

**BOROUGH OF FAIR HAVEN SCHOOL DISTRICT**

**AUDITOR'S MANAGEMENT REPORT**

**COUNTY OF MONMOUTH**

**JUNE 30, 2022**

**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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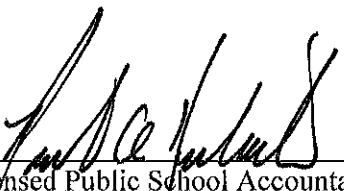
**REPORT OF INDEPENDENT AUDITORS**

Honorable President and Members  
of the Board of Education  
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, 2022, and have issued our report thereon dated February 15, 2023.

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 15, 2023

## 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

**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 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 2021-22.

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.

### **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 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.

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 2021-22 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, 2021 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**

2021-22 Total General Fund Expenditures Per the ACFR	\$ 20,450,649
Decreased by:	
On-Behalf TPAF Pension and Social Security	<u>(4,011,331)</u>
Adjusted 2021-22 General Fund Expenditures	<u>\$ 16,439,318</u>
4% of Adjusted 2021-22 General Fund Expenditures	<u>\$ 657,573</u>
Enter Greater of Above or \$250,000	\$ 657,573
Increased by Allowable Adjustment	<u>5,220</u>
Maximum Unassigned Fund Balance	<u>\$ 662,793</u>

**Section 2**

Total General Fund – Fund Balance @ 6-30-22 \$ 4,000,248

Decreased by:

Reserved for Encumbrances	(20,023)
Designated for Subsequent Years Expenditures – Maintenance Reserve	(150,000)
Designated for Subsequent Years Expenditures – Excess Surplus	(812,108)
Designated for Subsequent Years Expenditures – BOE	(122,702)
Unemployment	(71,456)
Other Reserves	<u>(1,387,337)</u>

Total Unassigned Fund Balance \$ 1,436,622

Excess Surplus \$ 773,829

Designated for Subsequent Years Expenditures – Excess Surplus \$ 812,108

Reserved Fund Balance – Excess Surplus 773,829

\$ 1,585,937

**Section 3****Detail of Allowable Adjustment**

Extraordinary Aid	\$
Non-Public Transportation Aid	<u>5,220</u>
	<u>\$ 5,220</u>

**Detail of Other Restricted Fund Balance**

Maintenance Reserve	\$ 594,837
Emergency Reserve	2,500
Capital Reserve	<u>790,000</u>
Total Other Restricted Fund Balance	<u>\$ 1,387,337</u>

**FAIR HAVEN SCHOOL DISTRICT**

**APPLICATION FOR STATE SCHOOL AID SUMMARY**

Sheet 1 of 2

**ENROLLMENT AS OF OCTOBER 15, 2021**

	2022-2023 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	21		21					21		21						
Half Day Kindergarten	104		104					104		104						
One	87		87					87		87						
Two	101		101					101		101						
Three	84		84					84		84						
Four	95		95					95		95						
Five	76		76					76		76						
Six	82		82					82		82						
Seven	97		97					97		97						
Eight	93		93					93		93						
Subtotal	<u>840</u>	<u>0</u>	<u>840</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>840</u>	<u>0</u>	<u>840</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Special Ed - Elementary	74		74					74		74						
Special Ed - Middle School	64		64					64		64			2	2	2	
Special Ed - High School																
Subtotal	<u>138</u>	<u>0</u>	<u>138</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>138</u>	<u>0</u>	<u>138</u>	<u>0</u>	<u>0</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>0</u>
Co. Voc. - Regular																
Co. Voc. - Ft. Post Sec.																
Totals	<u>978</u>	<u>0</u>	<u>978</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>978</u>	<u>0</u>	<u>978</u>	<u>0</u>	<u>0</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>0</u>
Percentage Error					<u>0%</u>	<u>0%</u>						<u>0%</u>	<u>0%</u>			<u>0%</u>

**FAIR HAVEN SCHOOL DISTRICT**

**APPLICATION FOR STATE SCHOOL AID SUMMARY**

**ENROLLMENT AS OF OCTOBER 15, 2021**

	<u>Low Income</u>			<u>Sample for Verification</u>			<u>Resident LEP Not Low Income - N/A</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>Low Income</u>		<u>Workpapers</u>	<u>and Register</u>	<u>Errors</u>
Half Day Kindergarten												
One												
Two												
Three												
Four												
Five												
Six												
Seven												
Eight	2	2		2	2							
Subtotal	2	2	0	2	2	0	0	0	0	0	0	0
Special Ed. - Elementary	1	1		1	1							
Special Ed. - Middle School	1	1		1	1							
Special Ed. - High School												
Subtotal	2	2	0	2	2	0	0	0	0	0	0	0
Totals	4	4	0	4	4	0	0	0	0	0	0	0
Percentage Error			0%			0%			0%			0%

	<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	4.1	4.1
Reg. Special Education, col. 4	-	-		-	-		Avg. Mileage - Regular Excluding Grade PK Students	4.1	4.1
Transported - Non-Public, col. 3	31	31		31	31		Avg. Mileage - Special Ed. With Special Needs	21.1	21.1
Special Education Spec., col. 6	2	2		2	2				
Totals	33	33	0	33	33	0			
Percentage Error			0%			0%			

Note - The District had no LEP Low Income Students

SCHEDULE OF MEAL COUNT ACTIVITY

FAIR HAVEN SCHOOL DISTRICT

FOOD SERVICE FUND

NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM

ENTERPRISE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

<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 (High Rate)	Paid				-	\$ 0.470	-
	Reduced				-	3.385	-
	Free	<u>25,428</u>	<u>12,221</u>	<u>12,221</u>	<u>-</u>	3.785 *	<u>-</u>
Total Net Overclaim		<u><u>25,428</u></u>	<u><u>12,221</u></u>	<u><u>12,221</u></u>	<u><u>-</u></u>		<u><u>-</u></u>

\* - Seamless Summer Option

\*\* The District also receives \$0.07 for HHFKA Meals

**FAIR HAVEN 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, 2022**

<b><u>Net Cash Resources:</u></b>		<b>Food Service B 4/5</b>
<b>CAFR</b>	<b>Current Assets</b>	
B-4	Cash & Cash Equivalents	\$ 7,853
B-4	Accounts Receivables	8,056
	<b>Current Liabilities</b>	
B-4	Less Accounts Payable	-
	<b>Net Cash Resources</b>	<b><u>\$ 15,909 (A)</u></b>
 <b><u>Net Adjustment Total Operating Expense:</u></b>		
B-5	Total Operating Expenses	95,392
B-5	Less Depreciation	<u>(4,791)</u>
	Adjusted Total Operating Expenses	<b><u>90,601 (B)</u></b>
 <b><u>Average Monthly Operating Expense:</u></b>		
	B / 10	<b><u>\$ 9,060 (C)</u></b>
 <b><u>Three Times Monthly Average</u></b>		
	3 X C	<b><u>\$ 27,180</u></b>
Total in (A)		\$ 15,909
Less Total in (D)		<u>(27,180)</u>
Net		<b><u>\$ (11,271)</u></b>

**FAIR HAVEN SCHOOL DISTRICT**  
**AUDIT RECOMMENDATIONS SUMMARY**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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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.