

BOARD OF EDUCATION  
BOROUGH OF FOLSOM SCHOOL DISTRICT  
COUNTY OF ATLANTIC  
AUDITOR'S MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS -  
FINANCIAL, COMPLIANCE AND PERFORMANCE  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2022

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# NIGHTLINGER, COLAVITA & VOLPA

*A Professional Association*

*Certified Public Accountants*

991 S. Black Horse Pike  
P.O. Box 799  
Williamstown, NJ 08094

(856) 629-3111  
Fax (856) 728-2245  
[www.colavita.net](http://www.colavita.net)

## REPORT OF INDEPENDENT AUDITORS

Honorable President and  
Members of the Board of Education  
Borough of Folsom School District  
County of Atlantic, New Jersey 08037

We have audited, in accordance with generally accepted auditing standards 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 Folsom School District in the County of Atlantic for the year ended June 30, 2022 and have issued our report thereon dated February 17, 2023.

As part of our audit, we performed procedures required by the Division of Administration and Finance, 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 issued in conjunction with the Annual Comprehensive Financial Report of the Board of Education of the Borough of Folsom School District and is intended for the information of the 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.

Respectfully submitted,

**NIGHTLINGER, COLAVITA & VOLPA, P.A.**



Raymond Colavita, C.P.A., R.M.A.  
Licensed Public School Accountant  
No. 915

February 17, 2023

**ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**

**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, and the records of the various funds under the auspices of the Board of Education.

**Administrative Practices and Procedures**

**Insurance**

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

**Official Bonds (N.J.S.A. 18A:17-26, 18A:17-32, 18A:13-13)**

| <u>Name</u>           | <u>Position</u>                                   | <u>Amount</u> |
|-----------------------|---|---------------|
| Christopher Veneziani | Board Secretary/<br>School Business Administrator | \$ 25,000     |
| Beverly Mateo         | Treasurer   | \$180,000     |

**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 school district.

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

**Tuition Charges**

These charges represent payments from parents of students not residing in the school district. **N.J.A.C. 6A:23A-17.1(f) 3.**

**District Internal Control Policies**

District boards of education and administration are responsible for developing internal controls policies and procedures and maintaining a strong internal control environment. NJAC 6A:23A-6.4 requires that the district's internal control policies include specific requirements at NJAC 6A:23A-6.5 through 6.13.

All Internal Control Policies were found in accordance with NJAC 6A:23A-6.5 through 6.13.

**Financial Planning, Accounting, and Reporting**

**Examination of Claims**

An examination of claims paid during the period under review indicated that they appeared proper with respect to certification and itemization.

**Financial Planning, Accounting and Reporting (Cont'd)**

**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 were approved by the Superintendent and were certified by the President of the Board and the School Business Administrator/Board Secretary, and the Chief School Administrator.

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

Payrolls were delivered to the treasurer of school moneys with a warrant made to her order for the full amount of each payroll.

**Employee Position Control Roster**

An inquiry and subsequent review of the Position Control Roster did not find any discrepancies between the payroll records, employee benefit records, the general ledger accounts to where wages are posted, and the Position Control Roster.

**Unemployment Compensation Insurance Trust Fund**

The Board has adopted the reimbursement method and maintains an Unemployment Compensation Insurance Trust Fund.

**Reserve for Encumbrances and Accounts Payable**

A review of outstanding issued purchase orders was made as of June 30, 2022 for goods not yet received or services not yet rendered, and it was determined that no blanket purchase orders were included in the balance of the reserves for encumbrances. Also, unpaid purchase orders included in the balance of accounts payable were reviewed for propriety and to determine that goods were received and services were rendered as of June 30, 2022.

**Obligations of Federal Grant Awards and Requests for Reimbursement of Expenditures Against Those Federal Grants Awards** - No exceptions were noted.

**Classification of Expenditures**

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3. As a result of the procedures performed, a 0% error rate was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

**A. General Classification Findings**

None

**B. Administrative Classification Findings**

None

## **Financial Planning, Accounting and Reporting (Cont'd)**

### **Certification of Income Tax Compliance**

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (Superintendent and Business Administrator) to the N.J. Department of Treasury was filed by the March 15 due date.

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

The financial records and board minutes of the Board Secretary were in satisfactory condition.

Acknowledgment of the Board's receipt of the Board Secretary's and Treasurer's monthly financial reports was included in the monthly minutes.

Purchase orders were charged to the appropriate line item accounts in accordance with the State prescribed **Uniform Minimum Chart of Accounts (2R2) for New Jersey Public Schools**.

Monthly financial certifications of the Board Secretary and Board of Education for positive line item account status certification (N.J.A.C. 6:20-2.13) were approved monthly.

An analysis of cumulative budget transfers was examined to determine that transfers appear to be approved and recorded in accordance with Department of Education requirements regarding the ten percent rule on advertised budget line items.

### **Treasurer's Records**

The Treasurer prepared cash reconciliations for the general operating account, payroll account and payroll agency account per N.J.S.A. 18A:17-9.

All cash receipts were promptly deposited. (N.J.S.A. 18A:17-34, 18A:17-9.1)

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

The Treasurer filed her reports in a timely manner.

### **Elementary and Secondary Education Act (E.S.E.A.) as amended by the Every Student Succeeds Act (ESSA)**

The E.S.E.A. financial exhibits are contained within the Special Revenue Section of the ACFR. This section of the ACFR documents the financial position pertaining to the projects under Titles I-A, II-A, and IV of the Elementary and Secondary Education Act as amended and reauthorized.

Our audit of the E.S.E.A. 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 study of compliance for E.S.E.A. indicated that all E.S.E.A. programs were in compliance.

## **Financial Planning, Accounting and Reporting (Cont'd)**

### **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. The study of compliance for special projects indicated no areas of noncompliance and/or questionable costs.

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

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

No exceptions were noted.

### **School Purchasing Programs**

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

N.J.S.A. 18A:18A-1 et seq. (Public School Contracts Law), the associated rules and related information on the statute, and school contracts in general are available on the website: [http://www.state.nj.us/dca/divisions/dlgs/programs/ps\\_contracts.html](http://www.state.nj.us/dca/divisions/dlgs/programs/ps_contracts.html).

The current statute is posted on the New Jersey Legislature website at: [http://lis.njleg.state.nj.us/cgi-bin/om\\_isapi.dll?clientID=1319801&depth=2&expandheadings=off&headingswithhits=on&infobase=statutes.nfo&softpage=TOC\\_Frame\\_pg42](http://lis.njleg.state.nj.us/cgi-bin/om_isapi.dll?clientID=1319801&depth=2&expandheadings=off&headingswithhits=on&infobase=statutes.nfo&softpage=TOC_Frame_pg42)

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$44,000 (with a Qualified Purchasing Agent) and \$32,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$20,200 for 2021-2022.

The District 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.

Based on the results of our examination, we did not note any individual payments, contracts, or agreements made for the performance of any work or goods or services, in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provisions of N.J.S.A. 18A:18A-4, amended.

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

## Financial Planning, Accounting and Reporting (Cont'd)

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

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977; therefore, the extent of such purchases could not reasonably be ascertained. Our examination did reveal, however, that I Pads, Carts/Adapters and Access Controller were purchased from vendors approved for state contract.

The review of contracts and agreements did not disclose any areas of statutory noncompliance.

Although a particular contract is exempt from the formal requirements of public advertising and competitive bidding, N.J.S.A. 18A:18A-37 requires that quotations be obtained, whenever practical, for any contract less than the bid threshold but 15% or more of that amount, except for contracts for professional services. All contracts and agreements, which are subject to quotations, shall be awarded on the basis of the lowest responsible quotation received, which is most advantageous to the Board of Education, price and other factors considered. Our examination indicated that the Board of Education complied with these provisions.

### School Food Service

#### **PUBLIC HEALTH EMERGENCY**

In accordance with the Governor's Declaration of Emergency pertaining to the public health emergency all Public, Charter, 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. Governor Murphy's emergency declaration ended June 4, 2021; however, the United States Department of Agriculture's federal waiver continued through June 30, 2022, Food Service Agencies operated under this federal waiver.

As a result, School Food Authorities (SFAs) were required to provide meals in accordance with the regulations governing the National School Nutrition Seamless Summer Option (SSO). SFAs could also choose to participate in the National School Lunch Program utilizing standard counting and claiming practices.

SFAs were authorized to solicit and award emergency noncompetitive procurements and contracts with Food Service Management Companies in accordance with 2 CFR 200.320 and N.J.S.A.18A:18A-7. The SFAs were also authorized to submit contract modifications to their existing Cost Reimbursable or Fixed Price contracts as necessary to ensure the feeding of all children throughout the age of 18, as well as persons over 18 with disabilities as defined in the regulations.

SFAs were notified of the requirement to maintain and report separate meal count records and financial records of all applicable costs incurred in providing meals to all students during the emergency.

The school food service program was not selected as a major federal and/or State program. However, the program expenditures exceeded \$100,000 in federal and/or State support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether the SFA had any Child Nutrition Program 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 (ACFR Schedule B-5) does separate program and non-program revenue and program and non-program cost of goods sold. No exceptions were noted.



### **School Food Service (Continued)**

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. No exceptions were noted.

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

### **Finding 2022-1**

Net cash resources in the Food Service Fund exceeded three months average expenditures.

### **Recommendation**

The Board should implement a corrective action plan to effectively reduce the net cash resources on hand in the Food Service Fund through capital expenditure or otherwise.

### **Student Body Activities**

Approval authorization appeared to be available for all student activity cash disbursements.

The District maintains a board policy that clearly established the regulation of the Student Activities Fund.

Cash receipts and disbursements journals were maintained in fair condition and reconciled to the monthly bank statements. Deposits were traceable to the bank and made on a timely basis. Expenditures were supported by invoices and other documentation.

### **Community Program Enterprise Fund**

Cash receipts and disbursements journals were maintained in fair condition and reconciled to the monthly bank statements. Deposits were traceable to the bank and made on a timely basis. Expenditures were supported by invoices approval authorization and other documentation.

The amount of surplus increased by \$10,189 during the 2021-2022 fiscal year, with a balance at June 30, 2022 of \$24,086

### **Application for State School Aid**

Our audit procedures included a test of the information reported in the October 15th Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, 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 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 and has adequate written procedures for the recording of student enrollment data.

The results of our procedures are presented in the Schedule of Audited Enrollment.

The District maintained workpapers on the prescribed state forms or their equivalents.

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 District workpapers was verified to the DRTRS Eligibility Summary Report, which is presented in the Schedule of Audited Enrollments. The DRTRS Eligibility Summary Report was compared to the County Summary Report. All items were in agreement.

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.

### **Facilities and Capital Assets**

As part of the GASB 34 reporting format, fixed assets were recorded in accordance with GAAP including a provision for depreciation expense.

There were no additions to fixed capital during the 2021-2022 school-year and the balance in Fixed Assets was \$6,555,118, after reflecting depreciation expense of \$308,087 and an adjustment of \$23,138 as of June 30, 2022.

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

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

The test results were posted on the district's website as well as being available at the school facility.

### **Follow-up on Prior Year Findings**

In accordance with government auditing standards, our procedures included a review of all prior year recommendations. All prior year findings were resolved with the exception of the following:

#### **Finding 2021-1**

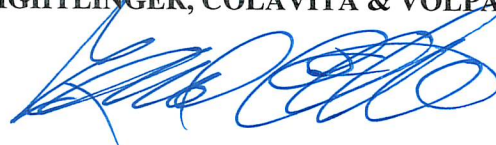
Net cash resources in the Food Service Fund exceeded three months average expenditures.

### **Acknowledgment**

We received the complete cooperation of all the officials of the School District, and we greatly appreciate the courtesies extended to the members of the audit team.

Respectfully submitted,

**NIGHTLINGER, COLAVITA & VOLPA, P.A.**



Raymond Colavita, C.P.A., R.M.A.  
Licensed Public School Accountant No. 915

SCHEDULE OF AUDITED ENROLLMENTS

BOROUGH OF FOLSOM BOARD OF EDUCATION  
APPLICATION OR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2021

|                         | 2022-2023 APPLICATION FOR STATE SCHOOL AID |        |                                      |        |        |        | SAMPLE FOR VERIFICATION               |        |                                      |        |                                    |        | PRIVATE SCHOOLS FOR DISABLED |                            |                    |                  |       |
|-------------------------|--|--------|--------------------------------------|--------|--------|--------|---------------------------------------|--------|--------------------------------------|--------|------------------------------------|--------|------------------------------|----------------------------|--------------------|------------------|-------|
|                         | Reported On<br>A.S.S.A.<br>On Roll         |        | Reported On<br>Workpapers<br>On Roll |        | Errors |        | Sample<br>Selected From<br>Workpapers |        | Verified per<br>Registers<br>On Roll |        | Errors per<br>Registers<br>On Roll |        | Reported On<br>A.S.S.A. as   |                            |                    |                  |       |
|                         | Full                                       | Shared | Full                                 | Shared | Full   | Shared | Full                                  | Shared | Full                                 | Shared | Full                               | Shared | Private<br>Schools           | Sample for<br>Verification | Sample<br>Verified | Sample<br>Errors |       |
| Half Day PS 3 Yr Old    |  |        |                                      |        |        |        |                                       |        |                                      |        |                                    |        |                              |                            |                    |                  |       |
| Half Day PS 4 Yr Old    |  |        |                                      |        |        |        |                                       |        |                                      |        |                                    |        |                              |                            |                    |                  |       |
| Full Day PS 3 Yr Old    |  |        |                                      |        |        |        |                                       |        |                                      |        |                                    |        |                              |                            |                    |                  |       |
| Full Day PS 4 Yr Old    | 9  |        | 9                                    |        |        |        | 4                                     |        | 4                                    |        |                                    |        |                              |                            |                    |                  |       |
| Full Day Kindergarten   | 31   |        | 31                                   |        |        |        | 15                                    |        | 15                                   |        |                                    |        |                              |                            |                    |                  |       |
| One                     | 33   |        | 33                                   |        |        |        | 16                                    |        | 16                                   |        |                                    |        |                              |                            |                    |                  |       |
| Two                     | 36   |        | 36                                   |        |        |        | 17                                    |        | 17                                   |        |                                    |        |                              |                            |                    |                  |       |
| Three                   | 30   |        | 30                                   |        |        |        | 14                                    |        | 14                                   |        |                                    |        |                              |                            |                    |                  |       |
| Four                    | 33   |        | 33                                   |        |        |        | 16                                    |        | 16                                   |        |                                    |        |                              |                            |                    |                  |       |
| Five                    | 39   |        | 39                                   |        |        |        | 19                                    |        | 19                                   |        |                                    |        |                              |                            |                    |                  |       |
| Six                     | 37   |        | 37                                   |        |        |        | 18                                    |        | 18                                   |        |                                    |        |                              |                            |                    |                  |       |
| Seven                   | 35   |        | 35                                   |        |        |        | 17                                    |        | 17                                   |        |                                    |        |                              |                            |                    |                  |       |
| Eight                   | 41   |        | 41                                   |        |        |        | 20                                    |        | 20                                   |        |                                    |        |                              |                            |                    |                  |       |
| Nine                    |  |        |                                      |        |        |        |                                       |        |                                      |        |                                    |        |                              |                            |                    |                  |       |
| Ten                     |  |        |                                      |        |        |        |                                       |        |                                      |        |                                    |        |                              |                            |                    |                  |       |
| Eleven                  |  |        |                                      |        |        |        |                                       |        |                                      |        |                                    |        |                              |                            |                    |                  |       |
| Twelve                  |  |        |                                      |        |        |        |                                       |        |                                      |        |                                    |        |                              |                            |                    |                  |       |
| Post-Graduate           |  |        |                                      |        |        |        |                                       |        |                                      |        |                                    |        |                              |                            |                    |                  |       |
| Adult H.S. (15+CR.)     |  |        |                                      |        |        |        |                                       |        |                                      |        |                                    |        |                              |                            |                    |                  |       |
| Adult H.S. (1-14 CR.)   |  |        |                                      |        |        |        |                                       |        |                                      |        |                                    |        |                              |                            |                    |                  |       |
| Subtotal                | 324  | 0      | 324                                  | 0      | 0      | 0      | 156                                   | 0      | 156                                  | 0      | 0                                  | 0      | 0                            | 0                          | 0                  | 0                | 0     |
| Special Ed - Elementary | 33   |        | 33                                   |        |        |        | 16                                    |        | 16                                   |        |                                    |        | 2                            | 1                          | 1                  |                  |       |
| Special Ed - Middle     | 23   |        | 23                                   |        |        |        | 11                                    |        | 11                                   |        |                                    |        |                              |                            |                    |                  |       |
| Special Ed - High       |  |        |                                      |        |        |        |                                       |        |                                      |        |                                    |        |                              |                            |                    |                  |       |
| Subtotal                | 56   | 0      | 56                                   | 0      | 0      | 0      | 27                                    | 0      | 27                                   | 0      | 0                                  | 0      | 2                            | 1                          | 1                  | 0                | 0     |
| Totals                  | 380  | 0      | 380                                  | 0      | 0      | 0      | 183                                   | 0      | 183                                  | 0      | 0                                  | 0      | 2                            | 1                          | 1                  | 0                | 0     |
| Percentage Error        |  |        |                                      |        | 0.00%  | 0.00%  |                                       |        |                                      |        |                                    | 0.00%  | 0.00%                        |                            |                    |                  | 0.00% |



SCHEDULE OF AUDITED ENROLLMENTS

BOROUGH OF FOLSOM BOARD OF EDUCATION  
APPLICATION OR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2021

|                         | <u>Resident LEP NOT Low Income</u>  |   |               | <u>Sample for Verification</u>                             |   |                                |
|-------------------------|---|---|---------------|--|---|--------------------------------|
|                         | <u>Report On</u><br><u>A.S.S.A. as</u><br><u>NOT Low</u><br><u>Income</u> | <u>Report On</u><br><u>Workpapers as</u><br><u>NOT Low</u><br><u>Income</u> | <u>Errors</u> | <u>Sample</u><br><u>Selected From</u><br><u>Workpapers</u> | <u>Verified to</u><br><u>Application</u><br><u>and Register</u> | <u>Sample</u><br><u>Errors</u> |
| Full Day Preschool      |   |   |               |  |   |                                |
| Full Day Kindergarten   |   |   |               |  |   |                                |
| One                     |   |   |               |  |   |                                |
| Two                     |   |   |               |  |   |                                |
| Three                   |   |   |               |  |   |                                |
| Four                    |   |   |               |  |   |                                |
| Five                    |   |   |               |  |   |                                |
| Six                     |   |   |               |  |   |                                |
| Seven                   |   |   |               |  |   |                                |
| Eight                   |   |   |               |  |   |                                |
| Nine                    |   |   |               |  |   |                                |
| Ten                     |   |   |               |  |   |                                |
| Eleven                  |   |   |               |  |   |                                |
| Twelve                  |   |   |               |  |   |                                |
| Post Graduate           |   |   |               |  |   |                                |
| Adult H.S. (15+CR.)     |   |   |               |  |   |                                |
| Adult H.S. (1-14 CR.)   |   |   |               |  |   |                                |
| Subtotal                | 0   | 0   | 0             | 0  | 0   | 0                              |
| Special Ed - Elementary |   |   |               |  |   |                                |
| Special Ed - Middle     |   |   |               |  |   |                                |
| Special Ed - High       |   |   |               |  |   |                                |
| Subtotal                | 0   | 0   | 0             | 0  | 0   | 0                              |
| Co. Voc. - Regular      |   |   |               |  |   |                                |
| Co. Voc. Ft. Post Sec.  |   |   |               |  |   |                                |
| Totals                  | 0   | 0   | 0             | 0  | 0   | 0                              |
| Percentage Error        |   |   | <u>0.00%</u>  |  |   | <u>0.00%</u>                   |

**NET CASH RESOURCE SCHEDULE**  
**Proprietary Funds - Food Service**  
**FYE 2022**  
**BOROUGH OF FOLSOM BOARD OF EDUCATION**

| <u>Net Cash Resources:</u> |   | Food<br>Service<br>B - 4/5 |                          |
|----------------------------|---|----------------------------|--------------------------|
| <b>ACFR</b>                | * | <b>Current Assets</b>      |                          |
| B-4                        |   | Cash & Cash Equiv.         | \$ 163,795               |
| B-4                        |   | Due from Other Gov'ts      | 24,921                   |
| B-4                        |   | Accounts Receivable        | 251                      |
| B-4                        |   | Investments                |                          |
| <b>ACFR</b>                |   | <b>Current Liabilities</b> |                          |
| B-4                        |   | Less Accounts Payable      | (10,637)                 |
| B-4                        |   | Less Accruals              | (5,664)                  |
| B-4                        |   | Less Due to Other Funds    | (9,499)                  |
| B-4                        |   | Less Deferred Revenue      | (3,564)                  |
|                            |   | <b>Net Cash Resources</b>  | <b>\$ 159,603.00 (A)</b> |

Net Adj. Total Operating Expense:

|     |                             |                          |  |
|-----|-----------------------------|--------------------------|--|
| B-5 | Tot. Operating Exp.         | 265,252                  |  |
| B-5 | Less Depreciation           | (1,491)                  |  |
|     | <b>Adj. Tot. Oper. Exp.</b> | <b>\$ 263,761.00 (B)</b> |  |

Average Monthly Operating Expense:

|        |                     |            |
|--------|---------------------|------------|
| B / 10 | <b>\$ 26,376.10</b> | <b>(C)</b> |
|--------|---------------------|------------|

Three times monthly Average:

|       |                     |            |
|-------|---------------------|------------|
| 3 X C | <b>\$ 79,128.30</b> | <b>(D)</b> |
|-------|---------------------|------------|

|  |                     |  |
|--|---------------------|--|
| TOTAL IN BOX A   | \$ 159,603.00       |  |
| LESS TOTAL IN BOX D  | \$ 79,128.30        |  |
| <b>NET</b>   | <b>\$ 80,474.70</b> |  |
| From above:  |                     |  |
| <b>A is greater than D, cash exceeds 3 X average monthly operating expenses.</b>         |                     |  |
| <b>D is greater than A, cash does not exceed 3 X average monthly operating expenses.</b> |                     |  |

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

SOURCE - USDA resource management comprehensive review form

**SCHEDULE OF MEAL COUNT ACTIVITY**  
**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**FOOD SERVICE FUND**  
**NUMBER OF MEALS/MILKS SERVED AND (OVER)/UNDERCLAIM-FEDERAL**  
**ENTERPRISE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

| <u>PROGRAM</u>               | <u>MEAL<br/>CATEGORY</u> | <u>MEALS<br/>CLAIMED</u> | <u>MEALS<br/>TESTED</u> | <u>MEALS<br/>VERIFIED</u> | <u>DIFFERENCE</u> | <u>RATE</u> | <u>(OVER)<br/>UNDER<br/>CLAIM (b)</u> |  |
|------------------------------|--------------------------|--------------------------|-------------------------|---------------------------|-------------------|-------------|---------------------------------------|--|
| Seamless Summer Option (SSO) |                          |                          |                         |                           |                   |             |                                       |  |
| Breakfast                    | Free                     | 15,584                   | 15,584                  | 15,584                    |                   | \$ 2.4625   |                                       |  |
| Breakfast                    | Free                     | 16,191                   | 16,191                  | 16,191                    |                   | 2.6050      |                                       |  |
| Lunch                        | Free                     | 22,556                   | 22,556                  | 22,556                    |                   | 4.3175      |                                       |  |
| Lunch                        | Free                     | 25,855                   | 25,855                  | 25,855                    |                   | 4.5625      |                                       |  |
|                              | TOTAL                    | <u>80,186</u>            | <u>80,186</u>           | <u>80,186</u>             |                   |             |                                       |  |
| <b>Total Net Overclaim</b>   |                          |                          |                         |                           |                   |             | <b>\$</b>                             |  |

SCHEDULE OF MEAL COUNT ACTIVITY  
BOROUGH OF FOLSOM SCHOOL DISTRICT  
FOOD SERVICE FUND  
NUMBER OF MEALS/MILKS SERVED AND (OVER)/UNDERCLAIM-STATE  
ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| <u>PROGRAM</u>               | <u>MEAL<br/>CATEGORY</u>   | <u>MEALS<br/>CLAIMED</u> | <u>MEALS<br/>TESTED</u> | <u>MEALS<br/>VERIFIED</u> | <u>DIFFERENCE</u> | <u>RATE</u> | <u>(OVER)<br/>UNDER<br/>CLAIM</u> |
|------------------------------|----------------------------|--------------------------|-------------------------|---------------------------|-------------------|-------------|-----------------------------------|
| Seamless Summer Option (SSO) |                            |                          |                         |                           |                   | \$          | \$                                |
| Lunch                        | Free                       | <u>42,863.00</u>         | <u>42,863.00</u>        | <u>42,863.00</u>          | <u>-</u>          | 0.105       | <u>-</u>                          |
|                              | TOTAL                      | <u>42,863.00</u>         | <u>42,863.00</u>        | <u>42,863.00</u>          | <u>-</u>          |             | <u>-</u>                          |
|                              | <b>Total Net Overclaim</b> |                          |                         |                           |                   |             | <u>\$ 0.00</u>                    |



**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**EXCESS SURPLUS CALCULATION**

**SECTION 1**

**A. 4% Calculation of Excess Surplus**

|  |    |                      |                           |
|--|----|----------------------|---------------------------|
| 2021-2022 Total General Fund Expenditures per the ACFR, Ex C-1             | \$ | <u>9,312,267</u>     | (B)                       |
| Increased by:  |    |                      |                           |
| Transfer from Capital Outlay to Capital Projects Fund                      |    | _____                | (B1a)                     |
| Transfer from Capital Reserve to Capital Projects Fund                     |    | _____                | (B1b)                     |
| Transfer from General Fund to SRF for PreK-Regular                         |    | <u>23,166</u>        | (B1c)                     |
| Transfer from General Fund to SRF for PreK-Inclusion                       |    | <u>26,319</u>        | (B1d)                     |
| Decreased by:  |    |                      |                           |
| On-Behalf TPAF Pension & Social Security                                   |    | <u>1,575,912</u>     | (B2a)                     |
| Assets Acquired Under Capital Leases                                       |    | _____                | (B2b)                     |
| <br>Adjusted 21-22 General Fund Expenditures [(B)+(B1s)-(B2s)]             |    | <br><u>7,785,840</u> | <br>(B3)                  |
| <br>4% of Adjusted 2021-2022 General Fund Expenditures<br>[(B3) times .04] |    | <br><u>311,434</u>   | <br>(B4)                  |
| Enter Greater of (B4) or \$250,000   |    | <u>311,434</u>       | (B5)                      |
| Increased by: Allowable Adjustment*  |    | <u>112,625</u>       | (K)                       |
| <br>Maximum Unassigned Fund Balance[(B5)+(K)]                              |    |                      | <br>\$ <u>424,059</u> (M) |

**SECTION 2**

|   |    |                  |                              |
|---|----|------------------|------------------------------|
| Total General Fund - Fund Balances at June 30, 2022<br>(Per ACFR Budgetary Comparison Schedule C-1) | \$ | <u>2,964,726</u> | (C)                          |
| Decreased by:   |    |                  |                              |
| Year-end Encumbrances   |    | <u>27,576</u>    | (C1)                         |
| Legally Restricted - Designated for Subsequent Year's<br>Expenditures                               |    | _____            | (C2)                         |
| Legally Restricted - Excess Surplus - Designated for Subsequent Year's<br>Expenditures**            |    | <u>645,294</u>   | (C3)                         |
| Other Restricted Fund Balances****  |    | <u>1,046,527</u> | (C4)                         |
| Assigned Fund Balance Unreserved - Designated for Subsequent Year's<br>Expenditures                 |    | <u>133,040</u>   | (C5)                         |
| <br>Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]                                    |    |                  | <br>\$ <u>1,112,289</u> (U1) |

**SECTION 3**

|  |    |                |                             |
|--|----|----------------|-----------------------------|
| Section 1<br>Restricted Fund Balance- Excess Surplus*** [(U1)-(M)] IF NEGATIVE ENTER -0- | \$ | <u>688,230</u> | (E)                         |
| <b><u>Recapitulation of Excess Surplus as of June 30, 2022</u></b>                       |    |                |                             |
| Reserved Excess Surplus - Designated for Subsequent Year's<br>Expenditures**             |    | 645,294        | (C3)                        |
| Reserved Excess Surplus ***[(E)]   |    | <u>688,230</u> | (E)                         |
| <br>Total Excess Surplus [(C3) + (E)]  |    |                | <br>\$ <u>1,333,524</u> (D) |

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**EXCESS SURPLUS CALCULATION**

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 & Lease-Back (Refer to the Audit Program Section II, Chapter 10);
  - (J1) Extraordinary Aid;
  - (J2) Additional Nonpublic School Transportation Aid;
  - (J3) Recognized current year School Bus Advertising Revenue; and
  - (J4) Family Crisis Transportation Aid.
  - (J5) Maintenance of Equity Aid and State Military Impact Aid received July 2022

Notes to auditor: Refer to the Audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid, Family Crisis Transportation Aid, and Additional Nonpublic School Transportation Aid.

Detail of Allowable Adjustments

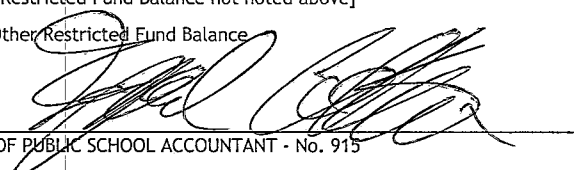
|  |            |      |
|--|------------|------|
| Federal Impact Aid   | \$ _____   | (H)  |
| Sale & Lease-Back  | _____      | (I)  |
| Extraordinary Aid  | 112,625    | (J1) |
| Additional Nonpublic School Transportation Aid                             | _____      | (J2) |
| Current Year School Bus Advertising Revenue Recognized                     | _____      | (J3) |
| Family Crisis Transportation Aid   | _____      | (J4) |
| Maintenance of Equity Aid and State Military Impact Aid received July 2022 | _____      | (J5) |
| Total Adjustments [(H) + (I) + (J1) + (J2) + (J3) + (J4) + (J5)]           | \$ 112,625 | (K)  |

- \*\* This amount represents the June 30, 2022 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.
- \*\*\* Amounts must agree to the June 30, 2022 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   | 685,932           |
| Maintenance reserve   | 216,299           |
| Emergency Reserve   | 119,600           |
| 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 8007 and 8008)      | _____             |
| Impact Aid General Fund Reserve (Sections 8002 and 8003)      | _____             |
| Other state/government mandated reserve                       | _____             |
| Reserve for Unemployment Fund                                 | 24,696            |
| [Other Restricted Fund Balance not noted above] ****          | _____             |
| Total Other Restricted Fund Balance                           | \$ 1,046,527 (C4) |

SIGNATURE OF PUBLIC SCHOOL ACCOUNTANT - No. 915



**AUDIT RECOMMENDATIONS SUMMARY  
For the Fiscal Year Ended June 30, 2022  
Borough of Folsom School District**

Recommendations:

1. Administrative Practices and Procedures - None
2. Financial Planning, Accounting and Reporting - None
3. School Purchasing Programs - None
4. School Food Service

**Finding 2022-1**

The Board should implement a corrective action plan to effectively reduce the net cash resources on hand in the Food Service Fund through capital expenditure or otherwise.

5. Student Body Activities - None
6. Application for State School Aid - None
7. Charter School Enrollment System(CHE) (Applicable to audits of charter schools)  
N/A
8. Pupil Transportation - None
9. Facilities and Capital Assets - None
10. Miscellaneous - None
11. Status of Prior Year Audit Findings/Recommendations

A review was performed on the prior year recommendations. All prior year findings were resolved, with the exception of the following:

**Finding 2021-1**

The Board should implement a corrective action plan to effectively reduce the net cash resources on hand in the Food Service Fund through capital expenditure or otherwise.