

**BOARD OF EDUCATION  
BOROUGH OF CAPE MAY POINT  
COUNTY OF CAPE MAY**

**AUDITORS MANAGEMENT REPORT  
ON ADMINISTRATIVE FINDINGS  
- FINANCIAL, COMPLIANCE AND PERFORMANCE  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2016**

***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  
Cape May Point School District  
Cape May Point, 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 Cape May Point School District, in the County of Cape May, for the year ended June 30, 2016, and have issued my report thereon dated September 30, 2016.

As part of my audit, I performed procedures required by the Office of School Finance, Department of Education, State of New Jersey, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is issued in conjunction with the Comprehensive Annual Financial Report of the Cape May Point School District, for the fiscal year ended June 30, 2016 and is intended for the use and information of the District's management and the New Jersey Department of Education and should not be used by anyone other than these specified parties.

Respectfully submitted,

***INVERSO & STEWART, LLC***  
**Certified Public Accountants**



Robert P. Inverso  
Public School Accountant

September 30, 2016

## **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**

<b><u>Name</u></b>	<b><u>Position</u></b>	<b><u>Amount</u></b>
Rose Millar	Board Secretary/School Business Administrator	\$ 25,000
Francine Springer	Treasurer	35,000

#### **Tuition Charges**

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

#### **Unemployment Compensation Insurance Fund**

The Board of Education has adopted the direct reimbursement method and has established an Unemployment Compensation Insurance Fund (Exhibit H-2) in the fiduciary trust fund.

The Unemployment Compensation Insurance Fund was maintained in satisfactory condition.

#### **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**

Due to the size of the District, the Board maintains only a General Account and an Unemployment Trust Account. All payroll and payroll deductions are paid from the General Account.

All payrolls were approved by the Board and were certified by the President of the Board.

Salary withholdings were promptly remitted to the proper agencies.

### **Financial Planning, Accounting and Reporting (Continued)**

#### **Payroll Account (Continued)**

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators to the NJ Department of Treasury was filed by the March 15 due date.

The Payroll Account records were maintained in satisfactory condition.

#### **Employee Position Control Roster**

No exceptions were noted during my examination of the Employee 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. 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 the No Child Left Behind Act of 2001 (N.C.L.B.)**

Not Applicable.

**Financial Planning, Accounting and Reporting (Continued)**

**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 \$18,800.

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**

My audit procedures included a test of information reported in the October 15, 2015 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, low-income and bilingual. I 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 without exception. The information that was included on the workpapers was verified without exception. The results of my 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**

My 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 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.

### **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 Cape May Point School District and I greatly appreciate the courtesies extended to the members of the audit team.

Respectfully submitted,

***INVERSO & STEWART, LLC***  
Certified Public Accountants



Robert P. Inverso  
Certified Public Accountant  
Public School Accountant

September 30, 2016

**SCHEDULE OF AUDITED ENROLLMENTS**

**Cape May Point School District**

**Application for State School Aid Summary**

**Enrollment as of October 15, 2015**

	2015-2016 Application for State School Aid						Sample for Verification						Private Schools for Disabled			
	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	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SpEd Elementary																
SpEd Middle School																
SpEd High School																
Sent to CSSD																
Subtotal	0	0	0	0	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	0	0	0	0
Percentage Error					0	-0-					0	-0-			-0-	-0-



Schedule of Audited Enrollments

Cape May Point School District

Application for State School Aid Summary

Enrollment as of October 15, 2015

	<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>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>

Schedule of Audited Enrollments

Cape May Point School District

Application for State School Aid Summary

Enrollment as of October 15, 2015

80

	<u>Resident Low Income</u>			<u>Sample for Verification</u>			<u>Resident LEP Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on ASSA as Low Income</u>	<u>Reported on Workpapers as Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Application and Register</u>	<u>Sample Errors</u>	<u>Reported on ASSA as LEP Low Income</u>	<u>Reported on Workpapers as LEP Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Test Score 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>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
SpEd Elementary										0	0	0
SpEd Middle School										0	0	0
SpEd High School										0	0	0
Sent to CSSD										0	0	0
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>
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>
Percentage Error			<u>-0-</u>			<u>-0-</u>			<u>-0-</u>			<u>-0-</u>

	<u>Transportation</u>							
	<u>Reported on DRTRS by DOE</u>	<u>Reported on DRTRS by District</u>	<u>Errors</u>	<u>Tested</u>	<u>Verified</u>	<u>Errors</u>	<u>Reported</u>	<u>Recalculated</u>
Reg. Public School , col. 1	2	2		2	2		8.0	8.0
Reg. Special Education, col. 4							8.0	8.0
Transported-Non-Public, col. 3							0.0	0.0
Special Needs, Col. 6								
	<u>2</u>	<u>2</u>	<u>0</u>	<u>2</u>	<u>2</u>	<u>0</u>		
Percentage Error			<u>-0-</u>			<u>-0-</u>		

CAPE MAY POINT SCHOOL DISTRICT

EXCESS SURPLUS CALCULATION

**SECTION 1 - Regular Districts**

**A. 2% Calculation of Excess Surplus**

2015-16 Total General Fund Expenditures per the CAFR, Ex C-1	\$ 104,287	(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 2015-16 General Fund Expenditures [(B)+(B1s)+(B2s)]	\$ 104,287	(B3)
2% of Adjusted 2015-16 General Fund Expenditures [(B3) times .02]	\$ 2,086	(B4)
Enter Greater of (B4) or \$250,000	\$ 250,000	(B5)
Increased by: Allowable Adjustment	\$	(K)
Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]	\$ 250,000	(M)

**SECTION 2**

Total General Fund - Fund Balances @ 6-30-16 (Per CAFR Budgetary Comparison Schedule C-1)	\$ 139,270	(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	\$ 12,188	(C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	\$	(C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	\$ 127,082	(U1)

CAPE MAY POINT SCHOOL DISTRICT

EXCESS SURPLUS CALCULATION

**SECTION 3 - All Districts**

Restricted Fund Balance - Excess Surplus [(U2)-(M)] IF NEGATIVE ENTER -0- \$ \_\_\_\_\_ (E)

**Recapitulation of Excess Surplus as of June 30, 2015**

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures \$ \_\_\_\_\_ (C3)

Reserved Excess Surplus [(E)] \$ \_\_\_\_\_ (E)

Total [(C3) + (E)] \$ \_\_\_\_\_ (D)

**Detail of Allowable Adjustments**

Impact Aid \$ \_\_\_\_\_ (H)

Sale & Lease-back \$ \_\_\_\_\_ (I)

Extraordinary Aid \$ \_\_\_\_\_ (J1)

Additional Nonpublic School Transportation Aid \$ \_\_\_\_\_ (J2)

Current Year School Bus Advertising Revenue \$ \_\_\_\_\_ (J3)

Family Crisis Transportation Aid \$ \_\_\_\_\_ (J4)

Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)] \$ \_\_\_\_\_ (K)

**Detail of Other Restricted Fund Balance**

Statutory restrictions:

Approved unspent separate proposal \$ \_\_\_\_\_

Sale/lease-back reserve \$ \_\_\_\_\_

Capital reserve \$ \_\_\_\_\_

Maintenance reserve \$ \_\_\_\_\_

Emergency reserve \$ 12,188

Tuition reserve \$ \_\_\_\_\_

School Bus Advertising 50% Fuel Offset Reserve - current year \$ \_\_\_\_\_

School Bus Advertising 50% Fuel Offset Reserve - prior year \$ \_\_\_\_\_

Impact Aid General Fund Reserve (Sections 8002 and 8003) \$ \_\_\_\_\_

Impact Aid Capital Fund Reserve (Sections 8007 and 8008) \$ \_\_\_\_\_

Other state/government mandated reserves \$ \_\_\_\_\_

Other Restricted Fund Balance not noted above \$ \_\_\_\_\_

Total Other Restricted Fund Balance \$ 12,188 (C4)