

Lake Como Board of Education

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
CERTIFIED PUBLIC ACCOUNTANTS

1.

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REPORT OF INDEPENDENT AUDITORS

Honorable President and Members
of the Board of Education
Lake Como 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 Lake Como School District in the County of Monmouth, for the year ended June 30, 2017, and have issued our report thereon dated October 20, 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 Lake Como 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

October 20, 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>
Loretta Hill	Board Secretary	\$ 150,000

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/Treasurer's Records

Our review of the financial and accounting records maintained by the board secretary and treasurer indicated that they were in proof.

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, 2010, 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 law.

Effective July 1, 2015 and thereafter the bid threshold for transportation in accordance with N.J.S.A. 18A: 39-3 is \$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.

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.

School Purchasing Programs (Continued)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and property pursuant to Chapter 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained.

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. 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 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. 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.

Fund Balance

As of June 30, 2017, the district has reserves of \$525,000, \$281,881 of unrestricted surplus, \$36,875 for encumbrances, \$245,348 committed for excess surplus, \$477,219 committed for subsequent years expenditures and \$275,000 withdrawal from tuition reserve; for a total fund balance of \$1,841,323.

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

2016-2017 Total General Fund Expenditures Per the CAFR	<u>\$ 2,869,702</u>
Adjusted 2016-2017 General Fund Expenditures	<u>\$ 2,869,702</u>
2% of Adjusted 2016-2017 General Fund Expenditures	<u>\$ 61,382</u>
Enter Greater of Above or \$250,000	\$ 250,000
Increased by Allowable Adjustments	<u>31,881</u>
Maximum Unreserved/Undesignated Fund Balance	<u>\$ 281,881</u>

Section 2

Total General Fund – Fund Balance @ June 30, 2017	\$ 1,841,323
Decreased By:	
Other Reserves	(525,000)
Withdrawal from Tuition Reserve	(275,000)
Encumbrances	(36,875)
Designated for Subsequent Years Expenditures – Excess Surplus	(438,677)
Designated for Subsequent Years Expenditures	<u>(28,542)</u>
Total Unreserved/Undesignated Fund Balance	<u>\$ 527,229</u>
Reserved Fund Balance – Excess Surplus	<u>\$ 245,348</u>

Section 3

Designated for Subsequent Years Expenditures – Excess Surplus	\$ 438,677
Excess Surplus	<u>245,348</u>
	<u>\$ 685,025</u>

Detail of Allowable Adjustments

Non-Public Transportation	\$ 984
Extraordinary Aid	<u>30,897</u>
	<u>\$ 31,881</u>

Detail of Reserved Fund Balance

Tuition Reserve	\$ 275,000
Emergency Reserve	<u>250,000</u>
	<u>\$ 525,000</u>

LAKE COMO SCHOOL DISTRICT

APPLICATION FOR STATE SCHOOL AID SUMMARY

Sheet 1 of 2

ENROLLMENT AS OF OCTOBER 15, 2016

	2017-2018 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 Kindergarten																
One																
Two																
Three																
Four																
Five																
Six																
Seven																
Eight																
Subtotal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Special Ed. - Elementary																
Special Ed. - Middle																
Special Ed. - High School																
Subtotal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Co. Voc. - Regular																
Co. Voc. - Ft. Post Sec.																
Home Instruction																
Totals	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Percentage Error				0%	0%					0%	0%					0%

APPLICATION FOR STATE SCHOOL AID SUMMARY

ENROLLMENT AS OF OCTOBER 15, 2016

Low Income

No students on roll reported as low income.

LEP Students

No students on roll reported as LEP.

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	42	42		42	42	
Transported - Non-Public	8	8		8	8	
Special Needs - Private	1	1		1	1	
Totals	<u>51</u>	<u>51</u>	<u>0</u>	<u>51</u>	<u>51</u>	<u>0</u>
Percentage Error						<u>0%</u>

	<u>Reported</u>	<u>Recalculated</u>
Avg. Mileage - Regular Including Grade PK Students	6.00	6.00
Avg. Mileage - Regular Excluding Grade PK Students	6.00	6.00
Avg. Mileage - Special Ed. With Special Needs	8.00	8.00