

**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, 2018**

INVERSO & STEWART
Marlton, New Jersey

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

	<u>Page No.</u>
Auditors' Management Report on Administrative Findings- Financial, Compliance and Performance.....	1
Scope of Audit.....	2
Administrative Practices and Procedures	
Insurance.....	2
Official Bonds.....	2
Tuition Charges.....	2
Unemployment Compensation Insurance Fund.....	2
Financial Planning, Accounting and Reporting	
Examination of Claims.....	2
Payroll Account and Position Control Roster.....	2-3
Reserve for Encumbrances and Accounts Payable.....	3
Obligations of Federal Grant Awards and Requests for Reimbursement of Expenditures against those Federal Grant Awards.....	3
Travel.....	3
Classification of Expenditures.....	3
Board Secretary/Business Administrator's Records.....	3
Treasurer's Records.....	3
Elementary and Secondary Education Act, as amended by the Every Student Succeeds Act (ESSA).....	3
Other Special Federal and/or State Projects.....	4
T.P.A.F. Reimbursement.....	4
Nonpublic State Aid.....	4
School Purchasing Programs	
Contracts and Agreements Requiring Advertisement for Bids.....	4
School Food Service.....	4
Student Body Activities.....	4
Application for State School Aid.....	4-5
Pupil Transportation.....	5
Facilities and Capital Assets	5
Testing for Lead of all Drinking Water in Educational Facilities.....	5
Follow-up on Prior Year Findings.....	5
Acknowledgment.....	5
Schedule of Meal Count Activity.....	N/A
Net Cash Resource Schedule.....	N/A
Schedule of Audited Enrollment.....	6-8
Excess Surplus Calculation.....	9-10
Audit Recommendations Summary.....	11

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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, as of and for the year ended June 30, 2018 and have issued my report thereon dated November 14, 2018.

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 Cape May Point 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 14, 2018

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>
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 (E.S.E.A.) as amended by the Every Student Succeeds Act (ESSA)

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 \$19,000.

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, 2017 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.

Application for State School Aid (Continued)

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 2017-2018 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 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

November 14, 2018

SCHEDULE OF AUDITED ENROLLMENTS

Cape May Point School District

Application for State School Aid Summary

Enrollment as of October 15, 2017

	2018-2019 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				
Half Day Pre K4																
Full Day K																
One																
Two																
Three																
Four																
Five	1		1				1		1							
Six																
Seven																
Eight	1		1				1		1							
Nine																
Ten	1		1				1		1							
Eleven	1		1				1		1							
Twelve																
Subtotal	4	0	4	0	0	0	4	0	4	0	0	0	0	0	0	0
SpEd Elementary																
SpEd Middle																
SpEd High																
Subtotal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Totals	4	0	4	0	0	0	4	0	4	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, 2017

	<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>
Half Day Pre K4						
Full Day K						
One						
Two						
Three						
Four						
Five						
Six						
Subtotal	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
SpEd Elementary						
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, 2017

	<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>
Half Day Pre K4												
Full Day K												
One												
Two												
Three												
Four												
Five												
Six												
	<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												
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>

Transportation

	<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>
Reg. Public School , col. 1	3	3		3	3	
Reg. Special Education, col. 4	0	0				
Transported-Non-Public, col. 2	0	0				
Special Needs, Col. 6	0	0				
	<u>3</u>	<u>3</u>	<u>0</u>	<u>3</u>	<u>3</u>	<u>0</u>
Percentage Error			<u>-0-</u>			<u>-0-</u>

	<u>Reported</u>	<u>Recalculated</u>
Avg. Mileage - Regular Including Grade PK students	9.0	9.0
Avg. Mileage - Regular Excluding Grade PK students	9.0	9.0
Avg. Mileage - Special Ed. with Special Needs	0.0	0.0

CAPE MAY POINT SCHOOL DISTRICT

EXCESS SURPLUS CALCULATION

SECTION 1 - Regular Districts

A. 2% Calculation of Excess Surplus

2017-2018 Total General Fund Expenditures per the CAFR, Ex C-1	\$	<u>66,915</u>	(B)
Increased by:			
Transfer from Capital Outlay to Capital Projects Fund	\$	<u> </u>	(B1a)
Transfer from Capital Reserve to Capital Projects Fund	\$	<u> </u>	(B1b)
Transfer from General Fund to SRF for PreK-Regular	\$	<u> </u>	(B1c)
Transfer from General Fund to SRF for PreK-Inclusion	\$	<u> </u>	(B1d)
Decreased by:			
On-Behalf TPAF Pension & Social Security	\$	<u> </u>	(B2a)
Assets Acquired Under Capital Leases	\$	<u> </u>	(B2b)
Adjusted 2017-18 General Fund Expenditures [(B)+(B1s)+(B2s)]	\$	<u>66,915</u>	(B3)
2% of Adjusted 2017-18 General Fund Expenditures			
[(B3) times .02]	\$	<u>1,338</u>	(B4)
Enter Greater of (B4) or \$250,000	\$	<u>250,000</u>	(B5)
Increased by: Allowable Adjustment	\$	<u> </u>	(K)
Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]	\$	<u><u>250,000</u></u>	(M)

SECTION 2

Total General Fund - Fund Balances @ 6-30-18 (Per CAFR Budgetary Comparison Schedule C-1)	\$	<u>262,530</u>	(C)
Decreased by:			
Year-end Encumbrances	\$	<u> </u>	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$	<u> </u>	(C2)
Legally Restricted Excess Surplus - Designated for Subsequent Year's Expenditures	\$	<u> </u>	(C3)
Other Restricted Fund Balances	\$	<u>12,188</u>	(C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	\$	<u> </u>	(C5)
Additional Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures July 1, 2018 - August 1, 2018	\$	<u> </u>	(C6)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]	\$	<u><u>250,342</u></u>	(U1)

CAPE MAY POINT SCHOOL DISTRICT

EXCESS SURPLUS CALCULATION

SECTION 3 - All Districts

Restricted Fund Balance - Excess Surplus [(U1)-(M)] IF NEGATIVE ENTER -0- \$ 342 (E)

Recapitulation of Excess Surplus as of June 30, 2018

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

Reserved Excess Surplus [(E)] \$ 342 (E)

Total [(C3) + (E)] \$ 342 (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)

AUDIT RECOMMENDATIONS SUMMARY
For the Fiscal Year Ended June 30, 2018

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.