

**CORBIN CITY SCHOOL DISTRICT**

**Auditors' Management Report On  
Administrative Findings  
Financial – Compliance – Performance**

**For the Fiscal Year Ended June 30, 2016**

**CORBIN CITY SCHOOL DISTRICT**

**Auditors' Management Report On  
Administrative Findings  
Financial – Compliance – Performance**

**For the Fiscal Year Ended June 30, 2016**

**Corbin City Board of Education  
County of Atlantic  
Corbin City, New Jersey**

**Tax ID Number 21-6000169**

**AUDITOR'S MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS  
Financial - Compliance - Performance**

**TABLE OF CONTENTS**

	PAGE
Independent Auditors' Report	1
Scope of Audit	2
Administrative Practices and Procedures	
Insurance	2
Official Bonds	2
Tuition Charges	2
District Internal Control Policies	2
Financial Planning, Accounting and Reporting	
Examination of Claims	2
Payroll Account	N/A
Reserve for Encumbrances and Accounts Payable	2
Obligations of federal grant awards and request for reimbursement of expenditures against those federal grant awards	N/A
Classification of Expenditures	
General Classifications	3
Administrative Classifications	3
Business Administrator - Board Secretary's Records	3
Treasurer's Records	N/A
Elementary and Secondary Education Act/Improving America's School Act as reauthorized by the No Child Left Behind Act of 2001	3
Other Special Federal and/or State Projects	3
T.P.A.F. Reimbursement	3
School Purchasing Programs	
Contracts and Agreements Requiring Advertisement for Bids	4
School Food Service	4
Student Body Activities	4
Application for State School Aid	4
Pupil Transportation	5
Facilities and Capital Assets	5
Miscellaneous	N/A
Follow-Up on Prior Year Findings	5
Acknowledgment	5
Schedule of Meal Count Activity	6
Schedule of Audited Enrollments	7 - 10
Excess Surplus Calculation	11

# PREZIOSI • NICHOLSON

& ASSOCIATES PA

Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

Honorable President and  
Members of the Board of Education  
Corbin City School District  
County of Atlantic  
Corbin City, New Jersey

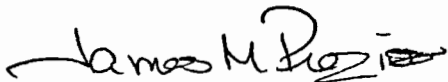
We have audited, in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Corbin City School District in the County of Atlantic for the year ended June 30, 2015, and have issued our report thereon dated November 25, 2016.

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 Corbin City School District's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

**PREZIOSI • NICHOLSON & ASSOCIATES**  
Certified Public Accountants



James M. Preziosi  
Certified Public Accountant  
Public School Accountant No. CS 01141

November 25, 2016  
Millville, NJ

**CORBIN CITY SCHOOL DISTRICT  
Administrative Findings  
Financial - Compliance - Performance**

**SCOPE OF AUDIT**

The audit covered the financial transactions of the Board Secretary - School Business Administrator, 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 the Insurance Schedule (Exhibit J-20) contained in the district's CAFR.

Official Bonds (N.J.S.A. 18A:17-26, 18A:17-32, 18A:13-13)

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Timothy E. Kelly	Board Secretary – School Business Administrator	\$ 300,000.00
Dana Loder	Assistant Business Administrator	\$ 110,000.00

Tuition Charges

The District is a non-operating district, and, therefore, it charges no other district for tuition. In addition, tuition payable amounts were recorded in accordance with negotiated payment schedules.

District Internal Control Policies

In accordance with internal control policy N.J.A.C. 6A:23A-6.13, the District has approved a board travel policy. No exceptions were noted in our study of compliance for travel expenses.

**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.

Reserve for Encumbrances and 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. Our review did not indicate any material discrepancies with respect to classification of orders.

## Classification of Expenditures

### A. General Classification

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(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. As a result of the procedures performed, a transaction error rate of 0.0% was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

### B. Administrative Classifications

In addition to testing the general classification of expenditures, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.2. As a result of the procedures performed, a transaction error rate of 0.00% was noted and no additional procedures were deemed necessary to test the propriety of administrative classifications.

## Business Administrator - Board Secretary's Records

The financial and accounting records maintained by the Business Administrator - Board Secretary were found to be in good condition.

Acknowledgement of the Board's receipt of the Board Secretary's monthly financial reports were included in the minutes.

The Board Secretary prepared cash reconciliations per N.J.S.A. 18A:17-36.

All cash receipts were promptly deposited.

## Elementary and Secondary Education Act (E.S.E.A.)/Improving America's School Act (IASA) as reauthorized by the No Child Left Behind Act of 2001

The District did not receive No Child Left Behind funds during the year.

## Other Special Federal and/or State Projects

The District did not receive any special projects funds during the year.

The District is a non-operating district.

## T.P.A.F. Reimbursement

There are no District employees who are members of the Teachers Pension and Annuity Fund and, therefore, our audit procedures did not include a test of the biweekly reimbursements filed with the Department of Education.



## **SCHOOL PURCHASING PROGRAMS**

### Contracts and Agreements Requiring Advertisement for Bids

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 law.

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, if the Board of Education finds that it has had prior negative experience with the bidder.

Effective July 1, 2015 and thereafter the bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school transportation contracts under N.J.S.A. 18A:39-3 is currently \$18,800.

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.

Based on the results of our examination, we did not note any 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.

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

The system of records did not provide for an accumulation of purchases for which the Board of Education used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained. Our examination did not reveal the use of State contracts.

Our review of contracts and agreements did not disclose any areas of statutory noncompliance.

## **SCHOOL FOOD SERVICE**

The District has no School Food Service.

## **STUDENT BODY ACTIVITIES**

The District has no Student Body Activities.

## **APPLICATION FOR STATE SCHOOL AID**

The District is a sending district. Therefore, no "On-Roll" students are reported on the October 15, 2015 Application for State School Aid (A.S.S.A.).

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 2015-2016 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 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.

## **FACILITIES AND CAPITAL ASSETS**

There were no SDA grant agreements or any other open capital projects for the year ending June 30, 2016.

## **FOLLOW-UP ON PRIOR YEAR FINDINGS**

There were no 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.

## **PREZIOSI • NICHOLSON & ASSOCIATES**

Certified Public Accountants



James M. Preziosi  
Certified Public Accountant  
Public School Accountant No. CS 01141



**CORBIN CITY SCHOOL DISTRICT**  
**(A Component Unit of Corbin City)**  
**Schedule of Meal Count Activity**  
**Food Services - Enterprise Fund**  
**Number of Meals Served**  
**(Over) Underclaim**  
**For The Fiscal Year Ended June 30, 2016**

**INFORMATION NOT REQUIRED**

Program	Meal Category	Meals			Difference	Rate	(Over) Under Claim
		Claimed	Tested	Verified			
National School Lunch (Regular Rate)	Paid						\$ -
	Reduced						
	Free	_____	_____	_____	_____		_____
		-	-	-	-		-
School Breakfast (Regular Rate)	Paid						
	Reduced						
	Free	_____	_____	_____	_____		_____
		-	-	-	-		-
Special Milk	Paid						
	Free	_____	_____	_____	_____		_____
		-	-	-	-		-
							\$ -

**CORBIN CITY SCHOOL DISTRICT**  
**(A Component Unit of Corbin City)**  
**Schedule of Audited Enrollments**  
**Application For State School Aid Summary**  
**Enrollment as of October 15, 2015**

	2015-2016 Application For State School Aid						Sample For Verification					
	Reported On A.S.S.A.		Reported On Workpapers		Errors		Sample Selected		Verified Per Registers		Errors Per	
	On Roll		On Roll				From Workpapers		On Roll		Registers On Roll	
	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												
Two												
Three												
Four												
Five												
Six												
Seven												
Eight												
Nine												
Ten												
Eleven												
Twelve												
Post-Graduate												
Adult H.S. (15+CR)												
Adult H.S. (1-14CR)												
Subtotal	0	0	0	0	0	0	0	0	0	0	0	0
Special Ed - Elementary												
Special Ed - Middle School												
Special Ed - High School												
Subtotal	0	0	0	0	0	0	0	0	0	0	0	0
Sent to CSSD												
Subtotal	0	0	0	0	0	0	0	0	0	0	0	0
Totals	0	0	0	0	0	0	0	0	0	0	0	0
Percentage Error					0.00%	0.00%					0.00%	0.10%

**CORBIN CITY SCHOOL DISTRICT**  
**(A Component Unit of Corbin City)**  
**Schedule of Audited Enrollments**  
**Application For State School Aid Summary**  
**Enrollment as of October 15, 2015**

	Private Schools For Disabled			Resident Low Income			Sample For Verification			
	Reported on A.S.S.A. as Private Schools	Sample for Verification	Sample Verified	Sample Errors	Reported On A.S.S.A. as Low Income	Reported Workpaper as 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										
Post-Graduate										
Adult H.S. (15+CR)										
Adult H.S. (1-14CR)										
Subtotal	0	0	0	0	0	0	0	0	0	0
Special Ed - Elementary										
Special Ed - Middle School										
Special Ed - High School										
Subtotal	0	0	0	0	0	0	0	0	0	0
Sent to CSSD										
Co. Voc. - Post Sec										
Subtotal	0	0	0	0	0	0	0	0	0	0
Totals	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>				<u>0.00%</u>

**CORBIN CITY SCHOOL DISTRICT**  
**(A Component Unlty of Corbin City)**  
**Schedule of Audited Enrollments**  
**Application For State School Aid Summary**  
**Enrollment as of October 15, 2015**

	Resident LEP Low Income			Sample For Verification			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	Sample Verified	Sample Errors	Reported On A.S.S.A. as NOT Low Income	Reported Workpaper 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												
Post-Graduate												
Adult H.S. (15+CR)												
Adult H.S. (1-14CR)												
Subtotal	0	0	0	0	0	0	0	0	0	0	0	0
Special Ed - Elementary												
Special Ed - Middle School												
Special Ed - High School												
Subtotal	0	0	0	0	0	0	0	0	0	0	0	0
Sent to CSSD												
Co. Voc. - Post Sec												
Subtotal	0	0	0	0	0	0	0	0	0	0	0	0
Totals	0	0	0	0	0	0	0	0	0	0	0	0
Percentage Error												

**CORBIN CITY SCHOOL DISTRICT**  
**(A Component Unit of Corbin City)**  
**Schedule of Audited Enrollments**  
**Application For State School Aid Summary**  
**Enrollment as of October 15, 2014**

Transportation

Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools, Col. 1	59	59	32	32	
Regular - Special Education, Col. 4					
Transported - Non-Public, Col. 3	7	7	4	1	
Special Education, Col. 6	<u>12</u>	<u>12</u>	<u>8</u>	<u>8</u>	
<b>Totals</b>	<u>78</u>	<u>78</u>	<u>44</u>	<u>41</u>	<u>0</u>
<b>Percentage Error</b>		<u>0.00%</u>			<u>0.00%</u>

Average Mile	Reported	Recalculated
Regular Including Grade PK Students (Part A)	10.20	10.20
Regular Excluding Grade PK Students (Part B)	10.20	10.20
Special Education With Special Needs	10.90	10.90



**CORBIN CITY SCHOOL DISTRICT**  
**(A Component Unit of Corbin City)**  
**Excess Surplus Calculation**  
**2% Calculation of Excess Surplus**  
**For The Fiscal Year Ended June 30, 2016**

Total General Fund Expenditures	\$	1,265,007.13	
Increased By			
Transfer to Food Service Fund			
Transfer from Capital Outlay to Capital Projects			
Transfer from Capital Reserve to Capital Projects			
Decreased By			
On-Behalf State Aid Payments			
Assets Acquired Under Capital Leases			
Adjusted General Fund Expenditures		1,265,007.13	
Applicable Excess Surplus Percentage		<u>2.00%</u>	
Subtotal	(A) \$	<u>25,300.14</u>	
Greater of (A) or \$250,000.00	\$	250,000.00	
Increased By			
Allowable Adjustment			
Nonpublic School Transportation Reimbursement		1,218.00	
Additional Adjustment Aid			
Maximum Unrestricted Fund Balance	\$		251,218.00
Total General Fund Balance	\$	710,449.37	
Decreased By			
Restricted Balances			
Emergency Reserve		(250,000.00)	
Tuition Reserve		(169,223.00)	
Excess Surplus - Designated for Subsequent Year's Expenditures		(9,756.81)	
Assigned Balances			
Designated for Subsequent Year's Expenditures		<u>(11,392.19)</u>	
Total Unrestricted Fund Balance			<u>270,077.37</u>
Restricted Fund Balance - Excess Surplus			<u>\$ 18,859.37</u>
<b>Recapitulation of Excess Surplus</b>			
<b>June 30, 2016</b>			
Designated for Subsequent Year's Expenditures	\$		9,756.81
Current Year			<u>18,859.37</u>
Total Restricted Excess Surplus	\$		<u>28,616.18</u>