

SEASIDE PARK BOARD OF EDUCATION

AUDITOR'S MANAGEMENT REPORT

COUNTY OF OCEAN

JUNE 30, 2015

**ROBERT A. HULSART & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
2807 HURLEY POND ROAD, SUITE 100
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AUDITORS MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS

FINANCIAL, COMPLIANCE AND PERFORMANCE

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Robert A. Hulsart and Company

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REPORT OF INDEPENDENT AUDITORS

Honorable President and Members
of the Board of Education
Seaside Park School District
County of Ocean, 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 Seaside Park School District in the County of Ocean, 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 Seaside 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> |
|-------------------------|----------------------------------|----------------------|
| Barry J. Parlman | School Business Administrator | \$ 2,000 |
| Elizabeth Sarantinoudis | Treasurer | 150,000 |

There is a Public Employees' Faithful Performance Blanket Position Bond with the Selective Insurance Company covering all other employees with multiple coverage of \$25,000.00.

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.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were less than estimated costs. 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 outstanding condition.

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

Treasurer's Records

The Treasurer's records were in agreement with the records of the Board Secretary.

The Treasurer's cash balance for the general operating account was in agreement with the reconciled cash balance as determined during the audit.

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.

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

School Food Service Fund

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

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A-3 states:

“a. Any purchase, contract or agreement for the performance of any work or the furnishing or hiring of materials or supplies, the cost or price or which, together with any other sums expended or foreseeably to be expended for the performance of any work or services in connection with the same project or the furnishing of similar materials or supplies during the same fiscal year paid with or out of school funds, does not exceed the total sum of \$7,500.00 or the amount determined pursuant to subsection b. of this section, in the fiscal year or, in the case of purchases that are not annually recurring, in a period of one year may be made, negotiated and awarded by a contracting agent when so authorized by resolution of the board of education without public advertising for bids and bidding therefor.

b. Commencing January 1, 1983 and every two years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount set forth in subsection a. of this section in direct proportion to the rise or fall of the consumer price index for all urban consumers in the New York City and the Philadelphia areas as reported by the United States Department of Labor. The Governor shall notify all local school districts of the adjustment. The adjustment shall become effective on July 1 of the year in which it is reported.”

N.J.S.A. 18A:18A-4 states, “Every contract or agreement for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of school funds, not included within the terms of N.J.S.A. 18A:18A-3, shall be made and awarded only by the board of education after public advertising for bids and bidding therefor, except as is provided otherwise in this chapter or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the amount set forth in, or calculated by the Governor pursuant to N.J.S.A. 18A:18A-3, except by contract or agreement.”

Effective July 1, 2005 the bid thresholds in accordance with N.J.S.A. 18A:18A-3 and 18A:39-3 are \$29,000.00 and \$15,000.00 respectively. Effective July 1, 2005 the quote threshold increased to \$3,150.

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.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed; however, to determine whether any clear-cut violations existed.

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.

Resolutions were adopted authorizing the awarding of contracts or agreements for “Professional Services” per N.J.S.A. 18A:18A-5.

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2014-2015 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. No exceptions were noted in our review of transportation related purchases of goods and services.

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, 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 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 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.

Follow-Up on Prior Year's Findings

Last Years recommendation regarding the monthly State F.I.C.A filings has been corrected.

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 | \$ 725,356 |
| Decreased by: | |
| On-Behalf TPAF Pension & Social Security | <u>(5,563)</u> |
| Adjusted 2014-15 General Fund Expenditures | <u>\$ 719,793</u> |
| 2% of Adjusted 2014-15 General Fund Expenditures | \$ 14,396 |
| Maximum Allowed | 250,000 |
| Increased by: Allowable Adjustment | <u>522</u> |
| Maximum Unassigned Fund Balance | <u>\$ 250,522</u> |

Section 2

| | |
|---|------------|
| Total General Fund – Fund Balance @ 6-30-15 | \$ 576,271 |
|---|------------|

Decreased by:

| | |
|--|------------------|
| Assigned Fund Balance - Reserved - Designated for Subsequent Year's Expenditures – Excess Surplus | (107,386) |
| Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures | <u>(120,676)</u> |

| | |
|-------------------------------|-------------------|
| Total Unassigned Fund Balance | <u>\$ 348,209</u> |
|-------------------------------|-------------------|

Section 3

| | |
|--|------------------|
| Restricted Excess Surplus – Current Year | <u>\$ 97,687</u> |
|--|------------------|

Detail of Allowable Adjustments

| | |
|-------------------------------|---------------|
| Non-Public Transportation Aid | <u>\$ 522</u> |
|-------------------------------|---------------|

SEASIDE PARK SCHOOL DISTRICT

APPLICATION FOR STATE SCHOOL AID SUMMARY

ENROLLMENT AS OF OCTOBER 15, 2014

| | 2015-2016 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 - 4yrs | | | | | | | | | | | | | | | | |
| Full Day Kindergarten | | | | | | | | | | | | | | | | |
| One | | | | | | | | | | | | | | | | |
| Two | | | | | | | | | | | | | | | | |
| Three | | | | | | | | | | | | | | | | |
| Four | | | | | | | | | | | | | | | | |
| Five | | | | | | | | | | | | | | | | |
| Six | | | | | | | | | | | | | | | | |
| 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> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Special Ed. - Elementary | | | | | | | | | | | | | | | | |
| Special Ed. - Middle | | | | | | | | | | | | | | | | |
| 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> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Totals | <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> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Percentage Error | | | | | <u>0%</u> | <u>0%</u> | | | | | | | | | | <u>0%</u> |

SEASIDE PARK SCHOOL DISTRICT

APPLICATION FOR STATE SCHOOL AID SUMMARY

ENROLLMENT AS OF OCTOBER 15, 2014

LOW INCOME - N/A

LEP STUDENTS - 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> |
|--|--|---|----------------------|----------------------|------------------------|----------------------------|
| Reg. - Public Schools | 24 | 24 | | 24 | 24 | |
| Transported NonPublic | 2 | 2 | | 2 | 2 | |
| Special Education - Reg. & Special Needs | 0 | 0 | | 0 | 0 | |
| Totals | <u>26</u> | <u>26</u> | <u>0</u> | <u>26</u> | <u>26</u> | <u>0</u> |
| Percentage Error | | | | | | <u>0%</u> |
| | | | | | <u>Reported</u> | <u>Recalculated</u> |
| Avg. Mileage - Regular Including Grade PK Students | | | | | 6.96 | 6.96 |
| Avg. Mileage - Regular Excluding Grade PK Students | | | | | 6.96 | 6.96 |
| Avg. Mileage - Special Ed. With Special Needs | | | | | 7.30 | 7.30 |