

HOWELL TOWNSHIP BOARD OF EDUCATION

AUDITOR'S MANAGEMENT REPORT

COUNTY OF MONMOUTH

JUNE 30, 2023

**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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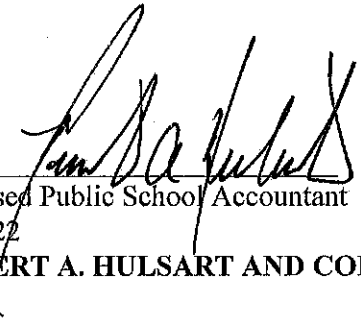
REPORT OF INDEPENDENT AUDITORS

Honorable President and Members
of the Board of Education
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, 2023, and have issued our report thereon dated January 15, 2024.

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

January 15, 2024

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>
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 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 \$20,200 for 2022-23.

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 2022-2023 resulted in a change in net position of \$(517,323) for the year ended June 30, 2023.

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

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2022 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.

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

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 team.

2% Calculation of Excess Surplus

2022-23 Total General Fund Expenditures Per the ACFR	\$ 134,604,328
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>(26,834,553)</u>
Adjusted 2022-23 General Fund Expenditures	<u>\$ 107,769,775</u>
2% of Adjusted 2022-23 General Fund Expenditures	<u>\$ 2,155,396</u>
Enter Greater of Above or \$250,000	\$ 2,155,396
Increased by Allowable Adjustment	<u>1,464,842</u>
Maximum Unassigned Fund Balance	<u>\$ 3,620,238</u>

Section 2

Total General Fund – Fund Balance @ 6-30-23	\$ 50,833,284
Decreased by:	
Reserved by Encumbrances	(5,222,631)
Designated for Subsequent Year’s Expenditures – Excess Surplus	(3,000,000)
Designated for Subsequent Year’s Expenditures – Capital Reserve	(10,000,000)
Designated for Subsequent Year’s Expenditures – Maintenance Reserve	(1,946,484)
Designated for Subsequent Year’s Expenditures – BOE	(3,302,388)
Reserve for Unemployment	(329,843)
Other Reserves	<u>(20,411,700)</u>
Total Unassigned Fund Balance	<u>\$ 6,620,238</u>
Reserved Fund Balance – Excess Surplus	<u>\$ 3,000,000</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	\$ 111,384
Supplementary Stabilization Aid – April 2023	1,149,009
Extraordinary Aid	<u>204,449</u>
	<u>\$ 1,464,842</u>

Detail of Other Reserved Fund Balances

Capital Reserve	\$ 13,196,921
Maintenance Reserve	<u>7,214,779</u>
	<u>\$ 20,411,700</u>

HOWELL TOWNSHIP SCHOOL DISTRICT

APPLICATION FOR STATE SCHOOL AID SUMMARY

ENROLLMENT AS OF OCTOBER 15, 2022

	2023-2024 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			
Full Day Preschool 3 Yrs.	69		69				27		27							
Full Day Preschool 4 Yrs.	93		93				31		31							
Full Day Kindergarten	461		461				77		77							
One	483		483				95		95							
Two	499		499				98		98							
Three	505		505				98		98							
Four	481		481				114		114							
Five	479		479				109		109							
Six	510		510				265		265							
Seven	493		493				291		291							
Eight	512		512				296		296							
Nine																
Ten																
Eleven																
Twelve																
Subtotal	4585	0	4585	0	0	0	1501	0	1501	0	0	0	0	0	0	0
Special Ed. - Elementary	589		589				149		149				10	10	10	
Special Ed. - Middle School	312		312				179		179				2	2	2	
Special Ed. - High School																
Subtotal	901	0	901	0	0	0	328	0	328	0	0	0	12	12	12	0
Co. Voc. - Regular																
Co. Voc. - Ft. Post Sec.																
Totals	5486	0	5486	0	0	0	1829	0	1829	0	0	0	12	12	12	0
Percentage Error					0%	0%					0%	0%				0%

HOWELL TOWNSHIP SCHOOL DISTRICT

APPLICATION FOR STATE SCHOOL AID SUMMARY

ENROLLMENT AS OF OCTOBER 15, 2022

	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	53	53		21	21						
Full Day Kindergarten	76	76		26	26		11	11		8	8	
One	90	90		20	20		23	23		12	12	
Two	98	98		25	25		17	17		11	11	
Three	82	82		27	27		14	14		5	5	
Four	95	95		19	19		15	15		5	5	
Five	105	105		16	16		11	11		8	8	
Six	85	85		20	20		9	9		2	2	
Seven	79	79		17	17		6	6		3	3	
Eight	76	76		15	15		1	1		1	1	
Subtotal	839	839	0	206	206	0	107	107	0	55	55	0
Special Ed. - Elementary	147	147		30	30		14	14		12	12	
Special Ed. - Middle School	104	104		18	18		7	7		4	4	
Subtotal	251	251	0	48	48	0	21	21	0	16	16	0
Totals	1090	1090	0	254	254	0	128	128	0	71	71	0
Percentage Error			0%			0%			0%			0%

	Transportation						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	Reported	Recalculated
	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors			
	Reg. - Public Schools, col. 1	2,978	2,978		295	295			
Reg. Special Education, col. 4	295	295		154	154		4.7	4.7	
Transported - Non-Public, col. 3	15	15		15	15		7.3	7.3	
Special Education Spec., col. 6	56	56		43	43				
Totals	3,344	3,344	0	507	507	0			
Percentage Error			0%			0%			

HOWELL TOWNSHIP SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2022

Sheet 3 of 3

	<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	13	13		10	10	
One	11	11		8	8	
Two	13	13		9	9	
Three	10	10		7	7	
Four	12	12		6	6	
Five	7	7		4	4	
Six	6	6		2	2	
Seven	5	5		3	3	
Eight	5	5		2	2	
Subtotal	<u>82</u>	<u>82</u>	<u>0</u>	<u>51</u>	<u>51</u>	<u>0</u>
Special Ed. - Elementary	9	9		4	4	
Special Ed. - Middle School	6	6		3	3	
Subtotal	<u>15</u>	<u>15</u>	<u>0</u>	<u>7</u>	<u>7</u>	<u>0</u>
Totals	<u>97</u>	<u>97</u>	<u>0</u>	<u>58</u>	<u>58</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, 2023

<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	216,107	64,571	64,571	-	\$ 0.83 *	-
	Reduced	26,490	7,941	7,941	-	4.00 *	-
	Free	94,797	27,328	27,328	-	4.40 *	-
Total Net Overclaim		<u>337,394</u>	<u>99,840</u>	<u>99,840</u>	<u>-</u>		<u>-</u>
Breakfast Program (Regular Rate)	Paid	36,291	11,662	11,662	-	\$ 0.50	-
	Reduced	8,417	2,750	2,750	-	1.96	-
	Free	33,855	10,574	10,574	-	2.26	-
Total Net Overclaim		<u>78,563</u>	<u>24,986</u>	<u>24,986</u>	<u>-</u>		<u>-</u>
Breakfast Program (Severe Needs)	Paid	2,822	651	651	-	\$ 0.50	-
	Reduced	882	215	215	-	2.37	-
	Free	4,014	1,089	1,089	-	2.67	-
Total Net Overclaim		<u>7,718</u>	<u>1,955</u>	<u>1,955</u>	<u>-</u>		<u>-</u>
Seamless Summer Option (SSO)							
Breakfast	Free	16,600	10,535	10,535		\$ 1.89	
Lunch	Free	16,600	10,535	10,535	-	3.51	-
Total Net Overclaim		<u>33,200</u>	<u>21,070</u>	<u>21,070</u>	<u>-</u>		<u>-</u>

* - \$.08 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, 2023

<u>Net Cash Resources:</u>		Food Service B - 4/5
AFCR	Current Assets	
B-4	Cash & Cash Equivalents	\$ 1,733,815
B-4	Accounts Receivables	144,699
	Current Liabilities	
B-4	Less Accounts Payable	<u>(552,319)</u>
	Net Cash Resources	<u>\$ 1,326,195 (A)</u>
 <u>Net Adjustment Total Operating Expense:</u>		
B-5	Total Operating Expenses	3,236,239
B-5	Less Depreciation	<u>(38,168)</u>
	Adjusted Total Operating Expenses	<u>3,198,071 (B)</u>
 <u>Average Monthly Operating Expense:</u>		
	B / 10	<u>\$ 319,807 (C)</u>
 <u>Three Times Monthly Average</u>		
	3 X C	<u>\$ 959,421 (D)</u>
Total in (A)		\$ 1,326,195
Less Total in (D)		<u>(959,421)</u>
Net		<u>\$ 366,774</u>

TOWNSHIP OF HOWELL SCHOOL DISTRICT
AUDIT RECOMMENDATIONS SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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.