

**TUCKERTON BOARD OF EDUCATION**

**AUDITOR'S MANAGEMENT REPORT**

**COUNTY OF OCEAN**

**JUNE 30, 2017**

**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.

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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, 2017, and have issued our report thereon dated November 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 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 20, 2017

## **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**

<b><u>Name</u></b>	<b><u>Position</u></b>	<b><u>Amount</u></b>
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, 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 2016-2017 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**

2016-17 Total General Fund Expenditures Per the CAFR	\$ 5,357,289
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>511,815</u>
Adjusted 2016-17 General Fund Expenditures	<u>\$ 4,845,474</u>
2% of Adjusted 2016-17 General Fund Expenditures	<u>\$ 96,909</u>
Minimum Allowed	\$ 250,000
Increased by Allowable Adjustment	<u>174</u>
Maximum Unassigned Fund Balance	<u>\$ 250,174</u>
Total General Fund – Fund Balance @ 6-30-17	\$ 1,928,122
Decreased by:	
Reserved for Encumbrances	158,801
Designated for Subsequent Years Expenditures -- Capital Reserve Reserves	400,000
	<u>1,090,210</u>
Total Unassigned Fund Balance	<u>\$ 279,111</u>
Maximum Unassigned Fund Balance	<u>\$ 250,174</u>
Reserved Fund Balance – Excess Surplus	<u>\$ 28,937</u>
<b><u>Recapitulation of Excess Surplus as of June 30, 2017</u></b>	
Reserved Fund Balance -- Excess Surplus	\$ 28,937
Designated for Subsequent Years Expenditures – Excess Surplus	<u>          </u>
	<u>\$ 28,937</u>
<b><u>Detail of Reserves</u></b>	
Capital Reserve	\$ 529,660
Maintenance Reserve	<u>560,550</u>
	<u>\$ 1,090,210</u>
<b><u>Detail of Allowable Adjustments</u></b>	
Non-Public Transportation Aid	<u>\$ 174</u>

**TUCKERTON SCHOOL DISTRICT**

**APPLICATION FOR STATE SCHOOL AID SUMMARY**

Sheet 1 of 2

**ENROLLMENT AS OF OCTOBER 15, 2017**

	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	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 - 4yrs Old	12		12				12		12								
Full Day Kindergarten	34		34				34		34								
One	29		29				29		29								
Two	35		35				35		35								
Three	38		38				38		38								
Four	40		40				40		40								
Five	33		33				33		33								
Six	25		25				25		25								
Seven																	
Eight																	
Subtotal	246	0	246	0	0	0	246	0	246	0	0	0	0	0	0	0	0
Special Ed. - Elementary	37		37				37		37								
Special Ed. - Middle School	6		6				6		6								
Special Ed. - High School																	
Subtotal	43	0	43	0	0	0	43	0	43	0	0	0	0	0	0	0	0
Co. Voc. - Regular																	
Co. Voc. - Ft. Post Sec.																	
Totals	289	0	289	0	0	0	289	0	289	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, 2017

	Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on A.S.S.A. as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on A.S.S.A. as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Half Day Preschool - 4yrs												
Full Day Kindergarten	9	9		9	9		1	1		1	1	
One	5	5		5	5		1	1		1	1	
Two	14	14		13	13		1	1		1	1	
Three	18	18		16	16							
Four	21	21		19	19		1	1		1	1	
Five	10	10		8	8							
Six	9	9		5	5							
Subtotal	86	86	0	75	75	0	4	4	0	4	4	0
Special Ed. - Elementary	13	13		12	12		4	4		4	4	
Special Ed. - Middle School	4	4		3	3							
Special Ed. - High School												
Subtotal	17	17	0	15	15	0	4	4	0	4	4	0
Totals	103	103	0	90	90	0	8	8	0	8	8	0
Percentage Error			0%			0%			0%			0%

	Resident LEP Not Low Income			Sample for Verification		
	Reported on A.S.S.A. as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Full Day Kindergarten	1	1	0	1	1	0
Percentage Error			0%			0%

Transportation

	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors	Reported	Recalculated
	Reg. - Public Schools	4	4		4	4		Avg. Mileage - Regular Including Grade PK Students
Reg. - Special Ed.	4	4		4	4		Avg. Mileage - Regular Excluding Grade PK Students	4.9
Transported - Non-Public	1	1		1	1		Avg. Mileage - Special Ed. With Special Needs	13.6
Regular Ed. With Special Needs	1	1		1	1			
Totals	10	10	0	10	10	0		
Percentage Error			0%			0%		