

**PATERSON PUBLIC SCHOOL DISTRICT
BOARD RESOLUTION FORM**

1. All Board Resolutions must clearly state how that program/initiative relates to or is specifically connected to the Priorities and Goals contained in the Strategic Plan.
2. This Action Form must be in the State District Superintendent's office according to cutoff date before the meeting of the Board of Education.

Recommendation/Resolution:

WHEREAS, The Paterson Public Schools District caused an annual audit of the district's accounts and financial transactions to be conducted by a public school accountant for the 2010-2011 fiscal year pursuant to NJSA18A: 23-1&2: and,

WHEREAS, said "Comprehensive Annual Financial Report" and "Auditor's Management Report" for the fiscal year ended June 30, 2011, were filed in duplicate with the Office of the Commissioner on November 21, 2011, pursuant to NJSA 18A: 23-3: and

WHEREAS, a presentation of the audit of the district's June 30, 2011, fiscal status was made by members of the independent audit firm of Lerch, Vinci & Higgins, LLP, at the Board Meeting of December 7, 2011, and

WHEREAS, the presentation included a public discussion of the audit results including the district's overall financial position, reserved, unreserved and excess surplus fund balances,, food services' operations and the district's ten audit recommendations, one of which was a repeat recommendation, all of which will be addressed in the Corrective Action Plan to be approved by the Board;

NOW, THEREFORE, BE IT RESOLVED, that the Paterson Public Schools Board of Education accepts the "Comprehensive Annual Financial Report" and "Auditor Management Report" for the fiscal year ended June 30, 2011, and,

BE IT FURTHER RESOLVED, that this resolution shall take effect upon its adoption.

HEREBY CERTIFY THE WITHIN
TO BE A TRUE COPY

APPROVALS REQUIRED

Dan W. Evan

1. Submitted by _____
(Name, Title) _____ Date _____

2. Approval by Divisional Administrator _____
State District Superintendent, Deputy, Assistant Superintendent
or Business Administrator _____ Date _____

3. Account No. _____

Certification of Funds – Business Administrator *Carol A. Fredericks* _____
Signature _____ Date *12/16/11*

Funds Available		Funds Not Available		Funds Not Needed		Non-Budget Item	
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4. Verification by Legal Department, if required _____ Date _____

5. Approval - State District Superintendent *Dan W. Evan* _____
Date *12/19/11*

6. Board Adoption Date January 18, 2012 Resolution Number C-4

Copies as follows:

White: To Board Office

Green: To #5

Yellow: To Business Administrator

Pink: To #1

Gold: To #2

PATERSON PUBLIC SCHOOL DISTRICT ACTION FORM

1. Curricular recommendations must include, if appropriate, school, student initials, tuition rate and/or other needed information.
2. Fiscal recommendations must include all appropriate fiscal information.
3. This Action Form must be in the State District Superintendent's office according to cutoff date before the meeting of the Board of Education.

Recommendation/Resolution:

WHEREAS, The Paterson Public Schools District caused an annual audit of the district's accounts and financial transactions to be conducted by a public school accountant for the 2010-2011 fiscal year pursuant to NJSA18A: 23: and,

WHEREAS, said "Comprehensive Annual Financial Report" and "Auditor's Management Report" for the fiscal year ended June 30, 2011, were filed in duplicate with the Office of the Commissioner on November 21, 2011, pursuant to NJSA 18A: 23-3: and

WHEREAS, a presentation of the audit with discussion of the district's fiscal status, audit findings and recommendations was made to the Board and public by members of the audit firm of Lerch, Vinci & Higgins, LLP, at the board meeting of December 7, 2011, and

WHEREAS, the presentation included a public discussion of the audit results including the district's overall financial position, reserved, unreserved and excess surplus fund balances, funding of worker's compensation and compensated absences, food services' operations and the ten audit findings and recommendations, one of which was a repeat recommendation, that is addressed in the Corrective Action Plan; and

WHEREAS, the synopsis of the CAFR was distributed to the public at the December 21, 2011 board meeting with copies of the synopsis available at the offices of the School Business Administrator upon request; and

WHEREAS, a Corrective Action Plan has been drafted and disseminated to the board and appropriate parties by the School Business Administrator addressing each of the ten audit recommendations presented in the Auditor's Management Report in response to their recommendations, and,

WHEREAS, a Specific Corrective Action Plan has been drafted and disseminated to the board and appropriate parties by the School Business Administrator addressing the repeat audit recommendation presented in the Auditor's Management Report in response to their recommendation; and

WHEREAS, the Corrective Action Plan and Specific Corrective Action Plan were reviewed by, and discussed in detail with, the Paterson Public Schools Board of Education Fiscal Committee; and

NOW, THEREFORE, BE IT RESOLVED, that the Paterson Public Schools Board of Education accepts and approved the "Corrective Action Plan" and the "Specific Corrective Action Plan" for the fiscal year ended June 30, 2011, and,

BE IT FURTHER RESOLVED, that the Paterson Public Schools hereby incorporates the Synopsis of the Audit with each specific audit recommendation and the resulting Corrective Action Plan and Specific Corrective Action Plan as part of the minutes of this meeting of January 18, 2012, and notes public discussion of same for the minutes; and,

BE IT FURTHER RESOLVED, that the School Business Administrator be directed to forward to the County Superintendent the minutes together with two copies of the CAFR Synopsis, two copies of the Corrective Action Plan, the Specific Corrective Action Plan and certified board minutes adopting the above items; and,

BE IT FURTHER RESOLVED, that this resolution shall take effect upon its adoption

I HEREBY CERTIFY THE WITHIN
TO BE A TRUE COPY

Dan W. Egan

APPROVALS REQUIRED

1. Submitted by Dr. Carol A. Fredericks, School Business Administrator December 16, 2011
(Name, Title) Date
2. Approval by Divisional Administrator _____
State District Superintendent, Assistant Superintendent or Business Administrator Date
3. Account No. N/A
- Certification of Funds *Carol A. Fredericks* 12/16/11
Signature Date
- Funds Available ☐ Funds Not Needed ☐
Funds Not Available ☐ Non-Budget Item ☒
4. Verification by Legal Department, if required _____ Date
5. Approval - State District Superintendent *Dan W. Egan* 12/19/11
Date
6. Board Adoption Date December 21, 2011 Resolution Number C-24

Copies as follows:

White-To Board Office

Green-To #5

Yellow-To Business Administrator

Pink-To #1

Gold-To #2

CORRECTIVE ACTION PLAN

Name of School: **Paterson Public School**
 Type of Audit: **Annual Independent CPA Audit 2010-11**
 Date of Board Meeting: **January 18, 2011**
 Contact Person: **Carol Fredericks, School Business Administrator**
 Telephone Number: **973-321-0703**

County: Passaic

RECOMMENDATION NUMBER	CORRECTIVE ACTION APPROVED BY THE BOARD	METHOD OF IMPLEMENTATION	PERSON RESPONSIBLE FOR IMPLEMENTATION	COMPLETION DATE OF IMPLEMENTATION
<i>I. Administrative Practices and Procedures</i>				
1. Employees health benefits bills indicated several individuals who remain covered under the District's employees benefit program after termination from the District.	Employee health benefits bills be reviewed on a monthly basis to ensure that only active employees are receiving coverage	Health benefits bill reviewed monthly and compared to payroll records. Report to Supervisor.	HRS – Maria Gonzalez Payroll – Alicia Walton	February 29, 2012
<i>II. Financial Planning</i>				
2. Certain salaries of Assistant Superintendents of Operations were allocated to Improvement of Instructional Services rather than to General Administration salary budget line accounts.	The District reference the Uniform Minimum Chart of Accounts of NJ Public Schools, 2008 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:23A-16.2(f).	Job descriptions and titles will be changed to reflect charge to Function 22 Improvement of Instruction per Uniform Chart of Accounts.	HR to initiate PTF Business Office to change title – Shelly Black	February 29, 2012
3. Salaries were fully encumbered at the beginning of the fiscal year rather than projected obligations of existing personnel.	Internal control procedure be reviewed and revised to ensure purchase orders for salaries and wages, as well as employee health benefits, are encumbered and adjusted accordingly and budget appropriation line accounts are modified to reflect projected obligations of existing personnel of the District for the fiscal year.	Salaries will be encumbered to actual Payroll PO and adjusted each pay.	Business Office – June Gray	December 30, 2011
4. Monthly transfer worksheets revealed that a budget appropriation transfer was made to a non-equipment capital outlay line without seeking approval from the Executive County Superintendent.	Budget appropriation transfers to capital outlay line items, other than equipment, be submitted to the Executive County Superintendent for approval.	No transfer will be performed to non-equipment capital outlay without prior approval from Executive County Superintendent.	Finance Manager – Daisy Ayala	December 30, 2011


 CHIEF SCHOOL ADMINISTRATOR

12/19/11
 DATE

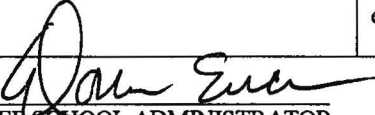

 SCHOOL BUSINESS ADMINISTRATOR /DATE

CORRECTIVE ACTION PLAN

Name of School: **Paterson Public School**
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 Date of Board Meeting: **January 18, 2011**
 Contact Person: **Carol Fredericks, School Business Administrator**
 Telephone Number: **973-321-0703**

County: Passaic

RECOMMENDATION NUMBER	CORRECTIVE ACTION APPROVED BY THE BOARD	METHOD OF IMPLEMENTATION	PERSON RESPONSIBLE FOR IMPLEMENTATION	COMPLETION DATE OF IMPLEMENTATION
II. Financial Planning				
5. Grant receipts were not allocated to the proper program year as reflected in the EWEG system.	Internal controls over federal grant reporting be reviewed and enhanced to ensure that: Grant receipts are recorded in the District's accounting records to the program year requested for reimbursement. Final grant report expenditures are in agreement with amounts reported in the District's accounting records and reports of audit for the respective program year.	Grant report will work with grant reimbursement requestor to allocate appropriately.	Grants Department – Josephine Arrington Business Services – Betty Speights	June 30, 2012
III. School Purchasing Programs				
6. The District issued payments for services rendered outside the scope of the State contract. The District did not always provide notification to the Office of the State Comptroller of contracts awarded for amount exceeding \$2mil in accordance with NJSA 52:15C-10	Continued efforts be made to ensure in all instances, notification be provided to the Office of the State Comptroller of contracts awarded by the District with exceed \$2 million in accordance with N.J.S.A. 52:15C-10.	District will use Edumet report to identify all contracts exceed in 2 million to generate notifications.	Supervisor of Purchasing – Neville Williams	December 30, 2011 - ongoing
7. Contracts awarded on a per unit or time and material basis did not always include a maximum not to exceed amount of dollars or units stated in the contract agreement.	Contracts awarded on a per unit or time and materials basis include a maximum not to exceed amount of dollars or units in the contract agreement.	Contract language shall be modified to include "not to exceed" amount per resolution.	Supervisor of Purchasing – Neville Williams	January 30, 2012
IV. School Food Service				
8. Net cash resources balance exceeded three (3) months average expenditures.	Appropriate action to be taken to ensure that the net cash resources of the food service fund do not exceed three (3) months average expenditures.	Cash resource balance will be reduced by appropriate charges to food service.	Director of Food Services – David Buchholtz	February 29, 2012


 CHIEF SCHOOL ADMINISTRATOR

12/19/11
 DATE


 SCHOOL BUSINESS ADMINISTRATOR /DATE

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 Date of Board Meeting: January 18, 2011
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 Telephone Number: 973-321-0703

County: Passaic

RECOMMENDATION NUMBER	CORRECTIVE ACTION APPROVED BY THE BOARD	METHOD OF IMPLEMENTATION	PERSON RESPONSIBLE FOR IMPLEMENTATION	COMPLETION DATE OF IMPLEMENTATION
V. Student Body Athletic Account				
9. Rates paid sports officials and event staffs were not approved in the official District minutes. IRS tax Form 1099 was not issued to individuals receiving over \$600 for services rendered for Athletic officials. JFK gate receipts are deposited into the Student Activity Account. Expenditures for athletic supplies and equipment were paid directly from the Eastside HS Athletic account and JFK Student Activity account.	The District to revise its student activity policy to include procedures pertaining to athletic accounts.	Create a resolution to approve all sport official rate annually.	Director of Athletics – Gerald Glisson	January 30, 2012 retroactive to September 1, 2011
		All Athletic records submitted to Accounting for 1099 reconciliation.	Director of Athletics – Gerald Glisson Business Services – June Gray	February 29, 2012
		Deposit gate receipts into Athletic Accounts.	Director of Athletics – Gerald Glisson	February 29, 2012
		Transfer will not be preformed from HS Athletic supplies and equipment will be purchased through the district PO process.	Director of Athletics – Gerald Glisson	
VI. Application for State School Aid				
No Findings				
VII. Transportation				
No Findings				
VIII. Facilities and Capital Assets				
10. Capital project were over expended at year end. The over expenditures were the result of the State of NJ cancelling direct SDA grant award balances. Capital Assets records were not presented in a timely manner	Internal controls over capital assets reporting by reviewed and enhanced to ensure that the capital assets account and reporting system Is updated timely and reflects all capital assets maintained by the District and that only capital improvements and acquisitions are charged to the capital outlay budget accounts in accordance with the State Uniform Minimum Chart of Accounts.	Perform a transfer to correct the deficiency.	Finance Manager – Daisy Ayala	June 30, 2012
		RFP for district-wide Capital Asset Appraisal.	Manager of Central Storage – Rocco Rinaggio Supervisor of Purchasing – Neville Williams	


 CHIEF SCHOOL ADMINISTRATOR

12/19/11
 DATE


 SCHOOL BUSINESS ADMINISTRATOR /DATE

CORRECTIVE ACTION PLAN

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 Date of Board Meeting: January 18, 2011
 Contact Person: Carol Fredericks, School Business Administrator
 Telephone Number: 973-321-0703

County: Passaic

RECOMMENDATION NUMBER	CORRECTIVE ACTION APPROVED BY THE BOARD	METHOD OF IMPLEMENTATION	PERSON RESPONSIBLE FOR IMPLEMENTATION	COMPLETION DATE OF IMPLEMENTATION
VIII. Facilities and Capital Assets				
Certain capital assets acquired during the fiscal year were not included in the assets module at year end.		Update all records to reflect current assets	Manager of Central Storage – Rocco Rinaggio Accounting – Halverie Davis	
Certain supplies and material purchased were charged to the capital outlay budget (fund12) rather than to the operating budget (fund10) line accounts.		Review all Fund 12 Expenditures for appropriateness	Business Services- Business Administrator – Dr. Carol Fredericks Supervisor of Purchasing – Neville Williams	December 30, 2012 ongoing
The District provided a reconciliation of variance between the financial accounting records and the capital assets accounting system. However, adjustments to the respective budget and capital assets system accounting records were not made to account for such reconciled variances		RFP for Appraisal will require reconciliation of all assets.	Business Services Review Dr. Carol Fredericks, Daisy Ayala, Rocco Rinaggio, June Gray, Katori Walton	June 30, 2012
IX. Miscellaneous				
No findings.				
X. Status or Prior Year Findings/Recommendations				


 CHIEF SCHOOL ADMINISTRATOR

12/19/11
 DATE


 SCHOOL BUSINESS ADMINISTRATOR /DATE

PATERSON PUBLIC SCHOOLS
SYNOPSIS OF AUDIT
FOR THE YEAR ENDED
JUNE 30, 2011

**PATERSON PUBLIC SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 15,399,413	\$ 513,481		\$ 303,599	\$ 16,216,493
Receivables, Net					
Receivables From Other Governments	1,005,748	10,798,745	\$ 1,287,656		13,092,149
Accounts	771,380				771,380
Due From Other Funds	3,207,812	-	-	-	3,207,812
Total Assets	\$ 20,384,353	\$ 11,312,226	\$ 1,287,656	\$ 303,599	\$ 33,287,834
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 8,245,275	\$ 3,116,687	\$ 252,851		\$ 11,614,813
Accrued Salaries and Wages	6,326,918	517,114			6,844,032
Due to Other Funds		69,993	17,310		87,303
Payable to Federal Government		924			924
Payable to State Government		625,279			625,279
Claims and Judgments Payable	2,893,353				2,893,353
Accrued Liability for Insurance Claims	392,402				392,402
Compensated Absences Payable	2,860,993				2,860,993
Other Liabilities		242			242
Deferred Revenue	21,298	6,981,987	1,024,107		8,027,392
Total Liabilities	20,740,239	11,312,226	1,294,268	-	33,346,733
Fund Balances (Deficits)					
Restricted					
Capital Reserve	1,000				1,000
Maintenance Reserve	7,000,000				7,000,000
Maintenance Reserve-Designated for Subsequent Year's Expenditures	7,000,000				7,000,000
Emergency Reserve	1,000,000				1,000,000
Reserved Excess Surplus	3,401,870				3,401,870
Reserved Excess Surplus, Designated for Subsequent Years' Expenditures	2,385,101				2,385,101
Debt Service				\$ 303,599	303,599
Committed					
Year End Encumbrances	735,611				735,611
Assigned					
Year End Encumbrances	907,951				907,951
Designated for Subsequent Year's Expenditures	6,662,844				6,662,844
Unassigned	(29,450,263)	-	(6,612)	-	(29,456,875)
Total Fund Balances (Deficits)	(355,886)	-	(6,612)	303,599	(58,899)
Total Liabilities and Fund Balances	\$ 20,384,353	\$ 11,312,226	\$ 1,287,656	\$ 303,599	\$ 33,287,834

PATERSON PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 38,955,956			\$ 505,422	\$ 39,461,378
Tuition Charges	21,078				21,078
Interest Earnings	287,214				287,214
Miscellaneous	4,083,679	\$ 149,849	\$ 236,278		4,469,806
Total - Local Sources	43,347,927	149,849	236,278	505,422	44,239,476
State Sources	400,180,581	46,861,678	3,596,809	797,610	451,436,678
Federal Sources	1,045,757	44,513,427			45,559,184
Total Revenues	444,574,265	91,524,954	3,833,087	1,303,032	541,235,338
EXPENDITURES					
Current					
Instruction					
Regular Instruction	190,499,999	52,343,063			242,843,062
Special Education Instruction	68,004,152	12,416,801			80,420,953
Other Instruction	35,005,429	1,220,634			36,226,063
School Sponsored Activities and Athletics	1,754,911				1,754,911
Community Services	478,033				478,033
Support Services					
Student and Instruction Related Services	53,837,429	16,405,007			70,242,436
General Administrative Services	4,777,606	677,526	6,612		5,461,744
School Administrative Services	20,720,367				20,720,367
Central and Other Support Services	9,787,525				9,787,525
Plant Operations and Maintenance	44,533,734				44,533,734
Pupil Transportation	14,503,184	181,686			14,684,870
Debt Service					
Principal				910,000	910,000
Interest and Other Charges				393,133	393,133
Capital Outlay	1,508,475	239,738	\$ 3,833,087		5,581,300
Total Expenditures	445,410,844	83,484,455	3,839,699	1,303,133	534,038,131
Excess (Deficiency) of Revenues Over (Under) Expenditures	(836,579)	8,040,499	(6,612)	(101)	7,197,207
OTHER FINANCING SOURCES (USES)					
Transfers In	8,040,499			99,639	8,140,138
Transfers Out	-	(8,040,499)	(99,639)		(8,140,138)
Total Other Financing Sources and Uses	8,040,499	(8,040,499)	(99,639)	99,639	-
Net Change in Fund Balances	7,203,920	-	(106,251)	99,538	7,197,207
Fund Balance (Deficit), Beginning of Year	(7,559,806)	-	99,639	204,061	(7,256,106)
Fund Balance (Deficit), End of Year	\$ (355,886)	\$ -	\$ (6,612)	\$ 303,599	\$ (58,899)

PATERSON PUBLIC SCHOOLS RECOMMENDATIONS

I. Administrative Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

It is recommended that:

1. Employee health benefit bills be reviewed on a monthly basis to ensure that only active employees are receiving coverage.
2. The District reference The Uniform Minimum Chart of Accounts for New Jersey Public Schools, 2008 Editions 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).
3. Internal control procedures be reviewed and revised to ensure purchase orders for salaries and wages, as well as employee health benefits are encumbered and adjusted accordingly and budget appropriation line accounts are modified to reflect projected obligations of existing personnel of the District for the fiscal year.
4. Budget appropriation transfers to capital outlay line items, other than equipment, be submitted to the Executive County Superintendent for approval.
5. Internal controls over federal grant reporting be reviewed and enhanced to ensure that
 - Grant receipts are recorded in the District's accounting records to the program year requested for reimbursement.
 - Final grant report expenditures are in agreement with amounts reported in the District's accounting records and reports of audit for the respective program year.

III. School Purchasing Program

It is recommended that:

- *
 1. Continued efforts be made to ensure in all instances, notification be provided to the Office of the State Comptroller of contracts awarded by the District which exceed \$2 million in accordance with N.J.S.A. 52:15C-10
 2. Contracts awarded on a per unit or time and material basis include a maximum not to exceed amount of dollars or units in the contract agreement.

IV. School Food Services

It is recommended that appropriate action be taken to ensure that the net cash resources do not exceed three months average expenditures.

**PATERSON PUBLIC SCHOOLS
RECOMMENDATIONS
(Continued)**

V. Student Body Activities

It is recommended that the District revise its' student activity policy to include procedures pertaining to the athletic accounts.

VI. Application for State School Aid

There are none.

VII. Transportation

There are none.

VIII. Facilities and Capital Assets

It is recommended that internal controls over capital asset reporting be reviewed and enhanced to ensure that the capital assets accounting and reporting system is updated timely and report reflects all assets maintained by the District and that only capital improvements and acquisitions are charged to the capital outlay budget accounts in accordance with the State Uniform Minimum Chart of Accounts.

IX. Miscellaneous

There are none.

X. Status of Prior Years' Audit Findings/Recommendations

A review was performed on all prior years' recommendations and corrective action was taken on all prior year findings, however further action is required for those recommendations denoted by an asterisk (*).