

Shrewsbury 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

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Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

1.

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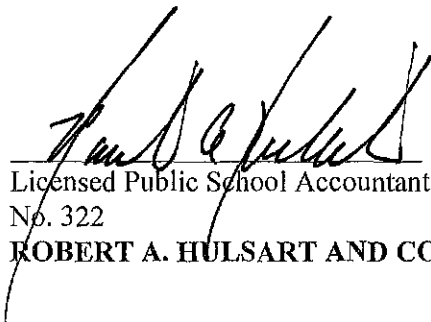
REPORT OF INDEPENDENT AUDITORS

Honorable President and Members
of the Board of Education
Shrewsbury 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 Shrewsbury 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 Shrewsbury 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>
Debora Avento	School Business Administrator	\$ 100,000
Lindsey Case	Treasurer	180,000

There is a Public Employees' Faithful Performance Blanket Position Bond covering all other employees with multiple coverage of \$100,000.00.

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.

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% was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Tuition Charges

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: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 an acceptable condition.

The Board Secretary's records were compared to the Treasurer's records and found to be in agreement.

Treasurer's Records

Finding 2021-1: The Treasurer's Report did not agree with the individual bank account reconciliations; there were payroll accounts that had reconciled balances that were not reflected separately and the operating fund had a reconciled balance that did not agree with what was reported on the Treasurer's Report. The overall total cash agreed, but the reconciled accounts should be shown as stated for a clear audit trail. Revisions were requested but were not provided within the required timeframe.

Recommendation 2021-1: That the accounts as reconciled be shown as such on the Treasurer's Report in order to agree with the reconciled bank balances.

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 and Title IIA of the E.S.E.A. 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.

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 Board has a contract with Red Bank Regional High School for the 2020-21 school year, to supply lunches for the school district.

The financial transactions and statistical records of the school food service fund were reviewed.

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.

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 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.

Student Body Activities

During our review of the student activity funds, 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. 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.

Follow-Up on Prior Year's Findings

Corrective action has been taken on all 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	\$ 9,783,782
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>(1,785,041)</u>
Adjusted 2020-2021 General Fund Expenditures	<u>\$ 7,998,741</u>
4% of Adjusted 2020-21 General Fund Expenditures	<u>\$ 159,975</u>
Enter Above or \$250,000, whichever is greater	\$ 250,000
Increased by Allowable Adjustments	<u>27,695</u>
Maximum Unassigned Fund Balance	<u>\$ 277,695</u>

Section 2

Total General Fund – Fund Balance @ 6-30-21	\$ 2,098,405
Decreased by:	
Reserve for Encumbrances	(463,882)
Designated for Subsequent Year's Expenditures – BOE	(40,973)
Designated for Subsequent Year's Expenditures – Excess Surplus	(68,188)
Reserve for Unemployment	(8,515)
Other Reserves	<u>(1,139,152)</u>
Total Unassigned Fund Balance	<u>\$ 377,695</u>
Excess Surplus	<u>\$ 100,000</u>

Section 3

Designated for Subsequent Year's Expenditures – Excess Surplus	\$ 68,188
Excess Surplus	<u>100,000</u>
	<u>\$ 168,188</u>

Detail of Other Reserved Fund Balance

Maintenance Reserve	\$ 434,474
Capital Reserve	<u>704,678</u>
	<u>\$ 1,139,152</u>

Detail of Allowable Adjustments

Extraordinary Aid	\$ 26,535
Non-Public Transportation	<u>1,160</u>
	<u>\$ 27,695</u>

SHREWSBURY 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		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				from Workpapers		Registers on Roll		on Roll		A.S.S.A. as	Verification	Verified	Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Private Schools			
Half Day Preschool - 3yrs																
Full Day Preschool - 3yrs	1		1					1		1						
Half Day Preschool - 4yrs																
Full Day Preschool - 4yrs	5		5					5		5						
Full Day Kindergarten	39		39					39		39						
One	60		60					60		60						
Two	42		42					42		42						
Three	37		37					37		37						
Four	26		26					26		26						
Five	38		38					38		38						
Six	39		39					39		39						
Seven	29		29					29		29						
Eight	46		46					46		46						
Subtotal	<u>362</u>	<u>0</u>	<u>362</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>362</u>	<u>0</u>	<u>362</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	45		45					45		45						
Special Ed. - Middle School	34		34					34		34						
Special Ed. - High School																
Subtotal	<u>79</u>	<u>0</u>	<u>79</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>79</u>	<u>0</u>	<u>79</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Co. Voc. - Regular																
Co. Voc. - Ft. Post Sec.																
Totals	<u>441</u>	<u>0</u>	<u>441</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>441</u>	<u>0</u>	<u>441</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>0%</u>

SHREWSBURY SCHOOL DISTRICT

APPLICATION FOR STATE SCHOOL AID SUMMARY

ENROLLMENT AS OF OCTOBER 15, 2020

	<u>Low Income</u>			<u>Sample for Verification</u>			<u>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 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</u>	<u>Sample Errors</u>
Full Day Kindergarten												
One												
Two	1			1	1		1	1		1	1	
Three							2	2		2	2	
Four	1			1	1							
Five	1			1	1							
Six												
Seven												
Eight												
Subtotal	<u>3</u>	<u>0</u>	<u>0</u>	<u>3</u>	<u>3</u>	<u>0</u>	<u>3</u>	<u>3</u>	<u>0</u>	<u>3</u>	<u>3</u>	<u>0</u>
Special Ed. - Elementary												
Special Ed. - Middle School												
Special Ed. - High School												
Subtotal	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals	<u>3</u>	<u>0</u>	<u>0</u>	<u>3</u>	<u>3</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>

LEP - Low Income - N/A

Transportation

	<u>Reported on DRTRS by DOE</u>	<u>Reported on DRTRS by District</u>	<u>Errors</u>	<u>Tested</u>	<u>Verified</u>	<u>Errors</u>		<u>Reported</u>	<u>Recalculated</u>
	Reg. - Public Schools - col. 1								Avg. Mileage - Regular Including Grade PK Students (Part A)
Reg. - Special Education - col. 2							Avg. Mileage - Regular Excluding Grade PK Students (Part B)	4.7	4.7
Transported - Non-Public - col. 3	24	24		24	24		Avg. Mileage - Special Ed. With/Without Special Needs	13.0	13.0
Special Education Special Needs - col. 6	3	3		3	3				
Totals	<u>27</u>	<u>27</u>	<u>0</u>	<u>27</u>	<u>27</u>	<u>0</u>			
Percentage Error			<u>0%</u>			<u>0%</u>			

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

Recommendations:

1. Administrative Practices and Procedures

Recommendation 2021-1: That the accounts as reconciled be shown as such on the Treasurer's Report in order to agree with the reconciled bank balances.

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.