

**BOROUGH OF BRIELLE SCHOOL DISTRICT**

**AUDITOR'S MANAGEMENT REPORT**

**COUNTY OF MONMOUTH**

**JUNE 30, 2017**

**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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# Robert A. Hulsart and Company

1.

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## REPORT OF INDEPENDENT AUDITORS

Honorable President and Members  
of the Board of Education  
Brielle 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 Brielle School District in the County of Monmouth for the year ended June 30, 2017 and have issued our report thereon dated November 15, 2017.

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 Brielle 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 15, 2017

## 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>
Eileen Gorga	Board Secretary/School Business Administrator	\$ 360,000.00
David Tonzola	Treasurer	360,000.00

There is a Public Employees' Faithful Performance Blanket Position Bond under the blanket policy covering all other employees with multiple coverage of \$100,000.00.

#### Tuition Charges

A comparison of tentative charges and actual certified tuition charges was made. 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, certifications, or supporting documentation.

#### Payroll 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.

### **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. All exceptions were adjusted.

### **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% overall was noted and no additional procedures were deemed necessary to test the proprietary of expenditure classification.

### **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 good order, all reconciliation's were prepared on a monthly basis.

### **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 and Title IIA of the Elementary and Secondary Education Act as amended.

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 no areas of noncompliance.

### 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 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.

Eileen Gorga has been designated Certified Purchasing Officer by the Board of Education with the bid threshold at \$40,000.

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. for Transportation Contracts 18A:39-3 is \$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.

### **School Food Service Fund**

The School Food Service Program has not been audited as a major program and has not expended \$100,000 or more in Federal and State Support.

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

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served did not exceed the number of valid applications on file, times the number of operating days. The free and reduced price meal policy is uniformly administered throughout the School System. The required verification procedures for free and reduced price applications was completed and available for review.

Cash receipts and bank records were reviewed for timely deposits per state guidelines.

The cash disbursement records reflected expenditures for program related goods and services. The District deposited and expended program monies in accordance with N.J.S.A. 18A:17-34, and 19-1 through 19-4.1. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service.

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

Expenditures were separately recorded as food, labor and other costs. "Cafeterias" 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. No inventories were on hand for district owned items.

No management was paid to "Cafeteria's" as provided in the contract, pending final review.

The 2016-17 operations produced a net loss of \$53,333 after a board subsidy of \$32,295.

### **Scholarship Fund**

These funds were maintained in savings accounts, which were administered by the Business Administrator's office.

### **Student Body Activities**

During our review of the student activity funds, no exceptions were noted.

### **Application for State School Aid**

Our audit procedures included a test of information reported in October 15, 2016 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 2016-17 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.

### **Travel & Attorney's Log**

#### **Travel Log**

The log was examined and found to be properly kept, and all required supporting documentation was present.

#### **Attorney's Log**

The log was examined and found to be properly maintained.

### **Prior Year Recommendations**

The prior year recommendation regarding the excess in Food Service was resolved.

### **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 team.



**2% Calculation of Excess Surplus**

2016-17 Total General Fund Expenditures Per the CAFR	\$ 13,921,441
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>(1,032,949)</u>
Adjusted 2016-17 General Fund Expenditures	<u>\$ 12,888,492</u>
2% of Adjusted 2016-17 General Fund Expenditures	<u>\$ 257,770</u>
Enter Above or \$250,000 Whichever is Greater	\$ 257,770
Increased by Allowable Adjustment	<u>183,499</u>
Maximum Unassigned Fund Balance	<u>\$ 441,269</u>

**Section 2**

Total General Fund – Fund Balance @ 6-30-17	\$ 2,675,984
Decreased by:	
Encumbrances	(675,230)
Capital Reserve	(604,222)
Maintenance Reserve	(629,200)
Assigned Fund Balance – Unreserved – Designated for Subsequent Years Expenditures	<u>(326,063)</u>
Total Unassigned Fund Balance	<u>\$ 441,269</u>
Excess Surplus	<u>\$ 0</u>

**Section 3**

Assigned Fund Balance – Excess Surplus – Designated For Subsequent Years Expenditures	\$ 0
Reserve Excess Surplus – Current Year	<u>      </u>
	<u>\$ 0</u>

**Detail of Allowable Adjustments**

Extraordinary Aid	\$ 171,960
Non-Public Transportation	<u>11,539</u>
	<u>\$ 183,499</u>

**BRIELLE SCHOOL DISTRICT**

**APPLICATION FOR STATE SCHOOL AID SUMMARY**

Sheet 1 of 2

**ENROLLMENT AS OF OCTOBER 15, 2016**

	2017-18 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	Full	Shared	Full	Shared	from Workpapers	Registers on Roll	Full	Shared	Full	Shared	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	2		2				2		2								
Half Day Preschool - 4yrs	5		5				5		5								
Full Day Kindergarten	38		38				38		38								
One	40		40				40		40								
Two	52		52				52		52								
Three	58		58				58		58								
Four	43		43				43		43								
Five	55		55				55		55								
Six	52		52				52		52								
Seven	73		73				73		73								
Eight	60		60				60		60								
Nine																	
Ten																	
Eleven																	
Twelve																	
Subtotal	478	0	478	0	0	0	478	0	478	0	0	0	0	0	0	0	0
Special Ed - Elementary	42		42				42		42				3	3	3		
Special Ed. - Middle School	21		21				21		21				1	1	1		
Special Ed. - High School													1	1	1		
Subtotal	63	0	63	0	0	0	63	0	63	0	0	0	5	5	5	0	0
Co. Voc. - Regular																	
Co. Voc. - Ft. Post Sec.																	
Totals	541	0	541	0	0	0	541	0	541	0	0	0	5	5	5	0	0
Percentage Error					0%	0%											0%

**BRIELLE SCHOOL DISTRICT**

**APPLICATION FOR STATE SCHOOL AID SUMMARY**

**ENROLLMENT AS OF OCTOBER 15, 2016**

**LOW INCOME STUDENTS**

	<u>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>
Kindergarten	1	1		1	1	
Grade 1	3	3		3	3	
Grade 2	3	3		3	3	
Grade 3	3	3		3	3	
Grade 4	2	2		2	2	
Grade 5	4	4		4	4	
Grade 6	1	1		1	1	
Grade 7	4	4		4	4	
Grade 8	1	1		1	1	
Special Ed - Elementary	5	5		5	5	
Special Ed - Middle	1	1		1	1	
<b>Totals</b>	<b>28</b>	<b>28</b>	<b>0</b>	<b>28</b>	<b>28</b>	<b>0</b>
Percentage Error			<u>0%</u>			<u>0%</u>

**LEP STUDENTS**

None this year

**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	83	83		83	83
Transported - Non-Public	57	57		57	57	
Special Education - Public School	0.5	0.5		0.5	0.5	
Special Needs - Public & Private	9	9		9	9	
<b>Totals</b>	<b>149.5</b>	<b>149.5</b>	<b>0</b>	<b>149.5</b>	<b>149.5</b>	<b>0</b>
Percentage Error			<u>0%</u>			<u>0%</u>
				<u>Reported</u>	<u>Recalculated</u>	
Avg. Mileage - Regular Including Grade PK Students				8.5	8.5	
Avg. Mileage - Special Ed. With Special Needs				15.1	15.1	