

BOROUGH OF FAIR HAVEN SCHOOL DISTRICT

AUDITOR'S MANAGEMENT REPORT

COUNTY OF MONMOUTH

JUNE 30, 2021

**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
CERTIFIED PUBLIC ACCOUNTANTS

1.

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
ROBERT A. HULSART, JR., C.P.A., P.S.A.

RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

Telecopier:
(732) 280-8888

e-mail:
rah@monmouth.com

2807 Hurley Pond Road • Suite 100
P.O. Box 1409
Wall, New Jersey 07719-1409
(732) 681-4990

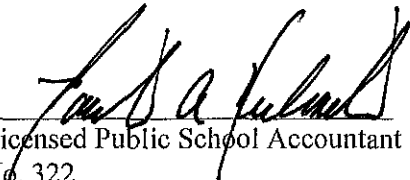
REPORT OF INDEPENDENT AUDITORS

Honorable President and Members
of the Board of Education
Fair Haven 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 Fair Haven School District in the County of Monmouth, for the year ended June 30, 2021, and have issued our report thereon dated February 11, 2022.

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 Fair Haven 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

February 11, 2022

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>
David Joye	School Business Administrator/ Board Secretary	\$ 200,000
Cindy Barr-Rague	Treasurer	\$ 200,000

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:23-3.1(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 proper 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 Title I, Title IIA and Title IV of the Elementary and Secondary Education Act as amended.

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.

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 2020-21.

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 has not been audited as a major program and has not expended \$100,000 or more in Federal and State Support.

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.

All vendor discounts, rebates and credits from vendors were tracked and credited to the Food Service Account and reconciled to supporting documentation at least annually.

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 and free milk 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.

School Food Service Fund (Continued)

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.

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.

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2020-21 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, 2020 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:23-2.2(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 classification 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.

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.

4% Calculation of Excess Surplus

2020-21 Total General Fund Expenditures Per the ACFR	\$ 18,680,312
Decreased by:	
On-Behalf TPAF Pension and Social Security	<u>(3,122,770)</u>
Adjusted 2020-21 General Fund Expenditures	<u>\$ 15,557,542</u>
4% of Adjusted 2020-21 General Fund Expenditures	<u>\$ 622,302</u>
Enter Greater of Above or \$250,000	\$ 622,302
Increased by Allowable Adjustment	<u>255,915</u>
Maximum Unassigned Fund Balance	<u>\$ 878,217</u>

Section 2

Total General Fund – Fund Balance @ 6-30-21	\$ 4,418,263
Decreased by:	
Reserved for Encumbrances	(6,746)
Designated for Subsequent Years Expenditures – Maintenance Reserve	(250,000)
Designated for Subsequent Years Expenditures – Excess Surplus	(937,399)
Unemployment	(71,456)
Other Reserves	<u>(1,462,337)</u>
Total Unassigned Fund Balance	<u>\$ 1,690,325</u>
Excess Surplus	<u>\$ 812,108</u>
Designated for Subsequent Years Expenditures – Excess Surplus	\$ 937,399
Reserved Fund Balance – Excess Surplus	<u>805,115</u>
	<u>\$ 1,742,514</u>

Section 3**Detail of Allowable Adjustment**

Extraordinary Aid	\$ 250,352
Non-Public Transportation Aid	<u>5,563</u>
	<u>\$ 255,915</u>

Detail of Other Restricted Fund Balance

Maintenance Reserve	\$ 669,837
Emergency Reserve	2,500
Capital Reserve	<u>790,000</u>
Total Other Restricted Fund Balance	<u>\$ 1,462,337</u>

FAIR HAVEN SCHOOL DISTRICT

APPLICATION FOR STATE SCHOOL AID SUMMARY

Sheet 1 of 2

ENROLLMENT AS OF OCTOBER 15, 2020

	2021-2022 Application for State School Aid						Sample for Verification						Private Schools for Handicapped			
	Reported On A.S.S.A. on Roll		Reported on Workpapers on Roll		Errors		Sample Selected from Workpapers		Verified Per Registers on Roll		Errors Per Registers on Roll		Reported On A.S.S.A. as Private Schools	Sample for Verification	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Half Day Preschool - 4yrs	14		14				14		14							
Half Day Kindergarten	79		79				79		79							
One	101		101				101		101							
Two	86		86				86		86							
Three	97		97				97		97							
Four	81		81				81		81							
Five	86		86				86		86							
Six	101		101				101		101							
Seven	96		96				96		96							
Eight	93		93				93		93							
Subtotal	834	0	834	0	0	0	834	0	834	0	0	0	0	0	0	0
Special Ed - Elementary	77		77				77		77							
Special Ed - Middle School	60		60				60		60							
Special Ed - High School																
Subtotal	137	0	137	0	0	0	137	0	137	0	0	0	0	0	0	0
Co. Voc. - Regular																
Co. Voc. - Ft. Post Sec.																
Totals	971	0	971	0	0	0	971	0	971	0	0	0	0	0	0	0
Percentage Error					0%	0%					0%	0%				0%

FAIR HAVEN SCHOOL DISTRICT

APPLICATION FOR STATE SCHOOL AID SUMMARY

ENROLLMENT AS OF OCTOBER 15, 2020

	<u>Low Income</u>			<u>Sample for Verification</u>			<u>Resident LEP Not Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on</u>	<u>Reported on</u>	<u>Errors</u>	<u>Sample</u>	<u>Verified to</u>	<u>Sample</u>	<u>Reported on</u>	<u>Reported on</u>	<u>Errors</u>	<u>Sample</u>	<u>Verified to</u>	<u>Sample</u>
	<u>A.S.S.A. as</u>	<u>Workpapers</u>		<u>Selected from</u>	<u>Application</u>		<u>ASSA as</u>	<u>Workpapers</u>		<u>Selected from</u>	<u>Test Score</u>	
	<u>Low Income</u>	<u>as Low Income</u>		<u>Workpapers</u>	<u>and Register</u>		<u>Low Income</u>	<u>as LEP Not</u>		<u>Workpapers</u>	<u>and Register</u>	<u>Errors</u>
Half Day Kindergarten												
One												
Two												
Three												
Four												
Five												
Six												
Seven		2		2	2							
Eight		1		1	1							
Subtotal		<u>3</u>	<u>0</u>	<u>3</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Special Ed. - Elementary		1		1	1							
Special Ed. - Middle School		2		2	2							
Special Ed. - High School												
Subtotal		<u>3</u>	<u>0</u>	<u>3</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals		<u>6</u>	<u>0</u>	<u>6</u>	<u>6</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Percentage Error			<u>0%</u>			<u>0%</u>			<u>0%</u>			<u>0%</u>

	<u>Transportation</u>						<u>Reported</u>	<u>Recalculated</u>
	<u>Reported on</u>	<u>Reported on</u>	<u>Errors</u>	<u>Tested</u>	<u>Verified</u>	<u>Errors</u>		
	<u>DRTRS by</u>	<u>DRTRS by</u>						
	<u>DOE/County</u>	<u>District</u>						
Reg. - Public Schools, col. 1	-	-		-	-		Avg. Mileage - Regular Including Grade PK Students 3.70	
Reg. Special Education, col. 4	-	-		-	-		Avg. Mileage - Regular Excluding Grade PK Students 3.70	
Transported - Non-Public, col. 3	31	31		31	31		Avg. Mileage - Special Ed. With Special Needs -	
Special Education Spec., col. 6	-	-		-	-			
Totals	<u>31</u>	<u>31</u>	<u>0</u>	<u>31</u>	<u>31</u>	<u>0</u>		
Percentage Error			<u>0%</u>			<u>0%</u>		

Note - The District had no LEP Low Income Students

FAIR HAVEN SCHOOL DISTRICT
AUDIT RECOMMENDATIONS SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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.