

**HENRY HUDSON REGIONAL
BOARD OF EDUCATION
AUDITOR'S MANAGEMENT REPORT
COUNTY OF MONMOUTH
JUNE 30, 2023**

**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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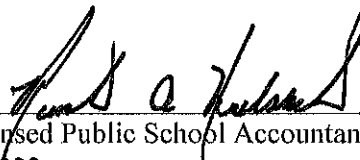
REPORT OF INDEPENDENT AUDITORS

Honorable President and Members
of the Board of Education
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, 2023, and have issued our report thereon dated December 22, 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 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. 822

ROBERT A. HULSART AND COMPANY

December 22, 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>
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 ACFR. This section of the ACFR 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 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 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 \$20,200 for 2022-23.

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 contact 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 food services for 2022-23 were awarded to Simplified Culinary Services on their proposal of a management fee of \$10,000 with a guaranteed subsidy of \$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 2022-23 operations produced a net loss of \$2,808.

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, 2022 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 2022-23 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.

2% Calculation of Excess Surplus

2022-23 Total General Fund Expenditures Per the ACFR	\$ 11,330,471
Decreased by:	
On Behalf TPAF Pension and Social Security	(1,860,779)
Adjusted 2022-23 General Fund Expenditures	<u>\$ 9,469,692</u>
2% of Adjusted 2022-23 General Fund Expenditures	<u>\$ 189,394</u>
Enter Greater of Above or \$250,000	\$ 250,000
Increased by Allowable Adjustments	<u>67,451</u>
Maximum Unassigned Fund Balance	<u>\$ 317,451</u>

Section 2

Total General Fund – Fund Balance @ 6-30-23	\$ 4,715,672
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Decreased by:

Legally Restricted:

Designated for Subsequent Year's Expenditures – Maintenance Reserve	(382,792)
Designated for Subsequent Year's Expenditures – Capital Reserve	(567,000)
Designated for Subsequent Year's Expenditures – Excess Surplus Reserve for Unemployment	(1,050,524)
Other Restricted Reserved Fund Balances	(19,000)
Assigned - Designated for Subsequent Years Expenditures	(1,572,918)
	<u>(203,805)</u>

Total Unassigned Fund Balance	<u>\$ 919,633</u>
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Restricted Fund Balance – Excess Surplus	<u>\$ 602,182</u>
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Section 3

Excess Surplus Designated for Subsequent Years Expenditures	\$ 1,050,524
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Excess Surplus	<u>602,182</u>
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	<u>\$ 1,652,706</u>
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Detail of Allowable Adjustments

Extraordinary Aid	\$ 50,190
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Non-Public Transportation	<u>17,261</u>
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	<u>\$ 67,451</u>
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Detail of Other Restricted Fund Balance

Maintenance Reserve	\$ 135,983
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Capital Reserve	<u>1,436,935</u>
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	<u>\$ 1,572,918</u>
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HENRY HUDSON REGIONAL SCHOOL DISTRICT

APPLICATION FOR STATE SCHOOL AID SUMMARY

ENROLLMENT AS OF OCTOBER 15, 2022

	2023-24 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	Sample for Verification	Sample Verified	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Private Schools				
Seven	46		46					46		46							
Eight	34		34					34		34							
Nine	31		31					31		31							
Ten	37		37					37		37							
Eleven	46	2	46	2				46	2	46	2						
Twelve	36	2	36	2				36	2	36	2						
Subtotal	<u>230</u>	<u>4</u>	<u>230</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>230</u>	<u>4</u>	<u>230</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Special Ed. - Middle School	26		26					26		26							
Special Ed. - High School	29	2	29	2				29	2	29	2		1	1	1	1	0
Subtotal	<u>55</u>	<u>2</u>	<u>55</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>55</u>	<u>2</u>	<u>55</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>0</u>
Co. Voc. - Regular																	
Co. Voc. - Ft. Post Sec.																	
Totals	<u>285</u>	<u>6</u>	<u>285</u>	<u>6</u>	<u>0</u>	<u>0</u>	<u>285</u>	<u>6</u>	<u>285</u>	<u>6</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>0</u>
Percentage Error					<u>0%</u>	<u>0%</u>					<u>0%</u>	<u>0%</u>					<u>0%</u>

HENRY HUDSON REGIONAL SCHOOL DISTRICT

APPLICATION FOR STATE SCHOOL AID SUMMARY

ENROLLMENT AS OF OCTOBER 15, 2022

	<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	4	4		4	4							
Eight	6	6		5	5							
Nine	11	11		8	8							
Ten	9	9		7	7		2	2		2	2	
Eleven	7	7		6	6							
Twelve	9	9		7	7							
Subtotal	<u>46</u>	<u>46</u>	<u>0</u>	<u>37</u>	<u>37</u>	<u>0</u>	<u>2</u>	<u>2</u>	<u>0</u>	<u>2</u>	<u>2</u>	<u>0</u>
Special Ed. - Middle School	7	7		7	7							
Special Ed. - High School	7	7		6	6							
Subtotal	<u>14</u>	<u>14</u>	<u>0</u>	<u>13</u>	<u>13</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals	<u>60</u>	<u>60</u>	<u>0</u>	<u>50</u>	<u>50</u>	<u>0</u>	<u>2</u>	<u>2</u>	<u>0</u>	<u>2</u>	<u>2</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>
Nine	1	1		1	1	
Ten	4	4		4	4	
Eleven	1	1		1	1	
Twelve	2	2		2	2	
	<u>8</u>	<u>8</u>	<u>0</u>	<u>8</u>	<u>8</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>Errors</u>	<u>Tested</u>	<u>Verified</u>	<u>Errors</u>	<u>Avg. Mileage - Regular Including Grade PK Students</u>	<u>Reported</u>	<u>Recalculated</u>
	Reg. - Public Schools	128.5	128.5		90	90			
Transported - Non-Public	14	14		14	14			0.0	0.0
Special Ed. - Regular	28	28		28	28				
Special Needs - Private	0	0							
Totals	<u>170.5</u>	<u>170.5</u>	<u>0</u>	<u>132</u>	<u>132</u>	<u>0</u>			
Percentage Error						<u>0%</u>			

HENRY HUDSON REGIONAL SCHOOL DISTRICT
AUDIT RECOMMENDATIONS SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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.