

**BOROUGH OF LONGPORT
BOARD OF EDUCATION**

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

June 30, 2015

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

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& ASSOCIATES, L.L.C.

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Report of Independent Auditors

Honorable President and
Members of the Board of Education
Borough of Longport School District
County of Atlantic, 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 Longport School District in the County of Atlantic for the year ended June 30, 2015, and have issued our report thereon dated November 13, 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 management of the Borough of Longport Board of Education, the New Jersey Department of Education and other state and federal awarding agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

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

Kenneth W. Moore

Kenneth W. Moore
Certified Public Accountant
Licensed Public School Accountant
No. 499

November 13, 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 bookkeeper, 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.

Official Bonds

Name	Position	Amount
Jann Cohen	Board Secretary/ Business Administrator	\$ 140,000

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were less than estimated costs. The Board made a proper adjustment to the billings to sending districts for the decrease in 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 Board has two employees. Due to the small number of employees, no separate payroll account is maintained and all payroll transactions are processed through the General Account.

All payrolls were certified by the President of the Board and the Board Secretary/Business Administrator. 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, 2015 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 NJAC 6A:23-2.2(f) as part of our test of transactions of randomly selected expenditures items. We also

reviewed the coding of all expenditures included in our compliance 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.

Board Secretary's Records

The Board Secretary's records were maintained in satisfactory condition.

Treasurer's Records

The Treasurer's records were maintained in satisfactory condition.

Other Special Federal and/or State Projects

The district did not have any Special Projects during the current year.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-3 states:

- 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, 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 C.40A:11-9) the board of education may establish that the bid threshold may be up to \$36,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to the section.
- b. Commencing in the fifth year after the year in which P.L. 1999, c.440 takes effect, and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount and the higher threshold amount which the board of education is permitted to establish as set forth in subsection a. of this section or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in NJS 18A:18A-2, and shall round the adjustment to the nearest \$1,000. The Governor shall notify all local school districts of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of the year in which it is made. 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. of NJS 18A:18A-5 may be awarded for a period not exceeding 12 consecutive months.

N.J.S.A. 18A:18A-4 states, "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.

The board of education may, by resolution approved by a majority of the board of education and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the board of education finds that it has had prior negative experience with the bidder."

The district board of education 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.

Based on the results of my examination, I did not note any 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, as amended.

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

Application for State School Aid

The Borough of Longport is a non-operating district. All resident students are included in the registers of either the City of Margate or the City of Atlantic City. Accordingly, our audit procedures were limited in scope to those related to determining that workpapers were maintained by the district and procedures were followed in accordance with state directives. We found no discrepancies in these areas.

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2014-2015 District Report of Transported 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 included 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.

Follow-up on Prior Years' Findings

In accordance with government auditing standards, our procedures included a review of all prior year recommendations. The 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 I greatly appreciate the courtesies extended to the members of the audit team.

RECOMMENDATIONS

Administrative Practices and Procedures

None

Financial Planning, Accounting and Reporting

None

School Purchasing Program

None

School Food Service

None

Student Body Activities

None

Application for State School Aid

None

Transportation

None

Miscellaneous

None

A corrective action plan, which outlines actions the Board of Education will take to correct any findings that are listed above, will be prepared in accordance with federal and state requirements. A copy of it will be placed on file and made available for public inspection in the Office of the Board Secretary of the Longport Board of Education within 30 days of this notice.

SCHEDULE OF AUDITED ENROLLMENTS

**BOROUGH OF LONGPORT 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	Full	Shared	Selected from Sample Workpapers	Full	Shared	Reported on A.S.S.A. as Private Schools	Sample for Verification	Sample Verified	Sample Errors
Half Day Preschool	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool	-	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-	-
One	-	-	-	-	-	-	-	-	-	-	-	-	-
Two	-	-	-	-	-	-	-	-	-	-	-	-	-
Three	-	-	-	-	-	-	-	-	-	-	-	-	-
Four	-	-	-	-	-	-	-	-	-	-	-	-	-
Five	-	-	-	-	-	-	-	-	-	-	-	-	-
Six	-	-	-	-	-	-	-	-	-	-	-	-	-
Seven	-	-	-	-	-	-	-	-	-	-	-	-	-
Eight	-	-	-	-	-	-	-	-	-	-	-	-	-
Nine	-	-	-	-	-	-	-	-	-	-	-	-	-
Ten	-	-	-	-	-	-	-	-	-	-	-	-	-
Eleven	-	-	-	-	-	-	-	-	-	-	-	-	-
Twelve	-	-	-	-	-	-	-	-	-	-	-	-	-
Post Graduate	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (15+CR)	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (1-14 CR)	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-	-
Special Ed - Elementary	-	-	-	-	-	-	-	-	-	-	-	-	-
Special Ed - Middle School	-	-	-	-	-	-	-	-	-	-	-	-	-
Special Ed - High School	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	-	-	-	-	-	-	-	-	-	-	-	-	-
Percentage				0.00%						0.00%			0.00%

SCHEDULE OF AUDITED ENROLLMENTS

**BOROUGH OF LONGPORT 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 ASSA as Low Income	Reported on Workpapers as Low Income	Sample Selected from Workpapers	Verified to Application and Register	Reported on ASSA as LEP Low Income	Reported on Workpapers as LEP Low Income	Sample Selected from Workpapers	Verified to Test Score 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%			0.00%
Transportation								
	Reported on DOE/county	Reported on DIRTRS by District	Tested	Verified	Errors			
Reg.-Public Schools, col. 1	29	29	-	-	-			
Reg.-SpEd, col. 4	-	-	-	-	-			
Transported - Non-Public, col. 2	3	3	-	-	-			
AIL, col. 3	2	2	-	-	-			
Courtesy Secondary	1	1	-	-	-			
Special Needs, col. 13	1	1	-	-	-			
col. 13	1	1	-	-	-			
Totals	36	36	-	-	-			
Percentage Error	0.00%							#DIV/0!

	Reported	Re- Calculated
Avg. Mileage - Regular Including Grade PK students	5.0	5.0
Avg. Mileage - Regular Excluding Grade PK students	5.0	5.0
Avg. Mileage - Special Ed with Special Needs	6.1	6.1

SCHEDULE OF AUDITED ENROLLMENTS

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

	Resident LEP NOT Low Income	Reported on ASSA as NOT Low Income	Errors	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	-	-	-	-	-	-
Five	-	-	-	-	-	-
Six	-	-	-	-	-	-
Seven	-	-	-	-	-	-
Eight	-	-	-	-	-	-
Nine	-	-	-	-	-	-
Ten	-	-	-	-	-	-
Eleven	-	-	-	-	-	-
Twelve	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
Special Ed - Elementary	-	-	-	-	-	-
Special Ed - Middle School	-	-	-	-	-	-
Special Ed - High School	-	-	-	-	-	-
Totals	-	-	-	-	-	-
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

**BOROUGH OF LONGPORT 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	\$	1,249,845.00	(B)
Increased by:			
Transfer to Food Service Fund	\$	_____	(B1a)
Transfer from Capital Outlay to Capital Projects Fund	\$	-	(B1b)
Transfer from Capital Reserve to Capital Projects Fund	\$	-	(B1c)
Decreased By:			
On-Behalf TPAF Pension & Social Security	\$	-	(B2a)
Assets Acquired Under Capital Leases	\$	-	(B2b)
Adjusted 2014-15 General Fund Expenditures [(B)+(B1's)-(B2's)]	\$	1,249,845.00	(B3)
2% of Adjusted 2014-15 General Fund Expenditures [(B3) times .02]	\$	24,996.90	(B4)
Enter Greater of (B4) or \$250,000	\$	250,000.00	(B5)
Increased by: Allowable Adjustment*	\$	4,406.00	(K)
Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]		\$ 254,406.00	(M)

SECTION 2

Total General Fund - Fund Balances @ 06/30/15 (Per CAFR Budgetary Comparison Schedule C-1)	\$	104,446.00	(C)
Decreased by:			
Year-end Encumbrances	\$	_____	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$	_____	(C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	\$	_____	(C3)
Other Restricted Fund Balances ****	\$	-	(C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	\$	83,112.00	(C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]		\$ 21,334.00	(U1)

SECTION 3

Restricted Fund Balance - Excess Surplus *** [(U1)-(M)] IF NEGATIVE ENTER - 0 -	\$	-	(E)
<u>Recapitulation of Excess Surplus as of June 30, 2015:</u>			
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	\$	_____	(C3)
Reserved Excess Surplus ***	\$	-	(E)
Total [(C3) + (E)]		\$ -	(D)

**BOROUGH OF LONGPORT 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	\$ <u> -</u> (H)
Sale & Lease-back	\$ <u> -</u> (I)
Extraordinary Aid	\$ <u> </u> (J1)
Additional Nonpublic School Transportation Aid	\$ <u> 4,406.00</u> (J2)
Unbudgeted TPAF Wage Freeze Grant Funding	\$ <u> </u> (J3)
 Total Adjustments [(H)+(I)+(J1) + (J2)]	 \$ <u> 4,406.00</u> (K)

** This amount represents the June 30, 2015 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 10025.

*** Amounts must agree to the June 30, 2015 CAFR and the sum of the two lines must agree to Audit Summary Worksheet Line 10024.

**** 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> -</u>
Capital outlay for a district with a capital outlay cap waiver	\$ <u> -</u>
Sale/lease-back reserve	\$ <u> -</u>
Capital reserve	\$ <u> </u>
Maintenance reserve	\$ <u> </u>
Tuition reserve	\$ <u> -</u>
Other state/government mandated reserve	\$ <u> </u>
 [Other Restricted Fund Balance not noted above] ****	 \$ <u> </u>
 Total Other Restricted Fund Balance	 \$ <u> -</u> (C4)