 | | | | | 515 | | 515 | | | | | | | | | |
| Grade 10 | 794 | | 794 | | | | | 485 | | 485 | | | | | | | | | |
| Grade 11 | 722 | | 722 | | | | | 458 | | 458 | | | | | | | | | |
| Grade 12 | 797 | | 797 | | - | - | | 581 | | 581 | | | | | | | | | |
| Subtotal | 10,828 | - | 10,828 | - | - | - | | 2,681 | - | 2,681 | - | - | - | - | - | - | - | - | - |
| Sp Ed - Elementary | 512 | | 512 | - | - | - | | 12 | | 12 | - | - | 19 | 18 | 1 | 20 | 15 | 15 | - |
| Sp Ed - Middle School | 456 | | 456 | - | - | - | | 13 | | 13 | - | - | 30 | 30 | - | 19 | 10 | 10 | - |
| Sp Ed - High School | 556 | | 556 | - | - | - | | 4 | | 4 | - | - | 21 | 21 | - | 103 | 24 | 24 | - |
| Subtotal | 1,524 | - | 1,524 | - | - | - | | 29 | - | 29 | - | - | 70 | 69 | 1 | 142 | 49 | 49 | - |
| Totals | 12,352 | - | 12,352 | - | - | - | | 2,710 | - | 2,710 | - | - | 70 | 69 | 1 | 142 | 49 | 49 | - |
| Percentage Error | | | | | - | - | | | | | - | | | 1.43% | | | | | - |

**PASSAIC PUBLIC SCHOOLS
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2021**

| | 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 | Sample Errors | Reported on ASSA as LEP low Income | Reported on Workpapers as LEP low Income | Errors | Sample Selected | Verified to Test Score and Register | Errors |
| | Full Day Kindergarten | 771.0 | 771.0 | - | 6.00 | 5 | 1 | 344 | 345 | (1) | 8 | 8 |
| Grade 1 | 805.0 | 805.0 | - | 7.00 | 7 | - | 350 | 350 | - | 5 | 5 | - |
| Grade 2 | 820.0 | 821.0 | (1) | 7.00 | 7 | - | 356 | 356 | - | 4 | 3 | 1 |
| Grade 3 | 827.0 | 827.0 | - | 8.00 | 8 | - | 373 | 373 | - | 2 | 2 | - |
| Grade 4 | 818.0 | 818.0 | - | 7.00 | 7 | - | 345 | 345 | - | 3 | 3 | - |
| Grade 5 | 836.0 | 836.0 | - | 8.00 | 8 | - | 357 | 357 | - | 3 | 3 | - |
| Grade 6 | 863.0 | 864.0 | (1) | 8.00 | 8 | - | 250 | 250 | - | 6 | 6 | - |
| Grade 7 | 920.0 | 919.0 | 1 | 8.00 | 8 | - | 205 | 205 | - | 4 | 4 | - |
| Grade 8 | 937.0 | 937.0 | - | 8.00 | 8 | - | 175 | 175 | - | 6 | 6 | - |
| Grade 9 | 860.0 | 859.0 | 1 | 8.00 | 8 | - | 123 | 123 | - | 7 | 7 | - |
| Grade 10 | 846.0 | 844.0 | 2 | 8.00 | 8 | - | 143 | 143 | - | 6 | 6 | - |
| Grade 11 | 781.0 | 775.0 | 6 | 7.00 | 7 | - | 128 | 128 | - | 2 | 2 | - |
| Grade 12 | 875.0 | 864.0 | 11 | 7.00 | 7 | - | 159 | 155 | 4 | 4 | 4 | - |
| Subtotal | 10,959 | 10,940 | 19 | 97 | 96 | 1 | 3,308 | 3,305 | 3 | 60 | 59 | 1 |
| Sp Ed - Elementary | 542.0 | 542 | - | 5.00 | 5 | - | 245 | 245 | - | 5 | 5 | - |
| Sp Ed - Middle School | 486.0 | 486 | - | 5.00 | 5 | - | 173 | 173 | - | 4 | 4 | - |
| Sp Ed - High School | 625.0 | 626 | (1) | 6.00 | 6 | - | 32 | 32 | - | 3 | 3 | - |
| Subtotal | 1,653 | 1,654 | (1) | 16 | 16 | - | 450 | 450 | - | 12 | 12 | - |
| DYFS Residential Ctrs | 1 | 1 | - | - | - | - | - | - | - | - | - | - |
| Train Sch/Secure Care | 3 | 3 | - | - | - | - | - | - | - | - | - | - |
| Juvenile Community Center | 4 | 4 | - | - | - | - | - | - | - | - | - | - |
| Juvenile Detention Center | 2 | 2 | - | - | - | - | - | - | - | - | - | - |
| Subtotal | 10 | 10 | - | - | - | - | - | - | - | - | - | - |
| Totals | 12,622 | 12,604 | 18 | 113 | 112 | 1 | 3,758 | 3,755 | 3 | 72 | 71 | 1 |
| Percentage Error | | | 0.14% | | | 0.88% | | | 0.08% | | | 1.39% |

| | Transportation | | | | | |
|-----------------------|--------------------------------|-------------------------------------|--------|--------|----------|--------|
| | Reported on DRTRS by DOE | Reported on DRTRS by District | Errors | Tested | Verified | Errors |
| Reg. - Public Schools | 879 | 879 | - | 41 | 41 | - |
| Regular - Special Ed | 1 | 1 | - | 1 | 1 | - |
| Special Needs | 600 | 600 | - | 28 | 28 | - |
| | 1,480 | 1,480 | - | 70 | 70 | - |
| Percentage Error | | | 0.00% | | | 0.00% |

**PASSAIC PUBLIC SCHOOLS
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2021**

| | Resident LEP Not Low Income | | | Sample for Verification | | |
|-----------------------|---|---|------------|---------------------------------------|----------------------------|-----------|
| | Reported on ASSA as NOT Low Income | Reported on Workpapers as NOT low Income | Errors | Sample Selected From Workpapers | Verified to Application | Errors |
| Full Day Kindergarten | 2 | - | 2 | 1 | 1 | - |
| Grade 1 | 2 | 2 | - | 1 | 1 | - |
| Grade 2 | 4 | 3 | 1 | 2 | 2 | - |
| Grade 3 | 1 | 1 | - | 1 | 1 | - |
| Grade 4 | 3 | 3 | - | 2 | 2 | - |
| Grade 5 | 1 | 1 | - | 1 | 1 | - |
| Grade 6 | | | - | | | - |
| Grade 7 | | | - | | | - |
| Grade 8 | | | - | | | - |
| Grade 9 | 1 | 1 | - | 1 | 1 | - |
| Grade 10 | | | - | | | - |
| Grade 11 | 1 | 1 | - | 1 | 1 | - |
| Grade 12 | 1 | 1 | - | 1 | 1 | - |
| Subtotal | 16 | 13 | 3 | 11 | 11 | - |
| Sp Ed - Elementary | | | - | | | - |
| Sp Ed - Middle School | | | - | | | - |
| Sp Ed - High School | | | - | | | - |
| Totals | 16 | 13 | 3 | 11 | 11 | - |
| Percentage Error | | | <u>19%</u> | | | <u>0%</u> |

**PASSAIC PUBLIC SCHOOLS
EXCESS SURPLUS CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

| | | |
|--|----|--------------------|
| 2021-2022 Total General Fund Budgetary Expenditures | \$ | 331,031,157 |
| Adjustments | | |
| Transfers to Special Revenue Fund | | 6,245,021 |
| Transfer to Capital Projects from Capital Reserve | | 1,278,321 |
| Expenditures allocated to restricted Federal Sources as reported on Exhibit D-2 | | (7,307,580) |
| 2021-2022 Adjusted General Fund Budgetary Expenditures | \$ | 331,246,919 |
| Decreased by: | | |
| On-Behalf TPAF Pension and Social Security | | (60,309,680) |
| Adjusted 2021-2022 General Fund Budgetary Expenditures | \$ | <u>270,937,239</u> |
| 4% of Adjusted 2021-2022 General Fund Budgetary Expenditures | | 10,837,490 |
| Allowable Adjustments | | |
| Extraordinary Aid | | 3,679,873 |
| Family Crisis Transportation Aid | | 4,474 |
| | | <u>3,684,347</u> |
| Maximum Unreserved/Undesignated Fund Balance | | 14,521,837 |
| Total General Fund - Fund Balances at June 30, 2022 (Budgetary Basis) | | 92,635,147 |
| Decreased by: | | |
| Encumbrances | | 2,748,887 |
| Other Restricted Fund Balances | | |
| Capital Reserve | | 26,311,000 |
| Maintenance Reserve | | 12,876,956 |
| Emergency Reserve | | 1,000,000 |
| Excess Surplus - Designated for Subsequent Year's Budget | | 114,398 |
| Assigned - Designated for Subsequent Year's Budget | | 27,823,047 |
| Total Unassigned Fund Balance | | <u>21,760,859</u> |
| Excess Surplus, June 30, 2022 | \$ | <u>7,239,022</u> |
| <u>Analysis of Excess Surplus</u> | | |
| Excess Surplus | \$ | 7,239,022 |
| Excess Surplus - Designated for Subsequent Year's Budget | | <u>114,398</u> |
| | \$ | <u>7,353,420</u> |

**PASSAIC PUBLIC SCHOOLS
SCHEDULE OF ENCUMBRANCES
BOARD SECRETARY REPORT (FUNDS 10 AND 15)
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

| Description | Total by Category | Amount Encumbered | Balance of Encumbrances |
|---|----------------------|----------------------|----------------------------|
| Purchased Professional and Technical Services | \$ 908,132 | | \$ 908,132 |
| Purchased Services | 120,009 | | 120,009 |
| Cleaning, Repairs and Maintenance | 305,962 | \$ 175,000 | 130,962 |
| Equipment | 329,505 | 329,505 | - |
| Unaudited | <u>2,244,382</u> | <u>2,244,382</u> | <u>-</u> |
| | <u>\$ 3,907,990</u> | <u>\$ 2,748,887</u> | <u>\$ 1,159,103</u> |
| Fund Balance, Encumbrances, June 30, 2022 | | | |
| Assigned | | | <u>\$ 2,748,887</u> |

**PASSAIC PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

RECOMMENDATIONS

I. Administration Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

It is recommended that:

- * 1. Greater care be taken in the reporting of year end encumbrances and accounts payable.
- 2. Procedures be implemented to ensure that all board approved motions are recorded in the District's financial reports and budgetary accounting reports.

III. School Purchasing System

- 3. It is recommended that invoices presented for payment by vendors for construction services be detailed as to hourly rate, time and material utilized in accordance with the amounts stipulated in the cooperative contract agreements and State contracts. Furthermore, documentation supporting the bid award of all time and material construction contracts be retained for audit.

IV. Food Services Fund

There are none.

V. Student Body Activities

There are none.

VI. Scholarship

There are none.

VI. Application for State School Aid

There are none.

VII. Transportation

There are none.

VIII. Miscellaneous

There are none.

IX. Facilities and Capital Assets

- * 4. It is recommended that the District periodically review its capital asset ledger to ensure that all items meeting the definition of a capital asset are properly recorded.

**PASSAIC PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

RECOMMENDATIONS (Continued)

X. Status of Prior Years' Audit Findings/Recommendations

A review was performed on all prior years' recommendations and corrective action was taken on all prior year recommendations, except those denoted with an asterisk (*).

ACKNOWLEDGEMENT

We received the complete cooperation of all the officials of the school district and we greatly appreciate the courtesies extended to us.