

**SCHOOL DISTRICT
OF THE**

**BOROUGH OF
WILDWOOD CREST**

**AUDITORS' MANAGEMENT REPORT
ON ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2015**

AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE

	<u>Page Number</u>
Independent Auditor's Report	1
Scope of Audit	2
Administrative Practices and Procedures	
Insurance	2
Official Bonds	2
Tuition Charges	2
Financial Planning, Accounting and Reporting	
Examination of Claims	2
Payroll Account	2
Reserve for Encumbrances and Accounts Payable	2
Classification of Expenditures	3
Business Administrator/Board Secretary's Records	3
Treasurer's Records	3
Elementary and Secondary Education Act of 1965 (EESA)	3
Other Special Federal and/or State Projects	4
TPAF Reimbursement	4
School Purchasing Programs	
Contracts and Agreements Requiring Advertisement for Bids	4
School Food Service Fund	4
Student Body Activities Fund	5
Application for State School Aid	5
Pupil Transportation	5
Capital Assets	6
Follow up on Prior Year Findings	6
Acknowledgment	6
Schedule of Meal Count Activity	N/A
Schedule of Audited Enrollments	7-9
Excess Surplus Calculation	10-11



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November 30, 2015

Honorable President and
Members of the Board of Education
Borough of Wildwood Crest School District
County of Cape May, New Jersey

REPORT OF INDEPENDENT AUDITORS

We have audited, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Borough of Wildwood Crest School District in the County of Cape May 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 solely for the information of the Borough of Wildwood Crest Board of Education's management, the New Jersey State Department of Education (cognizant audit agency), other state and federal awarding agencies and pass-through entities, and is not intended and should not be used by anyone other than these parties.

Ford, Scott & Associates, L.L.C.

**FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS**

Michael S. Garcia

**Michael S. Garcia
Certified Public Accountant
Licensed Public School Accountant
No. 2080**

November 30, 2015

ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and the Treasurer of School Moneys, 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

Insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the District's CAFR.

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Judson Moore	Interim Board Secretary/School Business Official	90,000.00
Neil Young	Treasurer of School Moneys	200,000.00

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were less than estimated costs. No tuition students were sent from other school districts.

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 certification 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/Business Administrator.

Salary withholdings were promptly remitted to the proper agencies, including health benefit premium amounts due to the general fund.

Reserve for Encumbrances, Liability for 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.

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 selections 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 .34 percent was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Business Administrator/Board Secretary's Records

Our audit of the records of the Board Secretary/Business Administrator were maintained in satisfactory condition.

Travel

The Board did set the annual maximum travel expenditure amounts by resolution as required by the District's travel policy.

Treasurer's Records

Our audit revealed that the records of the Treasurer were maintained in satisfactory condition.

Finding 15-1

The bank reconciliations for the final months of the year were not accurately prepared.

Recommendation

All bank reconciliations should reflect all cash activity and be in agreement with the general ledger.

Finding 15-2

The general ledger was not accurately maintained throughout the year.

Recommendation

All activity for all funds should be accurately maintained in the general ledger, including revenues and receivables.

Finding 15-3

The District transferred amounts that on a cumulative basis exceeded 10 percent of the total amount included in the original budget, without proper department approval.

Recommendation

Executive County Superintendent approval should be requested for any transfer from an advertised appropriation account as defined under N.J.A.C. 6A:23A-13.3(f), which is cumulatively more than 10 percent of that amount. The District should maintain documentation that substantiates the request was received by the Executive County Superintendent when written approval is not received.

Elementary and Secondary Education Act of 1965 (E.S.E.A.), as amended by the 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 the projects under Titles I and VI of the Elementary and Secondary Education Act as amended.

Other Special Federal and/or State Projects

The District's Special Projects were approved as listed on Schedule A and Schedule B 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.

TPAF Reimbursement

Our audit procedures included a test of the biweekly 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.

TPAF Reimbursement to the State for Federal Salary Expenditures

The reimbursement to the State for the amount of the expenditure charged to the current year's final reports for all federal awards for the school district to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds was made subsequent to the end of the 60 day grant liquidation period, but prior to the 90 days required by N.J.S.A. 18A:66-90. Accordingly, the expenditure was made in accordance with the State law (90 days) and properly reported as obligated and not expended and as an unliquidated balance in the current year's Final Reports for all federal awards.

Finding 15-4

The TPAF reimbursement was not properly calculated and reviewed prior to reimbursement being sent the State.

Recommendation

The reimbursement should be calculated in accordance with the provided calculations and reviewed prior to the funds being sent to the State.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

Effective July 1, 2010 and thereafter the bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$36,000 (with a Qualified Purchasing Agent) and \$26,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$17,500.

The Board has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract 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 my examination indicated that no individual payments, contracts, or agreements made for the performance of any work or goods or services, in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A. 18A:18A-4, amended.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" as per N.J.S.A. 18A:18A-5.

School Food Services

The financial transactions and statistical records of the school food service fund were reviewed. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

Cash receipts and bank records were reviewed for timely deposit.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory is not maintained for this district since it does not prepare its own meals.

The cash disbursement records reflected expenditures for program related goods and services. Deposits and expenditures of program moneys are 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 services. Net cash resources did not exceed three months average expenditures.

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all School Food Services employees authorized by the board of education. No exceptions were noted.

The number of free and reduced price meals claimed was compared to sales and meal count records. As part of our review, Edit Check Worksheets were examined. Reimbursement claims were timely filed.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Section F in the CAFR. Meals claimed did agree to the meal count recorded by the district.

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, on a school by school basis. The free and reduced price meal and free milk policy is uniformly administered throughout the school system. The required verification procedures for free and reduced price applications were completed and available for review. No exceptions were noted.

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

Student Body Activities

During our review of the Student Activities Fund we noted no exceptions.

Application for State School Aid

Our audit procedures included a test of information reported in the October 14, 2013 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, and low income. We also performed a review of the districts procedures related to its completion. The information on the A.S.S.A. was compared to the district workpapers. 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 District has adequate written procedures for the recording of student enrollment data.

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2012-2013 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 include a review of transportation-related contracts and purchases. Based on our review, the district complied with the 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.

Capital Assets

Audit procedures included a reconciliation of Capital Asset additions, deletions and accumulated depreciation.

Follow-up on Prior Year Findings

In accordance with government auditing standards, our procedures included a review of all prior year recommendations. Corrective action had been taken on all prior year 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 team.

Respectfully submitted,

Ford, Scott & Associates, L.L.C.

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November 30, 2015

**WILDWOOD CREST SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2014**

	2015-2016 Application for State School Aid						Sample for Verification						Private Schools for Disabled						
	Reported on A.S.S.A. On Roll		Workpapers		Errors		Reported on Selected from Workpapers		Verified per Registers On Roll		Errors per Registers On Roll		Reported on A.S.S.A. as Private Schools		Sample Verification		Sample Errors		
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	
Half Day Preschool																			
Full Day Preschool																			
Half Day Kindergarten																			
Full Day Kindergarten																			
One	23		23					16		16									
Two	19		19					16		16									
Three	24		24					15		15									
Four	18		18					15		15									
Five	22		22					16		16									
Six	20		20					13		13									
Seven	15		15					6		6									
Eight	20		20					12		12									
Nine	17		17					12		12									
Ten																			
Eleven																			
Twelve																			
Post-Graduate																			
Adult H.S. (15+CR.)																			
Adult H.S. (1-14+CR.)																			
Subtotal	178	-	178	-	-	-	121	-	121	-	-	-	-	-	-	-	-	-	-
Special Ed - Elementary	17		17				12		12										
Special Ed - Middle School	19		19				8		8										
Special Ed - High School	-		-				-		-										
Subtotal	36	-	36	-	-	-	20	-	20	-	-	-	-	-	-	-	-	-	-
Co. Voc. - Regular																			
Co. Voc. - FT Post Sec.																			
Totals	214	-	214	-	-	-	141	-	141	-	-	-	-	-	-	-	-	-	-
Percentage Error							0.00%		0.00%										0.00%

WILDWOOD CREST SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
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 LEP Low Income	Reported on Workpapers LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Half Day Preschool			-	-	-	-	-	-	-	-	-	-
Full Day Preschool			-	-	-	-	-	-	-	-	-	-
Half Day Kindergarten			-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	13	13	-	9	9	-	1	1	-	1	1	-
One	7	7	-	5	5	-	2	2	-	2	2	-
Two	8	8	-	6	6	-	-	-	-	-	-	-
Three	6	6	-	5	5	-	-	-	-	-	-	-
Four	5	5	-	4	4	-	-	-	-	-	-	-
Five	7	7	-	5	5	-	-	-	-	-	-	-
Six	5	5	-	4	4	-	-	-	-	-	-	-
Seven	4	4	-	3	3	-	-	-	-	-	-	-
Eight	8	8	-	6	6	-	-	-	-	-	-	-
Nine			-	-	-	-	-	-	-	-	-	-
Ten			-	-	-	-	-	-	-	-	-	-
Eleven			-	-	-	-	-	-	-	-	-	-
Twelve			-	-	-	-	-	-	-	-	-	-
Post-Graduate			-	-	-	-	-	-	-	-	-	-
Adult H.S. (15+CR.)			-	-	-	-	-	-	-	-	-	-
Adult H.S. (1-14+CR.)			-	-	-	-	-	-	-	-	-	-
Subtotal	63	63	-	47	47	-	3	3	-	3	3	-
Special Ed - Elementary	9	9	-	7	7	-	-	-	-	-	-	-
Special Ed - Middle School	10	10	-	8	8	-	-	-	-	-	-	-
Special Ed - High School	19	19	-	15	15	-	-	-	-	-	-	-
Subtotal	38	38	-	30	30	-	-	-	-	-	-	-
Co. Voc. - Regular			-	-	-	-	-	-	-	-	-	-
Co. Voc. - FT Post Sec.			-	-	-	-	-	-	-	-	-	-
Totals	82	82	0.00%	62	62	0.00%	3	3	0.00%	3	3	0.00%

Transportation

	Reported on DRTS by DOE/County			Sample for Verification			Reported on DRTS by District			Sample for Verification		
	District	Tested	Verified	Errors	Tested	Verified	Errors	District	Tested	Verified	Errors	
Reg. - Public Schools, col. 1	46	46	35	-	35	35	-	-	-	-	-	
Reg. - Sp Ed, col. 4	1	1	1	-	1	1	-	-	-	-	-	
Transported - Non-Public, col. 3	14	14	11	-	11	11	-	-	-	-	-	
Special Ed Spec, col. 6	61	61	46	-	46	46	-	-	-	-	-	
Totals	82	82	61	0.00%	62	62	0.00%	3	3	3	0.00%	

Reg Avg. (Mileage) = Regular Including Grade PK Students (Part A)	11.9	11.9
Reg Avg. (Mileage) = Regular Excluding Grade PK Students (Part B)	11.9	11.9
Spec Avg. = Special Ed with Special Needs	13.5	13.5

**WILDWOOD CREST SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2014**

	Resident LEP NOT Low Income		Sample for Verification		
	Reported on A.S.A as LEP Not Low Income	Workpapers	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Half Day Preschool	-	-	-	-	-
Full Day Preschool	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-
Full Day Kindergarten	-	-	-	-	-
One	-	-	-	-	-
Two	-	-	-	-	-
Three	-	-	-	-	-
Four	1	1	1	1	-
Five	-	-	-	-	-
Six	-	-	-	-	-
Seven	-	-	-	-	-
Eight	-	-	-	-	-
Nine	-	-	-	-	-
Ten	-	-	-	-	-
Eleven	-	-	-	-	-
Twelve	-	-	-	-	-
Post-Graduate	-	-	-	-	-
Adult H.S. (15+CR.)	-	-	-	-	-
Adult H.S. (1-14+CR.)	-	-	-	-	-
Subtotal	1	1	1	1	-
Special Ed - Elementary	1	1	1	1	-
Special Ed - Middle School	-	-	-	-	-
Special Ed - High School	1	1	1	1	-
Subtotal	2	2	2	2	-
Co. Voc. - Regular	-	-	-	-	-
Co. Voc. - FT Post Sec.	-	-	-	-	-
Totals	2	2	2	2	-
Percentage Error					0.00%

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FOR THE YEAR ENDED JUNE 30, 2015**

REGULAR DISTRICT

SECTION 1

A. 2% Calculation of Excess Surplus

2014-15 Total General Fund Expenditures per the CAFR, Ex. C-1	\$	<u>7,514,598.26</u>	(B)
Increased by:			
Transfer from Capital Outlay to Capital Projects Fund	\$	<u>-</u>	(B1a)
Transfer from Capital Reserve to Capital Projects Fund	\$	<u>-</u>	(B1b)
Decreased By:			
On-Behalf TPAF Pension & Social Security	\$	<u>509,503.54</u>	(B2a)
Assets Acquired Under Capital Leases		<u>-</u>	(B2b)
Adjusted 2014-15 General Fund Expenditures [(B)+(B1's)-(B2's)]	\$	<u>7,005,094.72</u>	(B3)
2% of Adjusted 2014-15 General Fund Expenditures [(B3) times .02]	\$	<u>140,101.89</u>	(B4)
Enter Greater of (B4) or \$250,000	\$	<u>250,000.00</u>	(B5)
Increased by: Allowable Adjustment*	\$	<u>-</u>	(K)
Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]		<u>\$ 250,000.00</u>	(M)

SECTION 2

Total General Fund - Fund Balances @ 06/30/15 (Per CAFR Budgetary Comparison Schedule C-1)	\$	<u>2,134,638.19</u>	(C)
Decreased by:			
Year-end Encumbrances	\$	<u>-</u>	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$	<u>9,361.00</u>	(C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	\$	<u>485,216.00</u>	(C3)
Other Restricted Fund Balances ****	\$	<u>525,000.00</u>	(C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	\$	<u>-</u>	(C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]		<u>\$ 1,115,061.19</u>	(U1)

SECTION 3

Restricted Fund Balance - Excess Surplus *** [(U1)-(M)] IF NEGATIVE ENTER - 0 -	\$	<u>865,061.19</u>	(E)
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Recapitulation of Excess Surplus as of June 30, 2014:

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	\$	<u>485,216.00</u>	(C3)
Reserved Excess Surplus ***	\$	<u>865,061.19</u>	(E)
Total [(C3) + (E)]		<u>\$ 1,350,277.19</u>	(D)

**BOROUGH OF WILDWOOD CREST SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FOR THE YEAR ENDED JUNE 30, 2015**

* This adjustment line (as detailed below) is to be utilized for Impact Aid (when applicable), Sale and Lease-back (Refer to the Audit Program Section II, Chapter 10), and Extraordinary Aid, and Additional Nonpublic School Transportation Aid if applicable (Refer to the Audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid and Additional Nonpublic School Transportation Aid).

Detail of Allowable Adjustments

Impact Aid	\$ _____	(H)
Sale & Lease-back	\$ _____	(I)
Extraordinary Aid	\$ _____	(J1)
Additional Nonpublic School Transportation Aid	\$ _____	(J2)
 Total Adjustments [(H)+(I)+(J1) + (J2)]	 \$ _____	 (K)

** This amount represents the June 30, 2014 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

*** Amounts must agree to the June 30, 2015 CAFR and the sum of the two lines must agree to Audit Summary Worksheet Line 90030.

**** Amount for Other Reserved Fund Balances must be detailed for each source. Use in the excess surplus calculation of any legal reserve that is not state mandated or that is not legally imposed by an other type of government, such as the judicial branch of government, must have Departmental approval. District requests should be submitted to the Division of Finance prior to September 30.

Detail of Other Restricted Fund Balance

Statutory restrictions:		
Approved unspent separate proposal	\$ _____	
Sale/lease-back reserve	\$ _____	
Capital reserve	\$ 175,000.00	
Maintenance reserve	\$ 350,000.00	
Emergency Reserve	\$ _____	
Waiver offset reserve	\$ _____	
Tuition reserve	\$ _____	
Other state/government mandated reserve	\$ _____	
 [Other Restricted Fund Balance not noted above] ****	 \$ _____	
 Total Other Restricted Fund Balance	 \$ 525,000.00	 (C4)