

ISLAND HEIGHTS SCHOOL DISTRICT

AUDITOR'S MANAGEMENT REPORT

COUNTY OF OCEAN

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

FINANCIAL, COMPLIANCE AND PERFORMANCE

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Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

1.

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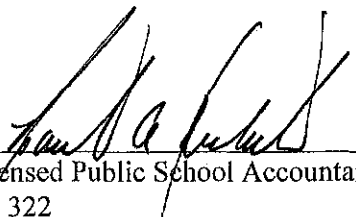
REPORT OF INDEPENDENT AUDITORS

Honorable President and Members
of the Board of Education
Island Heights School District
County of Ocean, 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 Island Heights School District in the County of Ocean, 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 Island Heights 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

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Lil Brendal	Board Secretary	\$ 125,000
Frank Frazee	Business Administrator	125,000

There is a Public Employees' Faithful Performance Blanket Position Bond with the New Jersey School Insurance Group covering all other employees with multiple coverage of \$100,000.

Tuition Charges

A comparison of tentative tuition 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 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 gross salaries of all employees of the Board were deposited in the Payroll 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.

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.

Board Secretary's Records

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

Treasurer's Records

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

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 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.

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% was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

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*.

School Food Service Fund

The School Food Service Program has not been audited as a major program and has not expended \$100,000 or more in Federal and State Support.

The financial transactions and statistical records of the School Food Services were maintained in satisfactory condition. The financial accounts, milk count records and eligibility applications were reviewed on a test-check basis. Reimbursement claims were submitted/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 did not exceed the number of valid applications on file, times the number of operating days, on a school basis. The free and reduced price meal and free milk policy is uniformly administered throughout the School System. The required verification procedures for free and reduced price applications were completed and available for review with no exceptions noted.

Cash receipts and bank records were reviewed for timely deposit of receipts

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.

School Food Service Fund (Continued)

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. Districts with food service management companies are 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 contract with Central Regional School District were reviewed and audited. The contract does not include a guarantee for the operation results.

Net cash resources did not exceed three months average expenditures.

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

Student Body Activities

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

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. No exceptions were noted in our review of transportation related purchases of goods and services.

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 staff.

4% Calculation of Excess Surplus

2020-21 Total General Fund Expenditures Per the ACFR	\$ 3,165,054
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Decreased by:

On Behalf TPAF Pension and Social Security	<u>(459,650)</u>
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Adjusted 2020-21 General Fund Expenditures	<u>\$ 2,705,404</u>
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4% of Adjusted 2020-21 General Fund Expenditures	<u>\$ 0</u>
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Enter Greater of Above or \$250,000	\$ 250,000
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Increased by Allowable Adjustments	<u>19,538</u>
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Maximum Unassigned Fund Balance	<u>\$ 269,538</u>
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Section 2

Total General Fund Fund Balance @ June 30, 2021	\$ 573,529
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Decreased by:

Designated for Subsequent Years Expenditures – BOE	(67,000)
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Designated for Subsequent Years Expenditures – Maintenance Reserve	(80,000)
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Reserved for Encumbrances	(19,160)
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Other Reserves	<u>(159,204)</u>
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Total Unassigned Fund Balance	<u>\$ 248,165</u>
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Section 3

Reserved Fund Balance – Excess Surplus Designated for Subsequent Year's Expenditures	\$ 0
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Excess Surplus	<u>0</u>
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	<u>\$ 0</u>
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Detail of Allowable Adjustments

Extraordinary Aid	\$ 19,538
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Non-Public Transportation	<u> </u>
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	<u>\$ 19,538</u>
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Detail of Other Restricted Fund Balance

Unemployment Fund	\$ 50,276
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Maintenance Reserve	75,439
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Capital Reserve	<u>33,489</u>
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	<u>\$ 159,204</u>
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ISLAND HEIGHTS SCHOOL DISTRICT

APPLICATION FOR STATE SCHOOL AID SUMMARY

Sheet 1 of 2

ENROLLMENT AS OF OCTOBER 15, 2020

	<u>2021-22 Application for State School Aid</u>						<u>Sample for Verification</u>						<u>Private Schools for Disabled</u>			
	<u>Reported On</u>		<u>Reported on</u>		<u>Errors</u>		<u>Sample Selected</u>		<u>Verified Per</u>		<u>Errors Per Registers</u>		<u>Reported On</u>	<u>Sample for</u>	<u>Sample</u>	<u>Sample</u>
	<u>A.S.S.A. on Roll</u>		<u>Workpapers on Roll</u>		<u>Full</u>	<u>Shared</u>	<u>from Workpapers</u>		<u>Registers on Roll</u>		<u>on Roll</u>		<u>A.S.S.A. as</u>	<u>Verification</u>	<u>Verified</u>	<u>Errors</u>
	<u>Full</u>	<u>Shared</u>	<u>Full</u>	<u>Shared</u>	<u>Full</u>	<u>Shared</u>	<u>Full</u>	<u>Shared</u>	<u>Full</u>	<u>Shared</u>	<u>Full</u>	<u>Shared</u>	<u>Private Schools</u>			
Full Day Kindergarten	24		24				24		24							
One	18		18				18		18							
Two	13		13				13		13							
Three	15		15				15		15							
Four	12		12				12		12							
Five	10		10				10		10							
Six	16		16				16		16							
Subtotal	<u>108</u>	<u>0</u>	<u>108</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>108</u>	<u>0</u>	<u>108</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Special Ed. - Elementary	17		17				17		17							
Special Ed. - Middle	3		3				3		3							
Special Ed. - High																
Subtotal	<u>20</u>	<u>0</u>	<u>20</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>20</u>	<u>0</u>	<u>20</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Co. Voc. - Regular																
Co. Voc. - Ft. Post Sec.																
Home Instruction																
Totals	<u>128</u>	<u>0</u>	<u>128</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>128</u>	<u>0</u>	<u>128</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Percentage Error					<u>0%</u>	<u>0%</u>					<u>0%</u>	<u>0%</u>				<u>0%</u>

ISLAND HEIGHTS SCHOOL DISTRICT

APPLICATION FOR STATE SCHOOL AID SUMMARY

ENROLLMENT AS OF OCTOBER 15, 2020

LOW INCOME

LEP STUDENTS - N/A

	Low Income			Sample for Verification		
	Reported on A.S.S.A. as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Kindergarten						
One	2	2		2	2	
Two	2	2		2	2	
Three	1	1		1	1	
Four						
Five						
Six	1	1		1	1	
Subtotal	<u>6</u>	<u>6</u>	<u>0</u>	<u>6</u>	<u>6</u>	<u>0</u>
Special Ed. - Elementary	7	7		7	7	
Special Ed. - Middle	1	1		1	1	
Subtotal	<u>8</u>	<u>8</u>	<u>0</u>	<u>8</u>	<u>8</u>	<u>0</u>
Totals	<u>14</u>	<u>14</u>	<u>0</u>	<u>14</u>	<u>14</u>	<u>0</u>
Percentage Error			<u>0%</u>			<u>0%</u>

TRANSPORTATION

	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors
	Reg. - Public Schools	-	-		-	-
Reg. Special Ed.	-	-		-	-	
Transported - Non-Public	5	5		5	5	
Special Ed. - Special Needs						
Totals	<u>5</u>	<u>5</u>	<u>-</u>	<u>5</u>	<u>5</u>	<u>-</u>
Percentage Error			<u>0%</u>			<u>0%</u>

	<u>Reported</u>	<u>Recalculated</u>
Avg. Mileage - Regular Including Grade PK Students	3.8	3.8
Avg. Mileage - Regular Excluding Grade PK Students	3.8	3.8
Avg. Mileage - Special Education	7.6	7.6

ISLAND HEIGHTS SCHOOL DISTRICT
AUDIT RECOMMENDATIONS SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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.