

ALLENHURST BOARD OF EDUCATION

AUDITOR'S MANAGEMENT REPORT

COUNTY OF MONMOUTH

JUNE 30, 2016

**ROBERT A. HULSART & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
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AUDITORS MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS

FINANCIAL, COMPLIANCE AND PERFORMANCE

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REPORT OF INDEPENDENT AUDITORS

Honorable President and Members
of the Board of Education
Allenhurst 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 Allenhurst School District in the County of Monmouth for the year ended June 30, 2016, and have issued our report thereon dated October 24, 2016.

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 Allenhurst 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.

ROBERT A. HULSART AND COMPANY

Robert A. Hulsart
Licensed Public School Accountant
No. 322

October 24, 2016

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>
Peter E. Genovese III	Board Secretary/School Business Administrator	\$ 100,000.00
Nancy Vilenti	Treasurer	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.

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.

Board Secretary's Records

Our review of the financial and accounting records maintained by the Board Secretary disclosed no reportable conditions. The records were in good order.

Treasurer's Records

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

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

Effective July 1, 2015 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 \$29,000.00 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 \$40,000.00. 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, 2015, the quotation threshold was increased to \$4,350 and \$6,000, 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, 2015 and thereafter the bid threshold in accordance with N.J.S.A. Transportation 18A:39-3 is currently \$18,800.00.

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.

Financial Planning Accounting and Reporting

Other Special State Projects

The District's Special Projects were approved as listed on Schedule B located in the CAFR.

Our audit of the 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.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2015 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.

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2015-2016 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.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6:20-2A.2(m) as part of our tests of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. 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.

Excess Surplus Calculation

2015-16 Total General Fund Expenditures Per the CAFR	<u>\$ 212,241</u>
Adjusted 2015-16 General Fund Expenditures	<u>\$ 212,241</u>
2% of Adjusted 2015-16 General Fund Expenditures	<u>\$ 4,245</u>
Minimum Allowed	\$ 250,000
Increased by: Allowable Adjustment-Non-Public Transportation Aid	<u>1,519</u>
Maximum Unassigned Fund Balance	<u>\$ 251,519</u>
Total General Fund – Fund Balance @ 6-30-16	\$ 423,908
Decreased by:	
Designated for Subsequent Year’s Expenditures	3,405
Other Reserves	<u>250,000</u>
Total Unassigned Fund Balance	<u>\$ 170,503</u>
Total Unassigned Fund Balance for Excess Surplus Calculation	<u>\$ 170,503</u>
Maximum Unassigned Fund Balance	<u>\$ 251,519</u>
Restricted Fund Balance – Excess Surplus	<u>\$ -0-</u>

Follow-Up on Prior Year’s Findings

There were no reportable conditions found during the 2014-2015 reporting period.

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.

ALLENHURST SCHOOL DISTRICT

APPLICATION FOR STATE SCHOOL AID SUMMARY

Sheet 1 of 2

ENROLLMENT AS OF OCTOBER 15, 2015

	2016-17 Application for State School Aid						Private Schools for Handicapped			
	Reported On		Reported on		Errors		Reported On	Sample for Verification	Sample Verified	Sample Errors
	A.S.S.A. on Roll		Workpapers on Roll				A.S.S.A. as			
	Full	Shared	Full	Shared	Full	Shared	Private Schools			
Full Day Kindergarten										
One										
Two										
Three										
Four										
Five										
Six										
Seven										
Eight										
Nine										
Ten										
Eleven										
Twelve										
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>
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>
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>
Percentage Error					<u>0%</u>	<u>0%</u>				<u>0%</u>

* Allenhurst is a non-operating District.

ALLENHURST SCHOOL DISTRICT

APPLICATION FOR STATE SCHOOL AID SUMMARY

ENROLLMENT AS OF OCTOBER 15, 2015

LOW INCOME STUDENTS

No Low Income students were reported by the District.

LEP STUDENTS

No LEP students were reported by the District.

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	5	5		5	5	
Transported - Non-Public	21	21		21	21	
Special Education Public School Students						
Special Education with Special Needs						
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>0%</u>

	<u>Reported</u>	<u>Recalculated</u>
Avg. Mileage - Regular Including Grade PK Students	9.10	9.10
Avg. Mileage - Regular Excluding Grade PK Students	9.10	9.10
Avg. Mileage - Special Ed. With Special Needs	0	0