

**LONG BEACH ISLAND CONSOLIDATED SCHOOL DISTRICT**

Ship Bottom, New Jersey  
County of Ocean

**Auditor's Management Report on Administrative Findings -  
Financial, Compliance and Performance  
YEAR ENDED JUNE 30, 2022**

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**MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS  
FINANCIAL, COMPLIANCE AND PERFORMANCE**

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## AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE

Honorable President and Members  
of the Board of Education  
Long Beach Island Consolidated School District  
County of Ocean  
Ship Bottom, NJ 08008

We have audited, in accordance with generally accepted audit standards and *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Long Beach Island Consolidated School District in the County of Ocean for the year ended June 30, 2022, and have issued our report thereon dated February 2, 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 School District's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Respectfully Submitted,  
HOLMAN FRENIA ALLISON, P.C.

Jerry W. Conaty  
Certified Public Accountant  
Public School Accountant, No. 2470

Lakewood, New Jersey  
February 2, 2023

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**ADMINISTRATIVE FINDINGS -  
FINANCIAL, COMPLIANCE AND PERFORMANCE**

**Scope of Audit**

The audit covered the financial transactions of the Board Secretary/School Business Administrator, 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 the School District's CAFR.

**Official Bonds (N.J.S.A. 18A:17-26, 18A:17-32, 18A:13-13)**

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Christine Kelly	Board Secretary/School Business Administrator	\$ 200,000.00
Mary Conroy	Treasurer	200,000.00

At June 30, 2022 the officials surety bond coverage was sufficient to meet the minimum requirements set forth in N.J.S.A 18A:17-32.

**Tuition Charges**

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were less than estimated costs. The School District made a proper adjustment to the billings to sending districts for the decrease in per pupil cost in accordance with *N.J.A.C.6A:23A-17.1(f)3*.

**Financial Planning, Accounting and Reporting**

**Examination of Claims**

A sample examination of claims paid during the period under the review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

**Payroll Account**

The net salaries of sampled 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.

Sampled payrolls were approved by the Superintendent and were certified by the President of the Board and the School Business Administrator/Board Secretary.

Sampled salary withholdings were promptly remitted to the proper agencies, including health benefits premium amounts withheld due to the general fund.

Payrolls were delivered to the Treasurer who then deposited with warrants in separate bank accounts for net payroll and withholdings.

### **Employee Position Control Roster**

A sample inquiry and subsequent review of the Position Control Roster found no inconsistencies between the payroll records, employee benefit records (e.g. pension reports and health benefit coverage reports), the general ledger accounts to where wages are posted (administrative versus instruction), and the Position Control Roster.

### **Reserve for Encumbrances and Accounts Payable**

A sample of outstanding issued purchase orders was made as of June 30 for proper classification of orders as reserve for encumbrances and accounts payable. No exceptions were noted.

### **Classification of Expenditures**

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23 A-16.29(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of a sample of 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-8.3. As a result of the procedures performed, a transaction error rate of 0% percent 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 were found to be in satisfactory condition.

### **Treasurer's Records**

Our review of the financial and accounting records maintained by the Treasurer of School Monies were found to be in satisfactory condition.

### **Pupil Transportation**

Our audit procedures included a sample 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 sample of transportation contracts and purchases. Based on our sample, the School 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 sampling of transportation related purchases of goods and services.

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

Our audit procedures included a sample test of the biweekly reimbursements forms filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.



### **T.P.A.F. Reimbursement**

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 the projects under Titles I and VI of the Elementary and Secondary Education Act as amended and reauthorized.

### **T.P.A.F. 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 funds was made prior to the end of the 90 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

### **School Purchasing Programs**

#### **Contracts and Agreements Requiring Advertisement for Bids**

N.J.S.A.18A:18A-1 et seq. (Public School Contracts Law), the associated rules and related information on the statute, and school contracts in general is available on the New Jersey Legislature website.

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 \$20,200 for 2021-2022.

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 tests on sample basis, 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 agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

#### **Application for State School Aid (ASSA)**

Our audit procedures included a sample 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 and low-income, and bilingual. We also performed a review on a sample basis of the School District's procedures related to its completion. The information on the ASSA was compared to the School 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 School District maintained workpapers on the prescribed state forms of their equivalent.

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

### **Pupil Transportation**

Our audit procedures included a sample 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 sample of transportation contracts and purchases. Based on our sample, the School 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 sampling of transportation related purchases of goods and services.

### **Facilities and Capital Assets**

Our review of the financial and accounting records for capital assets indicated they were in satisfactory condition.

### **Follow-up on Prior Year Findings**

In accordance with audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, our procedures included a review of all prior year findings reported in the prior year's Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance. There were no prior year findings.

### **Office of Fiscal Accountability and Compliance (OFAC) Findings**

There were no Office of Fiscal Accountability and Compliance (OFAC) audit reports issued during the fiscal year ended June 30, 2022.

### **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.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Jerry W. Conaty  
Certified Public Accountant  
Public School Accountant, No. 2470

Lakewood, New Jersey  
February 2, 2023

**ADDITIONAL INFORMATION**

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LONG BEACH ISLAND CONSOLIDATED SCHOOL DISTRICT  
SCHEDULE OF AUDITED ENROLLMENTS  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2021

	2022-2023 Application for State School Aid						Sample for Verification						Private Schools for Disabled							
	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 Verification		Sample Errors			
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared		
Half Day Preschool - 3 Yrs	3	-	3	-	-	-	2	-	2	-	-	-	-	-	-	-	-	-	-	
Full Day Preschool - 4 Yrs	13	-	13	-	-	-	8	-	8	-	-	-	-	-	-	-	-	-	-	
Full Day Kindergarten	25	-	25	-	-	-	16	-	16	-	-	-	-	-	-	-	-	-	-	
One	22	-	22	-	-	-	14	-	14	-	-	-	-	-	-	-	-	-	-	
Two	22	-	22	-	-	-	14	-	14	-	-	-	-	-	-	-	-	-	-	
Three	24	-	24	-	-	-	15	-	15	-	-	-	-	-	-	-	-	-	-	
Four	19	-	19	-	-	-	12	-	12	-	-	-	-	-	-	-	-	-	-	
Five	22	-	22	-	-	-	14	-	14	-	-	-	-	-	-	-	-	-	-	
Six	22	-	22	-	-	-	14	-	14	-	-	-	-	-	-	-	-	-	-	
Subtotal	172	-	172	-	-	-	109	-	109	-	-	-	-	-	-	-	-	-	-	
Special Ed - Elementary	24	-	24	-	-	-	15	-	15	-	-	-	-	2	2	-	-	-	2	
Special Ed - Middle School	2	-	2	-	-	-	2	-	2	-	-	-	-	-	-	-	-	-	-	
Subtotal	26	-	26	-	-	-	17	-	17	-	-	-	-	2	2	-	-	-	2	
Totals	198	-	198	-	-	-	126	-	126	-	-	-	-	2	2	-	-	-	2	
Percentage Error	0%		0%		0%		0%		0%		0%		0%		0%		0%		0%	

**LONG BEACH ISLAND CONSOLIDATED SCHOOL DISTRICT**  
**SCHEDULE OF AUDITED ENROLLMENTS**  
**APPLICATION FOR STATE SCHOOL AID SUMMARY**  
**ENROLLMENT AS OF OCTOBER 15, 2021**

	Resident 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 A.S.S.A as LEP Low Income	Reported on Workpapers LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Kindergarten	5	5	-	4	4	-	-	-	-	-	-	-
One	1	1	-	1	1	-	-	-	-	-	-	-
Two	4	4	-	3	3	-	1	1	-	1	-	-
Three	2	2	-	2	2	-	-	-	-	-	-	-
Four	4	4	-	3	3	-	-	-	-	-	-	-
Five	2	2	-	2	2	-	-	-	-	-	-	-
Six	4	4	-	3	3	-	-	-	-	-	-	-
Subtotal	22	22	-	18	18	-	1	1	-	1	1	-
Special Ed - Elementary	4	4	-	3	3	-	-	-	-	-	-	-
Special Ed - Middle School	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	4	4	-	3	3	-	-	-	-	-	-	-
Totals	26	26	-	21	21	-	1	1	-	1	1	-
Percentage Error	0.00%											

Transportation					
Reported on DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors
80	80	-	61	61	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4	4	-	3	3	-
84	84	-	64	64	-
0.00%					

Reg - Public Schools, col. 1	80	80	-	61	61	-
Reg - Sp Ed, col. 4	-	-	-	-	-	-
Transported - Non-Public, col. 3	-	-	-	-	-	-
AIL - Non Public	-	-	-	-	-	-
Special Ed Spec, col. 6	4	4	-	3	3	-
Totals	84	84	-	64	64	-
Percentage Error	0.00%					

**LONG BEACH ISLAND CONSOLIDATED SCHOOL DISTRICT**  
**SCHEDULE OF AUDITED ENROLLMENTS**  
**APPLICATION FOR STATE SCHOOL AID SUMMARY**  
**ENROLLMENT AS OF OCTOBER 15, 2021**

	Resident LEP NOT Low Income			Sample for Verification		
	Reported on A.S.S.A as LEP Not Low Income	Reported on Workpapers LEP Not Low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Half Day Preschool 4 Yrs	-	-	-	-	-	-
Full Day Preschool 4 Yrs	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-
Full Day Kindergarten	-	-	-	-	-	-
One	-	-	-	-	-	-
Two	-	-	-	-	-	-
Three	-	-	-	-	-	-
Four	-	-	-	-	-	-
Five	-	-	-	-	-	-
Six	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
Special Ed - Elementary	-	-	-	-	-	-
Special Ed - Middle School	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
Totals	-	-	-	-	-	-
Percentage Error			0.00%			0.00%

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## EXCESS SURPLUS CALCULATION

### REGULAR DISTRICT

#### SECTION 1

##### **A. 4% Calculation of Excess Surplus**

2021-2022 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ <u>8,026,664.00</u> (B)
Increased by:	
Transfer to Food Service Fund	\$ <u>46,867.00</u> (B1a)
Transfer from Capital Outlay to Capital Projects Fund	\$ <u>-</u> (B1b)
Transfer from Capital Reserve to Capital Projects Fund	\$ <u>-</u> (B1c)
Transfer from General Fund to SRF for PreK-Regular	\$ <u>-</u> (B1d)
Transfer from General Fund to SRF for PreK-Inclusion	\$ <u>-</u> (B1e)
Decrease by:	
On-Behalf TPAF Pension & Social Security	\$ <u>1,476,714.78</u> (B2a)
Assets Acquired Under Capital Leases	\$ <u>-</u> (B2b)
Adjusted 2021-2022 General Fund Expenditures [(B)+(B1s)-(B2s)]	\$ <u><u>6,596,816.22</u></u> (B3)
4% of Adjusted 2021-2022 General Fund Expenditures [(B3) times .04]	\$ <u>263,872.65</u> (B4)
Enter Greater of (B4) or \$250,000	\$ <u>263,872.65</u> (B5)
Increased by: Allowable Adjustment *	\$ <u>29,639.00</u> (K)
Maximum Unassigned Fund Balance [(B5)+(K)]	\$ <u><u>293,511.65</u></u> (M)

#### SECTION 2

Total General Fund - Fund Balances @ 6/30/2022 (Per CAFR Budgetary Comparison Schedule C-1)	\$ <u>6,089,636.11</u> (C)
Decreased by:	
Year-End Encumbrances	\$ <u>44,326.84</u> (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ <u>-</u> (C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ <u>-</u> (C3)
Other Restricted Fund Balances ****	\$ <u>5,751,797.62</u> (C4)
Assigned Fund Balance - Designated for Subsequent Year's Expenditures	\$ <u>-</u> (C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	\$ <u><u>293,511.65</u></u> (U1)

**REGULAR DISTRICT (continued):**

**SECTION 3**

Restricted Fund Balance - Excess Surplus \*\*\* [(U1)-(M)] IF NEGATIVE ENTER -0-] \$ 0.00 (E)

**Recapitulation of Excess Surplus as of June 30, 2022**

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures \*\* \$ - (C3)  
Reserved Excess Surplus \*\*\* [(E)] \$ 0.00 (E)  
Total Excess Surplus [(C3)+(E)] \$ 0.00 (D)

**Footnotes:**

\*Allowable adjustment to expenditures on line K must be detailed as follows. This adjustment line (as detailed below) is to be utilized when applicable for:

- (H) Federal Impact Aid. The passage of P.L.2015, c.46 amended N.J.S.A. 18A:7F-41 to permit a board of education to appropriate federal impact aid funds to establish or supplement a federal impact aid legal reserve in the general fund. Accordingly, effective for the year ending June 30, 2020 the Section 8002 and Section 8003 received during the fiscal year and recognized as revenue on the General Fund Budgetary Comparison Schedule, but not transferred to the Federal Impact Aid Reserve - General (8002 or 8003) by board resolution during June 1 to June 30 of the fiscal year under audit. Amounts transferred to the reserve are captured on line (C4);
- (I) Sale and Lease-back (Refer to the Audit Program Section II, Chapter 10);
- (J1) Extraordinary Aid;
- (J2) Additional Nonpublic School Transportation Aid;
- (J3) Recognized Current Year School Bus Advertising revenue; and
- (J4) Family Crisis Transportation Aid.
- (J5) Maintenance of Equity Aid and State Military Impact Aid received July 2022

**Detail of Allowable Adjustments**

Impact Aid	\$ <u>-</u> (H)
Sale & Lease-back	\$ <u>-</u> (I)
Extraordinary Aid	\$ <u>29,639.00</u> (J1)
Additional Nonpublic School Transportation Aid	\$ <u>-</u> (J2)
Current Year School Bus Advertising Revenue Recognized	\$ <u>-</u> (J3)
Family Crisis Transportation Aid	\$ <u>-</u> (J4)
Family Crisis Transportation Aid	\$ <u>-</u> (J4)
Maintenance of Equity Aid and State Military Impact Aid received July 2022	
Total Adjustments [(H)+(I)+J1)+(J2)+(J3)+(J4)]	\$ <u><u>29,639.00</u></u> (K)

\*\* This amount represents the June 30, 2022 Excess Surplus (C3 above) and must be included in the Audit Summary Line 90031.

\*\*\* Amounts must agree to the June 30, 2022 CAFR and must agree to Audit Summary Line 90030.

\*\*\*\* Amount for Other Restricted Fund Balances must be detailed for each source. Use in the excess surplus calculation of any legal reserve that is not state mandated or that is not legally imposed by another type of government, such as the judicial branch of government, must have departmental approval. District requests should be submitted to the Division of Administration and Finance prior to September 30.

**REGULAR DISTRICT (continued):**

\*\*\*\*\* Increase in Assigned Fund Balance-Unreserved-Designated for Subsequent Year's expenditures  
July 1, 2022 to August 1, 2022 resulting from decrease in state aid after adoption of 2021-2022 district budget.  
Refer to Commissioner's Broadcast and to page I-4.2 of the Audit Program.

**Detail of Other Restricted Fund Balance**

**Statutory Restrictions:**

Approved Unspent Separate Proposal	\$	-
Sale/Lease-Back Reserve	\$	-
Capital Reserve	\$	5,261,224.75
Maintenance Reserve	\$	465,036.00
Emergency Reserve	\$	-
Tuition Reserve	\$	-
School Bus Advertising 50% Fuel Offset Reserve - Current Year	\$	-
School Bus Advertising 50% Fuel Offset Reserve - Prior Year	\$	-
Impact Aid General Fund Reserve (Sections 8002 and 8003)	\$	-
Impact Aid Capital Fund Reserve (Sections 8007 and 8008)	\$	-
Other State/Government Mandated Reserve	\$	-
Reserve for Unemployment Fund	\$	25,536.87
[Other Restricted Fund Balance Not Noted Above] *****	\$	-
 Total Other Restricted Fund Balance	\$	<u>5,751,797.62</u> (C4)

**LONG BEACH ISLAND CONSOLIDATED SCHOOL DISTRICT  
AUDIT RECOMMENDATIONS SUMMARY  
YEAR ENDED JUNE 30, 2022**

**SCHOOL DISTRICT**

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

No Prior Year Audit Findings/Recommendations