

Auditor's Management Report

for the

*Colts Neck Township
School District*

in the

*County of Monmouth
New Jersey*

for the

*Fiscal Year Ended
June 30, 2024*

**AUDITOR'S MANAGEMENT REPORT OF ADMINISTRATIVE
FINDINGS-FINANCIAL AND COMPLIANCE**

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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Township of Colts Neck School District
County of Monmouth
Colts Neck, New Jersey 07722

We have audited, in accordance with U.S. generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Township of Colts Neck School District in the County of Monmouth for the year ended June 30, 2024, and have issued our report dated October 8, 2024.

As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended solely for the information of the Township of Colts Neck School District, County of Monmouth, New Jersey, the New Jersey Department of Education and federal and state audit awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



CERTIFIED PUBLIC ACCOUNTANTS



PUBLIC SCHOOL ACCOUNTANT NO. 948

October 8, 2024

**Independent Auditor's Management Report of Administrative
Findings - Financial and Compliance**

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 Township of Colts Neck Board of Education, and the records of the various funds under the auspices of the Board of Education.

ADMINISTRATIVE PRACTICES AND PROCEDURES

Insurance (N.J.S.A. 18A:17-26, 18A: 17-32)

Insurance coverage was carried in the amounts as detailed in the District's ACFR (See Exhibit "J-20").

Official Bonds

<u>NAME</u>	<u>POSITION</u>	<u>AMOUNT OF BONDS</u>
John Antonides	Treasurer of School Monies	\$250,000.00
Vincent S. Marasco	Board Secretary/School Business Administrator	\$250,000.00
Blanket Bond	All Employees	\$500,000.00

Adequacy of insurance coverage is the responsibility of the Board of Education.

P.L. 2020, c. 44

Our audit procedures included an inquiry and subsequent review of health benefit data required per N.J.S.A. 18A:16-13.3 (Chapter 44) submitted for the year on audit. The Chapter 44 summary report was reviewed for reasonableness and timeliness.

The data submitted included all health benefit plans offered by the district. The district's school project data certification was completed by the chief school administrator.

The district's project Chapter 44 data was submitted timely.

Tuition Charges

A comparison of tentative tuition 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 the decrease in per pupil costs in accordance with N.J.A.C. 6A:23A-17.1(f) 3.

**Independent Auditor's Management Report of Administrative
Findings - Financial and Compliance**

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 gross salaries of all employees of the Board and the Board's required payroll contributions were deposited in the Payroll Account.

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

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 of school moneys with a warrant made to her order for the full amount of each payroll.

Position Control Roster

The Position Control Roster was reviewed and compared to payroll records, employee benefit records and charges made to the general ledger to ensure proper and consistent financial reporting and that employee benefits are only offered to current employees.

Reserve for Encumbrances, Liability (Current) for Accounts Payable

A review of outstanding purchase orders was made as of June 30 for proper classification of orders as reserve for encumbrances and accounts payable.

Unemployment Compensation Insurance Trust Fund

The Board has adopted the direct reimbursement method and has established an Unemployment Compensation Insurance Trust Fund.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23-2.2(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 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, no errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

**Independent Auditor's Management Report of Administrative
Findings - Financial and Compliance**

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (CONTINUED)

Board Secretary's Records

The records maintained by the Board Secretary were in satisfactory condition.

Treasurer's Records

The records maintained by the Treasurer of School Monies were in satisfactory condition and independently maintained from the Board Secretary/Board Administrator.

Elementary and Secondary Education Act 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 II of the Elementary and Secondary Education Act, as amended and reauthorized.

Other Special Federal and 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 reimbursements filed with the Department of Education for district employees who are members of the Teachers' Pension and Annuity Fund. No exceptions were noted.

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. No exceptions were noted

**Independent Auditor's Management Report of Administrative
Findings - Financial and Compliance**

SCHOOL PURCHASING PROGRAMS

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A.18A:18A-3 states "a. When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in a contract year the total sum of \$32,000.00, the contract may be awarded by a purchasing agent when so authorized by resolution of the board of education without public advertising for bids and bidding therefor, except that the board of education may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. (pending before the Legislature as section 15 of this bill) of section 9 of P.L. 1971 c. 198 (C.40A:11-9) the board of education may establish that the bid threshold may be up to \$44,000.00. Such authorization may be granted for each contract for by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Commencing in the fifth year after the year in which P.L. 1999 c. 440 takes effect, and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount and the higher threshold amount which the board of education is permitted to establish as set forth in subsection a. of this section or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in N.J.S.A. 18A:18A-2 and shall round the adjustment to the nearest \$1,000.00. The Governor shall notify all local school districts of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of every year in which it is made. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection a. of N.J.S.A. 18A:18A-5 may be awarded for a period not exceeding 12 consecutive months."

N.J.S.A.18A:18A-4 states, "Every contract for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the board of education to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this chapter or specifically by any other law.

The Board of Education may, by resolution, approve by the majority of the board of education and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the board of education finds that it has had negative prior experience with the bidder."

**Independent Auditor's Management Report of Administrative
Findings - Financial and Compliance**

SCHOOL PURCHASING PROGRAMS (CONTINUED)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

Effective July 1, 2021, the bid threshold in accordance with N.J.S.A. 18A:18A-3(a) and (c) is \$44,000.00. In accordance with N.J.S.A. 40A:11-9 (b) the bid threshold for all purchases made by the District's qualified purchasing agent is \$44,000.00. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18:39-3 is currently \$20,400.00.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the fiscal 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.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

The results of our examination indicated that no individual payments, contracts or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies," in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provisions 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.

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 Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained. Our examination did reveal however, that the district made purchases through the use of state contracts.

FOOD SERVICE FUND

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

The District does not participate in the National School Lunch Program.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food and supply items were currently maintained and properly applied in determining the cost of food and supplies used.

**Independent Auditor's Management Report of Administrative
Findings - Financial and Compliance**

FOOD SERVICE FUND (CONTINUED)

The cash disbursements records reflected expenditures for program related goods and services. The Board is 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.

Exhibits reflecting Food Service Program operations are included in the Exhibits B-4, B-5, and B-6.

STUDENT BODY ACTIVITIES

The records for the Student Body Activities were maintained in satisfactory condition.

APPLICATION FOR STATE SCHOOL AID

Our audit procedures included a test of information reported in the October 14, 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 has adequate procedures for the recording of student enrollment data.

PUPIL TRANSPORTATION

Our audit procedures included a test of on roll status reported in the 2023-24 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.

FACILITIES AND CAPITAL ASSETS

The Capital Assets Inventory was maintained in satisfactory condition.

Our procedures included a review of the SDA grant agreements for consistency with recording of SDA revenue, transfer of local funds from the general or capital reserve account, and awarding of contracts for eligible facilities construction.

**Independent Auditor's Management Report of Administrative
Findings - Financial and Compliance**

MISCELLANEOUS

Testing for Lead of All Drinking Water in Educational Facilities

The school district adhered to all the requirements of N.J.A.C. 26-1.2 and 12.4 related to the testing for lead of all drinking water in educational facilities.

The school district submitted the annual Statement of Assurance to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

FOLLOW-UP ON PRIOR YEAR'S FINDINGS

There were no prior year findings.

COLTS NECK SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 13, 2023

	2024-25 Application for State School Aid (10/13/23 data)						Sample for Verification						Private School for Disabled			
	Reported as on Roll			Reported on Workpapers on Roll			Errors		Sample Selected from Workpapers		Registers on Roll		Errors per Registers on Roll		Reported on A.S.S.A. as Private Schools	
	Full	Shared		Full	Shared		Full	Shared	Full	Shared	Full	Shared	Full	Shared	Sample Verified	Sample Errors
Half Day Preschool 3 years old																
Full Day Preschool 3 years old																
Half Day Preschool 4 years old																
Full Day Preschool 4 years old																
Half Day Kindergarten	18			18					8		8					
Full Day Kindergarten																
One	92			92					22		22					
Two	88			88					24		24					
Three	102			102					28		28					
Four	89			89					24		24					
Five	84			84					20		20					
Six	88			88					20		20					
Seven	81			81					20		20					
Eight	85			85					22		22					
Subtotal	89			89					24		24					
	816			816					212		212					
Sp. Ed. - Elementary	98			98					24		24				2	2
Sp. Ed. - Middle School	61			61					18		18				1	1
Subtotal	159			159					42		42				3	3
Co. Voc. - Regular																
Co. Voc. Ft. Post Sec.																
Totals	975			975					254		254				4	3
Percentage Error							0%						0%			0%

COLTS NECK SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 13, 2023

	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 as LEP low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Half Day Preschool 4 years old	5	5		4	4		1	1		1	1	
Full Day Kindergarten												
One												
Two	2	2		2	2							
Three												
Four	4	4		3	3		1	1		1	1	
Five	1	1		1	1		1	1		1	1	
Six	1	1		1	1							
Seven	1	1		1	1							
Eight	4	4		3	3							
Subtotal	18	18		15	15		3	3		3	3	
Special Ed - Elementary	12	12		10	10		2	2		1	1	
Special Ed - Middle	5	5		5	5		1	1		1	1	
Subtotal	17	17		15	15		3	3		2	2	
Totals	35	35		30	30		6	6		5	5	
Percentage Error			0%			0%			0%			0%

Transportation

	Reported on DRTS by DOE/county			Reported on DRTS by District			Errors			Verified			Errors		
	Reported on DRTS by DOE/county	Reported on DRTS by District	Errors	Tested	Verified	Errors	Reported on DRTS by DOE/county	Reported on DRTS by District	Errors	Tested	Verified	Errors	Reported on DRTS by DOE/county	Reported on DRTS by District	Errors
Regular - Public Schools	590	590		197	197		590	590		197	197		590	590	
Regular-Special Ed.	109	109		23	23		109	109		23	23		109	109	
Transported - Non-Public	64	64		49	49		64	64		49	49		64	64	
Special Ed. Special Needs	14	14		4	4		14	14		4	4		14	14	
Totals	777	777		273	273		777	777		273	273		777	777	
Percentage Error			0%			0%			0%			0%			0%

Avg. Mileage - Regular Including Grade PK students
 Avg. Mileage - Regular Excluding Grade PK students
 Avg. Mileage - Special Ed with Special Needs

Reported
 4.5
 4.5
 7.8

Re-Calculated
 4.5
 4.5
 7.8

COLTS NECK SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 13, 2023

	Resident LEP NOT Low Income			Sample for Verification		
	Reported on A.S.S.A. as NOT Low Income	Reported on Workpapers as NOT Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Half Day Preschool 4 years old						
Full Day Kindergarten						
One	1	1		1	1	
Two						
Three	1	1		1	1	
Four	1	1		1	1	
Five	2	2		1	1	
Six	1	1		1	1	
Seven						
Eight						
Subtotal	6	6		5	5	
Special Ed - Elementary	1	1		1	1	
Special Ed - Middle	2	2		2	2	
Subtotal	3	3		3	3	
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	9	9		8	8	
Percentage Error			0%			0%

TOWNSHIP OF COLTS NECK SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

SECTION 1

General Fund Expenditures:

Fiscal Year Ended June 30, 2024 \$34,927,152.69

Increased by:

Transfer from Capital Outlay to Capital Projects Fund	6,000,000.00	
		6,000,000.00
		40,927,153

Decreased by:

On-Behalf TPAF Pension & Social Security	\$6,786,100.20	
		6,786,100.20

Adjusted General Fund Expenditures		34,141,052.49
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Excess Surplus Percentage		2.00%
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Subtotal		682,821.05
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Increased by:

Federal Impact Aid	\$1,172,522.00	
Extraordinary Aid (Unbudgeted)	494,745.18	
Non-Public Transportation Aid (Unbudgeted)	68,768.00	
		1,736,035.18

Maximum Unassigned Fund Balance		2,418,856.23
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SECTION 2

Total General Fund Balance		\$10,748,842.92
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Decreased by:

Assigned:

Year End Encumbrances	\$795,048.47	
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Designated for Subsequent Year's Expenditures	1,033,919.00	
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Legally Restricted:

Excess Surplus-Designated for Subsequent Year's Expenditures	545,674.36	
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State Unemployment Insurance	173,546.50	
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Maintenance Reserve	1,729,228.57	
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Impact Aid Reserve	2,418,672.92	
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Capital Reserve	1,633,896.87	
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		8,329,986.69
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Total Unassigned Fund Balance		2,418,856.23
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Restricted Fund Balance-Excess Surplus		-0-
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SECTION 3

Recapitulation of Excess Surplus as of June 30, 2024

Restricted Excess Surplus-Designated for Subsequent Years Expenditures		\$-0-
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Restricted Excess Surplus		545,674.36
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Total		\$545,674.36
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**Independent Auditor's Management Report of Administrative
Findings - Financial and Compliance**

RECOMMENDATIONS

1. Administrative Practices and Procedures
None
2. Financial Planning, Accounting and Reporting
None
3. School Purchasing Program
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. Prior Year Audit Findings/Recommendations
There were no prior year findings.

