

**BOROUGH OF WOODBINE
BOARD OF EDUCATION**

**AUDITORS MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE**

June 30, 2015

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

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Report of Independent Auditors

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

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 general purpose financial statements of the Board of Education of the Borough of Woodbine School District in the County of Cape May for the year ended June 30, 2015, and have issued our report thereon dated December 10, 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 and use of the Borough of Woodbine 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.

Michael S. Garcia

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

Ford Scott & Associates, LLC

Ford Scott & Associates, LLC
Certified Public Accountants

December 10, 2015

ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING

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.

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Frank Onorato	Treasurer	\$ 180,000.00

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 and 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/School Business Administrator

Salary withholdings were promptly remitted to the proper agencies.

Payrolls were delivered to the treasurer of school moneys with a warrant made to his order for the full amount of each payroll.

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(f) 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 selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23-2.4. 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.

Business Administrator / Board Secretary's Records

Our review of the financial and accounting records maintained by the Board Secretary disclosed the following:

Finding – 2015-CAFR1-1:

The general and capital funds have a negative fund balance as of June 30, 2015.

Recommendation – 2015-CAFR-1:

All funds should be properly budgeted to ensure that sufficient funds are available to cover the approved expenditures.

Finding – 2015-AMR-1:

Supporting documentation could not be found for several expenditures that were incurred during the current year.

Recommendation – 2015-AMR-1:

All supporting documentation for contracts and vouchers should be properly maintained and available for examination within the business office.

Purchase orders were charged to the appropriate line accounts in accordance with State prescribed Uniform Minimum Chart of Accounts (2R2), for New Jersey Public Schools.

Treasurer's Records

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

All cash receipts were promptly deposited.

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./NCLB 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 and reauthorized.

The study of compliance for E.S.E.A. revealed one area of noncompliance and/or questionable costs.

Other Special Federal and/or State Projects

The district's Special Projects were approved as listed on the 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

The study of compliance for Special Federal and/or State Projects revealed the following area of noncompliance and/or questionable costs:

T.P.A.F. 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.

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

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 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 my examination indicated that no individual payments, contracts, or agreements were 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.

School Food Service

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. No exceptions were noted.

The district utilizes a food service management company and depositing and expending of program monies were in accordance with N.J.S.A. 18A:17-34, and 19-1 through 19-4.1.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food supply items were currently maintained and properly applied in determining the cost of food and supplies used. No exceptions were noted.

The cash disbursement records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service. Net cash resources did not exceed three months average expenditures. No exceptions were noted.

The number of meals claimed for reimbursement were verified against sales and meal count records. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement claims were submitted / certified in a timely manner.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served was compared to 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. Sites approved to participate in Provisions were examined for compliance with all counting and claiming requirements. The required verification procedures for free and reduced price applications were completed and available for review. No exceptions were noted.

Food Distribution Program commodities were received and a separate inventory was maintained on a first-in, first-out basis. No exceptions were noted.

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

Student Body Activities

During our review of the student activity funds, we noted no exceptions.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2011 Application for State School Aid (ASSA) for on-roll, private schools for the handicapped, low income, and bilingual. We also performed a review of the districts procedures related to its completion. The information on the ASSA was compared to the district workpapers with minor exceptions. 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 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 2011-12 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 proper bidding procedures and award of contracts. No exceptions were noted in our review of transportation related purchases of goods and services.

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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 the prior year findings with the exception of the following, which is repeated in this year's recommendations:

- The general and capital funds have a negative fund balance as of year end.

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.

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

December 10, 2015

SCHEDULE OF AUDITED ENROLLMENTS

**BOROUGH OF WOODBINE SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2014**

	2014-2015 Application for State School Aid				Sample for Verification				Private Schools for Disabled						
	Reported on A.S.S.A. on Roll	Full	Shared	Errors	Selected from Workpapers	Full	Shared	Verified per Registers on Roll	Full	Shared	Errors per Registers on Roll	Reported on A.S.S.A. as Private Schools	Sample for Verification	Sample Verified	Sample Errors
Half Day Preschool	21	37	-	(16)	16	16	-	16	-	-	-	-	-	-	-
Full Day Preschool	21	5	-	16	2	2	-	2	-	-	-	-	-	-	-
Half Day Kindergarten	21	21	-	-	12	12	-	12	-	-	-	-	-	-	-
Full Day Kindergarten	17	17	-	-	10	10	-	10	-	-	-	-	-	-	-
One	14	14	-	-	8	8	-	8	-	-	-	-	-	-	-
Two	9	18	-	(9)	12	12	-	12	-	-	-	-	-	-	-
Three	10	10	-	-	6	6	-	6	-	-	-	-	-	-	-
Four	10	10	-	-	6	6	-	6	-	-	-	-	-	-	-
Five	14	14	-	-	8	8	-	8	-	-	-	-	-	-	-
Six	17	17	-	-	10	10	-	10	-	-	-	-	-	-	-
Seven	11	10	-	1	6	6	-	6	-	-	-	-	-	-	-
Eight															
Nine															
Ten															
Eleven															
Twelve															
Post Graduate															
Adult H.S. (15+CR.)															
Adult H.S. (1-14 CR.)															
Subtotal	165	173	-	(8)	96	96	-	96	-	-	-	-	-	-	-
Special Ed - Elementary	21	21	-	-	12	12	-	12	-	-	-	-	-	-	-
Special Ed - Middle School	16	16	-	-	7	7	-	7	-	-	-	1	1	1	-
Special Ed - High School															
Subtotal	37	37	-	-	19	19	-	19	-	-	-	1	1	1	-
Totals	202	210	-	(8)	115	115	-	115	-	-	-	1	1	1	-
Percentage				-3.96%							0.00%				0.00%

SCHEDULE OF AUDITED ENROLLMENTS

**BOROUGH OF WOODBINE SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2014**

	Reported on ASOA as Low Income		Resident Low Income		Sample for Verification			Resident LEP/ Low Income		Sample for Verification	
	Reported on ASOA as Low Income	Sample Errors	Reported on ASOA as Low Income	Sample Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on ASOA as LEP/ Low Income	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Half Day Preschool	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	17	-	17	-	12	12	-	2	2	2	-
One	15	-	15	-	10	10	-	1	1	1	-
Two	10	-	10	-	8	8	-	-	-	-	-
Three	7	(7)	14	(7)	9	9	-	-	-	-	-
Four	6	-	6	-	4	4	-	-	-	-	-
Five	7	-	7	-	5	5	-	1	1	1	-
Six	9	-	9	-	6	6	-	-	-	-	-
Seven	11	-	11	-	7	7	-	-	-	-	-
Eight	9	-	9	-	6	6	-	-	-	-	-
Nine	-	-	-	-	-	-	-	-	-	-	-
Ten	-	-	-	-	-	-	-	-	-	-	-
Eleven	-	-	-	-	-	-	-	-	-	-	-
Twelve	-	-	-	-	-	-	-	-	-	-	-
Subtotal	91	(7)	98	(7)	67	67	-	3	3	3	-
Special Ed - Elementary	15	(1)	16	(1)	11	11	-	-	-	-	-
Special Ed - Middle School	12	1	11	1	7	7	-	1	1	1	-
Special Ed - High School	27	-	27.0	-	18	18	-	1	1	1	-
Totals	118	(7)	125.0	(7)	85	85	-	2	3	3	-
Percentage Error	-5.60%						0.00%				0.00%

	Reported on DTRRS by DOE/county		Transportation		Reported on DTRRS by District		Sample for Verification		Re-Calculated	
	Reported on DOE/county	Sample Errors	Tested	Verified	Reported on District	Sample Errors	Tested	Verified	Reported	Re-Calculated
Reg.-Public Schools, col. 1	76	-	50	50	-	-	-	-	13.6	13.6
Reg.-SpEd, col. 4	-	-	-	-	-	-	-	-	13.6	13.6
Transported - Non-Public, col. 2	10	-	8	8	-	-	-	-	16.9	16.9
Special Needs, col. 13	23	-	16	16	-	-	-	-	13.6	13.6
Totals	109	-	74	74	-	-	-	-	13.6	13.6
Percentage Error		0.00%								

SCHEDULE OF AUDITED ENROLLMENTS

**BOROUGH OF WOODBINE SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2014**

	Resident LEP NOT Low Income		Sample for Verification	
	Reported on ASSA as NOT Low Income	Reported on Workpapers as NOT Low Income	Sample Selected from Workpapers	Verified to Application and Register
Half Day Preschool	-	-	-	-
Full Day Preschool	-	-	-	-
Half Day Kindergarten	-	-	-	-
Full Day Kindergarten	-	-	-	-
One	-	-	-	-
Two	-	-	-	-
Three	-	-	-	-
Four	-	-	-	-
Five	-	-	-	-
Six	-	-	-	-
Seven	-	-	-	-
Eight	-	-	-	-
Nine	-	-	-	-
Ten	-	-	-	-
Eleven	-	-	-	-
Twelve	-	-	-	-
Subtotal	-	-	-	-
Special Ed - Elementary	-	-	-	-
Special Ed - Middle School	-	-	-	-
Special Ed - High School	-	-	-	-
Totals	-	-	-	-
Percentage Error	0.00%		0.00%	

EXCESS SURPLUS CALCULATION

REGULAR DISTRICT

SECTION 1

A. 2% Calculation of Excess Surplus

2014-15 Total General Fund Expenditures per the CAFR, Ex. C-1	\$4,679,168	(B)
Increased by:		
Transfer to Food Service Fund	0	(B1a)
Transfer from Capital Outlay to Capital Projects Fund	0	(B1b)
Transfer from Capital Reserve to Capital Projects Fund	0	(B1c)
Decreased by:		
On-Behalf TPAF Pension & Social Security	(374,562)	(B2a)
Assets Acquired Under Capital Leases	<u>0</u>	(B2b)
Adjusted 14-15 General Fund Expenditures [(B)+(B1s)-(B2s)]	<u>\$4,304,606</u>	(B3)
2% of Adjusted 2014-15 General Fund Expenditures [(B3) times .02]	<u>86,092</u>	(B4)
Enter greater of (B4) or \$250,000	250,000	(B5)
Increased by: Allowable Adjustment *	<u>348</u>	(K)
Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]		<u>\$250,348</u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6-30-15 (Per CAFR Budgetary Comparison Schedule C-1)	120,635	C
Decreased by:		
Year-end Encumbrances	(43,178)	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	0	(C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	0	(C3)
Other Restricted Fund Balances ****	0	(C4)
Assigned Fund Balance - Unreserved -- Designated for Subsequent Year's Expenditures	<u>0</u>	(C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]		<u>\$77,457</u> (U1)

SECTION 3

Restricted Fund Balance - Excess Surplus *** [(U2)-(M)] IF NEGATIVE ENTER -0- \$0 (E)

Recapitulation of Excess Surplus as of June 30, 2015

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	<u>0</u> (C3)
Reserved Excess Surplus ***[(E)]	<u>0</u> (E)
Total [(C3) + (E) + (F)]	<u><u>\$0</u></u> (D)

* This adjustment line (as detailed below) is to be utilized for Impact Aid, Sale and Lease-back (Refer to the Audit Program Section II, chapter 10), Extraordinary Aid, and Additional Nonpublic School Transportation Aid, (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	\$0 (H)
Sale & Lease-back	\$0 (I)
Extraordinary Aid	\$0 (J1)
Additional Nonpublic School Transportation Aid	<u>\$348</u> (J2)
 Total Adjustments [(H)+(I)+(J1)+(J2)]	 <u><u>\$348</u></u> (K)

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

*** Amount 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	<u>\$0</u>
Sale/lease-back reserve	<u>\$0</u>
Capital reserve	<u>\$0</u>
Maintenance reserve	<u>\$0</u>
Emergency reserve	<u>\$0</u>
Waiver offset reserve	<u>\$0</u>
Tuition reserve	<u>\$0</u>
Other state/government mandated reserves	<u>\$0</u>
Other Restricted Fund Balance not noted above****	<u>\$0</u>
 Total Other Reserved Fund Balance	 <u><u>\$0</u></u>