

BEACH HAVEN SCHOOL DISTRICT
AUDITOR'S MANAGEMENT REPORT
COUNTY OF OCEAN
JUNE 30, 2016

ROBERT A. HULSART & COMPANY
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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
Beach Haven 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 Beach Haven School District in the County of Ocean, for the year ended June 30, 2016, and have issued our report thereon dated November 23, 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 Beach 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

November 23, 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>
Lil Brendal	Board Secretary	\$ 50,000
Diane Marshall	Treasurer	100,000

There is a Public Employees' Faithful Performance Blanket Position Bond with the Selective Insurance Company covering all other employees with multiple coverage of \$10,000.

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.

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

The gross salaries of all employees of the Board were deposited in the Payroll Account.

All payrolls were approved by the Superintendent and were certified by the President of the Board and the Board Secretary.

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.

Board Secretary's Records

Our review of the financial and accounting records maintained by the Board Secretary found disclosed no reportable conditions.

Treasurer's Records

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

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.

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.

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

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 \$40,000.00 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 \$3,900 and \$5,400, 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.

Effective July 1, 2015 the bid thresholds in accordance with N.J.S.A. 18A:18A-3 and 18A:39-2 is \$40,000 and \$18,800.

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.

Pupil Transportation

Our procedures 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.

Follow-Up On Prior Year Audit Findings

There were no prior year audit findings.

Current Year Audit Findings

There were no current 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 staff.

2% Calculation of Excess Surplus

2015-16 Total General Fund Expenditures Per the CAFR	\$ 2,093,413
Decreased by:	
On Behalf TPAF Pension and Social Security	<u>(162,589)</u>
Adjusted 2015-16 General Fund Expenditures	<u>\$ 1,930,824</u>
2% of Adjusted 2015-16 General Fund Expenditures	<u>\$ 38,614</u>
Enter Greater of Above or \$250,000	\$ 250,000
Increased by Allowable Adjustments	<u>174</u>
Maximum Unassigned Fund Balance	<u>\$ 250,174</u>

Section 2

Total General Fund Fund Balance @ June 30, 2016	\$ 897,090
Decreased by:	
Designated for Withdrawal form Maintenance Reserve	(162,357)
Reserve for Encumbrances	(12,500)
Other Reserves	<u>(460,317)</u>
Total Unassigned Fund Balance	<u>\$ 261,916</u>
Excess Surplus	<u>\$ 11,742</u>

Detail of Other Reserved Fund Balance

Maintenance Reserve	\$ 441,710
Capital Reserve	<u>18,607</u>
	<u>\$ 460,317</u>

Detail of Allowable Adjustments

Non-Public Transportation	<u>\$ 174</u>
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BEACH HAVEN 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						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 - 3yrs	5		5				5		5							
Full Day Preschool - 4yrs	5		5				5		5							
Full Day Kindergarten	3		3				3		3							
One	14		14				14		14							
Two	4		4				4		4							
Three	8		8				8		8							
Four	7		7				7		7							
Five	7		7				7		7							
Six	6		6				6		6							
Subtotal	<u>59</u>	<u>0</u>	<u>59</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>59</u>	<u>0</u>	<u>59</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	3		3				3		3							
Special Ed. - Middle	2		2				2		2							
Special Ed. - High																
Subtotal	<u>5</u>	<u>0</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>	<u>0</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Co. Voc. - Regular																
Co. Voc. - Ft. Post Sec.																
Home Instruction																
Totals	<u>64</u>	<u>0</u>	<u>64</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>64</u>	<u>0</u>	<u>64</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>	<u>0%</u>				<u>0%</u>

BEACH HAVEN SCHOOL DISTRICT

APPLICATION FOR STATE SCHOOL AID SUMMARY

ENROLLMENT AS OF OCTOBER 15, 2015

LEP STUDENTS - NOT LOW INCOME

	Resident LEP Students			Sample for Verification		
	Reported on A.S.S.A. as LEP Not Low Income	Reported on Workpapers as LEP Not Low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Four	1	1		1	1	
Five	1	1		1	1	
Totals	<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>

LEP STUDENTS - LOW INCOME - N/A

LOW INCOME - N/A

TRANSPORTATION

	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors		
							<u>Reported</u>	<u>Recalculated</u>
Reg. - Public Schools	1	1		1	1		8.2	8.2
Reg. Special Ed.	1	1		1	1		8.2	8.2
Transported - Non-Public								
Special Ed. - Special Needs							45.0	45.0
Totals	<u>2</u>	<u>2</u>	<u>-</u>	<u>2</u>	<u>2</u>	<u>-</u>		
Percentage Error			<u>0%</u>			<u>0%</u>		