

**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, 2022**



**AUDITORS' 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  
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, 2022, and have issued our report thereon dated March 6, 2023.

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 6, 2023**

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## 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 Exhibit J-20, Insurance Schedule, contained in the district's ACFR.

#### 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.

#### P.L. 2020, c. 44

Our audit procedures included an inquiry and subsequent review of health benefit data required per NJSA 18A:17-13.3 (Chapter 44) submitted for the year on audit. The Chapter 44 summary report was reviewed for reasonableness and timeliness.

The data submitted did include all health benefit plans offered by the school district.

The school district data certification was completed by the chief school administrator. The school district Chapter 44 data was submitted timely.

#### 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

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 promptly remitted to the proper agencies, including health benefits premium.

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

#### Employee Position Control Roster

An inquiry and subsequent review of the Position Control Roster found no inconsistencies between the payroll records, employee benefit records, the general ledger accounts to where wages are posted, and the Position Control Roster.

#### 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.

##### **A. General Classification Findings**

None

##### **B. Administrative Classification Findings**

None

#### 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 ACFR.

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 ACFR. This section of the ACFR 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 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

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 \$10,200 effective 2021-22.

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**

In accordance with the Governor's Declaration of Emergency pertaining to the public health emergency, 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 eligible students during the period of school closures. Governor Murphy's emergency declaration ended June 4, 2021; however, the United States Department of Agriculture's federal waiver continued through June 30, 2022. Food Service Agencies operated under this federal waiver.

As a result, School Food Authorities (SFAs) were required to provide meals in accordance with the regulations governing the National School Nutrition Seamless Summer Option (SSAO). SFAs could also choose to participate in the National School Lunch Program utilizing standard counting and claiming practices.

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 all children throughout the age of 18, as well as persons over 18 with disabilities as defined in the regulations.

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 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 (ACFR Schedule B-5) does separate program and non-program revenue and program and non-program cost of goods sold.

We inquired of management about the public health emergency procedures/practices that the SFA instituted to provide meals to all 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. We also inquired if the FSMC received a loan in accordance with the Payroll Protection Plan and whether the funds were used to pay for costs applicable to the Food Service Programs. We also inquired if the PPP loan was subsequently forgiven and the FSMC refunded or credited the applicable amounts to the SFA. No loans were received by the Food Service Management Company (FSMC).

### **Other Enterprise Funds**

Our audit of the Itinerant Services Fund, Transportation Fund, Day Care Program, Extended School Year Program, Community Use, and Back Porch Cafe 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, 2021 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 related 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, 2021**

	2022-23 Application for State School Aid				Sample for Verification				Private Schools for Disabled					
	Reported on A.S.S.A. On Roll		Workpapers		Sample Selected from Workpapers		Verified per Registers On Roll		Reported on A.S.S.A. as Private Schools		Sample Verification		Sample Errors	
	Full	Shared	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. (1-14+CR.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	93	93	52	52	52	52	31	31	43	43	4	4	4	4
Special Ed - Elementary	53	53	31	31	31	31	43	43	4	4	4	4	4	4
Special Ed - Middle School	75	75	43	43	43	43	4	4	4	4	4	4	4	4
Special Ed - High School	221	221	126	126	126	126	4	4	4	4	4	4	4	4
Totals	221	221	126	126	126	126	4	4	4	4	4	4	4	4
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, 2021**

	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, Score, 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	62	62	-	42	38	4	-	-	-	-	-	-
Special Ed - Elementary	37	37	-	25	18	7	-	-	-	-	-	-
Special Ed - Middle School	34	34	-	23	19	4	-	-	-	-	-	-
Special Ed - High School	133	133	-	90	75	15	-	-	-	-	-	-
Totals	133	133	-	90	75	15	-	-	-	-	-	-
Percentage Error			0.00%			16.67%						0.00%

	Transportation		
	Reported on DRTS by DOE/Country	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, 2021**

	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	-	-	#DIV/0!	-	-	#DIV/0!

AUDIT RECOMMENDATIONS SUMMARY  
For the Fiscal Year Ended June 30, 2022  
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.