

**HOWELL TOWNSHIP BOARD OF EDUCATION**

**AUDITOR'S MANAGEMENT REPORT**

**COUNTY OF MONMOUTH**

**JUNE 30, 2022**

**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**

	<b><u>Page</u></b>
Report of Independent Auditors	1.
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.
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	3.
T.P.A.F. Reimbursement	3.
School Purchasing Programs	
Contracts and Agreements Requiring Advertisement for Bids	3.
Review of Expenditures	4.
School Food Service	4 & 5.
Application for State School Aid	5.
Pupil Transportation	5.
Facilities and Capital Assets	5.
Reserve for Encumbrances and Accounts Payable	5.
Classification of Expenditures	5.
Board Secretary's Records	5.
Treasurer's Records	6.
Follow-Up on Prior Year Findings	6.
Acknowledgment	6.
4% Calculation of Excess Surplus	7.
Application for School Aid Summary	8 to 10.
Schedule of Meal Count Activity	11.
Net Cash Resources Schedule	12.
Audit Recommendation Summary	13.

1.

*Robert A. Hulsart and Company*  
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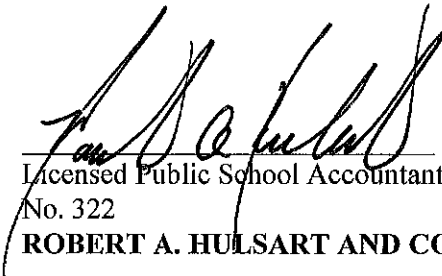
**REPORT OF INDEPENDENT AUDITORS**

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, 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 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 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**

<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 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*.

### **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.

Operations for 2021-2022 resulted in a change in net position of \$1,249,652 for the year ended June 30, 2022.

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

Due to the ongoing public health emergency, New Jersey school districts were being reimbursed by the Federal Government at the free meal reimbursement rate for all lunches served, regardless of being free, reduced or at full price. This resulted in districts receiving an unprecedented amount of revenue in 2021-2022.

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

The district could not reasonably or responsibly spend this level of funding in a single fiscal year. To address this, the district has a plan in place to expend the funding responsibly over the next year. In our opinion it is unreasonable to cite the school districts management for a situation they had no control over.

### **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.

### **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**

2021-22 Total General Fund Expenditures Per the ACFR	\$ 133,484,762
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>(27,054,569)</u>
Adjusted 2021-22 General Fund Expenditures	<u>\$ 106,430,193</u>
4% of Adjusted 2021-22 General Fund Expenditures	<u>\$ 4,257,208</u>
Enter Greater of Above or \$250,000	\$ 4,257,208
Increased by Allowable Adjustment	<u>171,243</u>
Maximum Unassigned Fund Balance	<u>\$ 4,428,451</u>

**Section 2**

Total General Fund – Fund Balance @ 6-30-22	\$ 49,965,344
Decreased by:	
Reserved by Encumbrances	(8,521,935)
Designated for Subsequent Year’s Expenditures – Excess Surplus	(3,000,000)
Designated for Subsequent Year’s Expenditures – Capital Reserve	(1,453,000)
Designated for Subsequent Year’s Expenditures – Maintenance Reserve	(3,166,018)
Reserve for Unemployment	(429,040)
Other Reserves	<u>(25,966,900)</u>
Total Unassigned Fund Balance	<u>\$ 7,428,451</u>
Reserved Fund Balance – Excess Surplus	<u>\$ 12,678,030</u>

**Section 3**

Reserved Fund Balance – Excess Surplus Designated for Subsequent Expenditures	\$ 3,000,000
Reserved Excess Surplus	<u>3,000,000</u>
	<u>\$ 6,000,000</u>

**Detail of Allowable Adjustments**

Non Public Transportation	\$ 89,680
Extraordinary Aid	<u>81,563</u>
	<u>\$ 171,243</u>

**Detail of Other Reserved Fund Balances**

Capital Reserve	\$ 18,752,121
Maintenance Reserve	<u>7,214,779</u>
	<u>\$ 25,966,900</u>

**HOWELL TOWNSHIP SCHOOL DISTRICT**

**APPLICATION FOR STATE SCHOOL AID SUMMARY**

Sheet 1 of 3

**ENROLLMENT AS OF OCTOBER 15, 2021**

	2022-2023 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				from Workpapers		Registers on Roll		on Roll		A.S.S.A. as	Verification	Verified	Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Private Schools			
Half Day Preschool 3 Yrs.	40		40				40		40							
Half Day Preschool 4 Yrs.	40		40				40		40							
Full Day Kindergarten	467		467				99		99							
One	494		494				100		100							
Two	479		479				96		96							
Three	486		486				97		97							
Four	477		477				107		107							
Five	492		492				116		116							
Six	488		488				289		289							
Seven	502		502				285		285							
Eight	586		586				327		327							
Nine																
Ten																
Eleven																
Twelve																
Subtotal	<u>4551</u>	<u>0</u>	<u>4551</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1596</u>	<u>0</u>	<u>1596</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	562		562				179		179				2	2	2	
Special Ed. - Middle School	296		296				157		157				6	6	6	
Special Ed. - High School																
Subtotal	<u>858</u>	<u>0</u>	<u>858</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>336</u>	<u>0</u>	<u>336</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>0</u>
Co. Voc. - Regular																
Co. Voc. - Ft. Post Sec.																
Totals	<u>5409</u>	<u>0</u>	<u>5409</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1932</u>	<u>0</u>	<u>1932</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>0</u>
Percentage Error					<u>0%</u>	<u>0%</u>					<u>0%</u>	<u>0%</u>				<u>0%</u>

**HOWELL TOWNSHIP SCHOOL DISTRICT**

**APPLICATION FOR STATE SCHOOL AID SUMMARY**

**ENROLLMENT AS OF OCTOBER 15, 2021**

	Low Income			Sample for Verification			Resident LEP 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	Reported on ASSA as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
	Preschool	2	2		1	1						
Full Day Kindergarten	50	50		35	35		10	10		8	8	
One	85	85		25	25		14	14		12	12	
Two	61	61		20	20		14	14		9	9	
Three	64	64		19	19		13	13		7	7	
Four	80	80		17	17		8	8		5	5	
Five	62	62		13	13		7	7		3	3	
Six	72	72		21	21		3	3		1	1	
Seven	73	73		19	19		2	2		2	2	
Eight	76	76		15	15		2	2		1	1	
Subtotal	625	625	0	185	185	0	73	73	0	48	48	0
Special Ed. - Elementary	121	121		32	32		10	10		9	9	
Special Ed. - Middle School	72	72		15	15		3	3		1	1	
Subtotal	193	193	0	47	47	0	13	13	0	10	10	0
Totals	818	818	0	232	232	0	86	86	0	58	58	0
Percentage Error			0%			0%			0%			0%

	Transportation						Reported	Recalculated
	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors		
Reg. - Public Schools, col. 1	2,530	2,530		291	291		4.4	4.4
Reg. Special Education, col. 4	1	1		1	1		4.4	4.4
Transported - Non-Public, col. 3	10	10		10	10		4.1	4.1
Special Education Spec., col. 6	779	779		232	232			
Totals	3,320	3,320	0	534	534	0		
Percentage Error			0%			0%		

Reg. Avg. (Mileage) = Regular Including Grade PK Students (Part A)  
 Ref. Avg. (Mileage) - Regular Excluding Grade PK Students (Part B)  
 Spec. Avg. = Special Ed. With Special Needs

**HOWELL TOWNSHIP SCHOOL DISTRICT**

**APPLICATION FOR STATE SCHOOL AID SUMMARY**

Sheet 3 of 3

**ENROLLMENT AS OF OCTOBER 15, 2021**

	<u>Resident LEP Not Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on ASSA 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>
Full Day Kindergarten	16	16		13	13	
One	12	12		8	8	
Two	10	10		7	7	
Three	14	14		7	7	
Four	12	12		5	5	
Five	9	9		4	4	
Six	4	4		2	2	
Seven	1	1		1	1	
Eight	5	5		2	2	
Subtotal	<u>83</u>	<u>83</u>	<u>0</u>	<u>49</u>	<u>49</u>	<u>0</u>
Special Ed. - Elementary	15	15		11	11	
Special Ed. - Middle School	4	4		2	2	
Subtotal	<u>19</u>	<u>19</u>	<u>0</u>	<u>13</u>	<u>13</u>	<u>0</u>
Totals	<u>102</u>	<u>102</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, 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 (Regular Rate)	Paid				-	\$ 0.470	-
	Reduced				-	3.385	-
	Free	<u>647,471</u>	<u>181,152</u>	<u>181,152</u>	<u>-</u>	3.785 *	<u>-</u>
Total Net Overclaim		<u>647,471</u>	<u>181,152</u>	<u>181,152</u>	<u>-</u>		<u>-</u>
Breakfast Program (Regular Rate)	Paid				-	\$ 0.330	-
	Reduced				-	1.670	-
	Free	<u>283,277</u>	<u>73,467</u>	<u>73,467</u>	<u>-</u>	1.970 *	<u>-</u>
Total Net Overclaim		<u>283,277</u>	<u>73,467</u>	<u>73,467</u>	<u>-</u>		<u>-</u>
Breakfast Program (Severe Needs)	Paid				-	\$ 0.330	-
	Reduced				-	2.050	-
	Free	<u>73,159</u>	<u>27,320</u>	<u>27,320</u>	<u>-</u>	2.350 *	<u>-</u>
Total Net Overclaim		<u>73,159</u>	<u>27,320</u>	<u>27,320</u>	<u>-</u>		<u>-</u>

\* - Seamless Summer Option

\*\* - \$.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, 2022**

<b><u>Net Cash Resources:</u></b>		<b>Food Service</b>
		<b><u>B - 4/5</u></b>
<b>CAFR</b>	<b>Current Assets</b>	
B-4	Cash & Cash Equivalents	\$ 1,719,509
B-4	Accounts Receivables	362,341
	<b>Current Liabilities</b>	
B-4	Less Accounts Payable	<u>(295,453)</u>
	<b>Net Cash Resources</b>	<b><u>\$ 1,786,397 (A)</u></b>
<b><u>Net Adjustment Total Operating Expense:</u></b>		
B-5	Total Operating Expenses	2,756,222
B-5	Less Depreciation	<u>-</u>
	<b>Adjusted Total Operating Expenses</b>	<b><u>2,756,222 (B)</u></b>
<b><u>Average Monthly Operating Expense:</u></b>		
	B / 10	<b><u>\$ 275,622 (C)</u></b>
<b><u>Three Times Monthly Average</u></b>		
	3 X C	<b><u>\$ 826,867</u></b>
Total in (A)		\$ 1,786,397
Less Total in (D)		<u>(826,867)</u>
Net		<b><u>\$ 959,530</u></b>

**TOWNSHIP OF HOWELL SCHOOL DISTRICT**  
**AUDIT RECOMMENDATIONS SUMMARY**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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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.