

MONMOUTH BEACH 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

FINANCIAL, COMPLIANCE AND PERFORMANCE

	<u>Page</u>
Report of Independent Auditors	1.
Administrative Findings - Financial, Compliance and Performance Reporting	
Scope of Audit	2.
Administrative Practices and Procedures	
Insurance	2.
Officials Bonds	2.
Tuition Charges	2.
Financial Planning, Accounting and Reporting	
Examination of Claims	2.
Payroll Account	2.
Reserve for Encumbrances and Accounts Payable	3.
Board Secretary's Records	3.
Treasurer's Records	3.
Classification of Expenditures	3.
Elementary and Secondary Education Act (E.S.E.A.) as amended by the Every Student Succeeds Act (ESSA)	3.
Other Special Federal and/or State Projects	4.
T.P.A.F. Reimbursement	4.
School Purchasing Program	
Contracts and Agreements Requiring Advertisement for Bids	4.
School Food Service Fund	4 & 5.
Application for State School Aid	5.
Pupil Transportation	5.
Student Activities	5.
Follow-Up on Prior Year's Findings	6.
Acknowledgement	6.
4% Calculation of Excess Surplus	7.
Application for State School Aid Summary	8 & 9.
Audit Recommendations Summary	10.

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.
ROBERT A. HULSART, JR., C.P.A., P.S.A.
RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

Telecopier:
(732) 250-8888
e-mail:
rah@monmouth.com

2807 Hurley Pond Road • Suite 100
P.O. Box 1409
Wall, New Jersey 07719-1409
(732) 681-4990

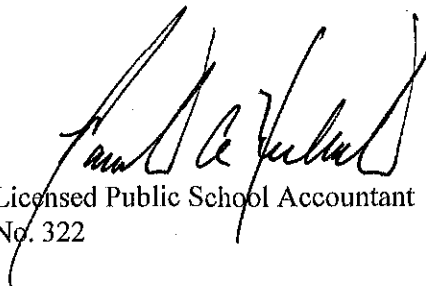
REPORT OF INDEPENDENT AUDITORS

Honorable President and Members
of the Board of Education
Monmouth Beach 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 Monmouth Beach 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 Monmouth Beach 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

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, 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 district's ACFR.

Officials Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Peter E. Genovese III	Board Secretary/School Business Administrator	\$ 175,000

There is a Public Employees' Dishonesty with Faithful Performance Agreement with NJSBA Insurance Group covering all other employees with multiple coverage of \$25,000, subject to a \$500 per occurrence.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The Board made a proper adjustment to the billings to sending districts for the 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 Net 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 Board in the bill lists in the minute records and were certified by the Board Secretary/School Business Administrator and the Superintendent.

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 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. No exceptions were noted.

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.

The Treasurer's cash balance for the general operating account was in agreement with the reconciled cash balance as determined during the audit.

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 transaction 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.

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

The E.S.E.A./N.C.L.B 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 E.S.E.A., and IDEA Basic and Preschool.

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.

The study of compliance for the special projects indicated no areas of noncompliance.

T.P.A.F. Reimbursement

Our audit procedures included a test of the semi-monthly 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.

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 Service Fund were reviewed. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

School Food Service Fund (Continued)

The number of milks claimed for reimbursement was verified against sales and meal count records. As part of the claims review process the edit check worksheet was completed. Reimbursement claims were submitted/certified in a timely manner.

Applications for free and reduced milk were reviewed for completeness and accuracy. The number of free and reduced milk claimed as served was compared to the number of valid applications on file, times the number of operating days, on a school by school basis. The free and reduced priced milk policy is uniformly administered throughout the School System. The required verification procedures for free and reduced price applications was completeness and availability.

The cash disbursements records reflected expenditures for program related goods and services. Districts with food services 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. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Exhibits B-4 through B-6 of the ACFR.

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.

The districts written procedures appear to be adequate for the recording of student enrollment data.

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2020-2021 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the district complied with proper bidding procedures and award of contracts. The bid specifications for the purchase of buses were in compliance with applicable statutes. No exceptions were noted in our review of transportation related purchases of goods and services.

Student Activities

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

Follow-Up on Prior Year's Findings

None.

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	\$ 6,354,817
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>(969,156)</u>
Adjusted 2020-21 General Fund Expenditures	<u>\$ 5,385,661</u>
4% of Adjusted 2020-21 General Fund Expenditures	<u>\$ 215,426</u>
Enter Above or \$250,000 Whichever is Greater	\$ 250,000
Increased by: Allowable Adjustment	<u>3,770</u>
Maximum Unassigned Fund Balance	<u>\$ 253,770</u>

Section 2

Total General Fund – Fund Balance @ 6-30-21	\$ 2,041,427
Decreased by:	
Reserve for Encumbrances	(249,316)
Other Restricted Balances	(972,623)
Designated for Subsequent Year’s Expenditures:	
Excess Surplus	(404,889)
Unreserved	<u>(170,668)</u>
Total Unassigned Fund Balance	<u>\$ 243,931</u>
Excess Surplus – Reserved Fund Balance	<u>\$ 0</u>

Section 3

Reserved Fund Balance – Excess Surplus – Designated for Subsequent Years Expenditures	\$ 404,889
Excess Surplus – Current Year	<u> </u>
	<u>\$ 404,889</u>

Detail of Allowable Adjustments

Non-Public Transportation	<u>\$ 3,770</u>
---------------------------	-----------------

Detail of Other Restricted Fund Balance

Maintenance Reserve	\$ 355,151
Emergency Reserve	10,205
Capital Reserve	596,903
Unemployment Compensation	<u>10,364</u>
Total Other Restricted/Reserved Fund Balance	<u>\$ 972,623</u>

MONMOUTH BEACH SCHOOL DISTRICT

APPLICATION FOR STATE SCHOOL AID SUMMARY

ENROLLMENT AS OF OCTOBER 15, 2020

	2021-22 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	from Workpapers	Registers on Roll	Full	Shared	Full	Shared	A.S.S.A. as	Verification	Verified	Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Private Schools			
Full Day-Pre K 3yr	7		7				7		7							
Full Day-Pre K 4yr	9		9				9		9							
Full Day Kindergarten	16		16				16		16							
One	22		22				22		22							
Two	27		27				27		27							
Three	20		20				20		20							
Four	26		26				26		26							
Five	23		23				23		23							
Six	24		24				24		24							
Seven	19		19				19		19							
Eight	27		27				27		27							
Subtotal	220	0	220	0	0	0	220	0	220	0	0	0	0	0	0	0
Special Ed - Elementary	21		21				21		21							
Special Ed - Middle	16		16				16		16							
Special Ed - High School																
Subtotal	37	0	37	0	0	0	37	0	37	0	0	0	0	0	0	0
Co. Voc. - Regular																
Co. Voc. - Ft. Post Sec.																
Totals	257	0	257	0	0	0	257	0	257	0	0	0	0	0	0	0
Percentage Error					0%	0%					0%	0%				0%

MONMOUTH BEACH SCHOOL DISTRICT

APPLICATION FOR STATE SCHOOL AID SUMMARY

ENROLLMENT AS OF OCTOBER 15, 2020

LOW INCOME STUDENTS

No Low Income students were reported by the District.

LEP STUDENTS

	Resident LEP Not Low Income			Sample for Verification		
	Reported on A.S.S.A. as LEP Not Low Income	Reported on Workpapers as LEP Not Low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Grade One	1	1		1	1	
Grade Six	1	1		1	1	
Totals	2	2	0	2	2	0
Percentage Error			0%			0%

TRANSPORTATION

	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools	0	0		0	0	
Transported - Non-Public	4	4		4	4	
Special Needs - Public & Private	0	0		0	0	
Totals	4	4	0	4	4	0
Percentage Error			0%			0%

	Reported	Recalculated
Avg. Mileage - Regular Including Grade PK Students	5.1	5.1
Avg. Mileage - Regular Excluding Grade PK Students	5.1	5.1
Avg. Mileage - Special Ed. With Special Needs	-	-

MONMOUTH BEACH 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
None.