

**BOROUGH OF LAKEHURST SCHOOL DISTRICT**

**AUDITOR'S MANAGEMENT REPORT**

**COUNTY OF OCEAN**

**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**

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*Robert A. Hulsart and Company*  
CERTIFIED PUBLIC ACCOUNTANTS

1.

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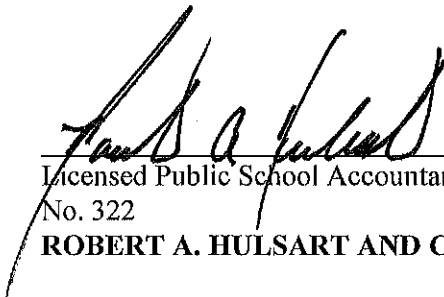
**REPORT OF INDEPENDENT AUDITORS**

Honorable President and Members  
of the Board of Education  
Lakehurst 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 Borough of Lakehurst School District in the County of Ocean, for the year ended June 30, 2022, and have issued our report thereon dated February 21, 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 Borough of Lakehurst 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 21, 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>
Barry Parliman	Business Administrator/Board Secretary	\$ 85,000
Elizabeth Sarantinoudis	Treasurer until 2/28/22	200,000
Elizabeth D'Aloisio	Treasurer from 3/1/22	200,000

There is a Public Employees' Faithful Performance Blanket Position Bond with the Commerce National Insurance Company 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 the decrease in per pupil costs in accordance with N.J.A.C. 6A:23-3.1(f) 4.

### **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 School Business Administrator/Board Secretary.

A payroll service is controlling the funds for payment of various taxes.

### **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. The records of the Board Secretary are maintained in an outstanding condition.

Comment 2022-1 – An adjustment to fund balance was made at year-end to bring the records into agreement. This was due to an expenditure not recorded or a cancellation of accounts receivable.

Recommendation 2022-1: That the records are proven out on a monthly basis.

Comment 2022-2: It was noted that the District had a significant amount of federal grant receivables at year-end which impacted the cash balance at June 30, 2022. An unforeseen medical situation occurred which caused the reimbursement applications to fall behind schedule.

Recommendation 2022-2: That all grant reimbursement applications be done in a timely manner to insure proper cash flow and that procedures be established amongst the employees for any unexpected leaves of absence.

### **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.

### **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.

**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, and Title IIA of the E.S.E.A.

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

**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**

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 food service personnel, as to whether the SFA had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted.

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 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. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement vouchers were timely filed and agreed with meal counts. The free and reduced price meal policy is uniformly administered throughout the School System. The required verification procedures for free and reduced price applications were 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. 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.

The food service for 2021-2022 contracted with Manchester Township Board of Education for preparing and transporting meals. There is no guarantee in the contract.

Exhibits reflecting the Child Nutrition Program operations are included in Exhibits G-1 thru G-3.

### **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.

### **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.

### **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. 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.

### **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**

2021-22 Total General Fund Expenditures Per the ACFR	\$ 9,569,443
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>(1,587,554)</u>
Adjusted 2021-22 General Fund Expenditures	<u>\$ 7,981,889</u>
4% of Adjusted 2021-22 General Fund Expenditures	<u>\$ 319,276</u>
Maximum Allowed	\$ 319,276
Increased by: Allowable Adjustment	<u>658,605</u>
Maximum Unassigned Fund Balance	<u>\$ 977,881</u>
Total General Fund – Fund Balance @ 6-30-22	\$ 938,502
Decreased by:	
Reserved for Encumbrances	183,229
Designated for Subsequent Year’s Expenditures	<u>420,164</u>
Total Unassigned Fund Balance	<u>\$ 335,109</u>
Maximum Unassigned Fund Balance	<u>\$ 977,881</u>
Reserved Fund Balance – Excess Surplus	<u>\$ 0</u>
 <b><u>Detail of Allowable Adjustments</u></b>	
Non-Public Transportation Aid	\$ 580
Extraordinary Aid	42,142
Impact Aid	<u>615,883</u>
Total Allowable Adjustments	<u>\$ 658,605</u>

LAKEHURST SCHOOL DISTRICT

APPLICATION FOR STATE SCHOOL AID SUMMARY

Sheet 1 of 2

ENROLLMENT AS OF OCTOBER 15, 2021

	2022-2023 Application for State School Aid						Sample for Verification						Private Schools for Handicapped			
	Reported On A.S.S.A. on Roll		Reported on Workpapers on Roll		Errors		Sample Selected from Workpapers		Verified Per Registers on Roll		Errors Per Registers on Roll		Reported On A.S.S.A. as Private Schools	Sample for Verification	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Full Day Preschool - 3yrs Old	33		33				33		33							
Full Day Preschool - 4yrs Old	33		33				33		33							
Full Day Kindergarten	35		35				35		35							
One	40		40				40		40							
Two	26		26				26		26							
Three	25		25				25		25							
Four	29		29				29		29							
Five	19		19				19		19							
Six	18		18				18		18							
Seven	23		23				23		23							
Eight	31		31				31		31							
Subtotal	<u>312</u>	<u>0</u>	<u>312</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>312</u>	<u>0</u>	<u>312</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	60		60				60		60							
Special Ed. - Middle School	39		39				39		39			2	2	2		
Special Ed. - High School												2	2	2		
Subtotal	<u>99</u>	<u>0</u>	<u>99</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>99</u>	<u>0</u>	<u>99</u>	<u>0</u>	<u>0</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>0</u>	<u>0</u>
Co. Voc. - Regular																
Co. Voc. - Ft. Post Sec.																
Totals	<u>411</u>	<u>0</u>	<u>411</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>411</u>	<u>0</u>	<u>411</u>	<u>0</u>	<u>0</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>0</u>	<u>0</u>
Percentage Error					<u>0%</u>	<u>0%</u>					<u>0%</u>	<u>0%</u>				<u>0%</u>

**LAKEHURST 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</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>A.S.S.A. as</u>	<u>Workpapers as</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>Low Income</u>	<u>Low Income</u>		<u>Workpapers</u>	<u>and Register</u>	
Full Day Preschool - 3yrs	7	7		6	6							
Full Day Preschool - 4yrs	14	14		9	9							
Full Day Kindergarten	17	17		11	11							
One	27	27		13	13		3	3		3	3	
Two	15	15		9	9		1	1		1	1	
Three	15	15		7	7		1	1		1	1	
Four	22	22		13	13		2	2		2	2	
Five	14	14		10	10		1	1		1	1	
Six	11	11		7	7							
Seven	16	16		8	8		1	1		1	1	
Eight	15	15		6	6		3	3		3	3	
Subtotal	173	173	0	99	99	0	12	12	0	12	12	0
Special Ed. - Elementary	38	38		21	21		1	1		1	1	
Special Ed. - Middle School	20	20		12	12		2	2		2	2	
Special Ed. - High School												
Subtotal	58	58	0	33	33	0	3	3	0	3	3	0
Totals	231	231	0	132	132	0	15	15	0	15	15	0
Percentage Error			0%			0%			0%			0%

	<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>A.S.S.A. as</u>	<u>Workpapers as</u>		<u>Selected from</u>	<u>Test Score</u>	
	<u>LEP Not</u>	<u>LEP Not</u>		<u>Workpapers</u>	<u>and Register</u>	
	<u>Low Income</u>	<u>Low Income</u>		<u>Workpapers</u>	<u>and Register</u>	<u>Sample</u>
						<u>Errors</u>
Grade 1	1	1		1	1	
Grade 3	3	3		3	3	
Grade 4	1	1		1	1	
Grade 6	1	1		1	1	
Grade 7	1	1		1	1	
Percentage Error	7	7	0	7	7	0
			0%			0%

	<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</u>	<u>District</u>						
Reg. - Public Schools	61	61		61	61		4.4	4.4
Reg. - Special Ed.	19	19		19	19		4.4	4.4
Transported - Non-Public	2	2		2	2		10.9	10.9
Special Ed. With Special Needs	13	13		13	13			
Totals	95	95	0	95	95	0		
Percentage Error			0%			0%		

SCHEDULE OF MEAL COUNT ACTIVITY

LAKEHURST 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>Category</u>	<u>Claimed</u>	<u>Tested</u>	<u>Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>(Over)/ Under Claim</u>
National School Lunch (High Rate)*	Paid					\$ 0.47	-
	Reduced					3.385	-
	Free	<u>47,990</u>	<u>21,889</u>	<u>21,889</u>		3.785	-
		<u>47,990</u>	<u>21,889</u>	<u>21,889</u>	<u>-</u>		<u>-</u>
National School Breakfast Program (Severe Needs)	Paid					\$ 0.33	-
	Reduced					2.05	-
	Free	<u>27,573</u>	<u>13,233</u>	<u>13,233</u>		2.35	-
		<u>27,573</u>	<u>13,233</u>	<u>13,233</u>	<u>-</u>		<u>-</u>
Total		<u>75,563</u>	<u>35,122</u>	<u>35,122</u>	<u>-</u>		<u>-</u>

\* = For HHFKA Lunches - \$.07

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

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Recommendations:

1. Administrative Practices and Procedures

That all grant reimbursement applications be done in a timely manner to insure proper cash flow and that procedures be established amongst the employees for any unexpected leaves of absence.

2. Financial Planning, Accounting and Reporting

That the records are proven out on a monthly basis.

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