

**Little Silver Board of Education**

**Auditor's Management Report**

**County of Monmouth**

**June 30, 2015**

**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

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## REPORT OF INDEPENDENT AUDITORS

Honorable President and Members  
of the Board of Education  
Little Silver 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 Little Silver School District in the County of Monmouth for the year ended June 30, 2015 and have issued our report thereon dated November 30, 2015.

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 Little Silver 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 30, 2015

## ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE

### Scope of Audit

The audit covered the financial transactions of the School Business Administrator/Board Secretary 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>
Amy S Lerner to 11-30-14	School Business Administrator/ Board Secretary	\$ 83,000
Amy S Lerner to 2-1-15	Interim School Business Administrator	83,000
Debra Allen from 2-2-15	School Business Administrator/ Board Secretary	83,000
Linda Considine	Treasurer	200,000
Karin Eberhardt	Assistant Board Secretary	3,000

There is a Public Employees' Faithful Performance Blanket Position Bond with the Selective Company of America covering all other employees with multiple coverage of \$100,000.

#### 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 change in per pupil costs in accordance with N.J.A.C 6:A23-3.1(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.

### **Board Secretary's Records**

Our review of the financial and accounting records maintained by the Board Secretary disclosed no reportable conditions. The records of the Board Secretary are maintained in an outstanding condition.

The Board Secretary's records were compared to the Treasurer's records and found to be in agreement.

### **Treasurer's Records**

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

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.

### **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 IIA 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 no areas of noncompliance.

### **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.

### **School Purchasing Programs**

#### **Contracts and Agreements Requiring Advertisement for Bids**

Effective July 1, 2010 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 \$26,000.00 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 \$36,000.00. 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.

## **School Purchasing Programs (Continued)**

### **Contracts and Agreements Requiring Advertisement for Bids (Continued)**

Effective July 1, 2010 the bid thresholds in accordance with N.J.S.A. 18A:18A-3 and 18A:39-2 is \$26,000 and \$17,200.

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.

### **Pupil Transportation**

Our audit procedures included a test of on roll status reported in the 2014-15 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 procedure are presented in the Schedule of Audited Enrollments.

### **Student Body Activities**

The records were examined and found to be in good order.

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

Our audit procedures included a test of information reported in the October 15, 2014 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.

### **Follow-Up on Prior Year's Findings**

There were no prior year audit findings.

### **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**

2014-15 Total General Fund Expenditures Per the CAFR	\$ 13,108,417
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>(1,263,784)</u>
Adjusted 2014-15 General Fund Expenditures	<u>\$ 11,844,633</u>
2% of Adjusted 2014-15 General Fund Expenditures	<u>\$ 236,893</u>
Enter Greater of Above or \$250,000	\$ 250,000
Increased by Allowable Adjustments	<u>62,611</u>
Maximum Unassigned Fund Balance	<u>\$ 312,611</u>

**Section 2**

Total General Fund – Fund Balance @ 6-30-15	\$ 1,489,927
Decreased by:	
Reserved for Encumbrances	(49,900)
Designated for Subsequent Years Expenditures – Excess Surplus	(249,298)
Designated for Subsequent Years Expenditures	(24,144)
Other Reserves	<u>(557,390)</u>
Total Unassigned Fund Balance	<u>\$ 609,195</u>
Restricted Fund Balance – Excess Surplus	<u>\$ 296,584</u>

**Section 3**

Reserved Fund Balance – Excess Surplus Designated for Subsequent Year's Expenditures	\$ 249,298
Excess Surplus	<u>296,584</u>
	<u>\$ 545,882</u>

**Detail of Allowable Adjustments**

Extraordinary Aid	\$ 61,664
Non-Public Transportation	<u>947</u>
Total Detail of Allowable Adjustments	<u>\$ 62,611</u>

**Detail of Other Reserved Fund Balance**

Emergency Reserve	\$ 41,248
Maintenance Reserve	80,000
Capital Reserve	<u>436,142</u>
Total Other Reserved Fund Balance	<u>\$ 557,390</u>

**LITTLE SILVER SCHOOL DISTRICT**

**APPLICATION FOR STATE SCHOOL AID SUMMARY**

Sheet 1 of 2

**ENROLLMENT AS OF OCTOBER 15, 2014**

	2015-16 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	Verification	Verified	Errors
Half Day Preschool-3yrs	4		4				4		4							
Half Day Preschool-4yrs	5		5				5		5							
Full Day Kindergarten	74		74				74		74							
One	87		87				87		87							
Two	75		75				75		75							
Three	84		84				84		84							
Four	79		79				79		79							
Five	84		84				84		84							
Six	76		76				76		76							
Seven	100		100				100		100							
Eight	84		84				84		84							
Subtotal	<u>752</u>	<u>0</u>	<u>752</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>752</u>	<u>0</u>	<u>752</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	62		62				62		62							
Special Ed - Middle	31		31				31		31				2	2	2	
Special Ed - High School																
Subtotal	<u>93</u>	<u>0</u>	<u>93</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>93</u>	<u>0</u>	<u>93</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>0</u>
Totals	<u>845</u>	<u>0</u>	<u>845</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>845</u>	<u>0</u>	<u>845</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>0</u>
Percentage Error					<u>0%</u>	<u>0%</u>					<u>0%</u>	<u>0%</u>				<u>0%</u>

LITTLE SILVER SCHOOL DISTRICT

APPLICATION FOR STATE SCHOOL AID SUMMARY

ENROLLMENT AS OF OCTOBER 15, 2014

	Resident 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 Low Income	Reported on Workpapers as not Low Income	Errors	Sample Selected from Workpapers	Verified to Application & Register	Errors
Half Day Preschool 4yrs old												
Half Day Kindergarten	1	1		1	1							
One	1	1		1	1							
Two												
Three												
Four	1	1		1	1							
Five												
Six												
Seven												
Eight												
Subtotal	<u>3</u>	<u>3</u>	<u>0</u>	<u>3</u>	<u>3</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	2	2		2	2							
Special Ed. - Middle School	1	1		1	1		1	1		1	1	
Special Ed. - High School												
Subtotal	<u>3</u>	<u>3</u>	<u>0</u>	<u>3</u>	<u>3</u>	<u>0</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>1</u>	<u>1</u>	<u>0</u>
Totals	<u>6</u>	<u>6</u>	<u>0</u>	<u>6</u>	<u>6</u>	<u>0</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>1</u>	<u>1</u>	<u>0</u>
Percentage Error			<u>0%</u>			<u>0%</u>			<u>0%</u>			<u>0%</u>

Resident Not Low Income LEP - N/A

TRANSPORTATION

	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors	Reported	Recalculated
	Reg. - Public Schools	31	31		31	31		3.52
Transported - Non-Public	32	32		32	32		3.52	3.52
Special Ed. - Regular	1	1		1	1		5.80	5.80
Special Ed. - Special Needs	11	11		11	11			
Totals	<u>75</u>	<u>75</u>	<u>0</u>	<u>75</u>	<u>75</u>	<u>0</u>		
Percentage Error			<u>0%</u>			<u>0%</u>		

Avg. Mileage - Reg. Including Grade PK Students (Part A)  
 Avg. Mileage - Reg. Excluding Grade PK Students (Part B)  
 Spec. Avg. - Special Ed. With Special Needs