

FLEMINGTON-RARITAN REGIONAL SCHOOL DISTRICT
COUNTY OF HUNTERDON
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

FLEMINGTON-RARITAN REGIONAL SCHOOL DISTRICT
COUNTY OF HUNTERDON
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE
FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
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January 18, 2023

The Honorable President and Members
of the Board of Education
Flemington-Raritan Regional School District
County of Hunterdon, 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 financial statements of the Board of Education of the Flemington-Raritan Regional School District in the County of Hunterdon for the fiscal year ended June 30, 2022, and have issued our report thereon dated January 18, 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 letter does not affect our report dated January 18, 2023, on the financial statements of the Board.

We will review the status of the comments, if any, during our next audit engagement. We have already discussed any comments and suggestions with various management personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended for the information of the Flemington-Raritan Regional School District's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Nisivoccia LLP
NISIVOCCIA LLP

Heidi A. Wohlleb

Heidi A. Wohlleb
Licensed Public School Accountant #2140
Certified Public Accountant

FLEMINGTON-RARITAN REGIONAL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer, 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.

Officials in Office and Surety Bonds

<u>Name</u>	<u>Position</u>	<u>Coverage</u>
Edward F. Izbicki, Sr.	Business Administrator	\$ 150,000
Raymond Krov	Treasurer	\$ 350,000

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.

The data certification date does not reflect a submission date later than 60 days after the end of the enrollment period.

Tuition Charges

A comparison of tuition charges and actual receipts and receivables were made. It appears, from our testing, that tuition charges appear to be valid revenues of the District.

Financial Planning, Accounting and Reporting

Examination of Claims

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

FLEMINGTON-RARITAN REGIONAL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Payroll Account and Position Control Roster

The net salaries of 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 tested were approved by the Superintendent and certified by the President of the Board, the School Business Administrator, and the Superintendent.

Salary withholdings were promptly remitted to the proper agencies, including health benefits withholding due to the general fund.

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (superintendent, assistant superintendent, and business administrator) to the NJ Department of Treasury was filed in a timely manner.

Finding 2022-001:

During our review of the Payroll records, it was noted that the Payroll Agency analysis of balance includes an unidentified balance as well as certain funds which appear to be due to the General Fund.

Recommendation:

It is recommended that the unidentified balance in the Payroll Agency account be reviewed and resolved and any funds due to the General Fund should be remitted in a timely manner. Also, the balances in the Payroll Agency account should be reviewed on a monthly basis in the future.

Management's Response:

The District will review and resolve the unidentified balance in the Payroll Agency account and any funds due to the General Fund will be remitted to that fund. Also, the balances in the Payroll Agency account will be reviewed on a monthly basis in the future.

Year-End Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made on a test basis as of June 30, for proper classification of orders as year-end encumbrances and accounts payable.

Classification of General and Administrative 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, we reviewed administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.2.

FLEMINGTON-RARITAN REGIONAL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Classification of General and Administrative Expenditures (Cont'd)

Finding 2022-002:

Our audit procedures revealed that certain administrative information technology salary expenditures and the expenditures related to the joint transportation agreement were charged to the incorrect budget line items per the NJ Department of Education's *Uniform Minimum Chart of Accounts*. These expenditures were reclassified at the direction of the Business Administrator for presentation in the District's ACFR.

Recommendation:

It is recommended that greater care be exercised to ensure that budget expenditures are charged to the appropriate General Fund budget line item per the NJ Department of Education's *Uniform Minimum Chart of Accounts*.

Management's Response:

The District will make every effort to ensure that budget expenditures are charged to the appropriate General Fund budget line item.

Board Secretary's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Board Secretary's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments.

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 District's ACFR. This section of the ACFR documents the financial position pertaining to projects under Titles I, II, III and IV of the Elementary and Secondary Education Act as amended and reauthorized.

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.

FLEMINGTON-RARITAN REGIONAL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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.

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

The T.P.A.F. Reimbursement to the State for Federal Salary Expenditures was remitted to the State of New Jersey prior to the required deadline of October 1, 2022. The reimbursement form was reviewed, and no exceptions were noted.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-3 states:

a. "When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by resolution of the Board of Education without public advertising for bids and bidding therefore, except that the Board of Education may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L.1971, c. 198 the Board of Education may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Commencing in the fifth year after the year in which P.L.1999, c. 440 takes effect and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount and the higher threshold amount which the Board of Education is permitted to establish as set forth in subsection a. of this section or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in N.J.S.A. 18A:18A-2, and shall round the adjustment to the nearest \$1,000. The Governor shall notify all local school districts of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of the year in which it is made . . ."

N.J.S.A. 18A:18A-4 states, "Every contract for the provision or performance of any goods or services the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the Board of Education to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law . . ."

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 \$20,200 for 2021-22.

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 Attorney's opinion should be sought before a commitment is made.

FLEMINGTON-RARITAN REGIONAL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

School Purchasing Programs (Cont'd)

Contracts and Agreements Requiring Advertisement for Bids (Cont'd)

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. 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.

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

School Food Service

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 the appropriate school food service personnel, as to whether the School Food Authority (SFA) had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted. (modify as needed)

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

Non-program foods were purchased, prepared or offered for sale. The Statement of Revenue, Expenses and Changes in Net Position in the ACFR Schedule 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 Programs. We also inquired if the PPP Loan was subsequently forgiven and the FSMC refunded or credited the applicable amounts to the SFA if the FSMC received a PPP loan.

Finding 2022-003:

During our review of the food service program, it was noted that net cash resources exceeded three months average expenditures by \$317,916. As the District has formal plans in place to resolve the net excess cash resources, no formal recommendation is judged to be warranted.

Student Body Activities

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Student Activities records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records.

FLEMINGTON-RARITAN REGIONAL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

Student Body Activities (Cont'd)

Finding 2022-004:

During our review of the Student Body Activities records, we noted the following:

- 1) An analysis of balance by club/activity was not maintained for the Reading-Flemington Intermediate School student activities account.
- 2) The activity in the J.P. Case Middle School student activity account appeared to contain receipts and related balances for the school's pay to play activities which should be accounted for in the General Fund accounting records.

Recommendations:

It is recommended that:

- 1) An analysis of balance by club/activity is maintained for the Reading-Flemington Intermediate School student activities account.
- 2) The pay to play activities funds collected for the J.P. Case Middle School are accounted for in the General Fund accounting records in the future and that any current balance related to these pay to play activities is transferred to the General Fund.

Management's Response:

The District will ensure that an analysis of balance by club/activity is maintained for the Reading-Flemington Intermediate School student activities account. The pay to play activities for the J.P. Case Middle School will be accounted for in the General Fund accounting records in the future and any balance remaining in the J.P. Case Middle School student activities account will be transferred to the General Fund.

Application for State School Aid

Our audit procedures included a test of enrollments and related services reported in the October 15, 2021 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the disabled, 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 minor offsetting exceptions. The information that was included on the workpapers was verified on a test basis without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

The District maintained workpapers on the prescribed State forms or their equivalent. The District has adequate written procedures for the recording of student enrollment data.

Pupil Transportation

Our audit procedures included a test of on-roll status reported in the 2021-2022 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS

FLEMINGTON-RARITAN REGIONAL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

Pupil Transportation (Cont'd)

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.

Facilities and Capital Assets

Our procedures included a review of the NJSDA grant agreements for consistency with recording NJSDA revenue, transfer of local funds from the General Fund or from the Capital Reserve Account and awarding of contracts for eligible facilities construction. No exceptions were noted.

Travel Expense and Reimbursement Policy

Travel regulations require each District to adopt a formal travel policy and procedure pertaining to travel expenses and reimbursements for its employees and board members. The regulations require the District to establish a maximum travel amount for the year and to account for these expenses within a separate account in the budget to ensure that the maximum is not exceeded. The regulations also require that all travel be approved by the Board prior to the event and that the approval list the event, total event cost and the individuals attending. Employees and board members attending an event are then required to complete a post event report to be submitted to a designated person within the District. Overall compliance was noted.

Testing for Lead of All Drinking Water in Educational Facilities

The District did submit the annual Statement of Assurance to the NJ Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

Management Suggestions:

COVID-19 Federal Funding

It is likely that the District will undergo some review of its COVID-19 federal funding if only at a desk review level by state and/or federal agencies. We strongly suggest that the District ensures that these funds are utilized in accordance with the applicable federal requirements especially with respect to procurement. Additionally, we strongly suggest that the District ensures that these funds are accounted for in the state account numbers designated by the NJ Department of Education and that any applicable Board policies are current with respect to federal grant requirements.

Sick and Vacation Leave

It is suggested that the District consult with its attorney to ensure that its negotiated labor contracts, individual employee agreements and employee policies, as applicable, are in accordance with New Jersey statutes regarding unused sick and vacation leave.

FLEMINGTON-RARITAN REGIONAL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

Management Suggestions: (Cont'd)

Surety Bond - Business Administrator

The duties of the Business Administrator have evolved over the last few decades into a position that is responsible for the collection, disbursement, and investment of the School's main funds. At the time of the passage of the statute delineating the duties of the Treasurer of School Monies the aforementioned duties were to be the responsibility of the Treasurer. Also, the statute that established the requirement for the amount of the Treasurer's bond did not contemplate the evolution of the Business Administrator's position. As a result the person most intimately involved in the handling of the main School funds is not required to be bonded in an amount commensurate with the related responsibilities. We suggest that the position of the Business Administrator be bonded in an amount at least equal to the required bond for the Treasurer of School Monies.

Status of Prior Year's Findings/Recommendations

There were no prior year findings or recommendations.

FLEMINGTON-RARITAN REGIONAL SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2021

	2022-2023 Application for State School Aid						Sample for Verification					
	Reported on		Reported on		Errors		Sample		Verified per		Errors per	
	A.S.A. On Roll		Workpapers On Roll		Full Shared		Workpapers Full Shared		Registers On Roll		Registers On Roll	
Half Day Preschool 3 Years Old	11		11				11		11			
Half Day Preschool 4 Years Old	4		4				4		4			
Full Day Preschool 4 Years Old	8		8				8		8			
Full Day Kindergarten	295		295				295		295			
Grade One	297		297				297		297			
Grade Two	303		303				303		303			
Grade Three	269		269				269		269			
Grade Four	284		284				284		284			
Grade Five	277		277				277		277			
Grade Six	260		260				260		260			
Grade Seven	298		298				298		298			
Grade Eight	272		272				272		272			
Subtotal	2,578		2,578				2,578		2,578			
Special Education:												
Elementary	290		290				15		15			
Middle School	160		160				10		10			
Subtotal	450		450				25		25			
Totals	3,028		3,028				2,603		2,603			
Percentage Error							0.00%		0.00%			0.00%

FLEMINGTON-RARITAN REGIONAL SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2021

	Private Schools for Disabled				Resident Low Income					
	Reported on A.S.A. as Private Schools	Sample for Verification	Sample Verified	Sample Errors	Reported on A.S.A. as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Kindergarten										
Grade One					45	45		2	2	
Grade Two					66	66		2	2	
Grade Three					58	58		2	2	
Grade Four					42	42		2	2	
Grade Five					43	43		2	2	
Grade Six					29	29		2	2	
Grade Seven					43	43		2	2	
Grade Eight					39	39		2	2	
Grade Eight					42	42		2	2	
Subtotal					407	407		18	18	
Special Education:										
Elementary	6	2	2		114	115	1	4	4	
Middle School	3	1	1		60	59	(1)	3	3	
Subtotal	9	3	3		174	174		7	7	
Totals	9	3	3		581	581		25	25	
Percentage Error				0.00%			0.00%			0.00%

FLEMINGTON-RARITAN REGIONAL SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2021

	Resident LEP Low Income					
	Reported on A.S.S.A. as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Test Scores, Application and Register	Sample Errors
Full Day Kindergarten	20	20				
Grade One	41	41		3	3	
Grade Two	28	28		2	2	
Grade Three	13	13		1	1	
Grade Four	18	18		2	2	
Grade Five	7	7		1	1	
Grade Six	10	10		1	1	
Grade Seven	6	6		1	1	
Grade Eight	9	9		1	1	
Subtotal	152	152		12	12	
Special Ed - Elementary	19	19		2	2	
Special Ed - Middle School	1	1		1	1	
Subtotal	20	20		3	3	
Totals	172	172		15	15	
Percentage Error			0.00%			0.00%

FLEMINGTON-RARITAN REGIONAL SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2021

	Resident LEP Not Low Income					
	Reported on A.S.A. as LEP Not Low Income	Reported on Workpapers as LEP Not Low Income	Errors	Sample Selected from Workpapers	Verified to Test Scores and Register	Sample Errors
Full Day Kindergarten	23	23				
Grade One	11	11		2	2	
Grade Two	9	9		1	1	
Grade Three	5	5		1	1	
Grade Four	1	1				
Grade Five	5	5		1	1	
Grade Six	7	7		1	1	
Grade Seven	3	3				
Grade Eight	3	3				
Subtotal	67	67		6	6	
Special Ed - Elementary	4	4		1	1	
Subtotal	4	4		1	1	
Totals	71	71		7	7	
Percentage Error			0.00%			0.00%

FLEMINGTON-RARITAN REGIONAL SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2021

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	1,402	1,402		13	13	
Regular - Special Education	338	338		4	4	
AIL - Non Public	51	51		3	3	
Special Needs - Public	162.5	162.5		2	2	
Special Needs - Private	10.5	10.5		3	3	
Totals	<u>1,964</u>	<u>1,964</u>		<u>25</u>	<u>25</u>	
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

	Reported	Recalculated
Average Mileage - Regular Including Grade PK Students	3.5	3.5
Average Mileage - Regular Excluding Grade PK Students	3.5	3.5
Average Mileage - Special Education with Special Needs	4.3	4.3

FLEMINGTON-RARITAN REGIONAL SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

REGULAR DISTRICT

SECTION 1

4% Calculation of Excess Surplus

2021-2022 Total General Fund Expenditures per the ACFR	<u>\$ 78,188,398</u> (B)	
Increased by:		
Transfer from Capital Outlay to Capital Projects Fund	<u>\$ -0-</u> (B1a)	
Transfer from Capital Reserve to Capital Projects Fund	<u>\$ -0-</u> (B1b)	
Decreased by:		
On-Behalf TPAF Pension and Social Security	<u>\$ 15,310,731</u> (B2a)	
Assets Acquired Under Financed Purchases and Leases	<u>\$ 582,072</u> (B2b)	
Adjusted 2021-2022 General Fund Expenditures [(B)+(B1's)-(B2's)]	<u>\$ 62,295,595</u> (B3)	
4% of Adjusted 2021-2022 General Fund Expenditures [(B5) times .04]	<u>\$ 2,491,824</u> (B4)	
Enter Greater of (B4) or \$250,000	<u>\$ 2,491,824</u> (B5)	
Increased by: Allowable Adjustment	<u>\$ 2,681,037</u> (K)	
Maximum Unassigned Fund Balance [(B5)+(K)]		<u>\$ 5,172,861</u> (M)

Section 2

Total General Fund - Fund Balances @ 6/30/2022 (Per ACFR Budgetary Comparison Schedule C-1)	<u>\$ 10,606,854</u> (C)	
Decreased by:		
Year-End Encumbrances	<u>\$ 247,494</u> (C1)	
Legally Restricted - Designated for Subsequent Year's Expenditures	<u>\$ -0-</u> (C2)	
Excess Surplus - Designated for Subsequent Year's Expenditures	<u>\$ 1,268,025</u> (C3)	
Other Restricted Fund Balances	<u>\$ 1,141,041</u> (C4)	
Assigned - Designated for Subsequent Year's Expenditures	<u>\$ 1,278,627</u> (C5)	
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]		<u>\$ 6,671,667</u> (U1)

FLEMINGTON-RARITAN REGIONAL SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

Section 3

Restricted Fund Balance-Excess Surplus [(U1)-(M)] IF NEGATIVE, ENTER -0-	<u>\$ 1,498,806</u> (E)
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Recapitulation of Excess Surplus as of June 30, 2022

Excess Surplus - Designated for Subsequent Year's Expenditures	<u>\$ 1,268,025</u> (C3)
Excess Surplus [(E)]	<u>\$ 1,498,806</u> (E)
 Total [(C3)+(E)]	 <u>\$ 2,766,831</u> (D)

Detail of Allowable Adjustments

Impact Aid	<u>\$ -0-</u> (H)
Sale and Lease Back	<u>\$ -0-</u> (I)
Extraordinary Aid	<u>\$ 2,666,247</u> (J1)
Additional Nonpublic School Transportation Aid	<u>\$ 14,790</u> (J2)
 Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)]	 <u>\$ 2,681,037</u> (K)

Detail of Other Restricted Fund Balance

Statutory Restrictions:

Approved Unspent Separate Proposal	<u>\$ -0-</u>
Capital Outlay for a District with a Capital Outlay SGLA	<u>\$ -0-</u>
Sale/Lease-Back Reserve	<u>\$ -0-</u>
Capital Reserve	<u>\$ 385,401</u>
Maintenance Reserve	<u>\$ 251,140</u>
Tuition Reserve	<u>\$ -0-</u>
Unemployment Compensation	<u>\$ 504,500</u>
Other State/Governmental Mandated Reserve	<u>\$ -0-</u>
Emergency Reserve	<u>\$ -0-</u>
Total Other Restricted Fund Balance	<u>\$ 1,141,041</u>

FLEMINGTON-RARITAN REGIONAL SCHOOL DISTRICT
SUMMARY OF RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

It is recommended that:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

Finding 2022-001:

The unidentified balance in the Payroll Agency account be reviewed and resolved and any funds due to the General Fund should be remitted in a timely manner. Also, the balances in the Payroll Agency account should be reviewed on a monthly basis in the future.

Finding 2022-02:

Greater care be exercised to ensure that budget expenditures are charged to the appropriate General Fund budget line item per the NJ Department of Education's *Uniform Minimum Chart of Accounts*.

3. School Purchasing Program

None

4. School Food Service

None

5. Student Body Activities

Finding 2022-004:

a) An analysis of balance by club/activity is maintained for the Reading-Flemington Intermediate School student activities account.

b) The pay to play activities funds collected for the J.P. Case Middle School are accounted for in the General Fund accounting records in the future and that any current balance related to these pay to play activities is transferred to the General Fund.

6. Application for State School Aid

None

7. Pupil Transportation

None

8. Facilities and Capital Assets

None

FLEMINGTON-RARITAN REGIONAL SCHOOL DISTRICT
SUMMARY OF RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

It is recommended that:

9. Miscellaneous

None

10. Status of Prior Year's Findings/Recommendations

None