

Auditor's Management Report

for the

*Flemington-Raritan Regional
School District*

in the

*County of Hunterdon
New Jersey*

for the

*Fiscal Year Ended
June 30, 2020*

**INDEPENDENT AUDITOR'S MANAGEMENT REPORT OF ADMINISTRATIVE
FINDINGS FINANCIAL AND COMPLIANCE**

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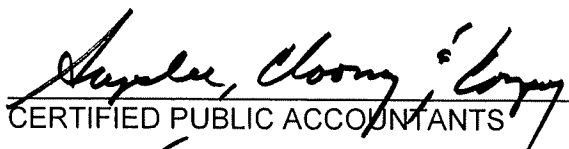
INDEPENDENT AUDITOR'S REPORT

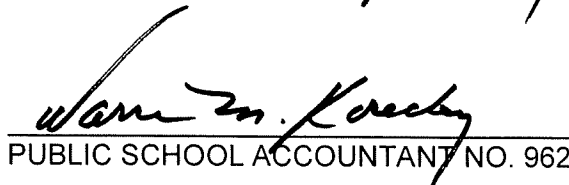
Honorable President and Members
of the Board of Education
Flemington-Raritan Regional School District
County of Hunterdon
Flemington, New Jersey 08822

We have audited, in accordance with U.S. generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Flemington-Raritan Regional School District in the County of Hunterdon for the year ended June 30, 2020, and have issued our report dated December 16, 2020.

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

This report is intended solely for the information of the Flemington-Raritan Regional School District, County of Hunterdon, New Jersey, the New Jersey Department of Education and federal and state audit awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.


CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 962

December 16, 2020

**Independent Auditor's Management Report of Administrative
Findings Financial and Compliance**

SCOPE OF AUDIT

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

ADMINISTRATIVE PRACTICES AND PROCEDURES

Insurance

Insurance coverage was carried in the amounts as detailed on the Insurance Schedule (Exhibit J-20) contained in the District's Comprehensive Annual Financial Report (CAFR).

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

<u>NAME</u>	<u>POSITION</u>	<u>AMOUNT OF BONDS</u>
Raymond B. Krov	Treasurer of School Monies	\$350,000.00
Stephanie Voorhees	Board Secretary/School Business Administrator	150,000.00
All Employees	Blanket Bond	500,000.00

Adequacy of insurance coverage is the responsibility of the Board of Education.

Tuition Charges

Not Applicable.

FINANCIAL PLANNING, ACCOUNTING AND REPORTING

Examination of Claims

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

**Independent Auditor's Management Report of Administrative
Findings- Financial and Compliance**

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (CONTINUED)

Payroll Account

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

All payrolls tested 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 withholding due to the general fund.

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

The balances of funds on deposit in the Payroll Account are analyzed on a monthly basis.

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 and Accounts Payable

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

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample 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, no errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

The financial records, books of account and minutes of the Board Secretary were maintained in satisfactory condition and an encumbrance system was fully implemented.

**Independent Auditor's Management Report of Administrative
Findings Financial and Compliance**

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (CONTINUED)

Treasurer's Records

The records maintained by the Treasurer of School Monies were in agreement with the records maintained by the Board Secretary/School Business Administrator.

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 CAFR. This section of the CAFR documents the financial position pertaining to projects under Title I and Title VI of the Elementary and Secondary Education Act as amended and reauthorized.

Other Special Federal and State Projects

The District's Special Projects were approved as listed on Exhibits K-3 and K-4 located in the CAFR.

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 CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

T.P.A.F. Reimbursement

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

TPAF Reimbursement to the State for Federal Salary Expenditures

The amount of the expenditure charged to the current year's Final Report 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.

**Independent Auditor's Management Report of Administrative
Findings Financial and Compliance**

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 \$29,000.00, 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 (C.40A:11-9) the board of education may establish that the bid threshold may be up to \$40,000.00. 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 \$1,000.00. 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 every year in which it is made. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection a. of N.J.S.A. 18A:18A-5 may be awarded for a period not exceeding 12 consecutive months."

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 board of education may, by resolution approve by the majority of the board of education and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the board of education finds that it has had negative prior experience with the bidder."

Effective July 1, 2015, the bid thresholds in accordance with N.J.S.A. 18A:18A-3(a) and (c) is \$40,000.00 (with a Qualified Purchasing Agent) and \$29,000.00 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18:39-3 is currently \$19,600.00.

**Independent Auditor's Management Report of Administrative
Findings Financial and Compliance**

SCHOOL PURCHASING PROGRAMS (CONTINUED)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

The Board appointed Stephanie Voorhees as the Qualified Purchasing Agent and increased the bid threshold to \$40,000.00.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the fiscal 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.

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 provisions 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

COVID – 19 Emergency

In accordance with the Governor's Declaration of Emergency pertaining to the COVID 19 Virus all Public, Charter and Non-Public schools were ordered to close effective as of March 18, 2020 for an undetermined period to limit the spread of the virus. As a result, School Food Authorities (SFA) were required to institute alternate procedures to provide meals to eligible students during the period of school closures.

Therefore, 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 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.

**Independent Auditor's Management Report of Administrative
Findings Financial and Compliance**

SCHOOL FOOD SERVICE (CONTINUED)

COVID – 19 Emergency (Continued)

The school food service program was not selected as a major federal and/or state program. However, the program expenditures exceeded \$100,0000 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 had any Child Nutrition reimbursement overclaims or underclaims. No exceptions were noted.

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

The Statement of Revenues, Expenses and Changes in Fund Net Assets (CAFR 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 emergency COVID-19 procedures/practices that the SFA instituted to provide meals to eligible 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.

STUDENT BODY ACTIVITIES/ATHLETIC FUNDS

The records for the Student Body Activities were maintained in satisfactory condition.

APPLICATION FOR STATE SCHOOL AID

Our audit procedures included a test of information reported in the October 15, 2019 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 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 had written procedures for the recording of student enrollment data.

**Independent Auditor's Management Report of Administrative
Findings Financial and Compliance**

PUPIL TRANSPORTATION

Our audit procedures included a test of on roll status reported in the 2019-2020 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. The bid specifications for the purchase of buses were in compliance with applicable statutes. No exceptions were noted in our review of transportation related purchases of goods and services.

TESTING FOR LEAD OF ALL DRINKING WATER IN EDUCATIONAL FACILITIES

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

The school district submitted the annual Statement of Assurance to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

FACILITIES AND CAPITAL ASSETS

Our procedures included a review of the SDA grant agreement for consistency with recording SDA revenue, transfer of local funds from the general fund or from the capital reserve account, and awarding of contracts for eligible facilities construction.

FOLLOW-UP ON PRIOR YEAR'S FINDINGS

Not applicable

**Independent Auditor's Management Report of Administrative
Findings Financial and Compliance**

RECOMMENDATIONS

1. Administrative Practices and Procedures
None
2. Financial Planning, Accounting and Reporting
None
3. School Purchasing Program
None
4. School Food Service
None
5. Student Body Activities
None
6. Application for State School Aid
None
7. Pupil Transportation
None
8. Facilities and Capital Assets
None
9. Status of Prior Year's Findings/Recommendations
N/A

FLEMINGTON-RARITAN REGIONAL SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2019

	2020-2021 Application for State School Aid						Sample for Verification						Private Schools for Disabled			
	Reported on			Errors			Selected from			Registers			Errors per	A.S.S.A. as	Sample	Sample
	A.S.S.A. On Roll	Workpapers	On Roll	Full	Shared	Full	Full	Shared	Full	Full	Shared	Full				
Half Day Pre-K 3 yr	7		7				2		2							
Full Day Pre-K 4 yr	11		11				5		5							
Half Day Kindergarten																
Full Day Kindergarten	286		286				28		28							
One	284		284				27		27							
Two	290		290				29		29							
Three	279		279				27		27							
Four	248		248				24		24							
Five	287		287				27		27							
Six	253		253				25		25							
Seven	328		328				32		32							
Eight	325		325				31		31							
Nine																
Ten																
Eleven																
Twelve																
Post-Graduate																
Adult H.S. (15+CR.)																
Adult H.S. (1-14 CR.)																
Subtotal	2,598		2,598				257		257							
Special Ed - Elementary	295		295				28		28				5	4	4	
Special Ed - Middle School	181		181				17		17				6	5	5	
Special Ed - High School																
Special Ed - CSSD																
Subtotal	476		476				45		45				11	9	9	
Co. Voc. - Regular																
Co. Voc. Ft. Post Sec.																
Totals	3,074		3,074				302		302				11	9	9	
Percentage Error				0%									0%			0%

FLEMINGTON-RARITAN REGIONAL SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2019

	Resident 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	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	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 Score and Register	Sample Errors
Half Day Pre-K 3 yr												
Full Day Pre-K 4 yr												
Half Day Kindergarten												
One	68	68		20	20		42	42		30	30	
Two	62	62		19	19		31	31		21	21	
Three	52	52		17	17		24	24		12	12	
Four	45	45		19	19		15	15		8	8	
Five	44	44		16	16		9	9		6	6	
Six	40	40		15	15		4	4		2	2	
Seven	47	47		14	14		9	9		6	6	
Eight	38	38		17	17		3	3		1	1	
Nine				15	15		9	9		6	6	
Ten												
Eleven												
Twelve												
Post-Graduate												
Adult H.S. (15+CR.)												
Adult H.S. (1-14 CR.)												
Subtotal	441	441		152	152		146	146		92	92	
Special Ed - Elementary												
Special Ed - Middle	113	113		29	29		6	6		2	2	
Special Ed - High	63	63		16	16							
Subtotal	176	176		45	45		6	6		2	2	
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Totals	617	617		197	197		152	152		94	94	
Percentage Error			0%						0%			0%

	Transportation		
	Reported on DRTS by DOE/county	Reported on DRTS by District	Errors
Reg. - Public Schools, col. 1	1,369	1,369	
Reg -SpEd, col. 4	386	386	
Transported - Non-Public, col. 2	1	1	
AIL col. 3	48	48	
Special Ed Spec, col. 6	120	120	
Totals	1,924	1,924	
Percentage Error			0%

FLEMINGTON-RARITAN REGIONAL SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2019

	Resident LEP NOT Low Income			Sample for Verification		
	Reported on A.S.A. as NOT Low Income	Reported on Workpapers as NOT Low Income	Errors	Sample Selected from Workpapers and Register	Verified to Application	Sample Errors
Half Day Pre-K 3 yr						
Full Day Pre-K 4 yr						
Half Day Kindergarten						
Full Day Kindergarten						
One	9	9		9	9	
Two	8	8		8	8	
Three	2	2		1	1	
Four	3	3		2	2	
Five	4	4		3	3	
Six						
Seven	3	3		2	2	
Eight						
Nine						
Ten						
Eleven						
Twelve						
Post-Graduate						
Adult H.S. (15+CR.)						
Adult H.S. (1-14 CR.)						
Subtotal	29	29		25	25	
Special Ed - Elementary						
Special Ed - Middle	2	2		2	2	
Special Ed - High						
Subtotal	2	2		2	2	
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	31	31		27	27	
Percentage Error			0%			0%

FLEMINGTON-RARITAN REGIONAL SCHOOL DISTRICT

SCHEDULE OF CALCULATION OF EXCESS SURPLUS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

REGULAR DISTRICT

SECTION 1

2% Calculation of Excess Surplus

2019 - 2020 Total General Fund Expenditures per CAFR Ex. C-1 \$ 68,590,783.44

Decreased by:

 On-Behalf TPAF Pension and Social Security 9,662,733.54

Adjusted 2019 - 2020 General Fund Expenditures \$ 58,928,049.90

2% of Adjusted 2019 - 2020 General Fund Expenditures 1,178,561.00

Greater of Line Above or \$250,000.00 1,178,561.00

Increased by: Allowable Adjustment 677,240.00

Maximum Unreserved/Undesignated Fund Balance \$ 1,855,801.00

SECTION 2

Total General Fund Balances at June 30, 2020 \$ 5,149,902.50

Decreased by:

 Year-End Encumbrances 490,755.01

 Legally Restricted - Designated for
 Subsequent Year's Expenditures

 Legally Restricted - Excess Surplus-Designated for
 Subsequent Year's Expenditures 563,299.00

 Other Restricted Fund Balances 384,524.19

 Assigned Fund Balance - Unreserved - Designated for
 Subsequent Year's Expenditures

Total Unassigned Fund Balance \$ 3,711,324.30

SECTION 3

Restricted Fund Balance-Excess Surplus	\$ <u>1,855,523.30</u>
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Recapitulation of Excess Surplus as of June 30, 2020

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	\$ 563,299.00
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Reserved Excess Surplus	<u>1,855,523.30</u>
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Total	\$ <u>2,418,822.30</u>
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Detail of Allowable Adjustments

Extraordinary Aid	\$ <u>677,240.00</u>
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Detail of Other Restricted Fund Balance

Statutory Restrictions:	
Capital Reserve	\$ <u>384,524.19</u>

Total Other Restricted Fund Balance	\$ <u>384,524.19</u>
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