

**HENRY HUDSON REGIONAL
BOARD OF EDUCATION
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

	<u>Page</u>
Report of Independent Auditors	1.
Administrative Findings - Financial, Compliance and Performance Reporting	
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	3.
Reserve for Encumbrances and Accounts Payable	3.
Classification of Expenditures	3.
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	4.
School Purchasing Program	
Contracts and Agreements Requiring Advertisement for Bids	4.
School Food Service Fund	4 & 5.
GAAP Accounting Implementation	5.
Application for State School Aid	5.
Pupil Transportation	6.
Student Body Activities/Athletic Account	6.
Follow Up on Prior Years Findings	6.
Acknowledgment	6.
4% Calculation of Excess Surplus	7.
Application for State School Aid Summary	8 & 9.
Number of Meals Served and (Over)/Underclaim	10.
Net Cash Resource Schedule	11.
Audit Recommendation Summary	12.

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.

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

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

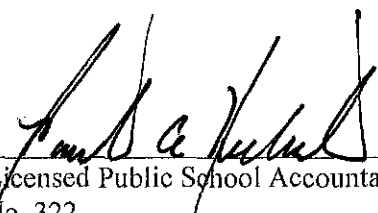
REPORT OF INDEPENDENT AUDITORS

Honorable President and Members
of the Board of Education
Henry Hudson Regional School District
Highlands, 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 Henry Hudson Regional 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 Henry Hudson Regional 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 CAFR.

Officials Bond

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Janet Sherlock	Board Secretary/School Business Administrator	\$ 200,000.00

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

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The Board made a proper adjustment to the billings to sending districts for the increase/decrease in 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, certifications, 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.

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. No exceptions were noted.

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.

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 CAFR. This section of the CAFR documents the financial position pertaining to projects under Title I, Title IIA and Title IV.

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 CAFR.

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 CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

The study of compliance for the 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.

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

The food services for 2020-21 were awarded to Simplified Culinary Services on their proposal of a management fee of \$10,000 with a guaranteed subsidy not to exceed \$4,000. 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 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. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement vouchers were timely filed, and meals claimed agreed with meal count records.

School Food Service Fund (Continued)

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. 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. Simplified Culinary Services inventory records on food supply items were currently maintained and properly applied in determining the cost of food and supplies used.

The cash disbursement records reflected expenditures for program related goods and services. The District deposited and expended 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.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Section B-4-B-6.

The 2020-21 operations produced a net profit of \$13,366.

GAAP Accounting Implementation

The school district's double entry system of accounting records were maintained in accordance with the Department of Education's prescribed GAAP Technical Systems Manual, pursuant to N.J.S.A. 18:A4-14 and N.J.A.C. 6:20-2A.

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 district written procedures appear to be adequate for the recording of student enrollment data.

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 exception were noted in our review of transportation related purchases of goods and services.

Student Body Activities/Athletic Account

Student Activities

During our review of the student activity funds, no exceptions were noted.

Follow-Up on Prior Year Findings

There were no 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 team.

4% Calculation of Excess Surplus

2020-21 Total General Fund Expenditures Per the CAFR \$ 10,154,144

Decreased by:

On Behalf TPAF Pension and Social Security (1,452,285)Adjusted 2020-21 General Fund Expenditures \$ 8,701,8594% of Adjusted 2020-21 General Fund Expenditures \$ 348,074

Enter Greater of Above or \$250,000 \$ 348,074

Increased by Allowable Adjustments 154,747Maximum Unassigned Fund Balance \$ 502,821**Section 2**

Total General Fund – Fund Balance @ 6-30-21 \$ 3,035,104

Decreased by:

Legally Restricted:

Designated for Subsequent Year's Expenditures – Maintenance Reserve (48,146)

Designated for Subsequent Year's Expenditures – Capital Reserve (40,184)

Designated for Subsequent Year's Expenditures – Excess Surplus (999,218)

Reserve for Unemployment (6,768)

Other Restricted Reserved Fund Balances (686,736)

Assigned - Designated for Subsequent Years Expenditures (63,789)Total Unassigned Fund Balance \$ 1,190,263Restricted Fund Balance – Excess Surplus \$ 687,442**Section 3**

Excess Surplus Designated for Subsequent Years Expenditures \$ 999,218

Excess Surplus 687,442\$ 1,686,660**Detail of Allowable Adjustments**

Extraordinary Aid \$ 141,407

Non-Public Transportation 13,340\$ 154,747**Detail of Other Restricted Fund Balance**

Maintenance Reserve \$ 454,090

Capital Reserve 232,646\$ 686,736

HENRY HUDSON REGIONAL SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2020

	2021-22 Application for State School Aid						Sample for Verification						Private Schools for Handicapped				
	Reported On		Reported on		Errors		Sample Selected		Verified Per		Errors Per Registers		Reported On	Sample for	Sample	Sample	
	A.S.S.A. on Roll	Workpapers on Roll	Full	Shared	Full	Shared	from Workpapers	Registers on Roll	Full	Shared	on Roll	Full	Shared	A.S.S.A. as	Verification	Verified	Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Private Schools				
Seven	41		41				41		41								
Eight	45		45				45		45								
Nine	53		53				53		53								
Ten	33		33				33		33								
Eleven	36		36				36		36								
Twelve	31	1	31	1			31	1	31	1							
Subtotal	239	1	239	1	0	0	239	1	239	1	0	0	0	0	0	0	0
Special Ed. - Middle School	24		24				24		24				1	1	1		
Special Ed. - High School	36	6	36	6			36	6	36	6			6	6	6		
Subtotal	60	6	60	6	0	0	60	6	60	6	0	0	7	7	7		0
Co. Voc. - Regular																	
Co. Voc. - Ft. Post Sec.																	
Totals	299	7	299	7	0	0	299	7	299	7	0	0	7	7	7		0
Percentage Error					0%	0%					0%	0%					0%

HENRY HUDSON REGIONAL 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 A.S.S.A. as Low Income</u>	<u>Reported on Workpapers as Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Application and Register</u>	<u>Sample Errors</u>	<u>Reported on A.S.S.A. as LEP</u>	<u>Reported on Workpapers as LEP</u>	<u>Errors</u>	<u>Sample Selected From Workpapers</u>	<u>Verified to Test Score & Register</u>	<u>Sample Errors</u>
Seven	11	11		8	8							
Eight	10	10		7	7		1	1		1	1	
Nine	6	6		4	4							
Ten	10	10		9	9							
Eleven	6	6		6	6		1	1		1	1	
Twelve	6.5	6.5		5	5		1	1		1	1	
Subtotal	<u>49.5</u>	<u>49.5</u>	<u>0</u>	<u>39</u>	<u>39</u>	<u>0</u>	<u>3</u>	<u>3</u>	<u>0</u>	<u>3</u>	<u>3</u>	<u>0</u>
Special Ed. - Middle School	11	11		11	11							
Special Ed. - High School	12	12		10	10							
Subtotal	<u>23</u>	<u>23</u>	<u>0</u>	<u>21</u>	<u>21</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals	<u>72.5</u>	<u>72.5</u>	<u>0</u>	<u>60</u>	<u>60</u>	<u>0</u>	<u>3</u>	<u>3</u>	<u>0</u>	<u>3</u>	<u>3</u>	<u>0</u>
Percentage Error			<u>0%</u>			<u>0%</u>			<u>0%</u>			<u>0%</u>

Resident LEP - Low Income

	<u>Resident LEP - Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on A.S.S.A. as LEP</u>	<u>Reported on Workpapers as LEP</u>	<u>Errors</u>	<u>Sample Selected From Workpapers</u>	<u>Verified to Test Score & Register</u>	<u>Sample Errors</u>
Eight	1	1		1	1	
Nine	2	2		2	2	
Ten	1	1		1	1	
Special Ed. - Middle School	1	1		1	1	
Special Ed. - High School	0.5	0.5		0.5	0.5	
Subtotal	<u>5.5</u>	<u>5.5</u>	<u>0</u>	<u>5.5</u>	<u>5.5</u>	<u>0</u>
Percentage Error			<u>0%</u>			<u>0%</u>

TRANSPORTATION

	<u>Reported on DRTRS by DOE</u>			<u>Reported on DRTRS by District</u>					
	<u>Reported on</u>	<u>Reported on</u>	<u>Errors</u>	<u>Tested</u>	<u>Verified</u>	<u>Errors</u>	<u>Reported</u>	<u>Recalculated</u>	
Reg. - Public Schools	140	140		140	140		Avg. Mileage - Regular Including Grade PK Students	7	7
Transported - Non-Public	9	9		9	9		Avg. Mileage - Special Ed. With Special Needs	14.8	14.8
Special Ed. - Regular	34.5	34.5		34.5	34.5				
Special Needs - Private	5	5		5	5				
Totals	<u>188.5</u>	<u>188.5</u>	<u>0</u>	<u>188.5</u>	<u>188.5</u>	<u>0</u>			
Percentage Error						<u>0%</u>			

SCHEDULE OF MEAL COUNT ACTIVITY HENRY HUDSON REGIONAL SCHOOL DISTRICT

FOOD SERVICE FUND

NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM

ENTERPRISE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

<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				-	\$ 0.380 *	-
	Reduced				-	3.165	-
	Free	<u>23,119</u>	<u>12,884</u>	<u>12,884</u>	<u>-</u>	3.565	<u>-</u>
Total Net Overclaim		<u><u>23,119</u></u>	<u><u>12,884</u></u>	<u><u>12,884</u></u>	<u><u>-</u></u>		<u><u>-</u></u>
School Breakfast Program (Severe Needs Rate)	Paid					\$ 0.300	
	Reduced					1.960	
	Free	<u>14,672</u>	<u>7,149</u>	<u>7,149</u>	<u>-</u>	2.260	<u>-</u>
Total Net Overclaim		<u><u>14,672</u></u>	<u><u>7,149</u></u>	<u><u>7,149</u></u>	<u><u>-</u></u>		<u><u>-</u></u>

* The District also receives \$0.07 for HHFKA Meals

HENRY HUDSON REGIONAL 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, 2021

<u>Net Cash Resources:</u>		Food Service B 4/5
CAFR	Current Assets	
B-4	Cash & Cash Equivalents	\$ 4,066
B-4	Accounts Receivables	14,299
	Current Liabilities	
B-4	Less Accounts Payable	-
	Net Cash Resources	<u>\$ 18,365 (A)</u>
 <u>Net Adjustment Total Operating Expense:</u>		
B-5	Total Operating Expenses	143,115
B-5	Less Depreciation	<u>(2,590)</u>
	Adjusted Total Operating Expenses	<u>140,525 (B)</u>
 <u>Average Monthly Operating Expense:</u>		
	B / 10	<u>\$ 14,053 (C)</u>
 <u>Three Times Monthly Average</u>		
	3 X C	<u>\$ 42,158</u>
Total in (A)		\$ 18,365
Less Total in (D)		<u>(42,158)</u>
Net		<u>\$ (23,793)</u>

HENRY HUDSON REGIONAL 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.