

TUCKERTON BOARD OF EDUCATION
AUDITOR'S MANAGEMENT REPORT
COUNTY OF OCEAN
JUNE 30, 2016

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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
Tuckerton 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 Tuckerton School District in the County of Ocean for the year ended June 30, 2016, and have issued our report thereon dated November 28, 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 Tuckerton 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 28, 2016

ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE

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, and 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 district's CAFR.

Officials Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Janet Gangemi	School Business Administrator	\$180,000

There is a Public Employees' Faithful Performance Blanket Position Bond with the Selective Company covering all other employees with multiple coverage of \$50,000.

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 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 net salaries of all employees of the Board were deposited in the Net 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 Board in the bill lists in the minute records and were certified by the Board Secretary/School Business Administrator and the Superintendent.

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 goods not yet received or services not yet rendered and it was determined that no blanket purchase orders were included in the balance of the reserves for encumbrances. Also, unpaid purchase orders included in the balance of accounts payable were reviewed for propriety and to determine that goods were received and services were rendered as of June 30. No exceptions were noted.

Board Secretary's Records

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

Treasurer's Records

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

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

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 transaction 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.

T.P.A.F. Reimbursement

Our audit procedures included a test of the semi-monthly reimbursement forms filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

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

The E.S.E.A. 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 and Title IID of the E.S.E.A.

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 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 the following areas of noncompliance:

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.

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.

School Purchasing Programs (Continued)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

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.

School Food Service Fund

The District, in 2012-2013 entered into an agreement with the Pinelands Regional School District to operate its food service operations.

Pinelands Regional School District will operate the food service on a profit and loss basis. The Tuckerton Board of Education shall be entitled to all profits derived from the operations. The Tuckerton Board of Education shall reimburse Pinelands Regional for any documented losses resulting from the food service operation.

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

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.

Pupil Transportation (Continued)

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.

Facilities and Capital Assets

Our procedures included a review of the EDA grant agreement for consistency with recording EDA revenue, transfer of local funds from the general fund or from the capital reserve account, and awarding of contracts for eligible facilities construction. No exceptions were noted.

Follow-Up on Prior Year's Findings

None Reported.

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

201-16 Total General Fund Expenditures Per the CAFR	\$ 5,255,426
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>472,515</u>
Adjusted 2015-16 General Fund Expenditures	<u>\$ 4,782,911</u>
2% of Adjusted 2015-16 General Fund Expenditures	<u>\$ 95,658</u>
Minimum Allowed	\$ 250,000
Increased by Allowable Adjustment	<u>-0-</u>
Maximum Unassigned Fund Balance	<u>\$ 250,000</u>
Total General Fund – Fund Balance @ 6-30-16	\$ 1,936,277
Decreased by:	
Reserved for Encumbrances	269,351
Designated for Subsequent Years Expenditures – Excess Surplus	201,020
Designated for Subsequent Years Expenditures	696
Reserves	<u>1,215,210</u>
Total Unassigned Fund Balance	<u>\$ 250,000</u>
Maximum Unassigned Fund Balance	<u>\$ 250,000</u>
Restricted Fund Balance – Excess Surplus	<u>\$ -0 -</u>
<u>Recapitulation of Excess Surplus as of June 30, 2016</u>	
Reserved Fund Balance – Excess Surplus	\$ -0-
Designated for Subsequent Years Expenditures – Excess Surplus	<u>201,020</u>
	<u>\$ 201,020</u>
<u>Detail of Reserves</u>	
Capital Reserve	\$ 679,660
Maintenance Reserve	<u>535,550</u>
	<u>\$ 1,215,210</u>

TUCKERTON SCHOOL DISTRICT

APPLICATION FOR STATE SCHOOL AID SUMMARY

Sheet 1 of 2

ENROLLMENT AS OF OCTOBER 15, 2015

	2016-2017 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 Old	14		14				14		14							
Full Day Kindergarten	33		33				33		33							
One	37		37				37		37							
Two	37		37				37		37							
Three	34		34				34		34							
Four	35		35				35		35							
Five	25		25				25		25							
Six	47		47				47		47							
Seven																
Eight																
Subtotal	<u>262</u>	<u>0</u>	<u>262</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>262</u>	<u>0</u>	<u>262</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	35		35				35		35							
Special Ed. - Middle School	16		16				16		16							
Special Ed. - High School																
Subtotal	<u>51</u>	<u>0</u>	<u>51</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>51</u>	<u>0</u>	<u>51</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.																
Totals	<u>313</u>	<u>0</u>	<u>313</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>313</u>	<u>0</u>	<u>313</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>

TUCKERTON SCHOOL DISTRICT

APPLICATION FOR STATE SCHOOL AID SUMMARY

ENROLLMENT AS OF OCTOBER 15, 2015

	<u>Low Income</u>			<u>Sample for Verification</u>			<u>Resident LEP 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 Low Income</u>	<u>Reported on Workpapers as LEP 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 Preschool - 4yrs												
Full Day Kindergarten	10	10		10	10		1	1		1	1	
One	17	17		15	15		2	2		2	2	
Two	18	18		14	14							
Three	19	19		16	16		1	1		1	1	
Four	12	12		11	11							
Five	9	9		9	9							
Six	17	17		12	12							
Subtotal	<u>102</u>	<u>102</u>	<u>0</u>	<u>87</u>	<u>87</u>	<u>0</u>	<u>4</u>	<u>4</u>	<u>0</u>	<u>4</u>	<u>4</u>	<u>0</u>
Special Ed. - Elementary	18	18		9	9		3	3		3	3	
Special Ed. - Middle School	5	5		4	4							
Special Ed. - High School												
Subtotal	<u>23</u>	<u>23</u>	<u>0</u>	<u>13</u>	<u>13</u>	<u>0</u>	<u>3</u>	<u>3</u>	<u>0</u>	<u>3</u>	<u>3</u>	<u>0</u>
Totals	<u>125</u>	<u>125</u>	<u>0</u>	<u>100</u>	<u>100</u>	<u>0</u>	<u>7</u>	<u>7</u>	<u>0</u>	<u>7</u>	<u>7</u>	<u>0</u>
Percentage Error			<u>0%</u>			<u>0%</u>			<u>0%</u>			<u>0%</u>

Resident LEP Not Low Income - N/A

	<u>Transportation</u>							
	<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>Reported</u>	<u>Recalculated</u>
Reg. - Public Schools								
Reg. - Special Ed.	13	13		13	13		3.5	3.5
Transported - Non-Public	4	4		4	4		3.5	3.5
Regular Ed. With Special Needs	6	6		6	6		5.1	5.1
Totals	<u>23</u>	<u>23</u>	<u>0</u>	<u>23</u>	<u>23</u>	<u>0</u>		
Percentage Error			<u>0%</u>			<u>0%</u>		