

**BOARD OF EDUCATION  
CITY OF CAPE MAY  
COUNTY OF CAPE MAY**

**AUDITORS MANAGEMENT REPORT  
ON ADMINISTRATIVE FINDINGS  
- FINANCIAL, COMPLIANCE AND PERFORMANCE  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2021**

***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 City School District  
Cape May, New Jersey

I have audited, in accordance with generally accepted audit standards 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 City School District, in the County of Cape May for the year ended June 30, 2021, and have issued my report thereon dated January 28, 2022.

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 City 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 No. CS001095

Marlton, New Jersey  
January 28, 2022

**ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**

**Scope of Audit**

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

**Officials Bonds**

<u>Name</u>	<u>Position</u>	<u>Amount</u>
John Thomas	Board Secretary/School Business Administrator	\$ 75,000

There is a Public Employees' Faithful Performance Blanket Position Bond with the New Jersey School Boards Insurance Fund covering all other employees with multiple coverage of \$25,000.

**Tuition Charges**

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

**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.

**Financial Planning, Accounting and Reporting**

**Payroll Account**

The net salaries of all employees of the District 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 withholding due to the general fund.

Payrolls were delivered to the Secretary of the Board with a warrant made to his order for the full amount of each payroll.

The Payroll Account records were maintained in satisfactory condition.

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

**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**

No exceptions were noted during my examination of obligations of federal grant awards and requests for reimbursement of expenditures against those federal grant awards made during the period under audit.

**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. 6A:23A-16.2(f)* as part of my test of transactions of randomly selected expenditure items. I also reviewed the coding of all expenditures included in my compliance and single audit testing procedures. 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-8.2. My review did not indicate any material discrepancies with respect to classification of expenditures.

**Board Secretary/School Business Administrator's Records**

The financial and accounting records of the Board Secretary/School Business Administrator's office were maintained in satisfactory condition.

**Elementary and Secondary Education Act (E.S.E.A.), as amended by the Every Student Succeeds Act (ESSA)**

The E.S.E.A./ESSA financial exhibits are contained within the Special Revenue Section of the ACFR. This section of the ACFR documents the financial position pertaining to the projects under Title I, Title IIA, and Title IV of the Elementary and Secondary Education Act.

No exceptions were noted in our study of compliance for the E.S.E.A./ESSA projects.

**Other Special Federal and/or State Projects**

The District's Special Projects were approved as listed on Schedule K-3 and Schedule K-4 located in the ACFR.

My 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.

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

**T.P.A.F. Reimbursement**

My audit procedures included a test of the biweekly reimbursements filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

**T.P.A.F. Reimbursement to the State for Federal Salary Expenditures**

The amount of the expenditure charged to the current year’s Final Reports for all federal awards for the school district to reimburse the state for the TPAF/FICA payments made by the State on be-half of the school district for those employees whose salaries are identified as being paid from federal funds was 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.

**Nonpublic State Aid**

Not Applicable.

**School Purchasing Programs**

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 \$19,600 for 2020-21.

The district 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 a 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 of bids in accordance with the provision of N.J.S.A.18A:18A-4.

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

**School Food Service**

**PUBLIC HEALTH EMERGENCY**

In accordance with the Governor’s Declaration of Emergency pertaining to the COVID-19 Virus all public, charter and 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.

During SY 2020-2021 the public health emergency was still applicable. 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 (SSO) or the Summer Food Service Program (SFSP) option.

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.

**School Food Service (Continued)**

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.

For the fiscal year ended June 30, 2021, the School District expended less than \$100,000 in federal and/or state funds for its Child Nutrition Program.

Net cash resources did not exceed three months average expenditures.

**Application for State School Aid**

My 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. 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 with no exceptions noted. 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 2020-2021 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**

The School District adhered 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.

**Follow-up on Prior Year Findings**

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

**Office of Fiscal Accountability and Compliance (OFAC) Findings**

There were no Office of Fiscal Accountability and Compliance (OFAC) audit reports issued during the fiscal year ended June 30, 2021.

**Acknowledgment**

I received the complete cooperation of all the officials of the Cape May City School District, and I greatly appreciate the courtesies extended to the members of the audit team.

Respectfully submitted,

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

A handwritten signature in black ink, appearing to read "R. Inverso", written in a cursive style.

Robert P. Inverso  
Certified Public Accountant  
Public School Accountant

January 28, 2022



**SCHEDULE OF AUDITED ENROLLMENTS**

**Cape May City School District**

**Application for State School Aid Summary**

**Enrollment as of October 15, 2020**

	<b>2020-2021 Application for State School Aid</b>						<b>Sample for Verification</b>						<b>Private Schools for Disabled</b>			
	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 Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Full Day Pre K 4 Yr	17		17		-		17		17		-					
Full Day K	20		20		-		20		20		-					
One	21		21		-		21		21		-					
Two	17		17		-		17		17		-					
Three	13		13		-		13		13		-					
Four	12		12		-		12		12		-					
Five	12		12		-		12		12		-					
Six	13		13		-		13		13		-					
Subtotal	125	-	125	-	-	-	125	-	125	-	-	-	-	-	-	-
SpEd Elementary	23		23		-		23		23		-					
SpEd Middle School	1		1		-		1		1		-					
Subtotal	24	-	24	-	-	-	24	-	24	-	-	-	-	-	-	-
Totals	149	-	149	-	-	-	149	-	149	-	-	-	-	-	-	-
Percentage Error					0.00%	N/A					0.00%	N/A				N/A

**Schedule of Audited Enrollments**

**Cape May City School District**

**Application for State School Aid Summary**

**Enrollment as of October 15, 2020**

	<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 Pre K 4 Yr	4	4	-	4	4	-	-	-	-	-	-	-
Full Day K	7	7	-	7	7	-	-	-	-	-	-	-
One	2	3	1	3	3	-	-	-	-	-	-	-
Three	6	8	2	8	8	-	-	-	-	-	-	-
Four	10	3	(7)	3	3	-	-	-	-	-	-	-
Five	4	6	2	6	6	-	-	-	-	-	-	-
Six	2	3	1	3	3	-	-	-	-	-	-	-
	<u>35</u>	<u>34</u>	<u>(1)</u>	<u>34</u>	<u>34</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
SpEd Elementary	12	13	1	13	13	-	-	-	-	-	-	-
SpEd Middle School			-			-	-	-	-	-	-	-
Subtotal	<u>12</u>	<u>13</u>	<u>-</u>	<u>13</u>	<u>13</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>47</u>	<u>47</u>	<u>-</u>	<u>47</u>	<u>47</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>		<u>N/A</u>				<u>N/A</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	-	-
Reg. Special Education, col. 4	-	-	-	-	-	-	-
Transported-Non-Public, col. 3	1	1	-	1	1	-	-
Special Needs, Col. 6	-	-	-	-	-	-	-
	<u>3</u>	<u>3</u>	<u>-</u>	<u>3</u>	<u>3</u>	<u>-</u>	<u>-</u>
Percentage Error			<u>0.00%</u>		<u>0.00%</u>		
						Avg. Mileage - Regular Including Grade PK students	5.5
						Avg. Mileage - Regular Excluding Grade PK students	5.5
						Avg. Mileage - Special Ed. with Special Needs	5.5

**Schedule of Audited Enrollments**

**Cape May City School District**

**Application for State School Aid Summary**

**Enrollment as of October 15, 2020**

	<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 Pre K 4 Yr	-	-		-	-	
Full Day K	-	-		-	-	
One	-	-		-	-	
Two	-	-		-	-	
Three	-	-		-	-	
Four	-	-		-	-	
Five	-	-		-	-	
Six	-	-		-	-	
Subtotal	-	-	-	-	-	-
SpEd Elementary	-	-		-	-	
SpEd Middle School	-	-		-	-	
Subtotal	-	-	-	-	-	-
Totals	-	-	-	-	-	-
Percentage Error			<u>N/A</u>			<u>N/A</u>

CAPE MAY CITY SCHOOL DISTRICT

EXCESS SURPLUS CALCULATION

**SECTION 1 - Regular Districts**

**A. 4% Calculation of Excess Surplus**

2020-2021 Total General Fund Expenditures per the ACFR, Ex C-1	\$	<u>4,095,509</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>(699,505)</u>	(B2a)
Assets Acquired Under Capital Leases	\$	<u>                    </u>	(B2b)
Adjusted 2020-21 General Fund Expenditures [(B)+(B1s)+(B2s)]	\$	<u>3,396,004</u>	(B3)
4% of Adjusted 2020-21 General Fund Expenditures [(B3) times .04]	\$	<u>135,840</u>	(B4)
Enter Greater of (B4) or \$250,000	\$	<u>250,000</u>	(B5)
Increased by: Allowable Adjustment	\$	<u>687,126</u>	(K)
Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]	\$	<u>937,126</u>	(M)

**SECTION 2**

Total General Fund - Fund Balances @ 6-30-21 (Per ACFR Budgetary Comparison Schedule C-1)	\$	<u>3,306,808</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>1,683,743</u>	(C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	\$	<u>1,066,761</u>	(C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	\$	<u>556,304</u>	(U1)



AUDIT RECOMMENDATIONS SUMMARY  
For the Fiscal Year Ended June 30, 2021

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. Child Care Program  
None
10. Status of Prior Year Audit Findings/Recommendations  
The were no prior year audit findings/recommendations.