SEA ISLE CITY

BOARD OF EDUCATION

AUDITORS' MANAGEMENT REPORT

ON ADMINISTRATIVE FINDINGS

FINANCIAL, COMPLIANCE AND PERFORMANCE

JUNE 30, 2025

SEA ISLE CITY SCHOOL DISTRICT

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

CONTENTS

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REPORT OF INDEPENDENT AUDITORS

Honorable President and
Members of the Board of Education
Sea Isle City School District
County of Cape May, 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 Sea Isle City School District in the County of Cape May for the year ended June 30, 2025, and have issued our report thereon dated December 5, 2025.

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 Sea Isle City Board of Education's management and the New Jersey Department of Education and is not intended and should not be used by anyone other than these parties.

Ford, Scott & Associates LLC
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Michael S. Garcia

Michael Garcia
Certified Public Accountant
Licensed Public School Accountant
No. 2080

December 5, 2025

SEA ISLE CITY SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS –
FINANCIAL, COMPLIANCE AND PERFORMANCE

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and 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)

Name	Position	Amount
Tim Kelley	Board Secretary/ School Business Administrator	$300,000.00

Tuition Charges

The District did not receive students from sending districts during fiscal year 2025.

Unemployment Compensation Insurance Fund

The Board has adopted the benefit reimbursement method and has established an Unemployment Compensation Insurance Fund (Exhibit H-2) as an expendable trust fund.

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.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23-2.2(g) 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-2.4. 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.

Board Secretary's Records

The Board Secretary's records were in satisfactory condition.

Accountability Regulations

District boards of education and administration are responsible for developing internal controls policies and procedures and maintaining a strong internal control environment. N.J.A.C. 6A:23A-6.4 requires that the district's internal control policies include specific requirements at N.J.A.C. 6A:23A-6.5 through 6.13.

Treasurer's Records

The Treasurer's records were found to be in satisfactory condition. All cash receipts were promptly deposited.

Other Special Federal and/or State Projects

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

Our audit of the federal and state funds, on a test basis, 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.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

Effective July 1, 2020 and thereafter the bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) 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 $20,200.

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, I did not find 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 provisions 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.

SEA ISLE CITY SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS –
FINANCIAL, COMPLIANCE AND PERFORMANCE
(CONTINUED)

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2024, 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 on the A.S.S.A. was compared to the district workpapers. The information that was included on the workpapers was verified with exceptions noted. The results of our procedures are presented below and in the Schedule of Audited Enrollments.

The District maintained workpapers on the prescribed state forms or their equivalent.

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2024-25 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report. The results of our procedures are presented in the Schedule of Audited Enrollments.

Suggestions to Management

We noted that the district currently has a capital reserve. Since there is no longer a facility, we suggest that the capital reserve be closed out and funds be transferred to unrestricted fund balance.

Follow-Up on Prior Year Findings

In accordance with government auditing standards, our procedures included a review of all prior year recommendations. Corrective action has been taken on all prior year recommendations.

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.

Ford, Scott & Associates LLC
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Michael S. Garcia

Michael S. Garcia
Certified Public Accountant
Licensed Public School Accountant
No. 2080

December 5, 2025

SEA ISLE CITY BOARD OF EDUCATION

SCHEDULE OF AUDITED ENROLLMENTS **APPLICATION FOR STATE SCHOOL AID SUMMARY**

ENROLLMENT AS OF OCTOBER 15, 2024

	2024-2025 Application for State School Aid						**Sample for Verification**						**Private Schools for Disabled**			
	Reported on A.S.S.A. On Roll		Reported on Workpapers 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 Verifi-cation	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Half Day Preschool					-		-				-					
Full Day Preschool					-		-				-					
Half Day Kindegarten																
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	0		0		-	-	-	-	-	-	-	-	-	-	-	-
Special Ed - Elementary					-		-				-					
Special Ed - Middle School																
Special Ed - High School																
Subtotal	0		0		-	-	-	-	-	-	-	-	-	-	-	-
Co. Voc. - Regular																
Co. Voc. Ft. Post Sec.																
Totals	0		0		-	-	-	-	-	-	-	-	-	-	-	-
Percentage Error					0.00%	0.00%					0.00%	0.00%				0.00%

SCHEDULE OF AUDITED ENROLLMENTS

SEA ISLE CITY BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2024

	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 as LEP low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Half Day Preschool			-						-			
Full Day Preschool			-			-			-			
Half Day Kindegarten			-						-			
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	0	0	-		0	-	-	-	-	-	-	-
Special Ed - Elementary			-						-			
Special Ed - Middle			-						-			
Special Ed - High			-						-			
Subtotal	0	0	-	-	-	-	-	-	-	-	-	-
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Totals	0	0	-	0	0	-	-	-	-	-	-	-
Percentage Error			0.00%			0.00%			0.00%			0.00%

Transportation

	Reported on DRTRS by DOE/county	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools, col. 1	45	45	-	39	39	0
Reg -SpEd, col. 4	10	10	-	9	9	0
Transported - Non-Public, col. 2	7	7	-	6	6	0
Aid in Lieu	0	0	-	0	0	0
Special Ed Spec, col. 6	2	2	-	2	2	0
Totals	64	64	-	56	56	0
Percentage Error						0.00%

	Reported	Recalculated
Reg Avg.(Mileage) = Regular Excluding Grade PK students (Part B)	14.7	14.7
Spec Avg. = Special Ed with Special Needs	9.4	9.4

SEA ISLE CITY BOARD OF EDUCATION

SCHEDULE OF AUDITED ENROLLMENTS

APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2024

	Resident LEP NOT Low Income			Sample for Verification		
	Reported on A.S.S.A. as NOT Low Income	Reported on Workpapers as NOT Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Half Day Preschool						
Full Day Preschool						
Half Day Kindegarten						
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						
Special Ed - High						
Subtotal	-	- -	-	-	-	-
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	-	-	-	-	-	-
Percentage Error			0.00%			0.00%

CITY OF SEA ISLE CITY SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FOR THE YEAR ENDED JUNE 30, 2025

REGULAR DISTRICT

SECTION 1

A. <u>2% Calculation of Excess Surplus</u>

2024-25 Total General Fund Expenditures per the ACFR, Ex. C-1	$	2,010,217.61	(B)		
Increased by:					
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 2024-25 General Fund Expenditures [(B)+(B1's)-(B2's)]	$	2,010,217.61	(B3)		
2% of Adjusted 2024-25 General Fund Expenditures [(B3) times .02]	$	40,204.35	(B4)		
Enter Greater of (B4) or $250,000	$	250,000.00	(B5)		
Increased by: Allowable Adjustment*	$	3,269.00	(K)		
Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]				$ 253,269.00	(M)

SECTION 2

Total General Fund - Fund Balances @ 06/30/25 (Per ACFR Budgetary Comparison schedule/statement C-1)	$	2,280,234.04	(C)		
Decreased by:					
Year-end Encumbrances	$	73,937.03	(C1)		
Legally Restricted-Designated for Subsequent Year's Expenditures	$	-	(C2)		
Legally Restricted-Excess Surplus - Designated for Subsequent Year's Expenditures ***	$	361,483.35	(C3)		
Other Restricted Fund Balances ***	$	916,402.95	(C4)		
Assigned Fund Balance-Unreserved Designated for Subsequent Year's Expenditures	$	4,549.65	(C5)		
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]				$ 923,861.06	(U1)

SECTION 3

Restricted Fund Balance - Excess Surplus *** [(U1)-(M)] IF NEGATIVE ENTER - 0 -	$ 670,592.06	(E)

<u>Recapitualtion of Excess Surplus as of June 30, 2024:</u>

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	$ 361,483.35	(C3)
Reserved Excess Surplus ***	$ 670,592.06	(E)
Total [(C3) + (E)]	$ 1,032,075.41	(D)

* 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, Additional Nonpublic School Transportation Aid and Unbudgeted TPAF Wage Freeze Grant Funding. (Refer to the Audit Program Section II, Chaper 10 for restrictions on the inclusion Extraordinary Aid and Additional Nonpublic School Transportation Aid.)

CITY OF SEA ISLE CITY SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FOR THE YEAR ENDED JUNE 30, 2025

Detail of Allowable Adjustment

Impact Aid	$		(H)
Sale & Lease-back	$		(I)
Extraordinary Aid	$		(J1)
Additional Nonpublic School Transportation Aid	$	3,269.00	(J2)
Total Adjustments [(H)+(I)+(J1) + (J2)]	$	3,269.00	(K)

** This amount represents the June 30, 2025 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 10025.

*** Amounts must agree to the June 30, 2025 ACFR 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	$		
Capital outlay for a district with a capital outlay cap waiver	$		
Sale/lease-back reserve	$		
Capital reserve	$	2,986.32	
Maintenance reserve	$		
Emergency reserve	$	171,165.00	
Waiver offset reserve	$		
Tuition reserve	$	-	
Other state/government mandated reserve	$		
Reserve for Unemployment Fund	$	92,251.63	
[Other Restricted Fund Balance not noted above]****	$	650,000.00	
Total Other Restricted Fund Balance	$	916,402.95	(C4)

AUDIT RECOMMENDATIONS SUMMARY

For the Fiscal Year Ended June 30, 2025

SCHOOL DISTRICT OF SEA ISLE CITY

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

    Corrective action has been taken on all prior year recommendations.