

**AUDITORS MANAGEMENT REPORT
ON ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
SCHOOL DISTRICT OF
BOROUGH OF PALISADES PARK
COUNTY OF BERGEN, NEW JERSEY
JUNE 30, 2023**

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REPORT OF INDEPENDENT AUDITORS

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Borough of Palisades Park School District in the County of Bergen for the year ended June 30, 2023, and have issued our report thereon dated January 12, 2024.

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

This report is intended for the information of the Borough of Palisades Park Board of Education's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Steven D. Wielkocz

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Certified Public Accountants
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January 12, 2024



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

GENERAL COMMENTS

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Moneys, the activities of the Board of Education, the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

Fire insurance coverage was carried in the amounts as detailed on Exhibit J-20 of the District's ACFR.

Officials Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Aleksandar Kondovski	Business Administrator	\$250,000

P.L. 2020, c.44

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 on 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 Chapter 44 data was submitted timely.

Tuition Charges

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

Financial Planning, Accounting and Reporting

Examination of Claims

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

Payroll Account

The net salaries of all employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

All payrolls were not approved by the Superintendent and were not certified by the President of the Board and the Board Secretary/School Business Administrator.

Salary withholdings were promptly remitted to the proper agencies, including health benefit premiums amounts withheld due to the General Fund.

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (superintendent, assistant superintendents, and business administrator) to the NJ Department of Treasury was filed by the March 15 due date.

Reporting of employee compensation for income tax related purposes did comply with federal and state regulations regarding the compensation which is required to be reported.

***Finding 2023-01**: There were instances in which employment documents were not provided at the time of audit.

Recommendation: All employment records should be maintained and available at the time of the audit.

Finding 2023-02: The payroll agency account has a reconciled cash deficit as of 6/30/2023.

Recommendation: The district monitor the cash balances more closely and ensure prior year adjustments and inter-funds are rectified.

Financial Planning, Accounting and Reporting, (continued)

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.

Finding 2023-03: A review of the Position Control Roster found inconsistencies between the payroll records with the general ledger accounts to where wages are posted (salary versus stipend) and the Position Control Roster (*Position Control Roster does not indicate stipends by type, overtime, and other extra compensation as per N.J.A.C. 6A:23A-6.8(a)(3)(ix) and in one instance an employee was not listed on the Payroll Control Roster*).

Recommendation: The Board should establish internal control procedures to ensure that an annual or more frequent review of the Position Control Roster is performed to ensure proper and consistent financial reporting.

Reserve for Encumbrances, Liability for Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, for proper classification of orders as reserve for encumbrances and accounts payable.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.2. As a result of the procedures performed, a transaction error rate of 1.78% was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Finding 2023-04: There were instances in which expenditures in the following categories were not charged to the appropriate line item account in accordance with the Uniform Minimum Chart of Accounts for New Jersey Public School: numerous fixed asset additions that met the capitalization threshold were charged as a general expense rather than to capital outlay expenses, lease-purchase financing agreement payments and portions of an employee's salary.

Recommendation: The district should reference The Uniform Minimum Chart of Accounts for New Jersey Public Schools, 2020 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).

Financial Planning, Accounting and Reporting, (continued)

Board Secretary's Records

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

Finding 2023-05 (ACFR Finding 2023-004): The district erroneously budgeted estimated preschool education aid carryover at June 30, 2022 into the FY23 budget. The reclassification of expenses to the general fund budget resulted in over-expenditures of some line items.

Recommendation: District personnel comply with Department of Education regulations with respect to the appropriation of Preschool Education Aid carryover.

Fixed Assets

The general fixed asset records were updated for the additions and disposals of general fixed assets made during the year.

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

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

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

Finding 2023-06 (ACFR Finding 2023-001): The District did not prepare board resolutions that approved all Title I Funded personnel in accordance with per UGG §200.430, *Compensation – personnel services*.

Recommendation: The District should implement policies and procedures to ensure that all employees participating in the Title I program are approved via Board Resolution, and that the Board resolution stipulates the partial or full funding of the employees' salaries through the distribution of Title I monies.

Finding 2023-07 (ACFR Finding 2023-002): There were instances in which multiple personnel did not have a Bi-Annual Certification on file in a manner consistent with the requirement of 2 C.F.R. Appendix A Part 225 (formerly OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*), *Illustrative Time and Activity Report for Title I Instructional Staff*.

Recommendation: The District should implement policies and procedures to ensure that Title I fully funded personnel have bi-annual certifications prepared in accordance with 2 C.F.R. Appendix A Part 225 (formerly OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*), *Illustrative Time and Activity Report for Title I Instructional Staff*.

Financial Planning, Accounting and Reporting, (continued)

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.

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

The study of compliance for the special projects indicated the following areas of noncompliance.

Finding 2023-08 (ACFR Finding 2023-005): The District increased their FY 23 Preschool Education Aid budget appropriations for estimated carryover at June 30, 2022 that was not approved in the adopted budget nor was Commissioner approval received to do so. Reclassification of expenses to the general fund resulted in over-expenditures in the Pre-K salary line and other various expenses.

Recommendation: District officials be aware of the proper procedures related to the appropriation of preschool education aid carryover.

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.

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

The amount of the expenditure charged to the current year's Final Report(s) for all federal awards for the school district to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds was made prior to the end of the 90 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

Nonpublic State Aid

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

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-2 contains definitions for terms used throughout N.J.S.A. 18A:18A-1 et seq. It includes as subsection (p) the term ‘competitive contracting’, which is defined as “the method described in N.J.S.A. 18A:18A-4.1 through 18A:18A-4.5 and in rules promulgated by DCA at N.J.A.C. 5:34-4 of contracting for specialized goods and services in which formal proposals are solicited from vendors; formal proposals are evaluated by the purchasing agent or counsel or school business administrator; and the board of education awards a contract to a vendor or vendors from among the formal proposals received.” Also, subsection (aa) defines the term ‘concession’ to exclude vending machines.

N.J.S.A. 18A:18A-3(a) sets forth the bid threshold and requires award by board resolution. There is a higher threshold when there is a “Qualified Purchasing Agent” (QPA) in the district as defined at N.J.A.C. 5:34-1.1 and certified upon approval of an application submitted to DCA. Pursuant to N.J.S.A. 18A:18A-3(b), the bid threshold may be adjusted by the Governor, in consultation with the Department of Treasury, every five years.

N.J.S.A. 18A:18A-4.4 provides boards of education the authority to pass a resolution authorizing the use of competitive contracting. “In order to initiate competitive contracting, the board of education shall pass a resolution authorizing the use of competitive contracting each time specialized goods or services enumerated in sections 45 of L. 1999, c.440 are desired to be contracted.”

Effective July 1, 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 \$20,200.

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

The results of our examination indicated that no individual payments, contracts, or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies," in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A. 18A:18A-4, amended.

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

Finding 2023-09: Resolutions awarding professional service contracts did not establish a maximum dollar amount to be paid as required by N.J.A.C. 6A:23A-5.2.

Recommendation: Resolutions awarding professional service contracts state the maximum dollar amount to be paid as required. If necessary, the district board of education may adopt a dollar increase in the maximum amount through formal district board of education action.

School Food Service

School Food Authorities (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 Free and Reduced Price meal eligible students during the emergency.

The school food service program was not selected as a major federal and/or State program. However, the program expenditures exceeded \$100,000 in federal and/or State support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether the School Food Authority (SFA) had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted.

We also inquired of school management, or appropriate school food service personnel, as to whether the SFA's expenditures of school food service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

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

We also 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; modifications 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 Programs. We also inquired if the PPP loan was subsequently forgiven and the FSMC refunded or credited the applicable amounts to the SFA. The FSMC refunded the SFA \$41,147 for funds received from the Payroll Protection Program. Net cash resources did exceed three month's average expenditures.

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

Finding 2023-10: The district's net cash resources exceeded three months' expenditures.

Recommendation: Steps be taken to reduce the district's net cash resources.

Finding 2023-11: The district did not maintain a general ledger for the food service fund.

Recommendation: The district should implement and maintain a general ledger for the food service fund.

After School Child Care

The Board no longer operates an After School Child Care program for Palisades Park residents. The remaining assets of the program should be reviewed and disposed of accordingly.

Student Body Activities

Cash receipts and disbursement records are maintained in satisfactory condition.

Cash disbursement had proper signatures and supporting documentation.

Application for State School Aid

Our audit procedures included a test of information reported in the October 14, 2022 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, low-income and bilingual. We also performed a review of the district procedures related to its completion. The information on the A.S.S.A. was compared to the district workpapers with exception. The information that was included on the workpapers was verified with exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

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

Finding 2023-12 (ACFR Finding 2023-003 and 2023-006): There were instances in which the workpapers provided for audit were not in agreement with what was reported on the Application for State School Aid. There were subsequent students selected for review that did not meet the eligibility criteria for low-income and private school for the disabled and the district could not provide documentation for the over-reported student enrollment for resident on-roll.

Recommendation: The district needs to perform a more thorough review of the information and supporting documentation it utilizes in reporting students on the Application for State School Aid.

Pupil Transportation

Our audit procedures included a test of on-roll status reported in the 2022-2023 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report. The results of our procedures are presented in the Schedule of Audited Enrollments.

Pupil Transportation, (continued)

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

Finding 2023-13: There were instances in which required documentation for a parental transportation contract was not obtained or made available for review. In addition, approved transportation contracts pertaining to athletic transportation was not provided for review and not all contracts were fully executed.

Recommendation: All transportation contracts be reviewed to ensure all required components of the contract are obtained and executed and all vendor contracts be made available for review.

Continuing Disclosure Agreements

The District has no outstanding bond issuances that require continuing disclosure agreements compliance.

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).

Suggestions to Management:

- A review of old, outstanding checks in the District's accounts be performed and a resolution cancelling these checks be approved, if necessary.
- The cultural arts inactive account should be closed to the general fund.
- The District is issuing “dummy” checks to record the wire transfers for the payment of health benefits. The District should inquire with the software company as to how to delineate a wire transfer in the system rather than a check number being assigned that is subsequently voided.
- A review of the health benefit calculations should be done periodically to ensure they are being calculated in accordance with employee health plan selections.

Follow-up on Prior Year Audit Findings

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

There were no Office of Fiscal Accountability and Compliance audit reports issued during the fiscal year ended June 30, 2023.

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

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Licensed Public School Accountant
No. 816

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Certified Public Accountants
Pompton Lakes, New Jersey

NET CASH RESOURCE SCHEDULE

PALISADES PARK BOARD OF EDUCATION

Net cash resources did exceed three months of expenditures Proprietary Funds - Food Service FYE 2023

<u>Net Cash Resources:</u>		Food Service B - 4/5	
ACFR	*	Current Assets	
B-4		Cash & Cash Equiv.	\$ 532,612
B-4		Due from Other Gov'ts	109,288
B-4		Accounts Receivable	74,506
B-4		Investments	
ACFR		Current Liabilities	
B-4		Less Accounts Payable	(167,126)
B-4		Less Accruals	
B-4		Less Due to Other Funds	
B-4		Less Deferred Revenue	<u>(22,238)</u>
		Net Cash Resources	<u>\$ 527,042</u> (A)

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.	1,041,131	
B-5	Less Depreciation	<u>(22,714)</u>	
	Adj. Tot. Oper. Exp.	<u>\$ 1,018,417</u>	(B)

Average Monthly Operating Expense:

B / 10 **\$ 101,842** (C)

Three times monthly Average:

3 X C **\$ 305,525** (D)

TOTAL IN BOX A	\$	527,042	
LESS TOTAL IN BOX D	\$	<u>305,525</u>	
NET	\$	<u>221,517</u>	
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 PALESADES PARK SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY -
ENROLLMENT AS OF OCTOBER 14, 2022**

Enrollment Category	2023-2024 Application for State School Aid				Sample for Verification				Private Schools for Disabled					
	Reported on ASSA On Roll		Workpapers Reported on On Roll		Sample Selected from Workpapers		per Registers On Roll		Reported on ASSA as Schools		Sample for Verification		Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Half Day Preschool	1		1		1		1		1		1			
Full Day Preschool	70		70		70		70		70		70			
Half Day Kindergarten	5		5		5		5		5		5			
Full Day Kindergarten	143		143		143		143		143		143			
One	122		122		122		122		122		122			
Two	109		109		109		109		109		109			
Three	113		113		113		113		113		113			
Four	130		130		130		130		130		130			
Five	113		113		113		113		113		113			
Six	116		116		116		116		116		116			
Seven	112		112		112		112		112		112			
Eight	108		108		108		108		108		108			
Ninth	123		123		123		123		123		123			
Tenth	125		125		125		125		125		125			
Eleventh	102		102		102		102		102		102			
Twelfth	92		92		92		92		92		92			
Subtotal	1,584		1,584		1,584		1,584		1,584		1,584			
Special Ed. Elementary	85		85		85		85		85		85		2	1
Special Ed. Middle	36		36		36		36		36		36		1	1
Special Ed. High School	59		56		59		56		56		56		1	1
Subtotal	180		177		180		177		177		177		4	3
Totals	1,764		1,761		1,764		1,761		1,761		1,761		5	3
Percentage Error													0.2%	25%

Tickmark Legend:

SCHEDULE OF AUDITED ENROLLMENTS

**BOROUGH OF PALISADES PARK
BOARD OF EDUCATION**

Application for State School Aid Summary
Enrollment as of October 14, 2022

Year ended June 30, 2023

Enrollment category	Low Income		Sample for Verification			Resident LEP Low Income		Sample for Verification	
	Reported on A.S.S.A. as Low Income	Reported on workpapers as Low Income	Sample selected from workpapers	Verified to Application and Register	Errors	Reported on A.S.S.A. as LEP low Income	Reported on Workpapers LEP low Income	Sample Selected from Workpapers	Verified to Test score and Register
Full Day Kindergarten	77	77	20	20		37	37	18	18
One	69	69	18	18		32	32	15	15
Two	71	71	18	18		40	40	19	19
Three	75	75	19	19		35	35	17	17
Four	82	82	21	21		42	42	20	20
Five	65	65	16	15	1	21	21	10	10
Six	79	79	20	20		21	21	10	10
Seven	72	72	18	18		21	21	10	10
Eight	63	63	16	16		17	17	8	8
Ninth	67	67	17	17		29	29	14	14
Tenth	65	65	16	16		30	30	14	14
Eleven	44	44	11	11		15	15	7	7
Twelve	45	44	11	11		11	11	5	5
Special Ed. Elementary	58	57	15	14	1	1	1		
Special Ed. Middle School	32	24	3	3					
Special Ed. High School	37	32	15	15		1	1		
	1,001	986	254	252	2	353	353	167	167
	1,001	986	254	252	2	353	353	167	167

Percentage

2%

1%

Transportation

Category	Reported on DRTS by DOE/county		Reported on DRTS by District		Errors		Reported	Re-calc.
	64	-	64	49	49	6.3		
Regular - Public Schools, col. 1	64	-	64	49	49	6.3	6.3	8.5
Transported Non-Public	-	-						
Regular - Special Education, col. 4	21	-	21	18	18			
Special needs, col. 6	85	-	85	67	67			
Totals								

Percentage

SCHEDULE OF AUDITED ENROLLMENTS

**BOROUGH OF PALISADES PARK
BOARD OF EDUCATION**

Application for State School Aid Summary
Enrollment as of October 14, 2022

Year ended June 30, 2023

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	23	23		14	14	
One	12	12		7	7	
Two	11	11		7	7	
Three	5	5		3	3	
Four	11	11		7	7	
Five	5	5		3	3	
Six	6	6		4	4	
Seven	10	10		6	6	
Eight	8	8		5	5	
Ninth	17	17		11	11	
Tenth	25	25		16	16	
Eleventh	19	19		12	12	
Twelfth	7	7		4	4	
Special Ed. Elementary						
Special Ed. Middle School						
Special Ed. High School						
	<u>159</u>	<u>159</u>		<u>99</u>	<u>99</u>	
	<u>159</u>	<u>159</u>		<u>99</u>	<u>99</u>	
Percentage						

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

REGULAR DISTRICT

SECTION 1

A. 2% Calculation of Excess Surplus

2022-23 Total General Fund Expenditures per the ACFR, Ex. C-1	\$ <u>35,464,372</u>	(B)
Increased by:		
Transfer from Capital Outlay to Capital Projects Fund	\$ _____	(B1a)
Transfer from Capital Reserve to Capital Projects Fund	\$ _____	(B1b)
Transfer from General Fund to SRF for PreK-Regular	\$ _____	(B1c)
Transfer from General Fund to SRF for PreK-Inclusion	\$ _____	(B1d)
	\$ _____	
Decreased by:		
On-Behalf TPAF Pension & Social Security	\$ <u>6,503,581</u>	(B2a)
Assets Acquired Under Capital Leases	\$ <u>173,312</u>	(B2b)
	\$ _____	
Adjusted 22-23 General Fund Expenditures [(B)+(B1's)-(B2's)]	\$ <u>28,787,479</u>	(B3)
2% of Adjusted 2022-23 General Fund Expenditures [(B3) times .04]	\$ <u>575,750</u>	(B4)
Enter Greater of (B4) or \$250,000	\$ <u>575,750</u>	(B5)
Increased by: Allowable Adjustment *	\$ <u>660,415</u>	(K)
	\$ _____	
Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]	\$ <u><u>1,236,165</u></u>	(M)

SECTION 2

Total General Fund - Fund Balances @ 6-30-23 (Per ACFR Budgetary Comparison Schedule C-1))	\$ <u>8,104,092</u>	(C)
Decreased by:		
Year-end Encumbrances	\$ <u>1,084,093</u>	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ _____	(C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ <u>823,673</u>	(C3)
Other Restricted Fund Balances****	\$ <u>2,535,061</u>	(C4)
Assigned Fund Balance - Unreserved -- Designated for Subsequent Year's Expenditures	\$ <u>825,100</u>	(C5)
	\$ _____	
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	\$ <u><u>2,836,165</u></u>	(U1)

SECTION 3

Restricted Fund Balance - Excess Surplus*** [(U1)-(M)] IF NEGATIVE ENTER -0-	\$ <u><u>1,600,000</u></u>	(E)
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Recapitulation of Excess Surplus as of June 30, 2023

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ <u>823,673</u>	(C3)
Reserved Excess Surplus ***[(E)]	\$ <u>1,600,000</u>	(E)
Total [(C3) + (E)]	\$ <u><u>2,423,673</u></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
 - (J5) Supplemental Stabilization Aid received April 2023 & Maintenance of Equity aid received July 2023
- 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>660,415</u>	(J1)
Additional Nonpublic School Transportation Aid	\$ _____	(J2)
Current Year School Bus Advertising Revenue Recognized	\$ _____	(J3)
Family Crisis Transportation Aid	\$ _____	(J4)
Supplemental Stabilization Aid received April 2023 & Maintenance of Equity Aid received July 2023	\$ _____	(J5)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)+(J5)]	\$ <u>660,415</u>	(K)

** This amount represents the June 30, 2023 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

*** Amounts must agree to the June 30, 2023 ACFR 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>1,645,929</u>	
Capital Reserve - Designated for Subsequent Years' Budget	\$ _____	
Maintenance Reserve	\$ <u>840,669</u>	
Emergency Reserve	\$ _____	
Tuition Reserve	\$ _____	
School Bus Advertising 50% Fuel Offset Reserve - current year	\$ _____	
School Bus Advertising 50% Fuel Offset Reserve - prior year	\$ _____	
Impact Aid General Fund Reserve (Sections 8002 and 8003)	\$ _____	
Impact Aid Capital Fund Reserve (Sections 8007 and 8008)	\$ _____	
Other state/government mandated reserve	\$ _____	
Reserve for Unemployment Fund	\$ <u>48,463</u>	
[Other Restricted Fund Balance not noted above]****	\$ _____	
Total Other Restricted Fund Balance	\$ <u>2,535,061</u>	(C4)

**PALISADES PARK BOARD OF EDUCATION
AUDIT RECOMMENDATIONS SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Recommendations:

1. Administrative Practices and Reporting

None

2. Financial Planning, Accounting and Reporting

*All employment records should be maintained and available at time of audit.

The district monitor the cash balances more closely and ensure prior year adjustments and inter-funds are rectified.

The Board should establish internal control procedures to ensure that an annual or more frequent review of the Position Control Roster is performed to ensure proper and consistent financial reporting.

Better oversight and review of year end purchase orders be made to ensure the correct classification of open purchase orders.

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

District personnel comply with Department of Education regulations with respect to the appropriation of Preschool Education Aid carryover.

The district should implement policies and procedures to ensure that all employees participating in the Title I program are approved via board resolution, and that the board resolution stipulates the partial or full funding of the employees' salaries through the distribution of Title I monies.

The district should implement policies and procedures to ensure that Title I fully funded personnel have bi-annual certifications prepared in accordance with 2 C.F.R. Appendix A Part 225, Illustrative Time and Activity Report for Title I Instructional Staff.

District officials be aware of the proper procedures related to the appropriation of Preschool Education aid carryover.

**PALISADES PARK BOARD OF EDUCATION
AUDIT RECOMMENDATIONS SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

3. School Purchasing Programs

Resolutions awarding professional service contracts state the maximum dollar amount to be as required. If necessary, the district board of education may adopt a dollar increase in the maximum amount through formal district board of education action.

4. School Food Service

*Steps be taken to reduce the district's net cash resources.

*The district should implement and maintain a general ledger for the food service fund.

5. After School Child Care

None

6. Student Body Activities

None

7. Application for State School Aid

*The district needs to perform a more thorough review of the information and supporting documentation it utilizes in reporting students on the Application for State School Aid.

8. Pupil Transportation

All transportation contracts be reviewed to ensure all required components of the contract are obtained and executed and all vendor contracts be made available for review.

9. Continuing Disclosure Agreements

None

10. Testing for Lead of All Drinking Water in Educational Facilities

None

11. Status of Prior Year Audit Findings/Recommendations

A review was performed on the prior year recommendations and corrective action was take on all prior year findings with the exception of those noted with an “*”