

**ROSELLE PARK BOARD OF EDUCATION**

**AUDITOR'S MANAGEMENT REPORT**

**COUNTY OF UNION**

**JUNE 30, 2022**

**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)  
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.  
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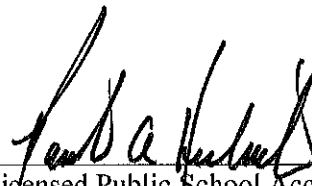
**REPORT OF INDEPENDENT AUDITORS**

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, 2022, and have issued our report thereon dated February 15, 2023.

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 15, 2023

## **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**

<b><u>Name</u></b>	<b><u>Position</u></b>	<b><u>Amount</u></b>
Michelle Calas (to January 2, 2022)	Board Secretary/School Business Administrator	\$ 25,000
James T. Olobardi (from June 30, 2022)	Interim 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, except for the following:

Finding 2022-1 – An adjustment to fund balance was made at year-end to bring the records into agreement.

Recommendation 2022-1 – That the records are proven at year-end prior to the audit.

### **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 2021-22.

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. As a result of the uncertainties during the public health emergency there is no guaranteed operating result for 2021-2022 school year. 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.

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.

Due to the ongoing public health emergency, New Jersey school districts were being reimbursed by the Federal Government at the free meal reimbursement rate for all lunches served, regardless of being free, reduced or at full price. This resulted in districts receiving an unprecedented amount of revenue in 2021-2022.

The district could not reasonably or responsibly spend this level of funding in a single fiscal year. To address this, the district has a plan in place to expend the funding responsibly over the next year. In our opinion it is unreasonable to cite the school districts management for a situation they had no control over.

### **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, 2021 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 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 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 2021-2022 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**

2021-22 Total General Fund Expenditures Per the ACFR	\$ 43,502,192
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>(9,074,609)</u>
Adjusted 2021-22 General Fund Expenditures	<u>\$ 34,427,583</u>
4% of Adjusted 2021-22 General Fund Expenditures	\$ 1,377,103
Increased by Allowable Adjustments	<u>327,992</u>
Maximum Unassigned Fund Balance	<u>\$ 1,705,095</u>

**Section 2**

Total General Fund – Fund Balance @ 6-30-22	\$ 11,571,473
Decreased by:	
Reserved for Encumbrances	(460,537)
Designated for Subsequent Years Expenditures – Excess Surplus	(1,911,257)
Designated for Subsequent Years Expenditures – BOE	(99,897)
Reserve for Unemployment	(109,506)
Other Reserves	<u>(5,315,078)</u>
Total Unassigned Fund Balance	<u>\$ 3,675,198</u>
Excess Surplus	<u>\$ 1,970,103</u>

**Section 3**

Reserved Fund Balance -- Excess Surplus	\$ 1,970,103
Designated for Subsequent Years Expenditures - Excess Surplus	<u>1,911,257</u>
	<u>\$ 3,881,360</u>

**Detail of Allowable Adjustments**

Extraordinary Aid	<u>\$ 327,992</u>
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**Detail of Other Reserved Fund Balance**

Capital Reserve	\$ 3,514,874
Maintenance Reserve	<u>1,800,204</u>
	<u>\$ 5,315,078</u>

**ROSELLE PARK SCHOOL DISTRICT**

**APPLICATION FOR STATE SCHOOL AID SUMMARY**

Sheet 1 of 3

**ENROLLMENT AS OF OCTOBER 15, 2021**

	2022-2023 Application for State School Aid (10-15-21 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	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	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.	8		8				3		3							
Full Day Preschool 4 Yrs.	63		63				18		18							
Full Day Kindergarten	111		111				40		40							
One	105		105				41		41							
Two	102		102				36		36							
Three	103		103				39		39							
Four	113		113				54		54							
Five	119		119				49		49							
Six	113		113				113		113							
Seven	145		145				145		145							
Eight	134		134				134		134							
Nine	132		132				132		132							
Ten	128	5	128	5			128	5	128	5						
Eleven	121	6	121	6			121	6	121	6						
Twelve	130	3	130	3			130	3	130	3						
Subtotal	1627	14	1627	14	0	0	1183	14	1183	14	0	0	0	0	0	0
Special Ed. - Elementary	159		159				60		60				4	4	4	
Special Ed. - Middle School	79		79				79		79				5	5	5	
Special Ed. - High School	107	4	107	4			107	4	107	4			3	3	3	
Subtotal	345	4	345	4	0	0	246	4	246	4	0	0	12	12	12	0
Co. Voc. - Regular																
Co. Voc. - Ft. Post Sec.																
Totals	1972	18	1972	18	0	0	1429	18	1429	18	0	0	12	12	12	0
Percentage Error					0%	0%					0%	0%				0%

**ROSELLE PARK SCHOOL DISTRICT**

**APPLICATION FOR STATE SCHOOL AID SUMMARY**

**ENROLLMENT AS OF OCTOBER 15, 2021**

	<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	14	14		6	6						
Full Day Kindergarten	34	34		18	18		11	11		9	9	
One	46	46		21	21		21	21		19	19	
Two	33	33		15	15		8	8		5	5	
Three	41	41		17	17		13	13		8	8	
Four	60	60		20	20		18	18		10	10	
Five	47	47		16	16		3	3		1	1	
Six	47	47		8	8		2	2		2	2	
Seven	61	61		13	13		3	3		3	3	
Eight	48	48		10	10		3	3		1	1	
Nine	58	58		14	14		2	2		2	2	
Ten	46.5	46.5		12	12		3	3		1	1	
Eleven	62.5	62.5		15	15		2	2		1	1	
Twelve	58	58		8	8		3	3		1	1	
Subtotal	<u>656</u>	<u>656</u>	<u>0</u>	<u>193</u>	<u>193</u>	<u>0</u>	<u>92</u>	<u>92</u>	<u>0</u>	<u>63</u>	<u>63</u>	<u>0</u>
Special Ed. - Elementary	73	73		22	22		21	21		16	16	
Special Ed. - Middle School	34	34		7	7		2	2		1	1	
Special Ed. - High School	46	46		10	10		1	1		1	1	
Subtotal	<u>153</u>	<u>153</u>	<u>0</u>	<u>39</u>	<u>39</u>	<u>0</u>	<u>24</u>	<u>24</u>	<u>0</u>	<u>18</u>	<u>18</u>	<u>0</u>
Totals	<u>809</u>	<u>809</u>	<u>0</u>	<u>232</u>	<u>232</u>	<u>0</u>	<u>116</u>	<u>116</u>	<u>0</u>	<u>81</u>	<u>81</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	5	5		5	5		Reg. Avg. (Mileage) = Regular Including Grade PK Students (Part A)	7.9	7.9
Reg. Special Education, col. 4	6	6		6	6		Ref. Avg. (Mileage) - Regular Excluding Grade PK Students (Part B)	7.9	7.9
Transported - Non-Public, col. 3							Spec. Avg. = Special Ed. With Special Needs	10.8	10.8
Special Education Spec., col. 6	18	18		18	18				
Totals	<u>29</u>	<u>29</u>	<u>0</u>	<u>29</u>	<u>29</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, 2021

Sheet 3 of 3

	<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	8	8		2	2	
One	6	6		2	2	
Two	8	8		3	3	
Three	4	4		2	2	
Four	2	2		1	1	
Five	1	1		1	1	
Six						
Seven						
Eight	3	3		2	2	
Nine	3	3		1	1	
Ten	2	2		1	1	
Eleven	1	1		1	1	
Twelve	3	3		1	1	
Subtotal	<u>41</u>	<u>41</u>	<u>0</u>	<u>17</u>	<u>17</u>	<u>0</u>
Special Ed. - Elementary	9	9		7	7	
Special Ed. - Middle School						
Special Ed. - High School						
Subtotal	<u>9</u>	<u>9</u>	<u>0</u>	<u>7</u>	<u>7</u>	<u>0</u>
Totals	<u>50</u>	<u>50</u>	<u>0</u>	<u>24</u>	<u>24</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, 2022

<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				-	\$ 0.470	-
	Reduced				-	3.385	-
	Free	<u>261,849</u>	<u>152,297</u>	<u>152,297</u>	<u>-</u>	3.785 *	<u>-</u>
Total Net Overclaim		<u>261,849</u>	<u>152,297</u>	<u>152,297</u>	<u>-</u>		<u>-</u>
Breakfast Program (Regular Rate)	Paid				-	\$ 0.330	-
	Reduced				-	1.670	-
	Free	<u>7,181</u>	<u>5,405</u>	<u>5,405</u>	<u>-</u>	1.970 *	<u>-</u>
Total Net Overclaim		<u>7,181</u>	<u>5,405</u>	<u>5,405</u>	<u>-</u>		<u>-</u>
Breakfast Program (Severe Needs Rate)	Paid				-	\$ 0.330	-
	Reduced				-	2.050	-
	Free	<u>43,672</u>	<u>23,891</u>	<u>23,891</u>	<u>-</u>	2.350 *	<u>-</u>
Total Net Overclaim		<u>43,672</u>	<u>23,891</u>	<u>23,891</u>	<u>-</u>		<u>-</u>

\* - Seamless Summer Option

\*\* - \$.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, 2022**

<b><u>Net Cash Resources:</u></b>		<b><u>Food Service</u></b> <b><u>G - 1/2</u></b>
CAFR	<b>Current Assets</b>	
G-1	Cash & Cash Equivalents	\$ 512,890
G-1	Accounts Receivables	75,682
	<b>Current Liabilities</b>	
G-1	Less Accounts Payable	<u>(14,749)</u>
	<b>Net Cash Resources</b>	<b><u>\$ 573,823 (A)</u></b>
 <b><u>Net Adjustment Total Operating Expense:</u></b>		
G-2	Total Operating Expenses	1,236,970
G-2	Less Depreciation	<u>(147)</u>
	Adjusted Total Operating Expenses	<b><u>1,236,823 (B)</u></b>
 <b><u>Average Monthly Operating Expense:</u></b>		
	B / 10	<b><u>\$ 123,682 (C)</u></b>
 <b><u>Three Times Monthly Average</u></b>		
	3 X C	<b><u>\$ 371,047</u></b>
Total in (A)		\$ 573,823
Less Total in (D)		<u>(371,047)</u>
Net		<b><u>\$ 202,776</u></b>

**ROSELLE PARK SCHOOL DISTRICT**  
**AUDIT RECOMMENDATIONS SUMMARY**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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Recommendations:

1. Administrative Practices and Procedures  
None
2. Financial Planning, Accounting and Reporting  
That the records be proven at year-end.
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.