

**HOWELL TOWNSHIP BOARD OF EDUCATION**

**AUDITOR'S MANAGEMENT REPORT**

**COUNTY OF MONMOUTH**

**JUNE 30, 2021**

**Robert A. Hulsart & Company  
Certified Public Accountants  
2807 Hurley Pond Road, Suite 100  
Wall, New Jersey 07719**

# AUDITORS MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS

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*Robert A. Hulsart and Company*  
CERTIFIED PUBLIC ACCOUNTANTS

1.

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)  
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.  
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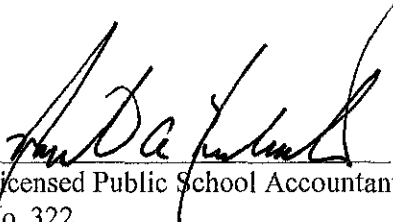
**REPORT OF INDEPENDENT AUDITORS**

Honorable President and Members  
of the Board of Education  
Howell Township School District  
County of Monmouth, 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 general-purpose financial statements of the Board of Education of the Howell Township School District in the County of Monmouth, for the year ended June 30, 2021, and have issued our report thereon dated February 11, 2022.

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 Howell Township 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.

  
\_\_\_\_\_  
Licensed Public School Accountant  
No. 322  
ROBERT A. HULSART AND COMPANY

February 11, 2022

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

### **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 Board of Education, 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.

#### **Officials Bond**

<b><u>Name</u></b>	<b><u>Position</u></b>	<b><u>Amount</u></b>
Ronald Sanasac, Jr.	Board Secretary/School Business Administrator	\$ 50,000
Debra Pappagallo	Treasurer	500,000

There is a Public Employees' Faithful Performance Blanket Position Bond covering all other employees with multiple coverage of \$250,000.00.

#### **Tuition Charges**

A comparison of tentative charges and actual certified tuition charges was made. The actual costs were less than estimated costs. The Board made a proper adjustment to the billings to sending districts for the decrease in per pupil costs in accordance with *N.J.A.C. 6A:23-3.1(f)3*.

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

Salary withholdings were promptly remitted to the proper agencies.

**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 Title I, Title IIA and Title IV of the Elementary and Secondary Education Act as amended and reauthorized.

The study of compliance for E.S.E.A. indicated no areas of noncompliance and/or questionable costs.

**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.

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

Our audit procedures included a test of the biweekly reimbursement forms filed with 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**

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 \$19,600 for 2020-21.

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.

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 provision of *N.J.S.A. 18A:18A-4*.

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

### **Review of Expenditures**

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

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 Chapter 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained.

### **School Food Service Fund**

The financial transactions and statistical records of the School Food Services were maintained in satisfactory condition. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

The number of meals claimed for reimbursement was verified against sales and meal count records.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served did not exceed the number of valid applications on file, times the number of operating days, on a school by school basis. The free and reduced price meal policy is uniformly administered throughout the School System. The required verification procedures for free and reduced price applications was completed and available for review.

Cash receipts and bank records were reviewed for timely deposits per state guidelines

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food supply items were currently maintained and properly applied in determining the cost of food and supplies used.

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all School Food Services employees authorized by the Board of Education.

The cash disbursement 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. Net cash resources did not exceed three months average expenditures.

Operations for 2020-2021 resulted in a change in net position of \$351,914 for the year ended June 30, 2021.

Exhibits reflecting Child Nutrition Program operations are B-4 thru B-6.

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

Our audit procedures included a test of information reported in the October 15, 2020 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 information that was included on the workpapers was verified 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.

### **Pupil Transportation**

Our procedures 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**

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

### **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:23-2.2(g) 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-2.4. As a result of the procedures performed, a transaction error rate of 0% overall was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

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

Our review of the financial and accounting records maintained by the Board Secretary disclosed no reportable conditions.

### **Treasurer's Records**

Our review of the financial and accounting records maintained by the Treasurer disclosed no reportable conditions.

**Follow-up on Prior Year Findings**

Prior year findings for the review of expenditures was addressed by the District and the records are in good standing.

**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.



**4% Calculation of Excess Surplus**

2020-21 Total General Fund Expenditures Per the ACFR	\$ 123,399,597
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Decreased by:

On-Behalf TPAF Pension & Social Security	<u>(21,741,772)</u>
--	---------------------

Adjusted 2020-21 General Fund Expenditures	<u>\$ 101,657,825</u>
--	-----------------------

4% of Adjusted 2020-21 General Fund Expenditures	<u>\$ 4,066,313</u>
--	---------------------

Enter Greater of Above or \$250,000	\$ 4,066,313
-------------------------------------	--------------

Increased by Allowable Adjustment	<u>301,142</u>
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Maximum Unassigned Fund Balance	<u>\$ 4,367,455</u>
---------------------------------	---------------------

**Section 2**

Total General Fund -- Fund Balance @ 6-30-21	\$ 47,370,601
--	---------------

Decreased by:

Reserved by Encumbrances	(12,485,789)
--------------------------	--------------

Excess Surplus -- Current Year	(3,000,000)
--------------------------------	-------------

Designated for Subsequent Year's Expenditures -- Excess Surplus	(3,000,000)
---	-------------

Designated for Subsequent Year's Expenditures -- Capital Reserve	(728,000)
--	-----------

Designated for Subsequent Year's Expenditures -- Maintenance Reserve	(2,683,921)
--	-------------

Reserve for Unemployment	(197,548)
--------------------------	-----------

Other Reserves	<u>(20,907,888)</u>
----------------	---------------------

Total Unassigned Fund Balance	<u>\$ 4,367,455</u>
-------------------------------	---------------------

Reserved Fund Balance -- Excess Surplus	<u>\$ 0</u>
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**Section 3**

Reserved Fund Balance -- Excess Surplus Designated for Subsequent Expenditures	\$ 3,000,000
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Reserved Excess Surplus	<u>0</u>
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	<u>\$ 3,000,000</u>
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**Detail of Allowable Adjustments**

Non Public Transportation	\$ 66,120
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Extraordinary Aid	<u>235,022</u>
-------------------	----------------

	<u>\$ 301,142</u>
--	-------------------

**Detail of Other Reserved Fund Balances**

Maintenance Reserve	\$ 8,762,381
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Capital Reserve	<u>12,145,507</u>
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	<u>\$ 20,907,888</u>
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**HOWELL TOWNSHIP SCHOOL DISTRICT**  
**APPLICATION FOR STATE SCHOOL AID SUMMARY**  
**ENROLLMENT AS OF OCTOBER 15, 2020**

	2021-2022 Application for State School Aid						Sample for Verification						Private Schools for Disabled				
	Reported On		Reported on		Errors		Sample Selected		Verified Per		Errors Per Registers		Reported On	Sample for	Sample	Sample	
	A.S.S.A. on Roll	Workpapers on Roll	Full	Shared	Full	Shared	Full	Shared	Registers on Roll	Full	Shared	Full	Shared	A.S.S.A. as	Verification	Verified	Errors
Half Day Preschool 3 Yrs.	22		22				22		22								
Half Day Preschool 4 Yrs.	29		29				29		29								
Full Day Kindergarten	447		447				99		99								
One	490		490				98		98								
Two	476		476				95		95								
Three	463		463				120		120								
Four	483		483				130		130								
Five	465		465				91		91								
Six	502		502				284		284								
Seven	584		584				325		325								
Eight	590		590				352		352								
Nine																	
Ten																	
Eleven																	
Twelve																	
Subtotal	4551	0	4551	0	0	0	1645	0	1645	0	0	0	0	0	0	0	0
Special Ed. - Elementary	547		547				179		179				2	2	2		
Special Ed. - Middle School	310		310				155		155				6	6	6		
Special Ed. - High School																	
Subtotal	857	0	857	0	0	0	334	0	334	0	0	0	8	8	8	0	0
Co. Voc. - Regular																	
Co. Voc. - Ft. Post Sec.																	
Totals	5408	0	5408	0	0	0	1979	0	1979	0	0	0	8	8	8	0	0
Percentage Error					0%	0%					0%	0%					0%

**HOWELL TOWNSHIP SCHOOL DISTRICT**

**APPLICATION FOR STATE SCHOOL AID SUMMARY**

**ENROLLMENT AS OF OCTOBER 15, 2020**

	<u>Low Income</u>			<u>Sample for Verification</u>			<u>Resident LEP Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on</u>	<u>Reported on</u>	<u>Errors</u>	<u>Sample</u>	<u>Verified to</u>	<u>Sample</u>	<u>Reported on</u>	<u>Reported on</u>	<u>Errors</u>	<u>Sample</u>	<u>Verified to</u>	<u>Sample</u>
	<u>A.S.S.A. as</u>	<u>Workpapers</u>		<u>Selected from</u>	<u>Application</u>		<u>LEP Low</u>	<u>Workpapers</u>		<u>Selected from</u>	<u>Test Score</u>	
	<u>Low Income</u>	<u>as Low Income</u>		<u>Workpapers</u>	<u>and Register</u>		<u>Income</u>	<u>as LEP Low</u>		<u>Workpapers</u>	<u>and Register</u>	<u>Errors</u>
Full Day Kindergarten	59	59		24	24		11	11		8	8	
One	72	72		20	20		13	13		11	11	
Two	75	75		33	33		19	19		9	9	
Three	91	91		26	26		12	12		7	7	
Four	61	61		15	15		8	8		4	4	
Five	78	78		20	20		4	4		3	3	
Six	78	78		18	18		2	2		2	2	
Seven	90	90		22	22		2	2		1	1	
Eight	86	86		17	17		4	4		3	3	
Subtotal	<u>690</u>	<u>690</u>	<u>0</u>	<u>195</u>	<u>195</u>	<u>0</u>	<u>75</u>	<u>75</u>	<u>0</u>	<u>48</u>	<u>48</u>	<u>0</u>
Special Ed. - Elementary	146	146		41	41		18	18		13	13	
Special Ed. - Middle School	92	92		18	18		4	4		1	1	
Subtotal	<u>238</u>	<u>238</u>	<u>0</u>	<u>59</u>	<u>59</u>	<u>0</u>	<u>22</u>	<u>22</u>	<u>0</u>	<u>14</u>	<u>14</u>	<u>0</u>
Totals	<u>928</u>	<u>928</u>	<u>0</u>	<u>254</u>	<u>254</u>	<u>0</u>	<u>97</u>	<u>97</u>	<u>0</u>	<u>62</u>	<u>62</u>	<u>0</u>
Percentage Error			<u>0%</u>			<u>0%</u>			<u>0%</u>			<u>0%</u>

	<u>Transportation</u>							<u>Reported</u>	<u>Recalculated</u>
	<u>Reported on</u>	<u>Reported on</u>	<u>Errors</u>	<u>Tested</u>	<u>Verified</u>	<u>Errors</u>			
	<u>DRTRS by</u>	<u>DRTRS by</u>							
	<u>DOE/County</u>	<u>District</u>							
Reg. - Public Schools, col. 1	2,771	2,771		295	295		Reg. Avg. (Mileage) = Regular Including Grade PK Students (Part A)	4.3	4.3
Reg. Special Education, col. 4	500	500		197	197		Ref. Avg. (Mileage) - Regular Excluding Grade PK Students (Part B)	4.3	4.3
Transported - Non-Public, col. 3	2	2		2	2		Spec. Avg. = Special Ed. With Special Needs	6.4	6.4
Special Education Spec., col. 6	244	244		197	197				
Totals	<u>3,517</u>	<u>3,517</u>	<u>0</u>	<u>691</u>	<u>691</u>	<u>0</u>			
Percentage Error			<u>0%</u>			<u>0%</u>			

HOWELL TOWNSHIP SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2020

Sheet 3 of 3

	<u>Resident LEP Not Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on</u>	<u>Reported on</u>	<u>Errors</u>	<u>Sample</u>	<u>Verified to</u>	<u>Sample</u>
	<u>ASSA as</u>	<u>Workpapers</u>		<u>Selected from</u>	<u>Test Score</u>	
<u>LEP Not</u>	<u>as LEP Not</u>		<u>Workpapers</u>	<u>and Register</u>	<u>Errors</u>	
	<u>Low Income</u>	<u>Low Income</u>				
Full Day Kindergarten	16	16		12	12	
One	15	15		11	11	
Two	14	14		9	9	
Three	15	15		8	8	
Four	9	9		7	7	
Five	8	8		4	4	
Six	1	1		1	1	
Seven	5	5		2	2	
Eight	4	4		2	2	
Subtotal	<u>87</u>	<u>87</u>	<u>0</u>	<u>56</u>	<u>56</u>	<u>0</u>
Special Ed. - Elementary	8	8		5	5	
Special Ed. - Middle School	1	1		1	1	
Subtotal	<u>9</u>	<u>9</u>	<u>0</u>	<u>6</u>	<u>6</u>	<u>0</u>
Totals	<u>96</u>	<u>96</u>	<u>0</u>	<u>62</u>	<u>62</u>	<u>0</u>
Percentage Error			<u>0%</u>			<u>0%</u>

SCHEDULE OF MEAL COUNT ACTIVITY

HOWELL TOWNSHIP SCHOOL DISTRICT

FOOD SERVICE FUND

NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM - FEDERAL

ENTERPRISE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

<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>
National School Lunch (Regular Rate)	Paid				-	\$ 0.380 *	-
	Reduced				-	3.165	-
	Free	<u>409,154</u>	<u>124,825</u>	<u>124,825</u>	<u>-</u>	3.565	<u>-</u>
Total Net Overclaim		<u>409,154</u>	<u>124,825</u>	<u>124,825</u>	<u>-</u>		<u>-</u>
Breakfast Program (Regular Rate)	Paid				-	\$ 0.320	-
	Reduced				-	1.590	-
	Free	<u>190,600</u>	<u>41,609</u>	<u>41,609</u>	<u>-</u>	1.890	<u>-</u>
Total Net Overclaim		<u>190,600</u>	<u>41,609</u>	<u>41,609</u>	<u>-</u>		<u>-</u>
Breakfast Program (Severe Needs)	Paid				-	\$ 0.320	-
	Reduced				-	1.960	-
	Free	<u>218,554</u>	<u>83,216</u>	<u>83,216</u>	<u>-</u>	2.260	<u>-</u>
Total Net Overclaim		<u>218,554</u>	<u>83,216</u>	<u>83,216</u>	<u>-</u>		<u>-</u>
After School Snack (Regular Rate)	Paid				-	\$ 0.080	-
	Reduced				-	0.480	-
	Free	<u>98,225</u>	<u>47,780</u>	<u>47,780</u>	<u>-</u>	0.960	<u>-</u>
Total Net Overclaim		<u>98,225</u>	<u>47,780</u>	<u>47,780</u>	<u>-</u>		<u>-</u>

\* - \$.07 for Federal PB Lunch - Healthy Hunger-Free Kids Act

**HOWELL TOWNSHIP SCHOOL DISTRICT**

**NET CASH RESOURCE SCHEDULE**

**NET CASH RESOURCES DID NOT EXCEED 3 MONTHS OF EXPENDITURES**

**PROPRIETARY FUNDS - FOOD SERVICE**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

		<b>Food Service</b>
		<b><u>B - 4/5</u></b>
<b><u>Net Cash Resources:</u></b>		
<b>CAFR</b>	<b>Current Assets</b>	
B-4	Cash & Cash Equivalents	\$ 898,041
B-4	Accounts Receivables	240,192
	<b>Current Liabilities</b>	
B-4	Less Accounts Payable	<u>(582,766)</u>
	<b>Net Cash Resources</b>	<b><u>\$ 555,467 ( A )</u></b>
<b><u>Net Adjustment Total Operating Expense:</u></b>		
B-5	Total Operating Expenses	2,354,893
B-5	Less Depreciation	<u>(38,168)</u>
	Adjusted Total Operating Expenses	<b><u>2,316,725 ( B )</u></b>
<b><u>Average Monthly Operating Expense:</u></b>		
	B / 10	<b><u>\$ 231,673 ( C )</u></b>
<b><u>Three Times Monthly Average</u></b>		
	3 X C	<b><u>\$ 695,018</u></b>
Total in ( A )		\$ 555,467
Less Total in ( D )		<u>(695,018)</u>
Net		<b><u>\$ (139,551)</u></b>

**TOWNSHIP OF HOWELL SCHOOL DISTRICT**  
**AUDIT RECOMMENDATIONS SUMMARY**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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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  
None
7. Pupil Transportation  
None
8. Facilities and Capital Assets  
None
9. Miscellaneous  
None
10. Status of Prior Year Audit Findings/Recommendations  
There were no prior year recommendations.