

BOROUGH OF BELMAR SCHOOL DISTRICT

AUDITOR'S MANAGEMENT REPORT

COUNTY OF MONMOUTH

JUNE 30, 2022

**ROBERT A. HULSART & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
2807 HURLEY POND ROAD, SUITE 100
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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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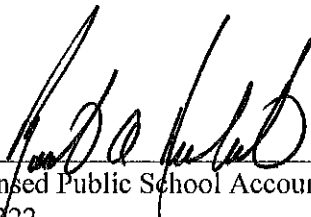
REPORT OF INDEPENDENT AUDITORS

Honorable President and Members
of the Board of Education
Belmar 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 Belmar School District in the County of Monmouth, for the year ended June 30, 2022, and have issued our report thereon dated February 15, 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 Belmar 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 15, 2023

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>
Michael Bardsley	School Business Administrator	\$ 25,000
Eileen Ertle	Treasurer	200,000

There is a Public Employees' Faithful Performance Blanket Position Bond with the New Jersey Schools Insurance Group covering all other employees with coverage of \$500,000.00

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/Payroll Agency 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.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The Board made the proper adjustments in accordance with N.J.A.C. 6A:23A-17.1(f)3.

Board Secretary's Records

Our review of the financial and accounting records maintained by the Board Secretary disclosed no reportable conditions. The records of the Board Secretary are maintained in an outstanding condition.

The Board Secretary's records were compared to the Treasurer's records and found to be in agreement.

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.

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

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.

TPAF Reimbursement to the State for Federal Salary Expenditures

The amount of the expenditure charged to the current year's Final Report(s) for all federal awards for the school district to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal fund was made prior to the end of the 60 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

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.

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 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.

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

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 2021-2022 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.

School Food Service Fund (Continued)

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 School Food Authority (SFA) had any Child Nutrition Program reimbursement overclaims or underclaims.

The food services for 2021-2022 were awarded to Simplified Culinary Services on their proposal of a management fee of \$12,000 with a guaranteed minimum return of \$10,000 to the District.

The operating results provision has been met. All vendor discounts, rebates and credits from vendors and/or the FSMC were tracked and credited to the Food Service Account and reconciled to supporting documentation at least annually.

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.

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 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 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 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.

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. All food services charges were properly recorded.

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all School Food Services employees authorized by the Board of Education. No exceptions were noted.

School Food Service Fund (Continued)

The cash disbursement records reflected expenditures for program related goods and services. 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. 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.

Cash receipts and bank records were reviewed for timely deposits.

U.S.D.A. commodities were received and a separate inventory was maintained on a first-in, first-out basis. No exceptions were noted.

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

Pupil Transportation

Our audit procedures included a test of information reported in the 2021-2022 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 Body Activities

During our review of the student activity funds and the athletic fund, all records were found to be in good order and no exceptions were noted.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2021 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.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with *N.J.A.C.* 6A:23-16.2(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 classification 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 0% overall was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Follow-Up on Prior Year's Findings

There were no prior year findings.

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

2021-22 Total General Fund Expenditures Per the ACFR	\$ 14,696,096
Decreased by:	
On-Behalf TPAF Pension and Social Security	<u>2,238,946</u>
Adjusted 2021-22 General Fund Expenditures	<u>\$ 12,457,150</u>
4% of Adjusted 2021-22 General Fund Expenditures	<u>\$ 498,286</u>
Enter Greater of Above or \$250,000	\$ 498,286
Increased by Allowable Adjustment	<u>93,964</u>
Maximum Unassigned Fund Balance	<u>\$ 592,250</u>

Section 2

Total General Fund – Fund Balance @ 6-30-22 \$ 4,584,702

Decreased by:

Reserved for Encumbrances	(29,040)
Designated for Subsequent Years Expenditures – Tuition Reserve	(250,000)
Designated for Subsequent Years Expenditures – Capital Reserve - Debt	(311,100)
Designated for Subsequent Years Expenditures – Capital Reserve - Projects	(143,000)
Designated for Subsequent Years Expenditures – Excess Surplus	(382,142)
Other Reserves	<u>(2,465,833)</u>

Total Unassigned Fund Balance \$ 1,003,587

Restricted Fund Balance – Excess Surplus \$ 411,337

Section 3

Reserved Fund Balance - Excess Surplus – Designated for Subsequent
Year's Expenditures \$ 382,142
Excess Surplus – Current Year 405,801

\$ 787,943

Detail of Allowable Adjustments

Extraordinary Aid \$ 93,964

Detail of Other Restricted Fund Balance

Tuition Reserve	\$ 250,000
Maintenance Reserve	450,000
Capital Reserve	<u>1,765,833</u>

Total Other Restricted Fund Balance \$ 2,465,833

BELMAR SCHOOL DISTRICT

APPLICATION FOR STATE SCHOOL AID SUMMARY

Sheet 1 of 2

ENROLLMENT AS OF OCTOBER 15, 2021

	<u>2022-2023 Application for State School Aid</u>						<u>Sample for Verification</u>						<u>Private Schools for Handicapped</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>Full</u>	<u>Shared</u>	<u>from Workpapers</u>	<u>Registers on Roll</u>	<u>Full</u>	<u>Shared</u>	<u>Full</u>	<u>Shared</u>	<u>Private Schools</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>				
Full Day Preschool - 3yrs Old	18		18				18		18							
Full Day Preschool - 4yrs Old	22		22				22		22							
Full Day Kindergarten	37		37				37		37							
One	31		31				31		31							
Two	31		31				31		31							
Three	18		18				18		18							
Four	30		30				30		30							
Five	30		30				30		30							
Six	40		40				40		40							
Seven	38		38				38		38							
Eight	37		37				37		37							
Subtotal	<u>332</u>	<u>0</u>	<u>332</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>332</u>	<u>0</u>	<u>332</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	46		46				46		46				3	3	3	
Special Ed. - Middle School	22		22				22		22				1	1	1	
Special Ed. - High School													3	3	3	
Subtotal	<u>68</u>	<u>0</u>	<u>68</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>68</u>	<u>0</u>	<u>68</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>0</u>
Co. Voc. - Regular																
Co. Voc. - Ft. Post Sec.																
Totals	<u>400</u>	<u>0</u>	<u>400</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>400</u>	<u>0</u>	<u>400</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>0</u>
Percentage Error					<u>0%</u>	<u>0%</u>					<u>0%</u>	<u>0%</u>				<u>0%</u>

BELMAR SCHOOL DISTRICT

APPLICATION FOR STATE SCHOOL AID SUMMARY

ENROLLMENT AS OF OCTOBER 15, 2021

	<u>Low Income</u>			<u>Sample for Verification</u>			<u>Resident LEP Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on A.S.S.A. as Low Income</u>	<u>Reported on Workpapers as Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Application and Register</u>	<u>Sample Errors</u>	<u>Reported on A.S.S.A. as LEP Low Income</u>	<u>Reported on Workpapers as LEP Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Test Score and Register</u>	<u>Sample Errors</u>
	Preschool	19	19		13	13		9	9		9	9
Full Day Kindergarten	18	18		12	12		6	6		6	6	
One	20	20		16	16		10	10		10	10	
Two	15	15		9	9		4	4		4	4	
Three	11	11		7	7		2	2		2	2	
Four	14	14		6	6		4	4		4	4	
Five	14	14		8	8							
Six	17	17		9	9							
Seven	22	22		10	10		1	1		1	1	
Eight	21	21		8	8							
Subtotal	171	171	0	98	98	0	36	36	0	36	36	0
Special Ed. - Elementary	38	38		21	21		14	14		14	14	
Special Ed. - Middle School	15	15		11	11							
Subtotal	53	53	0	32	32	0	14	14	0	14	14	0
Totals	224	224	0	130	130	0	50	50	0	50	50	0
Percentage Error			0%			0%			0%			0%

	<u>Resident LEP NOT Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on A.S.S.A. as LEP Not Low Income</u>	<u>Reported on Workpapers as LEP Not Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Test Score and Register</u>	<u>Sample Errors</u>
	Preschool	3	3		3	3
Full Day Kindergarten	2	2		2	2	
Second	1	1		1	1	
Three	2	2		2	2	
Four	2	2		2	2	
Fifth	1	1		1	1	
Sixth	1	1		1	1	
Seventh	1	1		1	1	
Special Ed. - Elementary	1	1		1	1	
Percentage Error	14	14	0	14	14	0
			0%			0%

	<u>Transportation</u>							
	<u>Reported on DRTRS by DOE</u>	<u>Reported on DRTRS by District</u>	<u>Errors</u>	<u>Tested</u>	<u>Verified</u>	<u>Errors</u>	<u>Reported</u>	<u>Recalculated</u>
Reg. - Public Schools	164	164		120	120		5.4	5.4
Reg. - Special Ed.	8	8		8	8		5.4	5.4
Transported - Non-Public	16	16		16	16			
Special Ed. With Special Needs	10	10		10	10		15.8	15.8
Totals	198	198	0	154	154	0		
Percentage Error			0%			0%		

SCHEDULE OF MEAL COUNT ACTIVITY

BELMAR SCHOOL DISTRICT

FOOD SERVICE FUND

NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM

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>
National School Lunch (High Rate)	Paid				-	\$ 0.470	-
	Reduced				-	3.385	-
	Free	<u>53,520</u>	<u>27,642</u>	<u>27,642</u>	-	3.785 *	-
Total Net Overclaim		<u><u>53,520</u></u>	<u><u>27,642</u></u>	<u><u>27,642</u></u>	<u><u>-</u></u>		<u><u>-</u></u>
School Breakfast Program (Severe Needs Rate)	Paid				-	\$ 0.330	-
	Reduced				-	2.050	-
	Free	<u>16,329</u>	<u>6,774</u>	<u>6,774</u>	-	2.350 *	-
Total Net Overclaim		<u><u>16,329</u></u>	<u><u>6,774</u></u>	<u><u>6,774</u></u>	<u><u>-</u></u>		<u><u>-</u></u>

* - Seamless Summer Option

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

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, 2022

<u>Net Cash Resources:</u>		Food Service B 4/5
CAFR	Current Assets	
B-4	Cash & Cash Equivalents	\$ 83,614
B-4	Accounts Receivables	22,115
	Current Liabilities	
B-4	Less Accounts Payable	<u>(16,924)</u>
	Net Cash Resources	<u>\$ 88,805 (A)</u>
 <u>Net Adjustment Total Operating Expense:</u>		
B-5	Total Operating Expenses	349,441
B-5	Less Depreciation	<u>(5,275)</u>
	Adjusted Total Operating Expenses	<u>344,166 (B)</u>
 <u>Average Monthly Operating Expense:</u>		
	B / 10	<u>\$ 34,417 (C)</u>
 <u>Three Times Monthly Average</u>		
	3 X C	<u>\$ 103,250</u>
Total in (A)		\$ 88,805
Less Total in (D)		<u>(103,250)</u>
Net		<u>\$ (14,445)</u>

BELMAR SCHOOL DISTRICT
AUDIT RECOMMENDATIONS SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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.