

***FRANKFORD TOWNSHIP BOARD OF EDUCATION***

***AUDITOR'S MANAGEMENT REPORT***

***FISCAL YEAR ENDED JUNE 30, 2022***

***Barre & Company LLC***  
***Certified Public Accountants & Consultants***

**FRANKFORD TOWNSHIP BOARD OF EDUCATION**

**AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS  
FINANCIAL, COMPLIANCE AND PERFORMANCE**

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**BARRE & COMPANY LLC**  
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**Report of Independent Auditors**


Honorable President and  
Members of the Board of Education  
Frankford Township Board of Education  
Branchville, New Jersey

We have audited, in accordance with generally accepted audit standards and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Frankford Township Board of Education in the for the year ended June 30, 2022, and have issued our report thereon dated February 8, 2023.

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

This report is intended for the information of the Frankford Township Board of Education Members of the Board of Education's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

  
BARRE & COMPANY LLC  
Certified Public Accountants  
Public School Accountants

  
Richard M. Barre  
Public School Accountant  
PSA Number CS-O1181

Union, New Jersey  
February 8, 2023

## **Administrative Findings – Financial, Compliance and Performance**

### **Scope of Audit**

The audit covered the financial transactions of the Board Secretary/School Business Administrator and the 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 Lessard	Business Administrator	\$125,000.00
Monique Bonnier	Treasurer	\$215,000.00

There is a blanket dishonestly bond covering all other employees, including faithful performance for elected officials, in the amount of \$500,000 per loss.

### **Financial Planning, Accounting and Reporting**

#### Examination of Claims

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

#### 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 certified by the President of the Board, the Board Secretary/School Business Administrator and the Chief School Administrator.

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

The Board has implemented and maintains a personnel tracking and accounting (position control) system.

## **Administrative Findings – Financial, Compliance and Performance**

### **Financial Planning, Accounting and Reporting (Continued)**

#### **Reserve for Encumbrances and Accounts Payable**

A review of outstanding issued purchase orders was made as of June 30, 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.

#### **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 the all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with *N.J.A.C. 6A:23A-8.3*. As a result of the procedures performed, a transaction error rate of 1.90% overall was 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 maintained by the Board Secretary were in satisfactory condition.

The prescribed contractual order system was followed.

Bids received were summarized in the minutes (N.J.S.A. 18A:18A-21).

#### **Treasurer's Records**

The Treasurer did perform cash reconciliations for all accounts.

All cash receipts were promptly deposited.

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

#### **Elementary and Secondary Education Act (E.S.E.A./Improving America's Schools Act (IASA) as reauthorized by the No Child Left Behind Act of 2001**

The E.S.E.A./NCLB 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 and IIA of the Elementary and Secondary Education Act as amended and reauthorized.

## **Administrative Findings – Financial, Compliance and Performance**

### **Financial Planning, Accounting and Reporting (Continued)**

#### **Other Special Federal and/or State Projects**

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

Our audit of the federal and state funds on a test basis, indicated the 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.

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

Our audit procedures included a test of the biweekly reimbursements (electronic, but Districts can print out the DOENET screen for an auditor) filed with the Department of Education for District employees who are members of the Teachers' Pension and Annuity Fund. 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 (as of June 2007) is available on the website: <http://www.state.nj.us/dca/divisions/dlgs/programs/lpcl.html>.

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)

Auditors should refer to Section I, Chapter 5, Bids & Contracts/Purchasing for highlights of *N.J.S.A. 18A:18A-3* and 4.

Effective July 1, 2010 and thereafter, The bid thresholds in accordance with *N.J.S.A. 18A:18A-2* and *18A:18A-3(a)* are \$44,000 (with a Qualified Purchasing 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 effective 2021-22.

The District 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 Solicitor's opinion should be sought before a commitment is made.

## **Administrative Findings – Financial, Compliance and Performance**

### **School Purchasing Programs (Continued)**

Based on the results of my examination, I 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 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*.

### **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.

During SY 2020-2021 the public health emergency was still applicable. 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) or the Summer Food Service Program (SFSP) option.

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 (new) 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 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.

## **Administrative Findings – Financial, Compliance and Performance**

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

The financial transactions and statistical records of the school food service fund were reviewed. The financial accounts, meal count records were reviewed on a test-check basis. The District utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with N.J.S.A. 18A:17- 34, and 19-1 through 19-4.1. Provisions of the FSMC Cost Reimbursable Fixed Price or NonCompetitive Emergency Procurement contract/addendum were reviewed and audited.

All vendor discounts, rebates, and credits from vendors and/or the FSMC were June 30, 2021 tracked and credited to the Food Service Account and reconciled to supporting documentation at least annually. Expenditures should be separately recorded as food, labor and other costs. Vendor invoices were reviewed, and costs verified. The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service. The SFA recorded and maintained separate supporting documentation for additional costs (food, supplies, transportation, etc.) applicable to the implementation of the COVID-19 meal service under SSO or SFSP program requirements. Net cash resources did not exceed three months average expenditures. The number of meals claimed for reimbursement was compared to sales and meal count records. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement claims were certified in a timely manner. Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served was compared to the number of valid applications or to the list of directly certified students on file, times the number of operating days, on a school-by-school basis. The free and reduced price meal and free milk policy was reviewed for uniform administration throughout the school system. No exceptions were noted.

### **Student Body Activities**

During our review of the student activity funds, there were no items noted.

### **Enrollment Counts and Submissions to the Department**

Our audit procedures included a test of enrollment information reported on October 15, 2021 and the last day of school for on-roll, special education, bilingual and low-income.

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

Not Applicable

### **Acknowledgment**

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



**SCHEDULE OF MEAL COUNT ACTIVITY**  
**FRANKFORD TOWNSHIP BOARD OF EDUCATION**  
**FOOD SERVICE FUND**  
**NUMBER FOR MEALS SERVED AND (OVER) UNDERCLAIM - FEDERAL**  
**ENTERPRISE FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Program	Meal Category	Meals Claimed	Meals Tested	Meals Verified	Difference	Rate	(Over) Under Claim
National School Lunch (Regular Rate)	Paid	-	-	-	-	0.35	\$ -
	Reduced	-	-	-	-	3.26	-
	Free	-	-	-	-	3.66	-
	TOTAL	-	-	-	-		-
School Breakfast (Regular Rate)	Paid	-	-	-	-	0.33	\$ -
	Reduced	-	-	-	-	1.67	-
	Free	-	-	-	-	1.97	-
	TOTAL	-	-	-	-		\$ -
Seamless Summer Option (SOS) Lunch Breakfast	Free	43,534	28,732	28,732	-	1.97	\$ -
	Free	-	-	-	-	3.66	-
	TOTAL	43,534	28,732	28,732	-		-
TOTAL NET OVERCLAIM							<u>\$ -</u>

**SCHEDULE OF MEAL COUNT ACTIVITY**  
**FRANKFORD TOWNSHIP BOARD OF EDUCATION**  
**FOOD SERVICE FUND**  
**NUMBER FOR MEALS SERVED AND (OVER) UNDERCLAIM - STATE**  
**ENTERPRISE FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

<u>Program</u>	<u>Meal Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>(Over) Under Claim</u>
State Reimbursement - National School Lunch (Regular Rate)	Paid	-	-	-	-	0.050	\$ -
	Reduced	-	-	-	-	0.055	-
	Free	-	-	-	-	0.055	-
	TOTAL	-	-	-	-		-
Seamless Summer Option (SOS) Lunch	Free	43,534	28,732	28,732	-	0.055	\$ -
	TOTAL	43,534	28,732	28,732	-		-
TOTAL NET OVERCLAIM							<u>\$ -</u>

**SCHEDULE OF AUDITED ENROLLMENTS**

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
ENROLLMENT COUNT AS OF OCTOBER 16, 2021**

Grades	Submission to										Sample									
	DOE Reported on Roll	Reported on Workpapers	Verified Signed Registration Forms	Errors	Verified # Days Enrolled	Errors	Special Ed/ Bilingual	Verified Documentation	Errors	Verified # of Days Service Provided	Errors	Low Income	Verified Documentation	Errors						
Kindergarten	43	43	43		43		13	13		13		34	34							
One	43	43	43		43		14	14		14		37	37							
Two	42	42	42		42		14	14		14		37	37							
Three	42	42	42		42		13	13		13		36	36							
Four	40	40	40		40		3	3		3		30	30							
Five	42	42	42		42		6	6		6		36	36							
Six	44	44	44		44		5	5		5		35	35							
Seven	42	42	42		42		6	6		6		36	36							
Eight	41	41	41		41		9	9		9		34	34							
Nine	37	37	37		37		7	7		7		30	30							
Ten	48	48	48		48		9	9		9		42	42							
Eleven	38	38	38		38		7	7		7		33	33							
Twelve	36	36	36		36		3	3		3		28	28							
<b>Totals</b>	<b>538</b>	<b>538</b>	<b>538</b>	<b>-</b>	<b>538</b>	<b>0.000%</b>	<b>109</b>	<b>109</b>	<b>-</b>	<b>109</b>	<b>0.000%</b>	<b>448</b>	<b>448</b>	<b>-</b>						
Percentage															0.000%					

**SCHEDULE OF AUDITED ENROLLMENTS**

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
ENROLLMENT COUNT AS OF LAST DAY OF SCHOOL YEAR 2022**

Grades	Submission to										Sample			
	DOE Reported on Roll	Reported on Workpapers	Verified Signed Registration Forms	Errors	Verified # Days Enrolled	Errors	Special Ed/ Bilingual	Verified Documentation	Errors	Verified # of Days Service Provided	Errors	Low Income	Verified Documentation	Errors
Kindergarten	43	43	43		43		12	12		12		34	34	
One	42	42	42		42		13	13		13		36	36	
Two	42	42	42		42		9	9		9		37	37	
Three	42	42	42		42		8	8		8		36	36	
Four	42	42	42		42		3	3		3		30	30	
Five	42	42	42		42		5	5		5		37	37	
Six	43	43	43		43		5	5		5		35	35	
Seven	43	43	43		43		7	7		7		36	36	
Eight	39	39	39		39		7	7		7		33	33	
Nine	37	37	37		37		6	6		6		28	28	
Ten	48	48	48		48		7	7		7		40	40	
Eleven	38	38	38		38		6	6		6		33	33	
Twelve	35	35	35		35		2	2		2		27	27	
<b>Totals</b>	<b>536</b>	<b>536</b>	<b>536</b>	<b>-</b>	<b>536</b>	<b>-</b>	<b>90</b>	<b>90</b>	<b>-</b>	<b>90</b>	<b>-</b>	<b>442</b>	<b>442</b>	<b>-</b>
Percentage				0.00%		0.00%			0.00%		0.00%			0.00%

**EXCESS SURPLUS CALCULATION**

**FRANKFORD TOWNSHIP BOARD OF EDUCATION**

**SECTION 1**

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

2021-22 Total General Fund Expenditures per the ACFR, Ex. C-1	\$ 13,342,736 (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	- (B1c)
Transfer from General Fund to SRF for PreK-Inclusion	- (B1d)
Decreased by:	
Oh-Behalf TPAF Pension & Social Security	\$ (4,752,388) (B2a)
Assets Acquired Under Capital Leases	- (B2b)
Adjusted 2021-22 General Fund Expenditures	<u>8,590,348 (B3)</u>
4% of Adjusted 2021-22 General Fund Expenditures	<u>343,614 (B4)</u>
Enter Greater of (B4) or \$250,000	343,614 (B5)
Increased by: Allowable Adjustment *	<u>246,345 (K)</u>
Maximum Unassigned Fund Balance/Undesignated-Unreserved Fund Balance	<u>\$ 589,959 (M)</u>

**SECTION 2**

Total General Fund - Fund Balance @ 6/30/2022 (Per ACFR Budgetary Comparison Schedule C-1)	\$ 2,046,810 (C)
Decrease by:	
Year-end Encumbrances	(177,357) (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	- (C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	(150,000) (C3)
Other Restricted Fund Balances ****	(994,494) (C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	- (C5)
Total Unassigned Fund Balance	<u>724,959 (U1)</u>

**SECTION 3**

Restricted Fund Balance - Excess Surplus ***	<u>\$ 135,000 (E)</u>
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**Recapitulation of Excess Surplus as of June 30, 2022**

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ 150,000 (C3)
Reserved Excess Surplus ***	<u>135,000 (E)</u>
Total Excess Surplus	<u>285,000 (D)</u>

**EXCESS SURPLUS CALCULATION**

**FRANKFORD TOWNSHIP BOARD OF EDUCATION**

Footnotes:

\* Allowable adjustment to expenditures on line K must be detailed as follows. This adjustment line (as detailed below) is to be utilized when applicable for:

(H) Federal Impact Aid. The passage of P.L. 2015, c.46 amended N.J.S.A. 18A:7F-41 to permit a board of education to appropriate federal impact aid funds to establish or supplement a federal impact aid legal reserve in the general fund. Accordingly, the Federal Impact Aid adjustment to expenditures is limited to the portion of Federal Impact Aid Section 8002 and Section 8003 received during the fiscal year and recognized as revenue on the General Fund Budgetary Comparison Schedule, but not transferred to the Federal Impact Aid Reserve - General (8002 or 8003) by board resolution during June 1 to June 30 of the fiscal year under audit. Amounts transferred to the reserve are captured on line (C4);

(I) Sale and Lease-Back (Refer to the Audit Program Section II, Chapter 10);

(J1) Extraordinary Aid;

(J2) Additional Nonpublic School Transportation Aid;

(J3) Recognized Current Year School Bus Advertising Revenue; and

(J4) Family Crisis Transportation Aid.

(J5) 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**

Impact Aid	\$ - (H)
Sale & Lease-Back	- (I)
Extraordinary Aid	204,707 (J1)
Additional Nonpublic School Transportation Aid	41,638 (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)
	<hr/>
Total Adjustments	<u>\$ 246,345 (K)</u>

\*\* 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 an other 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	(683,398)
Maintenance reserve	(204,534)
Emergency reserve	-
Tuition reserve	-
School Bus Advertising 50% Fuel Offset Reserve - current year	-
School Bus Advertising 50% Fuel Offset Reserve - prior year	-
Impact Aid General Fund Reserve (Sections 8002 and 8003)	-
Impact Aid Capital Fund Reserve (Sections 8007 and 8008)	-
Other state/government mandated reserve	-
Reserve for Unemployment Fund	(106,562)
[Other Restricted Fund Balance not noted above] ****	-
	<hr/>
Total Other Restricted Fund Balance	<u>\$ (994,494) (C4)</u>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
AUDIT RECOMMENDATIONS SUMMARY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**Findings and Recommendations:**

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

None

3. School Purchasing Programs

None

4. School Food Service

None

5. Student Body Activities

None

6. Application for State School Aid/District Enrollment System/District Aid

None

7. Pupil Transportation

None

8. Facilities and Capital Assets

None

9. Miscellaneous

None

10. Status of Prior Year Audit Findings/Recommendations

None