

FARMINGDALE BOARD OF EDUCATION

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

FINANCIAL, COMPLIANCE AND PERFORMANCE

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Robert A. Hulsart and Company

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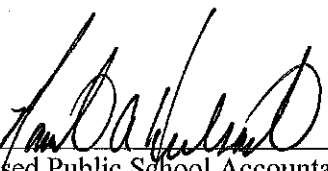
REPORT OF INDEPENDENT AUDITORS

Honorable President and Members
of the Board of Education
Farmingdale School District
County of Monmouth
Farmingdale, 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 Farmingdale 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 Farmingdale 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>
Ronald Sanasac	Business Administrator	\$ 164,150
Amy Lerner	Treasurer	164,150

There is a Public Employees' Faithful Performance Blanket Position Bond covering all other employees.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The Board made the necessary adjustments in regards to these changes.

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 Account.

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

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.

Board Secretary's Records

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

Treasurer's Records

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

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 IIA and Title IV of the Elementary and Secondary Education Act as amended and reauthorized.

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 semi monthly 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

Effective July 1, 2020 N.J.S. 18A:18A-3 was amended to read as follows:

- 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 \$29,000.00 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 therefore, 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 or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

School Purchasing Programs (Continued)

Contracts and Agreements Requiring Advertisement for Bids

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. N.J.S. 18A:18A-5 may be awarded for a period not exceeding 12 consecutive months.

N.J.S. 18A:18A-4 is amended to read as follows:

- a. 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 therefore, except as is provided otherwise in this chapter or specifically by any other law.

The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is \$20,200 for 2023-2024.

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.

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.

Student Body Activities

Our review of the student activity funds found no exceptions.

Enterprise Fund

Our review of the Enterprise Fund found no exceptions.

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.

Pupil Transportation

Our procedures included a review of transportation related contracts. 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 contracted services.

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. 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. The results of our procedures are summarized in the Summary of Expenditure Coding Testing.

Follow-up on Prior Years' Findings

Corrective action was taken on all prior year audit 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	\$ 3,932,222
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>(864,707)</u>
Adjusted 2023-24 General Fund Expenditures	<u>\$ 3,067,515</u>
2% of Adjusted 2023-24 General Fund Expenditures	<u>\$ 61,350</u>
Enter Greater of Above or \$250,000	\$ 250,000
Increased by Allowable Adjustments	<u>3,720</u>
Maximum Unassigned/Undesignated – Unreserved Fund Balance	<u>\$ 253,720</u>

Section 2

Total General Fund – Fund Balance @ 6-30-24	\$ 1,030,893
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Decreased by:

Designated for Subsequent Year's Expenditures – BOE	(3,744)
Designated for Subsequent Year's Expenditures – Excess Surplus	(99,964)
Designated for Subsequent Year's Expenditures – Maintenance Reserves	(31,252)
Year End Encumbrances	(32,345)
Reserves	<u>(409,868)</u>

Total Unassigned Fund Balance	<u>\$ 453,720</u>
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Section 3

Designated for Subsequent Years Expenditures – Excess Surplus	\$ 99,964
Excess Surplus Current Year	<u>200,000</u>
	<u>\$ 299,964</u>

Detail of Allowable Adjustment

Non-Public Transportation	<u>\$ 3,720</u>
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Detail of Other Restricted Fund Balance

Maintenance Reserve	\$ 155,041
Capital Reserve	<u>254,827</u>
Total Other Restricted Fund Balance	<u>\$ 409,868</u>

FARMINGDALE SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2023

Sheet 1 of 2

	2024-2025 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
	A.S.S.A. on Roll		Workpapers on Roll		0		from Workpapers		Registers on Roll		on Roll		A.S.S.A. as	
	Full	Shared	Full	Shared			Full	Shared	Full	Shared	Full	Shared	Private Schools	Verification
Full Day Kindergarten	20		20				20		20					
One	13		13				13		13					
Two	15		15				15		15					
Three	14		14				14		14					
Four	14		14				14		14					
Five	10		10				10		10					
Six	15		15				15		15					
Seven	9		9				9		9					
Eight	11		11				11		11					
Subtotal	121	0	121	0		0	121	0	121	0	0	0	0	0
Special Ed. - Elementary	17		17				17		17					
Special Ed. - Middle School	10		10				10		10					
Special Ed.- High School														
Subtotal	27	0	27	0		0	27	0	27	0	0	0	0	0
Totals	148	0	148	0		0	148	0	148	0	0	0	0	0
Percentage Error					0%	0%					0%	0%		0%

FARMINGDALE SCHOOL DISTRICT

Sheet 2 of 2

LOW INCOME STUDENTS

APPLICATION FOR STATE SCHOOL AID SUMMARY

No Low Income students were reported by the District.

ENROLLMENT AS OF OCTOBER 15, 2023

LOW INCOME

	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 Verified to Test Score and Register	Sample Errors
One						
Two						
Three						
Four	1	1		1	1	
Five						
Six						
Seven						
Eight						
Subtotal	<u>1</u>	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>
Special Ed. - Elementary						
Special Ed. - Middle School	<u>1</u>	<u>1</u>		<u>1</u>	<u>1</u>	
Subtotal	<u>1</u>	<u>1</u>		<u>1</u>	<u>1</u>	
Totals	<u>2</u>	<u>2</u>		<u>2</u>	<u>2</u>	
Percentage Error			<u>0%</u>			<u>0%</u>

	Transportation					
	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools	6	6		6	6	
Reg. Special Ed.						
Transported - Non-Public	3	3		3	3	
Special Ed. With Special Needs						
Totals	<u>9</u>	<u>9</u>	<u>0</u>	<u>9</u>	<u>9</u>	<u>0</u>
Percentage Error			<u>0%</u>			<u>0%</u>

	Reported	Recalculated
Avg. Mileage - Regular Including Grade PK Students Part A	9.6	9.6
Special Average - Special Education With Special Needs	-	-

FARMINGDALE 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

The prior year findings detailed below were corrected during the 2023-2024 fiscal year.

Finding 2023-1: Records of purchases and purchase orders were processed under numerous different protocols or without any systematic set of internal controls in place. Confirming orders rather than approved purchase orders were utilized in many instances leading to incorrectly ordered products.

Finding 2023-2: Payroll – five months of tax shelter payments were paid late resulting in possible investment earnings being lost by employees.

Finding 2023-3: Health benefit waivers were not maintained for eligible employees, making it difficult to verify if in fact they were eligible.

Finding 2023-4: Receipts were mis-posted in many instances. A number of budget account line items were overspent and, in several instances, the proper budget expenditures line item was improper for the charges expended. The Board Secretary's Reports were not accurate at June 30, 2023. This occurred in the General Fund, Special Revenue Fund, and the Debt Service Fund.

Finding 2023-5: Adjustments to bring the cash balances into proof with the subsidiary financial reports of the Special Revenue Fund were required. Reimbursements were not requested until late in the fiscal year, possibly creating cash flow issues.

Finding 2023-6: Food Service reimbursements were not submitted in a timely manner resulting in a loss of funding to the District.