

**Lavallette Board of Education**  
**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

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*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.  

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

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  
Lavallette 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 Lavallette School District in the County of Ocean, 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 Lavallette 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>
Patricia Christopher	Business Administrator/Board Secretary	\$ 155,380
Joan Buczkowski	Treasurer	155,380

### **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. Employee's 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/Business Administrator.

#### **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% 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**

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 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 the following 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 semi monthly 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*.

## **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 number of meals claimed for reimbursement was verified against sales and meal count records. Reimbursement vouchers were timely filed, and meals claimed agreed with 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 and free milk 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.

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.

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

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

### **Application of 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 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 district 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 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.

### **Follow-up on Prior Years' 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	\$ 5,095,223
Decreased by:	
On-Behalf TPAF Pension & Social Security	(884,086)
Adjusted 2021-22 General Fund Expenditures	<u>\$ 4,211,137</u>
4% of Adjusted 2021-22 General Fund Expenditures	<u>\$ 168,445</u>
Enter Greater of Above or \$250,000	\$ 250,000
Increased by Allowable Adjustment	<u>2,226</u>
Maximum Unassigned Fund Balance	<u>\$ 252,226</u>

**Section 2**

Total General Fund – Fund Balance @ 6-30-22	\$ 2,640,942
Decreased by:	
Reserve for Encumbrances	(156,036)
Reserve for Unemployment	(52,498)
Designated for Subsequent Year's Expenditures	(163,473)
Other Reserves	<u>(2,016,709)</u>
Total Unassigned Fund Balance	<u>\$ 252,226</u>
Restricted Fund Balance – Excess Surplus	<u>\$ 0</u>

**Section 3**

Excess Surplus – Current Year	\$
Reserved Fund Balance – Excess Surplus – Designated for Subsequent Expenditures	<u>163,473</u>
Total Excess Surplus	<u>\$ 163,473</u>

**Detail of Allowable Adjustments**

Non-Public Transportation Aid	\$ 1,740
Extraordinary Aid	<u>486</u>
	<u>\$ 2,226</u>

**Detail of Other Restricted Fund Balance**

Maintenance Reserve	\$ 652,798
Capital Reserve	<u>1,363,911</u>
Total Other Restricted Fund Balance	<u>\$ 2,016,709</u>



**LAVALLETTE 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 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 Kindergarten	13		13				13		13							
One	14		14				14		14							
Two	15		15				15		15							
Three	15		15				15		15							
Four	15		15				15		15							
Five	11		11				11		11							
Six	17		17				17		17							
Seven	18		18				18		18							
Eight	13		13				13		13							
Subtotal	<u>131</u>	<u>0</u>	<u>131</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>131</u>	<u>0</u>	<u>131</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	7		7				7		7							
Special Ed. - Middle School	3		3				3		3							
Special Ed. - High School													1	1	1	
Subtotal	<u>10</u>	<u>0</u>	<u>10</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10</u>	<u>0</u>	<u>10</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>0</u>
Co. Voc. - Regular																
Co. Voc. - Ft. Post Sec.																
Totals	<u>141</u>	<u>0</u>	<u>141</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>141</u>	<u>0</u>	<u>141</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>0</u>
Percentage Error					<u>0%</u>	<u>0%</u>					<u>0%</u>	<u>0%</u>				<u>0%</u>

**LAVALLETTE SCHOOL DISTRICT**

**APPLICATION FOR STATE SCHOOL AID SUMMARY**

**ENROLLMENT AS OF OCTOBER 15, 2021**

**Low Income**

LEP Students - N/A

	<b>Low Income</b>			<b>Sample for Verification</b>		
	<b>Reported on A.S.S.A. as Low Income</b>	<b>Reported on Workpapers as Low Income</b>	<b>Errors</b>	<b>Sample Selected from Workpapers</b>	<b>Verified to Application and Register</b>	<b>Sample Errors</b>
	Full Day Kindergarten	2	2		2	2
One	1	1		1	1	
Two	2	2		2	2	
Three	3	3		3	3	
Four	2	2		2	2	
Five	2	2		2	2	
Six						
Seven	1	1		1	1	
Eight						
Subtotal	<u>13</u>	<u>13</u>	<u>0</u>	<u>13</u>	<u>13</u>	<u>0</u>
Special Ed. - Elementary	1	1		1	1	
Special Ed. - Middle						
Subtotal	<u>1</u>	<u>1</u>	<u>0</u>	<u>1</u>	<u>1</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**

	<b>Reported on DRTRS by DOE</b>	<b>Reported on DRTRS by District</b>	<b>Errors</b>	<b>Tested</b>	<b>Verified</b>	<b>Errors</b>
	Reg. - Public Schools - Col. 1	35	35		35	35
Reg. Special Ed. - Col. 4	4	4		4	4	
Transported - Non-Public - Col. 3						
Special Needs - Col. 6	2	2		2	2	
Totals	<u>41</u>	<u>41</u>	<u>0</u>	<u>41</u>	<u>41</u>	<u>0</u>
Percentage Error			<u>0%</u>			<u>0%</u>

	<b>Reported</b>	<b>Recalculated</b>
Avg. Mileage - Regular Including Grade PK Students	9.3	9.3
Avg. Mileage - Regular Excluding Grade PK Students	9.3	9.3
Avg. Mileage - Special Education	12.0	12.0

**LAVALLETTE 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.