

ROSELLE PARK BOARD OF EDUCATION

AUDITOR'S MANAGEMENT REPORT

COUNTY OF UNION

JUNE 30, 2015

**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/Payroll Agency	2.
Reserve for Encumbrances and Accounts Payable	3.
Board Secretary's Records	3.
Treasurer's Records	3.
Elementary and Secondary Education Act (E.S.E.A.)/Improving America's Schools Act (IASA) as reauthorized by the No Child Left Behind Act of 2001	3.
Other Special Federal and/or State Projects	3.
T.P.A.F. Reimbursement	3.
School Purchasing Program	
Contracts and Agreements Requiring Advertisement for Bids	4.
School Food Service Fund	5.
Classification of Expenditures	5.
Application for State School Aid	5.
Pupil Transportation	6.
District Travel Policy	6.
Follow-up on Prior Years' Findings	6.
Acknowledgment	6.
2% Excess Surplus Calculation	7.
Application for State School Aid Summary	8 to 10.
Schedule of Meal Count Activity	11.
Net Cash Resource Schedule	12.

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

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
Roselle Park School District
County of Union, 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 Roselle Park School District in the County of Union, for the year ended June 30, 2015, and have issued our report thereon dated December 3, 2015.

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 Roselle Park 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

December 3, 2015

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>
Susan Guercio	Board Secretary/School Business Administrator	\$ 25,000
Gregory S. Mayers	Treasurer	300,000

There is a Public Employees' Faithful Performance Blanket Position Bond with the New Jersey School Boards Association Insurance Group covering all other employees with multiple coverage of \$5,000.00 - \$25,000.00.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The Board made the proper adjustment 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, certification or supporting documentation.

Payroll Account/Payroll Agency

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.

Board Secretary's Records

The books and records were found to be in good order.

Treasurer's Records

The Treasurer's records were in agreement with the records of the Board Secretary after posting of necessary adjustments. All reconciliations were properly done.

Elementary and Secondary Education Act (E.S.E.A.)/(I.A.S.A) as reauthorized by the No Child Left Behind Act of 2001

The E.S.E.A. No Child Left Behind 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, Title IID, Title III, Title IV and Title V of the E.S.E.A.

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, with no exceptions noted.

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.

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.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

Effective July 1, 2010 N.J.S. 18A:18A-3 was amended to read as follows:

- a. When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in a contract year the total sum of \$26,000.00 the contract may be awarded by a purchasing agent when so authorized by resolution of the board of education without public advertising for bids and bidding therefore, except that the board of education may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. (pending before the Legislature as section 15 of this bill) of section 9 of P.L. 1971, c.198 (C.40A:11-9) the board of education may establish that the bid threshold may be up to \$36,000.00. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section. Effective July 1, 2010, the quotation threshold was increased to \$3,900 and \$4,350, respectively.

Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection a. N.J.S. 18A:18A-5 may be awarded for a period not exceeding 12 consecutive months.

N.J.S. 18A:18A-4 is amended to read as follows:

- a. Every contract for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the board of education to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law.

Effective July 1, 2013 and thereafter the bid threshold in accordance with N.J.S.A. Transportation 18A:39-3 was increased to \$18,300.00.

The board of education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the fiscal 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.

The results of our examination indicated that no individual payments, contracts or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies", in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provisions of N.J.S.A. 18A:18A-4 except for as follows:

School Food Service Fund

The financial transactions and statistical records of the School Food Services were maintained in satisfactory condition. The financial accounts, milk 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.

Expenditures were separately recorded as food, labor and other costs. Aramark's inventory records on food supply items were maintained and applied in determining the cost of food and supplies used. Inventories of commodities were reviewed for reasonableness as submitted, without verification.

U.S.D.A. commodities were received and a separate inventory was maintained on a first-in, first-out basis.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Section G.

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.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2014 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, and low-income. 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 equivalents.

The District has adequate written procedures for the recording of student enrollment data.

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2014-15 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with no errors. 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. No exceptions were noted in our review of transportation related purchases of goods and services.

District Travel Policy

The District maintained a log for all employees who were not under an existing contract in relation to travel expenditures; the log was examined and was in compliance with the administrative code.

Follow-up on Prior Years' Findings

Corrective action has been taken on all prior year findings involving the payroll account and FICA reimbursements.

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.

2% Calculation of Excess Surplus

2014-15 Total General Fund Expenditures Per the CAFR	\$ 33,822,528
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>(3,048,051)</u>
Adjusted 2014-15 General Fund Expenditures	<u>\$ 30,774,477</u>
2% of Adjusted 2014-15 General Fund Expenditures	\$ 615,489
Increased by Allowable Adjustments	<u>96,019</u>
Maximum Unassigned Fund Balance	<u>\$ 711,508</u>

Section 2

Total General Fund – Fund Balance @ 6-30-15	\$ 2,422,241
Decreased by:	
Reserved for Encumbrances	(1,007,237)
Designated for Subsequent Years Expenditures – Excess Surplus	(346,737)
Capital Reserve	<u>(144,882)</u>
Total Unassigned Fund Balance	<u>\$ 923,385</u>

Section 3

Reserved Fund Balance – Excess Surplus 2014-2015	\$ 346,737
Excess Surplus	<u>211,877</u>
	<u>\$ 558,614</u>

Detail of Allowable Adjustments

Extraordinary Aid	<u>\$ 96,019</u>
-------------------	------------------

Detail of Other Reserved Fund Balance

Maintenance Reserve	\$ 144,782
Capital Reserve	<u>100</u>
	<u>\$ 144,882</u>

ROSELLE PARK SCHOOL DISTRICT

APPLICATION FOR STATE SCHOOL AID SUMMARY

Sheet 1 of 3

ENROLLMENT AS OF OCTOBER 15, 2014

	2015-2016 Application for State School Aid (10-15-14 Data)						Sample for Verification						Private Schools for Disabled			
	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 3 Yrs.	5		5					5		5						
Full Day Preschool 3 Yrs.	4		4					4		4						
Half Day Preschool 4 Yrs.	10		10					10		10						
Full Day Preschool 4 Yrs.	7		7					7		7						
Full Day Kindergarten	132		132					45		45						
One	124		124					35		35						
Two	135		135					40		40						
Three	135		135					46		46						
Four	127		127					35		35						
Five	132		132					38		38						
Six	118		118					118		118						
Seven	137		137					137		137						
Eight	151		151					151		151						
Nine	124		124					124		124						
Ten	134	2	134	2				134	2	134	2					
Eleven	116	8	116	8				116	8	116	8					
Twelve	126	10	126	10				126	10	126	10					
Subtotal	<u>1717</u>	<u>20</u>	<u>1717</u>	<u>20</u>	<u>0</u>	<u>0</u>	<u>1171</u>	<u>20</u>	<u>1171</u>	<u>20</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Special Ed. - Elementary	106		106					54		54			2	2	2	
Special Ed. - Middle School	66		66					66		66						
Special Ed. - High School	69	11	69	11				69	11	69	11		3	3	3	
Subtotal	<u>241</u>	<u>11</u>	<u>241</u>	<u>11</u>	<u>0</u>	<u>0</u>	<u>189</u>	<u>11</u>	<u>189</u>	<u>11</u>	<u>0</u>	<u>0</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>0</u>
Co. Voc. - Regular																
Co. Voc. - Ft. Post Sec.																
Totals	<u>1958</u>	<u>31</u>	<u>1958</u>	<u>31</u>	<u>0</u>	<u>0</u>	<u>1360</u>	<u>31</u>	<u>1360</u>	<u>31</u>	<u>0</u>	<u>0</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>0</u>
Percentage Error					<u>0%</u>	<u>0%</u>					<u>0%</u>	<u>0%</u>				<u>0%</u>

ROSELLE PARK SCHOOL DISTRICT

APPLICATION FOR STATE SCHOOL AID SUMMARY

ENROLLMENT AS OF OCTOBER 15, 2014

	<u>Low Income</u>			<u>Sample for Verification</u>			<u>Resident LEP 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>Workpapers</u>	<u>and Register</u>	<u>Income</u>	<u>Income</u>	<u>Workpapers</u>	<u>and Register</u>	<u>Income</u>	<u>Workpapers</u>	<u>Errors</u>	
Preschool	1	1		1	1							
Full Day Kindergarten	37	37		19	19		16	16		12	12	
One	39	39		16	16		22	22		16	16	
Two	47	47		13	13		16	16		10	10	
Three	46	46		10	10		14	14		9	9	
Four	51	51		14	14		9	9		6	6	
Five	53	53		16	16		10	10		7	7	
Six	43	43		11	11		5	5		3	3	
Seven	60	60		15	15		6	6		4	4	
Eight	56	56		17	17		5	5		3	3	
Nine	49	49		23	23		1	1		1	1	
Ten	57	57		9	9		4	4		2	2	
Eleven	54.5	54.5		17	17		3	3		3	3	
Twelve	57	57		11	11		5	5		4	4	
Subtotal	<u>650.5</u>	<u>650.5</u>	<u>0</u>	<u>192</u>	<u>192</u>	<u>0</u>	<u>116</u>	<u>116</u>	<u>0</u>	<u>80</u>	<u>80</u>	<u>0</u>
Special Ed. - Elementary	43	43		19	19		7	7		4	4	
Special Ed. - Middle School	37	37		13	13		1	1		1	1	
Special Ed. - High School	31.5	31.5		8	8		1	1		1	1	
Subtotal	<u>111.5</u>	<u>111.5</u>	<u>0</u>	<u>40</u>	<u>40</u>	<u>0</u>	<u>9</u>	<u>9</u>	<u>0</u>	<u>6</u>	<u>6</u>	<u>0</u>
Totals	<u>762</u>	<u>762</u>	<u>0</u>	<u>232</u>	<u>232</u>	<u>0</u>	<u>125</u>	<u>125</u>	<u>0</u>	<u>86</u>	<u>86</u>	<u>0</u>
Percentage Error			<u>0%</u>			<u>0%</u>			<u>0%</u>			<u>0%</u>

<u>Transportation</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>	
<u>DRTRS by</u>	<u>DRTRS by</u>							
<u>DOE/County</u>	<u>District</u>							
Reg. - Public Schools, col. 1	-		-	-		Reg. Avg. (Mileage) = Regular Including Grade PK Students (Part A)	7.36	7.36
Reg. Special Education, col. 4						Ref. Avg. (Mileage) - Regular Excluding Grade PK Students (Part B)	7.36	7.36
Transported - Non-Public, col. 3						Spec. Avg. = Special Ed. With Special Needs	7.70	7.70
Special Education Spec., col. 6	15		15	15				
Totals	<u>15</u>	<u>0</u>	<u>15</u>	<u>15</u>	<u>0</u>			
Percentage Error		<u>0%</u>			<u>0%</u>			

ROSELLE PARK SCHOOL DISTRICT

APPLICATION FOR STATE SCHOOL AID SUMMARY

Sheet 3 of 3

ENROLLMENT AS OF OCTOBER 15, 2014

	<u>Resident LEP Not Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on ASSA 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 and Register</u>	<u>Sample Errors</u>
Half Day Kindergarten	6	6		3	3	
One	6	6		2	2	
Two	4	4		2	2	
Three	7	7		3	3	
Four	4	4		2	2	
Five	3	3		1	1	
Six	3	3		1	1	
Seven	1	1		1	1	
Eight	1	1		1	1	
Nine	3	3		1	1	
Ten	3	3		1	1	
Eleven						
Twelve	1	1		1	1	
Subtotal	<u>42</u>	<u>42</u>	<u>0</u>	<u>19</u>	<u>19</u>	<u>0</u>
Special Ed. - Elementary						
Special Ed. - Middle School	1	1		1	1	
Special Ed. - High School						
Subtotal	<u>1</u>	<u>1</u>	<u>0</u>	<u>1</u>	<u>1</u>	<u>0</u>
Totals	<u>43</u>	<u>43</u>	<u>0</u>	<u>20</u>	<u>20</u>	<u>0</u>
Percentage Error			<u>0%</u>			<u>0%</u>

SCHEDULE OF MEAL COUNT ACTIVITY

ROSELLE PARK SCHOOL DISTRICT

FOOD SERVICE FUND

NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM - FEDERAL

ENTERPRISE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<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	85,140	85,140	85,140	-	\$ 0.320 *	-
	Reduced	24,724	24,724	24,724	-	2.635	-
	Free	<u>70,339</u>	<u>70,339</u>	<u>70,339</u>	<u>-</u>	3.035	<u>-</u>
Total Net Overclaim		<u>180,203</u>	<u>180,203</u>	<u>180,203</u>	<u>-</u>		<u>-</u>
Breakfast Program (Regular Rate)	Paid	42	42	42	-	\$ 0.280	-
	Reduced	9	9	9	-	1.320	-
	Free	<u>85</u>	<u>85</u>	<u>85</u>	<u>-</u>	1.620	<u>-</u>
Total Net Overclaim		<u>136</u>	<u>136</u>	<u>136</u>	<u>-</u>		<u>-</u>
Breakfast Program (Severe Needs Rate)	Paid	2,467			-	\$ 0.280	-
	Reduced	1,652			-	1.630	-
	Free	<u>9,039</u>			<u>-</u>	1.930	<u>-</u>
Total Net Overclaim		<u>13,158</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>-</u>

* - \$.06 for Federal PB Lunch - Healthy Hunger-Free Kids Act

ROSELLE PARK 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, 2015**

<u>Net Cash Resources:</u>		Food Service G - 1/2
CAFR	Current Assets	
G-1	Cash & Cash Equivalents	\$ (151,071)
G-1	Accounts Receivables	25,459
	Current Liabilities	
G-1	Less Accounts Payable	<u>(12,776)</u>
	Net Cash Resources	<u>\$ (138,388) (A)</u>
<u>Net Adjustment Total Operating Expense:</u>		
G-2	Total Operating Expenses	765,846
G-2	Less Depreciation	<u>(356)</u>
	Adjusted Total Operating Expenses	<u>765,490 (B)</u>
<u>Average Monthly Operating Expense:</u>		
	B / 10	<u>\$ 76,549 (C)</u>
<u>Three Times Monthly Average</u>		
	3 X C	<u>\$ 229,647</u>
Total in (A)		\$ (138,388)
Less Total in (D)		<u>(229,647)</u>
Net		<u>\$ (368,035)</u>