

HOWELL TOWNSHIP 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
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AUDITORS MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS

FINANCIAL, COMPLIANCE AND PERFORMANCE

	<u>Page</u>
Report of Independent Auditors	1.
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	2.
Elementary and Secondary Education Act (E.S.E.A.) as amended by the Every Student Succeeds Act (ESSA)	3.
Other Special Federal and/or State Projects	3.
T.P.A.F. Reimbursement	3.
School Purchasing Programs	
Contracts and Agreements Requiring Advertisement for Bids	3.
Review of Expenditures	4.
School Food Service	4.
Application for State School Aid	5.
Pupil Transportation	5.
Reserve for Encumbrances and Accounts Payable	5.
Classification of Expenditures	5.
Board Secretary's Records	5.
Treasurer's Records	5.
Follow-Up on Prior Year Findings	5.
Acknowledgment	5.
2% Calculation of Excess Surplus	6.
Application for School Aid Summary	7 to 9.
Schedule of Meal Count Activity	10.
Net Cash Resources Schedule	11.
Audit Recommendation Summary	12.

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

1.

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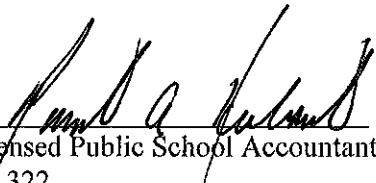
REPORT OF INDEPENDENT AUDITORS

Honorable President and Members
of the Board of Education
Howell Township 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 Howell Township 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 Howell 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.



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, Jr.	Board Secretary/School Business Administrator	\$ 50,000
Debra Pappagallo	Treasurer	500,000

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

Tuition Charges

A comparison of tentative 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 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, 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.

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 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.

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.

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 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*.

Review of Expenditures

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 Chapter 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained.

School Food Service Fund

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.

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 policy is uniformly administered throughout the School System. The required verification procedures for free and reduced price applications was 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.

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. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service.

Operations for 2023-2024 resulted in a change in net position of \$(1,172,182) for the year ended June 30, 2024.

Exhibits reflecting Child Nutrition Program operations are B-4 thru B-6.

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 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.

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.

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.

Treasurer's Records

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

Follow-up on Prior Year 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 team.

2% Calculation of Excess Surplus

2023-24 Total General Fund Expenditures Per the ACFR	\$ 137,271,963
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>(27,393,595)</u>
Adjusted 2023-24 General Fund Expenditures	<u>\$ 109,878,368</u>
2% of Adjusted 2023-24 General Fund Expenditures	<u>\$ 2,197,567</u>
Enter Greater of Above or \$250,000	\$ 2,197,567
Increased by Allowable Adjustment	<u>2,384,120</u>
Maximum Unassigned Fund Balance	<u>\$ 4,581,687</u>

Section 2

Total General Fund – Fund Balance @ 6-30-24 \$ 52,252,941

Decreased by:

Reserved by Encumbrances	(4,563,627)
Designated for Subsequent Year's Expenditures – Excess Surplus	(3,000,000)
Designated for Subsequent Year's Expenditures – Capital Reserve	(7,853,704)
Designated for Subsequent Year's Expenditures – Maintenance Reserve	(3,120,763)
Designated for Subsequent Year's Expenditures – BOE	(1,091,515)
Reserve for Unemployment	(396,689)
Other Reserves	<u>(24,644,956)</u>

Total Unassigned Fund Balance \$ 7,581,687

Reserved Fund Balance – Excess Surplus \$ 3,000,000

Section 3

Reserved Fund Balance – Excess Surplus Designated for Subsequent Expenditures	\$ 3,000,000
Reserved Excess Surplus	<u>3,000,000</u>
	<u>\$ 6,000,000</u>

Detail of Allowable Adjustments

Non Public Transportation	\$ 236,736
Supplementary Stabilization Aid	591,914
Extraordinary Aid	<u>1,555,470</u>
	<u>\$ 2,384,120</u>

Detail of Other Reserved Fund Balances

Capital Reserve	\$ 17,430,177
Maintenance Reserve	<u>7,214,779</u>
	<u>\$ 24,644,956</u>

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

Sheet 1 of 3

	2024-2025 Application for State School Aid						Sample for Verification						Private Schools for Disabled			
	Reported On		Reported on		Errors		Sample Selected from Workpapers		Verified Per Registers on Roll		Errors Per Registers on Roll		Reported On		Sample Verified	Sample Errors
	A.S.S.A. on Roll		Workpapers on Roll										A.S.S.A. as	Sample for		
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Private Schools	Verification		
Full Day Preschool 3 Yrs.	130		130				37		37							
Full Day Preschool 4 Yrs.	188		188				55		55							
Full Day Kindergarten	466		466				106		106							
One	480		480				80		80							
Two	489		489				98		98							
Three	494		494				101		101							
Four	489		489				115		115							
Five	490		490				114		114							
Six	499		499				278		278							
Seven	529		529				276		276							
Eight	510		510				295		295							
Nine																
Ten																
Eleven																
Twelve																
Subtotal	4764	0	4764	0	0	0	1555	0	1555	0	0	0	0	0	0	0
Special Ed. - Elementary	628		628				152		152				2	2	2	
Special Ed. - Middle School	321		321				175		175				7	7	7	
Special Ed. - High School																
Subtotal	949	0	949	0	0	0	327	0	327	0	0	0	9	9	9	0
Co. Voc. - Regular																
Co. Voc. - Ft. Post Sec.																
Totals	5713	0	5713	0	0	0	1882	0	1882	0	0	0	9	9	9	0
Percentage Error					0%	0%					0%	0%				0%

HOWELL TOWNSHIP SCHOOL DISTRICT

Sheet 2 of 3

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 ASSA as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Preschool	48	48		14	14							
Full Day Kindergarten	97	97		27	27		19	19		12	12	
One	103	103		22	22		21	21		15	15	
Two	110	110		26	26		37	37		16	16	
Three	110	110		18	18		18	18		8	8	
Four	104	104		17	17		23	23		10	10	
Five	112	112		9	9		14	14		4	4	
Six	128	128		17	17		13	13		5	5	
Seven	106	106		20	20		21	21		9	9	
Eight	96	96		15	15		16	16		8	8	
Subtotal	1014	1014	0	185	185	0	182	182	0	87	87	0
Special Ed. - Elementary	184	184		43	43		26	26		14	14	
Special Ed. - Middle School	113	113		36	36		10	10		4	4	
Subtotal	297	297	0	79	79	0	36	36	0	18	18	0
Totals	1311	1311	0	264	264	0	218	218	0	105	105	0
Percentage Error			0%			0%			0%			0%

Transportation								
	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors	Reported	Recalculated
Reg. - Public Schools, col. 1	3,064	3,064		295	295		Rcg. Avg. (Mileage) = Regular Including Grade PK Students (Part A)	4.7
							Ref. Avg. (Mileage) - Regular Excluding Grade PK Students (Part B)	4.7
Reg. Special Education, col. 4	4	4		4	4		Spec. Avg. = Special Ed. With Special Needs	3.6
Transported - Non-Public, col. 3	46	46		40	40			
Special Education Spec., col. 6	773	773		232	232			
Totals	3,887	3,887	0	571	571	0		
Percentage Error			0%			0%		

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

Sheet 3 of 3

	<u>Resident LEP Not Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on ASSA as LEP Not Low Income</u>	<u>Reported on Workpapers as LEP Not Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Test Score and Register</u>	<u>Sample Errors</u>
Full Day Kindergarten	21	21		13	13	
One	11	11		7	7	
Two	7	7		2	2	
Three	12	12		3	3	
Four	4	4		2	2	
Five	7	7		4	4	
Six	3	3		1	1	
Seven	6	6		3	3	
Eight	7	7		3	3	
Subtotal	<u>78</u>	<u>78</u>	<u>0</u>	<u>38</u>	<u>38</u>	<u>0</u>
Special Ed. - Elementary	14	14		8	8	
Special Ed. - Middle School	11	11		4	4	
Subtotal	<u>25</u>	<u>25</u>	<u>0</u>	<u>12</u>	<u>12</u>	<u>0</u>
Totals	<u>103</u>	<u>103</u>	<u>0</u>	<u>50</u>	<u>50</u>	<u>0</u>
Percentage Error			<u>0%</u>			<u>0%</u>

SCHEDULE OF MEAL COUNT ACTIVITYHOWELL TOWNSHIP SCHOOL DISTRICTFOOD SERVICE FUNDNUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM - FEDERALENTERPRISE FUNDFOR 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 (Regular Rate)	Paid	215,198	64,725	64,725	-	\$ 0.46 *	-
	Reduced	30,387	9,046	9,046	-	3.92 *	-
	Free	118,194	33,767	33,767		4.32 *	
National School Lunch (NJEIE)	NJEIE	<u>2,161</u>	<u>669</u>	<u>669</u>	<u>-</u>	3.85	<u>-</u>
Total Net Overclaim		<u>365,940</u>	<u>108,207</u>	<u>108,207</u>	<u>-</u>		<u>-</u>
Breakfast Program (Regular Rate)	Paid	29,987	9,906	9,906	-	\$ 0.38	-
	Reduced	8,799	2,644	2,644	-	1.98	-
	Free	37,200	10,928	10,928		2.28	
Breakfast Program (NJEIE)	NJEIE	<u>431</u>	<u>151</u>	<u>151</u>	<u>-</u>	1.90	<u>-</u>
Total Net Overclaim		<u>76,417</u>	<u>23,629</u>	<u>23,629</u>	<u>-</u>		<u>-</u>
Breakfast Program (Severe Needs)	Paid	12,967	3,988	3,988	-	\$ 0.38	-
	Reduced	4,090	1,232	1,232	-	2.43	-
	Free	13,251	3,936	3,936		2.73	
Breakfast Program (NJEIE)	NJEIE	<u>122</u>	<u>15</u>	<u>15</u>	<u>-</u>	2.35	<u>-</u>
Total Net Overclaim		<u>30,430</u>	<u>9,171</u>	<u>9,171</u>	<u>-</u>		<u>-</u>

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

HOWELL 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, 2024**

<u>Net Cash Resources:</u>		Food Service B - 4/5
AFCR	Current Assets	
B-4	Cash & Cash Equivalents	\$ 997,815
B-4	Accounts Receivables	132,355
	Current Liabilities	
B-4	Less Accounts Payable	<u>(979,514)</u>
	Net Cash Resources	<u><u>\$ 150,656 (A)</u></u>
<u>Net Adjustment Total Operating Expense:</u>		
B-5	Total Operating Expenses	3,593,511
B-5	Less Depreciation	<u>-</u>
	Adjusted Total Operating Expenses	<u><u>3,593,511 (B)</u></u>
<u>Average Monthly Operating Expense:</u>		
	B / 10	<u><u>\$ 359,351 (C)</u></u>
<u>Three Times Monthly Average</u>		
	3 X C	<u><u>\$ 1,078,053 (D)</u></u>
Total in (A)		\$ 150,656
Less Total in (D)		<u>(1,078,053)</u>
Net		<u><u>\$ (927,397)</u></u>

TOWNSHIP OF HOWELL 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.