

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
BOARD OF EDUCATION
(A Component Unit of the County of Cape May)**

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

**FOR THE YEAR ENDED
JUNE 30, 2021**

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

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FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

PHONE 609.399.6333 • FAX 609.399.3710

www.ford-scott.com

REPORT OF INDEPENDENT AUDITORS

Honorable President and
Members of the Board of Education
Cape May County Schools for Special Services
(a component unit of the County of Cape May)
County of Cape May, New Jersey

We have audited, in accordance with audit 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 Cape May County Schools for Special Services (a component unit of the County of Cape May) in the County of Cape May for the year ended June 30, 2021, and have issued our report thereon dated March 7, 2022.

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 management of the Cape May County Schools for Special Services (a component unit of the County of Cape May), the New Jersey 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

Leon P. Costello

Leon P. Costello
Certified Public Accountant
Licensed Public School Accountant
No. 767

March 7, 2022

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

Fire insurance coverage was carried in the amounts as detailed on the Insurance Schedule 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>
Kathleen M. Allen	Board Secretary/School Business Administrator	\$200,000

There is a Public Employees' Faithful Performance Position Blanket Bond during the period under review with the New Jersey School Boards Association Insurance Group for \$250,000.

The Treasurer of school moneys was bonded in accordance with provisions of Title 18A:17-32 above minimum limits per State Board promulgated schedule.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were less than the estimated costs. The Board made adjustments to the billings to sending districts for decreases in per pupil costs in accordance with N.J.A.C. 6A:23A-17.1(f)3.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under review found no discrepancies with respect to signatures, certification or supporting documentation in the general account.

Payroll Account and Position Control Roster

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, the Board Secretary/Business Administrator, and the Chief School Administrator.

Salary withholdings were remitted to the proper agencies, including health benefits withholding due to the general fund.

Payrolls were delivered to the secretary of the board who then deposited with warrants in separate bank accounts for net payroll and withholding.

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. No exceptions were noted.

Classification of Expenditures

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. 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-8.3. 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 expenditure classification.

Business Administrator/Board Secretary's Records

Our review of the financial and accounting records of the Business Administrator/Board Secretary found them to be in satisfactory condition.

Treasurer's Records

The Board Treasurer's records were in satisfactory condition.

Other Special Federal and/or State Projects

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

Our audit of federal and state funds 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 reimbursements electronically 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 Grant Salary Expenditures

The amount of the expenditures charged to the current year's Final Report(s) 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 were made prior to the end of the 90 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

Effective June 1, 2020 and thereafter, the bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3 are \$44,000 (with a Qualified Purchasing Agent) and \$32,000 (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 \$19,600.

The 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 indicated that there were 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.

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

School Food Service

COVID – 19 Emergency

In accordance with the Governor's Declaration of Emergency pertaining to the COVID 19 Virus all Public, Charter, Non-Public schools were ordered to close effective as of March 18, 2020 for an undetermined period to limit the spread of the virus. As a result, School Food Authorities (SFA) were required to institute alternate procedures to provide meals to Free and Reduced Price eligible students during the period of school closures.

Therefore, SFAs were authorized to solicit and award emergency noncompetitive procurements and contracts with Food Service Management Companies in accordance with 2 CFR 200.320 and N.J.S.A.18A:18A-7. The SFAs were also authorized to submit contract modifications to their existing Cost Reimbursable or Fixed Price contracts as necessary to ensure the feeding of Free and Reduced Price meal eligible students.

SFAs were notified of the requirement to maintain and report separate meal count records and financial records of all applicable costs incurred in providing meals to all free and reduced price meal eligible students during the emergency.

The school food service program was not selected as a major federal and/or State program. However, the program expenditures exceeded \$100,000 in federal and/or State support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether the School Food Authority (SFA) had any Child Nutrition Program reimbursement overclaims or underclaims. Exceptions were not noted.

We also inquired of school management, or appropriate school food service personnel, as to whether the SFA's expenditures of school food service revenues were limited to allowable direct and indirect costs. Exceptions were not noted.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets (CAFR Schedule B-5) does separate program and non-program revenue and program and non-program cost of goods sold.

We also inquired of management about the emergency COVID-19 procedures/practices that the SFA instituted to provide meals to eligible students, maintenance of all applicable production records; meal counts; noncompetitive procurements; modification of existing contracts and applicable financial records to document the specific costs applicable to the emergency operations.

The Schedule of Meal Count Activity is not a required presentation where the School Food Service Program has not been audited as a major program.

Other Enterprise Funds

Our audit of the Itinerant Services Fund, Transportation Fund, Day Care Program, Extended School Year Program, Community Use, and Shop Rite noted no exceptions.

Student Body Activities

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

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2020 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, low income, and bilingual. We also performed a review of the District procedures related to its completion. The information that was included on the workpapers was verified with no exceptions. 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 procedures included a review of transportation contracts for the Transportation Shared Services Fund. No exceptions were noted.

Facilities and Capital Assets

Our procedures included tests of the District's Capital Assets. No exceptions were noted.

Testing for Lead of All Drinking Water in Educational Facilities

The school district adheres to all the requirements of N.J.A.C. 26-1.2 and 12.4 related to the testing for lead of all drinking water in educational facilities.

The school district did submit the annual Statement of Assurance to the Department of Education, pursuant to N.J.A.C. 6A:26-12(g).

Follow-up on Prior Year Findings

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

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.

CAPE MAY COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2020

	2021-22 Application for State School Aid				Sample for Verification				Private Schools for Disabled					
	Reported on A.S.S.A. On Roll		Errors		Sample Selected from Workpapers		Verified per Registers On Roll		Errors per Registers On Roll		Reported on A.S.S.A. as Private Schools		Sample for Verification	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Half Day Preschool	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool	87	-	-	-	50	-	-	50	-	-	-	-	-	-
Half Day Kindergarten	44	-	-	-	25	-	-	25	-	-	-	-	-	-
Full Day Kindergarten	94	3	-	-	54	2	-	54	2	-	-	-	-	-
One	225	3	-	-	129	2	-	129	2	-	-	-	-	-
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	87	3	-	-	129	2	-	129	2	-	-	-	-	-
Special Ed. - Elementary	44	-	-	-	25	-	-	25	-	-	-	-	-	-
Special Ed. - Middle School	94	3	-	-	54	2	-	54	2	-	-	-	-	-
Special Ed. - High School	225	3	-	-	129	2	-	129	2	-	-	-	-	-
Totals	225	3	-	-	129	2	-	129	2	-	-	-	-	-
Co. Voc. - Regular	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Co. Voc. - FT Post Sec.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Percentage Error	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

CAPE MAY COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2020

	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 Application, Scores, 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. (1-14+CR.)	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	60	60	-	41	41	-	-	-	-	-	-	-
Special Ed - Elementary	30	30	-	21	21	-	-	-	-	-	-	-
Special Ed - Middle School	49	49	-	33	33	-	-	-	-	-	-	-
Special Ed - High School	139	139	-	95	95	-	-	-	-	-	-	-
Totals	139	139	-	95	95	-	-	-	-	-	-	-
Percentage Error			0.00%									0.00%

	Transportation		
	Reported on DRTS by DOE/County	Reported on DRTS by District	Errors
Reg. - Public Schools, col. 1	-	-	-
Reg - Sp Ed, col. 4	-	-	-
Transported - Non-Public, col. 3	-	-	-
ALL	-	-	-
Special Ed Spec, col. 6	-	-	-
Totals	-	-	-
Percentage Error			0.00%

Reported Recalculated

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

CAPE MAY COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2020

	Resident LEP NOT Low Income			Sample for Verification		
	Reported on A.S.A as LEP Not Low Income	Reported on Workpapers LEP Not 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						
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						
Co. Voc. - Regular						
Co. Voc. - FT Post Sec.						
Totals						
Percentage Error			0.00%			0.00%

AUDIT RECOMMENDATIONS SUMMARY
For the Fiscal Year Ended June 30, 2021
CAPE MAY COUNTY SPECIAL SERVICES SCHOOL DISTRICT

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
No prior year findings.