

**Lake Como Board of Education**  
**Auditor's Management Report**  
**County of Monmouth**  
**June 30, 2018**

**Robert A. Hulsart & Company**  
**Certified Public Accountants**  
**2807 Hurley Pond Road, Suite 100**  
**Wall, New Jersey 07719**

**AUDITORS MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS**

**FINANCIAL, COMPLIANCE AND PERFORMANCE**

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*Robert A. Hulsart and Company*

1.

CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)  
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.  
ROBERT A. HULSART, JR., C.P.A., P.S.A.  

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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, 2018, and have issued our report thereon dated November 16, 2018.

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.

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Licensed Public School Accountant  
No. 322  
**ROBERT A. HULSART AND COMPANY**

November 16, 2018

**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, 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.

The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is \$19,000 for 2017-18.

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, 2018, the district has reserves of \$525,000, \$280,594 of unrestricted surplus, \$42,713 for encumbrances, \$473,359 committed for excess surplus, \$477,224 committed for subsequent year's expenditures and \$275,000 withdrawal from tuition reserve; for a total fund balance of \$2,073,890.

#### **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**

2017-2018 Total General Fund Expenditures Per the CAFR	<u>\$ 3,113,793</u>
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Adjusted 2017-2018 General Fund Expenditures	<u>\$ 3,113,793</u>
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2% of Adjusted 2017-2018 General Fund Expenditures	<u>\$ 62,276</u>
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Enter Greater of Above or \$250,000	\$ 250,000
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Increased by Allowable Adjustments	<u>30,594</u>
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Maximum Unreserved/Undesignated Fund Balance	<u>\$ 280,594</u>
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**Section 2**

Total General Fund – Fund Balance @ June 30, 2018	\$ 2,073,890
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Decreased By:

Other Reserves	(525,000)
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Withdrawal from Tuition Reserve	(275,000)
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Encumbrances	(42,713)
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Designated for Subsequent Years Expenditures – Excess Surplus	(245,348)
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Designated for Subsequent Years Expenditures	<u>(177,552)</u>
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Total Unreserved/Undesignated Fund Balance	<u>\$ 808,277</u>
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Reserved Fund Balance – Excess Surplus	<u>\$ 527,683</u>
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**Section 3**

Designated for Subsequent Years Expenditures – Excess Surplus	\$ 245,348
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Excess Surplus	<u>527,683</u>
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	<u>\$ 773,031</u>
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**Detail of Allowable Adjustments**

Non-Public Transportation	\$ 712
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Extraordinary Aid	<u>29,882</u>
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	<u>\$ 30,594</u>
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**Detail of Reserved Fund Balance**

Tuition Reserve	\$ 275,000
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Emergency Reserve	<u>250,000</u>
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	<u>\$ 525,000</u>
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LAKE COMO SCHOOL DISTRICT

APPLICATION FOR STATE SCHOOL AID SUMMARY

Sheet 1 of 2

ENROLLMENT AS OF OCTOBER 15, 2017

	2018-2019 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	<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>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Special Ed. - Elementary																
Special Ed. - Middle																
Special Ed. - High School													4	4	4	
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>	<u>0</u>	<u>0</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>0</u>
Co. Voc. - Regular																
Co. Voc. - Ft. Post Sec.																
Home Instruction																
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>	<u>0</u>	<u>0</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>0</u>
Percentage Error					<u>0%</u>	<u>0%</u>										<u>0%</u>



**APPLICATION FOR STATE SCHOOL AID SUMMARY**

**ENROLLMENT AS OF OCTOBER 15, 2017**

**Low Income**

No students on roll reported as low income.

**LEP Students**

No students on roll reported as LEP.

**Transportation**

	<b>Reported on DRTRS by DOE</b>	<b>Reported on DRTRS by District</b>	<b>Errors</b>	<b>Tested</b>	<b>Verified</b>	<b>Errors</b>
Reg. - Public Schools	44	44		44	44	
Transported - Non-Public	5	5		5	5	
Special Education	0	0		0	0	
Special Needs - Private	1	1		1	1	
<b>Totals</b>	<b>50</b>	<b>50</b>	<b>0</b>	<b>50</b>	<b>50</b>	<b>0</b>
Percentage Error						<u>0%</u>

	<b>Reported</b>	<b>Recalculated</b>
Avg. Mileage - Regular Including Grade PK Students	4.9	4.9
Avg. Mileage - Regular Excluding Grade PK Students	4.9	4.9
Avg. Mileage - Special Ed. With Special Needs	10.7	10.7

**LAKE COMO SCHOOL DISTRICT**  
**AUDIT RECOMMENDATIONS SUMMARY**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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Recommendations:

1. Administrative Practices and Procedures  
None
2. Financial Planning, Accounting and Reporting  
None
3. School Purchasing Programs  
None
4. School Food Service  
None
5. Student Body Activities  
None
6. Application for State School Aid  
None
7. Pupil Transportation  
None
8. Facilities and Capital Assets  
None
9. Miscellaneous  
None
10. Status of Prior Year Audit Findings/Recommendations  
There were no prior year recommendations.