

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

**SCHOOL DISTRICT OF THE BOROUGH OF ROCKAWAY**  
**COUNTY OF MORRIS, NEW JERSEY**

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

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**REPORT OF INDEPENDENT AUDITOR**

Honorable President and  
Members of the Board of Education  
Borough of Rockaway School District  
County of Morris, 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 Rockaway School District in the County of Morris for the year ended June 30, 2023, and have issued our report thereon dated December 5, 2023.

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

This report is intended for the information of the Borough of Rockaway 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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WIELKOTZ & COMPANY, LLC  
Certified Public Accountants  
Pompton Lakes, New Jersey

December 5, 2023



**BOROUGH OF ROCKAWAY BOARD OF EDUCATION**  
**ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**

**YEAR ENDED JUNE 30, 2023**

**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

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

Official Bonds (N.J.S.A. 18A:17-26, 18A:17-32)

<u>Name</u>	<u>Position</u>	<u>Amount</u>
William T. Stepka	RBSA/School Business Administrator/Board Secretary/ Treasurer of School Moneys	\$200,000.00

Treasurer of School Moneys was bonded in accordance with provisions of Title 18A:17-32 with the minimum limits of State Board promulgated schedules.

There is a Public Employees' Faithful Performance Blanket Position Bond with the Selective Insurance Company covering all other employees with multiple coverage of \$5,000.00.

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 school district.

The school district data certification was completed by the chief school administrator. The school district Chapter 44 data was submitted timely.

**BOROUGH OF ROCKAWAY BOARD OF EDUCATION**  
**ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**

**YEAR ENDED JUNE 30, 2023**

**Administrative Practices and Procedures (continued)**

Tuition Charges

The provisions of N.J.A.C. 6A:23A-17.1 (F)3 are not applicable.

**Financial Planning, Accounting and Reporting**

Examination of Claims

An examination of claims paid during the period under review did not indicate any material discrepancies with respect to signatures, certification or supporting documentation.

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.

All payrolls were approved by the Superintendent and were certified by the President of the Board and the Board Secretary/Business Administrator.

Salary withholdings were promptly remitted to the proper agencies including health benefits premium withholding 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 administrators) 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.

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.

**BOROUGH OF ROCKAWAY BOARD OF EDUCATION**  
**ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**

**YEAR ENDED JUNE 30, 2023**

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

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30<sup>th</sup> for goods not yet received or services not 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 priority and to determine that goods were received and services were rendered as of June 30, 2023.

Classification of Expenditures - General and Administrative

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-8.3*. As a result of the procedures performed, a transaction error rate of 0.00% was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

The Board Secretary's records were in satisfactory condition.

**Finding 2023-01 (ACFR 2023-001):** The June 30, 2023 Board Secretary report was submitted to the County after the submission deadline of August 1<sup>st</sup>.

**Recommendation:** That the year-end Board Secretary report be submitted timely to the County.

Treasurer's Records

The Treasurer performed cash reconciliations for the general operating account, payroll account and payroll agency account in accordance with *N.J.S.A. 18A:17-9*.

All cash receipts tested were promptly deposited.

**BOROUGH OF ROCKAWAY BOARD OF EDUCATION**  
**ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**

**YEAR ENDED JUNE 30, 2023**

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

Treasurer's Records, (continued)

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

Elementary and Secondary Education (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 Title I, Title II, and Title 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 Exhibits K-3 and K-4 located in the ACFR.

Our audit of the federal and state funds on a test basis, indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The 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.

The study of compliance for special projects indicated no areas of noncompliance.

T.P.A.F. Reimbursement

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

**BOROUGH OF ROCKAWAY BOARD OF EDUCATION**  
**ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**

**YEAR ENDED JUNE 30, 2023**

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

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 be 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.

Non-Public State Aid

Project completion reports were finalized and transmitted to the department 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."



**BOROUGH OF ROCKAWAY BOARD OF EDUCATION**  
**ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**

**YEAR ENDED JUNE 30, 2023**

**School Purchasing Programs, (continued)**

**Contracts and Agreements Requiring Advertisement for Bids, (continued)**

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 Agency) 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 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.

**School Food Service**

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 Free and Reduced Price meal eligible students.

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 SFA’s expenditures of school food service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

The financial transactions and statistical records of the school food services were maintained in satisfactory condition. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

**BOROUGH OF ROCKAWAY BOARD OF EDUCATION**  
**ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**

**YEAR ENDED JUNE 30, 2023**

**School Food Service, (continued)**

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 cost reimbursable or fixed price contract/addendum were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will break even. The operating results provision has been met.

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

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

**Finding 2023-02:** Net cash resources exceeded three months average operating expenditures.

**Recommendation:** That steps be taken to reduce net cash resources in the School Food Service Fund.

Time sheets were reviewed and labor costs verified. 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. No exceptions were noted.

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 and/or to the list of directly certified students on file, times the number of operating days, on a school by school basis. The free and reduced price meal and free milk policy was reviewed for uniform administration throughout the school system. Sites approved to participate in provisions I and II were examined for compliance with all counting and claiming requirements. The required verification procedures for free and reduced price applications were completed and 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.

**BOROUGH OF ROCKAWAY BOARD OF EDUCATION**  
**ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**

**YEAR ENDED JUNE 30, 2023**

**School Food Service (continued)**

The School District Food Service Management Company maintains the detailed revenue and expenditure information necessary in order to execute the USDA mandated Non-Program Food Revenue Tool at least annually.

The Statement of Revenues, Expenses and Changes in Net Assets (ACFR Schedule 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; 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 Programs. We also inquired if the PPP loan was subsequently forgiven and the FSMC refunded or credited the applicable amounts to the SFA.

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

**Student Body/Athletic Account Activities**

The cash receipts and disbursement records were maintained in good order.

All receipts were promptly deposited in the bank.

**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 and the information that was included on the workpapers was verified with the following exception:

**BOROUGH OF ROCKAWAY BOARD OF EDUCATION**  
**ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**

**YEAR ENDED JUNE 30, 2023**

**Application for State School Aid, (continued)**

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.

**Pupil Transportation**

Our audit procedures included a test of on roll status reported in the October 14, 2022 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with the following 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. Exceptions were noted in our review of transportation related purchases of goods and services as follows:.

**Facilities and Capital Assets**

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

Our procedures included a review of the SDA grant agreements, if any, for consistency with recording SDA revenue, transfer of local funds from the general fund, and awarding of contracts for eligible facilities construction.

**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).

**BOROUGH OF ROCKAWAY BOARD OF EDUCATION**  
**ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**

**YEAR ENDED JUNE 30, 2023**

**Follow-up on Prior Years' Findings**

In accordance with government auditing standards, our procedures included a review of all prior year recommendations including findings. Corrective action has been taken on all prior year audit findings.

**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.

*Steven D. Wielkotz*

Steven D. Wielkotz, CPA  
Licensed Public School Accountant  
No. 816

*Wielkotz & Company, LLC*

WIELKOTZ & COMPANY, LLC  
Certified Public Accountants

SCHEDULE OF AUDITED ENROLLMENTS

**BOROUGH OF ROCKAWAY SCHOOL DISTRICT**  
**APPLICATION FOR STATE SCHOOL AID SUMMARY**  
**ENROLLMENT AS OF OCTOBER 15, 2022**

	2023-2024 Application for State School Aid										Sample for Verification				Private Schools for Disabled							
	Reported on A.S.S.A. On Roll		Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Registers On Roll		Errors per Registers On Roll		Reported on A.S.S.A. as Private Schools		Workpapers for Private Schools		Sample Verification		Sample Errors			
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared		
Half Day PreK-3 yr	5		5		0		5		5		0		0		0		0		0		0	
Half Day PreK-4 yr	16		16		0		16		16		0		0		0		0		0		0	
Full Day Prek -3 yr	2		2		0		2		2		0		0		0		0		0		0	
Full Day Prek -4 yr	4		4		0		4		4		0		0		0		0		0		0	
Full Day Kindergarten	52		52		0		52		52		0		0		0		0		0		0	
One	59		59		0		59		59		0		0		0		0		0		0	
Two	48		48		0		48		48		0		0		0		0		0		0	
Three	55		55		0		55		55		0		0		0		0		0		0	
Four	45		45		0		45		45		0		0		0		0		0		0	
Five	27		27		0		27		27		0		0		0		0		0		0	
Six	47		47		0		47		47		0		0		0		0		0		0	
Seven	36		36		0		36		36		0		0		0		0		0		0	
Eight	45		45		0		45		45		0		0		0		0		0		0	
Subtotal	441	0	441	0	0	0	441	0	441	0	0	0	0	0	0	0	0	0	0	0	0	
Special Ed - Elementary	65		65		0		65		65		0		0		0		0		0		0	
Special Ed - Middle School	45		45		0		45		45		0		(0)		0		0		0		0	
Subtotal	110	0	110	0	0	0	110	0	110	0	0	0	(0)	0	0	0	0	0	0	0	0	
Total	551	0	551	0	0	0	551	0	551	0	0	0	(0)	0	0	0	0	0	0	0	0	
Percent Error	0.00%		0%		0%		0%		0%		0%		0%		0%		0%		0%		0%	

SCHEDULE OF AUDITED ENROLLMENTS

BOROUGH OF ROCKAWAY SCHOOL DISTRICT  
 APPLICATION FOR STATE SCHOOL AID SUMMARY  
 ENROLLMENT AS OF OCTOBER 15, 2022

Enrollment Category	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on ASSA as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Error	Reported on ASSA as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Error
Full Day Kindergarten												
One	7	7	0	5	5	0	3	3	0	2	2	0
Two	8	8	0	5	5	0	1	1	0	1	1	0
Three	15	15	0	10	10	0	1	1	0	1	1	0
Four	14	14	0	9	9	0	3	3	0	2	2	0
Five	5	5	0	3	3	0	0	0	0	0	0	0
Six	7	7	0	5	5	0	1	1	0	1	1	0
Seven	9	9	0	6	6	0	0	0	0	0	0	0
Eight	6	6	0	4	4	0	0	0	0	0	0	0
	14	14	0	9	9	0	0	0	0	0	0	0
Subtotal	85	85	0	56	56	0	9	9	0	7	7	0
Special Ed - Elementary	17	17	0	12	12	0	3	3	0	2	2	0
Special Ed - Middle School	12	12	0	10	10	0	0	0	0	0	0	0
Subtotal	29	29	0	22	22	0	3	3	0	2	2	0
Total	114	114	0	78	78	0	12	12	0	9	9	0
Percent Error			0.00%			0.00%			0.00%			0.00%

**SCHEDULE OF AUDITED ENROLLMENTS**  
**BOROUGH OF ROCKAWAY SCHOOL DISTRICT**  
**APPLICATION FOR STATE SCHOOL AID SUMMARY**  
**ENROLLMENT AS OF OCTOBER 15, 2022**

Enrollment Category	Resident LEP NOT Low Income				Sample for Verification			
	Reported on ASSA as NOT Low Income	Reported on Workpapers as NOT Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Errors	Percent Error	
Full Day Kindergarten	1	1	0	1	1	0	0%	
One	1	1	0	1	1	0	0%	
Two	1	1	0	1	1	0	0%	
Three	1	1	0	1	1	0	0%	
Four	2	2	0	1	1	0	0%	
Five	1	1	0	1	1	0	0%	
Six	1	1	0	1	1	0	0%	
Seven	0	0	0	0	0	0	0%	
Eight	0	0	0	0	0	0	0%	
Subtotal	8	8	0	6	6	0	0%	
Special Ed - Elementary	4	4	0	3	3	0	0%	
Special Ed - Middle School	1	1	0	1	1	0	0%	
Subtotal	5	5	0	4	4	0	0%	
Total	13	13	0	10	10	0	0%	
Percent Error			0%			0%		
Regular - Public Schools, col. 1 (A-2,3,4,5)	27	27	0	23	23	0	0%	
Non Public Transported Col 2 ( A-6)	2	2	0	2	2	0	0%	
Non Public All Col 3 ( A-7)	12	12	0	10	10	0	0%	
Regular - SpEd, col. 4 (A-8,9,10)	4.0	4.0	0	3	3	0	0%	
Special Ed Spec, col. 6 (B-1,2,3,6,7,8)	13	13	0	11	11	0	0%	
Totals	58	58	0	49	49	0	0%	
Percentage Error			0%			0%		



# NET CASH RESOURCE SCHEDULE

## Rockaway Borough 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	
<b>ACFR</b>	*	<b>Current Assets</b>	
B-4		Cash & Cash Equiv.	\$ 99,002
B-4		Due from Other Gov'ts	6,190
B-4		Accounts Receivable	-
B-4		Investments	-
<b>ACFR</b>		<b>Current Liabilities</b>	
B-4		Less Accounts Payable	-
B-4		Less Accruals	-
B-4		Less Due to Other Funds	-
B-4		Less Deferred Revenue	(5,070)
		<b>Net Cash Resources</b>	<b><u>\$ 100,122</u></b> (A)

**Net Adj. Total Operating Expense:**

B-5		Tot. Operating Exp.	\$ 272,809	
B-5		Less Depreciation	(996)	
		<b>Adj. Tot. Oper. Exp.</b>	<b><u>\$ 271,813</u></b>	(B)

**Average Monthly Operating Expense:**

	B / 10		<b><u>\$ 27,181</u></b>	(C)
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**Three times monthly Average:**

	3 X C		<b><u>\$ 81,544</u></b>	(D)
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TOTAL IN BOX A	\$	100,122		
LESS TOTAL IN BOX D		81,544		
<b>NET</b>	<b>\$</b>	<b><u>18,578</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

**EXCESS SURPLUS CALCULATION -**

**REGULAR DISTRICTS/CHARTER SCHOOL/RENAISSANCE SCHOOL PROJECT**

**SECTION 1**

**A. 2% Calculation of Excess Surplus**

2022-23 Total General Fund Expenditures per the ACFR, Ex.C-1	\$	<u>15,276,216</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>2,366,940</u>	(B2a)
Assets Acquired Under Capital Leases	\$	<u>41,387</u>	(B2b)
Adjusted 2022-23 General Fund Expenditures [(B)+(B1s)-(B2s)]	\$	<u>12,867,889</u>	(B3)
2% of Adjusted 2022-23 General Fund Expenditures [(B3) times .02]	\$	<u>257,358</u>	(B4)
Enter Greater of (B4) or \$250,000	\$	<u>257,358</u>	(B5)
Increased by: Allowable Adjustment *	\$	<u>-</u>	(K)
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]	\$	<u>257,358</u>	(M)

**SECTION 2**

Total General Fund - Fund Balances @ 6-30-23 (Per ACFR Budgetary Comparison Schedule C-1)	\$	<u>2,191,634</u>	(C)
Decreased by:			
Year-end Encumbrances	\$	<u>229,352</u>	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$	<u>-</u>	(C2)
Legally Restricted- Excess Surplus - Designated for Subsequent Year's Expenditures **	\$	<u>300,000</u>	(C3)
Other Restricted Fund Balances****	\$	<u>939,192</u>	(C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	\$	<u>205,508</u>	(C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	\$	<u>517,583</u>	(U1)

**SECTION 3**

Restricted Fund Balance - Excess Surplus*** [(U1)-(M)] IF NEGATIVE ENTER -0-	\$	<u>260,225</u>	(E)
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**Recapitulation of Excess Surplus as of June 30, 2023**

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	\$	300,000	(C3)
Reserved Excess Surplus ***[(E)]	\$	260,225	(E)
Total Excess Surplus [(C3) + (E)]	\$	560,225	(D)

**Footnotes:**

- \* 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

**Detail of Allowable Adjustments**

Impact Aid		\$	-	(H)
Sale & Lease-back		\$	-	(I)
Extraordinary Aid		\$	-	(J1)
Additional Nonpublic School Transportation Aid		\$	-	(J2)
Current Year School Bus Advertising Revenue Recognized		\$	-	(J3)
Family Crises 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)]		\$	-	(K)

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

\*\*\* Amount 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 another type of government, such as the judicial branch of government, must have Departmental approval. District requests should be submitted to the Division of Administration and Finance prior to September 30.

**Detail of Other Restricted Fund Balance**

Statutory restrictions:

Approved unspent separate proposal	\$	_____
Sale/Lease-back reserve	\$	_____
Capital reserve	\$	531,250
Maintenance reserve	\$	30,000
Emergency reserve	\$	250,000
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 General Fund Reserve (Sections 8007 and 8008)	\$	_____
Other state/government mandated reserve	\$	_____
Reserve for Unemployment Fund	\$	127,942
[Other Restricted Fund Balance not noted above]****	\$	_____
Total Other Restricted Fund Balance	\$	939,192 (C4)

**BOROUGH OF ROCKAWAY  
BOARD OF EDUCATION**

**AUDIT FINDINGS & RECOMMENDATIONS SUMMARY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**RECOMMENDATIONS:**

**1. Administrative Practices and Procedures**

None

**2. Financial Planning, Accounting and Reporting**

**Finding 2023-01:** That the year-end Board Secretary report be submitted timely to the County.

**3. School Purchasing Programs**

None

**4. School Food Service**

**Finding 2023-02:** That steps be taken to reduce net cash resources in the School Food Service Fund.

**5. Student Activity Fund**

None

**6. Application for State School Aid**

**7. Pupil Transportation**

None

**8. Facilities and Capital Assets**

None

**9. Miscellaneous**

None

**10. Follow-up on Prior Year Findings**

A review was performed on the prior year recommendations and corrective action was taken on all prior year findings except those denoted with an asterisk(\*).