

Ocean Township Board of Education

Auditor's Management Report

County of Ocean

June 30, 2023

**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.

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
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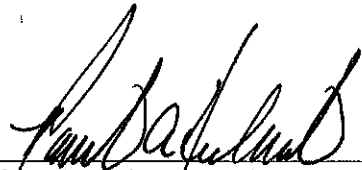
REPORT OF INDEPENDENT AUDITORS

Honorable President and Members
of the Board of Education
Ocean Township 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 Ocean Township School District in the County of Ocean, 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 Ocean 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.



Robert A. Hulsart, C.P.A.
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>
Steven Terhune	Business Administrator/ Board Secretary	\$ 250,000

There is a Public Employees' Faithful Performance Blanket Position Bond with the Selective Insurance Company covering all other employees with multiple coverage of \$100,000.00.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The Board made a proper adjustment to the billings to sending districts for the increase(s)/decrease(s) in per pupil costs in accordance with N.J.A.C. 6A:23-17.1(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.

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. No exceptions were noted on the items tested.

Board Secretary's Records

Our review of the financial and accounting records maintained by the Board Secretary disclosed no reportable conditions.

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

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.

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.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with *N.J.A.C.* 6A:23-16.2(f) 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-8.3. 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.

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*.

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

The District utilizes Pomptonian Food Service, a food service management company (FSMC) and is depositing and expending program monies in accordance with *N.J.S.A. 18A:17-34*, and 19-1 through 19-4.1. Provisions of the FSMC contract/addendum were reviewed and audited. The FSMC contract does not contain a minimum guarantee of profit. All vendor discounts, rebates and credits from vendors and/or the FSMC were tracked and credited to the Food Service Account and reconciled to supporting documentation at least annually.

The financial transactions and statistical records of the School Food Services were maintained in satisfactory condition. The financial accounts, milk count records and eligibility applications were reviewed on a test-check basis.

Cash receipts and bank records were reviewed for timely deposit.

The number of meals claimed for reimbursement was verified against sales and meal count records. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement claims were submitted/certified in a timely manner.

School Food Service Fund (Continued)

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. 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 exceeded three months average expenditures.

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

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.

Food Distribution Program commodities were received and a separate inventory was maintained.

Application for State School Aid

Our audit procedures included a test of information reported on the October 15, 2022 Application for State School Aid.

The information on the A.S.S.A. was compared to the district workpapers without exception.

Student Activities

Our review of the records of the district's student activity account disclosed no reportable conditions.

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.

Follow-up on Prior Years' Findings

Corrective action has been taken on the prior year finding regarding the Board Secretary's report.

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.

2% Calculation of Excess Surplus

2022-23 Total General Fund Expenditures Per the ACFR	\$ 18,046,093
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Decreased by:

On-Behalf TPAF Pension & Social Security	<u>(2,299,005)</u>
--	--------------------

Adjusted 2022-23 General Fund Expenditures	<u>\$ 15,747,088</u>
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2% of Adjusted 2022-23 General Fund Expenditures	<u>\$ 314,942</u>
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Enter Greater of Above or \$250,000	\$ 314,942
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Increased by Allowable Adjustment	<u>1,634,398</u>
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Maximum Unassigned Fund Balance	<u>\$ 1,949,340</u>
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Section 2

Total General Fund -- Fund Balance @ 6-30-23	\$ 6,737,623
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Decreased by:

Year-End Encumbrances	(87,429)
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Excess Surplus - Designated for Subsequent Years Expenditures	(882,850)
---	-----------

Designated for Subsequent Years Expenditures -- BOE	(838,015)
---	-----------

Designated for Subsequent Years Expenditures - Maintenance Reserve	(150,000)
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Unemployment	(54,169)
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Other Restricted Fund Balances	<u>(1,763,030)</u>
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Total Unassigned Fund Balance	<u>\$ 2,962,130</u>
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Reserved Fund Balance - Excess Surplus	<u>\$ 1,012,790</u>
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Section 3

Reserved Fund Balance -- Excess Surplus Designated for Subsequent Years Expenditures	\$ 882,850
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Excess Surplus	<u>1,012,790</u>
----------------	------------------

	<u>\$ 1,895,640</u>
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Detail of Allowable Adjustments

Extraordinary Aid (No Funds Budgeted)	\$ 358,448
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Non Public Transportation	4,992
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Supplemental Stabilization Aid Received in April 2023	419,134
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Maintenance of Equity Aid Received in July 2023	<u>851,824</u>
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	<u>\$ 1,634,398</u>
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Detail of Other Reserved Fund Balance

Maintenance Reserve	\$ 410,872
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Capital Reserve	<u>1,352,158</u>
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Total	<u>\$ 1,763,030</u>
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OCEAN TOWNSHIP SCHOOL DISTRICT

APPLICATION FOR STATE SCHOOL AID SUMMARY

ENROLLMENT AS OF OCTOBER 15, 2022

Sheet 1 of 3

	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 - 3yrs.	43		43				43		43							
Full Day Preschool - 4yrs.	53		53				53		53							
Full Day Kindergarten	60		60				60		60							
One	37		37				37		37							
Two	50		50				50		50							
Three	46		46				46		46							
Four	52		52				52		52							
Five	65		65				65		65							
Six	47		47				47		47							
Subtotal	<u>453</u>	<u>0</u>	<u>453</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>453</u>	<u>0</u>	<u>453</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	79		79				79		79				1	1	1	
Special Ed. - Middle School	9		9				9		9				2	2	2	
Special Ed. - High School													5	5	5	
Subtotal	<u>88</u>	<u>0</u>	<u>88</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>88</u>	<u>0</u>	<u>88</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>541</u>	<u>0</u>	<u>541</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>541</u>	<u>0</u>	<u>541</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>

OCEAN TOWNSHIP SCHOOL DISTRICT

APPLICATION FOR STATE SCHOOL AID SUMMARY

ENROLLMENT AS OF OCTOBER 15, 2022

	<u>Resident Low Income</u>			<u>Sample for Verification</u>			<u>Resident LEP Not Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on A.S.S.A. as Low Income</u>	<u>Reported on Workpapers as Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Application and Register</u>	<u>Sample Errors</u>	<u>Reported on A.S.S.A. as Not Low Income</u>	<u>Reported on Workpapers as Not Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Application and Register</u>	<u>Sample Errors</u>
Preschool	24	24		16	16							
Full Day Kindergarten	20	20		17	17							
One	10	10		5	5							
Two	17	17		12	12							
Three	21	21		10	10							
Four	9	9		7	7							
Five	18	18		9	9							
Six	10	10		6	6							
Subtotal	<u>129</u>	<u>129</u>	<u>0</u>	<u>82</u>	<u>82</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	37	37		22	22							
Special Ed. - Middle School	3	3		1	1							
Special Ed. - High School												
Subtotal	<u>40</u>	<u>40</u>	<u>0</u>	<u>23</u>	<u>23</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals	<u>169</u>	<u>169</u>	<u>0</u>	<u>105</u>	<u>105</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Percentage Error			<u>0%</u>			<u>0%</u>			<u>0%</u>			<u>0%</u>

RESIDENT LEP LOW INCOME STUDENTS

	<u>Resident LEP - Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on A.S.S.A. as Low Income</u>	<u>Reported on Workpapers as Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Application and Register</u>	<u>Sample Errors</u>
Full Day Kindergarten						
One						
Two	1	1		1	1	
Three	1	1		1	1	
Four						
Five						
Six						
Subtotal	<u>2</u>	<u>2</u>	<u>0</u>	<u>2</u>	<u>2</u>	<u>0</u>
Special Ed. - Elementary						
Special Ed. - Middle School						
Special Ed. - High School						
Subtotal	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals	<u>2</u>	<u>2</u>	<u>0</u>	<u>2</u>	<u>2</u>	<u>0</u>
Percentage Error			<u>0%</u>			<u>0%</u>

OCEAN TOWNSHIP SCHOOL DISTRICT

APPLICATION FOR STATE SCHOOL AID SUMMARY

ENROLLMENT AS OF OCTOBER 15, 2022

	Transportation					
	<u>Reported on DRTRS by DOE/County</u>	<u>Reported on DRTRS by District</u>	<u>Errors</u>	<u>Tested</u>	<u>Verified</u>	<u>Errors</u>
Reg. - Public Schools, col. 1	384	384		185	185	
Reg. Special Education, col. 4	70	70		54	54	
Transported - Non-Public, col. 3						
Special Education Spec., col. 6	<u>52</u>	<u>52</u>		<u>40</u>	<u>40</u>	
Totals	<u>506</u>	<u>506</u>	<u>0</u>	<u>279</u>	<u>279</u>	<u>0</u>
Percentage Error			<u>0%</u>			<u>0%</u>
				<u>Reported</u>		<u>Recalculated</u>
Reg. Avg. (Mileage) = Regular Including Grade PK Students (Part A)				7.2		7.2
Ref. Avg. (Mileage) - Regular Excluding Grade PK Students (Part A)				7.3		7.3
Special Education Average				7.0		7.0

SCHEDULE OF MEAL COUNT ACTIVITY

OCEAN TOWNSHIP SCHOOL DISTRICT

FOOD SERVICE FUND

NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM

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	25,204	15,546	15,546		\$ 0.83	\$ -
	Reduced	3,226	2,069	2,069		4.00	-
	Free	23,095	13,589	13,589		4.40 *	-
		<u>51,525</u>	<u>31,204</u>	<u>31,204</u>	<u>-</u>		<u>-</u>
National School Breakfast (Severe Needs)	Paid	3,532	2,114	2,114		\$ 0.50	-
	Reduced	806	494	494		2.37	-
	Free	10,611	6,197	6,197		2.67	-
		<u>14,949</u>	<u>8,805</u>	<u>8,805</u>	<u>-</u>		<u>-</u>
Total		<u>66,474</u>	<u>40,009</u>	<u>40,009</u>	<u>-</u>		<u>-</u>

* The District also receives \$0.08 for HHFKA Meals

OCEAN 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>		<u>Food Service</u> <u>G - 1/2</u>
AFCR	Current Assets	
G-1	Cash & Cash Equivalents	\$ 170,389
G-1	Accounts Receivables	11,283
	Current Liabilities	
G-1	Less Accounts Payable	<u>(6,942)</u>
	Net Cash Resources	<u>\$ 174,730 (A)</u>
 <u>Net Adjustment Total Operating Expense:</u>		
G-2	Total Operating Expenses	330,611
G-2	Less Depreciation	<u>(2,158)</u>
	Adjusted Total Operating Expenses	<u>328,453 (B)</u>
 <u>Average Monthly Operating Expense:</u>		
	B / 10	<u>\$ 32,845 (C)</u>
 <u>Three Times Monthly Average</u>		
	3 X C	<u>\$ 98,536 (D)</u>
Total in (A)		\$ 174,730
Less Total in (D)		<u>(98,536)</u>
Net		<u>\$ 76,194</u>

OCEAN TOWNSHIP 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
None