

**BOARD OF EDUCATION
CITY OF CORBIN
COUNTY OF ATLANTIC**

**AUDITORS MANAGEMENT REPORT
ON ADMINISTRATIVE FINDINGS
- FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**

INVERSO & STEWART
Marlton, New Jersey

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

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

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

I 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, as of and for the year ended June 30, 2019 and have issued my report thereon dated November 27, 2019.

As part of my audit, I 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 Board of Education and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants



Robert P. Inverso
Public School Accountant

November 27, 2019

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.

Officials Bonds

| <u>Name</u> | <u>Position</u> | <u>Amount</u> |
|----------------|---|---------------|
| Timothy Kelley | Board Secretary/School Business Administrator | \$ 5,000 |
| Dana Loder | Assistant Business Administrator | 110,000 |

Tuition Charges

The School District is a sending district only. There are no tuition revenues applicable.

Unemployment Compensation Insurance Fund

Not applicable.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under audit did not indicate any material noncompliance with respect to signatures, certifications or supporting documentation.

Payroll Account

Not applicable.

Employee Position Control Roster

Not applicable.

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. My review did not indicate any material discrepancies to the classification of orders.

Obligations of Federal Grant Awards and Requests for Reimbursement of Expenditures against those Federal Grant Awards

Not Applicable.

Travel

No exceptions were noted in my study of compliance for travel expenses.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6:20-2A2(m) as part of my test of transactions of randomly selected expenditure items. In addition to randomly selecting a test sample, my sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-2.4. My review did not indicate any discrepancies.

Board Secretary/Business Administrator's Record

The financial and accounting records of the Board Secretary/Business Administrator's office were maintained in good condition.

Treasurer's Records

The financial and accounting records of the Treasurer were maintained in good condition.

Elementary and Secondary Education Act of 1965 (E.S.E.A.), as amended by Every Student Succeeds Act (ESSA)

Not Applicable.

Other Special Federal and/or State Projects

Not Applicable.

T.P.A.F. Reimbursement

Not Applicable.

Nonpublic State Aid

Not Applicable.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

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 student transportation contracts under N.J.S.A. 18A:39-3 is \$19,000 for 2018-19.

The School District 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.

School Food Service

Not Applicable.

Student Body Activities

Not Applicable.

Application for State School Aid

The District is a sending district, therefore, no "On-Roll" students are reported on the October 15, 2018 Application for State School Aid (A.S.S.A.)

Pupil Transportation

My procedures included a test of on roll status reported in the 2018-2019 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 my procedures are presented in the Schedule of Audited Enrollments.

My procedures also included a review of transportation related contracts and purchases. Based on my review, the District complied with proper bidding procedures and award of contracts. No exceptions were noted in my review of transportation related purchases of goods and services.

Facilities and Capital Assets

Not Applicable.

Testing for Lead of all Drinking Water in Educational Facilities

Not Applicable.

Follow-up on Prior Years' Findings

In accordance with government auditing standards, my procedures included a review of all prior year recommendations. There were no prior year findings.

Acknowledgment

I received the complete cooperation of all the officials of the Corbin City School District and I greatly appreciate the courtesies extended to the members of the audit team.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants

A handwritten signature in black ink, appearing to read "R. P. Inverso".

Robert P. Inverso
Certified Public Accountant
Public School Accountant

November 27, 2019

SCHEDULE OF AUDITED ENROLLMENTS

Corbin City School District

Application for State School Aid Summary

Enrollment as of October 15, 2018

| | <u>2019-2020 Application for State School Aid</u> | | | | | | <u>Sample for Verification</u> | | | | | | <u>Private Schools for Disabled</u> | | | |
|-----------------------|---|----------|--------------------------------------|----------|------------|------------|---------------------------------------|----------|--------------------------------------|----------|------------------------------------|------------|--|------------------------------------|--------------------|------------------|
| | Reported on ASSA On Roll | | Reported on Workpapers On Roll | | Errors | | Sample Selected From Workpapers | | Verified per Registers On Roll | | Errors per Registers On Roll | | Reported on ASSA as Private Schools | Sample for Verifi- cation | Sample Varified | Sample Errors |
| | Full | Shared | Full | Shared | Full | Shared | Full | Shared | Full | Shared | Full | Shared | | | | |
| Full Day Kindergarten | | | | | | | | | | | | | | | | |
| One | | | | | | | | | | | | | | | | |
| Two | | | | | | | | | | | | | | | | |
| Three | | | | | | | | | | | | | | | | |
| Four | | | | | | | | | | | | | | | | |
| Five | | | | | | | | | | | | | | | | |
| Six | | | | | | | | | | | | | | | | |
| Seven | | | | | | | | | | | | | | | | |
| Eight | | | | | | | | | | | | | | | | |
| Nine | | | | | | | | | | | | | | | | |
| Ten | | | | | | | | | | | | | | | | |
| Eleven | | | | | | | | | | | | | | | | |
| Twelve | | | | | | | | | | | | | | | | |
| Subtotal | <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> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| SpEd Elementary | | | | | | | | | | | | | | | | |
| SpEd Middle School | | | | | | | | | | | | | | | | |
| SpEd High School | | | | | | | | | | | | | | | | |
| Sent to CSSD | | | | | | | | | | | | | | | | |
| Subtotal | <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> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| 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> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Percentage Error | | | | | <u>-0-</u> | <u>-0-</u> | | | | | | <u>-0-</u> | <u>-0-</u> | | <u>-0-</u> | <u>-0-</u> |

Schedule of Audited Enrollments

Corbin City School District

Application for State School Aid Summary

Enrollment as of October 15, 2018

| | <u>Resident LEP NOT Low Income</u> | | | <u>Sample for Verification</u> | | |
|-----------------------|---|---|-------------------|--|---|--------------------------|
| | <u>Reported on ASSA as NOT Low Income</u> | <u>Reported on Workpapers as NOT Low Income</u> | <u>Errors</u> | <u>Sample Selected from Workpapers</u> | <u>Verified to Application and Register</u> | <u>Sample Errors</u> |
| Full Day Kindergarten | | | | | | |
| One | | | | | | |
| Two | | | | | | |
| Three | | | | | | |
| Four | | | | | | |
| Five | | | | | | |
| Six | | | | | | |
| Seven | | | | | | |
| Eight | | | | | | |
| Nine | | | | | | |
| Ten | | | | | | |
| Eleven | | | | | | |
| Twelve | | | | | | |
| Subtotal | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| SpEd Elementary | | | | | | |
| SpEd Middle School | | | | | | |
| SpEd High School | | | | | | |
| Sent to CSSD | | | | | | |
| Subtotal | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Totals | <u><u>0</u></u> | <u><u>0</u></u> | <u><u>0</u></u> | <u><u>0</u></u> | <u><u>0</u></u> | <u><u>0</u></u> |
| Percentage Error | | | <u><u>-0-</u></u> | | | <u><u>-0-</u></u> |

Schedule of Audited Enrollments
Corbin City School District
Application for State School Aid Summary
Enrollment as of October 15, 2018

| | 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 | Errors | Sample Selected from Workpapers | Verified to Application and Register | Sample Errors | Reported on ASSA as LEP Low Income | Reported on Workpapers as LEP Low Income | Errors | Sample Selected from Workpapers | Verified to Test Score and Register | Sample Errors |
| Full Day Kindergarten | 1 | 1 | 0 | 1 | 1 | 0 | | | | | | |
| One | 1 | 1 | 0 | 1 | 1 | 0 | | | | | | |
| Two | | | | | | | | | | | | |
| Three | 2 | 2 | 0 | 2 | 2 | 0 | | | | | | |
| Four | | | | | | | | | | | | |
| Five | | | | | | | | | | | | |
| Six | 2 | 2 | 0 | 2 | 2 | 0 | | | | | | |
| Seven | 1 | 1 | 0 | 1 | 1 | 0 | | | | | | |
| Eight | 1 | 1 | 0 | 1 | 1 | 0 | | | | | | |
| Nine | 2 | 2 | 0 | 2 | 2 | 0 | | | | | | |
| Ten | 2 | 2 | 0 | 2 | 2 | 0 | | | | | | |
| Eleven | | | | | | | | | | | | |
| Twelve | 1 | 1 | 0 | 1 | 1 | 0 | | | | | | |
| Subtotal | 13 | 13 | 0 | 13 | 13 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SpEd Elementary | 1 | 1 | 0 | 1 | 1 | 0 | | | | 0 | 0 | 0 |
| SpEd Middle School | 1 | 1 | 0 | 1 | 1 | 0 | | | | 0 | 0 | 0 |
| SpEd High School | 1 | 1 | 0 | 1 | 1 | 0 | | | | 0 | 0 | 0 |
| Sent to CSSD | | | | | | | | | | 0 | 0 | 0 |
| Subtotal | 3 | 3 | 0 | 3 | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Totals | 16 | 16 | 0 | 16 | 16 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Percentage Error | | | -0- | | | -0- | | | -0- | | | -0- |

| | Transportation | | | | | | Reported | Recalculated |
|--------------------------------|--------------------------------|-------------------------------------|--------|--------|----------|--------|----------|--------------|
| | Reported on DRTRS by DOE | Reported on DRTRS by District | Errors | Tested | Verified | Errors | | |
| Reg. Public School , col. 1 | 60 | 60 | 0 | 60 | 60 | 0 | 10.8 | 10.8 |
| Reg. Special Education, col. 4 | 4 | 4 | 0 | 4 | 4 | 0 | 10.8 | 10.8 |
| Transported-Non-Public, col. 3 | 8 | 8 | 0 | 8 | 8 | 0 | 0.0 | 0.0 |
| Special Needs, Col. 6 | | | | | | | | |
| Subtotal | 72 | 72 | 0 | 72 | 72 | 0 | | |
| Percentage Error | | | -0- | | | 0.00% | | |

CORBIN CITY SCHOOL DISTRICT

EXCESS SURPLUS CALCULATION

SECTION 1 - Regular Districts

A. 2% Calculation of Excess Surplus

| | | |
|--|---------------------|------------------------------|
| 2018-2019 Total General Fund Expenditures per the CAFR, Ex C-1 | \$ <u>1,208,941</u> | (B) |
| Increased by: | | |
| Transfer from Capital Outlay to Capital Projects Fund | \$ _____ | (B1a) |
| Transfer from Capital Reserve to Capital Projects Fund | \$ _____ | (B1b) |
| Transfer from General Fund to SRF for PreK-Regular | \$ _____ | (B1c) |
| Transfer from General Fund to SRF for PreK-Inclusion | \$ _____ | (B1d) |
| Decreased by: | | |
| On-Behalf TPAF Pension & Social Security | \$ _____ | (B2a) |
| Assets Acquired Under Capital Leases | \$ _____ | (B2b) |
| Adjusted 2018-19 General Fund Expenditures [(B)+(B1s)+(B2s)] | \$ <u>1,208,941</u> | (B3) |
| 2% of Adjusted 2018-19 General Fund Expenditures [(B3) times .02] | \$ <u>24,179</u> | (B4) |
| Enter Greater of (B4) or \$250,000 | \$ <u>250,000</u> | (B5) |
| Increased by: Allowable Adjustment | \$ <u>2,320</u> | (K) |
| Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)] | | \$ <u><u>252,320</u></u> (M) |

SECTION 2

| | | |
|--|-------------------|-------------------------------|
| Total General Fund - Fund Balances @ 6-30-19 (Per CAFR Budgetary Comparison Schedule C-1) | \$ <u>702,976</u> | (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 | \$ <u>424,931</u> | (C4) |
| Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures | \$ _____ | (C5) |
| Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)] | | \$ <u><u>278,045</u></u> (U1) |

CORBIN CITY SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION

SECTION 3 - All Districts

Restricted Fund Balance - Excess Surplus [(U1)-(M)] IF NEGATIVE ENTER -0- \$ 25,725 (E)

Recapitulation of Excess Surplus as of June 30, 2019

| | | | |
|---|--------|-------------------|---------|
| Reserved Excess Surplus - Designated for Subsequent Year's Expenditures | \$ | <u>-</u> | (C3) |
| Reserved Excess Surplus [(E)] | \$ | <u>25,725</u> | (E) |
| Total [(C3) + (E)] | \$ | <u>25,725</u> | (D) |

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>2,320</u> | (J2) |
| Current Year School Bus Advertising Revenue | \$ | <u> </u> | (J3) |
| Family Crisis Transportation Aid | \$ | <u> </u> | (J4) |
| Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)] | \$ | <u>2,320</u> | (K) |

Detail of Other Restricted Fund Balance

| | | | |
|---|--------|---------------------------------|----------|
| Statutory restrictions: | | | |
| Approved unspent separate proposal | \$ | <u>-</u> | |
| Sale/lease-back reserve | \$ | <u>-</u> | |
| Capital reserve | \$ | <u> </u> | |
| Maintenance reserve | \$ | <u> </u> | |
| Emergency reserve | \$ | <u>250,200</u> | |
| Tuition reserve | \$ | <u>174,731</u> | |
| School Bus Advertising 50% Fuel Offset Reserve - Current Year | \$ | <u> </u> | |
| School Bus Advertising 50% Fuel Offset Reserve - Prior Year | \$ | <u> </u> | |
| Impact Aid General Fund Reserve (Sections 8002 and 8003) | \$ | <u> </u> | |
| Impact Aid Capital Fund Reserve (Sections 8007 and 8008) | \$ | <u> </u> | |
| Other state/government mandated reserves | \$ | <u> </u> | |
| Other Restricted Fund Balance not noted above | \$ | <u> </u> | |
| Total Other Restricted Fund Balance | \$ | <u>424,931</u> | (C4) |

AUDIT RECOMMENDATIONS SUMMARY
For the Fiscal Year Ended June 30, 2019

Recommendations:

1. Administrative Practices and Procedures
None
2. Financial Planning, Accounting and Reporting
None
3. School Purchasing Programs
None
4. School Food Service
None
5. Student Body Activities
None
6. Application for State School Aid
None
7. Pupil Transportation
None
8. Facilities and Capital Assets
None
9. Miscellaneous
None
10. Status of Prior Year Audit Findings/Recommendations
There were no prior year recommendations.