

BOROUGH OF BELMAR SCHOOL DISTRICT

AUDITOR'S MANAGEMENT REPORT

COUNTY OF MONMOUTH

JUNE 30, 2024

**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

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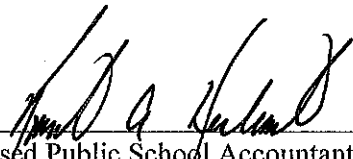
REPORT OF INDEPENDENT AUDITORS

Honorable President and Members
of the Board of Education
Belmar 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 Belmar School District in the County of Monmouth, for the year ended June 30, 2024, and have issued our report thereon dated January 10, 2025.

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 Belmar 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 10, 2025

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>
Michael Bardsley	School Business Administrator	\$ 25,000
Eileen Ertle	Treasurer	200,000

There is a Public Employees' Faithful Performance Blanket Position Bond with the New Jersey Schools Insurance Group covering all other employees with coverage of \$500,000.00

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/Payroll Agency 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.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The Board made the proper adjustments in accordance with N.J.A.C. 6A:23A-17.1(f)3.

Board Secretary's Records

Our review of the financial and accounting records maintained by the Board Secretary disclosed no reportable conditions. The records of the Board Secretary are maintained in an outstanding condition.

The Board Secretary's records were compared to the Treasurer's records and found to be in agreement.

Treasurer's Records

The Treasurer's records were in agreement with the records of the Board Secretary.

The Treasurer's cash balance for the general operating account was in agreement with the reconciled cash balance as determined during the audit.

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 Titles 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. 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 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.

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.

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 2023-24.

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

Public Health Emergency

In accordance with the Governor's Declaration of Emergency pertaining to the public health emergency all Public, Charter, Non-Public schools were ordered to close effective as of March 18, 2020 for an undetermined period to limit the spread of the virus. As a result, School Food Authorities (SFA) were required to institute alternate procedures to provide meals to eligible students during the period of school closures.

During SY 2023-2024 the public health emergency was still applicable. As a result, School Food Authorities (SFAs) were required to provide meals in accordance with the regulations governing the National School Nutrition Seamless Summer Option (SSO) or the Summer Food Service Program (SFSP) option.

School Food Service Fund (Continued)

SFAs were authorized to solicit and award emergency noncompetitive procurements and contracts with Food Service Management Companies in accordance with 2 CFR 200.320 and N.J.S.A. 18A:18A-7. The SFAs were also authorized to submit contract modifications to their existing Cost Reimbursable or Fixed Price contracts as necessary to ensure the feeding of all children throughout the age of 18, as well as persons over 18 with disabilities as defined in the regulations.

SFAs were notified of the requirement to maintain and report separate meal count records and financial records of all applicable costs incurred in providing meals to all students during the emergency.

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 School Food Authority (SFA) had any Child Nutrition Program reimbursement overclaims or underclaims.

The food services for 2023-2024 were awarded to Simplified Culinary Services on their proposal of a management fee of \$12,000 with a guaranteed minimum return of \$10,000 to the District.

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.

The financial transactions and statistical records of the school food service fund were reviewed. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

The number of meals claimed for reimbursement was compared to 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.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served was compared to 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.

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. All food services charges were properly recorded.

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all School Food Services employees authorized by the Board of Education. No exceptions were noted.

School Food Service Fund (Continued)

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.

Cash receipts and bank records were reviewed for timely deposits.

U.S.D.A. commodities were received and a separate inventory was maintained on a first-in, first-out basis. No exceptions were noted.

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

Pupil Transportation

Our audit procedures included a test of information reported in the 2023-2024 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.

Student Body Activities

During our review of the student activity funds and the athletic fund, all records were found to be in good order and no exceptions were noted.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2023 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 districts written procedures appear to be adequate for the recording of student enrollment data.

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 classification 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% overall was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Follow-Up on Prior Year's 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.

2% Calculation of Excess Surplus

2023-24 Total General Fund Expenditures Per the ACFR	\$ 15,346,010
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Increased by:

Transfer from General Fund to SRF for Pre-K – Regular	88,014
Transfer from Capital Reserve to Capital Projects	<u>630,240</u>
	16,064,264

Decreased by:

On-Behalf TPAF Pension and Social Security	<u>(2,472,878)</u>
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Adjusted 2023-24 General Fund Expenditures	<u>\$ 13,591,386</u>
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2% of Adjusted 2023-24 General Fund Expenditures	<u>\$ 271,828</u>
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Enter Greater of Above or \$250,000	\$ 271,828
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Increased by Allowable Adjustment	<u>34,358</u>
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Maximum Unassigned Fund Balance	<u>\$ 306,186</u>
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Section 2

Total General Fund – Fund Balance @ 6-30-24	\$ 3,427,631
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Decreased by:

Reserved for Encumbrances	(59,366)
Designated for Subsequent Years Expenditures – Capital Reserve	(190,000)
Designated for Subsequent Years Expenditures – Excess Surplus	(339,858)
Designated for Subsequent Years Expenditures – By the BOE	(227,342)
Other Reserves	<u>(1,697,593)</u>

Total Unassigned Fund Balance	<u>\$ 913,472</u>
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Restricted Fund Balance – Excess Surplus	<u>\$ 607,286</u>
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Section 3

Reserved Fund Balance - Excess Surplus – Designated for Subsequent Year's Expenditures	\$ 339,858
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Excess Surplus – Current Year	<u>607,286</u>
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	<u>\$ 947,144</u>
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Detail of Allowable Adjustments

Extraordinary Aid	\$ 20,240
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Supplemental Stabilization Aid	13,071
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Non-Public Transportation	<u>1,047</u>
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	<u>\$ 34,358</u>
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Detail of Other Restricted Fund Balance

Tuition Reserve	\$ 500,000
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Capital Reserve	947,593
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Maintenance Reserve	<u>250,000</u>
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Total Other Restricted Fund Balance	<u>\$ 1,697,593</u>
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BELMAR SCHOOL DISTRICT

APPLICATION FOR STATE SCHOOL AID SUMMARY

Sheet 1 of 2

ENROLLMENT AS OF OCTOBER 15, 2023

	2024-2025 Application for State School Aid						Sample for Verification						Private Schools for Handicapped				
	Reported On		Reported on		Errors		Sample Selected from Workpapers		Verified Per Registers on Roll		Errors Per Registers on Roll		Reported On		Sample for Verification	Sample Verified	Sample Errors
	A.S.S.A. on Roll		Workpapers on Roll										A.S.S.A. as Private Schools				
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared			
Full Day Preschool - 3yrs Old	22		22				22		22								
Full Day Preschool - 4yrs Old	29		29				29		29								
Full Day Kindergarten	32		32				32		32								
One	26		26				26		26								
Two	47		47				47		47								
Three	30		30				30		30								
Four	28		28				28		28								
Five	24		24				24		24								
Six	25		25				25		25								
Seven	31		31				31		31								
Eight	39		39				39		39								
Subtotal	333	0	333	0	0	0	333	0	333	0	0	0	0	0	0	0	0
Special Ed. - Elementary	34		34				34		34				3	3	3		
Special Ed. - Middle School	31		31				31		31								
Special Ed. - High School													1	1	1		
Subtotal	65	0	65	0	0	0	65	0	65	0	0	0	4	4	4	0	0
Co. Voc. - Regular																	
Co. Voc. - Ft. Post Sec.																	
Totals	398	0	398	0	0	0	398	0	398	0	0	0	4	4	4	0	0
Percentage Error					0%	0%					0%	0%					0%

BELMAR SCHOOL DISTRICT

Sheet 2 of 2

APPLICATION FOR STATE SCHOOL AID SUMMARY

ENROLLMENT AS OF OCTOBER 15, 2023

	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 as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
	Low Income	as Low Income		Workpapers	and Register	Errors	Low Income	Low Income		Workpapers	and Register	Errors
Preschool	16	16		9	9							
Full Day Kindergarten	17	17		13	13		8	8		8	8	
One	13	13		10	10		8	8		8	8	
Two	25	25		15	15		12	12		12	12	
Three	21	21		11	11		10	10		10	10	
Four	10	10		7	7		1	1		1	1	
Five	15	15		9	9		2	2		2	2	
Six	15	15		9	9		1	1		1	1	
Seven	15	15		5	5		2	2		2	2	
Eight	17	17		11	11		2	2		2	2	
Subtotal	164	164	0	99	99	0	46	46	0	46	46	0
Special Ed. - Elementary	22	22		14	14		8	8		8	8	
Special Ed. - Middle School	21	21		7	7							
Subtotal	43	43	0	21	21	0	8	8	0	8	8	0
Totals	207	207	0	120	120	0	54	54	0	54	54	0
Percentage Error			0%			0%			0%			0%

	Resident LEP NOT Low Income			Sample for Verification		
	Reported on A.S.S.A. as LEP Not Low Income	Reported on Workpapers as LEP Not Low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
	Low Income	Low Income		Workpapers	and Register	Errors
Full Day Kindergarten	2	2		2	2	
One						
Second						
Three						
Four	1	1		1	1	
Fifth						
Sixth						
Seventh						
Eight						
Special Ed. - Middle	1	1		1	1	
Percentage Error	4	4	0	4	4	0
			0%			0%

	Transportation							
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors	Reported	Recalculated
	DOE	District						
Reg. - Public Schools	146	146		100	100		Avg. Mileage - Regular Including Grade PK Students	5.5
Reg. - Special Ed.	2	2		2	2		Avg. Mileage - Regular Excluding Grade PK Students	5.5
Transported - Non-Public	5	5		5	5		Avg. Mileage - Special Ed. With Special Needs	9.5
Special Ed. With Special Needs	11	11		11	11			
Totals	164	164	0	118	118	0		
Percentage Error			0%			0%		

SCHEDULE OF MEAL COUNT ACTIVITY**BELMAR SCHOOL DISTRICT****FOOD SERVICE FUND****NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM****ENTERPRISE FUND****FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

<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 (High Rate)	Paid	12,400	7,773	7,773	-	\$ 0.48	-
	Reduced	5,900	3,670	3,670	-	3.94	-
	Free	24,490	15,119	15,119	-	4.34	-
National School Lunch (NJEIE)	NJEIE	217	134	134	-	3.85	-
Total Net Overclaim		43,007	26,696	26,696	-		-
School Breakfast Program (Severe Needs Rate)	Paid	1,345	841	841	-	\$ 0.38	-
	Reduced	2,648	1,620	1,620	-	2.43	-
	Free	9,595	5,875	5,875	-	2.73	-
School Breakfast Program (NJEIE)	NJEIE	43	37	37	-	2.35	-
Total Net Overclaim		13,631	8,373	8,373	-		-
Seamless Summer Option Breakfast	Free	543	543	543		\$ 1.89	
Lunch	Free	1,359	1,359	1,359		3.51	
Total Net Overclaim		1,902	1,902	1,902	-		-

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

BELMAR 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, 2024**

<u>Net Cash Resources:</u>		Food Service B 4/5
ACFR	Current Assets	
B-4	Cash & Cash Equivalents	\$ 48,246
B-4	Accounts Receivables	10,912
	Current Liabilities	
B-4	Less Accounts Payable	-
Net Cash Resources		\$ 59,158 (A)
<u>Net Adjustment Total Operating Expense:</u>		
B-5	Total Operating Expenses	342,540
B-5	Less Depreciation	(5,275)
Adjusted Total Operating Expenses		337,265 (B)
<u>Average Monthly Operating Expense:</u>		
B / 10		\$ 33,727 (C)
<u>Three Times Monthly Average</u>		
3 X C		\$ 101,180 (D)
Total in (A)		\$ 59,158
Less Total in (D)		(101,180)
Net		\$ (42,022)

BELMAR SCHOOL DISTRICT
AUDIT RECOMMENDATIONS SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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.