

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

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

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

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**REPORT OF INDEPENDENT AUDITORS**

Honorable President and  
Members of the Board of Education  
Prospect Park School District  
County of Passaic, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Prospect Park School District in the County of Passaic for the year ended June 30, 2023, and have issued our report thereon dated February 23, 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 Prospect Park Board of Education's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

*Steven D. Wielkocz*

Steven D. Wielkocz, C.P.A.  
Licensed Public School Accountant  
No. 816

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February 23, 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, the activities of the Board of Education, and the records of the various funds under the auspices of the Board of Education.

**Administrative Practices and Procedures**

**Insurance**

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

**Officials Bonds**

| <u>Name</u>     | <u>Position</u>                                 | <u>Amount</u> |
|-----------------|---|---------------|
| Richard Giglio  | School Business Administrator (1/1/23-6/30/23)  | \$500,000     |
| Melissa Simmons | School Business Administrator (7/1/22-12/31/22) | 500,000       |
| James Shoop     | Board Secretary (1/1/23-6/30/23)                | 500,000       |
| Anand Shah      | Treasurer of School Monies                      | 500,000       |

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

**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.

## **Financial Planning, Accounting and Reporting**

### **Examination of Claims**

An examination of claims paid during the period under review indicated discrepancies with respect to signatures, certification or supporting documentation.

**Finding 2023-001:** There were instances in which purchase orders and supporting documentation were not available for review.

**Recommendation:** The district should ensure that all invoices/supporting documentation is available for review at time of audit.

**Finding 2023-002:** There were instances in which payments were not verified to the approved bills list.

**Recommendation:** Payments should be made only after being approved by the board on a bills list. These bills list should be stored in a manner that allows for easy access and review.

### **Payroll Account and Position Control Roster**

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

**Finding 2023-003:** There were instances in which W-4 forms could not be located for review for selected individuals.

**Recommendation:** All W-4 forms should be made available for review at the time of audit.

**Finding 2023-004 (ACFR Finding 2023-002):** Recalculation of employee health benefit contributions do not agree to amounts being deducted from employees pay.

**Recommendation:** The district should review all information input into the system for health benefit contribution calculations and make necessary adjustments.

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

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

## **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.

### **Reserve for Encumbrances, Liability for Accounts Payable**

A review of outstanding issued purchase orders was made as of June 30, for goods not yet received or services not yet rendered and it was determined that no blanket purchase orders were included in the balance of the reserves for encumbrances. Also, unpaid purchase orders included in the balance of accounts payable were reviewed for propriety and to determine that goods were received and services were rendered, as of June 30.

### **Classification of Expenditures**

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3. As a result of the procedures performed, a transaction error rate of .30% was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

**Finding 2023-005:** Expenditures in the following categories were not charged to the appropriate line item accounts in accordance with The Uniform Minimum Chart of Accounts for New Jersey Public Schools: Required Maintenance.

**Recommendation:** The District 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 classification required to be in compliance with N.J.A.C. 6A:23-2.3(f).

### **Board Secretary's Records**

The Board Secretary's Records were found to be in good order.

### **Treasurer's Records**

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

### **Fixed Assets**

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

## **Financial Planning, Accounting and Reporting, (continued)**

### **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 IV of the Elementary and Secondary Education Act as amended and reauthorized.

The study of compliance for E.S.E.A. indicated that there were no areas of noncompliance and/or questionable costs.

### **Other Special Federal and/or State Projects**

The District's Special Projects were approved as listed on Schedule A and Schedule B located in the 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 pertaining to the aforementioned special projects.

### **T.P.A.F. Reimbursement**

Our audit procedures included a test of the biweekly reimbursements filed with the Department of Education for the district employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

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

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

### **Nonpublic State Aid**

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

**Finding 2023-006:** The Project Completion Reports did not agree to the district's accounting records.

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

## **School Purchasing Programs**

### **Contracts and Agreements Requiring Advertisement for Bids**

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

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

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

Effective July 1, 2020 and thereafter, the bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$44,000 (with a Qualified Purchasing Agent) and \$32,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$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, goods or services in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provisions of N.J.S.A. 18A:18A-4.

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



## **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 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.

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. Exceptions were not 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 inquired of management about the public health emergency procedures/practices that the SFA instituted to provide meals to all students, maintenance of all applicable production records; meal counts; noncompetitive procurements; modification of existing contracts and applicable financial records to document the specific costs applicable to the emergency operations. We also inquired if the FSMC received a loan in accordance with the Payroll Protection Plan and whether the funds were used to pay for costs applicable to the Food Service Program. We also inquired if the PPP loan was subsequently forgiven and the FSMC refunded or credited the applicable amounts to the SFA.

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

Cash receipts and bank records were reviewed for timely deposit.

The District utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34 and 19-1 through 19-4.1. Provisions of the FSMC contract/addendum were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will return a profit. All vendor discounts, rebates and credits from the FSMC were tracked and credited to the Food Service Account and reconciled to supporting documentation at least annually.

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

## **School Food Service, (continued)**

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

The SFA recorded and maintained separate supporting documentation for additional costs (food, supplies, transportation, etc.) applicable to the implementation of the COVID-19 meal service under SSO or SFSP program requirements.

**Finding 2023-007:** The District's Net Cash Resources exceed three months average expenditures.

**Recommendation:** That the District take steps to improve the nonprofit school food service program to reduce the Net Cash Resources.

Time sheets were reviewed, and labor costs verifies. Payroll records were maintained on all School Food Services employees authorized by the Board of Education. No exceptions were noted.

The number of meals claimed for reimbursement was compared to sales and meal count records. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement claims were submitted/certified in a timely manner.

**Finding 2023-008:** There was one month in which the number of meals claimed submitted to the New Jersey Department of Agriculture did not agree to the edit check worksheets.

**Recommendation:** More care be taken to ensure the number of meals claimed agree to edit check worksheets.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served was compared to the number of valid applications times the number of operating days, on a school by school basis. The free and reduced price meal was reviewed for uniform administration throughout the school system. The required verification procedures for free and reduced price applications was not completed and not available for review.

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

The school district maintains the detailed revenue and expenditure information necessary in order to execute the U.S.D.A. mandated Non-Program Food Revenue Tool at least annually.

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

## **Student Body Activities**

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

## **Application for State School Aid**

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

**Finding 2023-009 (ACFR Finding 2023-001):** There were instances in which students reported as Low Income could not be verified to supporting documentation.

**Recommendation:** The District should complete a set of workpapers and provide an audit trail for testing the enrollments reported on the ASSA in accordance with the instructions provided by the Office of School Finance. The district participated in the Community Eligibility Program (CEP), therefore low income counts should be supported by a 2022/2023 Household Information Survey or Direct Certification.

## **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 without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the district complied with proper bidding procedures and award of contracts. No expectations were noted in our review of transportation related purchases of goods and services.

## **Testing for Lead of All Drinking Water in Educational Facilities**

The school district adhered to all the requirements of N.J.A.C. 26-1.2 and 12.4 related to the testing for lead of all drinking water in educational facilities.

## **Miscellaneous**

The School District complied with continuing disclosure agreements made in relation to prior year(s) bond issuances.

## **SUGGESTIONS TO MANAGEMENT**

The meetings of the Board of Education should be recorded in a bound or acceptable minute book and signed by the Board Secretary.

**Follow-up on Prior Year Findings**

In accordance with Government Auditing Standards, our procedures included a review of all prior year recommendations and corrective action was taken on all.

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*

Steven D. Wielkotz, C.P.A.  
Public School Accountant

*Wielkotz + Company, LLC*

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

**SCHEDULE OF MEAL COUNT ACTIVITY**

**BOROUGH OF PROSPECT PARK SCHOOL DISTRICT  
FOOD SERVICE FUND  
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIMED - FEDERAL  
ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

| <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)/<br/>Under Claim</u> |              |
|---|----------------------|----------------------|---------------------|-----------------------|-------------------|-------------|--------------------------------|--------------|
| National School Lunch<br>(High Rate)                    | Paid                 | 10,386               | 10,386              | 10,386                |                   | 0.790       | \$                             |              |
| National School Lunch<br>(High Rate)                    | Reduced              |                      |                     |                       |                   | 3.950       |                                |              |
| National School Lunch<br>(High Rate)                    | Free                 | <u>76,888</u>        | <u>76,888</u>       | <u>76,888</u>         |                   | 4.350       |                                |              |
|   | Total                | <u>87,274</u>        | <u>87,274</u>       | <u>87,274</u>         |                   |             |                                |              |
| National School Lunch<br>(Healthy Hunger-Free Kids Act) | HHFKA                | <u>87,274</u>        | <u>87,274</u>       | <u>87,274</u>         |                   | 0.08        |                                |              |
| School Breakfast<br>(Severe Needs Rate)                 | Paid                 | 9,296                | 9,296               | 9,417                 | 121               | 0.50        | 61                             |              |
|   | Reduced              |                      |                     |                       |                   | 2.37        |                                |              |
|   | Free                 | <u>68,829</u>        | <u>68,829</u>       | <u>69,653</u>         | <u>824</u>        | 2.67        | <u>2,200</u>                   |              |
|   | Total                | <u>78,125</u>        | <u>78,125</u>       | <u>79,070</u>         | <u>945</u>        |             | <u>2,261</u>                   |              |
| Total (Over)/Under Claim                                |                      |                      |                     |                       |                   |             | \$                             | <u>2,261</u> |

Source: Edit Check Worksheets

|           | Serving Days | Lunch         |         |               | After School Snacks | Severe Breakfast |               |      | Totals         |
|-----------|--------------|---------------|---------|---------------|---------------------|------------------|---------------|------|----------------|
|           |              | Paid          | Reduced | Free          |                     | Paid             | Reduced       | Free |                |
| July      |              |               |         |               |                     |                  |               |      |                |
| August    |              |               |         |               |                     |                  |               |      |                |
| September | 14           | 971           |         | 7,187         | 699                 |                  | 5,178         |      | 14,035         |
| October   | 20           | 1,401         |         | 10,371        | 1,073               |                  | 7,872         |      | 20,717         |
| November  | 13           | 724           |         | 5,360         | 813                 |                  | 6,023         |      | 12,920         |
| December  | 16           | 1,215         |         | 8,997         | 888                 |                  | 6,576         |      | 17,676         |
| January   | 20           | 1,466         |         | 10,856        | 1,112               |                  | 8,230         |      | 21,664         |
| February  | 17           | 833           |         | 6,170         | 880                 |                  | 6,514         |      | 14,397         |
| March     | 22           | 1,543         |         | 11,421        | 1,215               |                  | 8,998         |      | 23,177         |
| April     | 13           | 379           |         | 2,802         | 718                 |                  | 5,314         |      | 9,213          |
| May       | 22           | 1,358         |         | 10,053        | 1,273               |                  | 9,426         |      | 22,110         |
| June      | 15           | 496           |         | 3,671         | 746                 |                  | 5,522         |      | 10,435         |
| Total     |              | <u>10,386</u> |         | <u>76,888</u> | <u>9,417</u>        |                  | <u>69,653</u> |      | <u>166,344</u> |

Source: Edit Worksheets

Note - Because the District is CEP, the total number of meals served per the edit check worksheets were compared to the total meals entered into the system. The system automatically calculates the percentage of paid and free lunches based on the CEP application.

**SCHEDULE OF MEAL COUNT ACTIVITY**

**BOROUGH OF PROSPECT PARK SCHOOL DISTRICT  
FOOD SERVICE FUND  
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIMED - STATE  
ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

| <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)/<br/>Under Claim</u> |
|---|----------------------|----------------------|---------------------|-----------------------|-------------------|-------------|--------------------------------|
| State Reimbursement -<br>National School Lunch<br>(High Rate) | Paid                 | 10,386               | 10,386              | 10,386                | 0                 | 0.060       | \$ 0                           |
| State Reimbursement -<br>National School Lunch<br>(High Rate) | Reduced              | 0                    | 0                   | 0                     | 0                 | 0.070       | 0                              |
| State Reimbursement -<br>National School Lunch<br>(High Rate) | Free                 | 76,888               | 76,888              | 76,888                | 0                 | 0.070       | 0                              |
|   |                      | <hr/>                | <hr/>               | <hr/>                 | <hr/>             |             | <hr/>                          |
|   | Total                | <u>87,274</u>        | <u>87,274</u>       | <u>87,274</u>         | <u>0</u>          |             | <u>0</u>                       |
| Total (Over)/Under Claim                                      |                      |                      |                     |                       |                   |             | \$ <u><u>0</u></u>             |

Source: Edit Check Worksheets

**BOROUGH OF PROSPECT PARK  
BOARD OF EDUCATION**

**Net cash resources did not exceed three months of expenditures  
Proprietary Funds - Food Service  
Year ended June 30, 2023**

| <u>Net Cash Resources:</u> |   | <b>Food<br/>Service<br/>B - 4/5</b> |                              |
|----------------------------|---|-------------------------------------|------------------------------|
| <b>ACFR</b>                | * | <b>Current Assets</b>               |                              |
| B-4                        |   | Cash & Cash Equiv.                  | \$ 135,903                   |
| B-4                        |   | Accounts Receivable                 | <u>111,751</u>               |
|                            |   |                                     |                              |
| <b>ACFR</b>                |   | <b>Current Liabilities</b>          |                              |
| B-4                        |   | Less Accounts Payable               | (43,105)                     |
| B-4                        |   | Less Deferred Revenue               | <u>(6,133)</u>               |
|                            |   |                                     |                              |
|                            |   | <b>Net Cash Resources</b>           | <b><u>\$ 198,416</u></b> (A) |

**Net Adj. Total Operating Expense:**

|     |  |                      |                          |     |
|-----|--|----------------------|--------------------------|-----|
| B-5 |  | Tot. Operating Exp.  | 606,272                  |     |
| B-5 |  | Less Depreciation    | <u>(1,233)</u>           |     |
|     |  |                      |                          |     |
|     |  | Adj. Tot. Oper. Exp. | <b><u>\$ 605,039</u></b> | (B) |

**Average Monthly Operating Expense:**

|  |  |        |                         |     |
|--|--|--------|-------------------------|-----|
|  |  | B / 10 | <b><u>\$ 60,504</u></b> | (C) |
|--|--|--------|-------------------------|-----|

**Three times monthly Average:**

|  |  |       |                          |     |
|--|--|-------|--------------------------|-----|
|  |  | 3 X C | <b><u>\$ 181,512</u></b> | (D) |
|--|--|-------|--------------------------|-----|

|                     |  |                            |  |
|---------------------|--|----------------------------|--|
| TOTAL IN BOX A      |  | \$ 198,416.00              |  |
| LESS TOTAL IN BOX D |  | <u>\$ 181,511.70</u>       |  |
| NET                 |  | <b><u>\$ 16,904.30</u></b> |  |

From above:

**A is greater than D, cash exceeds 3 X average monthly operating expenses.  
D is greater than A, cash does not exceed 3 X average monthly operating expenses.**

\* Inventories are not to be included in total current assets.

SOURCE - USDA resource management comprehensive review form

SCHEDULE OF AUDITED ENROLLMENTS

BOROUGH OF PROSPECT PARK SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 14, 2022

Year Ended June 30, 2023

| Enrollment Category    | 2023-2024 Application for State School Aid |        |                  |        |        |        | Sample for Verification |        |                      | Private Schools for Disabled |                                     |        |                         |        |
|------------------------|--|--------|------------------|--------|--------|--------|-------------------------|--------|----------------------|------------------------------|-------------------------------------|--------|-------------------------|--------|
|                        | Reported on ASOA                           |        | Reported on ASOA |        | Errors |        | Sample Selected from    |        | Errors per Registers |                              | Reported on ASOA as Private Schools |        | Sample for Verification |        |
|                        | Full                                       | Shared | Full             | Shared | Full   | Shared | Full                    | Shared | Full                 | Shared                       | Full                                | Shared | Full                    | Shared |
| Half Day Preschool     | 20   |        | 13               |        | 7      |        | 13                      |        | 13                   |                              |                                     |        |                         |        |
| Full Day Preschool     | 42   |        | 47               |        | -5     |        | 47                      |        | 47                   |                              |                                     |        |                         |        |
| Full Day Kindergarten  | 60   |        | 60               |        |        |        | 60                      |        | 60                   |                              |                                     |        |                         |        |
| One                    | 59   |        | 59               |        |        |        | 59                      |        | 59                   |                              |                                     |        |                         |        |
| Two                    | 48   |        | 48               |        |        |        | 48                      |        | 48                   |                              |                                     |        |                         |        |
| Three                  | 57   |        | 57               |        |        |        | 57                      |        | 57                   |                              |                                     |        |                         |        |
| Four                   | 57   |        | 57               |        |        |        | 57                      |        | 57                   |                              |                                     |        |                         |        |
| Five                   | 60   |        | 60               |        |        |        | 60                      |        | 60                   |                              |                                     |        |                         |        |
| Six                    | 59   |        | 59               |        |        |        | 59                      |        | 59                   |                              |                                     |        |                         |        |
| Seven                  | 79   |        | 79               |        |        |        | 79                      |        | 79                   |                              |                                     |        |                         |        |
| Eight                  | 70   |        | 70               |        |        |        | 70                      |        | 70                   |                              |                                     |        |                         |        |
| Subtotal               | 611  |        | 609              |        | 2      |        | 609                     |        | 609                  |                              |                                     |        |                         |        |
| Special Ed. Elementary | 107  |        | 104              |        | 3      |        | 73                      |        | 73                   |                              | 12                                  |        | 10                      | 10     |
| Special Ed. Middle     | 44   |        | 45               |        | -1     |        | 30                      |        | 30                   |                              | 8                                   |        | 7                       | 7      |
| Subtotal               | 151  |        | 149              |        | 2      |        | 103                     |        | 103                  |                              | 20                                  |        | 17                      | 17     |
| Totals                 | 762  |        | 758              |        | 4      |        | 712                     |        | 712                  |                              | 20                                  |        | 17                      | 17     |
| Percentage Error       |  |        |                  |        | 0.52%  |        |                         |        |                      |                              |                                     |        |                         |        |



**SCHEDULE OF AUDITED ENROLLMENTS**

**BOROUGH OF PROSPECT 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 | 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     | 21                                 | 17                                   | 4                               | 8                                    |  |                                       |                                 |                                     |
| One                       | 37                                 | 36                                   | 1                               | 8                                    | 5                                      | 5                                     | 3                               | 1                                   |
| Two                       | 33                                 | 30                                   | 3                               | 5                                    | 4                                      | 3                                     | 3                               | 3                                   |
| Three                     | 41                                 | 39                                   | 2                               | 7                                    | 5                                      | 3                                     | 3                               | 2                                   |
| Four                      | 38                                 | 36                                   | 2                               | 12                                   | 7                                      | 5                                     | 4                               | 2                                   |
| Five                      | 38                                 | 35                                   | 3                               | 13                                   | 4                                      | 1                                     | 1                               | 1                                   |
| Six                       | 38                                 | 38                                   |                                 | 7                                    | 2                                      | 2                                     | 2                               | 2                                   |
| Seven                     | 52                                 | 51                                   | 1                               | 20                                   | 6                                      | 4                                     | 3                               | 2                                   |
| Eight                     | 31                                 | 30                                   | 1                               | 10                                   | 3                                      | 2                                     | 2                               | 1                                   |
| Special Ed. Elementary    | 80                                 | 70                                   | 10                              | 24                                   | 5                                      | 5                                     | 4                               | 2                                   |
| Special Ed. Middle School | 38                                 | 32                                   | 6                               | 8                                    | 3                                      | 3                                     | 3                               | 1                                   |
|                           | 447                                | 414                                  | 33                              | 108                                  | 44                                     | 33                                    | 28                              | 15                                  |
|                           | 447                                | 414                                  | 33                              | 108                                  | 44                                     | 33                                    | 28                              | 15                                  |
| <b>Percentage</b>         |                                    |                                      | 7.97%                           | 45.18%                               |  | 33.33%                                |                                 | 46.43%                              |

| Category                         | Transportation                 |                              |        |          | Re-calc. |
|----------------------------------|--------------------------------|------------------------------|--------|----------|----------|
|                                  | Reported on DRTS by DOE/county | Reported on DRTS by District | Tested | Verified |          |
| Regular - Public Schools, col. 1 | 2.0                            | 2.0                          | 2      | 2        | 6.7      |
| Transported- Non-Public          |                                |                              |        |          | 7.0      |
| Special needs, col. 6            | 18.0                           | 18.0                         | 15     | 15       |          |
| <b>Totals</b>                    | 20.0                           | 20.0                         | 17     | 17       |          |
| <b>Percentage</b>                |                                |                              |        |          |          |

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

**BOROUGH OF PROSPECT PARK  
BOARD OF EDUCATION**

**SCHEDULE OF AUDITED ENROLLMENTS**

Application for State School Aid Summary  
Enrollment as of October 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     |   |   |           |                                 |                                     |               |
| One                       | 1                                       | 1   |           | 1                               | 1                                   |               |
| Two                       | 1                                       | 1   |           | 1                               | 1                                   |               |
| Three                     | 4                                       | 3   | 1         | 2                               | 2                                   |               |
| Four                      | 1                                       | 1   |           | 1                               | 1                                   |               |
| Five                      |   |   |           |                                 |                                     |               |
| Six                       |   |   |           |                                 |                                     |               |
| Seven                     | 6                                       | 5   | 1         | 4                               | 4                                   |               |
| Eight                     | 3                                       | 3   |           | 3                               | 3                                   |               |
| Special Ed. Elementary    |   | 1   | (1)       | 1                               | 1                                   |               |
| Special Ed. Middle School | 1                                       | 1   |           | 1                               | 1                                   |               |
|                           | <u>17</u>                               | <u>16</u>                                 | <u>1</u>  | <u>14</u>                       | <u>14</u>                           |               |
|                           | <u>17</u>                               | <u>16</u>                                 | <u>1</u>  | <u>14</u>                       | <u>14</u>                           |               |
| <b>Percentage</b>         |   |   | <u>6%</u> |                                 |                                     |               |

**PROSPECT 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>18,220,645</u>           | (B)   |
| Increased by:  |    |                             |       |
| Transfer from Capital Outlay to Capital Projects Fund                | \$ | <u>                    </u> | (B1a) |
| Transfer from Capital Reserve to Capital Projects Fund               | \$ | <u>                    </u> | (B1b) |
| Transfer from General Fund to SRF for PreK-Regular                   | \$ | <u>                    </u> | (B1c) |
| Transfer from General Fund to SRF for PreK-Inclusion                 | \$ | <u>                    </u> | (B1d) |
| Decreased by:  |    |                             |       |
| On-Behalf TPAF Pension & Social Security                             | \$ | <u>2,934,073</u>            | (B2a) |
| Assets Acquired Under Capital Leases                                 | \$ | <u>                    </u> | (B2b) |
| Adjusted 22-23 General Fund Expenditures [(B)+(B1's)-(B2's)]         | \$ | <u>15,286,572</u>           | (B3)  |
| 2% of Adjusted 2022-23 General Fund Expenditures<br>[(B3) times .02] | \$ | <u>305,731</u>              | (B4)  |
| Enter Greater of (B4) or \$250,000                                   | \$ | <u>305,731</u>              | (B5)  |
| Increased by: Allowable Adjustment *                                 | \$ | <u>402,017</u>              | (K)   |
| Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]              | \$ | <u><u>707,748</u></u>       | (M)   |

**SECTION 2**

|   |    |                             |      |
|---|----|-----------------------------|------|
| Total General Fund - Fund Balances @ 6-30-23<br>(Per ACFR Budgetary Comparison Schedule C-1)) | \$ | <u>2,237,035</u>            | (C)  |
| Decreased by:   |    |                             |      |
| Year-end Encumbrances   | \$ | <u>2,410</u>                | (C1) |
| Legally Restricted - Designated for Subsequent Year's<br>Expenditures                         | \$ | <u>                    </u> | (C2) |
| Legally Restricted - Excess Surplus - Designated for<br>Subsequent Year's Expenditures **     | \$ | <u>77,398</u>               | (C3) |
| Other Restricted Fund Balances****  | \$ | <u>629,709</u>              | (C4) |
| Assigned Fund Balance - Unreserved -- Designated<br>for Subsequent Year's Expenditures        | \$ | <u>819,770</u>              | (C5) |
| Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]                                  | \$ | <u><u>707,748</u></u>       | (U1) |

**SECTION 3**

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

**Recapitulation of Excess Surplus as of June 30, 2023**

|  |                  |      |
|--|------------------|------|
| Reserved Excess Surplus - Designated for Subsequent Year's Expenditures ** | \$ <u>77,398</u> | (C3) |
| Reserved Excess Surplus ***[(E)]   | \$ <u>-</u>      | (E)  |
| Total [(C3) + (E)]   | \$ <u>77,398</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) Maintenance of Equity Aid and State Military Impact Aid receive 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>402,017</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>402,017</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                            | \$ | <u>                    </u>   |
| Sale/Lease-back reserve                                       | \$ | <u>                    </u>   |
| Capital Reserve   | \$ | <u>          333,795</u>      |
| Maintenance Reserve   | \$ | <u>          195,914</u>      |
| Emergency Reserve   | \$ | <u>          100,000</u>      |
| Tuition Reserve   | \$ | <u>                    </u>   |
| School Bus Advertising 50% Fuel Offset Reserve - current year | \$ | <u>                    </u>   |
| School Bus Advertising 50% Fuel Offset Reserve - prior year   | \$ | <u>                    </u>   |
| Impact Aid General Fund Reserve (Sections 8002 and 8003)      | \$ | <u>                    </u>   |
| Impact Aid Capital Fund Reserve (Sections 8007 and 8008)      | \$ | <u>                    </u>   |
| Other state/government mandated reserve                       | \$ | <u>                    </u>   |
| Reserve for Unemployment Fund                                 | \$ | <u>                    </u>   |
| [Other Restricted Fund Balance not noted above]***            | \$ | <u>                    </u>   |
| <br>Total Other Restricted Fund Balance                       | \$ | <u>          629,709</u> (C4) |

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

Recommendations:

1. Administrative Practices and Reporting

The district should maintain proof of submission of the Chapter 44 summary report in accordance with N.J.S.A. 18A:16-13.3.

2. Financial Planning, Accounting and Reporting

\*The district should ensure that all invoices/supporting documentation is available for review at time of audit.

Payments should be made only after being approved by the board on a bills list. These bills lists should be stored in a manner that allows for easy access and review.

All W-4 forms should be made available for review at time of audit.

\*The district should review all information input into the system for health benefit contribution calculations and make necessary adjustments.

The District 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:23-2.3(f).

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

2. School Purchasing Programs

None

3. School Food Service

That the District take steps to improve the nonprofit school food service program to reduce the Net Cash Resources.

More care should be taken to ensure the number of meals claimed agree to the edit check worksheets.

4. Student Body Activities

None

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

Recommendations (continued):

5. Application for State School Aid

The District should complete a set of workpapers and provide an audit trail for testing the enrollments reported on the ASSA in accordance with the instructions provided by the Office of School Finance. The District participated in the Community Eligibility Program (CEP), therefore low income counts should be supported by a 2022/2023 Household Information Certification or Direct Certification.

6. Pupil Transportation

None

7. Miscellaneous

None

8. 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 the recommendations preceded with an “\*”.