

SPRINGFIELD BOARD OF EDUCATION

AUDITOR'S MANAGEMENT REPORT

COUNTY OF UNION

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

	<u>Page</u>
Report of Independent Auditors	1.
Administrative Findings - Financial, Compliance and Performance Reporting	
Scope of Audit	2.
Administrative Practices and Procedures	
Insurance	2.
Officials Bonds	2.
Tuition Charges	2.
Financial Planning, Accounting and Reporting	
Examination of Claims	2.
Payroll Account	3.
Reserve for Encumbrances and Accounts Payable	3.
Classification of Expenditures	3.
Board Secretary's Records	3.
Treasurer's Records	3.
Elementary and Secondary Education Act (E.S.E.A.)/Improving America's Schools Act (IASA as reauthorized by the No Child Left Behind Act of 2001)	3.
Other Special Federal and/or State Projects	4.
T.P.A.F. Reimbursement	4.
TPAF Reimbursement to the State for Federal Salary Expenditures	4.
School Purchasing Program	
Contracts and Agreements Requiring Advertisement for Bids	4.
School Food Service Fund	5 & 6.
GAAP Accounting Implementation	6.
Application for State School Aid	6.
Pupil Transportation	6.
Follow Up on Prior Years Findings	6.
Acknowledgment	6.
2% Calculation of Excess Surplus	7.
Application for State School Aid Summary	8 to 10.
Schedule of Meal Count Activity	11.
Net Cash Resource Schedule	12.
Audit Recommendation Summary	13.

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

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REPORT OF INDEPENDENT AUDITORS

Honorable President and Members
of the Board of Education
Springfield School District
County of Union, 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 Springfield School District in the County of Union 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 Springfield 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>
Michelle Calas	Board Secretary/School Business Administrator	\$ 260,422.00
Manuel E. Vieira	Treasurer	285,000.00

There is a Public Employees' Faithful Performance Blanket Position Bond under the blanket policy covering all other employees with multiple coverage of \$250,000.00.

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/decrease in 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, certifications, 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.

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. The records were in good order.

Treasurer's Records

The Treasurer's records were in agreement with the records of the Board Secretary. All reconciliations were properly done.

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

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 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.

TPAF 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 fund was made prior to the end of the 60 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

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 food services for 2022-23 were awarded to Pomptonian Food Service on their proposal of a management fee of a per meal administrative/management fee of \$0.2030 which will be multiplied by the total meals. The actual fee was \$55,684 for 2022-2023. The food service provider was in compliance with all statutes and regulations. The operating results provision has been met. 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.

As a result of the uncertainties during the public health emergency there is no guaranteed operating result for 2022-2023 school year.

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. As part of the claims review process the Edit Check Worksheet was completed. 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. 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

The cash disbursement records reflected expenditures for program related goods and services. The District deposited and expended 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.

U.S.D.A commodities were received and a separate inventory was maintained on a first-in, first-out basis.

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

The 2022-23 operations produced a net loss of \$15,391.

School Food Service Fund (Continued)

Due to the ongoing public health emergency, New Jersey school districts were being reimbursed by the Federal Government at the free meal reimbursement rate for all lunches served, regardless of being fee, reduced or at full price. This resulted in Districts receiving an unprecedented amount of revenue in 2022-2023.

The District could not reasonably or responsibly spend this level of funding in a single fiscal year. To address this the District has a plan in place to expend the funding responsibly over the next year. In our opinion, it is unreasonable to cite the school districts management for a situation they had no control over.

GAAP Accounting Implementation

The school district's double entry system of accounting records were maintained in accordance with the Department of Education's prescribed GAAP Technical Systems Manual, pursuant to N.J.S.A. 18:A4-14 and N.J.A.C. 6:20-2A.

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.

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 2022-23 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. No exceptions were noted in our review of transportation related purchases of goods and services.

Follow-Up on Prior Year Findings

The finding of the exceeding of Net Cash Resources was not repeated in 2022-2023.

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	\$ 53,806,622
Decreased by:	
On Behalf TPAF Pension and Social Security	<u>(8,704,409)</u>
Adjusted 2022-23 General Fund Expenditures	<u>\$ 45,102,213</u>
2% of Adjusted 2022-23 General Fund Expenditures	<u>\$ 902,044</u>
Enter Greater of Above or \$250,000	\$ 902,044
Increased by Allowable Adjustments	<u>801,156</u>
Maximum Unassigned Fund Balance	<u>\$ 1,703,200</u>

Section 2

Total General Fund – Fund Balance @ 6-30-23	\$ 15,842,412
Decreased by:	
Reserved for Encumbrances	(1,713,958)
Designated for Subsequent Years Expenditures – Capital Reserve	(825,000)
Designated for Subsequent Years Expenditures – Maintenance Reserve	(150,000)
Reserve for Unemployment	(29,989)
Designated for Subsequent Years Expenditures	(67,933)
Designated for Subsequent Years Expenditures	(532,067)
Other Reserves	<u>(10,781,908)</u>
Total Unassigned Fund Balance	<u>\$ 1,741,557</u>
Reserved Fund Balance – Excess Surplus	<u>\$ 38,357</u>

Section 3

Reserved Fund Balance – Excess Surplus Designated for Subsequent Expenditures	\$ 67,933
Excess Surplus	<u>38,357</u>
	<u>\$ 106,290</u>

Detail of Allowable Adjustments

Non-Public Transportation Aid	\$ 81,744
Extraordinary Aid	<u>719,412</u>
	<u>\$ 801,156</u>

Detail of Other Reserved Fund Balance

Capital Reserve	\$ 8,181,908
Maintenance Reserve	2,350,000
Emergency Reserve	<u>250,000</u>
	<u>\$ 10,781,908</u>

SPRINGFIELD SCHOOL DISTRICT

APPLICATION FOR STATE SCHOOL AID SUMMARY

ENROLLMENT AS OF OCTOBER 15, 2022

	2023-24 Application for State School Aid						Sample for Verification						Private Schools for Handicapped				
	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				
Half Day Preschool - 4yrs	71		71				71		71								
Full Day Kindergarten	137		137				137		137								
One	146		146				146		146								
Two	139		139				139		139								
Three	151		151				90		90								
Four	117		117				57		57								
Five	131		131				69		69								
Six	150		150				150		150								
Seven	147		147				147		147								
Eight	151		151				151		151								
Nine	143		143				143		137								
Ten	150	1	150	1			150	1	135	1							
Eleven	111	5	111	5			111	5	102	5							
Twelve	131	5	131	5			131	5	128	5							
Subtotal	1875	11	1875	11	0	0	1692	11	1659	11	0	0	0	0	0	0	0
Special Ed. - Elementary	127		127				92		92				7	7	7		
Special Ed. - Middle School	67		67				67		67				7	7	7		
Special Ed. - High School	103	12	103	12			103	12	103	12			21.5	21.5	21.5		
Subtotal	297	12	297	12	0	0	262	12	262	12	0	0	35.5	35.5	35.5	0	
Co. Voc. - Regular																	
Co. Voc. - Ft. Post Sec.																	
Totals	2172	23	2172	23	0	0	1954	23	1921	23	0	0	35.5	35.5	35.5	0	
Percentage Error					0%	0%					0%	0%					0%

SPRINGFIELD SCHOOL DISTRICT

APPLICATION FOR STATE SCHOOL AID SUMMARY

ENROLLMENT AS OF OCTOBER 15, 2022

	Low Income			Sample for Verification			Resident LEP Not 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	Reported on Workpapers as LEP	Errors	Sample Selected From Workpapers	Verified to Test Score & Register	Sample Errors
Half Day Preschool 4yrs												
Full Day Kindergarten	13	13		8	8		4	4		4	4	
One	16	16		6	6		1	1		1	1	
Two	18	18		8	8		5	5		5	5	
Three	16	16		10	10							
Four	14	14		7	7		2	2		2	2	
Five	20	20		11	11		1	1		1	1	
Six	23	23		9	9							
Seven	24	24		10	10		2	2		2	2	
Eight	25	25		12	12		1	1		1	1	
Nine	23	23		10	10		2	2		2	2	
Ten	20	20		8	8		2	2		2	2	
Eleven	15	15		6	6		1	1		1	1	
Twelve	23.5	23.5		11	11		1	1		1	1	
Subtotal	250.5	250.5	0	116	116	0	22	22	0	22	22	0
Special Ed. - Elementary	12	12		9	9							
Special Ed. - Middle School	17	17		10	10							
Special Ed. - High School	28	28		13	13		1	1		1	1	
Subtotal	57	57	0	32	32	0	1	1	0	1	1	0
Totals	307.5	307.5	0	148	148	0	23	23	0	23	23	0
Percentage Error			0%			0%			0%			0%

TRANSPORTATION

	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors			
							Reported	Recalculated	
Reg. - Public Schools	336	336		162	162		Avg. Mileage - Regular Including Grade PK Students	5.6	5.6
Transported - Non-Public	0	0		0	0		Avg. Mileage - Regular Excluding Grade PK Students	5.6	5.6
Special Ed. - Regular	31.5	31.5		31.5	31.5		Avg. Mileage - Special Ed. With Special Needs	6.9	6.9
Special Needs - Private	78.5	78.5		60	60				
Totals	446	446	0	253.5	253.5	0			
Percentage Error						0%			

SPRINGFIELD SCHOOL DISTRICT

APPLICATION FOR STATE SCHOOL AID SUMMARY

ENROLLMENT AS OF OCTOBER 15, 2022

Sheet 3 of 3

	<u>Resident LEP - Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on A.S.S.A. as LEP</u>	<u>Reported on Workpapers as LEP</u>	<u>Errors</u>	<u>Sample Selected From Workpapers</u>	<u>Verified to Test Score & Register</u>	<u>Sample Errors</u>
Half Day Preschool						
Full Day Kindergarten	2	2		2	2	
One	4	4		4	4	
Two	4	4		4	4	
Three	1	1		1	1	
Four	5	5		5	5	
Five	3	3		3	3	
Six	2	2		2	2	
Seven						
Eight	2	2		2	2	
Nine	1	1		1	1	
Ten	1	1		1	1	
Eleven	2	2		2	2	
Twelve	1	1		1	1	
Subtotal	<u>28</u>	<u>28</u>	<u>0</u>	<u>28</u>	<u>28</u>	<u>0</u>
Special Ed. - Elementary	2	2		2	2	
Special Ed. - Middle School	2	2		2	2	
Special Ed. - High School	3	3		3	3	
Subtotal	<u>7</u>	<u>7</u>	<u>0</u>	<u>7</u>	<u>7</u>	<u>0</u>
Totals	<u>35</u>	<u>35</u>	<u>0</u>	<u>35</u>	<u>35</u>	<u>0</u>
			<u>0%</u>			<u>0%</u>

SCHEDULE OF MEAL COUNT ACTIVITY

SPRINGFIELD 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	140,627	53,781	53,781		\$ 0.83 *	-
	Reduced	10,736	3,352	3,352		4.00 *	-
	Free	<u>22,954</u>	<u>7,939</u>	<u>7,939</u>		4.40 *	-
Total Net Overclaim		<u>174,317</u>	<u>65,072</u>	<u>65,072</u>	<u>-</u>		<u>-</u>
School Breakfast Program (Regular Rate)	Paid	6,314	2,073	2,073		\$ 0.50	
	Reduced	1,336	343	343		1.96	
	Free	<u>4,036</u>	<u>1,214</u>	<u>1,214</u>		2.26	
Total Net Overclaim		<u>11,686</u>	<u>3,630</u>	<u>3,630</u>	<u>-</u>		<u>-</u>

* - \$.08 for Federal PB Lunch - Healthy Hunger-Free Kids Act

SPRINGFILED 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>
ACFR	Current Assets	
G-1	Cash & Cash Equivalents	\$ 437,374
G-1	Accounts Receivables	57,339
	Current Liabilities	
G-1	Less Accounts Payable	<u>(82,001)</u>
	Net Cash Resources	<u>\$ 412,712 (A)</u>
 <u>Net Adjustment Total Operating Expense:</u>		
G-2	Total Operating Expenses	1,294,836
G-2	Less Depreciation	<u>(18,905)</u>
	Adjusted Total Operating Expenses	<u>1,275,931 (B)</u>
 <u>Average Monthly Operating Expense:</u>		
	B / 10	<u>\$ 127,593 (C)</u>
 <u>Three Times Monthly Average</u>		
	3 X C	<u>\$ 382,779 (D)</u>
Total in (A)		\$ 412,712
Less Total in (D)		<u>(382,779)</u>
Net		<u>\$ 29,933</u>

SPRINGFIELD 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